PSA Life Insurance Limited

Solvency and Financial Condition Report (SFCR)

31 December 2021

Contents

Executive Summary

Company's Background and Business

PSA Life Insurance Limited ("the Company") is authorised under the Insurance Business Act (Cap 403) to carry on the business of insurance restricted to risks outside Malta in the following class of long term business:

Class 1 – Life and Annuity

The Company carries out its business in Europe.

System of Governance

The organisational structure of the Company is aimed at supporting the strategic objectives and operations of the Company. The Company has implemented a three lines of defence structure to ensure that the risks the Company faces are identified and that mitigation measures are taken.

The Directors of the Company who held office during the year were:

Edouard Marie Joseph Benoist de Lamarzelle – Chief Executive Officer/ Executive Director
Mark Azzopardi – Independent Non-Executive Director
Anne Sophie Achard – Non-Executive Director
Steven Pourrat – Non-Executive Director

Outsourced Activities

The Company has the following outsourcing agreements identified as key functions:

PSA Insurance Manager Ltd (Malta)	– Insurance Management Agreement
PwC (Malta)	**–** Internal Audit Function (Romina Soler – Appointed Internal Auditor)
Marsh Actuaries (UK)	– External Actuarial Agreement – (Konrad Farrugia- Appointed Actuary)

Business Model and Financial performance

UW Results

STATEMENT OF COMPREHENSIVE INCOME
Technical account – long-term business

	Notes	Year ended 31 December 2021 EUR	2020 EUR
Earned premiums			
Gross premiums written	14	**4,423,768**	7,642,958
Movement in the provision for unearned premiums	12	**252,585**	(2,860,079)
Earned premiums		**4,676,353**	4,782,879
Investment loss	15	**(105,412)**	(83,532)
Total technical income		**4,570,941**	4,699,347
Claims recovered/ (incurred)			
Claims paid	12	**(931,969)**	(860,076)
Movement in the provision for claims	12	**2,628,464**	5,684,844
Claims recovered/ (incurred)		**1,696,495**	4,824,768
Net operating expenses	16	**(2,263,621)**	(1,981,373)
Total technical (loss)/income		**(567,126)**	2,843,395
Balance on the long-term business non-technical account (page 14)		**4,003,815**	7,542,742

During 2021, the Company generated an underwriting profit of EUR 4,003,815. The decrease in profitability is mainly attributable to the following factors:

Earned premium levels decreased slightly when compared to 2020 as a result of the run-off of the old portfolio. This was slightly compensated by the introduction of Opel Vauxhall Finance ('OVF') business.

During the year releases on the technical provisions were made following an actuarial review however the releases were materially lower than previous year. This contributed to the reduction in the claims recovered which reduced drastically from EUR 4,824,768 in 2019 to EUR 1,696,495.

Valuation for Solvency Purposes

Solvency position				
Solvency	**Capital requirement**	**Eligible capital**	**Solvency ratio**	**MCR as % SCR**
SCR	4,077,504	11,227,388	275.3%	90.7%
MCR	3,700,000	11,227,388	303.4%	0

The Company's SCR as at 31st December 2021 stood at 275%.

Capital Management

PSA Life Insurance Limited does not foresee any instances of non-compliance with the MCR or SCR which could potentially create a cause for concern. Management constantly monitors the SCR and MCR level on a monthly basis, and has procedures in place that will immediately highlight the possibility of a drop below the 110% in SCR coverage.

A. Business and Performance

A.1 Business

PSA Life Insurance Limited ('the Company') is a private limited liability company registered in Malta.

The Company is regulated by the Malta Financial Services Authority. It is owned by PSA Services Ltd with a minor shareholding of Banque PSA Finance SA. PSA Services Ltd and Banque PSA Finance SA form part of Stellantis N.V. which is domiciled in the Netherlands.

In January 2021 PSA Group and Italian-American conglomerate Fiat Chrysler Automobiles merged to form Stellantis N.V. which is now a multinational automotive manufacturing corporation formed on the basis of a 50-50 cross-border merger. Stellantis N.V. is headquartered in Amsterdam, Netherlands. Stellantis engages in automotive equipment and finance business in Europe, Eurasia, China and South-Asia, India Pacific, Latin America, the Middle East, Africa and America. Its automotive segment designs, manufactures and sells passenger cars and light commercial vehicles under the Stellantis Brands.

The MFSA is responsible for the supervisory authority and financial supervision of the undertaking as well as that of the Malta Group.

The MFSA contact details are as follows:

Mr Ray Schembri
Director
Insurance and Pensions Supervision Unit

Malta Financial Services Authority
Notabile Road
Attard BKR 3000
Malta
Phone: +356 21441155
Direct: +356 25485238
Fax: +356 21449311
Email: RSchembri@mfsa.com.mt
Web: www.mfsa.com.mt

The independent auditors of the Company are:

Ernst & Young Limited
Regional Business Centre
Achille Ferris Street
Msida MSD 1751
Malta
Office: +356 23471522
Website: http://www.ey.com

Share Capital

The authorised share capital of the Company is €60,000,000 divided into 600,000 Ordinary Shares of €100 each.

The issued share capital of the Company is €3,700,000 divided into 37,000 Ordinary Shares of €100 each fully paid up and subscribed to by two shareholders; PSA Services Limited and Banque PSA Finance SA.

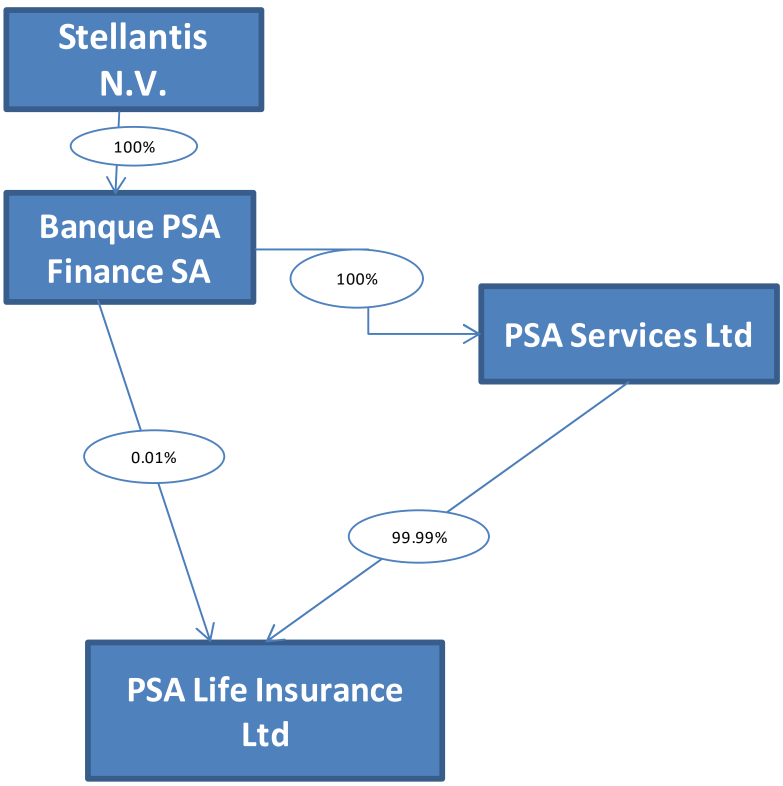
Shareholders

PSA Services Limited, 53 Mediterranean Building, Abate Rigord Street, Ta' Xbiex XBX 1122, Malta (Registration No. C 43459) subscribed to 36,999 Ordinary Shares of €100 each. On 10th March 2022 PSA Services Ltd changed its name to Stellantis Services Ltd.

Banque PSA Finance SA, 2-10 Boulevard de l'Europe - 78 300 Poissy, France (Registration No. RCS Versailles 325.952.224) subscribed to 1 Ordinary Share of €100.

The Company is owned by PSA Services Ltd with a minor shareholding of Banque PSA Finance SA. PSA Services Ltd and Banque PSA Finance SA form part of Stellantis N.V. domiciled in the Netherlands.

Group Family Tree



Insurance Licence

The Company is authorised under the Insurance Business Act (Cap 403) to carry on the business of insurance restricted to risks outside Malta in the following class of long term business:

Class 1 – Life and Annuity

The Company carries out its business in Europe.

A.2 Underwriting Performance

STATEMENT OF COMPREHENSIVE INCOME
Technical account – long-term business

	Notes	2021 EUR	2020 EUR
		Year ended 31 December	
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Gross premiums written	14	**4,423,768**	7,642,958
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During the year releases on the technical provisions were made following an actuarial review however the releases were materially lower than previous year. This contributed to the reduction in the claims recovered which reduced drastically from EUR 4,824,768 in 2019 to EUR 1,696,495.

A.3 Investment Performance

During 2021 the Company maintained its investments in UCITS and as at 31st December 2021 it held units in 7 different UCITS. The investments in the Asset-backed Securities ('ABS') matured during the year and as at year-end no ABS were held.

The income arising from investments held by the Company as at 31st December 2021 consists of fair value movement and interest income.

The Statement of Comprehensive Income shows Investment Income amounting to -€105,412 which is made up of the following:

Movement in fair value of UCITS:	-€105,525
Interest income from ABS:	€86
Interest income from cash at bank:	€27

Investment income was materially lower than previous year due to the impact which the pandemic had on the markets.

A.4 Performance of other Activities and Any Other Information

There were no other material income and expenses incurred over the reporting period compared to previous financial year worthy of disclosure.

Major Development

Following the Company's analysis of the possible impact of the COVID-19 pandemic across all key areas of business, the Directors have determined that the Company's financial position and performance for 2022 will be able to absorb the impact brought about by this pandemic. The results anticipate that the Company should be well capitalized to absorb any foreseeable impact and envisage that it will continue to satisfy all regulatory solvency requirements.

The Board is monitoring the situation constantly and will take any necessary actions to minimise the possible impacts of COVID-19. The measures taken by various countries to curb COVID-19, including social distancing, has had an impact on the production facility of the automotive industry and disrupted the distribution channels of the Company.

Underwriting and Reserving

The current economic uncertainties together with the global semiconductor chip shortage have an impact on the level of premium forecasted for the financial year ending 31st December 2022. This has however already been taken in consideration when projecting the earned premium for 2022. Despite this impact the 2022 earned premium is projected to increase when compared to that reported for 2021. The increase is mainly driven by the OVF business.

The Company is still expected to generate a profit for the financial year ending 31st December 2022. Based on two full years of data, as at 31st December 2021 the number of claims that were opened during 2020 and 2021 in relation to COVID-19 represent 4.14% of the total claims for years 2020 and 2021. Taking in consideration the current reserving strategy of the Company, which comprises of individual claim reserves and incurred but not reported (‘IBNR’) provisions, the overall reserves set aside for the Company in 2021 adequately covered the actual claims declared. Furthermore, the amounts paid for COVID-19 related claims had a negligible impact on the reserves of the Company. Therefore for the financial year ending 31st December 2022, it is not expected that additional claims would have a material impact on the Company’s reserves.

