

25/03/2020

SEB LIFE INTERNATIONAL  
ASSURANCE COMPANY  
DESIGNATED ACTIVITY  
COMPANY,  
635400ATDJAWUVSBWM50

# Solvency and Financial Condition Report

## Table of Contents

<b>Summary .....</b>	<b>3</b>
<b>A Business and Performance .....</b>	<b>7</b>
A.1 Business .....	7
A.2 Underwriting Performance .....	8
A.3 Investment Performance .....	9
A.4 Performance of other activities .....	10
A.5 Any other information .....	10
<b>B System of Governance .....</b>	<b>11</b>
B.1 General information on the system of governance .....	11
B.2 Fit and proper requirements .....	15
B.3 Risk Management System including the Own Risk and Solvency Assessment .....	16
B.4 Internal Control System .....	20
B.5 Internal audit function .....	22
B.6 Actuarial function .....	22
B.7 Outsourcing .....	23
B.8 Any other information .....	24
<b>C Risk Profile .....</b>	<b>25</b>
C.1 Underwriting risk .....	25
C.2 Market risk .....	26
C.3 Credit risk .....	27
C.4 Liquidity risk .....	28
C.5 Operational risk .....	28
C.6 Other material risks .....	30
C.7 Any other information .....	31
<b>D Valuation for Solvency Purposes .....</b>	<b>32</b>
D.1 Assets .....	32
D.2 Technical Provisions (“TP”) .....	32
D.3 Other liabilities .....	35
D.4 Alternative methods for valuation .....	36
D.5 Any other information .....	36
<b>E Capital Management .....</b>	<b>37</b>
E.1 Own funds .....	37
E.2 Solvency Capital Requirement and Minimum Capital Requirement .....	38
E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement .....	39
E.4 Difference between the standard formula and internal model used .....	39
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement .....	39
E.6 Any other information .....	39
<b>Appendix .....</b>	<b>40</b>

## Summary

Following the introduction of the Solvency II EU regulatory regime on 1<sup>st</sup> January 2016, companies are required to provide a Solvency and Financial Condition Report (SFCR). The objective of the SFCR is to increase transparency in the insurance market and to disclose publicly detailed information with regards to governance, business performance, solvency and capital management. This document is published on the Company's website.

SEB Life International DAC ('SEBLI') is a life insurance Company, regulated and licensed in Ireland. The Company is wholly owned by SEB Life and Pension Holding AB ("SEB L&P") which is a part of the SEB Group; a leading financial services group in the Nordic region.

This report was approved by the Board of Directors on 01/04/2020

## Business and Performance (Section A)

The Company offers predominantly single premium unit-linked life insurance products whereby customers have the flexibility to manage their own individualised unit linked fund in conjunction with their chosen investment advisor or asset manager. The Company operates cross border into EU markets under the third life directive's freedom to provide services regime. The Company has an established branch in Luxembourg which provides similar products but under Luxembourg law.

All products are offered subject to the local regulatory and tax requirements and in local language. The key markets for the Company are Sweden and Finland. The Company also has some other life insurance business which is in run-off/closed for new business which comprises a regular premium pension product in Finland and legacy UK branch business which has since been repatriated to Ireland.

The Company closed its UK branch and repatriated its book to head office in Ireland in response to Brexit. In addition, the Company ceased writing new policies through independent intermediary distribution channels in non-Nordic markets (October 2018) following its decision to focus on SEB's main markets in the Nordic region.

During 2019 the Company continued to increase its focus on distribution through SEB in Sweden and through SEB Luxembourg which services SEB clients outside of Sweden. The Company operates with several tied agents in the Finnish market and distributes through SEB Bank as well.

The Company has continued to operate as before in Sweden and Finland and will continue to accept Nordic clients (mainly SEB Bank customers) who may be resident across various EU markets. The Company continues to fully service the existing policyholders in the closed markets.

The Company achieved new premiums of €832m in 2019; which was 101% of 2018 results. Total assets under management of the Company as at 31 December 2019 increased to €7.3 billion from €6.5 billion at the end of 2018. The increase from 2018 is primarily a result of solid recovery of the investment markets during 2019, despite an overall negative net outflow (difference between premiums and surrenders) during the year. The negative outflow was primarily caused by a tax changes introduced in Finland.

## System of Governance (Section B)

The Company's Board of Directors (the "Board") is responsible for the oversight of the business and the Company's adherence to applicable rules and regulations. The Board sets its risk appetite based on its business strategy and plan.

A new Chairman to the Board was appointed October 2019. The Company also appointed a new Independent Non-Executive Director (April 2019).

The Board comprises of the following five members:

Name	Status on Board	Membership and status on Sub-Committees
<b>PG Werling<sup>1</sup></b>	Chairman	Risk
<b>Peder Nateus</b>	Managing Director	Investment*
<b>David Teare</b>	Non-Executive Director	Audit, Risk
<b>Susanne Ackum<sup>2</sup></b>	Independent Non-Executive Director	Audit, Risk*, Investment
<b>Roger Laker</b>	Independent Non-Executive Director	Audit*, Risk, Investment

\*Chairman

The Managing Director (the "MD") of the Company is responsible for its day-to-day operations and manages the Company in line with the Company's business plan and other decisions approved by the Board. The Company is organised into departments which reflect their main functions. Each department has a manager.

Three Committees report to the Board, namely the Audit-, Risk- and Investment Committee. Each Committee operates under defined terms of reference which are approved by the Board. In addition, the Company has the following key control functions: Compliance, Actuarial, Risk, and Internal Audit. The Board satisfies itself that all key control functions are independent of business units and have adequate resources and authority to operate effectively.

The roles and responsibilities of each control function are described in instructions for that function and approved by the Board. These instructions are also reviewed every year by the Board. To ensure the effectiveness of the organisation's risk management framework, the board and senior management rely on adequate line functions within the organisation. The Company endorses the 'Three Lines of Defence' model:

1. The first line of defence – functions that own and manage risk
2. The second line of defence – functions that oversee or specialise in risk management, compliance
3. The third line of defence – functions that provide independent assurance, above all internal audit.

The Compliance function is managed by a Head of Compliance, who is also the Company's Money Laundering Reporting Officer (MLRO) and the Company's Data Protection Officer (DPO) and the Company Chief Risk Officer (CRO). The Compliance function supports and advises the Company's business and monitors its compliance with applicable laws, regulations, internal rules and good practices and standards.

The structure of the Legal, Risk and Compliance Departments is being reviewed in light of personnel change in these Functions.

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<sup>1</sup> PG Werling's Directorship became effective 22<sup>nd</sup> November 2019 taking over from Peter Nilsson who resigned as Chairman of the Board with effect 22<sup>nd</sup> November 2019

<sup>2</sup> Susanne Ackum was appointed in April 2019 as Independent Non-Executive Director in April 2019 taking over from Lars-Åke Vikberg who resigned from the Board 31<sup>st</sup> August 2018

The Company has an Actuarial function that coordinates and is responsible for the quality of the actuarial calculations and investigations, assists the Board and the MD on matters relating to actuarial methods and calculations, and to policyholder reasonable expectations and contributes to the Company's risk management system.

The Internal Audit function is outsourced to Skandinaviska Enskilda Banken AB (publ). The primary purpose of Internal Audit's auditing of the Company's internal controls, is to assess the quality of control effectiveness, including efficient use of resources, the reliability and completeness of information and compliance with internal and external rules. The Internal Audit function is positioned independently from the operating business and decides independently which parts of the Company's operations to audit, within the framework of the audit plan approved by the Board.

Finally, the Board approved the appointment of Ernst & Young (EY) as the Company's external auditor for the 2019 fiscal year. EY replaced PwC who had been auditing the Company since September 2011.

### **Risk profile (Section C)**

SEB Life International is mainly exposed to underwriting, market, credit, liquidity and operational risks.

The Company's profitability and overall health is directly dependent upon its ability to identify, measure, evaluate, manage, monitor, mitigate, control and price these risks. Risks are a natural and essential part of the Company's business and are a critical component of its business plan in terms of solvency targets and risk appetite and risk levels. The types of risks to which the Company is exposed have not changed materially over the year.

Further information on the nature of these risks, as well other material risks, and how SEB Life International manages these risks, are further described in section C.

### **Solvency Position (Section D and E)**

The amount of the Company's Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) at the end of the reporting period are €113.4m and €49.9m respectively.

The Company has adequate available assets to meet the capital requirements calculated for the Minimum Capital Requirement (MCR) and the Solvency Capital Requirement (SCR).

The below table outlines the structure of the available assets as at 31/12/2019

<b>MEUR</b>	<b>Tier 1 - unrestricted</b>	<b>Tier 1 - restricted</b>	<b>Tier 2</b>	<b>Tier 3</b>
Ordinary Share Capital	2	-	-	-
Share premiums account related to ordinary share capital	3	-	-	-
Reconciliation Reserve	143	-	-	-
Total	147	-	-	-
Total Basic Own Funds	147	-	-	-

#### Post Balance sheet event - Coronavirus disease (COVID-19)

This SFCR was prepared using data from year end 31 December 2019 prior to the emergence of the COVID-19 and the declaration of a pandemic by the World Health Organisation (WHO). The emergence of COVID-19 has increased the level of uncertainty inherent to the Company's calculation of the Technical Provisions and Basic Own Funds.

SEB Life International as a Unit-Linked Company has only a small level of exposure to mortality risk arising from the COVID-19. The main impact upon the Company arises as the result of reduced fee income and possible increases in early surrenders.

# A Business and Performance

## A.1 Business

SEB Life International Assurance Company Designated Activity Company, trading as SEB Life International (The Company/SEBLI) engages in the cross-border distribution of insurance-based investment products. The Company is a Designated Activity Company, which is a private Company limited by shares.

### **The Company's registered office is:**

Bloodstone Building,  
Riverside IV,  
Sir John Rogerson's Quay,  
Dublin 2

The Company is regulated by the Central Bank of Ireland ("CBI"), who is responsible for the supervision of the Company.

### **The CBI's address is:**

Central Bank of Ireland,  
New Wapping Street,  
North Wall Quay,  
Dublin 1

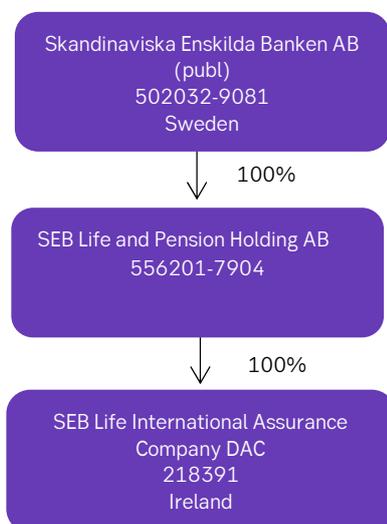
The Company is audited by Ernst & Young (EY).

### **EY's address is:**

EY Building,  
Harcourt Centre,  
2 Harcourt St,  
Saint Kevin's,  
Dublin 2

The Company is wholly owned by SEB Life and Pension Holding AB, which is located in Sweden. The Insurance Group's Supervisory Authority is Finansinspektionen, Box 7821, 103 97 Stockholm, e-mail: finansinspektionen@fi.se. Telephone +46 (0)8 408 980 00

The ownership structure of the Company is illustrated below:



## Business Overview

The principal activities of the Company are the marketing and administration of single premium unit-linked life assurance and investment business in the international market. The Company operates cross border from Ireland and has a branch in Luxembourg. The Company operates under freedom to provide services in several European markets, the major markets being Sweden and Finland.

During 2019 the Company continued to increase its focus on the high net worth client segment via private banking distribution through SEB Sweden and Luxembourg (non-Swedish residents). Furthermore, the Company is developing distribution via independent intermediaries in Sweden. The Company operates with several tied agents in the Finnish market and distributes through SEB Bank in Finland as well. The Company has continued to operate as before in Sweden and Finland and will continue to accept Nordic clients (mainly SEB Bank customers) who may be resident across various EU markets. CompanyThe Company has a number of markets where it ceased writing new business however continues to service the existing policyholders in those markets.

