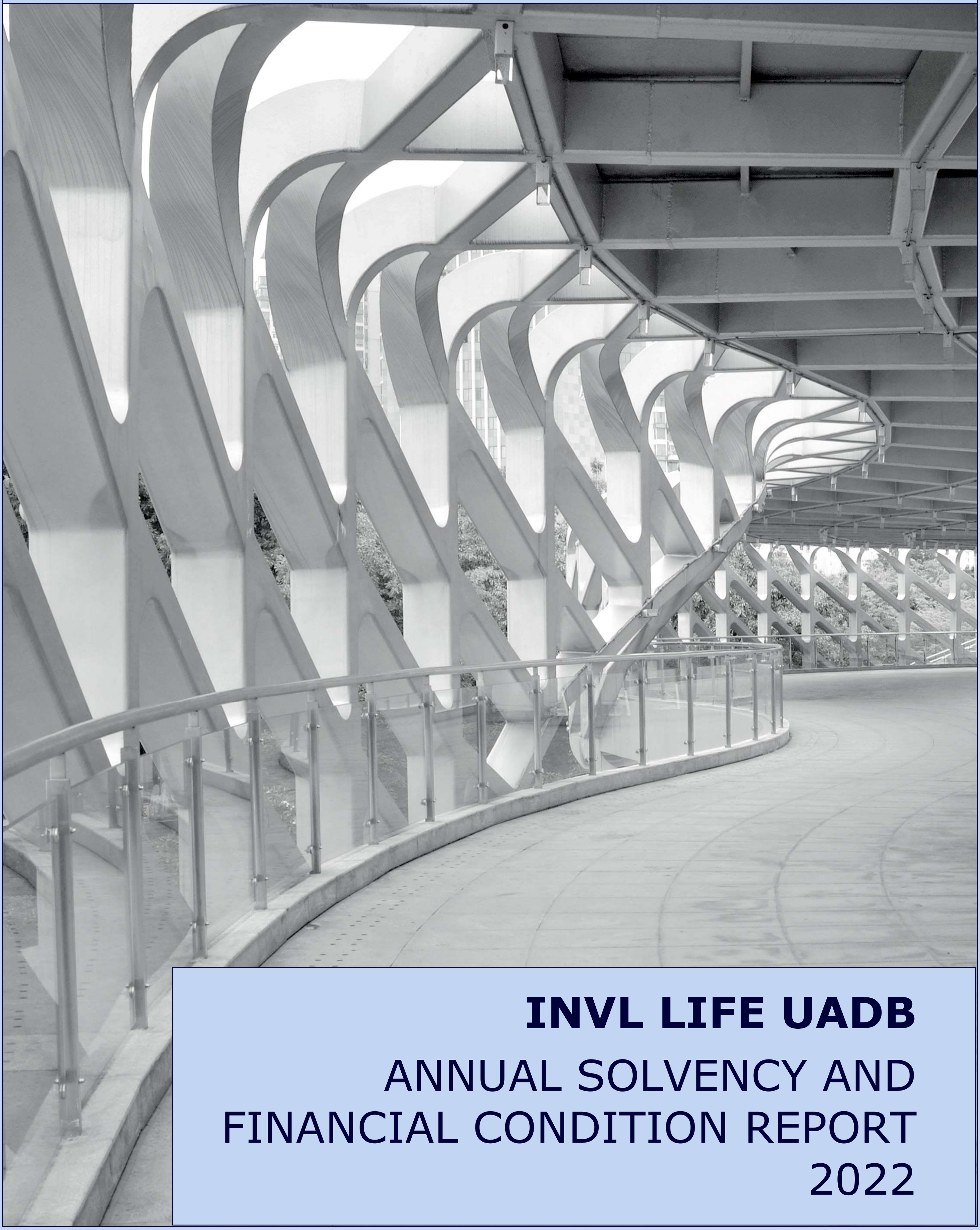

INVL LIFE UADB

ANNUAL SOLVENCY AND FINANCIAL CONDITION REPORT 2022

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Summary

The purpose of this report is to satisfy public disclosure requirements of the harmonised EU-wide regulatory regime for the insurance companies (hereinafter referred to as the Solvency II) that entered into force in January 2016. The report covers the business performance, governance, risk profile, solvency and capital management.

Unless stated otherwise, all amounts in this report are given in thousands of euros.

"INVL Life" uždaroji akcinė draudimo bendrovė (hereinafter referred to as the Company or INVL Life) is fully owned by "Invalda INVL", AB. INVL Life is domiciled in Lithuania with branches in Latvia and Estonia.

INVL Life's corporate governance is primarily determined on the basis of the Lithuanian Law on Insurance. More detailed provisions regarding the corporate governance are described in the Company's Articles of Association and in System of Governance UADB „INVL Life".

On 8 March 2022, the Bank of Lithuania issued to the Company an insurance license No. 36.

On 1 July 2022 INVL Life took over the life insurance business that Mandatum Life operated through its branches in Lithuania, Latvia and Estonia.

Company's business activities focus on unit-linked insurance, term life, accident and critical-illness related supplementary insurance activities. Other activities include the administration of insurance saving contracts with guaranteed interests. Company's business focus in 2022 was on increasing unit-linked assets under management by concluding unit-linked insurance single payment policies with private customers and corporate customers, and on increasing the Company's total sum at risk.

While conducting its business Company is exposed to the risks related to the long-term insurance and investment business. Main categories of risks include: market risk, insurance risks, credit risks and operational risks. The dominant Company's risk is the market risk followed by the underwriting risk.

INVL Life prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). However under Solvency II there are specific valuation rules defined for several balance sheet items that differ from IFRS:

in thousands of euros	**Solvency II value**	**IFRS value**
Total assets, including recoverables from reinsurance	209,699	215,307
Total liabilities, including technical provisions	133,492	155,180
Own Funds	**76,207**	**60,127**

At the end of 2022 all Company's Solvency II own funds were classified as unrestricted Tier 1 capital - the highest quality capital under Solvency II regime.

Company has a robust capital management process, the purpose of which is to keep Company solvent and satisfy both regulatory and internal requirements for the capital. Regulatory capital requirements are calculated using a standard formula as defined in Solvency II directive and related acts. Company had a sufficient capital to meet its solvency capital requirement and minimum capital requirement throughout the period covered by this report. At the end of 2022 Company's minimum capital requirement was 10,792 thousand euros and solvency capital requirement (SCR) was 43,167 thousand euros. Company's solvency ratio (ratio of eligible own funds to SCR) at the end of the reporting period was 177%.

A. Business and Performance

A1. Business

General information of Undertaking

Headquarter information:

- "INVL Life" uždaroji akcinė draudimo bendrovė, registered in Vilnius, Republic of Lithuania. Address is Gynėjų str. 14, Vilnius.

Branches information:

- INVL Life UADB Estonian branch, registered in Republic of Estonia
- INVL Life UADB Latvian branch, registered in Republic of Latvia

The Company is fully owned by "Invalda INVL", AB.

Company's main supervisor is the Bank of Lithuania, located in Totorių g. 4, Vilnius, Lithuania (www.lb.lt)

External auditor is "KPMG Baltics" UAB, located in Lvovo g. 101, Vilnius, Lithuania (https://kpmg.com/lt/lt/home.html)

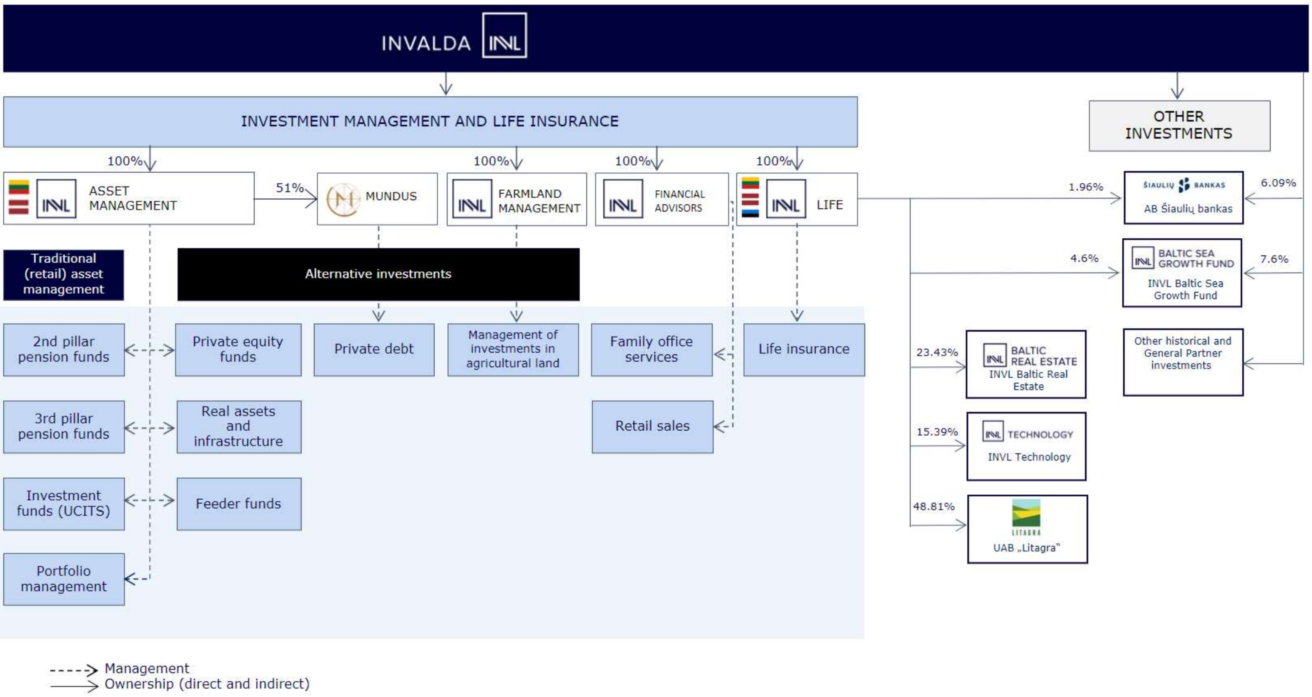
Details of the undertaking's position within the legal structure of the group

INVL Life is Invalda's INVL subsidiary in Lithuania with branches in Estonia and Latvia. The insurance company is part of the Financial Services area and helps offering customers more choice to strengthen their financial security, as before asset management services were provided by INVL group companies.

Invalda INVL is a leading asset management group that is open, growing and investing, and creates wellbeing for people through its activities.

Invalda INVL started activities in 1991. Its core business is asset management and investing. The Group's companies operating in Lithuania and Latvia provide services to more than 240 thousand individual and institutional regional and international clients entrusting the Invalda INVL group to manage EUR 1.3 billion worth of assets. Invalda INVL group manage different asset classes such as pension and investment funds, alternative investments (private equity, real assets and private debt) and individual portfolios. Invalda also has own investment portfolio. Group invest in products managed by the group together with the clients of our companies (general partner investments) in order to have better aligned common interests.

