PrismaLife AG 2018
Solvency and Financial Condition Report (SFCR)

Sustainable wealth accumulation
from Liechtenstein

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ABBREVIATIONS

AG	Aktiengesellschaft | joint stock corporation
Art.	Article
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHF	Swiss Franc
EC	European Community
EEA	European Economic Area
ESG	Environment, Social, Governance
EUR	Euro
€k	Euros in thousands
GmbH	Gesellschaft mit beschränkter Haftung | limited liability company
GRC	Governance, Risk, Compliance
ICS	Internal Control System
IDD	Insurance Distribution Directive
MCR	Minimum Capital Requirement
ORSA	Own Risk and Solvency Assessment
PGR	Personen- und Gesellschaftsrecht | Persons and Companies Law
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
VersAG	Versicherungsaufsichtsgesetz | Act on the Supervision of Insurance Undertakings

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SUMMARY

Upon the introduction of Solvency II new disclosure obligations came into force with the aim of establishing market transparency in the European insurance industry. This Solvency and Financial Condition Report (SFCR) is part of this new reporting system and contains quantitative and qualitative information on PrismaLife AG's solvency and financial condition. The subject of this SFCR is the 2018 reporting year. Accordingly, unless otherwise indicated, the quantitative information in this report relates to the reporting date of 31 December 2018.[1]

Increasing profit for the year through focus and further successes in consolidation

In the financial year of 2018, PrismaLife AG generated a profit for the year of €5,337k. The main driver for the 6.7% increase in earnings is the significant improvement in the cost result, which is due partly to a reduction in administrative costs. The realignment of investments for the cover pool, in which ESG criteria are applied, is also noteworthy. Premium income in 2018 fell in line with expectations to €138,276k. In view of PrismaLife AG's major realignment, the Executive Board also expects surpluses for the next few years, which will contribute to further strengthening solvency.

Details of PrismaLife AG's business and performance can be found in Section A.

Further development of the system of governance

Section B provides insight into the design of PrismaLife AG's system of governance, which contributes to ensuring solid and cautious management of the business through a raft of structural and procedural rules. PrismaLife AG has systematically geared its system of governance to the requirements of Solvency II; the focus in the reporting year here was on further developing the system of governance, particularly the Internal Control System, and on reviewing internal guidelines.

PrismaLife AG also utilizes a comprehensive risk management system that is designed so that the risks taken and potential risks, including their interdependencies, are continuously identified, measured, monitored, managed and reported. This is regularly conducted as a part of an Own Risk and Solvency Assessment on an individual and aggregated basis.

Details of PrismaLife AG's system of governance can be found in Section B.

Effective measures have been taken to reduce risk

Unit-linked insurance represents the majority of PrismaLife AG's insurance portfolio. This corresponds to a risk profile that can be appropriately quantified with the standard formula. The most significant risk category for PrismaLife AG is underwriting risk, followed by market risk.

In the reporting period, unquantifiable risks, particularly cyber risks, became a focus for PrismaLife AG. Global hacker attacks on companies have shown that cyber risks are becoming an increasing threat. For this reason, a cyber risk assessment in which the internal and external threats are stressed is conducted once a year at PrismaLife AG. The aim of this audit is to identify possible vulnerabilities and introduce measures to remedy these in good time. In addition, possible

[1] In accordance with regulatory requirements, financial amounts are stated rounded to the nearest thousand. Totals are calculated on the basis of unrounded amounts and then rounded to the nearest thousand euros for the purpose of the report. This may result in minor rounding differences in the report's tables.

threat scenarios are identified monthly with the aid of a cyber threat report.

Details of PrismaLife AG's risk profile can be found in Section C.

No use of adjustments or transitional measures

When measuring its assets and liabilities for solvency purposes, PrismaLife AG does not use any of the adjustments or transitional measures provided by the European legislator in order to facilitate the transition to the new Solvency II supervisory system.

The market value balance sheet shows an excess of assets over liabilities of €108,157k. This exceeds the capital and reserves of the PGR balance sheet by €78,793k.

Details of PrismaLife AG's valuation for solvency purposes can be found in Section D.

SCR ratio increased to 130%

PrismaLife AG's available own funds of €115,157k comprise the excess of assets over liabilities of €108,157k plus subordinated liabilities of €7,000k. All available own funds are fully eligible to cover the Solvency Capital Requirement.

As of 31 December 2018, the cover ratio of the Solvency Capital Requirement (SCR ratio) – without the use of adjustments or transitional measures – was 130%. The cover ratio of the Minimum Capital Requirement (MCR ratio) was 510%. The cover ratios thus satisfy the requirements of Solvency II, and the current risk situation is within the risk-bearing capacity of the Company.

No non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement occurred during the reporting period.

Details of PrismaLife AG's capital management can be found in Section E.

Responsible finance – sustainable pensions and insurance with foresight

Responsible finance is more than a special form of investment. It is not just about the sustainable alignment of PrismaLife AG's own investments and customers' investment options within their personal pensions or insurance, but also about using sustainable approaches in the Company's day-to-day business and taking social and societal responsibility. PrismaLife AG therefore launched an intensive development process in the reporting period and developed a set of values centring around conscious interaction with each other and customers and conscientious use of resources. Our involvement with "Waterfootprint.li" together with the "Drink & Donate" initiative is just one example of how this approach is realised in practice.

A Business and Performance

A.1 BUSINESS

PrismaLife AG, founded on 29 November 2000 and entered in the Commercial Register of the Principality of Liechtenstein under register number FL-0002.027.093-3, is a Liechtenstein life insurance company with its head office in Ruggell:

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Industriering 40
9491 Ruggell
Liechtenstein

Phone: +423 237 00 00
Fax: +423 237 00 09
Email: kundenservice@prismalife.com
www.prismalife.com

The competent supervisory authority is:

Financial Market Authority Liechtenstein (FMA)
Landstrasse 109
Postfach 279
9490 Vaduz
Liechtenstein

Phone: +423 236 73 73
Fax: +423 236 73 74
Email: info@fma-li.li
www.fma-li.li

The external audit of the annual financial statements is conducted by accountancy firm Ernst & Young Ltd.:

Ernst & Young Ltd.
Maagplatz 1
8010 Zurich
Switzerland

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
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Holder of a qualifying stake as at 31 December 2018 (pursuant to VersAG Art. 10 (1) no. 36):

Onesty Group GmbH
Marktplatz 10
6800 Feldkirch
Austria

Phone: +43 5522 731 10 12
Fax: +43 5522 73 11 04
www.onesty-group.com

The size of the stake is 93.68%.