Assets under management increased to €7.3 billion predominantly due to strong investment markets during 2019 despite an overall negative net outflow of €63m for the year.

During 2019 the Company experienced an increase in surrenders due to tax changes introduced in Finland. This contributed to the negative net outflow mentioned above. The Company expects that the level of surrenders will normalise going forward following the completion of the tax change at the end of 2019.

## A.2 Underwriting Performance

The Company sells single premium unit-linked life assurance products. The benefits are linked to the performance of the unit-linked investment funds. The main product offering is a portfolio bond, which allows the policyholders to link to an individualised fund which they manage together with their asset manager or investment advisor.

The Company transacts its business across Europe, with a specific emphasis on Nordic clients and markets. Its main markets are Sweden and Finland.

<b>Underwriting performance</b>	<b>2019</b>	<b>2018</b>
	<b>€ 000's</b>	<b>€ 000's</b>
Investment return	948,628	(387 544)
Fees from investment contracts and fund management	68,059	61 201
<b>Total operating income / (expense)</b>	<b>1,016,686</b>	<b>(326 343)</b>
Change in investment contract liabilities	(958,437)	382 975
Acquisition Costs	(21,965)	(21 984)
Administrative expenses	(16,957)	(17 941)
<b>Total operating (expenses) / income</b>	<b>(997,359)</b>	<b>343 050</b>
<b>Profit before taxation</b>	<b>19,328</b>	<b>16 707</b>
Taxation	(2,321)	551
<b>Profit for the year</b>	<b>17,006</b>	<b>17 258</b>

The Company achieved new premiums of €832m in 2019; which was 101% of 2018 results. Total assets under management of the Company as at 31 December 2019 increased to €7.3 billion from €6.5 billion at the end of 2018. The increase from 2018 is primarily a result of solid recovery of the investment markets during 2019, despite an overall negative net outflow (difference between premiums and surrenders) during the year.

The Company derives all of its income from insurance business. Within the income for 2019 there is included a one-time release of a tax reserve held in respect of the Company's UK branch following its closure on 31<sup>st</sup> December 2018. The Company does not have any other material income or expenditure.

### A.3 Investment Performance

The assets of the unit-linked funds managed by the Company are selected by policyholders or their chosen asset manager or investment advisor. The Company does not offer investment guarantees on its products, the performance of the investments are directly passed on to the unit linked funds and are borne by the policyholder. The Company maintains a close match between the unit-linked liabilities and the assets backing the unit linked policies.

The following table summarises the assets of the Company:

<b>Assets (000's)</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	€'000
Debt securities	553,724	552 717
Equity shares and units in unit trusts	6,168,016	5 350 846
Derivative assets	46	131
Deposits	571,721	603 689
Derivative liabilities	(97)	(189)
<b>Asset backing liabilities</b>	<b>7,293,409</b>	6 507 194

The performance of the above assets is set out in the table below:

<b>Investment return from financial assets at fair value through profit or loss</b>	<b>2019</b>	<b>2018</b>
<b>Equity shares</b>	<b>€'000</b>	€'000
Dividends and interest	23,837	37 442
Exchange gains and losses	119	(1 085)
Fair value gains and losses	749,527	(339 745)
	<b>773,482</b>	(303 388)
<b>Debt securities</b>		
Dividends and interest	3,913	6 582
Exchange gains and losses	27	(274)
Fair value gains and losses	171,205	(85 404)
	<b>175,145</b>	(79 095)
<b>Total</b>		
Dividends and interest	27,749	44 025
Exchange gains and losses	146	(1 359)
Fair value gains and losses	920,732	(425 149)
	<b>948,628</b>	(382 484)

#### **A.4 Performance of other activities**

The Company performance is based on its sole activity as a provider of unit-linked insurance products and the income related to the management and administration of those policies. The Company does not have any Shareholder investments in securitisation instruments, however it does hold some within Unit Linked funds.

The only material lease arrangement that Company has entered into is an operating lease on its office. The lease runs until 2021.

The Company paid an interim dividend in May 2019 of €15m.

The Company continues to look at broadening its product offering and the markets it operates in order to grow the business.

#### **A.5 Any other information**

There is no other material information to report.

## B System of Governance

The 'System of Governance' section of the report sets out information regarding the system of governance in place within SEB Group. Details of the structure of the undertaking's administrative, management or supervisory body (AMSB, defined by the Group as the SEB Life International DAC Board and Board Committees) are provided, in addition to the roles, responsibilities and governance of SEB's key control functions (defined as the Risk, Compliance, Internal Audit and Actuarial functions). Other components of the Group's system of governance are also outlined, including, but not limited to, the risk management system and internal control system implemented by the Group.

### B.1 General information on the system of governance

The Central Bank of Ireland classifies the Company as a Medium High-Risk firm under PRISM or Probability Risk and Impact System, which is its risk-based framework for the supervision of regulated firms.

Under the Central Bank's Corporate Governance Requirements for Insurance Undertakings 2015, the Company's Board of Directors (the "Board") is responsible for the oversight of the business and the Company's adherence to applicable rules and regulations and that it has an effective system of governance that provides for a sound and prudent management of the business. The Board sets its risk appetite based on its business strategy and plan. The Board's responsibility includes taking account of other stakeholders including employees and customers. This includes ensuring an appropriate system of risk governance is in place throughout the Group. To discharge this responsibility, the Board has established frameworks for risk management and internal control using a 'three lines of defence' model and reserves for itself the setting of the Group's risk appetite. In-depth monitoring of the establishment and operation of prudent and effective controls in order to assess and manage risks associated with the Group's operations is delegated to Risk, Governance and Audit Committees.

The Board comprises a minimum of five members, as permitted under the Corporate Governance Requirements for Insurance Undertakings 2015. The names and Roles of the Board and Committee Members are as follows:

Name	Status on Board	Membership and status on Sub-Committees
<b>PG Werling</b>	Chairman	Risk
<b>Peder Nateus</b>	Managing Director	Investment*
<b>David Teare</b>	Non-Executive Director	Audit, Risk
<b>Susanne Ackum</b>	Independent Non-Executive Director	Audit, Risk*, Investment
<b>Roger Laker</b>	Independent Non-Executive Director	Audit*, Risk, Investment

The Company Secretary is Caoimhe Mullins.

The Board has annual work plans which outline the activities to be considered and accounted for at each board meeting; and has met on 6 occasions during the financial year to 31 December 2019.

The Company's organisational and operational structure is designed to be transparent, with a clear allocation and segregation of duties. The MD of the Company is responsible for its day to day operations in compliance with Irish, EU and other applicable regulations, and according to the Company's business plan and other decisions approved by the Board. The Company is organised into departments which reflect their main functions and each department has a manager.

Three Committees report to the Board, namely the Audit-, Risk- and Investment Committee. Each Committee operates under defined terms of reference which are approved by the Board. All Committees met on four occasions during the financial year. The Audit- and Risk Committees are each chaired by an Independent Non-Executive Director with the Investment Committee being chaired by the MD.

The **Audit Committee** assists the Board in fulfilling its corporate governance responsibilities in relation to the following:

- Monitoring the integrity of the financial statements of the Company, including its annual reports and management accounts;
- Assessing external auditor independence and the effectiveness of the audit process;
- Monitoring the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
- Reviewing the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- Reviewing the effectiveness of the Company's internal financial controls, internal controls and IT systems, including the Company's procedures for detecting fraud, and preventing bribery.

The **Risk committee** assists the Board to strengthen risk awareness culture within the Company, and to fulfil its corporate governance responsibilities in relation to the following:

- Advising the Board on the Company's appetite and tolerance for the risks it is willing to accept to achieve the Company's overall financial objectives, taking shareholder and policyholders' perspectives into consideration;
- Monitoring the Company's risk profile and liaising regularly with the CRO to ensure the effective operation of risk management within the Company, including assessing exposure to emerging risks;
- Timely review of any material deviations of risk limits and the adequacy of proposed action;
- Approving the remit of the risk management function including its independence and access to information.

The **Investment Committee** is responsible for the on-going review of the investment policy for the shareholder and the unit-linked policyholder funds. The Investment Committee duties include:

- Ensuring that investments are in compliance with asset admissibility requirements and regulations, including the holding of any derivative instruments;
- Overseeing the operational management of internal funds;
- Agreeing due diligence criteria for the acceptance of external funds as investments; as well as third party fund managers, deposit takers and custodians;
- Reviewing operational policies and procedures from time to time to ensure that they comply with the overall strategic investment policy and applicable regulations.

The Company has the following **key control functions**: Compliance, Actuarial, Risk, and Internal Audit.

In line with the Corporate Governance Requirements for Insurance Undertakings 2015 and the requirements under Solvency II, the Board satisfies itself that all key control functions are independent of business units and have adequate resources and authority to operate effectively.

The roles and responsibilities of each control function are described in instructions for that function and approved by the Board. These instructions are also reviewed every year by the Board.

The **Compliance function** is managed by a Head of Compliance, who is also the Company's Money Laundering Reporting Officer (MLRO) and Data Protection Officer (DPO) and the Company Chief Risk Officer (CRO). The Compliance function supports and advises the Company's business and monitors its compliance with applicable laws, regulations, internal rules and good practices and standards.

The Compliance function's risk management responsibilities cover primarily the following areas:

- Regulatory systems and controls;
- Consumer protection;
- Market conduct;
- Prevention of money laundering and terrorism financing.

The Head of Compliance reports to the Board, and regularly attends board meetings when compliance matters are addressed and is a member of the senior management team. Other employees within the Compliance team carry support activities for the Head of Compliance.

The Compliance function coordinates its annual risk assessment with the Internal Audit and the Risk function, to efficiently allocate control function resources and activities to key risk areas of the Company, and to avoid duplication. The Board oversees the risk-based compliance plan.

The Company has an independent Risk function, which is headed by the CRO who is also the Company's Head of Compliance. The role reports to the Board. The roles and responsibilities of the Risk function are laid down in an instruction adopted by the Board, and include:

- Assisting the Risk Committee, the Board and the MD in the effective operation of the Company's risk management system;
- Monitoring the risk management system and the Company's risk profile;
- Timely reporting on the Company's material risks, including emerging risks, which enables the Risk Committee and the Board to understand the overall risk profile of the Company;
- Co-ordinating the Company's Own Risk and Solvency Assessment process and in so doing cooperate closely with the Actuarial function.

The Risk function is independent from the Company's risk-taking activities to ensure that risks are monitored by a function that is separated from the units that expose the Company to risk. The CRO has direct access to the Chairman of the Board and reports regularly to the Risk Committee who oversee the outcome of the annual plan approved by the Board.

The structure of the Legal, Risk and Compliance Departments is being reviewed in light of personnel change in these Functions.

The **Internal Audit function** is outsourced to Skandinaviska Enskilda Banken AB (publ) and reports to the Audit Committee of the Board. The roles and responsibilities of the Internal Audit function are laid down in an instruction adopted by the Board and include responsibility for:

- Evaluating the Company's risk management, internal control procedures and other aspects of governance requirements;
- Assisting the Board with ad hoc investigations that needs specific internal audit knowledge.

Internal Audit's areas of responsibility also include outsourced parts of the Company's operations. The primary purpose of Internal Audit's auditing of the Company's internal controls is to assess the quality of control effectiveness, including efficient use of resources; the reliability and completeness of information and compliance with internal and external rules.

The Internal Audit function is positioned independently from the operating business and decides independently which parts of the Company's operations to audit, within the framework of the audit plan approved by the Board.

The Board assesses Internal Audit's work once a year; and an independent party assesses the quality of Internal Audit's work once every five years based on international internal auditing standards.