Invalda INVL group structure as of 31.12.2022:



Material lines of business

INVL Life has valid insurance activities licenses, which are valid in Lithuania, Latvia and Estonia in the following insurance classes:

- Unit linked life insurance
- Life insurance with profit participation
- Other Life insurance
- Health insurance (accidents insurance and sickness insurance as supplementary insurance)

Significant business or other events

On 8 March 2022, the Bank of Lithuania issued to the Company an insurance license No. 36.

On 1 July 2022 INVL Life took over the life insurance business that Mandatum Life operated through its branches in Lithuania, Latvia and Estonia.

A2. Underwriting Performance

The Company's business focus in 2022 was on increasing unit-linked assets under management by concluding unit-linked insurance single payment policies with private customers and corporate customers, and on increasing the Company's total sum at risk. Unit-linked insurance policies with regular savings, and term life and accident and illness-related complementary insurances were actively offered to private customers and corporate customers. Company is carrying its business in three countries - Estonia, Latvia and Lithuania.

Company received 10,327 thousand of euros of insurance premiums in 2022. The geographical distribution of gross written premiums: 67% Lithuania, 13% Latvia and 19% Estonia. The vast majority (76%) of written premiums were paid in unit-linked contracts.

The amount of gross claims incurred in 2022 was 13,500 thousand of euros. Company‘s expenses in 2022 were 5,571 thousand of euros.

A further details on premium, claim and expense split by line of business and geographical area are provided in the Annexes to this report.

A3. Investment Performance

At the end of 2022, the total value of the own book and traditional investments portfolio was 63,955 thousand euros. Investments into equity instruments made 86% of the total value of these portfolios and the remaining part was invested in debt instruments.

The investments are initially recognised at their fair value. Gains and losses arising from changes in fair value, or realised on disposals, together with related interest income and dividends, are recognised in the income statement. There's no gains or losses recognised directly in equity.

All the income and expenses arising from investments are included in net income from the investments. Total net income from these investments amounted to EUR 7.2m in 2022, EUR 6.6m related to unrealised gains and EUR 0.6m – dividends received.

A4. Performance of other activities

According to the business purchase agreement the Company completed the acquisition of Mandatum Life insurance business in Baltic countries as of 1 July 2022. Based on performed purchase price allocation, the Company accounted for gain from negative goodwill of 3,885 thousand euros from this transaction in its Statement of Comprehensive Income.

The Company leases premises and parking spaces in Vilnius, and premises in Riga and Tallinn. Lease contracts in Riga and Tallinn are short term therefore right of use assets and lease liabilities for these contracts were not recognised in the Statement of Financial Position in IFRS financial statements. Lease contract in Vilnius is long term (till March 2026) and right of use assets and lease liabilities were recognised for this contract in the Statement of Financial Position.

In addition, the Company leases cars. The lease agreements for cars may be terminated upon in advance notice of 30 days; therefore, these leases are treated as short-term lease and related lease liabilities are not recognised.

A5. Any other information

As of 22 November 2022, Invalda INVL AB and AB Šiaulių bankas have signed the Business Purchase Agreement (BPA), part of which determines that Invalda INVL will transfer its life insurance business to Siauliai bank group. According to the BPA, the processes, staff, systems, assets and liabilities related to the above-mentioned business will be transferred. This transaction is planned to be realized by the end of year 2023.

The transfer will not have any material effect to the existing insurance contracts as they will continue be in force under the same terms as they were before the merger.

Also, in February 2023 it was decided that the cooperation with external sales partners in Estonia and Latvia will be stopped and options for the further development of life insurance business in Latvia and Estonia will be analysed.

B. System of Governance

B1. General information on the system of governance

INVL Life's corporate governance is primarily determined on the basis of the Lithuanian Law on Insurance. More detailed provisions regarding the corporate governance are described in the Company's Articles of Association and in System of Governance of UADB „INVL Life".

The **general meeting of shareholders** (Shareholders Meeting) decides exclusively following issues: increase and reduction of share capital, appointment, and dismissal of them members to the Management Board and their remuneration, approval or the set of annual financial statements and profit/loss distribution, appointment of an auditor etc.

Note that Shareholders Audit Committee performs also INVL Life audit committee functions. The main functions of the committee are: To monitor the audit of the annual financial statements; Review and monitor the independence of auditors and audit firms; Provide guidance on the selection and appointment of the external audit firm (by setting appropriate selection criteria), etc.

The **Management Board** runs the daily business and is legally responsible for the business including responsible for the proper and effective system of governance of the Company and is therefore also responsible to ensure that the Company has an appropriate and effective risk management and internal control system. Management Board meetings take place operationally, usually once in week or every second week. Management Board elects CEO. Management Board members are responsible of their own areas of business.

The Company's Management Board consisted of three members during 2022:

Position	Responsibility areas	Name	Appointed when
Chairman of the Management Board and CEO	Product and IT, Compliance, Policy administration and Risk management, Sales(distribution), Marketing and Communication, HR, Latvian and Estonian branches operations	Rasa Kasperavičiūtė	2021
Management Board member, CFO	Finance (accounting, reporting, planning, controlling) and Actuarial matters	Vytenis Lazauskas	2021
Management Board member	Company development and strategy, Investment management	Martynas Samulionis	2021

There were no additional appointments or resignations of Management Board members during 2022.

The CEO of Company is in charge of the daily management of the Company and coordinating work of the Board, following the instructions and control of the Shareholders' decisions. The CEO is empowered to take extraordinary and broad-ranging actions, taking into account the scope and nature of Company's operations and set instructions, general principles and the Articles of the Association.

Branch managers' responsibilities are to manage local projects and daily locally issues in the limit of the Baltic organisational setup. Branch managers are:

- Andrejs Martinovs, Latvian Branch Manager;
- Sven Jürgenson, Estonian Branch Manager since 22.08.2022
  Estonian Branch manager until August 2022 was Erkki Sadam.

Orders issued by branch managers and also orders issued by CEO are reported to MB.

Management Board does not contain special **committees**, although there are committees that report to MB, that support and assist MB to make decisions and that contain at the same time all or some of MB members. These committees are:

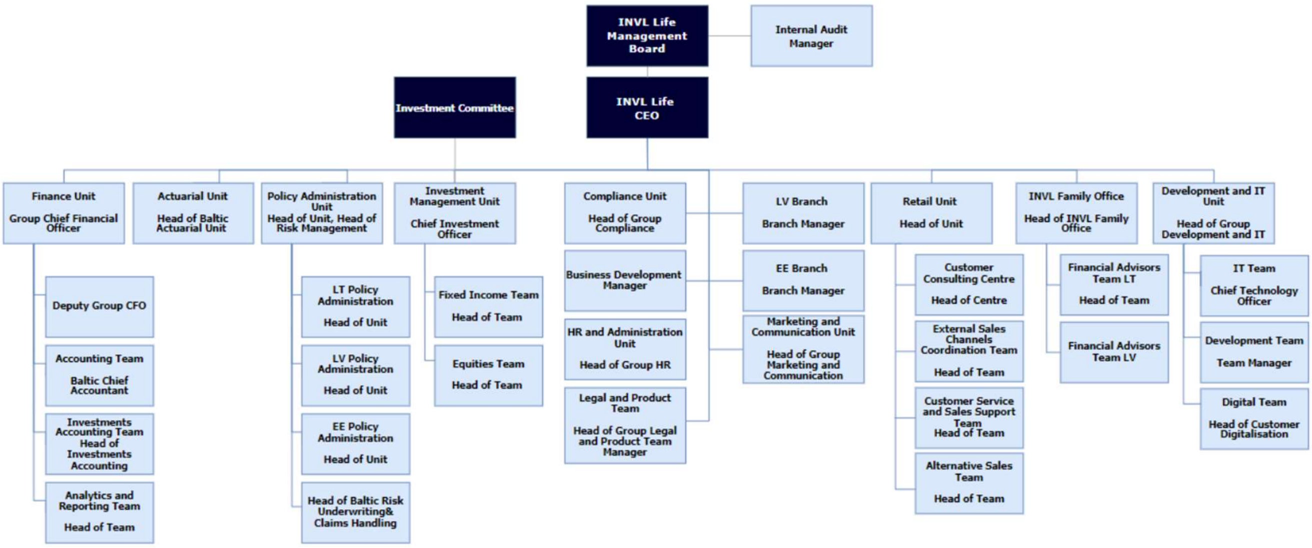
1. **Risk Management Committee (RMC),** led by Head of Risk Management Airi Heinapuu, follows risks of the Company in all areas. where participate all MB members.
2. **Operational Risk Management Committee (ORMC),** led by Head of Risk Management Airi Heinapuu, follows operational risks in the Company, is responsible of continuity planning. ORMC reports to RMC.
3. **Investment Committee**, with its members Audrius Matikiūnas; Vaidotas Rūkas; Petras Mičiūnas, is a collegial investment decision body responsible for the decisions regarding the management of Unit Linked assets – both daily management and also from risk management perspective

4. **Insurance Risk Committee**, Lead by Head of Actuarial unit Kati Ok, monitors underwriting and reinsurance policy, risk selection and claims process; profitability of each risk component, premium discounts given and other exception regarding pricing; changes in customer behaviour trends.

These are more described under risk management.

Business units are formed based on areas. Sales and some other units are local. For some units there are only Baltic managers, for some bigger units there are local units and head of local unit manager reports to respective Baltic manager. Business units are responsible for achieving business targets set to them and take care of the internal controls and risk management in their units. Majority of units are formed across Baltic, except direct sales units that are in big extent local (although strategy, targets, sales support and reporting are defined at Baltic level)

Organization structure as of September 2022 was as follows:



Also, there are several committees, working groups, project groups across the units to work with operational topics. For example, complaint committee, claims committee, database development working groups.

Company has set **rules for authority levels for decision making**, including issuing orders, deciding expenses, exceptions, and discounts. Rules and levels have been set to make clear, where decisions should be made – MB, CEO, Branch managers, some other Head of bigger units.

Company does not have (and did not have at 31.12.2022) any procura holders.

MB will assess appropriateness of system of governance to the Company's business strategy and operations once per year; but changes in system arise according to real needs and will be implemented according to running decisions.

Key function holders as at 31.12.2022 are:

Function	Name
Compliance function	Aistė Patašiūtė since 05.09.2022 Justas Bartašiūnas until 04.09.2022
Actuarial function	Kati Ok
Risk Management	Airi Heinapuu
Internal Audit function	Elena Aleknavičienė since 15.11.2022

Key function holders' responsibilities are described in following documents: job descriptions of respective employees, in Policy on System of Governance, Compliance Policy, Charter of Actuarial Function, Risk Management Policy, Internal Audit policy and Internal Audit Process Requirements. Necessary authority, recourses and operational independence is granted through organisational structure and position in organisational structure and through internal regulations. Operational independence and possible conflicts of interest is assessed regularly. All functions have direct access to Management Board for reporting and advising purposes.