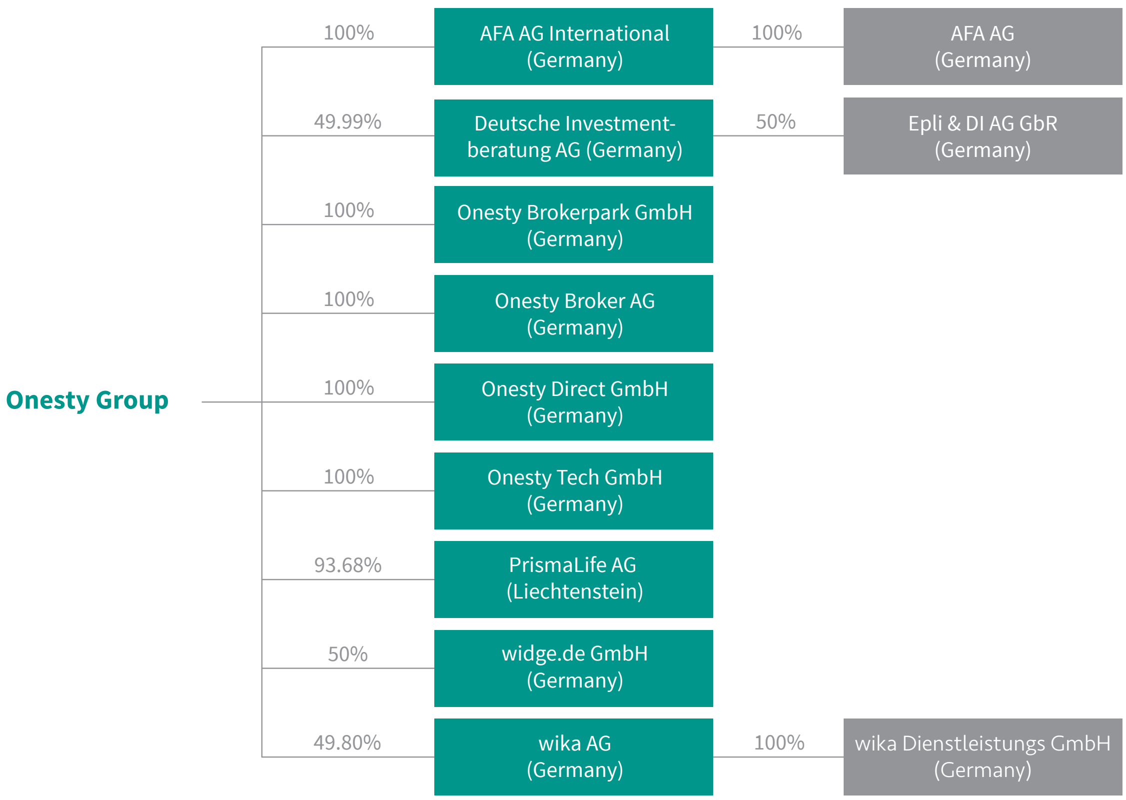

Figure 1: **Group Organisational Chart**

Onesty Group GmbH is a legally independent financial services company. It was founded in 2004 and brings together numerous companies with activities in Germany under one roof. It identifies business models and either independently develops these in its own subsidiaries or invests in existing companies.

In addition to strategically important subsidiaries, Onesty Group GmbH also holds financial participations in various companies with the aim of capturing, identifying and participating in environmental changes and market trends.

Since 18 December 2001, PrismaLife AG has held a licence for life insurance for the Principality of Liechtenstein, Switzerland and EEA countries and operates direct and indirect insurance business in life insurance classes 1 and 3:

- Class 1 life insurance – supplementary insurance for disability and health
- Class 3 unit-linked life insurance – survival or death insurance, annuities, supplementary insurance for disability

Unit-linked insurance represents the majority of PrismaLife AG’s insurance portfolio. For solvency purposes, it is allocated to the index-linked and unit-linked insurance business line. In addition, a portfolio of risk products, which for solvency purposes is allocated to the other life insurance business line, is also managed. Where unit-linked insurance also includes financial guarantees, these are also allocated to the other life insurance business line.

The countries in which PrismaLife AG operates are primarily the Federal Republic of Germany and to a small degree Austria (see A.2).

A.2 UNDERWRITING PERFORMANCE

In the 2018 financial year, PrismaLife AG generated a profit for the year of €5,337k. Net premiums written amounted to €129,237k. They thus decreased slightly year-on-year. They are largely accounted for by the index-linked and unit-linked insurance business line.

Key components of the underwriting result can be found in Table 1 and in template S.05.01.02 in the Appendix:

Premiums, claims and expenses by line of business (net) (in EUR'000) compared to the previous year	Index-linked and unit-linked insurance as at 31 Dec 2018	Other life insurance as at 31 Dec 2018	Total as at 31 Dec 2018	Index-linked and unit-linked insurance as at 31 Dec 2017	Other life insurance as at 31 Dec 2017	Total as at 31 Dec 2017
Premiums written	109,465	19,772	**129,237**	112,959	19,258	**132,217**
Premiums earned	109,465	19,750	**129,215**	112,959	19,247	**132,205**
Claims incurred	91,048	14,883	**105,931**	81,910	13,696	**95,606**
Expenses incurred	17,772	3,498	**21,270**	25,906	4,793	**30,699**
Other expenses			**0**			**0**

Table 1: **Premiums, Claims and Expenses by Line of Business**

As in the previous year, surrenders of unit-linked contracts represented by far the largest share of claims incurred, at €98,568k, followed by payments in the event of death and maturity payments.