The Company has an **Actuarial function** that coordinates and is responsible for the quality of the actuarial calculations and investigations, assisting the Board and the MD on matters relating to actuarial methods and calculations, to policyholder reasonable expectations and contributing to the Company's risk management system. These responsibilities are described in a Board approved instruction. The Actuarial function reports to the **Head of Actuarial Function ("HoAF")** who reports to the Board.

The HoAF must satisfy all applicable professional requirements as prescribed by law or regulation.

### **B.1.1 Material Changes in the System of Governance**

#### Summary of material changes

- Mr Peter Nilsson resigned as Chairman of the Board with effect of 22<sup>nd</sup> November 2019 and was succeeded by Mr PG Werling whose Directorship became effective 22<sup>nd</sup> November 2019.
- Mrs Susanne Ackum was appointed in April 2019 as Independent Non-Executive Director taking over from Lars-Åke Vikberg who resigned from the Board 31st August 2018.
- The Board approved the appointment of Ernst & Young (EY) as the Company's external auditor for the 2019 fiscal year. EY replaced PwC who had been auditing the Company since September 2011.

#### World Class Service

The Company continuously strives to provide the highest standard of quality services to its customers. Therefore, the Company established three, dedicated, operations teams covering defined markets, namely: Sweden, Finland and the remaining European markets ("the European desk"). The Swedish and Finnish operation teams are servicing our biggest markets.

The Company offers a benefits package to help attract and retain the best employees. External benchmarking and salary surveys are used to ensure the Company remains competitive and relevant within the local market. The Company has a strong performance culture in place to promote performance and achieve long-term success. This is in line with the Companies core values which are:

- Customers First
- Commitment
- Collaboration
- Simplicity

The Company has an annual performance review framework in place for all employees, in line with Group guidelines, to ensure employees are motivated, focused and to allow them to reach their full potential with clear and achievable goals. Education support and a training program provide employees with the opportunity to stay up to date with relevant training.

The Company is an equal opportunities employer which promotes fairness, diversity and equality without discrimination in the workplace.

#### Governance

During 2018 the Company enhanced its governance structure by strengthening the 'three lines of defence' model. This resulted in transferring Compliance- and Risk specialists to the first line of defence which is now further embedded within the organisation. This strengthening is in addition to the established Regulatory Operations team which is responsible for supporting regulatory obligations such as Anti-Money Laundering (AML), the General Data Protection Regulation (GDPR), Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS).

The Regulatory Operations function provides support and advice within the Company and in particular to the Operations Department and exercises robust controls to ensure the accuracy of related reporting obligations.

#### Sustainability

The Company continues round table discussions among employees to facilitate discussion around sustainability, training and communication and encourages and supports the resulting social responsibility projects. The Company seeks to work with institutions that have signed up to the Principles of Responsible Investments (PRI) and has implemented a process of asking counterparties if they have signed up to the initiative.

#### Behaviour and ethics

The focus on culture risk is increasing throughout the industry and indeed by regulators across Europe. The Company has made increasing efforts to embed a culture throughout the firm that sees the customer as the most important aspect of what we do. The SEB Group vision is 'To deliver work-class service to our customers'. One of the four SEB values is 'customer first' and to that extend the Company facilitated a series of 'Boost Your Service' workshops for the entire Company to strengthen our customer service.

The SEB Code of Ethics is mandatory e-learning and included in induction training. Any employee who observes contraventions of relevant external or internal rules related to the Company's business is encouraged to report his or her observations to designated Company officers and can also report anonymously via the Company's secure external whistle-blowing digital service WhistleB.

The Company operates an All Employee Programme (AEP), subject to the performance of annual financial targets and customer satisfaction for the Group, a fixed amount may be paid to all Group employees. 50% of this will be paid upfront and the remaining 50% will be deferred for three years and linked to the SEB share price.

Where certain employees receive variable remuneration, for example sales employees, any payment of the variable remuneration must be aligned with the risk horizon and portions of the variable remuneration may be deferred for at least three years and subjected to risk adjusters.

The Company pays contributions based on a percentage of salary into an occupational pension scheme on behalf of its employees (defined contribution plan). Employees contribute 5% of their salary and additional voluntary contributions to suit their circumstances.

All pension plans within SEB Life International are in line with SEB's Pension Policy and Instruction of the SEB Group.

### **B.1.2 Material Transaction with interested parties**

Other than payment for services for those outsourced functions set out in 'B.7' of this report, the dividend paid to the shareholder annually, and contracted employee salaries and benefits mentioned above, there were no material transactions with the Shareholder, with persons who exercise a significant influence on the undertaking and with members of the administrative, management or supervisory body.

### **B.2 Fit and proper requirements**

The persons who 'effectively run' the Company are the members of the Board and the MD. The names of the Board members and the MD can be found in section B1.

The Company has adopted an Instruction regarding fit and proper requirements, according to which the Board members, key function holders and other employees are required to be competent, capable, honest, ethical, act with integrity and be financially sound.

Controlled Functions (CFs) are specified by relevant regulatory requirements; and may include Pre-Approval Controlled Functions (PCFs) who are required to be approved by the regulatory authority prior to their being appointed.

CFs and PCFs must have appropriate qualifications (including professional qualifications), knowledge and experience ("fitness") in relation to their duties in the Company to be considered competent and capable. Detailed fitness requirements for employee CFs are adopted in the form of job descriptions on a position level; and for Board members, including in relation to relevant Board sub-committee roles, are adopted in applicable terms of reference.

CFs must act with the appropriate level of probity, which requires an assessment of the person's honesty, diligence, and integrity based on personal behaviour and business conduct. Additional due diligence by the Company may include, but is not limited to, professional body checks, verifying references, obtaining confirmation of compliance with applicable minimum competency requirements, obtaining individual's self-certifications in respect of conflicts of interest and criminal convictions, Company Registration Office or equivalent restriction checks, judgment debt checks and regulatory actions.

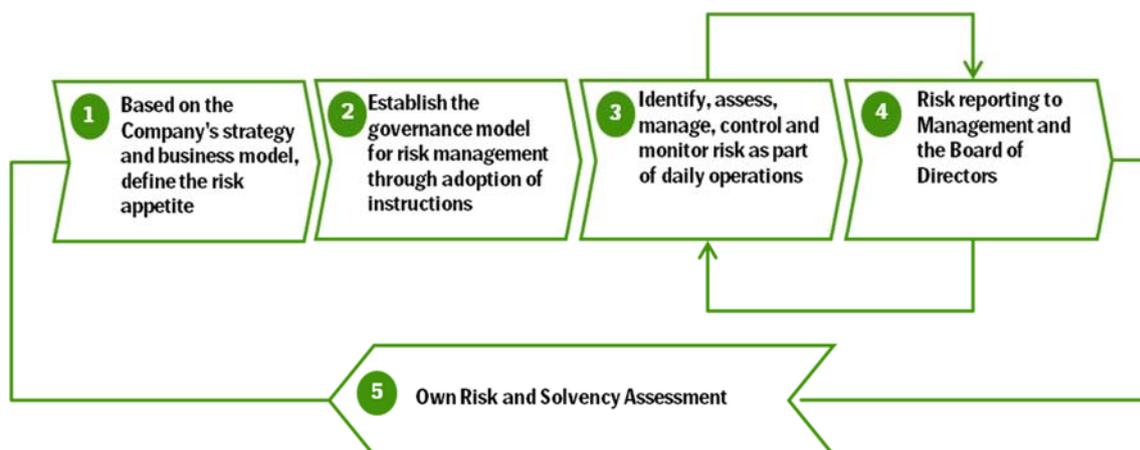
### B.2.1 Fit and Proper assessment process

As part of ongoing performance monitoring, the Company requires CFs to certify their continued compliance with applicable fitness and probity standards on an annual basis. In addition, the Company will designate a person within the Company with overall responsibility for any outsourced CF if applicable. That person should possess sufficient fitness and probity regarding the outsourced CF to be able to challenge the performance and results of the service provider.

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

Risk-taking and risk management are an integral part of the business. The Company's profitability is directly dependent upon its ability to identify, evaluate, monitor, manage, mitigate, control and price risks. Thus, risks are a natural and essential part of the Company's business and a critical component of its business plan, in terms of financial targets, solvency targets and risk appetite levels.

Proper handling of risks involves risk assessment, mitigation of risks and control of risks. This diagram provides an overview of the Company's risk management system, which is built around five main activities that are further described in the sections below.



The Risk Management system covers all risk categories defined in the Company's risk categorization model:

### **Risk Appetite**

The Company's risk appetite is set by the Board through adoption of a risk appetite statement, which defines the risk types and risk levels the Company is willing to accept to achieve the overall business and financial objectives, taking into consideration both the shareholder and policyholders' perspective.

### **Ongoing monitoring of the risk appetite**

The risk appetite statement sets qualitative risk tolerance statements for each risk category. In order to monitor the Company's business operating within its set risk spectrum, the qualitative statements are supported by quantitative indicators using a traffic light system according to the following definitions:

**Green** – The Company is operating safely within its defined risk appetite

**Amber** – The Company is operating within the higher end of its defined risk appetite, which indicates a need for increased awareness from Management.

**Red** – The Company is operating outside its defined risk appetite, and the Board of Directors needs to decide whether risk mitigating actions are needed or if the risk level is accepted for a specified time period.

If the Company is operating outside its defined risk appetite this is reported to the CRO, the MD, and the Chairman of the Board.

The risk indicators are regularly reported to Management and the Board of Directors.

### **Risk reporting**

At each Board meeting, a Risk report is presented and discussed at the Risk Committee, before presentation to the Board of Directors. The report includes the limit measures set by the Board in the Risk Appetite statement, and various analyses of risk categories and deep-dives into specific topics including emerging risks, which are presented and discussed in each Risk Committee meeting.

In addition to the formal risk reporting which is described below, risks are regularly evaluated, discussed and managed by respective business units.

### **B.3.1 Implementation of Risk Management**

The Board having defined the overall objectives and principles for risk management and control within the Company through a set of instructions and guidelines, and having decided upon the overall risk appetite, ensures that the risk management system includes necessary tools to regularly monitor risk levels and ensure compliance with internal instructions and external regulations.

The MD of the Company has implemented appropriate organisation, procedures and support systems to ensure that a sufficient system of internal controls is established. Respective Business Unit managers are responsible for identifying, managing, monitoring and following up of risks within his or her sphere of responsibility.

The CRO of the Company is responsible for the risk function and for maintaining and monitoring the effectiveness of the Company's risk management system, in line with the Solvency II and Corporate Governance Requirements for Insurance Undertakings. The CRO presents any essential risk information regarding the Company to the Board. As described previously there is a Risk Committee, which acts in an advisory capacity to the Board in the areas of risk management, capital management and financing issues, and is governed by terms of reference.

The Company has implemented the following key control functions: Actuarial, Compliance, Risk and Internal audit, for which responsibilities and mandates are regulated in separate instructions adopted by the Board.

### B.3.2 Own Risk and Solvency Assessment (ORSA)

The Own Risk and Solvency Assessment (“ORSA”) is the process whereby the overall solvency need of the Company is assessed based on a holistic view of its risk profile and risk management processes, the business strategy and the financial means available to absorb those risks.

The ORSA process identifies short-, as well as long-term risks, which the Company faces or may face in the future and analyses the current-, as well as the future capital needs, and capital available to ensure the long-term survival of the Company.

The ORSA is an integral part of the Company’s strategy and business planning, to ensure that the Board is aware of the impact that strategic decisions may have on the Company’s risk profile, solvency capital requirement and available capital resources.

The ORSA process runs in parallel with the business planning process and shall be seen as an iterative process, as illustrated below, entailing three components: strategy, risk and capital.