Company's remuneration entitlements

The Company's remuneration policy includes fixed and variable compensation and benefits that are reviewed once per year and approved by Management Board. INVL LIFE continued to use same benefits for employees who were transferred from Mandatum Life as they had in Mandatum Life until end of 2022. Employees that work for INVL Life from other INVL companies used benefits that were valid for INVL companies. Starting from 2023 all employees use same benefits that are applicable to Invalda group companies.

The fixed compensation is the main component of all employees' total compensation. Base salary is based on the employee's duties. Sales and customer service-related persons employees' remuneration for 2022 was formed based on both - base salary (fixed compensation), and sales commissions and sales bonuses (variable compensation) that depend on results and fulfilling sales targets.

In the Company's Remuneration policy and Benefit Package the annual bonus system for the management and the back-office employees and long-term motivational schemes for the key employees are set. The annual bonus for 2022 for majority of former Mandatum employees was dependent on the Company's 2022 calendar year business results in the Baltics, such as collected premiums; Unit-Linked net money (collected premiums minus claims of matured and surrendered unit linked contracts), the Company's total risk sum, risk premiums and expense loadings with other income. For other employees that were employed in the Company from INVL Group, the decision to pay bonuses was dependent on the Company's results whereas the amount of bonuses was dependent on individual results of employees.

The employee was entitled only for annual bonus or sales bonus for year 2022 depending on position in organisation structure but not both. For 2023 also sales and customer service-related employees participate in bonuses dependent on personal targets and behavioural criteria's.

In addition to remuneration, INVL Life provides different training options. Employer benefits include life insurance, gifts in predefined special events in employee's personal life, anti-flu vaccination etc. Company allows to some extent flexible hours and distant work and supports team events and has discounts for own insurance services.

Company has paid for selected employee's one-time additional bonuses to reward extraordinary performance in 2022. Company may pay one-time additional bonuses to reward extraordinary projects of achievements for 2023 as well.

In 2022 total salary costs were 2,039 thousand euros, including social taxes. The variable compensations were 6.4% from total salary costs in total of 131 thousand euros.

In 2022 the members of the Management Board received a total of 149 thousand euros pursuant to employment contracts, payroll tax included.

The members of the Management Board were also entitled for annual bonus for year 2022 (to be paid in 2023).

The Company does not use share options or shares for remuneration. Also, the Company does not use supplementary pension or early retirement schemes (for the members of the administrative, management or supervisory body and other key function holders).

During the reporting period there were no other material transactions with shareholders, with persons who exercise a significant influence on the undertaking, and Management Board members except for ordinary remuneration payments to the members of management who are employees of the Company.

B2. Fit and proper requirements

Specific requirements for persons who are running the Company (the Chief Executive Officer and the Management Board Members) and persons of Key functions are described in the Fit and Proper Policy.

The requirements for each candidate are based on 4 criteria: (i) reputation, honesty and integrity; (ii) sufficient knowledge, skills and experience; (iii) independence of mind; (iv) sufficient time commitment.

The principle of proportionality is not applied to the reputation requirement or to the assessment of the reputation requirement. However, for other criteria the principle of proportionality can be applied, as the level and nature of other requirements depend on the main characteristics of the specific function within the Company (the more complex these characteristics are, the stricter requirements are applicable).

The assessment of adequate knowledge, skills and experience of the candidates considers the following: (i) the role and duties of the position and the required capabilities; (ii) theoretical knowledge and skills gained through education, training and practice; (iii) practical and professional experience gained in previous occupations; (iv) the knowledge and skills acquired and demonstrated by the professional conduct, if such information is available.

A fit & proper assessment is carried out when: (i) a new person is appointed to a position subject to the assessment; (ii) re-appointing the person, if the requirements of the position have changed or if the person is appointed to a different position within the Company; (iii) if doubts about the fitness and propriety of the previously assessed person arise; (iv) monitoring the suitability on ongoing-basis. The assessment is organised by the HR Department with the contribution of lawyers and the Compliance team.

B3. Risk management system including the own risk and solvency assessment

Risk management system

Risk is an essential and inherent element of the Company's business activities and operating environment. For financial sector companies in general, the core competences of business are skilful pricing of risks and proper management of arising risk-exposures. A high-quality risk management process is a necessary prerequisite of successful business.

The Company belongs to INVL Investment management and life insurance group. The risk management and internal control principles are defined for INVL Life separately. Still there is strong integration between group companies in certain areas, particularly in investment management area due to the fact that the same employees work for both companies and also having in other areas senior managers who coordinate own area over group companies. Risk management for INVL Life Lithuanian operations and Branches are fully integrated taking into account organizational structure.

The key objectives for risk management within the Company is to create value and preserve already created value, or alternatively, by areas:

1) Balance between risks, capital and earnings:
    a) To ensure that risks affecting profitability as well as other material risks are identified, assessed and analysed;
    b) To ensure that capitalisation is adequate in terms of current risks inherent in business activities and strategic risks taking into account the expected profitability of the business;
    c) To ensure that underwriting risks are priced reflecting their inherent risk levels, and that expected returns on investment activities are in balance with their risks, and consequential risks (credit, liquidity and operational risks) are sufficiently mitigated.
2) Cost efficient and high quality process:
    a) To ensure that customer service processes and internal operative processes are cost efficient and of high quality;
    b) To ensure that decision making is based on accurate, adequate and timely information;
    c) To ensure the continuity of operations and fast and comprehensive recovery in case of discontinuity of events.
3) Strategic and operational flexibility:
    a) To ensure that external risk drivers and potential strategic risks are identified and the company is in a good position, in terms of capital structure and management skills, to react to changes in business environment;
    b) To ensure that corporate structure, knowledge and processes facilitate effective implementation of changes.

To meet these objectives, the Company's risk management process includes the following tasks:

a) Identification of risks;
b) Sound pricing of insurance policies and careful risk/return consideration of investments, which are prerequisites for achieving the targeted financial performance and profitability over time;
c) Management of risk exposures and constant adjustment of liability, investment and operative processes' risks in order to maintain a sound risk-to-return ratio. Management responsibilities and authorisations are defined in separate documents;

d) Measurement, analysis and reporting of risks, results and profitability.

The Company's risk profile

The profitability of life insurance is dependent on the investment result, the insurance risk result and the expense result.

- The investment result is the margin between investment return from assets covering other than unit-linked liabilities and the cost of guaranteed and other interest and bonuses in the increase of technical provisions and financial liabilities. In case of unit-linked policies, the customer carries the risk of the investment; however, the Company still bears some investment risk due to the specifics of unit-linked assets management process and possible low-level mismatching of unit-linked assets and liabilities.
- The insurance risk result is the margin between actual claims and the amount of claims assumed in pricing.
- The expense result is derived from expense charges from policies less the actual expenses.

In addition to the risks discussed above, the Company is exposed to operational risks and business risks, such as failures in internal processes or changes in the economic environment. These risks are inherent in all business areas.

Main categories of the Company's risks include: insurance risks, market risks, credit risks and operational risks. Risks within the insurance risk category are associated with both the perils covered by the specific line of insurance and with the specific process associated with the conduct of insurance business. Market risk arises from the level or volatility of market prices of assets. Credit risk is the risk of default and change in the credit quality of issuers of securities, counter-parties and intermediaries, to whom the Company bears a level of exposure. Operational risks arise from the type and nature of the Company's activities. These include direct or indirect losses resulting from inadequate or failed internal processes, people, and systems, or from external events.

The Company performs profitability analyses of the insurance contracts portfolio, which are based on different future scenarios taking into account the development of the Company's costs, investment market returns, claims development, new business volumes, and other parameters. These analyses provide an improved understanding of the Company's risk profile and also help to deliver insights about possible future developments and used in business decisions.

The main highlights of the II half of 2022:

- Unit-linked liabilities slightly decreased as incoming premiums were smaller than effect of maturities, surrenders and investment return in unit-linked funds all which was influenced by unstable environment due to the war in Ukraine, increasing inflation and volatility in financial markets;
- Insurance sum at risk increased but there were no major changes in the overall insurance risk position;
- Investment returns of the Company's investments covering technical provisions related to with profit insurance policies were positive but below the average level of guaranteed interest of traditional savings products;
- Investments returns of the Company's own book investment portfolio were substantial and contributed the most to the net profit of the Company for the year ended 31 December 2022;
- Company meets Solvency II solvency capital requirements with substantial surplus.

In 2022 the Company did Q3 and Q4 regulatory solvency reporting. Own risk and solvency assessment was finalized by 7. March 2023. These calculations show what would our Solvency II consistent capital position be during business plan projection period and how the stresses chosen by us would impact the capital position or related decisions.

INVL Life risk appetite statements (represents the level of risk and uncertainty that the Company is willing and able to undertake in order to carry out its activities and achieve its goals. Risk appetite can be defined qualitatively or quantitatively in the form of authorization and exposure limits within different types of risk):

- The Company is accepting to take market risk in its run-off with-profit portfolio.
- The Company is willing to carry biometric risks while maintaining appropriate pricing and diversification between individual risks.
- New business should focus on growing the unit-linked business and risk insurance business which are capital-efficient from the Company's perspective.
- Operational risks are expected to be controlled and minimized but not at whatever costs.
- The Confidence of customers and other stakeholders is among the most significant assets the Company holds and the Company's risk appetite as regards losing that confidence is very limited.

The Company uses the Standard Formula without Undertaking Specific Parameters to assess the solvency capital requirements and the partial or full internal model is not used. The standard formula for Solvency Capital Requirement (SCR) aims to capture the material quantifiable risks that most undertakings are exposed to. Assessment of appropriateness of standard formula approach is estimated as part of own risk and solvency assessment and as a conclusion it has been assessed as a suitable model. Company also analysed other risks that are not directly included in the standard formula: business and reputation risk, legal and compliance risk, liquidity risk.

The biggest risk groups for the Company are insurance risks (mortality/morbidity, lapse, expenses) and market risk in investment portfolios; and all of these are captured by standard Formula approach.

Risk Management Governance Framework:

Management Board with CEO has overall responsibility for ensuring the effectiveness of the risk management system, setting risk appetite and overall risk tolerance limits. Board has a supervisory role and will contribute to the value creation and prevent value impairment in the Company. Management Board supervises and utilizes the risk management system.

Head of Risk Management is assists and advises managers in risk management matters in order for the risk management system to work efficiently.