Investments

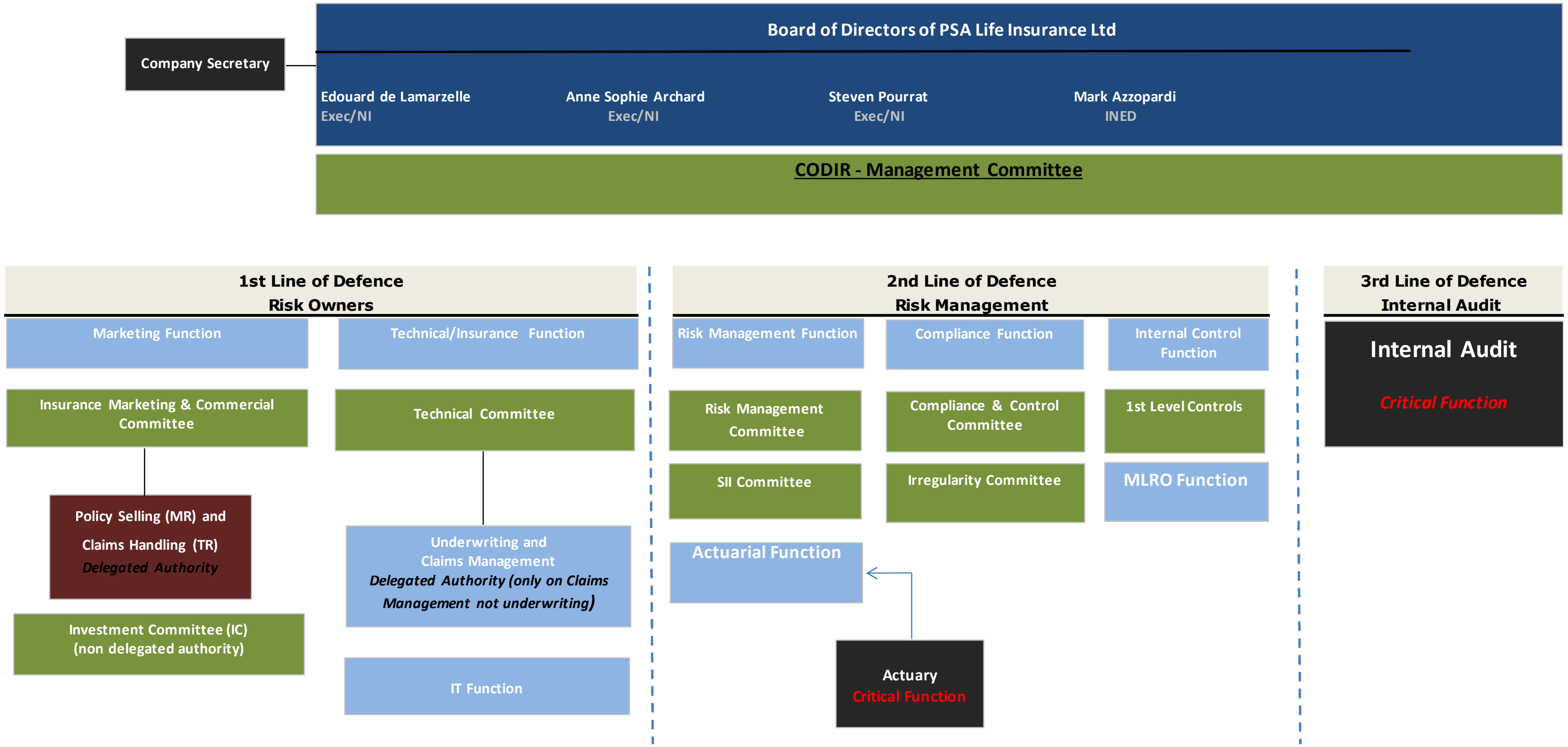
The decline in fair value of the investment portfolio during the year ended 31st December 2021 amounted to €105,525 representing 0.4% of the investment portfolio as at 31st December 2020. This decline remains within the Company’s risk appetite. When considering the investment portfolio held by the Company, the recent volatility in the financial markets is not expected to have a significant impact on the Company’s profitability. Furthermore, an analysis was carried out on the credit rating of the main counterparties and for those counterparties which experienced a downgrade since 31st December 2020, their credit rating is still within the Company’s risk appetite.

Solvency Capital Requirement

Such analysis was also extended to analyse the effect on the SCR of the Company. The SCR was calculated on the Company’s financial forecast for 2022 taking in consideration the anticipated effects of COVID-19, including but not limited to, the increase of the Counterparty Default Risk resulting from overdue receivables. Taking into consideration the current laws and regulations and aforementioned matters disclosed, the Company does not expect that this will impact its ability to satisfy the regulatory solvency requirements.

B. System of Governance

B.1 General information on the system of governance



In order to assist the Company in mitigating the risks underlying the strategic objectives, the following committees and functions are in place:

Management Committees

a) First line of Defence

Insurance Marketing Commercial Committee

This Marketing Committee is chaired by the Chief Executive Officer and is held on a monthly basis.

The purpose of this Committee is to organise the launch and follow up process of new products and action plans and reduce the route to market for new products. Moreover, to identify products which are performing below target, to investigate and analyse the causes behind the low performance and to advise the Zone Director and SF of the possible routes to action to improve performance to meet targets.

Investment Committee

This is made up of three Directors and the Chief Financial Officer. The "prudent person principle" is the guiding principle behind all investment decisions and the Company's investment guidelines. This Committee has no delegated authority, and the recommendations proposed by the Investment Committee will need Board approval.

Technical Committee

The Technical Committee is chaired by the Technical Director and assists the Board in the oversight of the Company's key underwriting objectives, strategies and policies. The Technical Committee is responsible for approving the Company's underwriting strategies, policies, procedures, authorities and limit profiles and for reviewing the performance of the Company's underwriting portfolios.

b) Second line of Defence

Actuarial Function

The Actuarial function is split between the Statistical Department and an Appointed Actuary, both carrying out separate tasks and taking different decisions. The Appointed Actuary is external to the Company and the decisions taken aim to reduce the risk of a potential conflict of interest as well as ensure that the four eye principle is in place. The Statistical Department carries out the Technical Provisions calculations on a monthly basis, analyses the pricing of new products, reviews the products' performance on a monthly basis and is also part of the Technical Committee. The Board of Directors has given delegated authority to the Technical Committee.

Compliance Officer and the Compliance and Control Committee

The Compliance Officer reports directly to the CEO and the Board. The Compliance Committee is chaired by the Head of Compliance & Risk Insurance and Control falls under the second line of defence and it assists the Board in the oversight of the Company's general corporate governance, compliance and control. The Board of Directors has given delegated authority to this Committee.

Risk Management Function and Risk Management Committee

This is considered highly critical in the operations of the Company, in particular to the Risk Management and the ORSA Process. The Risk Committee is chaired by the Head of Compliance & Risk Insurance, and is given delegated authority by the Board of Directors to oversee the Company's risk management arrangements ensuring that risk appetite is appropriate and adhered to and that key risks are identified and managed appropriately. The Company has a well-developed Risk Management Framework incorporated in the Corporate Governance structure. Risks are managed, monitored, reported, mitigated and controlled through the three lines of defence.

Solvency II Committee

The Solvency II Committee is chaired by the CFO and is held on a quarterly basis.

The purpose of this Committee is to update and prepare for reporting to be done according to the SII Annual Plan, to review and update the Risk Appetite Limits and to review the three pillars of Solvency II.

c) Third line of Defence

Internal Auditor

The Internal Audit Function is outsourced to PwC Malta and reports directly to the Board. The Audit topics are overseen by the Directors during the Board meeting.

B.2 "Fit and Proper" requirements

Prior to the appointment of any new member to the Board an evaluation is undertaken of the fitness and the probity of the proposed director. This involves examination and documentation of:

- The person's previous experience, knowledge and professional qualifications and whether these are adequate to enable sound and prudent management of the Company.
- Proof of skill, care, diligence and compliance with the relevant standards of the area/sector he/she has worked in.
- Reputation – enquiry as to whether there are any criminal or financial antecedents or past experience with the Financial Regulator which may lead the Board to believe that the person may not discharge his/her duties in line with applicable rules, regulations or guidelines.

The Compliance Officer will notify the Malta Financial Services Authority ('MFSA') of the identity of the Board of Directors or any amendment to its composition along with all information needed to assess whether they are fit and proper.

B.3 Risk Management System including the ORSA

The Company's Risk Management Framework shall play a role in strategy and business planning with participation of the Risk Management Functions in strategy and business planning being a key critical element for implementing the Company's risk strategy.

The Risk Management Framework provides decision makers with information about important variables that can affect the amount of capital required to support the business plan, the amount of capital generated and recycled as a result of the components and ultimate execution of the business plan, and the economic return of capital expected to be generated by the business plan. The Finance, Investment and Actuarial Functions play a key role in supporting and implementing the Risk Management Framework in this regard.

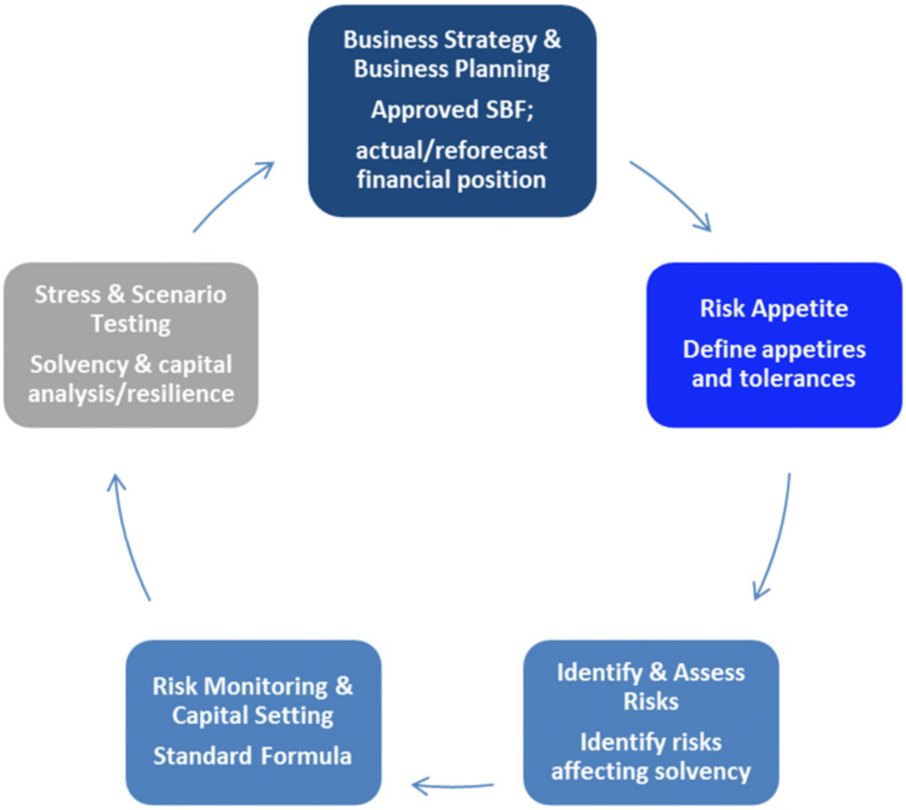
More particularly the Risk Management Framework monitors solvency needs assessment as identified in the ORSA to avoid any significant deviation with the overall risk tolerance limits and regulatory capital requirements. Throughout the Risk Valuations and ORSA process, it is also ensuring the viability of the overall business model under stressed conditions on a short, middle and long term perspective.