#### Main activities

- 1 •Set the business strategy and identify main risks
- 2 •Prepare board scenario proposal document
- 3 •Evaluate the appropriateness of the standard model
- 4 •Prepare the financial plan based on the business plan
- 5 •Prepare the financial plan based on the stressed scenarios
- 6 •Perform reverse stress testing of the solvency position
- 7 •Analyse the solvency position vs. solvency target
- 8 •Create ORSA report

The main risks affecting the Company's goals and financial objectives embedded in the business plan are identified. This activity covers potential risks within all defined risk categories, i.e. risks relating to New Business Performance, risks on In-Force policies, market risks, liquidity risks, counterparty default risks, operational (including legal, conduct and compliance) risk, geopolitical risks, business risk and strategic risk and other operational risks.

Based on the risks identified during the business planning and potential down-turns in the macroeconomic environment, a set of stressed ORSA scenarios are defined. The scenarios are intended to give senior management and the Board a good sense of the potential financial impact over time of business and economic conditions more adverse than those underlying the business plan.

The Company uses the standard model to calculate the Solvency Capital Requirement ("SCR"). In order to ensure that the model properly reflects the specific risk profile of the Company, an evaluation of the appropriateness is performed annually by the Actuarial function.

A financial plan, based on the business plan, is then prepared for the Company. This financial plan covers five years and includes projections of a high-level Profit & Loss statement, a high-level Balance Sheet statement and the SCR. Based on the review and approval of the Board's Risk Committee, the ORSA model stress tests the plan and projects the financial results. Reverse stress testing with the most significant risk parameters is also completed to challenge the solvency levels of the Company.

The results are analysed in order to understand the Company's ability to survive in times with more adverse conditions than those underlying the business plan. A contingency plan describing how to manage any capital shortfalls is also defined.

The final ORSA report is created and presented to the Board of Directors for review and approval. This report is used both for internal communication and reporting to the Regulator, the Central Bank of Ireland.

The Company will normally perform the ORSA annually unless there is a material change in the risk profile or capital situation, in which case an additional ORSA may be conducted.

## B.4 Internal Control System

The Company's System of Internal Control supports effective and efficient operations. It assists with ensuring the reliability of internal- and external reporting and also assists compliance with laws and regulations.

The System of Internal Control is based upon the framework issued by the Committee of Sponsoring Organizations (COSO), which is structured around five components; Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring (see the COSO cube below).



How this internal control framework is implemented within the Company is described below.

A description of how the Compliance function is implemented in the Company's system of internal control is described in section B.1.

### **Control Environment**

The control environment is defined by the Company's corporate culture and values, and the overall attitude and awareness of management regarding the System of Internal Control and its importance.

The following building-blocks form the foundation of the control environment within the Company:

#### *Ethical values and Integrity:*

In order to emphasise the importance of high integrity and sound ethical values throughout the organization, the Board has adopted an Instruction regarding Ethics, which is based on the SEB Group Code of Business Conduct and its core values of:

- Customers First
- Commitment
- Collaboration
- Simplicity

#### *Structure and assignment of responsibility:*

The set of governing documents adopted by the Board and the Managing Director creates a well-defined organizational structure including clear assignment of authority and responsibility.

### **Performance and Accountability**

To support a well-functioning System of Internal Control it is important to have employees with the necessary skills and experience to perform their responsibilities to a high standard. The Company strives to attract, develop and retain competent individuals. Examples of relevant activities to foster this are: Workforce planning, Performance Development Dialogues, Global Talent reviews and short- and long-term incentive programs; with regular evaluation of standards conduct and levels of competence.

### **Risk Assessment**

It is important that all material risks are identified, therefore the Company performs several operational risk assessments to evaluate if the current internal control environment is effective or if there is a need for improvement:

- Internal Controls Catalogue self-assessment
- Operational Risk Self Assessments
- New Product Approval Process
- Analysis of incident data
- Compliance monitoring reviews
- Internal- and External audits
- Operational Risk Management Information System (ORMIS)

The risk assessments consider all three internal control objectives, i.e. Efficiency of operations; Reliability of internal and external reporting; and Compliance with laws and regulations.

### **Control Activities**

The objective of internal control activities is to mitigate the risks identified in an efficient and effective manner.

Whilst instructions are adopted by the Board and the MD, the internal control activities are documented in control catalogues by each Business Unit in the Company.

As described in the operational risk assessment types, the Internal Control system is regularly evaluated to determine the most suitable mix of preventive and detective controls; which include both manual and automated activities such as authorizations and approvals, verifications, reconciliations, and reviews.

### **Information and Communication**

It is essential that members of staff are aware of- and understand internal controls relevant to their activities. The Company and key control functions regularly communicate information or conduct training. For example, mandatory training regarding the Company's Board and MD instructions, training of business units to assess the efficiency and effectiveness of internal control processes; Operational risk workshops.

Internal communication lines are structured to support the reporting of negative news, and permit escalation beyond reporting lines where required. Communication channels, such as whistle-blower, are in place and enable confidential communication when normal channels are inoperative or ineffective.

Management and the control functions regularly report the performance and development of the System of Internal Control to provide the Board with information to carry out its oversight responsibilities. The Board also provides feedback and direction.

### **Monitoring activities**

To ensure that the System of Internal Control is effective over time, the Company uses different approaches including monitoring of Key Risk Indicators performed by the line organisation, quality self-assessments, as well as testing performed by the control functions and external audit, with relevant results reported to Management, the Committees and the Board.

#### **B.4.1 Compliance Function**

The Company has a separate compliance function. The roles and responsibilities of the compliance function are laid down in an instruction regarding the function adopted by the Board. The compliance function is independent from the Company's business operations, which it monitors and advises on compliance with prevailing rules and regularly reports to the Company's Board. Reports on compliance issues can also be addressed to concerned Company staff members. Violation of external or internal regulations or standards is reported to the relevant manager.

The compliance function has full access to material, staff and property relevant to the performance of compliance duties. All staff members are required to cooperate fully with the compliance function. The compliance function attends Board meetings, Management team or existing Committee meetings when compliance matters are addressed.

The compliance function coordinates its activities with the Internal Audit function and Risk function, to ensure a suitable distribution of activities and avoid duplicating work.

Once a year, the Compliance function prepares a written report to the Board summarising the efforts undertaken over the past year and the results of these activities. The report includes an evaluation of how well the Company fulfils its legal requirements in the area of compliance. The report is presented to the Company's Board.

#### **B.5 Internal audit function**

The Internal audit function is outsourced to Skandinaviska Enskilda Banken AB (publ) and maintains its independence by not participating in the Company's business operations and adhering to its Function's Instruction adopted by the Board and the Institute of Internal Auditors standards set out in the International Professional Practices Framework.

The Internal audit function evaluates the Company's risk management system, internal control system and other aspects of governance requirements to assess primarily, efficient and economical use of resources, reliability and completeness of information, and compliance with internal and external rules. The function's areas of responsibility also include outsourced parts of the Company's operations.

The Internal audit function decides independently which parts of the Company's operations to audit and reports the results in writing to the Audit Committee and the Board and, if necessary, to other concerned individuals in the Company.

Once a year, the Internal Audit function prepares a written report summarising the efforts undertaken over the past year and the results of these activities. Again, the annual report is presented to the Audit Committee and the Company's Board.

#### **B.6 Actuarial function**

The Actuarial function is responsible for coordinating and assuring the quality of the Company's actuarial calculations and investigations. According to its function instruction, this includes, assessing the methodologies used for the calculation of technical provisions including the review of the appropriateness and quality of the data used; certifying that premium rates are adequate for risks undertaken and reviewing limits and other constraints for underwriting risks. The Function also assists the Board and Managing Director in issues regarding actuarial methods and calculations and contributes to the Company's risk management system.

The Actuarial Function reports regularly to the Managing Director and Board.

The Company's Actuarial function comprises the head of the Actuarial unit who is also the Actuarial Function Holder. This means that the Company has both an actuarial function and an actuarial unit. To ensure the Actuarial function's objectivity, the Function's duties will regularly undergo internal and external auditing as well as periodic peer reviews. The results are reported to the Board.

## B.7 Outsourcing

Outsourcing is an arrangement of any form where the Company appoints a service provider (either internal or external) to perform a certain process, service or activity that are part of the Company's insurance business. The Company has an outsourcing instruction which specifies the circumstances under which the Company may enter into such arrangements and explains the outsourcing process. Among other things, the Instruction states that the Company may not outsource critical or important operational functions if it leads to:

1. materially impairing the quality of the system of governance of the Company,
2. unduly increasing the operational risk of the Company,
3. impairing the ability of the supervisory authorities to monitor the Company, or
4. undermining continuous and satisfactory service to customers.

The outsourcing instruction sets out the following:

- Definitions (including what constitutes critical or important operational functions)
- Scope and general considerations
- Conditions for outsourcing
- The outsourcing agreement
- Due diligence, approval and follow-up processes
- Annual review of the instruction and the outsourced arrangements and reporting to the Board

The Instruction also specifies what should be regulated in the agreement entered into between the Company and the service provider. In summary, the requirements state that the roles and responsibilities of the Company and the service provider must be described, that the Company is entitled to receive information regarding performance of the services, that the service provider shall collaborate with the supervisory authority and allow the supervisory authority access to the provider's premises, that the service provider shall protect confidential information; establish, implement and maintain a disaster plan; agree to follow applicable laws, rules and instructions from the Company, and that the service provider's staff will meet the Company's fit and proper requirements.

The Company has outsourced the following critical or important operational functions or activities:

Counterparty	Description of the agreement	Internal / External	Jurisdiction	Outsourcing Manager
<b>SEB Pension och Försäkring AB</b>	Product & process development services	Internal	Sweden	Head of Finance (PCF - 11)
	Solvency II report generation			
	Internal Audit			
<b>SEB AB</b>	IT Specification	Internal		Head of IT
	IT User Services Agreement			
<b>External Supplier</b>	Business recovery & continuity services	External	Ireland	

## **B.8 Any other information**

### Assessment of the Governance Framework

The Company has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company.

## C Risk Profile

### C.1 Underwriting risk

Underwriting risk is the risk of loss or adverse change in the value of insurance liabilities, due to in-adequate pricing and provisioning assumptions.

Underwriting risk is not integral to the Company and exists in small amounts in relation to certain products and benefits as opposed to relating to the Company's core products. The main types of underwriting risk for the Company are Lapse, Expense and Biometric risks.

Since 2016 the Company began to offer additional Life Cover as a rider benefit. This has the potential to materially increase the volume of additional life cover which the Company is exposed to. As a result, the Company has entered into a reinsurance treaty with Hannover Re (Sweden and Finland) for life-cover benefits.

The exposure to any single life assured will be limited and acceptance of such lives will be subject to minimum underwriting standards. An Underwriting risk measure of sums at risk has been added in relation to the additional life cover benefits when there is a material amount of business to the indicate material risk arising will be monitored on an ongoing basis. During the financial year there has not been a material increase in the volume of additional life cover which the Company is exposed to.

Lapse and expense risks are managed through appropriate product design, frequent monitoring of expense levels and prudent premium levels. The insurance agreement's premiums are set to cover the insurance agreement's future expected claims and expenses.

Biometric risks are managed through the Reinsurance policy, reinsurance limits and other constraints. The limits must fit within the overall risk appetite of the Company and in any event exist in small amounts in the Company.

#### Governance model for Underwriting risk management

The following governance structure is in place to manage underwriting risk:

- The Board has established a Risk Committee to review the capital implications of product pricing principles;
- It is the Managing Director's responsibility to ensure that the Company's underwriting activities operates within the set risk appetite, and in compliance with internal instructions and external regulations;
- The Company's Actuarial department is responsible for monitoring changes to the Company's underwriting risk profile and reporting on any product developments or business changes that may materially change the risk. In addition, where individual policies carry significant underwriting risks the actuarial department will advise on the appropriate price to be charged for the risk and/or whether any change to reinsurance is required or additional reserves should be held;
- The Actuarial function provides an opinion on the adequacy of the premium rates and advises the Company on the modifications necessary to protect the position of the policyholders;
- The Actuarial function are responsible for maintaining an up-to-date version of reinsurer details and will notify the Board of any significant changes, especially any changes to the ratings of the various reinsurers or in relation to the reinsurance arrangements.
- Management monitor on an on-going basis the total sum at risk, total amount at risk after reinsurance and also total recoveries due from each reinsurer.