In the reporting period, PrismaLife AG continued to concentrate its sales on net insurance policies. Gross insurance policies only played a role in the occupational pension segment. Operating expenses, which represent the majority of expenses incurred, fell to around €17,629k.

Adjusted cost allocation in order to achieve allocation of the costs to the functional areas by cause is behind this.

Both PrismaLife AG's premium income and its payments of benefits are dominated by the German market. Of premiums written, approximately 96% are accounted for by German contracts and approximately 4% by Austrian ones. Approximately 98% of the claims incurred are attributable to German contracts, meaning that no further geographical breakdown of underwriting performance has been provided for materiality reasons.

A.3 INVESTMENT PERFORMANCE

Income and expenses	2018 EUR'000		2017 EUR'000	
	Income	Expenses	Income	Expenses
Investments (other than assets held for index-linked and unit-linked contracts)	**17,358**	**15,726**	**13,607**	**7,493**
Equities – unlisted	0	173	29	0
Government bonds	463	269	502	361
Corporate bonds	11,981	10,433	8,673	3,727
Structured notes	2,726	1,523	2,883	2,207
Collective Investments Undertakings	1,717	2,910	1,321	934
Other investments	470	417	199	263
Assets held for index-linked and unit-linked contracts	**59,896**	**171,471**	**45,453**	**1,199**
Total	**77,254**	**187,196**	**59,060**	**8,692**

Table 2: **Investment Performance**

Regarding the investment performance, a distinction must fundamentally be made between investments that PrismaLife AG holds at its own risk in order to be able to satisfy financial guarantees in insurance contracts (see C.2) and assets held for index-linked and unit-linked contracts where the policyholder bears the investment risk. Unrealised gains and losses of PrismaLife AG's investment portfolio are attributable to the latter.

The assets for the benefit of PrismaLife AG for which PrismaLife AG bears the investment risk are assigned to several categories (asset classes) (see D.1). In the fourth quarter of 2018, these assets were restructured taking account of the available risk budget. Due to this realignment of investments, almost all the securities held as non-current or current assets were sold.

Proportionally, corporate bonds represent the most significant asset category and are therefore responsible for the majority of interest income. It was possible to realise net gains from the assets sold during the reporting period in the case of corporate bonds, structured notes, government bonds and other assets, whereas in the case of the equities and investment funds losses were made.

All differences compared to the previous year arise from natural market-dependent fluctuations.

In particular, the very high expenses in the case of assets held for index-linked and unit-linked contracts results from the sharp market movements in the 2018 financial year and the global decrease in prices on the stock market shortly before the end of the year.

The Company does not hold any investments in securitisations.

A.4 PERFORMANCE OF OTHER ACTIVITIES

There is no material information on the development of other activities.

A.5 ANY OTHER INFORMATION

There is no other material information on PrismaLife AG's business and performance.

B System of Governance

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Under Solvency II, the term system of governance describes both the formal requirements as well as the specifications for the content of company organisation. Within this framework, PrismaLife AG has established a system of governance based on the model of three lines of defence, which guarantees solid and cautious management of the insurance business and records and structures the core components of corporate governance. The aim is to increase the Company's stability by installing additional control and security functions.

The "1st line of defence" means the identification, assessment and limitation of risks in the operating units, taking suitable measures for risk management and the continuous monitoring of risks, processes and controls. It is carried out by the respective managers.

The "2nd line of defence" means the independent monitoring and advice function for the 1st line. This is primarily the risk management and compliance divisions' area of operation. This line of defence is additionally responsible for standardised and regular reporting and compliance with statutory regulations within the Company.

The "3rd line of defence" means the independent and downstream check of the 1st and the 2nd lines that is carried out by the Internal Audit Function.

The regular review of company processes anchored within the model and the combination and linking of the lines of defence bring about an increase in efficiency within the organisation – through optimisation and, where applicable, streamlining of company processes. The model additionally contributes to keeping the business strategy and risk management activities in line with the corporate goals.

The Board of Directors and the Executive Board are at the top of PrismaLife AG's system of governance. The Executive Board bears the non-delegable responsibility for establishing and maintaining a proper system of governance. The Board of Directors' main task is drawing up the necessary regulations and giving the necessary instructions to and supervising the Executive Board.

The four key functions envisaged under Solvency II are separated organisationally from each other and are equally important. Their tasks, responsibilities, processes and reporting duties are defined in internal company guidelines. The basis is thus created for the functions being able to perform their tasks objectively, fairly and independently of each other. The key functions report directly to the Executive Board and communicate independently with the relevant departments in the Company. Conversely, the Executive Board requests information from the key functions on its own initiative. In the event of different opinions between the key functions, the Executive Board serves as the escalation point.

A Risk Board, a Legal Committee, a Product Committee, a Capital Management Committee and an Investment Committee were established as additional bodies that support and monitor the targeted realisation of topics on the basis of statutory requirements.

The following figure shows PrismaLife AG's system of governance (incl. the key functions and important committees), embedded in the model of the three lines of defence as a framework for a functioning control system in the Company. This is a system that assigns the three types of monitoring function to different divisions of the Company.

The three control bodies interact with the Executive Board and the Board of Directors.