Following identification of the various risks, each risk is categorised. Discussions and workshops are held with risk owners where probable values of severity and frequency of occurrence were agreed. In the following sections these and the other risks identified are assigned valuations and assessed as follows:

1. Risk identification and description
2. Valuation method used
3. Results of valuation

The Company adopts the Diversified Risk Profile, which can be defined as a measure of losses based on various items of historical data such as total losses, number of losses, average loss size, payment patterns and correlations between different risk categories.

The diversified risk profile is based on the principle that not all risks can materialise at once and therefore it gives a more realistic risk profile. Furthermore, it provides the management of the Company, the chance to compare the risk profile with the Company's set threshold. The Diversified Risk Profile will in turn provide a better indication of what the Company expects the average loss in monetary terms to be.



Objectives and Minimum Requirements in assessing Solvency needs

The objective of the risk valuations and ORSA process is to give PSA Life Insurance a global view of its risks within a time horizon of 3 years. This process aims to help the strategic decision-making process at a top management level (Board of Directors, CODIR), and to improve the mitigation and control of the existing risks. The risk valuations is the base of the risk management system; it allows the risk identification, assessment, monitoring and reporting, as well as the improvement of the risk mitigation techniques. The ORSA is an annual assessment of PSA Life Insurance's risks and solvency needs, taking into account its risk tolerance and the current risk mitigation techniques.

Minimum Requirements in assessing Solvency needs

The assessment of the overall solvency needs is expected to:

1. Reflect the material risks arising from all assets and liabilities including intra-group and off-balance sheet arrangements;
2. Reflect the Company's management practices, systems and controls including the use of risk mitigation techniques;
3. Assess the quality of processes and inputs, in particular the adequacy of the Company's system of governance, taking into consideration risks that may arise from inadequacies or deficiencies;
4. Connect business planning to solvency needs;
5. Include explicit identification of possible future scenarios;
6. Address potential external stress; and
7. Use a valuation basis that is consistent throughout the overall solvency needs assessment.

Strategy and business planning

The strategic direction of the business will be set within the risk profile of the Company and considers the implication upon capital allocation. PSA Life Insurance operates in a capital-constrained environment and capital rationing through the planning process is a critical mechanism for ensuring that scarce resources are deployed most effectively with due consideration given to the impact of short term and long term risks associated with executing the Company's business plan. Participation of the Risk Management Function in strategy and business planning is a key critical element for implementing the Company's risk strategy.

The Company's strategic plan should serve as a basis for the calculation of the ORSA. The 3-year financial projections are used to project the Company's technical and non-technical results, asset-liability position and the Company's projected capital levels for the coming 36 months.

In line with Guideline 17, the Company is now taking into account the results of the ORSA and the insights gained throughout the process of this assessment in its capital management and business planning. The following are the key conclusions from the ORSA exercise:

- The discussions which previously used to take place on various risks faced by the Company are now being documented, treated and monitored in a more consistent and clinical approach;
- The documentation of the process and various risks enables all key personnel to be fully aware of the critical risks and also contribute to the treatment of these risks;
- The risks underlying the Company's strategic plan can be individually quantified and aggregated in terms of Euro Value depending on the level of confidence determined by the Board of Directors. This would model the way future strategic decisions are taken.
- A review on the lapse and expense risk within the Company was undertaken during the year and was included in the ORSA report.
- An initial Climate change risk analysis has been conducted and will be finalised by the next ORSA report.

Overall Methodology

PSA Life Insurance has adopted the following key steps to comply with the ORSA guidelines issued by EIOPA:

- Independent risk identification
- Risk Valuations, where each identified risk is subjected to:
  - Risk Owners Identification
  - Inherent Risk Exposure and Evaluation
  - Risk Control and Mitigation
  - Residual Risk Exposure and Evaluation
  - Risk Assessment
  - Comparison with Standard Formula Valuations

Usage of Standard Formula or a different assessment methodology depends on whether the Standard Formula adequately reflects the Company's individual risk profile.

To ensure the overall consistency of the Solvency II approach, the Company has streamlined the risk management process and ORSA policy with the SCR calculation for;

- classification;

- modularity; and
- technical specification where Standard Formula reflects the Company's specific risk

The Standard Formula is only required for the risk classification, identification and, when relevant, the assessment. Additional risks and assessment methodologies are included in the ORSA process, so that the final results reflect the risk profile of the Company.

If, after an independent assessment of the risks, PSA Life Insurance considers that the Standard Formula reflects the risks in an appropriate manner, given the size and complexity of the Company, the ORSA shall rely on the Standard Formula for the assessment of those risks.

The Standard Formula, may not appropriately assess other risks, included in the SCR calculation, because the risk profile of PSA Life Insurance deviates significantly from the assumptions underlying the formula.

For some other risks, the Standard Formula itself is not appropriate and an adjustment would not be enough to properly reflect the risk. For these risks a completely independent assessment or a scenario based approach is carried out. Strategic and compliance risks are not included in the SCR calculation. For these types of risk, the assessment shall be made through a scenario based approach.

Types of risks	Types of risks	Appropriateness of the Standard Formula	Assessment methodology
Risks Identified	Standard Formula risks (risk = sub module)	Appropriate	Standard Formula (SF)
		Parameters are criticised	Adjusted Formula (AF)
		Not appropriate	Scenario-based approach (SBA) or Actuarial Independent Assessment (IA)
	Additional risks	N.A.	Scenario-based approach (SBA)

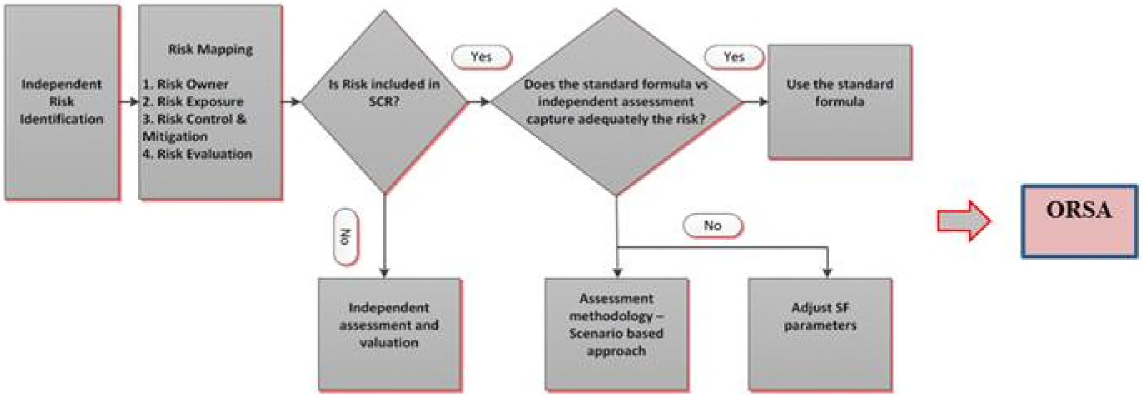
PSA Life Insurance considers relevant to use the 99.5% Value at Risk, as used in the SCR calculation for all Pillar 1 risks included in the Standard Formula (even those for which the parameters or calculation method will be adjusted). For additional risks not included in the SCR calculation, namely strategic and compliance risks, PSA Life Insurance also uses the 99.5% Value at Risk to maintain a high level of prudency.

This aims at ensuring a better consideration of its specific risk profile on a sufficiently reasonable basis, approved risk tolerance limits and business strategy with regard to the current level of its SCR, as well as to continuously monitor the compliance with capital requirements.

Identification and Valuation Process

The Board adopted a top-down approach and participated in the forward looking assessment of the own risks, including how the assessment was to be performed. The Board has challenged the results during a session held with the Risk Management team outside Board meetings.

The Risk Management team together with the Company's key functions have, independently from the Standard Formula, identified and assessed the risks facing the Company. Thereafter, a comparison against the Standard Formula was carried out. When the Standard Formula was deemed to be adequate to capture the Company's risk profile, the Risk Management team decided to use the technical specifications underlying the Standard Formula. Additional risks and assessment methodologies were included in the ORSA process, so that the final results would reflect more closely the Company's risk profile. An illustration of the process adopted has been produced below.



Critical Assessment of Pillar 1 calculation

With the support or under the supervision of the actuarial function, ad hoc experts:

- Identify the (sub) modules for which the risk profile of PSA Life Insurance deviates from the assumptions underlying the SCR of the Company.
- Explain the deviation/reasons why the Standard Formula is not appropriate to assess the risk: existence of significant risk mitigation techniques or contingency measures, specific risk portfolio not taken into account in the Standard Formula, etc.
- Define the assessment methodology for those risks: the adjustment of the formula's parameters, independent actuarial assessment, or the scenario-based approach if the formula itself is not appropriate.

Scenario analysis and qualitative assessment

With the support of the other departments, during a workshop, the Risk Manager:

- Identifies potential scenarios for each SBA risk, taking into account the risk exposure, sensitivity and concentration, and the existing risk mitigation techniques.
- Realises a first qualitative assessment of all risks, based on the risk description and potential impact. Risks are classified on a scale at 3 levels:
    - High: High exposure and mitigation techniques and controls
    - Medium: High exposure with high confidence in the quality and robustness of existing mitigation techniques and controls or low exposure with mitigation techniques and controls

    - Low: Exposure with high confidence in the quality and robustness of existing mitigation techniques and controls
- Chooses one representative scenario for each risk. Unlikely or extreme scenarios are avoided.
- Describes precisely the chosen scenario and its consequences.

Scenario quantitative assessment

For AF risks:

The Actuarial Function adjusts the Standard Formula: The parameters of the Standard Formula are modified according to the criteria addressed to the Pillar 1 calculation. Any adjustment of parameters shall be thoroughly justified in the ORSA report.

For IA risks:

The Actuarial Function conducts an independent assessment of the risk in which a historical data set is used to quantify the potential risk under study.

For SBA risks

With the support of risk owners, the risk manager assesses the impact and the frequency of the chosen scenario (before and after taking into account the existing risk mitigation techniques and contingency measures). This assessment is based on an expert estimate and on historical losses. The frequency describes the occurrence of the risk. The impact describes the financial impact of the risk, including all costs. When available quantitative data can help to assess more precisely the risk, the detailed description of the assessment and the calculation is recorded.

Governance

The Board of Directors has the ultimate responsibility for the ORSA. It decides when to conduct an ORSA and challenges the results.

The Risk Management function is in charge of the risk valuations process while the Actuarial Function is in charge of the ORSA process. The internal Actuarial Function works closely with the Appointed Actuary who will participate or review all quantitative assessments.

Other departments of PSA Life Insurance and especially the members of the CODIR are involved in order to help identify and assess the risks relevant to their activities. The CODIR members are appointed as risk owners and are to provide a valuation of the various risks included in the final figures as well as monitor their risks on a quarterly basis. The stakeholders involved are the following:

- Underwriting and Reserving – Technical Director and Senior Insurance Statistical Analyst
- Investments – Chief Financial Officer
- Operational Risk – Head of Compliance and Risk Insurance
- Strategic Risk – Marketing Director and Chief Financial Officer
- Regulatory & Compliance Risk – Head of Legal and Head of Compliance and Risk Insurance
- Solvency Capital Projections – Head of Solvency

Definition of risk tolerance

The Board of Directors:

- Defines a qualitative overall risk appetite, based on the strategy of PSA Life Insurance
- Defines a quantitative overall risk appetite, based on the strategy of PSA Life Insurance

Risk owners:

Define an indicator for each of their risks with a threshold that must not be exceeded. The threshold represents the risk tolerance and is aligned with the qualitative and quantitative risk appetite defined by the Board of Directors.