### Sensitivity analysis to Underwriting risk

The insurance risks of a material nature are lapses and expenses. The Company tests the impact on the Best Estimate Liability (BEL) of the stresses below for these key risks:

Risk	Stress	Best Estimate Liability (BEL) Impact (€m)
Lapse	50% increase in assumed lapse rates	34.8
Expense	10% increase & 1% increase in Expense Inflation	22.2

## **C.2 Market risk**

The Company has a modest appetite for market risk which is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the market prices of assets, liabilities and financial instruments. The Company's market risk is focused on Equity risk, Concentration risk, Interest rate risk, and Currency risk.

Investment of Shareholders' funds is governed mainly by solvency and liquidity considerations and the need to comply with the regulations and guidelines specified by the Central Bank of Ireland. The strategic asset allocation of shareholders' funds is regularly reviewed by management in consultation with the Actuarial Function holder. Any recommendations by management are presented to the Investment Committee of the Board.

As the Company's business is unit-linked the direct associated market risk is borne by the Policyholder. The Company however, is also exposed to this Policyholder market risk from fluctuations in the market value of policyholders' linked investments, through the effect on its earnings, and it manages this exposure primarily through product design, investment guidelines, and its ambition to implement look-through of linked funds to the extent possible.

The design of the Company's portfolio bond products leads to the creation of a deferred acquisition cost which is recovered over time from additional charges within the product. This creates an interest rate risk. The Company manages the impact of interest rate risk through product design and on-going monitoring.  
CompanyCompany

The Company administers policies in multiple EU countries and in multiple currencies. As a result, the Company has some tolerance for accepting currency risk. The Company rebalances its balance sheet on a monthly basis to reduce exposure to exchange rate fluctuations. The purpose of the Currency Hedging Process is to ensure that the Shareholder is not exposed to currency loss as a result of movement in foreign exchange rates.

As described above, in relation to Unit-Linked Funds and Portfolio Bonds, risk tolerance and risk-return requirements are determined by policyholders based on their choice of funds or investments.

### *Asset-Liability Matching*

The Company aims to maintain a matched unit position in respect of all its policyholder funds. The Company strives to hold sufficient assets of appropriate nature, term and liquidity to enable it to meet its liabilities to policyholders as they become due.

### *Unit-Linked Funds*

The Company offers a choice of Unit-Linked funds. The management of the funds is sub-delegated to a range of external asset managers. The addition of new Fund Managers is subject to due diligence and subsequent approval by the Board following consideration of management's recommendations.

All Unit-Linked funds are subject to the investment objectives of the underlying fund and these are determined by the Fund Manager and are specified in the associated fund prospectus.

#### *Portfolio Bonds*

Portfolio Bonds are managed on a personalised basis for individual policyholders and invested according to mandates or specific instructions set by the policyholders or their advisors. The strategic asset allocation for each personalised portfolio bond is based on the risk profile and investment preferences of the policyholder as agreed with their independent adviser. The selection of individual securities is determined by considering individual requests of policyholders and their advisers. However, the assets selected must meet the requirements of the Company as documented in its investment guidelines.

All assets should be capable of being administered by the Company's processes and systems, including valuation of assets, risk measurement, calculation of solvency capital requirement and internal and external reporting. The Company's board has approved criteria that apply to derivatives which may be used to contribute to a reduction of investment risks or facilitate efficient portfolio management.

#### Sensitivity analysis to Market risk

As all business is unit-linked, the direct associated market risk is therefore borne by the policyholder. There is a secondary impact to the Company though, as Company income from unit charges is dependent upon the markets. Financial assets net of liabilities to support Company capital resources held outside unitised funds primarily consist of, cash and cash equivalents, and other assets and liabilities. Cash held is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements. There is Company cash held in non-Euro accounts which may be impacted by currency fluctuations, but the Company has a hedging program in place to minimise this risk.

As a result of these combined factors, the Company's financial assets net of liabilities held outside unitised funds are not materially subject to market risk. Future revenues from annual management charges may be affected by movements in interest rates, foreign currencies and equity values.

The market risks of a material nature are equity and currency. The Company tests the impact on the BEL of the stresses below for these key risks:

Risk	Stress	BEL Impact (€m)
Equity	29% fall in unit values	54.1
Currency	25% increase in €	36.0

### **C.3 Credit risk**

The Company has a modest risk appetite for counterparty default risk. The Company is exposed to counterparty risk where the shareholder funds are held in credit institutions. To limit this risk, counterparties are subject to a due diligence and approval process and the selection takes into account the credit rating, competence, experience, solvency and level of service of the counterparty, in accordance with adopted guidelines. Furthermore, the counterparty default risk is managed with limits for maximum credit exposure to different counterparties, determined by their credit rating.

Counterparty risk in relation to unit linked cash and other assets held in counterparties selected by Policyholders is borne by the policyholder. Nevertheless, these counterparties are subject to a stringent diligence and approval process by the Company together with ongoing monitoring of their custodian authorisations and cash holdings.

## C.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to realise investments and other assets in order to settle its financial obligations when they fall due, or that it can only do so at excessive cost. The Company is subject to minimal liquidity risk since it maintains a high level of liquid assets to meet its liabilities. The Company regularly monitors liquidity levels and asset matching particularly in conjunction with dividend payment policy to ensure sufficient liquidity is available at all times. The Company has several contingency options available if liquidity were to become a problem including reducing the dividend, accessing other non-cash but cash like assets and if necessary securing loan funding from its parent.

Due to the unit linked nature of the portfolio bond product, policyholders have the flexibility to select a wide range of investments, which may lead to some policyholders experiencing restricted liquidity due to market conditions. Accordingly, for complex assets the Company has investment guidelines which also aim to manage liquidity risks.

Where this risk may also impact on the collection of fees the Company has a diligent monitoring process in place, and the product design allows fee collection on policy surrender.

## C.5 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes people and systems or from external events.

The Company should not expect any return as compensation for operational risk. Therefore, it should look to minimise operational risk as much as possible. However, achieving zero operational risk is not possible and the Company acknowledges that operations will result in a certain level of operational risk. The Company has, however, zero appetite for any systems failure risk which might impact upon any policyholder transactions. This risk does not change dependant on time horizons. Other Operational risk categories are Legal-, Compliance-, Regulatory-, and Cyber and IT risk. SEBLI has no tolerance for these breaches and will co-operate fully with all regulatory requirements. The Company accepts that legal and compliance risk cannot be fully eliminated.

The basis for the Company's operational risk management is a well-defined and effective internal control system. On a high level, roles and responsibilities are defined in the instructions adopted by the Board and the MD, and on lower level, internal control responsibilities are defined and documented in control catalogues per unit within the Company.

The following tools / processes are implemented to manage and mitigate operational risks:

### SEB Operational Risk Self-Assessment

The Company completes an operational risk self-assessment, based on the Company's consolidated operations every second year and reviews the assessment for relevance at least every 12 months. The self-assessment and its related action plans are registered in the Operational Risk Management Information System "ORMIS".

### Operational risk identification in connection with the Business Planning

As part of the Business Planning process, significant operational risks that could threaten the Company's ability to reach the goals and financial objectives embedded in the business plan are identified and analysed.

### Registration and analysis of operational incidents

All operational incidents are registered in an SEB core incident system and analysed to understand the root cause, and if there is a need to strengthen the internal control structure or initiate other activities in order to mitigate the risk for recurrence.

### New Product Approval Process ("NPAP")

The purpose of the NPAP is to ensure that the Company does not enter into activities containing unintended forms of risks or risks that are not immediately managed and controlled by the organisation in a professional and sustainable manner. The Company's NPA committee decides on matters that have impact solely on the Company, as opposed to also affecting other organisations within the group. The committee consists of a chairman, a vice-chairman, a secretary and committee members representing Company functions such as: actuarial, legal, IT, operations, compliance, finance, risk, information security and security.

### Business Continuity Planning

The Company has plans and procedures in place to provide continuity of critical processes and systems in case of large-scale disturbances due to systems failures or various disasters (natural disasters, sabotage, settlement break downs etc.). The objective of the continuity plan shall be to restore business as quickly and seamlessly as possible.

These plans are registered in a web-based application used for all units within the Group. All managers have printed copies of their plan, both at home and in the office, which contains information about: employees, call lists, alternative locations, outsourcing service providers, critical processes / deliverables / systems, work-around procedures and critical documentation. Plans are tested and updated at least on an annual basis.

### Crisis Management

The Company's Crisis Management Team (CMT), headed by the CFO, is the ultimate decision-making group in a time of crisis. The main responsibilities of the team are to:

- Establish what has happened
- Assess the impact
- Resolve any conflict of interest
- Identify and prioritize actions required
- Retain control

### Information Security management:

The purpose of the Company's security and information security activities is to protect the Company's staff, business, customers, assets, expertise and to prevent the unauthorised disclosure of information and breaches of integrity. The scope of the Company's security and information security management covers:

- Confidentiality – Information not accessible or revealed to those unauthorized
- Integrity – Information not changed unintentionally
- Accessibility – Information accessible when needed.
- Traceability – It is possible to trace who, when and what has changed the information

### Compliance Risk management

The Company has a dedicated compliance function managing and monitoring compliance risks, with full support of the Group compliance function. Compliance risks are regularly analysed, monitored and reported to the MD and the Board.

### Legal Risk management

The Company has a dedicated Head of Legal, as well as access to internal legal counsel within the group and thus has a dedicated resource for the management of legal risk. In addition, the Company maintains a network of legal firms to which it can refer in each country of its operation.

### Regulatory Change Risk management

The Company operates a rigorous regulatory change risk monitoring and management framework in order to make sure the business is aware of all the regulatory changes as they arise.

### Follow-up and analysis of audit issues

There is a process for continuous follow-up and analysis of outstanding audit issues in order to mitigate the risks, which have been identified by the Company's internal and / or external auditors.

### Key Risk Indicators (KRIs)

Relevant KRIs for operational risk have been defined and are included in the regular risk reporting to Management and the Board.

### Governance model for Operational risk management

- The Board defines the overall objectives and principles for the Company's operations, through adoption of the instructions. In order to ensure that the reporting system works satisfactorily, the Board has defined reporting responsibilities and follow-up procedures to be included in each Board meeting;
- The Board has established a risk committee to regularly review the internal control environment, material operational risks, and to prepare related items that will be presented to the Board for decision;
- It is the MD's responsibility to ensure that the Company operations are well managed from an internal control perspective, i.e. with low operational risk;
- Each manager is responsible for identification and management of operational risks within his or her sphere of responsibility, which include ensuring that relevant internal controls are defined, implemented, documented and regularly evaluated to identify potential control weaknesses;
- Independent monitoring and reporting of the Company's operational risk exposure is performed by the Risk function. In addition to the KRI's described above, the Risk function monitors key risk limits relating to operational risk; for example, total operating losses as a percentage of operating expenses; ensuring operational events are disclosed in line with escalation criteria.

## **C.6 Other material risks**

Other material risks of concern within the Company at present are:

### **Cyber Risk:**

The Company outsources its IT services to the Group, who reports to the Company's Board on the cybersecurity methodologies in place, overseen by the Local Information Securities Officer (LISO) who is also the Head of IT.

The Company is not a retail operation, however still faces cyber threats which would not only cause financial loss to the Company but could also result in reputational damage in the market place. Accordingly, the SEB Group and the Company take cyber security seriously and many mitigating measures are in place, together with a fully documented and robustly tested Business Recovery Plan.