The **Risk Management Committee** (RMC) assists management in the effective operation of the risk management system. The RMC meetings are held on a quarterly basis. RMC is chaired by Head of Risk Management. For following risk area there is a person in the RMC who monitors and reports it:

- asset and liability risk – CFO about own capital and with profit portfolio and Head of Investment Management Team about Unit-Linked portfolio (member of Investment Committee)
- operational risk - Head of Risk Management (chairs Operational Risk Management Committee)
- insurance risk (hereinafter also called as underwriting risk) - Head of Actuarial Unit
- legal risk – Head of Group Legal
- compliance risk – Head of Compliance
- strategic / business & reputation risk - CEO

Among other tasks the RMC also organises **annual risk self-assessment** and analyses action plans of risk mitigation.

The **Operational Risk Management Committee** (ORMC) organises the management of operational risk including **business continuity planning**. The ORMC meetings are held on a quarterly basis. One of main task of the ORMC is analysing realised operational and other type of risk incidents and near misses.

Document guiding the Company's Investment activities are approved annually by the Management Board. Investment Team makes the day-to-day investment decisions based on these principles.

The management of **business and reputation** risks is the responsibility of the Management Board and the business line managers. The goal of Business and Reputational risk management is: to ensure execution of sustainable business model; to ensure Company's and its brands good reputation among stakeholders; to ensure that operations are compliant with laws and regulations; to ensure operations continuity.

Business units are responsible for identifying, assessing, monitoring and managing their own risks as well as implementing adequate internal controls.

Elements of risk management in specific areas are covered under several other policies and guidelines, such as incident management, client complaints management, liquidity management.

Management is comfortable with the current risk framework and how risks are managed (accepted, mitigated, and transferred depending on the risks).

Own risk and solvency assessment

Own risk and solvency assessments (ORSA) is a part of the Company's risk and capital management and its main purpose is to support Company's management with a forward looking assessment of overall solvency needs over a medium or long term. It is performed for a sufficiently wide range of stress tests or scenarios, in order to help Company's management to understand Company's solvency in different situations. Purpose of ORSA is to help to ensure the continuous compliance of the own funds with external regulatory Solvency II requirements and internal risk tolerance limits too. Conclusions of the assessment form an important part of the decision-making processes of the INVL Life, particularly in risk and capital management, product development and design, as well as in business planning and in defining INVL Life business strategy.

Company believes that its business, risk profile and solvency position are stable enough to perform ORSA only once a year, so regular ORSA is performed annually. However, if circumstances materially change, Company will perform an ad-hoc ORSA.

ORSA Process:

- ORSA starts with a decision which stress tests to perform this particular year. Initial list of stress tests is decided by common agreement of actuary coordinating ORSA calculations, Head of Actuarial Unit, Head of Risk Management, CEO and CFO.
- At the same time, a suitability of Solvency II Standard formula for Company's risk profile is assessed.
- After list of stresses is approved and suitability of standard formula is decided, quantitative ORSA calculations start. ORSA calculations run in parallel to business plan calculations and include all financial and sales volumes plans from business planning. This is a circular process that include discussions with members of management on the initial outcomes of the ORSA, a resultant review of Company's strategy and business plans, and recalculation of ORSA results accordingly.
- Final ORSA results are documented and ORSA report is prepared. ORSA report is discussed and formally approved in MB and also shared with a regulator.

B4. Internal control system

In INVL Life, "Internal Control" is defined with inspiration and guidance from the COSO methodology as: A process effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

The Management Board have established the organizational structure and reporting lines necessary to plan, execute, control and periodically assess the activities of the Company.

A system of internal control is expected to provide a reasonable assurance; it should fit with the INVL Life's nature, scale and complexity. The Company's system of internal control is described in the **Internal Control Policy**.

Internal control system consists of five integrated components:

- **Control Environment** which is the set of standards, processes, and structures as a basis for internal control activities. The Management Board establish the tone from the top regarding the importance of internal control and expected standards of conduct. The Management Board approves high level regulations for the Company.
- **Risk Assessment** process forms a bases how risks will be managed. The organization and components of the risk management are described earlier in this document.
- **Control Activities** are the actions established through policies and procedures that help to ensure that management's directives to mitigate risks are carried out.
- **Information and Communication,** where information enables the entity to carry out internal control responsibilities and where communication is the continual, iterative process of providing, sharing, and obtaining necessary information.
- **Monitoring activities** as ongoing or separate evaluations are used to ascertain whether each of the components of internal control are present and functioning; and communicates internal control deficiencies to management for taking corrective actions

The Internal Audit function provides an independent view of the system of internal control to the management.

Compliance function

Company has in place Compliance Policy, which regulate compliance activity principles and employees who are related with compliance activity. Management Board will approve annual compliance plan once a year.
According to Company's valid "Administration of internal guidelines", all high-level internal guidelines (incl. Compliance guideline) have to be reviewed by owner once a year.

B5. Internal audit function

The INVL Life Internal Audit function is part of Group Internal Audit function. The Company's internal auditor reports functionally to the Management Board and administratively to the CEO.
The Internal Audit establishes a risk based annual audit plan that is approved by the Management Board.
The Company's internal auditor is responsible for performing audit activities, to evaluate the efficiency of the internal control system and the effectiveness of risk management. Internal Audit function submits reports to

the management and to the Management Board on all completed audits. Internal Audit performs quarterly follow-up audits to assess whether the action plans agreed in the report, have been fulfilled properly.
The Internal audit responsibilities are described in Internal Audit policy and Internal audit process requirements, approved by the Board.
Necessary authority, recourses and operational independence is granted through organizational structure and position in organizational structure and through the Internal audit policy. The Internal auditors do not fulfil any other tasks and do not participate in a decision making that may compromise their independence.
Operational independence and possible conflicts of interest is assessed regularly. The function has direct access to the Management Board for the reporting and advising purposes.

B6. Actuarial function

Actuarial Function in INVL Life is performed by Head of Actuarial Unit. The position of Head of Actuarial Unit is held by a person who is a qualified actuary and full member of Estonian Actuarial Society. Being a member of this actuarial professional organisation Head of Actuarial Unit complies with all professional obligations required by this organisation, including an appropriate level of knowledge, experience and continuous professional development.

Actuarial Function holder also satisfies Company’s fit and proper requirements.

Actuarial Function is free from influences that may compromise the function's ability to undertake its duties in an objective, fair and independent manner.

Actuarial Function is responsible for the following tasks:

- coordinating and overseeing calculation of technical provisions;
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- comparing best estimates against experience;
- expressing an opinion on the overall underwriting policy;
- expressing an opinion on the adequacy of reinsurance arrangements;
- contributing to the effective implementation of the risk-management system, in particular to (but not limited to) calculations of the Company’s solvency capital requirements or to own risk and solvency assessments.

The responsibilities of Actuarial Function holder are described in a charter for Actuarial Function, approved by the Management Board.

At least annually, the Actuarial Function produces a written Actuarial Function Report and submits it to the Company’s Management Board. The report documents all tasks that have been undertaken by the Actuarial Function and their results, and clearly identifies any deficiencies and limitations in the tasks performed and reviewed by the Actuarial Function and makes recommendations on where these can be improved.

B7. Outsourcing

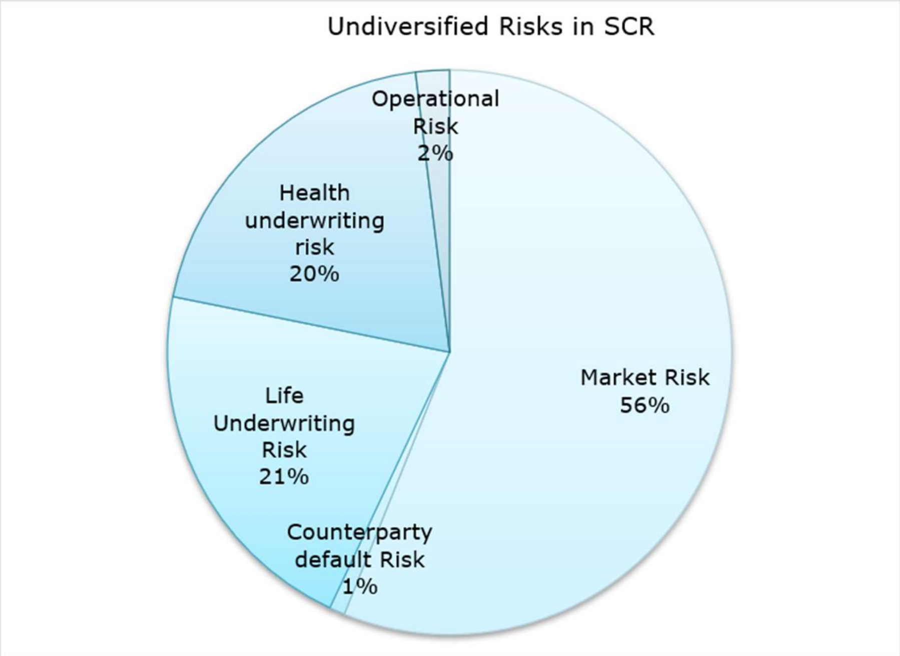
Company has established and implemented outsourcing procedure which is described in the Outsourcing Policy. The Policy provides for the detailed requirements for the outsourcing process, decision-making system, internal responsible persons, obligatory terms and conditions for outsourcing agreement and also notification procedure of a critical outsourcing to the Bank of Lithuania.
According to Company’s approval limits and criteria, Management Board will always approve critical outsourcing projects (incl. service provider risk assessment, contract terms and conditions). Company has established service provider’s risk assessment process, which is obligatory before making final decision.
Company’s main outsourcing partners are located in Baltic countries. Most of the critical outsourcing partners provide IT services related to the maintenance and development of the critical IT infrastructure of the Company.

B8. Any other information

In management view Company’s system of governance is adequate to the nature, scale and complexity of the risks inherent in its business.

C. Risk Profile

Company writes long term insurance and investment business. Its main categories of risks include: market risk. insurance risks, credit risks and operational risks. Company's risk profile based on standard formula Solvency Capital Requirement (SCR) as at 31.12.2022:



C1. Underwriting risk

One of the biggest Company's risk is the underwriting risk. Underwriting risk refers to the fluctuations in timing, frequency and severity of insured events relative to the expectations of the Company at the moment of the issue of the contract. Underwriting risk also refers to variations in persistency rates and includes the potential expense overruns relative to pricing or provisioning.

For INVL Life the significant underwriting risks are:

- Surrenders risk;
- Expense risk;
- Morbidity risk;
- Mortality risk;
- Catastrophe risk.

Other underwriting risks, such as for example longevity risk are limited, due to low volumes of business exposed to this risk.

Underwriting risks in the Company are managed through risk underwriting, claim handling, reinsurance and management control systems. Each of these risk management tools are described in more details below.

Underwriting

Underwriting refers to the assessment of potential risks so that each client can be charged an appropriate premium. Underwriting is performed when issuing a new policy or amending level of risk in existing ones.

The underwriting process involves collecting evidence about insured person health, occupation, and leisure pursuits. To limit the risk of over insurance, details of the financial health of the applicant may also be obtained.

Claims handling

Company has implemented claims control system that guards against fraudulent or excessive claims and that helps to manage mortality and morbidity risks.