Risk identification and description

With the support of the other departments, the risk manager:

- Identifies the various operational risks
- Identifies the various strategic risks
- Identifies the various compliance risks
- Identifies the various cyber risks
- Realises a qualitative description of each risk (SCR risks + additional risks)
- Assigns a risk owner to that particular risk
- Assesses the risk criticality in terms of Frequency and Severity
- Describes the risk mitigation techniques and contingency measures that contribute to reduce the frequency or the impact of the risk (investment limits, wording, reinsurance, regular controls, reconciliations, monitoring of ratios, committees, contingency plans, IT back-ups, etc.).

All of the above is recorded within the Company's risk register; this therefore includes a record of the individual risk analysis (quantified and non-quantified risks) including a description and explanation of the risks considered. The risk register is a live document which is updated as often as necessary, but in any case at least annually. A clear audit trail is maintained between versions, in order to capture the development of the individual risks.

Frequency vs Severity

Unless otherwise stated for all risks, the Company established a Frequency and Severity matrix to determine what is significant for the Company's business strategy.

Inherent and Residual Risk Basis and Value at Risk

The Board considered each individual risk on a gross and net basis. In this respect, the risk severity and frequency scoring was evaluated before and after mitigating controls were taken into account. The risks evaluated before mitigating controls were taken into account are Inherent Risks while those after taking controls into account are Residual Risks.

This methodology was used for each identified risk and was conducted through a discussion at management level. This was done so that the Board of Directors is made aware of the importance of the effect of the mitigating controls for each significant risk identified.

From risk assessment to capital allocation

The risk assessment performed during the Risk Management process and ORSA process provided a realistic view of PSA Life Insurance's risk profile. Any decision to change capital allocation and/or managing actions shall be based on this risk profile.

Below are the key questions to include in the decision-making process:

- Do we have sufficient capital to cover any risk?
- What are the quality and composition of these own funds?
- Can we reduce the risks by implementing specific managing actions?
- Are we complying with all approved risk tolerance limits, including qualitative ones?

Risk Treatment and ORSA Approval

After the assessment, the Statistical Department:

- Compares the newly obtained value at risk to the capital allocated to each risk under Pillar 1.
- Compares the overall VaR to the SCR and technical provisions.
- Highlights and explains the potential differences that have been identified.
- Reports to the Board the first results of the ORSA.

The Board of Directors:

- Challenge the results of the ORSA during the next Board meeting or during a separate meeting. The main conclusions of this challenging process are recorded and included afterwards in the ORSA report.
- Validate the results of the ORSA.
- When significant differences have been identified between the value at risk and the SCR and/or the risk tolerance, Directors take a decision regarding the risk management. Either:
    - Cover the risk with capital, or
    - Increase the risk mitigation techniques or contingency measures.

Monitoring and improvement of the mitigation techniques

For each risk, risk owners:

- Monitor risks on a continuous basis, based on Key Risk Indicators, existing procedures and their general knowledge of the business.
- Propose new risk mitigation techniques or contingency measures, if necessary.
- Implement the new risk mitigation techniques and contingency measures, especially the ones that have been decided by the Board of Directors.
- Report on a quarterly basis to the risk manager the risk level; based on key risk indicators, the implementation of Fundamental Tracking Points for which they are held responsible, and the advancement of risk mitigation techniques improvement, when relevant.

The risk manager:

- Gathers the data from risk owners on a quarterly basis, including:
    - Key risk indicators ('KRI')
    - Corrective actions undertaken notably in case of significant deviation in KRI

- Implementation of risk controls recorded as fundamental tracking points
- Any other relevant issue regarding risks within the Company

All quarterly reports shall be communicated to the Board. Reports to the Board of Directors of any risk exceeding the approved risk tolerance limits are to be made.

Stress Test and Reverse Stress testing

In accordance with the ORSA guidelines, the Company has applied the identified material risks to a defined range of stress tests in order to provide an adequate basis for the assessment of the overall solvency needs. In each case, a worst case scenario was employed when assessing the risk. The stress tests carried out in this ORSA have been based on hypothetical situations.

A stress test is a projection of the financial condition of a Company under a specific set of severely adverse conditions that may be the result of several risk factors over several time periods with severe consequences that can extend over months or years. Alternatively, it might be just one risk factor and be short in duration. When considering various stress tests, the principle adopted by the Board is that the effect of the stress test has to be considered in terms of their effect on both the Company's profitability and equity.

Reverse stress testing also included in the ORSA aims at answering the following question:

Which scenario or combination of scenarios would bring the Company below the target risk appetite limits?

Finally, a combined stress test is also included where a number of different scenarios are considered together in order to assess the solvency of the Company should these occur together.

ORSA Report

The ORSA Report aims to present all key principles supporting the ORSA methodology, ORSA results, as well as consecutive recommendations regarding capital allocation, technical provisions, risk mitigation techniques and/or other managing actions. The ORSA report should be submitted to the regulator within 2 weeks from Board approval.

The risk valuations and ORSA process is performed on an annual basis, after the SCR calculation is conducted.

The risk monitoring is performed on an on-going basis and is annually reviewed and updated during the ORSA.

Under the following circumstances, an exceptional ORSA shall be performed (in addition to the annual review):

- Significant changes in the PSA Life Insurance activities: introduction of a completely new line of business, development of activities in a new country
- Significant changes in the PSA Group organisation, which impact day-to-day activities of PSA Life Insurance
- Significant changes in the economic or compliance environment, that may affect the business model or the financial stability of PSA Life Insurance

The ORSA process is carried out on a yearly basis following the completion of the financial projections. Currently the solvency needs are determined using the Standard Formula as a basis since the capital required is considered to be extremely prudent given that the Company's risk profile is considered to be low. The additional risks (operational, strategic and compliance) have been quantified on an extremely prudential basis.

The SCR projections are monitored through a set of monthly capital management indicators so as to ensure that the capital held remains sufficient.

B.4 Internal Control System

The Board recognises its responsibility for setting the tone of the business and influencing the control consciousness of its key functionaries.

Sarah Ellul Soler was appointed as the Internal Controller and monitors PSA Life Insurance's internal control system. The controls environment is the foundation for all other components of internal controls, providing discipline and structure.

The Internal Control system is made up of a number of second level control reviews linked to each risk, procedure and policy adherence monitoring, compliance with applicable laws and regulations, and monitoring of the adequacy of processes for the business' activity. Sarah Ellul Soler ensures to monitor and test the above controls individually and ensures adherence on a regular basis and reports to the Board on a quarterly basis, or more frequently if necessary.

The key components underlying the Internal Control Policy of the Company are:

1. Controls environment;
2. Risk assessment;
3. Controls activities; and
4. Information and communication.

B.5 Internal Audit Function

The Internal Audit function of the Company is outsourced to PwC Malta, Sarah Ellul Soler is the individual within the insurance undertaking who oversees this function The Internal Audit function serves as a third line of defence and is not involved in the day to day operation of the Company. Although the Board can suggest amendments to the internal audit plan, the Internal Audit has the right to take on board such amendments and moreover the function has unlimited access to all the information requested to carry out its audit in an independent manner.

B.6 Actuarial Function

The Actuarial Function is represented by the Internal Statistical department within the Company and the External Actuarial Function, who is the Appointed Actuary of the Company and is outsourced. There is a clear distinction between the roles of the Internal Statistical Department and External Actuarial Function. The role of each is described below:

Internal Statistical Department

The Statistical Department's role within PSA Life Insurance is as follows:

- Represents the Company's actuarial function.
- Leads the communication process with our Appointed Actuary.
- Conducts analysis on the Company's technical provisions and methodologies used.
- Conducts the pricing of new products.
- Conducts the ORSA calculations.
- Conducts the calculation of the Best Estimate on a quarterly basis.

Main Responsibilities:

1. Technical Provisions assessment

   - Reviews and expresses an opinion on the monthly closing results.
   - Carries out assessments on the IBNR models used.
   - Compares the Best Estimate results between reporting dates.
   - Conducts the calculations for the Targeted Loss Ratios, which are proposed during the budget and the PMT.

2. The ORSA

   - Conducts the risk group calculations under the ORSA.
   - Reviews the ORSA report.

External Actuarial Function

- Following an in-depth study, the Appointed Actuary expresses an opinion on the Technical Provisions held by the Company at year-end.
- Reports to the Board on a yearly basis.
- Reviews and makes recommendations on fundamental risk management policies namely:
  - ► Actuarial Policy
  - ► Underwriting Policy
  - ► Capital Management policy
- Carries out a review of the annual SCR and ORSA results.

B.7 Outsourcing

The Outsourcing Policy applies to all Material Outsourcing Arrangements entered into by PSA Life Insurance. An outsourcing arrangement is defined as an arrangement whereby a specified business process, service or activity is provided by a third party provider rather than being performed in-house. An outsourcing arrangement is deemed to be material for these purposes if it is either critical or important to the conduct of the business.
For the purposes of the Outsourcing Policy an arrangement is likely to be deemed critical or important to the conduct of the business if a defect or failure in its performance would:

- materially and adversely impact the quality of the system of governance;
- unduly increase operational risk or significantly reduce control assurance (e.g. if the service is a key mitigating control);
- impair the ability to comply with any relevant legal or regulatory requirements or the ability of regulators to monitor the Company; and
- undermine the soundness or continuity of Key functions, services and activities that are core to the business and delivery of services to policy holders/customers.

This Policy does not apply in respect of individuals or firms retained under consulting, professional advisory services or temporary/agency support staff arrangements, where the individuals concerned are directly supervised by Board Members or other managers employed by the Group.

List of current material outsourcing arrangements:

PSA Insurance Manager Ltd – Insurance Management Agreement – Domiciled in Malta
PwC – Internal Audit Agreement (Romina Soler – Appointed Internal Auditor) – Domiciled in Malta
Marsh Actuaries – External Actuarial Agreement (Konrad Farrugia - Appointed Actuary) - Domiciled in UK

C. Risk Profile

From 2020 onwards, the Company started considering its Diversified Risk Profile instead of the simple average calculation. The diversified risk profile calculation is based on the principle that not all risks can materialise at once and therefore it provides a more realistic view of the Company's risk profile. The Diversified Risk Profile of the Company can be defined as a measure of losses based on various items of historical data such as total losses, number of losses, average loss size, payment patterns and correlations between different risk categories. Furthermore, this provides the management of the Company the chance to compare the risk profile with the Company's set threshold and will provide a better indication of what the Company expects the average loss in monetary terms to be.