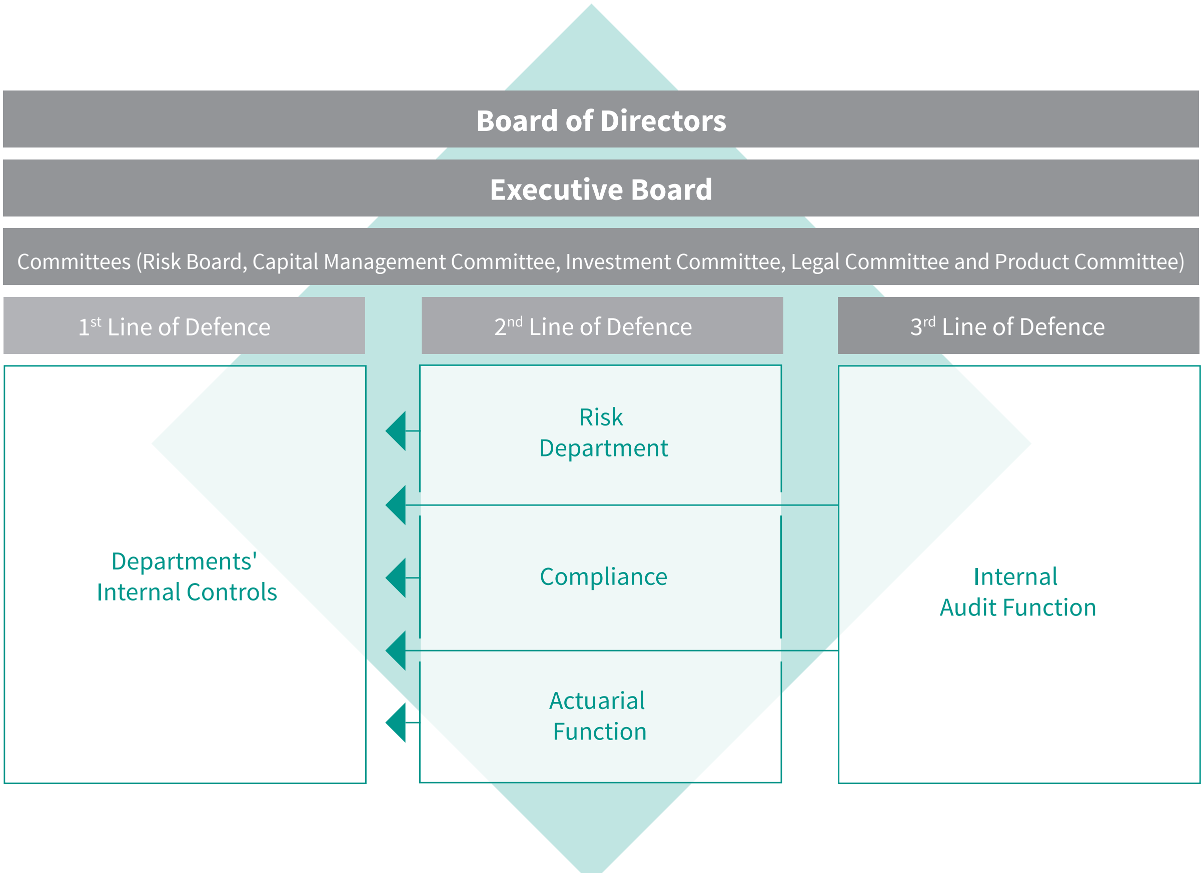

Figure 2: **PrismaLife AG's System of Governance**

The Executive Board assumes the main responsibility for the decisions made in the Company and as a governing body is also responsible for implementing an appropriate system of governance (particularly a risk management system and Internal Control System). It is divided into two independent areas of responsibility within the Company:

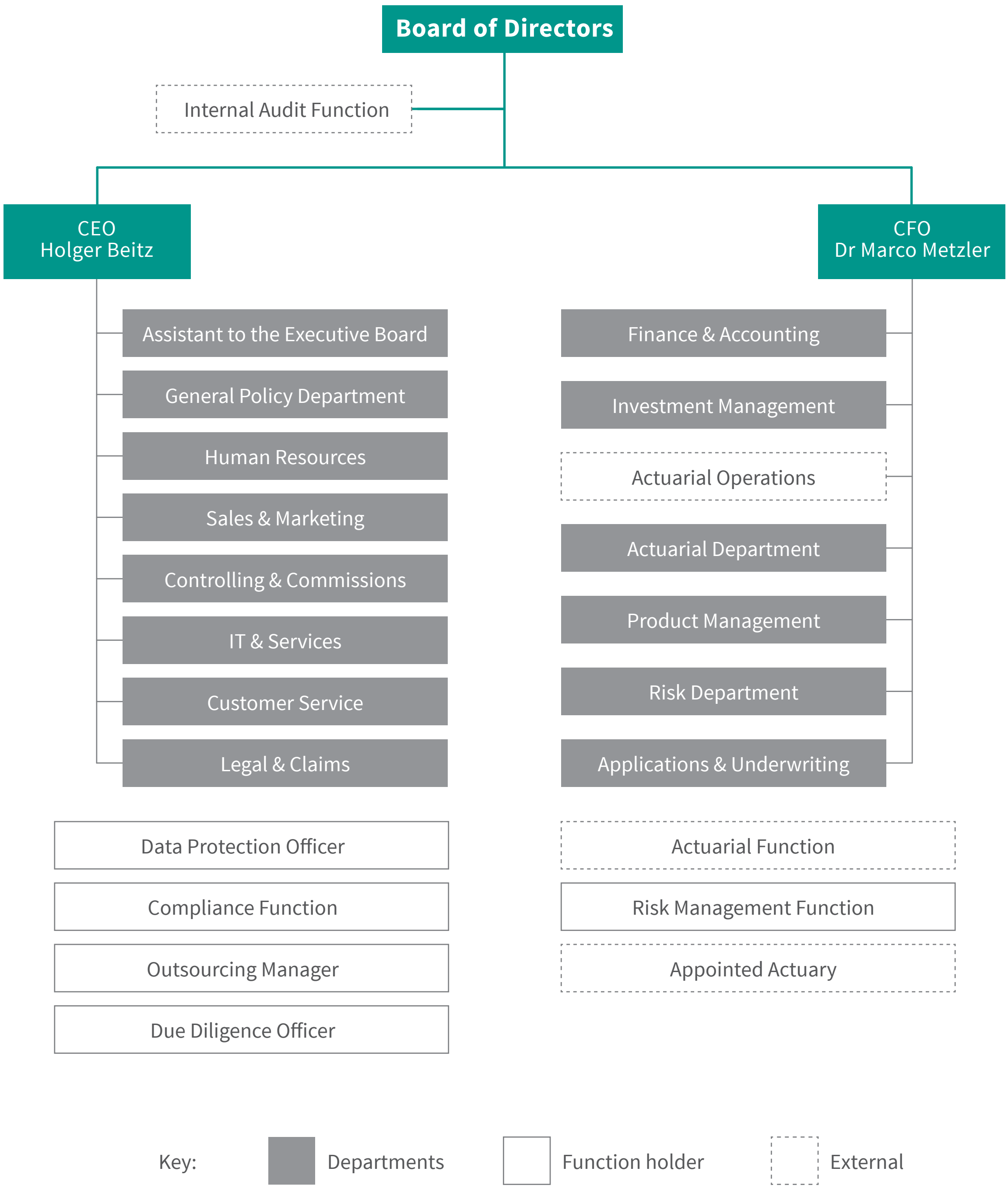

Figure 3: **The Executive Board's Areas of Responsibility in the System of Governance**