Reinsurance

Company uses reinsurance in order to manage mortality and morbidity risks, smooth expected claim payments, reduce volatility of solvency and financial results, and also gain more know-how on underwriting, claims handling procedures, new product development.

The death risk, illness risk and certain accident-related risks are reinsured.

Management control

Insurance risks are regularly overviewed in Company's Insurance Risk Committee and in Risk Management Committee; also they are monitored and controlled by Company management.

First during launch of new product, Management Board decide and approve characteristics of new business, types and targeted levels of insurance risk the Company is willing to accept and descriptions of products' main features

Thereafter assumptions used in premiums and corresponding actual realizations are regularly compared and reflected in several external and internal reports to the management.

Insurance risks monitoring is also closely linked to solvency monitoring and financial reporting. For example, insurance risks are constantly assessed through budget comparisons with actual situation. If insurance risks deviate materially from expected, possible corrective actions are discussed with Management Board.

Another example is that insurance risks are projected for the next 3 years during ORSA process. Underwriting risks are also stressed under ORSA process as described below.

Underwriting risks' sensitivity

The Company carries out stress and scenario testing as part of the ORSA process, which also includes stress testing for the material underwriting risks. For the 2022 ORSA, expense, surrender and mortality/morbidity risks were stressed in order to assess Company's solvency situation in case of adverse developments of these risks. The stresses were performed on the solvency position at 30.09.2022 and the projected solvency position over the business planning period. These particular business risks were chosen to be stressed after analysing Solvency II capital requirement calculations that show that increase in expense, surrenders and mortality/morbidity risks are highest underwriting risks for the Company. The results of the ORSA analysis showed that increase of surrender rates, same as increase in mortality/morbidity rates affects only Company's own funds, but do not threaten Company's solvency position. A reverse stress testing was also performed in order to identify the level of increased expenses, which might lead to a breach of the solvency capital requirement.

C2. Market risk

Market risk management and control

Market risk refers to fluctuations in financial results and solvency caused by changes in the market values of financial assets and liabilities as well as technical provisions.

Market risks arise from management of different investment portfolios by the Company. The Company manages three portfolios:

- Investment portfolio related to unit-linked insurance policies where investment risk is borne by insurance policyholders and all proceeds from these investments are directed to the clients.
- Traditional investment portfolio covering insurance liabilities related to traditional with profit products (endowment, annuities), where investment risk is borne by the Company.
- Own book investment portfolio where Company's own book assets are managed, and investment proceeds are used to strengthen Company's solvency position.

The key market risks that the Company faces include the following:

- Equity prices risk
- Interest rate risk
- Foreign exchange risk

Market risks arising from management of Investment portfolio related to unit-linked insurance policies are managed in accordance with Investment Baskets Management Policy. The risk management process involves identifying, monitoring, assessing and controlling of risks. The key risk management principles include:

- Clear and structured procedure for investment management decisions is followed for each transaction to be performed, separating two levels for investment decision making: Investment Committee (strategic investment decisions, selecting financial instruments); Portfolio Manager (determining quantity, acceptable price and other terms of buying/selling financial instruments);
- risks are managed pro-actively, controls are in place both before and after transactions are placed
- three lines of defence is applied (as described under Risk Governance section above):
  - The first line of defence is the portfolio managers and the Head of Investment Management Unit. It is their responsibility to ensure that investments comply with the Strategy and investment restrictions
  - The second line of defence is the risk management operations carried out by the Portfolio Operations Accounting Unit, whose main tasks include:
    - To ensure that each portfolio is managed in accordance with established rules and limits
    - To control market prices and valuations used to calculate the net asset value of the portfolio
    - To reconciliate transactions, positions and cash balances between the Company and external data
    - To report to the Investment Management Unit any breaches of investment restrictions relating to the management of investment baskets and clients' accumulated capital
  - The third line of defence is the Company's internal audit function, which monitors and ensures that risk management operations comply with laws and regulations and are carried out as described in the Company's internal policies and other documents.

The unit-linked portfolio contains assets that cover as precisely as possible and necessary the respective financial liabilities where the risk is borne by policyholders. The remaining excess of unit-linked portfolio assets over unit-linked liabilities (the buffer) is controlled and kept at minimal level.

Market risks arising from management of Traditional and Own Book investment portfolios (T&OB Portfolio) are managed in accordance with Own Book investment management policy. The management of market risks related to these portfolios also include three lines of defence:

- 1st line of defence is carried out by Finance Unit, which perform on-going monitoring of T&OB Portfolio risks and considers events effecting portfolio risk level (e.g., changes in liquidity needs of the Company; changes in prices of portfolio investments; changes in liquidity parameters of T&OB Portfolio investments, etc.)
- 2nd line: Control ownership stays at Risk Management Committee (RMC) and Head of Risk Management. RMC monitors key risk indicators for T&OB Portfolio and agrees on actions needed to address changes in T&OB Portfolio risk management parameters.
- 3rd line: Assurance of ownership is performed by Internal Audit Function. Internal Audit function performs audits to ensure that the Company has sufficient and well-functioning controls to address risks arising from management of T&OB Portfolio assets.

Equity prices risk

The equity price risk is the risk of losses due to changes in share prices.

Equity price risk is mostly related to the Company’s Own book portfolio which is concentrated on equity investments. Equity price risk is managed applying the following principles:

- Concentration limits are set and followed – not more than 40% of total Own Book portfolio assets can be allocated to one position
- Market Risk Tolerance limits are applied according to Own Book Investment Management policy – if return on equity portfolio is negative or do not meet required return criteria, the corrective actions should be applied
- All equity investments are very closely monitored by INVL Group as majority of investments are managed within the INVL Group

Equity prices risk also has indirect effect on the Company from unit-linked portfolio:
- Certain contract and asset management fees are dependent on net asset value of investment baskets – if investment basket value falls, the Company earn less fee income
- If investments value of unit-linked baskets falls, the surrenders from unit-linked investments increase thus further decreasing the value of unit-linked assets and revenue of the Company.

The Company assesses that equity risk has significantly higher impact on Company's Own Book portfolio as compared to unit-linked portfolio.

Interest rate risk

The Company's fixed income investments related risks include interest rate risk related to changes in market interest rates as well as spread risk arising from changes in the credit spreads of fixed income investments, both resulting in changes in the fair values of respective investments. It is the fair value interest rate risk. Also, the Company face a risk of market interest rates falling and remaining at a low level for long period and cashflows from portfolio investments not covering guaranteed rates provided to the policyholders. Interest rate risk is most important to the Traditional investment portfolio managed by the Company.

Interest rate risk is managed by selecting the financial instruments which yields and durations are suitable to cover the Company's technical provisions for guaranteed interest rate products.

Currency risk

In 2022, almost all insurance contracts were based on euros, except for minor amounts that were based on US dollars. 99% of Own book investments and investments covering insurance liabilities with guaranteed interest were denominated in euros, therefore the Company does not face significant currency risk.

Market risk sensitivity

The Company carries out stress and scenario testing as part of the ORSA process, which also includes stress testing for the equity risk. For the 2022 ORSA, a combined scenario of decrease of market value of equity investments and increase of surrender rates were tested in order to assess Company's solvency situation in case of adverse developments of these risks. The stress was performed on the solvency position at 30.09.2022 and the projected solvency position over the business planning period. This combined scenario was performed to check Company's ability to withstand next economic crisis. The results of the ORSA analysis showed that the combined scenario reduces Company's own funds, but has a positive effect on Company's solvency position.

C3. Credit risk

Credit risk is the risk of a loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of the issuers of securities, of counterparties and of any other debtors. Credit risk arises from investments as well as insurance and re-insurance contracts.

Credit risk in investment management includes the risk of a government or a corporate issuer not fulfilling its obligations or otherwise obstructing the remittance of funds by debtors, particularly in the context of fixed income securities. The credit risk in investment management can be divided into issuer risk, counterparty risk and spread risk. Also, credit risk arises from the banks where cash is kept by the Company.

Issuer risk is often associated with a direct holding in a security, while counterparty risk is related to derivatives. Spread risk relates mainly to changes in the credit spreads of fixed income investments issued by banks and corporations.

The credit risk is managed by holding Company's cash in banks with high credit rating and investing Own book and Traditional portfolio assets to high credit rating fixed income positions (usually Government bonds) or investing into bond funds that allow for high diversification of credit risk.

Credit risk sensitivity

Credit risk compared to the other risks is relatively small, so no explicit sensitivity testing was performed.

C4. Liquidity risk

The Company has defined the liquidity risk as the possibility that the Company may not have enough available resources for both the performance of its obligations in due time as well as for extraordinary circumstances that can take place as a result of the coincidence of a number of events. Main sources of a potential liquidity risk relates to insurance liabilities other than unit – linked liabilities. Examples of potential liquidity risk are claims related to disasters, a higher degree of contract cancellations or partial payments than forecasted in Company's traditional business, and deterioration of public reputation, general economic decline, as well as claims from suppliers.

Basis for liquidity management is the maintenance of sufficient level of liquid financial assets in the Company's Own book and Traditional financial assets portfolios. According to the Own book investment management policy, the Company should maintain liquid assets (i.e., cash and cash equivalents and financial assets that are convertible into cash within one month period without significant costs) amounting to the higher of:

- 10% of total Own book and Traditional financial assets portfolio value;
- The total of liabilities under with profit insurance contracts with maturity of up to 1 year and three months cash needs to cover ordinary operating expenses of the Company

The liquid assets amounts are calculated on quarterly basis and reported to the Risk Management Committee. If actual liquid assets fall below the required limit, actions to increase amount of Company's liquid assets should be taken.

The Company's own investment portfolio is structured by taking into account the liquidity requirements and reallocating funds if necessary. Regular monitoring of liquidity ensures efficient liquidity management and sufficient resources for the performance of the Company's obligations.

At the same time, since the major part of the Company's liabilities (excluding unit- linked liabilities) is comprised of long-term policies that have quite small premium and relatively low surrender risk, it is possible to reliably forecast short-term claims expenditure.

We believe that remaining liquidity risk is not material for the Company.

The liquidity policy does not cover unit - linked business as in the unit - linked business the risk is borne by the customer and unit - linked assets cover the respective financial liabilities as precisely as possible.

Expected profits included in future premiums (EPIFP) are profits, which result from the inclusion of premiums to be received in the future on existing (inforce) business, in the technical provisions. It is a highly illiquid part of Company's own funds.
EPIFP as at 31.12.22 was 26,716 thousands of euro.

Liquidity risk sensitivity

Liquidity risk is not a material risk for the Company, so no explicit sensitivity testing was performed.

C5. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes, from personnel and systems, or from external events.

Operational risk framework is described in **risk management policy**.

Operational risks are primarily managed through clear and efficient operational processes, through maintaining of personnel skills and by regular reporting.