Taking the final residual risks on the Company's risk register, the diversified residual risk gives a Severity Index of 6.12 which means a low operational impact on the business. Therefore the overall risk profile of the Company would be considered 'marginal' Risk, based on the Company's severity parameters. The Board agrees that the assessed risk profile of the Company (marginal) is in line with its expectations due to the fact that:

- PSA Life Insurance is a third party insurer that supports the parent company in improving customer and brand loyalty. Treating customers fairly is a key principle.
- The Company does not face Concentration risk which might lead to catastrophic risks. This stems from the fact that it is highly unlikely that there would be concentration of vehicles at one point in time. Moreover the company operates in various EEA countries therefore spreading its risk exposure.
- Historical loss history has always been favourable and any adverse movements are monitored and corrective action taken immediately.
- The Company engages the right level of expertise and officers to manage its business.
- Since it is owned by regulated entities, governance and adherence to regulation ranks high on the Group's risk appetite.

The table below illustrates the composition of the SCR and ORSA capital requirements for Year 1 of the Business Plan (2022) based on the Risk Modules applicable under the SCR as well as the additional risks quantified under the ORSA.

Risk Module	SCR %	ORSA %
Operational Risk	3%	5%
Market Risk	25%	21%
Counterparty Default Risk	30%	25%
Life Underwriting Risk	18%	16%
Health Underwriting Risk	24%	21%
Compliance Risk	0%	11%
Strategic Risk	0%	1%

The main differences between the SCR and ORSA are explained in the following pages. The assessment of the following risks was as at ORSA stage in Q3 2021.

C.1 Underwriting Risk

PSA Life Insurance covers two lines of business under Solvency II which are Income Protection Insurance and Other Life. The underwriting risks applicable to the Company are the Life underwriting risk covering Mortality, Expense, Lapse and Catastrophe risk and the Health underwriting risk covering Premium & Reserve, Lapse and Catastrophe risks.

The Life underwriting risk capital charge under the ORSA amounts to 1,285 KEUR same as that under the Standard Formula.

As in prior years' ORSA a re-evaluation of the Life Catastrophe Risk Module was not carried out since the management felt that the Standard Formula capital charge is reflective of the underlying nature of the insurance products. The Mortality Risk Module also remained unchanged; hence the Standard Formula has been kept.

The Health underwriting risk capital charge under the ORSA amounts to 2,175 KEUR same as that under the Standard Formula. The valuation under the Standard Formula was deemed to be appropriate when evaluating this risk.

C.2 Market Risk

The Company is subject to market risk mainly as a result of the investments in UCITS. The risk sub-modules which the Company is exposed to are the concentration, spread, currency, equity and interest rate risks.

The Market risk evaluation under the ORSA amounts to 1,734 KEUR and has the same valuation as that under the Standard Formula since the methodology and parameters used are considered to be representative of the nature of investments held.

C.3 Credit & Liquidity Risk

The Company is subject to both type 1 and type 2 counterparty default risk/credit risk. The cash held at the banks is subject to Type 1 credit risk whereas the insurance receivables are subject to Type 2 credit risk.

The credit risk evaluation under the ORSA amounts to 3,057 KEUR and has the same valuation as that under the Standard Formula since the methodology and parameters used are considered to be satisfactory.

Liquidity risk is not covered by the Standard Formula and not quantified under the ORSA.

C.4 Operational Risk

Operational risk is calculated under the Standard Formula and is driven by the activity size of the Company. It is based on a combination of Earned Premium and Technical Provisions. This risk is the consequence of inadequate or failed internal processes, personnel or systems, or external events, unless the Company is well diversified and managed.

The operational risk capital charge under the ORSA amounts to 586 KEUR whereas that under the Standard Formula 317 KEUR. The valuation under the Standard Formula does not correctly quantify the risks the Company faces;

various operational risks that are listed and monitored in the Company's risk register have been quantified by taking a specific scenario; all risks have been simulated to obtain a capital charge for operational risk that is representative of the business and that also takes the controls in place into account.

C.5 Other Material Risks

The Company is focusing on two new risk categories being Cyber security and Climate change risks.

Following the COVID-19 pandemic together with the increased use of technology, the risk of cyber attacks increased drastically, which led to the inclusion of Cyber risk as one of the Company's risk categories in the risk register.

Another risk on which the Company is focusing is Climate change risk. This is becoming a very important topic worldwide with regulators starting to provide more attention to the topic. As a result the Company is working on analysing the impact of climate change from a risk management perspective.

Cyber Security Risk

Cyber Security risk is the probability of exposure or loss resulting from a cyber attack or data breach on the organization. It is the risk of financial loss, disruption or damage to the reputation of an organization resulting from the failure of its information technology security systems. The related risks and controls identified are in relation to the following:

- Information and data security roles and responsibilities, including the designation of the Chief Information Security officer;
- Privileged access management;
- Sensitive data management;
- Threats management;
- Security education and training;
- Ongoing monitoring;
- Risk assessment, the frequency and extent of which should be determined by the Entity;
- Maintenance of audit trails to detect and respond to Cybersecurity events;
- An incident response and recovery plan;
- A business continuity plan; and
- A security policy for third party service providers

Climate Change Risk

Currently, climate change is a very important topic worldwide and it is being given its due importance. Further to the Opinion issued in April 2021 by EIOPA entitled '*Opinion on the supervision of the use of climate change risk scenarios in ORSA*', an immediate process has been set up in order to focus and give priority to this topic.

The first step of the process is to identify the risks which impact the Company. Currently, Annex 3 from the EIOPA Opinion referred to above, is being used as the basis for the risk identification phase. A number of internal workshops have been set and the following action points for each risk category have been identified:

Underwriting Risk – A separate workshop has been conducted to discuss the risks with the Statistical team. This has been finalised and the risks have been identified.

<u>Market Risk</u> – An analysis related to the investments held by the Company has been carried out by the investments team to gather further information on the current risk exposure.

<u>Credit/Counterparty Risk</u> – This risk lies mainly on the risk exposure of the Banks with which the Company has a relationship with. The published financial reports of these banks will be reviewed in order to obtain information about their current strategies in relation to climate change risk. The Company will then be able to establish the risk it is ultimately exposed to. Afterwards, an internal discussion will be conducted to determine whether this risk impacts the Company or not.

<u>Operational/Strategic/Reputational Risk</u> – The Company is mainly dependent on the Group in relation to this risk. Currently an analysis of the transactions made by the Group is being conducted by the ORSA team making use of the Group's published reports together with on-going communication and sharing of information with members of the Group's risk department. Following the risk identification phase different scenarios will be identified in order to be able to quantify the climate change risks that impact the Company.

A full Climate Change risk analysis together with the selected scenario results will be included in the ORSA 2022 report.

C.6 Summary of Risk profile

To ensure the overall consistency of the Solvency II approach, PSA Life Insurance's risk valuations and ORSA process is based on the Standard Formula for the Market and Underwriting risks, whilst case scenario assessments are used for the Operational, Compliance and Strategic Risks. PSA Life Insurance has independently assessed the risks facing its business and compared them against the Standard Formula. Where the Standard Formula is adequate to capture most of its risk profile, the Board decided to use the technical specifications underlying the Standard Formula. Where relevant, additional risks and assessment methodologies were included in the ORSA process, so that the final results reflect more closely the risk profile of PSA Life Insurance Limited.

As part of the analysis, the Board arrived at an independent assessment of capital requirement for each individual risk. When this was comparable to the results from the Standard Formula, the Board took the value from the Standard Formula.

This applies to the following risks:

- Market risk: Interest, Spread, Equity, Currency and Concentration risk
- Default risk
- Life Underwriting risks - Mortality, Catastrophe, Lapse and Expense risk
- Health Underwriting risks – Premium & Reserve, Lapse and Catastrophe risk
- Operational risk

An independent assessment was carried out for other risks where the Board deemed the Standard Formula inadequately reflected the risk. The risks covered are:

- Strategic, Compliance and Operational Risk

When adjustments of parameters were not sufficient to properly reflect PSA Life Insurance's risk profile, a scenario-based approach has been retained. This approach also applies to the Operational, Compliance and Strategic Risks faced by PSA Life Insurance Limited.

The classification of risks into high, medium and low was arrived at after discussion with the risk owners and the Board of Directors. The approach taken by the Company was both quantitative and qualitative in that at initial stages when identifying the risks, all risks have to be considered as neutral not to underestimate any particular risk which can evolve and become significant. The Board's approach was to consider the possible evolution of the risk.

C.7 Stress and Sensitivity testing

PSA Life Insurance Ltd has performed stress and reverse stress tests to show the impact on SCR and SCR Cover by stressing the assumptions associated with the main capital charges. This section provides an indication of the resiliency of the Company's eligible capital to various stress scenarios which management believes should be put under stress. Stress test scenarios were chosen based on the highest impact to the capital of the Company. These scenarios were linked to the Risk Appetite Statement and approved by the Directors.

The following table shows the stress and reverse stress tests carried out together with the action plans put in place in case each scenario materialises. Each action plan is associated with the Committee responsible.

PSA Life Insurance Ltd			Target Risk Appetite (%)	2022 (Y1)	2023 (Y2)	2024 (Y3)
Base Scenario before Dividend Distribution before Stress Tests			110%	240%	223%	197%
No.	Base Scenario before Dividend Distribution after Stress Tests					
1	Drop in sales: Reduction in premium by 10% in Year 1	€709k reduction from a total of €7.1M NEP	110%	244%	223%	198%
2	Transfer Pricing: Commission increase to 45% for CPI in Germany in Year 1	€45k increase on a total of €3.7M	110%	240%	223%	197%
3	Doubling of Early Termination Rate in Year 1	From 19% to 38% (run-off) 8.5% to 17% (OVF) (€678k decrease in	110%	244%	223%	197%
4	Product Compliance: Mortality rate increase by 5 years for all clients	From 0.94% to 1.5%	110%	238%	223%	197%
5	Market risk: Reduction in market value of investments by 20% in Year 1	€4.7M from a total of €23.7M	110%	166%	181%	180%
	Base Scenario before Dividend Distribution after Reverse Stress Tests					
6	Drop in sales: Reduction in premium in Year 1	€7.1M (99.9%) reduction from a total of €7.1M NEP	110%	250%	218%	203%
7	Transfer pricing: Overall commission rate increase in Year 1	From 52% to 203% (€10.7M net commission increase)	110%	109%	121%	135%
8	Loss of Physical Data: GDPR fine which will also target Cyber Risk in Year 1	€14.15M GDPR fine	110%	109%	104%	133%
9	Unexpected increase in cancellation rate: ETR increase in Year 1	From 19% to 99.9% (run-off) 8.5% to 99.9% (OVF)	110%	257%	216%	199%
10	Product Compliance: Mortality rate increase in Year 1	Increase by 19.7 times (from 0.9% to 18.5%)	110%	109%	223%	197%
	Base Scenario before Dividend Distribution after Combined Stress Test					
11	OPEX increase by 5% Reduction of market value of investments by 5% Decrease of 10% in earned premium with loss ratio remaining the same Mortality Rate increase by 50% All tests in Year 1	€1.2M to €1.3M €1.2M from a total of €23.7M €709k from a total of €7.1M From 0.9% to 1.4%	110%	223%	223%	198%

Base Scenario after Dividend Distribution before Stress Tests	110%	221%	200%	174%