The Board of Directors is the Company's highest governing body and thus also monitors the Executive Board's work. It additionally assumes the leading role in shaping corporate governance, positioning the Company in the public eye and in social matters. In addition, the Internal Audit Function is organisationally attached to the Board of Directors. The Board of Directors is composed as follows compared to the previous reporting period:

- Helmut Posch, Chairman of the Board of Directors
- Dr Marco Felder
- Harry Patzig (until 31 December 2018)
- Sabine Nowka
- Ralf Sellin (since 14 June 2018)

The responsibilities and duties of the Executive Board and the Board of Directors, their collaboration and the information and disclosure obligations and solutions for the case of conflicts of interest are set out in the internal guidelines or in the organisational regulations and in the rules of procedure.

The core tasks of the Risk Management Function (see B.3) particularly comprise the management of the risk management process, which includes risk identification, risk assessment and the determination of risk-bearing capacity, and risk reporting to the Executive Board.

The Compliance Function (see B.4), in the role of early warning indicator, examines possible changes in the legal environment and their impact on PrismaLife AG and advises the Executive Board with regard to compliance with the law and administrative regulations.

The Internal Audit Function (see B.5) provides independent and objective audit services that are geared to improving business processes. It supports PrismaLife AG in achieving its goals by assessing the effectiveness of its risk management, controls, management processes and monitoring processes with a systematic and targeted approach and thus contributes to improving these.

The Actuarial Function (see B.6) ensures the reliability and quality of the actuarial valuation of provisions for Solvency II, including the data and processes used, in the sense of appropriate validation. In addition, the Actuarial Function expresses an opinion on the overall underwriting policy and reinsurance cover arranged and planned new reinsurance collaborations.

PrismaLife AG is committed to all supervisory and remuneration principles. These are conducive to solid and cautious corporate governance and prevent excessive risk-taking or risk-taking that could jeopardise the Company's future. PrismaLife AG's Board of Directors is responsible for defining, implementing and complying with the remuneration principles and has decision-making power regarding any later changes and granting exemptions. It performs the function of a remuneration committee. PrismaLife AG's implementation of the remuneration principles is then audited by the Internal Audit Function to check whether the remuneration system as a whole is functioning as intended.

The members of PrismaLife AG's Board of Directors receive remuneration in line with market conditions, which is regulated in the Articles of Association or governed by an individual contractual commitment. The total remuneration paid to the members of the Executive Board consists of fixed remuneration and variable remuneration that is set taking account of previously agreed targets, it is intended to support the sustainability of corporate development and is thus largely based on earnings. In addition to their basic annual salary, members of the Executive Board are given further fixed remuneration components in line with the market, such as a company car or a pension in the form of direct insurance. There are no separate supplementary pension or early retirement arrangements for members of the Executive Board or Board of Directors or the key functions at PrismaLife AG.

Every employee receives a fixed basic annual salary, which is generally paid out in twelve equal monthly amounts; in addition, there is a voluntary pension benefit in the form of direct insurance.

Variable remuneration is generally possible at PrismaLife AG. This is intended to remunerate sustainable performance, but avoid incentives to take inappropriate risks. The variable remuneration is success and performance-related and is reviewed annually. Details are set out in the respective employment contracts. PrismaLife AG's key functions do not receive variable remuneration.

In the 2018 reporting period, there were no material transactions with related parties.

The adequacy of the system of governance is continuously reviewed. In the Executive Board's assessment, PrismaLife AG has a system of governance that is adequate for the type, size and complexity of the risks inherent to its business activities, whose design principles provide PrismaLife AG with good governance and control.

B.2 FIT AND PROPER REQUIREMENTS

The fit and proper requirements relevant for PrismaLife AG and the process for adequate assessment of these requirements are set out in internal guidelines. The people who bear greater responsibility in the Company (Executive Board, department heads, key function holders) must demonstrate precisely defined specialist and professional expertise and personal integrity. For employees for whom a training obligation exists on the basis of the EU Insurance Distribution Directive (IDD), the implementation of this obligation is set out in a separate contract and is monitored by a specially designated "training officer".

Members of the Board of Directors in particular must have suitable knowledge and experience in the field of insurance and must have management experience. Members of the Executive Board should have successfully completed a university degree or have a comparable professional qualification and be able to demonstrate specialist professional experience in the field of insurance. In addition to this, each member of the Executive Board must maintain an adequate level of knowledge in and beyond his or her respective areas of responsibility on an ongoing basis.

Key functions are required to have successfully completed a university degree or obtained a comparable professional qualification and to have demonstrated specialist professional experience in the relevant key function's field of work, as described in detail in the internal job descriptions. The key function holders also take part in regular further education and document it.

The same requirements as for the key function holders apply to the Data Protection Officer and the Outsourcing Manager.

When first selecting members of the Board of Directors and the Executive Board and key function holders, fitness (i.e. professional qualification) is assessed using the documents submitted. These always comprise a full, signed curriculum vitae, in the case of the Executive Board and the key functions, also references from previous professional experiences and a police clearance certificate (criminal record) and a current extract from the debt enforcement and seizure register. Moreover, selection interviews with the respective managers take place. In addition, the Compliance Function conducts an additional check using World-Check.