The Goal of Operational Risk Management is:

- To ensure simultaneously the efficiency and quality of operations;
- To ensure that operations are compliant with laws and regulations; and
- To ensure the continuity of business operations in exceptional circumstances.

The aim is to minimise operational risks and decrease their negative impact on the Company subject to cost-benefit considerations.

The **central tools** in Operational Risk Management are:

- The identification of risks
- Proper preventive actions at all levels of operations
- Continuity planning.

Examples of areas where operational risk management is considered especially important are:

- Personnel. To inform their duties with skill and competence, personnel must have adequate experience for their work, as well as the required special skills and training. Also, responsibilities and objectives of employees have to be clearly set, described and adequately communicated.
- Risk identification. Risk related to services and products offered should be identified to ensure the functionality of the sales, implementation, and reporting processes. Risk identification is crucial when new businesses are launched or there are fundamental changes in the way business is conducted.
- Work processes. Work processes and user rights to IT-systems must be arranged in such a way that various parts of a process cannot be controlled by one person alone. The duties of individual employees must be organised and segregated accordingly. Moreover, the personnel should have user rights only to data and ICT –systems they need for their duties.
- Ensuring the correctness of information. All information entered into data systems (either related to contractual / customers information or any other relevant information) must be sufficient in scope and accuracy. The accuracy of the information has to be verified using controlling methods appropriate for the business area in question.
- Security of Data and Information systems. It must be ensured that data security of systems is sufficient and up-to date.
- The correctness of calculated information. The calculation routines used both in internal (quantifying business development, performance and risks) and external reporting (all client and other stakeholder related reporting) must be verified and documented.
- Physical Property. Physical property and hardware are examples where continuity plans are needed.

The risks may realise as a consequence of:

- Internal misconduct;
- External misconduct;
- Insufficient human resources management;
- Insufficiencies in operating policies as far as customers, products or business activities are concerned;
- Damage to physical property;
- Interruption of activities and system failures;
- Defects in the operating process.

Operational risks may materialize as direct monetary losses, decreasing income and increasing expenditure.

Management of the Company’s operational risks is the direct responsibility of the Management Board assisted by Head of Risk Management. The Company has also established the **Operational Risks Management Committee** (ORMC) for monitoring and coordination of risk management issues regarding operational risks within the Company, and for the development of their management processes. The ORMC also constantly analyses and monitors operational risks together with their indicators and trends identified in self-assessments, as well as the occurred incidents. Besides these tasks, the ORMC is involved in maintaining and updating contingency and recovery plans. **The ORMC reports to the Company’s Risk Management Committee** (RMC).

The Management Board, the RMC and the ORMC, together with the unit managers and business units, are liable for timely detection of operational risks, implementation of best possible action plans, and drawing sufficient conclusions to avoid or lower the probability of risks or to minimise their effect on the Company in the future.

Operational risks are identified via different sources and methods. The main processes used for identifying operational risks in the Company include environmental and macro analysis, self-assessment process of operational risk, and incident reporting.

Environmental and macro analysis is conducted as part of the annual strategy and planning process during which the key trends in the Company’s business environment are identified and their implications for the Company are assessed. Based on this, the main opportunities and threats are identified and prioritised. These assessments outline the most important external operational and business risks. External events are monitored, and the Company reacts to these as needed.

The annual self-assessment process is used to map and evaluate major operational (and other) risks and their probabilities and significance, including an evaluation of existing internal controls and the current risk mitigation all principal areas of business activities. During the self-assessment process respective risk indicators and their limits are also defined and action plans to manage identified risks and to minimise their possible influence on business results are proposed. Identified risks are analysed and prioritised in separately dedicated meetings and summary is presented to Management Board.

Another source of identification of operational risks is incident reporting and analysis. There are separate registers for 1) client's complaints and 2) all kind of other incidents and near misses. Operational risk events and near misses and clients' complaints, which have occurred, are monitored in the Complaint Committee and in RMC or ORMC meetings. Each business unit is responsible for ensuring that those incidents and near misses that have occurred would be registered in incident register and properly dealt.

The Company has ensured the management of its work processes and the saving of the knowledge, skills, and experience of its employees by regularly updating guidelines of internal processes. This ensures the safeguarding of intellectual property in case an employee leaves the Company, as well as ensuring the smooth continuation of work processes and the limitation of operational risks. These include policies related to security, communication, compliance, and other areas; guidelines for insurance contract administration, risk underwriting and claims handling, prevention of money laundering and financing of terrorism and several technical or other guidelines related to different aspects of the business and ongoing operative activities.

The Company also considers the management and control of risks relating to the protection of customers' data to be vital, including the protection of sensitive information.

The Company has prepared and is testing plans for action to be taken in possible crisis situation (including a contingency and recovery plan) in order to ensure the sustainability of its business activities.

Operational risk under standard formula requirement increases with activity size and reflects the level of new business written, which is consistent with Company's risk profile as any new activity of the Company involves some additional operational risk.

According to Company's operational risk incidence register, operational risk expenses (including direct and indirect) are well below what is calculated for operational risk using standard formula approach. In light of this, Company is quite confident that the level of standard formula operational risk is on a conservative side. Also this is one the reason why Operational risk was not explicitly tested in ORSA.

Operational risk sensitivity

No explicit sensitivity testing was performed, due to very clear effect of operational risks to Company's solvency position. Since operational risk in solvency capital requirement calculations is not correlated with any other risks, Company's surplus will be decreased by the amount by which operational risk is increased.

C6. Other material risks

Other material risks as business and reputational risks are covered under B3. Risk management system.

C7. Any other information

There's no other material information regarding risk profile.

D. Valuation for Solvency Purposes

D1. Assets

Generally assets for Solvency II purposes are recognised and valued in accordance with International Financial Reporting Standards (IFRS) except where this is not consistent with Article 75 of Solvency II directive.

Assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in arm's length transactions.

If current valuation methods used for valuation of IFRS financial statements are not consistent with the valuation approach set out in Article 75 of Solvency II directive, then other valuation principles or adjustments are applied.

The management assessed that the carrying values of other financial assets and liabilities as cash and cash equivalents, receivables related to insurance activities and other, insurance and reinsurance payables and other, approximate their fair values largely due to the short-term maturities of these amounts. The carrying amount is a reasonable approximation of fair value.

As of 31.12.2022 the Company held the following assets:

in thousands of euros	Solvency II value	IFRS accounts	Differences
Intangible assets	0	5,464	-5,464
Deferred tax assets	14	14	0
Property, plant &equipment	200	200	0
Investments (other than assets held for unit-linked contracts)	63,955	63,955	0
Assets held for unit-linked contracts	142,133	142,133	0
Insurance and intermediaries receivables	26	26	0
Reinsurance receivables	6	7	0
Receivables (trade, not insurance)	154	154	0
Cash and cash equivalents	3,308	3,308	0
Any other assets, not elsewhere shown	46	46	0
Total assets	**209,843**	**215,307**	**-5,464**

Intangible assets

Intangible assets comprise computer software tailored to the needs of the Company, licences and insurance contracts that were recognised upon acquisition of Mandatum Life insurance business by the Company.

Intangible assets are valued for Solvency II at zero because of they can't be sold separately and there is no quoted market price in an active market for the same or similar intangible assets.

Deferred tax assets

IAS 12 defines the principles for recognition and valuation of deferred taxes for statutory reporting purposes. According to the IAS 12, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted on the balance sheet date. The amount of deferred tax assets of 14 thousand of euros has been recognized in the IFRS balance sheet to the extent the management believes this will be realized in the foreseeable future, based on taxable profit forecasts.

The value of deferred tax assets in the IFRS accounts are the same as for the Solvency II.

Property, plant and equipment

Property, plant and equipment comprise tangible assets owned and controlled by the Company, from which economic benefits are expected in future periods, which will be used for more than one year and the building that is in the Company's own use. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The values of SII and IFRS are the same.

Investments (other than assets held for unit-linked contracts)

Investments (other than assets held for unit-linked contracts) include listed equities, corporate bonds and collective investments undertakings. These investments are measured at fair value based on prices as of 31.12.2022 quoted on the active market. In the case of securities which have been listed on the stock exchange, the Company uses closing prices for the balance sheet day and official exchange rates from the European Central Bank; however, in the case of securities that are not listed, the Company uses all information available to it in respect of the value of a particular investment. The value of these assets in the financial statements is the same as for Solvency II.

Assets held for unit-linked contracts

Assets held for unit-linked contracts cover the respective financial liabilities where the risk is borne by policyholders. These investments are measured at fair value based on prices as of 31.12.2022 quoted on the active market. The value of these assets in the financial statements is the same as for Solvency II.

Insurance and intermediaries receivables

Insurance and intermediaries receivables balances represent premiums owed from policyholders. The value of these short-term receivables in the IFRS accounts are the same as for Solvency II.

Reinsurance receivables

Reinsurance receivables include the amounts past due from receivables from reinsurers that relate to settled claims of policyholders or beneficiaries and commissions. The value of these short-term receivables in the IFRS accounts are the same as for Solvency II.

Receivables (trade, not insurance)

Other receivables include the amounts receivable from various business partners (not insurance–related).

The value of these short-term receivables in the IFRS accounts are the same as for the Solvency II.

Cash and cash equivalents

Cash held on bank accounts as of 31.12.2022 are valued at nominal value by the relevant financial institution and the Company receives monthly statements at the period end to confirm the balances held. The value of cash holdings in the IFRS financial statements are the same as for Solvency II.

D2. Technical provisions

Value of Solvency II technical provisions as at 31.12.2022

Value of Company's Solvency II technical provisions (TP) split by line of business is given in the table below.

in thousands of euros	Total TP	Best Estimate Liabilities	Risk Margin
Health insurance (similar to life)	-20,451	-25,699	5,249
Life insurance with profit participation	7,691	7,614	77
Other life insurance	-47	-708	661
Index/unit-linked insurance	141,558	136,117	5,441
Total	**128,751**	**117,323**	**11,428**

Based on the Solvency II requirements, technical provisions are set up in such a way that their value would represent the amount that the Company would have to pay if its insurance obligations would be immediately transferred to another company.

Value of Technical provisions for Solvency II purpose consists of:

- Best Estimate liabilities with outstanding claims provision; and
- Risk Margin.

Calculations of the Best Estimate liabilities

The best estimate liabilities are calculated separately for each policy as a present value of policy related gross of reinsurance future cash out-flow minus gross of reinsurance future cash in-flow. Future cash flows were projected using best estimate assumptions and discounted with a risk free yield curve. Same valuation method is used for all products and lines of business.