Stress Test Result	Action Plan	Responsibility
Reduction in premium by 10% in Year 1 ***(Stress test)*** **Company remains with a comfortable cover position** **Reduction in premium in Year 1** ***(Reverse Stress test)*** **Company remains with a comfortable cover position**	A monthly analysis is provided whereas actual volumes are compared to the Business plan. Any variances are investigated by car registrations, finance and insurance penetration in order to understand the reason for such deviation. These will be highlighted to management and when required a revised Business plan will be prepared including new scenarios. A drop in volumes will consequently result in lower premium. The ultimate effect would be lower profits generated by the Company.	Finance Department
Commission increase to 45% for CPI in Germany in Year 1. ***(Stress Test)*** **Company remains with a comfortable cover position.** **Overall commission increase in Year 1.** ***(Reverse Stress Test)*** **Company falls below the target risk appetite.**	If a global commission increase were to occur, the Board must take immediate strategic actions to improve the Solvency situation of the Company. The following actions may be taken: 1. Cease business in a particular country if absolutely required. 2. Reconsider the viability of PSA Life Insurance as a Maltese Company, reconsidering the re domiciliation of the Company if necessary. 3. Increasing the premium to the end customer so that the technical result remains unchanged. 4. Implement actions to increase sales.	Board of Directors
Doubling of Early Termination Rate in Year 1 ***(Stress test)*** **Company remains with a comfortable cover position** **Increase in Early Termination Rate in Year 1** ***(Reverse Stress test)*** **Company remains with a comfortable cover position**	An ETR analysis is performed monthly whereas the actual ETR is compared to budget month by month by production year and type of product. Variances are then reported during committees.	Finance Department

Reduction of market value of investments by 20% in Year 1 ***(Stress test)*** **Company remains with a comfortable cover position.**	This scenario is likely to happen due to the current economic situation impacted by the pandemic. The Company exercises a monthly set of controls to monitor the investments portfolio. In the event there is a material decrease in the market value of the investments a decision would be taken by the Investment Committee which could include the disposal of the investments impacted to limit the loss incurred.	Finance Department / Investment Committee
Mortality rate increase in Year 1 ***(Stress test)*** **Company remains with a comfortable cover position.** **Mortality rate increase in Year 1** ***(Reverse Stress test)*** **Company falls below the target risk appetite.**	There are controls in place both from the back office at the Banking JVs and also quarterly detective controls are done by the Statistical department to make sure that all policies satisfy the underwriting eligibility conditions. Furthermore, an age-cohort analysis report is updated on a monthly basis, by the Statistical Department to monitor the average age of the portfolio as well as analysing the policies and claims per age-cohort.	Technical Committee
GDPR fine in Year 1. ***(Reverse Stress test)*** **Company falls below the target risk appetite.**	An external DPO was appointed to provide guidance to Compliance with regards to GDPR monitoring and controls. Moreover, additional controls imposed by the Group are also being followed.	Data Protection Officer

D. Valuation for Solvency Purposes

PSA Life Insurance presents below the information regarding the valuation of assets for Solvency II purposes including (for each material class of assets):

a) A quantitative explanation of any material differences between the asset values for Solvency II purposes and those used for financial reporting bases.
b) A description of the assets valuation bases, methods and main assumptions used for solvency purposes and those used for financial reporting in the statutory accounts.

D.1 Assets

PSA Life Insurance Ltd Assets (EUR)	Current Accounting Basis	SII Valuation Principles
Deferred Acquisition Costs	3,737,587	
Intangible Assets	29,279	
Deferred Tax Assets	297,217	297,217
Investments	23,671,413	23,671,413
Collective Investments Undertakings	23,671,413	23,671,413
Insurance & Intermediaries Receivables	4,703,888	1,696,643
Receivables (trade, not insurance)	3,927	0
Cash & Cash Equivalents	10,387,954	10,387,954
Any Other Assets, Not Elsewhere Shown	10,394	10,394
Total assets	**42,841,660**	**36,063,622**

The differences between IFRS and Solvency II valuation stems from the following:

Deferred Acquisition Costs: These are accounted for under IFRS but are not recognised on the Solvency II Balance Sheet. The deferred acquisition costs relate to the commissions paid by the Company which are accounted for over the duration of the insurance contract, which is on average four years.

Intangible Assets: These are not available on the market thus they are disallowed as an asset for Solvency II purposes.

Insurance & Intermediaries Receivables: For the purpose of Counterparty Default risk calculation, the commission payable directly related to the insurance receivables is netted off the insurance receivables. This adjustment is carried out in the Solvency II Balance Sheet. The concept is that no commission is payable if the insurance receivables are not settled.

Receivables (trade, not insurance): For the purpose of Counterparty Default risk calculation, the payables directly related to the non-insurance receivables are netted off the non-insurance receivables.

No further differences arise between the IFRS and Solvency II Balance Sheet.

D.2 Technical Provisions

PSA Life Insurance covers two lines of business which are Other Life and Income Protection Insurance. The reserving methodology applied by the Company consists of the Premium Provision ('PP') and the Provision for Claims Outstanding ('PCO'). In order to assess the PP, the Simplification Method is used which applies the combined ratio.

The combined ratio which is applied to the Unearned Premium Reserve ('UPR') is made up of:

- The Ultimate Loss Ratio ('ULR') per product
- The Expense Ratio – for claims handling
- Events not in Data ('ENID') Loading

The ULR is calculated on a quarterly basis using a deterministic methodology (the chain ladder model) and is based on historical data for those products having a sufficient amount available. When insufficient data is available, mainly when the product is very small, the ULR is kept equal to the Target Loss Ratio ('TLR'). An expense ratio of 3% is used for all the products. In addition to that, an ENID loading of 3% is applied on all products. Once the combined ratio is applied to the UPR this results in the PP which is then split between the lines of business. The PCO is arrived at by applying the ULR to the Earned Premium and deducting the amount paid for claims. Again, the PCO is then split between the lines of business.

Once the PP and PCO are split between the lines of business, the Risk-Free Interest Rates for the different currencies are applied to the PP and PCO. This gives the discounted PP and PCO which are then summed up to get the Best Estimate for the life company. The Risk Margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance obligations over the lifetime thereof. The Solvency II value for technical provisions, made up of Best Estimate and risk margin, as at 31st December 2021, amounts to €7,238,058 for Other Life and €5,244,508 for Income Protection Insurance.

The level of uncertainty associated with the technical provisions is mainly due to the underlying assumptions taken which include the Expense Ratio, ENID loading and the ULR. The Expense Ratio is close to what is booked in accounting however it remains an estimate. The ENID loading is also an estimate as the 3% is based on market data. The main assumption taken is the estimate of the ULR. The ULR causes uncertainty due to the many factors which contribute to its estimation such as the pricing of each product, claim loss create delay, the average claim cost used and the claims frequency.

According to the valuation in the financial statements, the Gross Technical Provisions for Other Life amounts to €18,635,885 while for Income Protection Insurance this amounts to €9,194,145. The Best Estimate (without risk margin) for Other Life amounts to €7,190,416 while for Income Protection Insurance €5,153,791. The difference between these values is due to the calculations used in the PP and the PCO to get the Solvency II technical provisions as explained before.

For the PP, a percentage is applied to the UPR, which percentage is made up of the combined ratio as explained at the beginning of this section. For the PCO, the ULR is applied to the Earned Premium and the amount paid for claims is then deducted. Under the IFRS technical provisions the TLR is used instead of the ULR. Since the ULR represents the ultimate loss ratio it is lower than the TLR as the latter has a sufficient prudency buffer.

Furthermore, a 3% ENID loading is included in the combined ratio for all products that caters for any unexpected events which are not present in the Company's data, which impacts the premium provision.

D.3 Other Liabilities

PSA Life Insurance Ltd Liabilities (EUR)	Current Accounting Basis	SII Valuation Principles
Gross Technical Provisions - Health (Similar to Non-Life)	9,194,145	5,244,508
TP calculated as a whole (Best estimate + Risk margin)	9,194,145	
Best Estimate		5,153,791
Risk margin		90,717
Gross technical provisions – life (excl health and unit-linked)	18,635,885	7,238,058
TP calculated as a whole (Best estimate + Risk margin)	18,635,885	
Best Estimate		7,190,416
Risk margin		47,642
Deferred Tax Liabilities		4,053,209
Insurance & intermediaries payables	5,374,226	2,366,982
Payables (trade, not insurance)	5,762,364	5,758,437
Any other liabilities, not elsewhere shown	175,040	175,040
Total liabilities	**39,141,660**	**24,836,234**

The differences between IFRS and Solvency II valuation for Liabilities arise from the following:

Technical provisions: These are valued for Solvency II purposes by applying a Target Loss Ratio and an Expense Ratio and then discounting using the risk-free rates provided by EIOPA. A risk margin is then added to the best estimates to obtain the Solvency II value for technical provisions.

Deferred Tax Liability: This arises due to differences in valuation principles between tax accounting basis and Solvency II basis.

Payables: For the purpose of Counterparty Default risk calculation, the commission payable directly related to the insurance receivables is netted off the insurance receivables. This is explained under section D.1 Assets and as a result the value for Insurance & Intermediaries payables is lower than its value under IFRS. This is also applied to the Payables (trade, not insurance) where payables related to the same counterparty are netted off.

No further differences arise between the IFRS and Solvency II Balance Sheet.

D.4 Alternative Methods for Valuation

No other material information regarding the valuation of assets and liabilities warrants disclosure.

E. Capital Management

All of this information is set out in the Capital Management Policy of the Company. PSA Life Insurance must meet the following requirements:

i.) Maintain a sufficient capital base which:

- Meets the business strategy and risk appetite for capital, as set out in PSA's 'Risk Appetite Standard'; and
- Complies with Solvency II regulatory requirements.

ii.) Efficient Capital: PSA Life Insurance must implement efficient use of capital as suited to the Company, consistent with the risk appetite as set out in PSA Life Insurance 'Risk Appetite Standard'.

iii.) Reinsurance Strategy: PSA Life Insurance must implement the most efficient reinsurance strategy suited to purpose and incorporate Solvency Fabric modelling when setting its reinsurance strategy.

iv.) Consistency with System of Governance: PSA Life Insurance must manage its capital consistent with the System of Governance, specifically Risk Management Framework.

v.) Tier Capital and Own Funds: PSA Life Insurance must make sure that they continuously hold sufficient eligible Own Funds to cover capital requirement.

vi.) Monitoring of Capital Positions: The CEO must make sure that there is regular, timely and effective monitoring of capital positions. So that capital efficiency and a sufficient capital base are maintained. The actual Capital Base, International Financial Reporting Standards (IFRS) Equity, Solvency II Equity, SCR coverage ratio and return on key asset classes must be calculated and reviewed at least annually in line with ORSA Policy.

On a yearly basis, PSA Life Insurance carries out a medium term financial plan (3 years). Once finalised, the SCR projections are carried out to ensure that the capital held is sufficient. If throughout the year material changes in the business were to occur the financial projections will be revised.

PSA Life Insurance also takes into account in the capital management plan the output from the risk management system and the forward looking assessment of the undertaking's own risks (based on the ORSA principles).