The same applies to appointing an employee as Data Protection Officer or Outsourcing Manager. Here too, suitability is assessed on the basis of a current assessment that includes both previous professional achievements and the respective specific training.

In the current employment relationship, their direct superior holds annual appraisal interviews with the key function holders, the Data Protection Officer and the Outsourcing Manager and documents these interviews in writing. Continuous assessment takes place between the representatives of the Board of Directors and the members of the Executive Board, in particular through regular communication. Furthermore, PrismaLife AG arranges for an exceptional audit of fitness and/or propriety to be carried out if certain events occur.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

The assumption of risks is part of an insurance company's core business. This means that when realising the strategic business objectives, risks naturally need to be taken in order to achieve the desired corporate success. In order to deal with these risks, a risk management system has been established, the core component of which is the operational risk management process. This process is closely connected with the corporate planning process and has the objective of identifying risks early and monitoring and managing them. This system is based on the risk strategy, which is a fundamental component of corporate governance and the basis for standardised risk management.

Strategy

The capitalisation targets and the principles on dealing with the risks derived from business activities are set out in the Company's risk strategy derived from its business strategy. The risk strategy additionally provides the strategic guidelines regarding PrismaLife AG's risk-bearing capacity and forms the basis for the underlying risk management processes. PrismaLife AG's Board of Directors and Executive Board review it annually for consistency with the business strategy in the course of corporate planning and adjust it if applicable.

Processes

PrismaLife AG's risk management system comprises the strategies, processes and reporting procedures necessary to continuously identify, measure, monitor, manage and report on the risks taken and potential risks, including their interdependencies, on an individual basis and on an aggregated basis. All risks to which PrismaLife AG is exposed (whether quantifiable or qualitative) are taken into account. For the quantifiable risks, in some cases the calculations pursuant to the standard formula are used, in some cases, however, internal estimates and calculations are made. The non-quantifiable risks are listed and qualitatively assessed.

A consistently implemented risk management process, which is constantly evolving, completes the risk management system of PrismaLife AG and is represented in Figure 4. The risk management process ensures that all risks are continuously monitored and countermeasures are introduced in the event of trigger and limit breaches or changes to the risk profile.

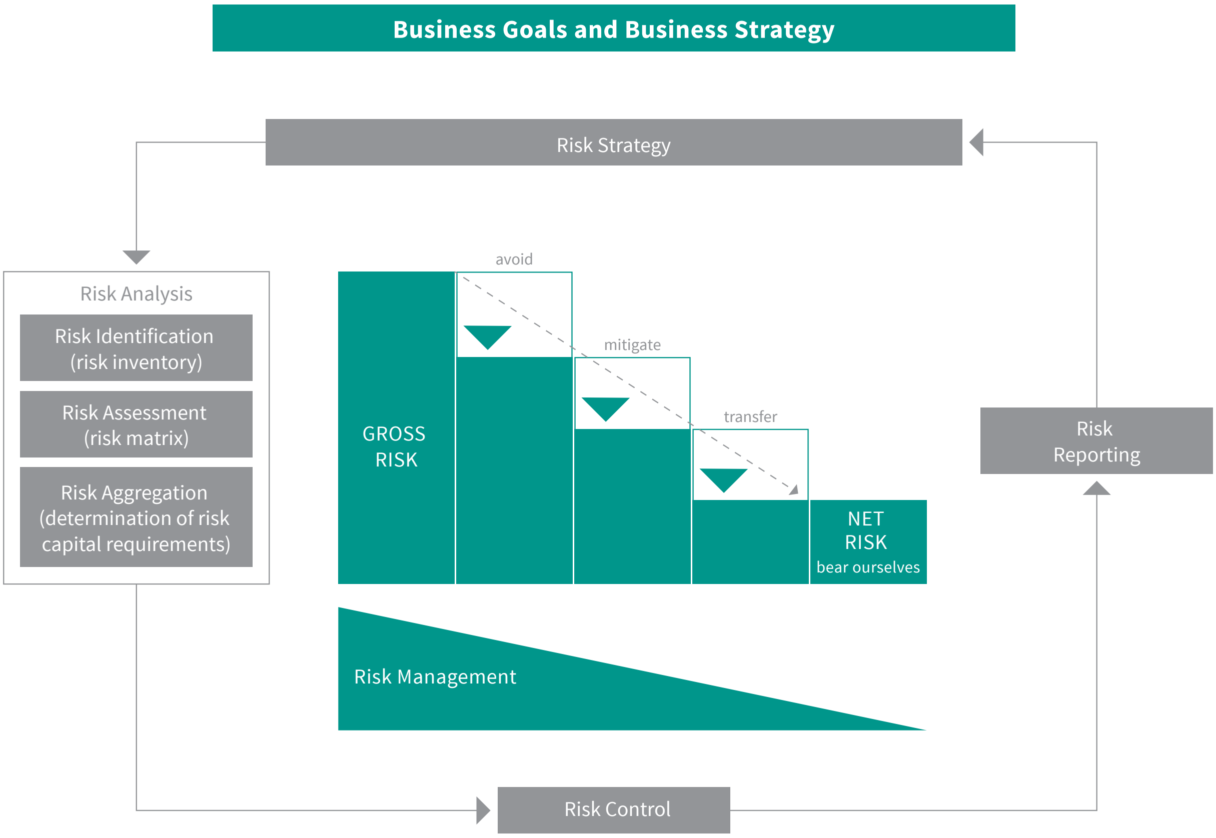

Figure 4: **Risk management Process**

Organisational embedding and reporting

PrismaLife AG's Executive Board has overall responsibility for risk management.

The Risk Management Function supports the Executive Board in implementing the risk management system. In this context, it actively points out potential for improving the risk management system. In addition, it helps the Executive Management to rectify shortcomings and further develop the risk management system on an ongoing basis.

The Risk Management Function is assumed by the Risk Department head, who reports directly to the CFO. Among other things, the information obtained from the regular committees with the respective persons responsible from the most important specialist fields serves as the basis for the work of the Risk Management Function.