The cash-flow projection used in the calculation of the best estimate liabilities takes account of the following cash-in and out-flows required to settle the insurance obligations:

- **In-flow**:
  - Future premiums, taking into account contract boundaries as defined under Solvency II regime
- **Out-flow:**
  - Claim payments (paid on death, critical illness, accidental riders' claims)
  - Maturity benefits
  - Full and partial surrender benefits
  - Annuity payments
  - 3rd party fees (investment related expenses reducing fund growth rate)
  - Expenses (administrative expenses, investment management expenses, claims handling expenses and acquisition expenses (renewal commissions))

The cash flow projection horizon used in the calculation of the best estimate liabilities is 50 years assuming that all policies will terminate within 50 years. Cash flows are projected on monthly basis. The deterministic cash - flow calculations are used.

Estimation of risk margin

Risk margin is calculated according to the requirements set in the European Insurance and Occupational Pensions Authority (EIOPA) guidelines on the valuation of technical provisions, by applying a cost of capital of 6% to the required capital which is estimated as present value of projected Solvency Capital Requirement (SCR) necessary to support the insurance obligations over the life time thereof. Projected SCRs are calculated for individual risks by assuming that they will change in proportion to the risk driver, which is believed to be a best representation of the particular SCR stress.

Segmentation of technical provisions

Solvency II technical provisions are segmented into 4 lines of business:

- Life insurance with profit participation;
- Unit-linked insurance;
- Other life insurance; and
- Health insurance similar to life (SLT).

Under Life insurance with profit participation business line is shown all products where clients are entitled to get part of Company profits. Therefore all traditional endowment, children endowments, pension products in saving phase, as well as universal type products are segmented into this group.

Under Unit – linked insurance business line all unit – linked and wealth management insurance contracts are reported.

Under Other life insurance business line all term life policies and annuities in out payment phase are reported.

Health SLT business line includes all riders (critical illness insurance and accidental insurance).

Main assumptions used for Solvency II technical provisions calculations

Mortality. Official statistics of population mortality for the years 2019-2021 received from the Statistical Offices of the Baltic countries have been used, and the base of mortality is taken as an average of these three years. Underwriting is expected to decrease the basic mortality by 67% in the first insured year and the effect will decrease linearly to 50% by the sixth insured year.

Riders' loss ratios. Assumptions of riders' loss ratios were based on the latest available statistics of Company's Lithuania branch, since it's the biggest and therefore most statistically reliable portfolio.

Premature cancellation of contracts. This is based on the Company's own statistics, adjusted by expected future trends and taking into account the activities and strategy enacted by the Company. Cancellation rates fall between 2% and 15% in Estonia, 1.5% and 21.5% in Latvia and 1% and 33.5% in Lithuania, depending on the product and the insured year. The cancellation rate shows how many contracts of those in force will be cancelled during a year. Also, assumptions for partial surrenders were set for groups of policies, where partial surrender is possible.

Premium continuity rates. It shows real premium payment pattern in relation to premium stated in the policy. It is used in products where client has a freedom of timing and amounts of premium payment (unit – linked and universal type of products) to project what amount of premiums will be received compared with amount of premiums stated in the policy. Premium continuity rates were calculated based on statistics of each country, separately for each product group.

Interest rates. Risk free interest rates, provided by EIOPA for the end of year 2022, were used for estimation of growth of unit – linked insurance funds and also for discounting. Company used Euro currency interest rates for all its liabilities.

Any of the matching adjustment, the volatility adjustment, the transitional risk-free interest rate term structure and the transitional deduction were not used in calculation of Company's technical provisions.

Expense level and inflation. This is based on the Company's own statistics, adjusted by expected future trends and taking into account the activities and strategy of the Company. For the inflation assumption the 6% rate was used for year 2023, for year 2024 4% and then from 2025 year revert to 3% expected.

Valuation of Recoverables from reinsurance contracts

Reinsurance recoverables in Solvency II balance sheet are calculated as a sum of:

- Receivable from reinsurers regarding outstanding claims provision;
- The excess of the reinsurance recoveries over the reinsurance premium payable. It is calculated as the present value of the best estimate of reinsurance share in claim payments and reinsurance commissions minus reinsurance share in premiums using the same methodology as for the best estimate liability calculations as described above.

Uncertainty associated with the value of technical provisions

Both, best estimate liabilities and risk margin calculations, are based on estimation of future experience. Therefore there is an uncertainty related to how actual experience differ from the best estimate assumptions used in technical provision calculations:

- For the best estimate liabilities the uncertainty mainly comes from the estimation of the future interest rates, lapse rates, claim incident rates, premium continuity rates and expense level.
- Risk margin contains even higher degree of uncertainty due to the requirement to forecast future solvency capital requirement over the lifetime of liabilities. This therefore shares the same uncertainties as the best estimate liabilities, as well as the inherent uncertainties around forecasting future solvency capital requirement.
-

Differences in valuation of technical provisions and recoverables from reinsurance in Solvency II and IFRS accounts

Difference between Company's Solvency II technical provisions and IFRS technical provisions:

in thousands of euros	Solvency II value	IFRS accounts	Differences
Health insurance (similar to life)	-20,451	745	-21,196
Life insurance with profit participation	7,691	7,172	519
Other life insurance	-47	652	-699
Index/unit-linked insurance	141,558	141,883	-328
Total Technical Provisions	**128,751**	**150,452**	**-21,701**

Difference between Company's Solvency II and IFRS recoverables from reinsurance:

in thousands of euros	Solvency II value	IFRS accounts	Differences
Health insurance (similar to life)	-32	0	-32
Life insurance with profit participation	0	0	0
Other life insurance	-93	1	-94
Index/unit-linked insurance	-17	1	-18
Total Recoverables from Reinsurance	**-142**	**2**	**-144**

Differences in value of technical provisions and recoverables from reinsurance in Solvency II and IFRS appear due to different requirements for valuation methods.

The main differences are:

- Solvency II technical provisions represent an amount that Company would have to pay if its insurance obligations would be immediately transferred to another Company and consist of Best Estimate liabilities plus Risk Margin. IFRS provisions are not split into best estimate and risk margin parts, also they quite often are calculated using conservative assumptions.
- Company mainly uses pricing assumptions for mortality, morbidity, and expenses in valuation of technical provisions in IFRS accounts; in Solvency II mortality, morbidity and expense assumptions are set on the best estimate basis.
- IFRS do not allow taking into account expected surrender (both full and partial) rates when calculating technical provisions; Solvency II requires that.
- Differently from Solvency II, in IFRS reports savings part for unit – linked and universal type insurances is unbundled from the risk part and reported as financial liabilities. Cash- flows calculations are not used at all in IFRS accounts for unit – linked and universal type insurances.
- IFRS do not allow recognising expected future profits at policy inception; under Solvency II valuation approach expected future profit is recognised at policy inception.
- In IFRS reports traditional insurance technical provisions are discounted using guaranteed interest rate. In Solvency II risk free rate is used for discounting.
- IFRS require to perform liability adequacy test as a proof that technical provisions are sufficient, in Solvency II it is not needed (due to the fact that technical provisions are calculated as the best estimate plus the risk margin).
- IFRS do not allow for negative technical provisions; however they are possible in Solvency II regime.
- In IFRS technical provisions cannot be lower than surrender value; there's no such restriction is Solvency II.
- IFRS and Solvency II have differences in contract boundary definitions.

D3. Other liabilities

Generally, liabilities other than technical provisions for Solvency II purposes are recognised and valued in accordance with International Financial Reporting Standards (IFRS) except where this is not consistent with Article 75 of Solvency II directive. Liabilities are valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transactions.

As of 31.12.2022 the Company held the following other liabilities:

in thousands of euros	Solvency II value	IFRS accounts	Differences
Deferred tax liabilities	666	653	13
Insurance&intermediaries payables	42	42	0
Reinsurance payables	34	34	0
Payables (trade, not insurance)	3,233	3,233	0

Any other liabilities, not elsewhere shown	765	765	0
Total Other Liabilities	**4,740**	**4,728**	**13**

Liabilities, other than technical provisions include deferred tax liabilities, accounts payable to policyholders and reinsurers, suppliers, accrued expenses and other short-term liabilities.

Accounts payable to policyholders and reinsurers, suppliers, accrued expenses and other short-term liabilities are recognised in the balance sheet because an amount to be paid as the amortised cost of short-term financial liabilities is usually equal to their nominal value. There is no major difference between the book value and the fair value of financial liabilities. The value of these short-term payables in the IFRS accounts are the same as for Solvency II.

Solvency II deferred tax liabilities in the amount of 666 thousand of euros were calculated as a deferred tax liabilities under IFRS accounts increased by expected present value of taxable future profit multiplied by applicable tax rate. Present value of taxable future profit was calculated over the same time frame and using the same principles as in valuation of best estimate technical provisions.

D4. Alternative methods for valuation

Alternative methods to valuation for solvency purposes are not used.

D5. Any other information

There's no other significant information related to valuation for solvency purposes.

E. Capital Management

E1.Own funds

Company's Solvency II Own Funds are equal to excess of assets over liabilities.

Solvency II Own Funds consisted of the following items as at 31.12.2022:

in thousands of euros	Own funds
Ordinary share capital (gross of own shares)	48,000
Legal reserve	370
Reconciliation reserve	27,837
Total Own Funds	**76,207**

All Company's Solvency II own funds were classified as unrestricted Tier 1 capital at the end of 2022. Company did not have any other basic or ancillary own funds at the end of year 2022.

Difference between values of own funds in statutory reports and Solvency II calculations at the end of 2022:

in thousands of euros	Solvency II value	IFRS accounts	Differences
Own funds/ Owners' equity	76,207	60,127	16,080

Difference in value of own funds in statutory reports and Solvency II calculations appears due to different requirements for valuation of assets and liabilities under these regimes as described in sections D1, D2 and D3.

Capital Management Process

The Company manages its capital based on Capital Management Policy (as part of Risk Management Policy) approved by Company's Management Board.

The purpose of capital management process is that the Company always stays solvent and satisfies both regulatory and internal requirements for capital.

Regulatory capital requirements are set in Solvency II directive, SII delegated acts, EIOPA Guidelines on system of Governance, as well as in Lithuanian Law on Insurance. Based on those Company's own funds must be at least equal to calculated solvency capital requirement (SCR).

Internal requirements for Solvency Capital as defined in Company's Risk Management policy is that Company's own funds must be at least equal to 120% of calculated SCR.

Sufficiency of Company's own funds against SCR is assessed at least quarterly. Amount of Company's Own Funds, SCR and Solvency ratio are reported to Management Board and FSA as part of the obligatory Solvency II reporting.

In order to be able to assess and plan for capital needs in advance, Company projects own funds and SCR as part of annual ORSA process. Time horizon for Company's business planning, which forms the base of the ORSA, is three years.

E2.Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement

Company's Solvency Capital Requirement (SCR) at 31.12.2022 is 43,167 thousand euros. However, the final amount of the SCR still remains subject to supervisory assessment.