E.1 Own Funds

PSA Life Insurance Ltd Basic Own Fund Items (EUR)	Own Funds Tiering			
	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ordinary share capital (net of own shares)	3,700,000			
Ordinary share capital (gross of own shares)	3,700,000			
Reconciliation reserve	7,527,388			
Excess of assets over liabilities	11,227,388			
Other basic own fund items	3,700,000			
Total Basic own funds	11,227,388	-	-	-

The Own Funds of the Company are made up of Tier 1 unrestricted capital. This is made up of the ordinary share capital and reconciliation reserve. There has been no changes in the structure of the Own Funds items from previous reporting period.

Loss Absorbing Capacity of Deferred Taxes

The Company does not make use of the adjustment available for the loss absorbing capacity of deferred taxes ('LAC DT') to the SCR, in accordance with Article 108 of the Solvency II Directive and corresponding Delegated Acts, in both the Standard Formula and ORSA calculations.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

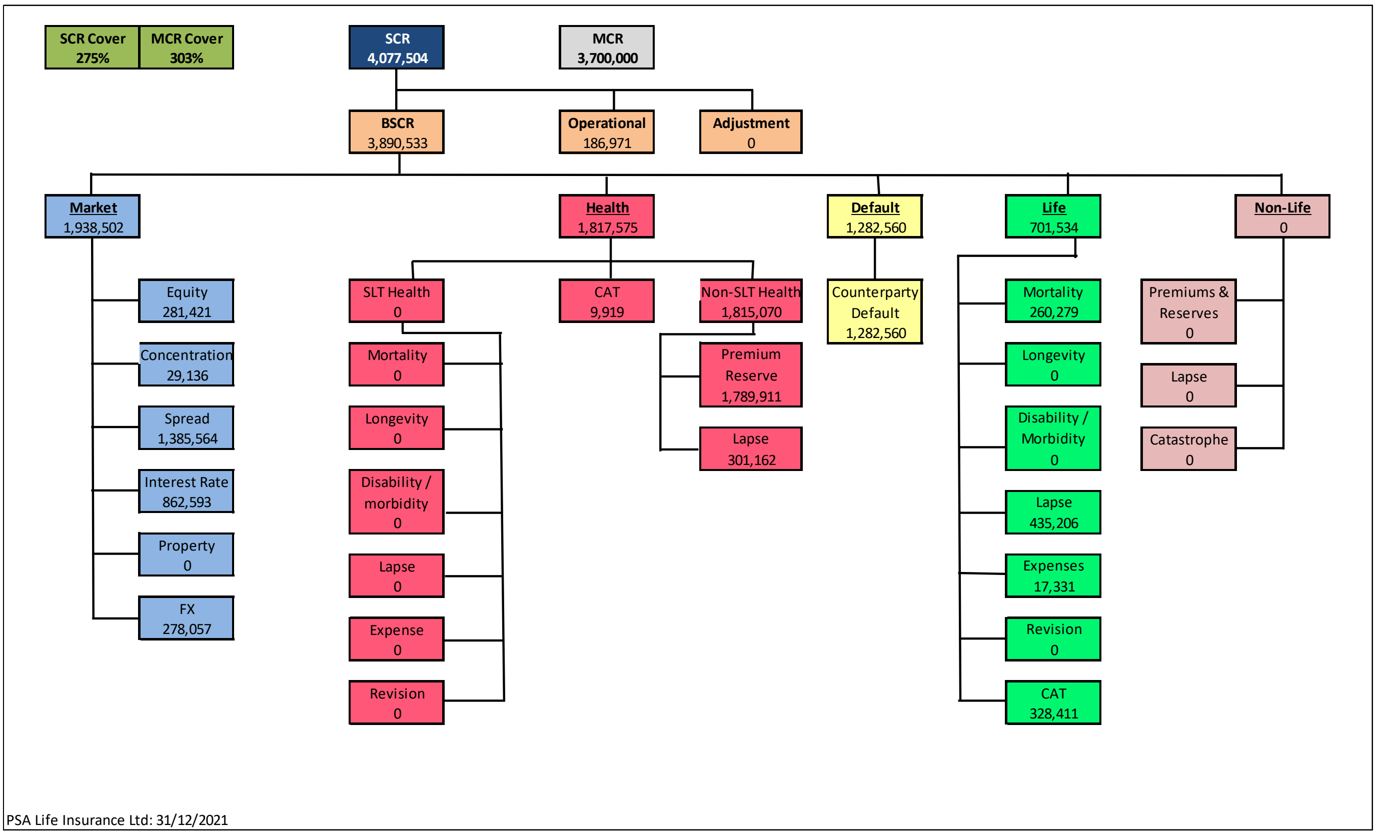
Solvency position

Solvency	Capital requirement	Eligible capital	Solvency ratio	MCR as % SCR
SCR	4,077,504	11,227,388	275.3%	90.7%
MCR	3,700,000	11,227,388	303.4%	0

Composition	Available capital	Eligible capital for SCR	Shortfall SCR	Eligible MCR	Shortfall MCR
Tier 1 unrestricted	11,227,388	11,227,388	0	11,227,388	0
Tier 1 restricted	0	0		0	
Tier 2 basic	0	0		0	
Tier 2 ancillary	0	0			
Tier 3	0	0			
Tier 3 ancillary	0	0			

PSA Life Insurance Ltd Basic Own Fund Items (EUR)	Current Accounting Basis	SII Valuation Principles
Ordinary share capital (net of own shares)	3,700,000	3,700,000
Ordinary share capital (gross of own shares)		3,700,000
Reconciliation reserve		7,527,388
Excess of assets over liabilities		11,227,388
Other basic own fund items		3,700,000
Total Basic own funds	3,700,000	11,227,388

The Excess of assets over liabilities for Solvency II valuation purposes is slightly higher than the Equity as per financial statements (€11,227,388 vs €3,700,000) due to the differences between the Solvency II and IFRS Balance Sheet as explained previously.



The main driver of the SCR is the Market risk which consists of Equity, Concentration, Spread, Interest Rate and Currency Risks. These are mainly driven by the level of investments held by the Company.

The company uses Simplification Method 1 for the calculation of the risk margin as per Guideline 62 – '*Hierarchy of methods for the calculation of the risk margin*' forming part of the '*Guidelines on the valuation of technical provisions*' issued by EIOPA. This has an effect on the value of Own Funds and no direct effect on any risk module or sub-module.

Minimum Capital Requirement (MCR)	
MCR	**3,700,000**

MCR - Combined	
MCR Combined	**1,094,344**

Cap	1,834,877
Floor	1,019,376

MCR - Linear	
MCR Linear	**1,094,344**
MCR Linear - Non-Life	**790,086**
MCR Linear - Life	**304,257**

Parameters	
Cap	45%
Floor	25%
AMCR	3,700,000

Non-Life

Line of Business	Net Technical Provisions	Net Premium Written	Parameters		MCR NL
			α	β	
Medical Expense	0	0	5%	5%	0
Income Protection	5,153,791	1,352,233	13%	9%	790,086
Workers' Compensation	0	0	11%	8%	0
Motor Vehicle Liability	0	0	9%	9%	0
Other Motor	0	0	8%	8%	0
Marine, Aviation & Transport	0	0	10%	14%	0
Fire & Other Damage to Property	0	0	9%	8%	0
General liability insurance	0	0	10%	13%	0
Credit & Suretyship	0	0	18%	11%	0
Legal Expenses	0	0	11%	7%	0
Assistance	0	0	19%	9%	0
Miscellaneous Financial Loss	0	0	19%	12%	0
NPR - Health	0	0	19%	16%	0
NRP - Property	0	0	19%	16%	0
NPR - Casualty	0	0	19%	16%	0
NPR - Marine, Aviation & Transport	0	0	19%	16%	0

Life

Net Technical Provisions		Factor
Indexed and Unit Linked	-	0.70%
All other Life (Excluding With Profits and Linked)	7,190,416	2.10%
CAR	218,940,829	0.07%

There were no instances of non-compliance with the MCR or SCR throughout the reporting period.

Movements in SCR during 2021

PSA Life Insurance Ltd		Dec-20 Actual €(000)	Dec-21 Actual €(000)
SOLVENCY CAPITAL REQUIREMENT COVER		290%	275%
SOLVENCY II ELIGIBLE CAPITAL		13,293	11,227
SOLVENCY CAPITAL REQUIREMENT		4,585	4,078
MINIMUM CAPITAL REQUIREMENT		3,700	3,700
LOSS ABSORBING CAPACITY OF DEFERRED TAX		0	0
SOLVENCY CAPITAL REQUIREMENT BEFORE LAC DT		4,585	4,078
OPERATIONAL RISK		175	187
BASIC SOLVENCY CAPITAL REQUIREMENT		4,410	3,891
DIVERSIFICATION CREDIT		(1,685)	(1,850)
BASIC SOLVENCY CAPITAL REQUIREMENT PRE-DIV		6,095	5,740
SUB CATEGORIES			
LIFE UNDERWRITING RISK	Mortality Risk	195	260
	Longevity Risk	0	0
	Disability Risk	0	0
	Expense Risk	18	17
	Revision Risk	0	0
	Lapse Risk	0	435
	Catastrophe Risk	180	328
	SCRlife Pre-Div	394	1,041
	SCRlife Div Credit	(90)	(340)
	SCRlife Post Div	303	702
HEALTH UNDERWRITING RISK	Premium and Reserve Risk	1,510	1,790
	Lapse Risk	0	301
	SCRnslthealth Pre-Div	1,510	2,091
	SCRnslthealth Div Credit	0	(276)
	SCRnslthealth Post Div	1,510	1,815
	Catastrophe Risk	6	10
	SCRhealth Pre-Div	1,515	1,825
	SCRhealth Div Credit	(4)	(7)
	SCRhealth Post Div	1,511	1,818
MARKET RISK	Interest Rate Risk	223	863
	Equity Risk	474	281
	Property Risk	0	0
	Spread Risk	676	1,386
	Currency Risk	48	278
	Concentration Risk	220	29
	SCRmkt Pre-Div	1,641	2,837
	SCRmkt Div Credit	(503)	(898)
	SCRmkt Post Div	1,138	1,939
COUNTERPARTY DEFAULT RISK	Type 1 Exposures	997	1,079
	Type 2 Exposures	2,324	256
	SCRdef Pre-Div	3,322	1,335
	SCRdef Div Credit	(179)	(53)
	SCRdef Post Div	3,142	1,283

The SCR reduced whereas the MCR remained the same as in previous year during the reporting period ended 31st December 2021.

The SCR decreased mainly due to the reduction in the Counterparty Default Risk Type 2 exposures following the netting off of the directly related insurance payables from insurance receivables as explained under section D.1.

The MCR remained the same as in previous year, i.e. €3.7M which is equal to the Absolute Minimum Capital Requirement (‘AMCR’). Despite the increase in the sum insured for the life portion of the MCR and increase in reserves for the Non-life portion, the Combined MCR remained below the AMCR.

Following the distribution of dividend, the SCR Cover is lower than the previous year however well within the risk appetite limit of the Company.