Cyber and information security risks are regularly considered by the Risk Committee of the Board with increased reporting on the effectiveness of controls by the Local Information Securities Officer, (also the Head of IT), and the Risk function. All of the Company's IT servers and applications are maintained under an outsourcing agreement by SEB Group and are protected by a combination of firewalls and encryption software.

### **Brexit:**

The UK has now left the EU (31 January 2020) and the transition period has commenced. As mentioned, the UK is not one of the core markets in which the Company operates and thus the Company does not expect Brexit to have a significant direct impact.

The Company's (legacy) UK branch was closed and repatriated to head office in Ireland in response to Brexit and with the Company having entered the Temporary Permissions Regime (TPR) it has deemed Part 4A permission to carry out regulated activities in the UK for a maximum of 3 years during which time it can only operate under its current license. The Company is reviewing whether to seek permanent authorisation.

Although more clarity on the final Brexit structure is emerging, the Company will continue to monitor the position closely.

## **C.7 Any other information**

### **Pandemic**

Recent experience has highlighted the risk to the financial position and the Company's operations. The Company is conducting work to assess the effectiveness of its Business Continuity Management.

There is no other material information to report.

## D Valuation for Solvency Purposes

### D.1 Assets

This section defines and describes material differences between the statutory financial reporting and the Solvency II reporting. The table below shows differences between the determined valid categories on the asset side (and debt derivatives) of the balance sheet.

MEUR	Solvency II value	Solvency II valuation Basis	Statutory reporting value	Statutory reporting valuation Basis	Value difference
Deferred acquisition cost	0	Excluded	58	Mark to model	(58)
Assets held for unit-linked funds	7,294	Market value	7,294	Market value	-
Insurance receivables	13	Market value	13	Market value	-
Cash and cash equivalents	71	Market value	71	Market value	-
Other	3	Market value	5	Market value	(2)
<b>Total</b>	<b>7,381</b>		<b>7,441</b>		<b>(60)</b>

The major difference between the reporting standards is the excluded deferred acquisition cost in the Solvency II reporting.

### D.2 Technical Provisions ("TP")

The TP's comprise the Best Estimate of the Liabilities ("BEL") and the Risk Margin ("RM"). All business falls under the "Index and Unit-Linked" category in Solvency II. The table below shows the TP at 31 December 2019 and a comparison with year-end 2018:

MEUR	BEL	RM	TP
31 December 2019	7,119	63	7,182
31 December 2018	6,321	57	6,378
Change	798	6	804

The TP has increased by €804 million (12.6%). This is mainly due to an increase in unit-linked liabilities. Encashments exceeded sales by €63m, with approximately €850m of positive asset growth during 2019. The non-unit BEL increased by €10m, mainly due to assumption changes implemented following the annual expense and lapse investigations.

#### **A. Best Estimate of Liabilities**

The BEL represents unit linked liability less the projected future surplus from the unit-linked policies plus some non-linked reserves.

The calculations have been performed on a best estimate basis in accordance with Articles 75 to 86 of the Solvency II Directive. The calculations do not make any allowance for transitional measures or assumed management actions. The BEL corresponds to the probability weighted average of future cash-flows, taking account of the time value of money. BEL is based on a cash flow projection on a policy-by-policy basis using actual policy data.

The contract boundary for single premium contracts is the whole life of the policy. For our regular premium pension products, the future regular premiums due are considered as being within the contract boundary and included in the BEL.

## **B. Risk Margin**

The RM is an addition to the BEL to ensure that the technical provisions as a whole are equivalent to the amount that a third party would be expected to require to take over and meet the insurance obligations. The RM is calculated as the amount of capital needed to support the SCR over the lifetime of the business at a prescribed cost of capital rate of 6% per annum.

To enable the RM to be calculated the SCR is projected into the future. This is done by projecting the cash flows for each of the sub-risk modules underlying the SCR, allowing the SCR to be recalculated at each future time period. The EIOPA prescribed rate of 6% is then applied to these projected SCR's to produce the required cost of holding the SCR at each point in the future. The costs-of-capital are discounted back to the valuation date using the prescribed EIOPA risk-free interest rates to produce the final RM.

## **Assumptions**

The key demographic assumptions underlying the BEL are based on Company experience (i.e. lapses and expenses). Economic assumptions (including unit growth and discount rate) are pre-specified in the EIOPA Solvency II guidance. Mortality assumptions are also under the control of the Company but are not as materially sensitive as lapses and expenses, due to the minimal levels of additional mortality risk under SEBLI's products.

The following assumptions have been made in the calculation of best estimate:

<b>Assumption</b>	
Discount/Growth rate	As per EIOPA specified rates: rates vary depending on policy currency
Surrender rate	0%-3% p.a. Full, 5% Partial on Intermediary Portfolio-Bond 2%-12% p.a. on Bank Portfolio-Bond 10% p.a. on Unit-Linked, UK 13% p.a. on International Investor Bond
Expense assumption	€454 p.a. on Portfolio-Bond €73 – €145 p.a. on Unit-Linked
Expense inflation	2.00 % p.a.
Mortality rate	80% Hannover Re Mortality Table

The TPs are a best estimate of the Company's liabilities with allowance for the cost of capital to cover those liabilities included. They are not calculated therefore with margins for prudence. In calculating the TPs, a number of assumptions must be made about the likely future development of the portfolio with the most significant assumptions being policyholder behaviour regarding timing of surrender and the future expenses of the Company.

Another source of uncertainty in the calculation is future investment performance of the assets of the Company, however as the business is almost all unit-linked the effect of this uncertainty on the Company is small.

### **Comparison to valuation in financial statement**

The table below shows differences between the valuation of TPs for solvency purposes and those used for their valuation in financial statement (statutory reporting) separately for each line of business.

<i>MEUR</i>	TP Solvency II	TP Statutory Reporting	Difference
Index/unit-linked	7,182	7,342	(160)
Total	7,182	7,342	(160)

The main difference between the TPs for solvency II and the statutory reporting, is that in solvency II, account is taken of the future expected cash flows arising on the in-force business which is not recognized in the statutory accounts of the Company. This results in lower TPs under solvency II as the Company is writing profitable business and therefore future cash flows are income that the Company expects to earn over the life of the portfolio.

<i>MEUR</i>	Reconciliation
TP Statutory reporting	7 342
Solvency II revaluation related to BE	(223)
Solvency II revaluation related to RM	63
TP Solvency II	7 182

The Company does not apply the matching adjustment referred to in Article 77b of Directive 2009/138/EC.

The Company does not use the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

The Company does not apply the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

The Company does not apply the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

### **Material changes to assumptions**

A review of the assumptions underlying the TP calculations was carried out during 2019, including detailed Lapse and Expense investigations, to ensure assumptions are best-estimate and reflect Company experience.

#### *Expenses*

The renewal expenses assumed in the calculation of the TPs are based on the results of analyses of the Company's most recent actual expense experience. These expenses are then allocated across the main lines of business to determine appropriate per policy expense assumptions for the valuation of the liabilities. The table below shows the results of the expense investigation with a 10% increase in expense assumptions compared with the previous year:

Product	2019	2018
Portfolio Bond	€453.75	€412.50
Portfolio Bond - Sweden	€453.75	€412.50
Single Premium unit-linked	€72.60	€66.00
Regular Savings Plan	€145.20	€132.00
UK and run-off policies	€72.60	€66.00

### Expense Inflation

The table below shows the expense inflation assumption at year-end 2019:

Product	2019	2018
All	2%	2%

Given that a large proportion of SEBLI's expenses are salary related it would be expected that a large part of the expense base will rise with salary inflation. The expense inflation assumption is to the ECB target for Eurozone inflation of 2% p.a.

### Policy Surrender

The following table shows the Solvency II year-end 2018 and year-end 2019 lapse assumptions for the TP calculations:

Product	2019	2018
Portfolio Bond		
- Intermediary Partial	5%	5%
- Intermediary Full	0%-3%	0%-3%
Portfolio Bond - Sweden	2%-12%	2%-10%
Unit-linked single premium	13%	13%
UK and run-off portfolio	10%	10%

Surrender assumptions are based on the findings of the detailed Persistency Investigation carried out during 2019, with an increase to 12% for the ultimate surrender rate for Bank Portfolio Bond.

## D.3 Other liabilities

This section defines and describes material differences between the statutory financial reporting and the Solvency II reporting. The following table shows differences between the determined valid categories on the liability side of the balance sheet.

MEUR	Solvency II value	Solvency II valuation basis	Statutory value	Statutory valuation basis	Value difference
Provisions other than technical provisions	16	Market value	76	Market value	(60)
Deferred tax liabilities	14	Market value	0	Market value	14
Insurance & intermediaries payables	13	Market value	8	Market value	5
Reinsurance payables	0	Market value	0	Market value	0
Payables (trade, not insurance)	7	Market value	7	Market value	0
<b>Total</b>	<b>50</b>		<b>91</b>		<b>(41)</b>

The major defined difference between the reporting standards is the excluded deferred front-end fees. There are provisions included in the Solvency II liabilities that are not included in our statutory numbers. These provisions do not meet the level of probability of payment that would require a provision under the relevant IFRS accounting standard, but they are included in the solvency liabilities to further stress the

Company's ability to meet in minimum capital requirement. The deferred tax liability is added as required under the solvency reporting regulations.

#### **D.4 Alternative methods for valuation**

There are no alternative methods for valuation used by the Company.

#### **D.5 Any other information**

There is no other material information to report.

## E Capital Management

### E.1 Own funds

The Company has adequate available assets to meet the capital requirements calculated for the Minimum Capital Requirement (MCR) and the SCR. The Company has set an internal target to maintain 115% of the calculated SCR.

- The Company capital management plan as approved by the Board
- Maintain available own funds at a minimum of 115% of SCR
- The Company has no debt, and does not intend to raise debt
- The Company does not intend to issue any capital

Available assets (other than the Company's deferred tax asset in respect of Italian business) will be invested in cash or highly liquid assets in accordance with the Company's investment policy. The deferred tax asset mentioned may be subject to liquidity constraints as it relies on the timing of customer surrenders and may also be affected by market movements. The amount of this deferred tax asset is €11.6m.

The below table outlines the structure of the total basic own funds, with a comparison to the 31/12/2018 position.

31/12/2019

<i>MEUR</i>	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ordinary Share Capital	2	-	-	-
Share premiums account related to ordinary share capital	3	-	-	-
Reconciliation Reserve	143	-	-	-
<b>Total</b>	<b>147</b>	-	-	-
<b>Total Basic Own Funds</b>	<b>147</b>	-	-	-

31/12/2018

<i>MEUR</i>	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ordinary Share Capital	2	-	-	-
Share premiums account related to ordinary share capital	3	-	-	-
Reconciliation Reserve	147	-	-	-
<b>Total</b>	<b>152</b>	-	-	-
<b>Total Basic Own Funds</b>	<b>152</b>	-	-	-

The decrease in Basic Own Funds includes a payment of a dividend paid to the shareholders (€15m in 2019). The Company comfortably exceeds its SCR requirement and its internal instruction to maintain 115% of SCR.

The eligible amount of own funds to cover the SCR is wholly classified as Tier 1. The eligible amount of own funds to cover the MCR is wholly classified as Tier 1.