Company calculates the SCR using standard formula approach. No simplified calculations nor the undertaking specific parameters were used. Table below shows the components of the SCR at 31.12.2022.

in thousands of euros	SCR component value
Market Risk	32,026
Counterparty Default Risk	511
Life Underwriting Risk	12,300
Health Underwriting Risk	11,372
Undiversified Basic SCR	**56,209**
Diversification Effect	-14,140
Basic SCR	**42,069**
Operational Risk	1,103
Loss absorbing effect	-5
SCR	**43,167**

Minimum Capital Requirement

Company's Minimum Capital Requirement (MCR) at 31.12.2022 is 10,792 thousand euros. The MCR is calculated in three steps:

- A linear MCR is calculated based on Company's net of reinsurance best estimate liabilities and capital at risk of the Company's life insurance obligations.
- A result is then subject to a floor and a cap of 25% and 45% of the Company's SCR respectively.
- And finally an absolute Floor of the Minimum Capital Requirement as prescribed by EIOPA (3'700 thousand euros) is applied.

E3.Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Company does not use duration-based equity risk sub-model in its SCR calculations.

E4.Differences between the standard formula and any internal model used

Company does not use an internal model in its SCR calculations.

E5.Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Company had sufficient capital to meet its solvency capital requirement and minimum capital requirement throughout the period covered by this report.

E6.Any other information

There's no other material information regarding the capital management.

Annexes

Balance sheet

Assets (in thousands of euros)	Solvency II value
Intangible assets	-
Deferred tax assets	14
Pension benefit surplus	-
Property, plant & equipment held for own use	200
Investments (other than assets held for index-linked and unit-linked contracts)	63,955
Property (other than for own use)	-
Holdings in related undertakings, including participations	27,454
Equities	12,113
Equities — listed	12,113
Equities — unlisted	-
Bonds	2,866
Government Bonds	2,866
Corporate Bonds	-
Structured notes	-
Collateralised securities	-
Collective Investments Undertakings	21,521
Derivatives	-
Deposits other than cash equivalents	-
Other investments	-
Assets held for index-linked and unit-linked contracts	142,133
Loans and mortgages	-
Loans on policies	-
Loans and mortgages to individuals	-
Other loans and mortgages	-
Reinsurance recoverables from:	-142
Non-life and health similar to non-life	-
Non-life excluding health	-
Health similar to non-life	-
Life and health similar to life, excluding health and index-linked and unit-linked	-125
Health similar to life	-32
Life excluding health and index-linked and unit-linked	-93
Life index-linked and unit-linked	-17
Deposits to cedants	-
Insurance and intermediaries receivables	26
Reinsurance receivables	6
Receivables (trade, not insurance)	154
Own shares (held directly)	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	3,308
Any other assets, not elsewhere shown	46
Total Assets	**209,699**

Liabilities (in thousands of euros)	Solvency II value
Technical provisions — non-life	-
Technical provisions — non-life (excluding health)	-
TP calculated as a whole	-
Best Estimate	-
Risk margin	-
Technical provisions — health (similar to non-life)	-
TP calculated as a whole	-
Best Estimate	-
Risk margin	-
Technical provisions — life (excluding index-linked and unit-linked)	-12,806
Technical provisions — health (similar to life)	-20,451
TP calculated as a whole	-
Best Estimate	-25,699
Risk margin	5,249
Technical provisions — life (excluding health and index-linked and unit-linked)	7,634
TP calculated as a whole	-
Best Estimate	6,906
Risk margin	738
Technical provisions — index-linked and unit-linked	141,558
TP calculated as a whole	-
Best Estimate	136,117
Risk margin	5,441
Contingent liabilities	-
Provisions other than technical provisions	-
Pension benefit obligations	-
Deposits from reinsurers	-
Deferred tax liabilities	666
Derivatives	-
Debts owed to credit institutions	-
Financial liabilities other than debts owed to credit institutions	-
Insurance & intermediaries payables	42
Reinsurance payables	34
Payables (trade, not insurance)	3,234
Subordinated liabilities	-
Subordinated liabilities not in BOF	-
Subordinated liabilities in BOF	-
Any other liabilities, not elsewhere shown	765
Total Liabilities	**133,492**
Excess of Assets over Liabilities	**76,207**

Premiums, claims and expenses by line of business

in thousands of	Line of Business for: life insurance obligations						Life reinsurance		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	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health	Health reinsurance	Life reinsurance	
Premiums written									
Gross	1,817	216	7.800	494	-	-	-	-	**10,327**
Reinsurers'	5	0	8	22	-	-	-	-	**34**
Net	1,812	216	7,792	473	-	-	-	-	**10,293**
Premiums earned									
Gross	1,817	216	7,800	494	-	-	-	-	**10,327**
Reinsurers'	5	0	8	22	-	-	-	-	**34**
Net	1,812	216	7,792	473	-	-	-	-	**10,293**
Claims incurred									
Gross	757	2,251	10,307	185	-	-	-	-	**13,500**
Reinsurers'	0	0	1	1	-	-	-	-	**2**
Net	757	12,250	10,307	184	-	-	-	-	**13,498**
Changes in other technical provisions									
Gross	421	6,652	140,055	600	-	-	-	-	**147,728**
Reinsurers'	-	-	-	-	-	-	-	-	**-**
Net	421	6,652	140,055	600	-	-	-	-	**147,728**
Expenses	659	85	4,069	757	-	-	-	-	**5,571**
Other expenses									**-**
Total expenses									**5,571**

Premiums, claims and expenses by country

in thousands of euros	Home Country	Top 5 countries (by amount of gross premiums written) — life insurance obligations					Total Top 5 and home country
	Lithuania	Estonia	Latvia				
Premiums written							
Gross	6,933	2,012	1,381	-	-	-	**10,327**
Reinsurers' share	9	20	5	-	-	-	**34**
Net	6,924	1,992	1,377	-	-	-	**10,293**
Premiums earned							
Gross	6,933	2,012	1,381	-	-	-	**10,327**
Reinsurers' share	9	20	5	-	-	-	**34**
Net	6,924	1,992	1,376	-	-	-	**10,293**
Claims incurred							
Gross	6,918	4,069	2,513	-	-	-	**13,500**
Reinsurers' share	1	1	0	-	-	-	**2**
Net	6,917	4,068	2,513	-	-	-	**13,498**
Changes in other technical provisions							
Gross	85,019	39,163	23,545	-	-	-	**147,728**
Reinsurers' share	-	-	-	-	-	-	**-**
Net	85,019	39,163	23,545	-	-	-	**147,728**
Expenses incurred	3,183	1,427	960	-	-	-	**5,571**
Other expenses							**-**
Total expenses							**5,571**

Life and Health SLT Technical Provisions

in thousands of euros	Insurance with profit participation	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)
		Total	Contracts without options and guarantees	Contracts with options or guarantees	Total	Contracts without options and guarantees	Contracts with options or guarantees			
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	-	-	-	-	-	-	-	-	-	**-**
Technical provisions calculated as a sum of BE and RM										
Best Estimate										
Gross Best Estimate	7,614	-	136,117	-	-	-1,072	364	-	-	**143,023**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty	0	-	-17	-	-	-93	-	-	-	**-110**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	7,614	-	136,134	-	-	-979	364	-	-	**143,133**
Risk Margin	77	5,441	-	-	661	-	-	-	-	**6,179**

Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	-	-	-	-	-	-	-	-	-	-
Best estimate	-	-	-	-	-	-	-	-	-	-
Risk margin	-	-	-	-	-	-	-	-	-	-
Technical provisions - total	**7,691**	**141,558**	**-**	**-**	**-47**	**-**	**-**	**-**	**-**	**149,202**

in thousands of euros	**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)**
	Total	**Contracts without options and guarantees**	**Contracts with options or guarantees**			
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	-	-25,699	-	-	-	-25,699
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	-32	-	-	-	-32
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	-	-25,667	-	-	-	-25,667
Risk Margin	5,249	-	-	-	-	5,249
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	-	-	-	-	-	-
Best estimate	-	-	-	-	-	-
Risk margin	-	-	-	-	-	-
Technical provisions - total	**-20,451**	**-**	**-**	**-**	**-**	**-20,451**

Own Funds

in thousands of euros	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	48,000	48,000		-	
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	370	370		-	
Subordinated mutual member accounts	-		-	-	-
Surplus funds	-	-			
Preference shares	-		-	-	-
Share premium account related to preference shares	-		-	-	-
Reconciliation reserve	27,836	27,836			
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	**76,207**	**76,207**	**-**	**-**	**-**

in thousands of euros	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
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 demand	-	-	-
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 2009/138/EC	-	-	-
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	**-**	**-**	**-**

in thousands of euros	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds					
Total available own funds to meet the SCR	76,207	76,207	-	-	-
Total available own funds to meet the MCR	76,207	76,207	-	-	
Total eligible own funds to meet the SCR	76,207	76,207	-	-	-
Total eligible own funds to meet the MCR	76,207	76,207	-	-	
SCR	**43,167**				
MCR	**10,792**				
Ratio of Eligible own funds to SCR	**1.77**				
Ratio of Eligible own funds to MCR	**7.06**				
Reconciliation reserve					
Excess of assets over liabilities	76,207				
Own shares (held directly and indirectly)	-				
Foreseeable dividends, distributions and charges	-				
Other basic own fund items	48,370				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-				
Reconciliation reserve	**27,836**				

Expected profits	
Expected profits included in future premiums (EPIFP) — Life business	26,716
Expected profits included in future premiums (EPIFP) — Non- life business	-
Total Expected profits included in future premiums (EPIFP)	**26,716**

Solvency Capital Requirement - for undertakings on Standard Formula

in thousands of euros	Gross Solvency Capital Requirement	USP	Simplifications
Market risk	32,026		-
Counterparty default risk	511		
Life underwriting risk	12,300	-	-
Health underwriting risk	11,372	-	-
Non-life underwriting risk	-	-	-
Diversification	-14,140		
Intangible asset risk	-		
Basic Solvency Capital Requirement	**42,069**		

Calculation of Solvency Capital Requirement (in thousands of euros)	
Operational risk	1,103
Loss-absorbing capacity of technical provisions	-
Loss-absorbing capacity of deferred taxes	-5
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
Solvency Capital Requirement excluding capital add-on	**43,167**
Capital add-on already set	-
Solvency capital requirement	**43,167**
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 Requirements 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	-

Minimum Capital Requirement

Linear formula component for life insurance and reinsurance obligations

in thousands of euros	
MCR_L Result	2,281

in thousands of euros	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
Obligations with profit participation - guaranteed benefits	7,614	
Obligations with profit participation - future discretionary benefits	-	
Index-linked and unit-linked insurance obligations	136,134	
Other life (re)insurance and health (re)insurance obligations	-	
Total capital at risk for all life (re)insurance obligations		1,495

Overall MCR calculation

in thousands of euros	
Linear MCR	2,281
SCR	43,167
MCR cap	19,425
MCR floor	10,792
Combined MCR	10,792
Absolute floor of the MCR	3,700
Minimum Capital Requirement	**10,792**