The ways in which reporting to the Executive Board take place include via the ORSA report, the quarterly risk reporting and via ad-hoc notifications as required.

Process responsibility for the ongoing operation of the risk management system is primarily held by the Risk Department. When running through the risk management process, the Risk Department is supported by the Actuarial Function and the risk owners from the respective departments. The Internal Audit Function audits the process annually to check its lawfulness, regularity and fitness for purpose.

The adequacy and effectiveness of the risk management system is guaranteed in particular by involving all departments in the Company. As a result, strong risk awareness can be achieved in the entire company in the long term. This approach is supported on all levels of the corporate structure, particularly by internal contracts and regular training sessions on the risk management system.

Own Risk and Solvency Assessment (ORSA)

In addition to the presentation of the current risk situation, the Risk Management Function's comprehensive reporting to the Executive Board also includes the results of the Company's Own Risk and Solvency Assessment and the assessment of the quality of the risk management system. The main divisions involved in the ORSA are the Actuarial Department and Investment Management. Basic determinations that are considered in the ORSA process (selection of stress tests and sensitivity analyses with corresponding effects on the solvency situation) are made by the Executive Board on the basis of the risk profile.

An ORSA report in which the most important risk assessments are described is produced, approved and adopted at least once a year by the Executive Board. A non-regular ORSA is to be carried out as required whenever PrismaLife AG's risk profile has changed materially as a result of relevant trigger events. Because material risks do not have any special features deviating from the market for PrismaLife AG, in its own assessment of overall solvency needs, PrismaLife AG generally orients itself on the results of the standard formula.

Examples of possible trigger events that significantly change PrismaLife AG's risk profile are listed below:

AREA	TRIGGER EVENT
Pillar 1	Solvency ratio materially worsens
Serious changes in the economic environment	New regulations or amendments of the existing regulations or political change in the relevant country or economic area
Changes in legal practice/important court judgments	Important court decisions with a probable negative impact on legal practice or direct change to legal practice (in the relevant country or economic area)
Material changes to the business model or a product portfolio mix	Implementation despite negative effects
Loss/termination of a material reinsurance contract	Loss of an important reinsurer, increase in reinsurance premiums
Reputational risks	Any activity or conduct that may lead to reputational damage (e.g. through social media)
Operational risks	Loss amount that exceeds a certain tolerance limit (e.g. due to business interruptions)
New risks	Emergence of new material risks, relating to the existing portfolio, the business model and the economic area

Table 3: **Possible Trigger Events**

The following diagram shows PrismaLife AG's ORSA process:

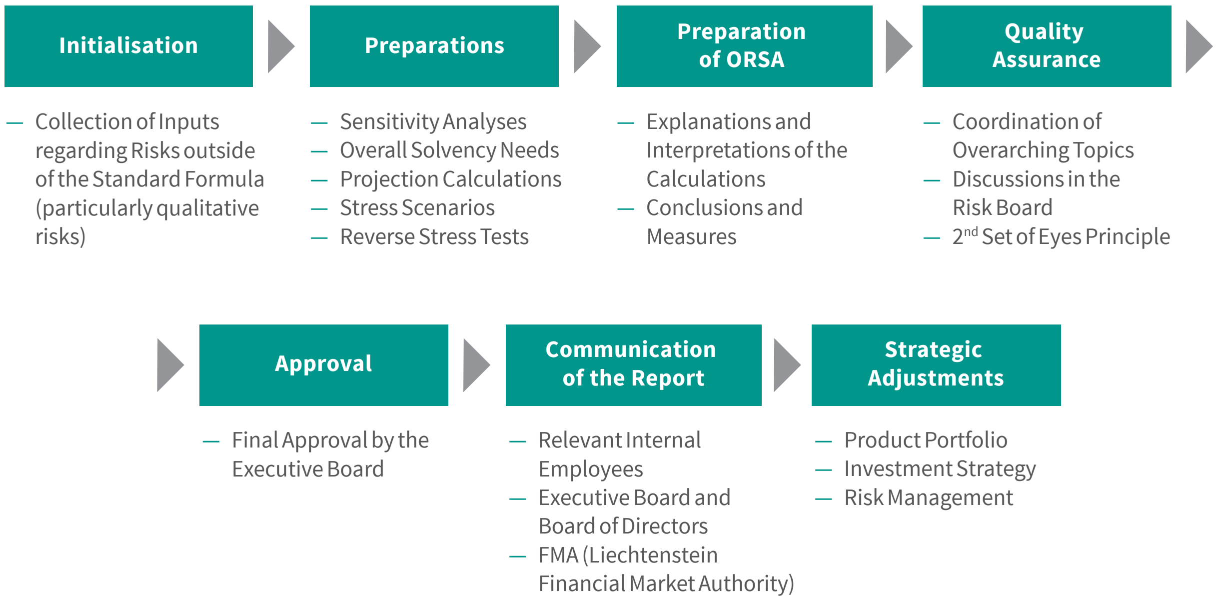

Figure 5: **PrismaLife AG's ORSA Process**

PrismaLife AG's Executive Board is generally responsible for the ORSA. It critically questions the underlying assumptions. The results are discussed, formally adopted and actively used for the purposes of management. Furthermore, they serve as the basis for key decisions by the Executive Board, for example on product introduction or on changes to the investment structure, and particularly influence the management of the capital resources as part of capital management.

B.4 INTERNAL CONTROL SYSTEM

PrismaLife AG organises its activities so that they are always in keeping with all statutory requirements.

The risk management system, understood as corporate risk and opportunity management, and the Internal Control System (ICS), understood as an internal management and control mechanism, largely cover the same areas of the Company as radar systems – although at different levels. The risk management system concerns the higher recording, assessment and management of risks using measures. The ICS, by contrast, as part of the risk management, starts at a more detailed level (see Figure 6).