Appendix 1: List of Quantitative Reporting Templates (QRTs) for Public Disclosure

The following table lists down the QRTs that require to be publicly disclosed as applicable to the Company:

TEMPLATE REFERENCE	TEMPLATE DESCRIPTION
S.02.01.02	Balance Sheet
S.05.01.02	Information on premiums, claims and expenses
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Specifying information on life and health SLT technical provisions
S.23.01.01	Information on Own Funds
S.25.01.21	Information on the Solvency Capital Requirement calculated using the Standard Formula
S.28.01.01	The Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity

SE.02.01.16.01 Balance sheet

			Solvency II value	Statutory accounts value	Reclassification adjustments
			C0010	C0020	EC0021
Assets	Goodwill	R0010			
	Deferred acquisition costs	R0020		3,737,587	
	Intangible assets	R0030		29,279	
	Deferred tax assets	R0040	297,217	297,217	
	Pension benefit surplus	R0050			
	Property, plant & equipment held for own use	R0060			
	Investments (other than assets held for index-linked and unit-linked contracts)	R0070	23,671,413	23,671,413	
	Property (other than for own use)	R0080			
	Holdings in related undertakings, including participations	R0090			
	Equities	R0100			
	Equities - listed	R0110			
	Equities - unlisted	R0120			
	Bonds	R0130			
	Government Bonds	R0140			
	Corporate Bonds	R0150			
	Structured notes	R0160			
	Collateralised securities	R0170			
	Collective Investments Undertakings	R0180	23,671,413	23,671,413	
	Derivatives	R0190			
	Deposits other than cash equivalents	R0200			
	Other investments	R0210			
	Assets held for index-linked and unit-linked contracts	R0220			
	Loans and mortgages	R0230			
	Loans on policies	R0240			
	Loans and mortgages to individuals	R0250			
	Other loans and mortgages	R0260			
	Reinsurance recoverables from:	R0270			
	Non-life and health similar to non-life	R0280			
	Non-life excluding health	R0290			
	Health similar to non-life	R0300			
	Life and health similar to life, excluding health and index-linked and unit-linked	R0310			
	Health similar to life	R0320			
	Life excluding health and index-linked and unit-linked	R0330			
	Life index-linked and unit-linked	R0340			
	Deposits to cedants	R0350			
	Insurance and intermediaries receivables	R0360	1,696,643	4,703,888	
	Reinsurance receivables	R0370			
	Receivables (trade, not insurance)	R0380		3,927	
	Own shares (held directly)	R0390			
	Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400			
	Cash and cash equivalents	R0410	10,387,954	10,387,954	
	Any other assets, not elsewhere shown	R0420	10,394	10,394	
	Total assets	R0500	36,063,621	42,841,660	
Liabilities	Technical provisions - non-life	R0510	5,244,508	9,194,145	
	Technical provisions - non-life (excluding health)	R0520			
	Technical provisions calculated as a whole	R0530			
	Best Estimate	R0540			
	Risk margin	R0550			
	Technical provisions - health (similar to non-life)	R0560	5,244,508	9,194,145	
	Technical provisions calculated as a whole	R0570			
	Best Estimate	R0580	5,153,791		
	Risk margin	R0590	90,717		
	Technical provisions - life (excluding index-linked and unit-linked)	R0600	7,238,058	18,635,885	
	Technical provisions - health (similar to life)	R0610			
	Technical provisions calculated as a whole	R0620			
	Best Estimate	R0630			
	Risk margin	R0640			
	Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	7,238,058	18,635,885	
	Technical provisions calculated as a whole	R0660			
	Best Estimate	R0670	7,190,416		
	Risk margin	R0680	47,642		
	Technical provisions - index-linked and unit-linked	R0690			
	Technical provisions calculated as a whole	R0700			
	Best Estimate	R0710			
	Risk margin	R0720			
	Other technical provisions	R0730			
	Contingent liabilities	R0740			
	Provisions other than technical provisions	R0750			
	Pension benefit obligations	R0760			
	Deposits from reinsurers	R0770			
	Deferred tax liabilities	R0780	4,053,209		
	Derivatives	R0790			
	Debts owed to credit institutions	R0800			
	Debts owed to credit institutions resident domestically	ER0801			
	Debts owed to credit institutions resident in the euro area other than domestic	ER0802			
	Debts owed to credit institutions resident in rest of the world	ER0803			
	Financial liabilities other than debts owed to credit institutions	R0810			
	Debts owed to non-credit institutions	ER0811			
	Debts owed to non-credit institutions resident domestically	ER0812			
	Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813			
	Debts owed to non-credit institutions resident in rest of the world	ER0814			
	Other financial liabilities (debt securities issued)	ER0815			
	Insurance & intermediaries payables	R0820	2,366,982	5,374,226	
	Reinsurance payables	R0830			
	Payables (trade, not insurance)	R0840	5,758,437	5,762,364	
	Subordinated liabilities	R0850			
	Subordinated liabilities not in Basic Own Funds	R0860			
	Subordinated liabilities in Basic Own Funds	R0870			
	Any other liabilities, not elsewhere shown	R0880	175,040	175,040	
	Total liabilities	R0900	24,836,234	39,141,660	
Excess of assets over liabilities		R1000	11,227,388	3,700,000	

S.05.01.01.02 Life
Z Axis:

				Line of Business for: life insurance obligations				Total
				Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
				C0210	C0220	C0230	C0240	C0300
Premiums written	Gross		R1410				3,071,536	3,071,536
	Reinsurers' share		R1420					
	Net		R1500				3,071,536	3,071,536
Premiums earned	Gross		R1510				3,166,210	3,166,210
	Reinsurers' share		R1520					
	Net		R1600				3,166,210	3,166,210
Claims incurred	Gross		R1610				(1,381,776)	(1,381,776)
	Reinsurers' share		R1620					
	Net		R1700				(1,381,776)	(1,381,776)
Changes in other technical provisions	Gross		R1710					
	Reinsurers' share		R1720					
	Net		R1800					
Expenses incurred			R1900				1,605,510	1,605,510
	Administrative expenses	Gross	R1910					
		Reinsurers' share	R1920					
		Net	R2000					
	Investment management expenses	Gross	R2010					
		Reinsurers' share	R2020					
		Net	R2100					
	Claims management expenses	Gross	R2110					
		Reinsurers' share	R2120					
		Net	R2200					
	Acquisition expenses	Gross	R2210				1,605,510	1,605,510
		Reinsurers' share	R2220					
		Net	R2300				1,605,510	1,605,510
	Overhead expenses	Gross	R2310					
		Reinsurers' share	R2320					
		Net	R2400					
Other expenses			R2500					39,844
Total expenses			R2600					1,645,354
Total amount of surrenders			R2700					

S.05.02.01.06 Total Top 5 and home country - life obligations

Z Axis:

			Life and Health SLT Total Top 5 and home country
			C0280
Premiums written	Gross	R1410	3,025,516
	Reinsurers' share	R1420	
	Net	R1500	3,025,516
Premiums earned	Gross	R1510	3,112,297
	Reinsurers' share	R1520	
	Net	R1600	3,112,297
Claims incurred	Gross	R1610	(1,076,147)
	Reinsurers' share	R1620	
	Net	R1700	(1,076,147)
Changes in other technical provisions	Gross	R1710	
	Reinsurers' share	R1720	
	Net	R1800	
Expenses incurred		R1900	1,588,050
Other expenses		R2500	0
Total expenses		R2600	1,588,050

S.12.01.01.01 Life and Health SLT Technical Provisions

				Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Total (Life other than health insurance, incl. Unit-Linked)
				C0060	Contracts without options and guarantees	Contracts with options or guarantees		
					C0070	C0080	C0090	C0150
Technical provisions calculated as a whole			R0010					
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole			R0020					
Technical provisions calculated as a sum of BE and RM	Best Estimate	Gross Best Estimate	R0030		7,190,416			7,190,416
		Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040					
		Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050					
		Recoverables from SPV before adjustment for expected losses	R0060					
		Recoverables from Finite Re before adjustment for expected losses	R0070					
		Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080					
		Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090		7,190,416			7,190,416
	Risk Margin		R0100	47,642				47,642
Amount of the transitional on Technical Provisions	Technical Provisions calculated as a whole		R0110					
	Best estimate		R0120					
	Risk margin		R0130					
Technical provisions - total			R0200	7,238,058				7,238,058
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total			R0210	7,238,058				7,238,058
Best Estimate of products with a surrender option			R0220					
Gross BE for Cash flow	Cash out-flows	Future guaranteed and discretionary benefits	R0230					
		Future guaranteed benefits	R0240					
		Future discretionary benefits	R0250					
		Future expenses and other cash out-flows	R0260					
	Cash in-flows	Future premiums	R0270					
		Other cash in-flows	R0280					
Percentage of gross Best Estimate calculated using approximations			R0290					
Surrender value			R0300					
Best estimate subject to transitional of the interest rate			R0310					
Technical provisions without transitional on interest rate			R0320					
Best estimate subject to volatility adjustment			R0330					
Technical provisions without volatility adjustment and without others transitional measures			R0340					
Best estimate subject to matching adjustment			R0350					
Technical provisions without matching adjustment and without all the others			R0360					

S.23.01.01.01 Own funds

Z Axis:

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	3,700,000	3,700,000			
	Share premium account related to ordinary share capital	R0030					
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
	Subordinated mutual member accounts	R0050					
	Surplus funds	R0070					
	Preference shares	R0090					
	Share premium account related to preference shares	R0110					
	Reconciliation reserve	R0130	7,527,388	7,527,388			
	Subordinated liabilities	R0140					
	An amount equal to the value of net deferred tax assets	R0160					
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions	Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions		R0290	11,227,388	11,227,388			
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300					
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
	Unpaid and uncalled preference shares callable on demand	R0320					
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
	Other ancillary own funds	R0390					
Total ancillary own funds		R0400					
Available and eligible own funds	Total available own funds to meet the SCR	R0500	11,227,388	11,227,388			
	Total available own funds to meet the MCR	R0510	11,227,388	11,227,388			
	Total eligible own funds to meet the SCR	R0540	11,227,407	11,227,388			
	Total eligible own funds to meet the MCR	R0550	11,227,280	11,227,388			
SCR		R0580	4,077,504				
MCR		R0600	3,700,000				
Ratio of Eligible own funds to SCR		R0620	275.35%				
Ratio of Eligible own funds to MCR		R0640	303.44%				

S.23.01.01.02 Reconciliation reserve

Z Axis:

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	11,227,388
	Own shares (held directly and indirectly)	R0710	
	Foreseeable dividends, distributions and charges	R0720	
	Other basic own fund items	R0730	3,700,000
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve		R0760	**7,527,388**
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)		R0790	

S.25.01.01.01 Basic Solvency Capital Requirement

Z Axis:, No

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	1,938,502	1,938,502	
Counterparty default risk	R0020	1,282,560	1,282,560	
Life underwriting risk	R0030	701,534	701,534	
Health underwriting risk	R0040	1,817,575	1,817,575	
Non-life underwriting risk	R0050	0	0	
Diversification	R0060	(1,849,638)	(1,849,638)	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	3,890,533	3,890,533	

S.28.01.01.05 Overall MCR calculation

Z Axis:

		C0070
Linear MCR	R0300	1,094,344
SCR	R0310	4,077,544
MCR cap	R0320	1,834,877
MCR floor	R0330	1,019,376
Combined MCR	R0340	1,094,344
Absolute floor of the MCR	R0350	3,700,000
Minimum Capital Requirement	R0400	3,700,000