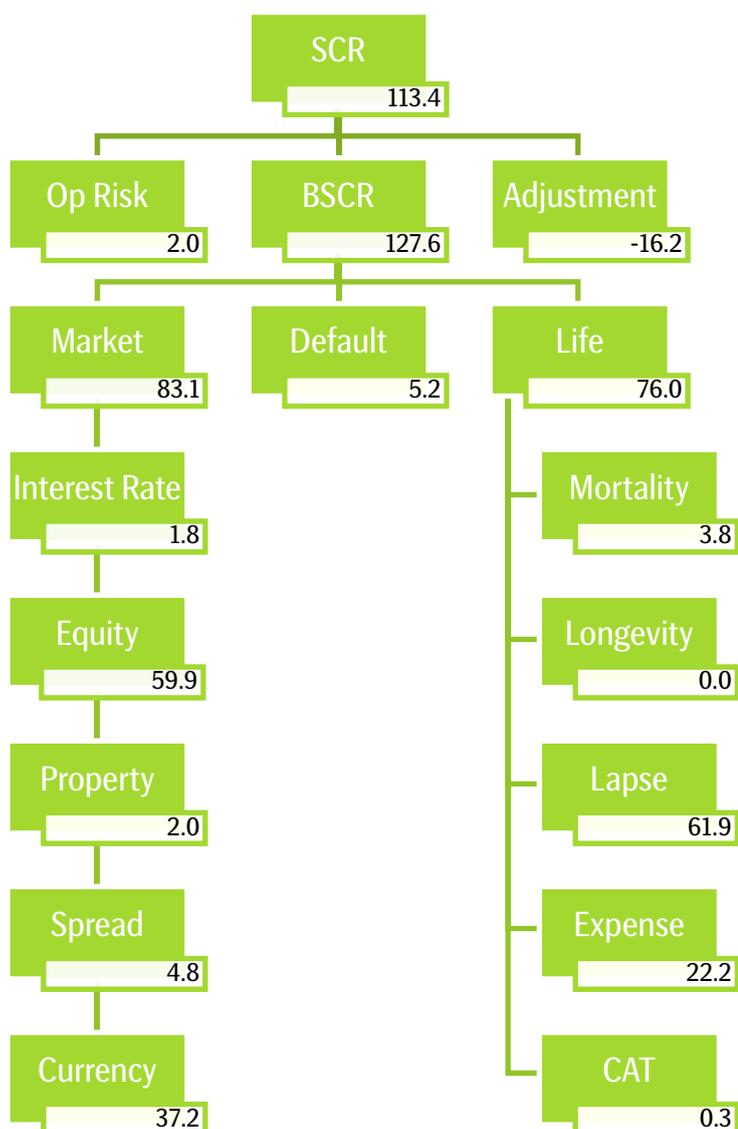
The below table is a reconciliation of the equity as per the Company's statutory financial statements, to the available assets as per the Solvency II return.

Difference in Own funds compared to Equity	MEUR
Equity as per Financial Statements	49
Reassessed technical provision	111
Asset adjustments	(60)
Liability adjustments	60
Deferred Tax Liability	(14)
<b>Excess Asset over Liabilities</b>	<b>147</b>
Proposed Interim Dividend	-
<b>Total Basic own Funds</b>	<b>147</b>

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

The amount of the Company's SCR and Minimum Capital Requirement (MCR) at the end of the reporting period are €113.4m and €49.9m respectively.

The table below shows the components of the SCR (using the Standard Formula) at 31 December 2019:



The Company uses EIOPA's Solvency II Standard Formula. It does not use Company specific parameters and is not using simplified calculations in its computation.

The SCR has increased from €103.5m to €113.4m during 2019 mainly due to the reasons below:

- Increased Market capital due to increase in EIOPA-prescribed Equity symmetric adjustment of 6.26%, as a result of positive market conditions during 2019
- Increased Insurance capital due to lapse and expense increases in line with the revised assumption changes

The MCR of €49.9m is calculated using the prescribed standard formula as per the table below:

MCR Calculation	Value MEUR	MCR Contribution
TP (@ 0.7%)	7,119	49.8
Capital-At-Risk (@ 0.07%)	27	0.1
<b>Calculated MCR</b>		<b>49.9</b>
MCR Floor (SCR * 25%)	28.4	
MCR Cap (SCR * 45%)	51.0	
<b>Final MCR</b>		<b>49.9</b>

The MCR has increased from €44.3m to €49.9m in line with the TP increase in 2019.

The Company does not use transitional arrangements as set out in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

### **E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement**

The Company has not opted to use the duration-based equity risk sub-module of the Solvency II regulations.

### **E.4 Difference between the standard formula and internal model used**

The Company applies the Standard formula model and does not use an internal model to calculate the Solvency Capital Requirement.

### **E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement**

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

### **E.6 Any other information**

There is no other material information to report.

## Appendix

Public Quantitative Reporting Templates. All values are expressed in Euro.

### SE.02.01.16

#### Balance sheet

#### Assets

		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	0.00
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	367,719.33
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	7,293,408,886.10
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	12,859,194.08
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	2,442,607.73
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	71,147,574.76
Any other assets, not elsewhere shown	R0420	
<b>Total assets</b>	<b>R0500</b>	<b>7,380,225,982.00</b>

<b>Liabilities</b>		
Technical provisions – non-life	R0510	
Technical provisions – non-life (excluding health)	R0520	
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	7,182,682,806.83
Technical provisions calculated as a whole	R0700	0.00
Best Estimate	R0710	7,119,243,793.58
Risk margin	R0720	63,439,013.25
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	15,563,932.55
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	14,022,959.41
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Debts owed to credit institutions resident domestically	ER0801	
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	
Debts owed to credit institutions resident in rest of the world	ER0803	
Financial liabilities other than debts owed to credit institutions	R0810	
Debts owed to non-credit institutions	ER0811	
Debts owed to non-credit institutions resident domestically	ER0812	
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	
Debts owed to non-credit institutions resident in rest of the world	ER0814	
Other financial liabilities (debt securities issued)	ER0815	
Insurance & intermediaries payables	R0820	13,342,189.84
Reinsurance payables	R0830	15,931.02
Payables (trade, not insurance)	R0840	7,194,739.19
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	
<b>Total liabilities</b>	<b>R0900</b>	<b>7,232,822,558.84</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>147,403,423.16</b>



**S.05.01.01**  
**Premiums, claims and expenses by line of business**

		Line of Business for: <b>non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)</b>											Line of business for: <b>accepted non-proportional reinsurance</b>				Total	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property
		<b>C0010</b>	<b>C0020</b>	<b>C0030</b>	<b>C0040</b>	<b>C0050</b>	<b>C0060</b>	<b>C0070</b>	<b>C0080</b>	<b>C0090</b>	<b>C0100</b>	<b>C0110</b>	<b>C0120</b>	<b>C0130</b>	<b>C0140</b>	<b>C0150</b>		<b>C0160</b>
<b>Premiums written</b>																		
Gross - Direct Business	<b>R0110</b>																	
Gross - Proportional reinsurance accepted	<b>R0120</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0130</b>																	
Reinsurers' share	<b>R0140</b>																	
Net	<b>R0200</b>																	
<b>Premiums earned</b>																		
Gross - Direct Business	<b>R0210</b>																	
Gross - Proportional reinsurance accepted	<b>R0220</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0230</b>																	
Reinsurers' share	<b>R0240</b>																	
Net	<b>R0300</b>																	
<b>Claims incurred</b>																		
Gross - Direct Business	<b>R0310</b>																	
Gross - Proportional reinsurance accepted	<b>R0320</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0330</b>																	
Reinsurers' share	<b>R0340</b>																	
Net	<b>R0400</b>																	
<b>Changes in other technical provisions</b>																		
Gross - Direct Business	<b>R0410</b>																	
Gross - Proportional reinsurance accepted	<b>R0420</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0430</b>																	
Reinsurers' share	<b>R0440</b>																	
Net	<b>R0500</b>																	
<b>Expenses incurred</b>																		
<b>Administrative expenses</b>																		
Gross - Direct Business	<b>R0610</b>																	
Gross - Proportional reinsurance accepted	<b>R0620</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0630</b>																	
Reinsurers' share	<b>R0640</b>																	
Net	<b>R0700</b>																	
<b>Investment management expenses</b>																		
Gross - Direct Business	<b>R0710</b>																	
Gross - Proportional reinsurance accepted	<b>R0720</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0730</b>																	
Reinsurers' share	<b>R0740</b>																	
Net	<b>R0800</b>																	
<b>Claims management expenses</b>																		
Gross - Direct Business	<b>R0810</b>																	
Gross - Proportional reinsurance accepted	<b>R0820</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0830</b>																	
Reinsurers' share	<b>R0840</b>																	
Net	<b>R0900</b>																	
<b>Acquisition expenses</b>																		
Gross - Direct Business	<b>R0910</b>																	
Gross - Proportional reinsurance accepted	<b>R0920</b>																	
Gross - Non-proportional reinsurance accepted	<b>R0930</b>																	
Reinsurers' share	<b>R0940</b>																	
Net	<b>R1000</b>																	
<b>Overhead expenses</b>																		
Gross - Direct Business	<b>R1010</b>																	
Gross - Proportional reinsurance accepted	<b>R1020</b>																	
Gross - Non-proportional reinsurance accepted	<b>R1030</b>																	
Reinsurers' share	<b>R1040</b>																	
Net	<b>R1100</b>																	
<b>Other expenses</b>																		
Gross - Direct Business	<b>R1200</b>																	
Net	<b>R1300</b>																	
<b>Total expenses</b>																		



S.05.01.01 continued

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>										
Gross	R1410			838,797,729.58						838,797,729.58
Reinsurers' share	R1420			112,648.97						112,648.97
Net	R1500			838,685,080.61						838,685,080.61
<b>Premiums earned</b>										
Gross	R1510			838,797,729.58						838,797,729.58
Reinsurers' share	R1520			112,648.97						112,648.97
Net	R1600			838,685,080.61						838,685,080.61
<b>Claims incurred</b>										
Gross	R1610			915,577,452.49						915,577,452.49
Reinsurers' share	R1620									
Net	R1700			915,577,452.49						915,577,452.49
<b>Changes in other technical provisions</b>										
Gross	R1710			401,829,993.00						401,829,993.00
Reinsurers' share	R1720									
Net	R1800			401,829,993.00						401,829,993.00
<b>Expenses incurred</b>	R1900			38,966,165.96						38,966,165.96
<b>Administrative expenses</b>										
Gross	R1910			3,567,366.37						3,567,366.37
Reinsurers' share	R1920									
Net	R2000			3,567,366.37						3,567,366.37
<b>Investment management expenses</b>										
Gross	R2010			891,841.61						891,841.61
Reinsurers' share	R2020									
Net	R2100			891,841.61						891,841.61
<b>Claims management expenses</b>										
Gross	R2110			1,783,683.18						1,783,683.18
Reinsurers' share	R2120									
Net	R2200			1,783,683.18						1,783,683.18
<b>Acquisition expenses</b>										
Gross	R2210			30,939,591.62						30,939,591.62
Reinsurers' share	R2220									
Net	R2300			30,939,591.62						30,939,591.62
<b>Overhead expenses</b>										
Gross	R2310			1,783,683.18						1,783,683.18
Reinsurers' share	R2320									
Net	R2400			1,783,683.18						1,783,683.18
<b>Other expenses</b>	R2500									
<b>Total expenses</b>	R2600									38,966,165.96
<b>Total amount of surrenders</b>	R2700			881,991,827.70						881,991,827.70

S.05.02.01  
Premiums, claims and expenses by country

	Home Country	Country (by amount of gross premiums written) - non-life obligations					Total for top 5 countries and home country (by amount of gross premiums written) - non-life obligations	
		C0010	C0020	C0020	C0020	C0020		C0070
		C0080	C0090	C0090	C0090	C0090		C0140
	R0010							
<b>Premiums written</b>								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	R0200							
<b>Premiums earned</b>								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240							
Net	R0300							
<b>Claims incurred</b>								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	R0400							
<b>Changes in other technical provisions</b>								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
<b>Expenses incurred</b>	R0550							
<b>Other expenses</b>	R1200							
<b>Total expenses</b>	R1300							

	Home Country	Country (by amount of gross premiums written) - life obligations					Total for top 5 countries and home country (by amount of gross premiums written) - life obligations		
		C0150	C0160	C0160	C0160	C0160		C0160	C0210
		C0220	C0230	C0230	C0230	C0230		C0230	C0280
	R1400		SE	FI	IT	LU	PT		
<b>Premiums written</b>									
Gross	R1410	705,271,374.33	104,158,519.09	11,323,140.86	9,171,801.22	4,403,906.19		834,328,741.69	
Reinsurers' share	R1420		70,348.83					70,348.83	
Net	R1500	705,271,374.33	104,088,170.26	11,323,140.86	9,171,801.22	4,403,906.19		834,258,392.86	
<b>Premiums earned</b>									
Gross	R1510	705,271,374.33	104,158,519.09	11,323,140.86	9,171,801.22	4,403,906.19		834,328,741.69	
Reinsurers' share	R1520		70,348.83					70,348.83	
Net	R1600	705,271,374.33	104,088,170.26	11,323,140.86	9,171,801.22	4,403,906.19		834,258,392.86	
<b>Claims incurred</b>									
Gross	R1610	404,641,481.50	279,368,727.03	68,977,030.98	54,663,119.39	791,873.33		808,442,232.23	
Reinsurers' share	R1620								
Net	R1700	404,641,481.50	279,368,727.03	68,977,030.98	54,663,119.39	791,873.33		808,442,232.23	
<b>Changes in other technical provisions</b>									
Gross	R1710	210,038,330.05	91,361,328.86	40,664,655.73	4,982,470.18	520,456.03		347,567,240.85	
Reinsurers' share	R1720								
Net	R1800	210,038,330.05	91,361,328.86	40,664,655.73	4,982,470.18	520,456.03		347,567,240.85	
<b>Expenses incurred</b>	R1900	9,603,750.24	11,111,237.61	6,086,060.72	466,353.17	115,377.93		27,382,779.67	
<b>Other expenses</b>	R2500								
<b>Total expenses</b>	R2600							27,382,779.67	



**S.12.01.01**  
**Life and Health SLT Technical Provisions**

**Technical provisions calculated as a whole**

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole

**Technical provisions calculated as a sum of BE and RM**

**Best Estimate**

**Gross Best Estimate**

Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default

Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses

Recoverables from SPV before adjustment for expected losses

Recoverables from Finite Re before adjustment for expected losses

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Best estimate minus recoverables from reinsurance/SPV and Finite Re

**Risk Margin**

**Amount of the transitional on Technical Provisions**

Technical Provisions calculated as a whole

Best estimate

Risk margin

**Technical provisions - total**

**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**

**Best Estimate of products with a surrender option**

**Gross BE for Cash flow**

**Cash out-flows**

Future guaranteed and discretionary benefits

Future guaranteed benefits

Future discretionary benefits

Future expenses and other cash out-flows

**Cash in-flows**

Future premiums

Other cash in-flows

**Percentage of gross TP calculated using approximations**

**Surrender value**

**Best estimate subject to transitional of the interest rate**

**Best estimate subject to volatility adjustment**

Technical provisions without volatility adjustment and without others transitional measures

**Best estimate subject to matching adjustment**

Technical provisions without matching adjustment and without all the others

	Index-linked and unit-linked insurance				Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance					Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)	
	Insurance with profit participation	Contracts without options and guarantees	Contracts with options and guarantees		Contracts without options and guarantees	Contracts with options and guarantees			Insurance with profit participation on Accepted reinsurance (Gross)	Index-linked and unit-linked insurance on Accepted reinsurance (Gross)	Other life insurance on Accepted reinsurance (Gross)	Annuitites stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations (Gross)			Contracts without options and guarantees	Contracts with options and guarantees					
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	C0190	C0200	C0210	
<b>R0010</b>																					
<b>R0020</b>																					
<b>R0030</b>			7,119,243,793.58											7,119,243,793.58							
<b>R0040</b>																					
<b>R0050</b>																					
<b>R0060</b>																					
<b>R0070</b>																					
<b>R0080</b>																					
<b>R0090</b>			7,119,243,793.58											7,119,243,793.58							
<b>R0100</b>		63,439,013.25												63,439,013.25							
<b>R0110</b>																					
<b>R0120</b>																					
<b>R0130</b>																					
<b>R0200</b>		7,182,682,806.83												7,182,682,806.83							
<b>R0210</b>		7,182,682,806.83												7,182,682,806.83							
<b>R0220</b>		7,119,243,793.58												7,119,243,793.58							
<b>R0230</b>																					
<b>R0240</b>																					
<b>R0250</b>																					
<b>R0260</b>		7,119,243,793.58												7,119,243,793.58							
<b>R0270</b>																					
<b>R0280</b>																					
<b>R0290</b>																					
<b>R0300</b>		7,293,761,923.88												7,293,761,923.88							
<b>R0310</b>																					
<b>R0320</b>																					
<b>R0330</b>																					
<b>R0340</b>																					
<b>R0350</b>																					
<b>R0360</b>																					

**S.23.01.01**

**Own funds**

**Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35**

Ordinary share capital (gross of own shares)  
 Share premium account related to ordinary share capital  
 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings  
 Subordinated mutual member accounts  
 Surplus funds  
 Preference shares  
 Share premium account related to preference shares  
 Reconciliation reserve  
 Subordinated liabilities  
 An amount equal to the value of net deferred tax assets  
 Other own fund items approved by the supervisory authority as basic own funds not specified above

**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

**Deductions**

Deductions for participations in financial and credit institutions

**Total basic own funds after deductions**

**Ancillary own funds**

Unpaid and uncalled ordinary share capital callable on demand  
 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand  
 Unpaid and uncalled preference shares callable on demand  
 A legally binding commitment to subscribe and pay for subordinated liabilities on Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC  
 Letters of credit and guarantees other than under Article 96(2) of the Directive  
 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
 Other ancillary own funds

**Total ancillary own funds**

**Available and eligible own funds**

Total available own funds to meet the SCR  
 Total available own funds to meet the MCR  
 Total eligible own funds to meet the SCR  
 Total eligible own funds to meet the MCR

**SCR**

**MCR**

**Ratio of Eligible own funds to SCR**

**Ratio of Eligible own funds to MCR**

**Reconciliation reserve**

Excess of assets over liabilities  
 Own shares (held directly and indirectly)  
 Foreseeable dividends, distributions and charges  
 Other basic own fund items  
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

**Reconciliation reserve**

**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business  
 Expected profits included in future premiums (EPIFP) - Non-life business

**Total Expected profits included in future premiums (EPIFP)**

	<b>Total</b>	<b>Tier 1 - unrestricted</b>	<b>Tier 1 - restricted</b>	<b>Tier 2</b>	<b>Tier 3</b>
	<b>C0010</b>	<b>C0020</b>	<b>C0030</b>	<b>C0040</b>	<b>C0050</b>
<b>R0010</b>	1,635,307.00	1,635,307.00			
<b>R0030</b>	2,964,011.00	2,964,011.00			
<b>R0040</b>					
<b>R0050</b>					
<b>R0070</b>					
<b>R0090</b>					
<b>R0110</b>					
<b>R0130</b>	142,804,105.16	142,804,105.16			
<b>R0140</b>					
<b>R0160</b>					
<b>R0180</b>					
<b>R0220</b>					
<b>R0230</b>					
<b>R0290</b>	147,403,423.16	147,403,423.16			
<b>R0300</b>					
<b>R0310</b>					
<b>R0320</b>					
<b>R0330</b>					
<b>R0340</b>					
<b>R0350</b>					
<b>R0360</b>					
<b>R0370</b>					
<b>R0390</b>					

	<b>Total</b>	<b>Tier 1 - unrestricted</b>	<b>Tier 1 - restricted</b>	<b>Tier 2</b>	<b>Tier 3</b>
	<b>C0010</b>	<b>C0020</b>	<b>C0030</b>	<b>C0040</b>	<b>C0050</b>
<b>R0400</b>					
<b>R0500</b>	147,403,423.16	147,403,423.16			
<b>R0510</b>	147,403,423.16	147,403,423.16			
<b>R0540</b>	147,403,423.16	147,403,423.16			
<b>R0550</b>	147,403,423.16	147,403,423.16			
<b>R0580</b>	113,428,792.23				
<b>R0600</b>	49,853,723.51				
<b>R0620</b>	129.95%				
<b>R0640</b>	295.67%				

**C0060**

<b>R0700</b>	147,403,423.16	
<b>R0710</b>		
<b>R0720</b>		
<b>R0730</b>	4,599,318.00	
<b>R0740</b>		
<b>R0760</b>	142,804,105.16	
<b>R0770</b>		
<b>R0780</b>		
<b>R0790</b>		

## S.25.01.01

## Solvency Capital Requirement - for undertakings on Standard Formula

Market risk

Counterparty default risk

Life underwriting risk

Health underwriting risk

Non-life underwriting risk

Diversification

Intangible asset risk

## Basic Solvency Capital Requirement

## Calculation of Solvency Capital Requirement

Adjustment due to RFF/MAP nSCR aggregation

Operational risk

Loss-absorbing capacity of technical provisions

Loss-absorbing capacity of deferred taxes

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency Capital Requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

## Other information on SCR

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirements for remaining part

Total amount of Notional Solvency Capital Requirement for ring fenced funds

Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
	C0030	C0040	C0050
R0010	83,144,140.44	83,144,140.44	
R0020	5,173,478.41	5,173,478.41	
R0030	76,008,122.08	76,008,122.08	
R0040			
R0050			
R0060	-36,699,536.82	-36,699,536.82	
R0070			
R0100	127,626,204.11	127,626,204.11	

## C0100

R0120

R0130

R0140

R0150

R0160

R0200

R0210

R0220

R0400

R0410

R0420

R0430

R0440

	2,006,643.59
	-16,204,055.46
	113,428,792.23
	113,428,792.23

## S.28.01.01

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

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

		C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole provisions	Net (of reinsurance) written premiums in the last 12 months
	R0010	R0010-C0010		C0020	C0030
MCR <sub>NL</sub> Result					
Medical expenses and proportional reinsurance			R0020		
Income protection insurance and proportional reinsurance			R0030		
Workers' compensation insurance and proportional reinsurance			R0040		
Motor vehicle liability insurance and proportional reinsurance			R0050		
Other motor insurance and proportional reinsurance			R0060		
Marine, aviation and transport insurance and proportional reinsurance			R0070		
Fire and other damage to property insurance and proportional reinsurance			R0080		
General liability insurance and proportional reinsurance			R0090		
Credit and suretyship insurance and proportional reinsurance			R0100		
Legal expenses insurance and proportional reinsurance			R0110		
Assistance and proportional reinsurance			R0120		
Miscellaneous financial loss insurance and proportional reinsurance			R0130		
Non-proportional health reinsurance			R0140		
Non-proportional casualty reinsurance			R0150		
Non-proportional marine, aviation and transport reinsurance			R0160		
Non-proportional property reinsurance			R0170		

## Linear formula component for life insurance and reinsurance obligations

		C0040		Net (of reinsurance/SPV) best estimate and TP calculated as a whole provisions	Net (of reinsurance/SPV) total capital at risk
	R0200	49,853,723.51		C0050	C0060
MCR <sub>L</sub> Result					
Obligations with profit participation - guaranteed benefits			R0210		
Obligations with profit participation - future discretionary benefits			R0220		
Index-linked and unit-linked insurance obligations			R0230	7,119,243,793.58	
Other life (re)insurance and health (re)insurance obligations			R0240		
Total capital at risk for all life (re)insurance obligations			R0250		27,167,081.02

## Overall MCR calculation

		C0070
Linear MCR	R0300	49,853,723.51
SCR	R0310	113,428,792.23
MCR cap	R0320	51,042,956.51
MCR floor	R0330	28,357,198.06
Combined MCR	R0340	49,853,723.51
Absolute floor of the MCR	R0350	3,700,000.00

## Minimum Capital Requirement

	R0400	49,853,723.51
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