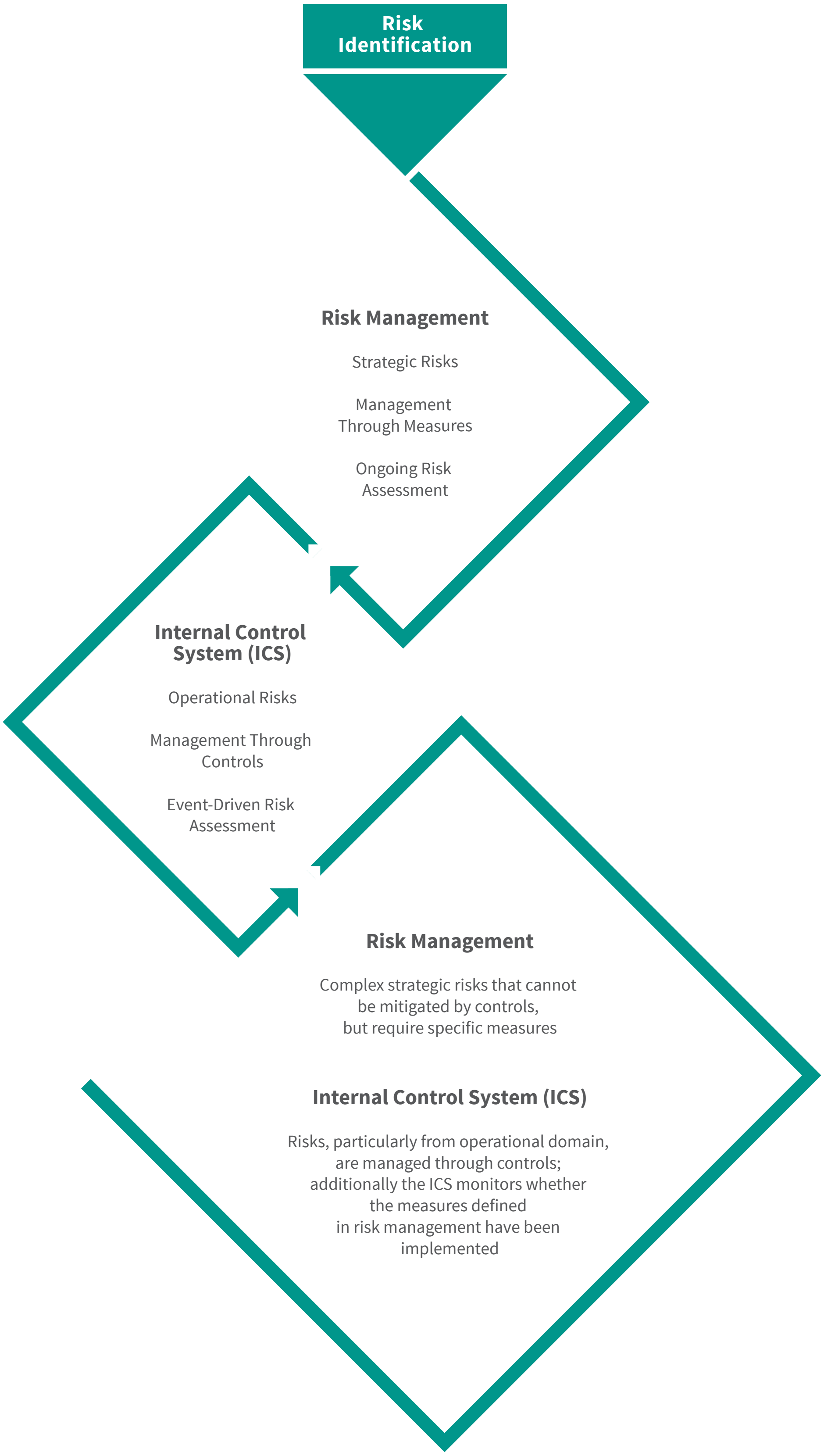

Figure 6: **Risk Identification**

A company's business activities represent processes and any business activity is associated with risk. Processes and risks go hand-in-hand. Effective risk management records and assesses risks present along the process chain and derives follow-up steps from this.

PrismaLife AG's ICS provides all the monitoring measures necessary for this. The process-oriented holistic approach creates a high level of transparency, avoids redundancies and accelerates the process flow. PrismaLife AG's internal risk management guidelines define the minimum requirements for the Internal Control System with respect to methods and scope.

Organisational embedding and monitoring

In PrismaLife AG, the areas that own the process primarily have the responsibility for execution including suitable controls. Risks and the impact of errors are analysed per risk-relevant process and suitable control steps including responsibility and verification are determined and presented in a risk control matrix. The ICS is thus a fundamental component of department heads' management responsibility (so-called first line of defence).

The overall monitoring of the functionality of the company-wide ICS is carried out in the second line of defence by Risk Management and the Compliance Function with clear allocation of tasks.

In addition to an advisory function, the Compliance Function assumes key monitoring tasks – particularly with regard to compliance with legal regulations and self-imposed rules. In organisational terms, it reports directly to the CEO.

Furthermore, the Compliance Function has access to all PrismaLife AG's significant data and systems. In order to guarantee full identification of PrismaLife AG's compliance risks, the managers from the respective departments make reports to the Compliance Function quarterly. In addition, the Compliance Function has the power to conduct spot checks or checks of individual employees or whole departments in relation to compliance with external and internal rules.

It is at the discretion of the Compliance Function to conduct such checks. The results of the check are recorded in writing and made available to the Executive Board.

Further development of the degree of maturity

The basis for implementing a sustainable ICS is a binding ICS control process that is constantly further developed. In this respect, PrismaLife AG has decided to implement a GRC tool (governance, risk, compliance) in which the risks and controls are systematically recorded, documented and suitably monitored. This central and integrated software solution increases the transparency, acceptance and degree of maturity of the entire ICS and sustainably ensures its effectiveness.

Anchoring the ICS close to the strategy emphasises its significance for risk management (including to auditors as the third line of defence). Its content was or is communicated to managers and employees of risk-relevant areas through training sessions and training on the job.

To avoid or anticipate serious or considerable audit risks, the Executive Board is informed of vulnerabilities and countermeasures identified as part of the ICS in a quarterly risk report.

The following figure shows the ICS process regularly carried out with the relevant components:

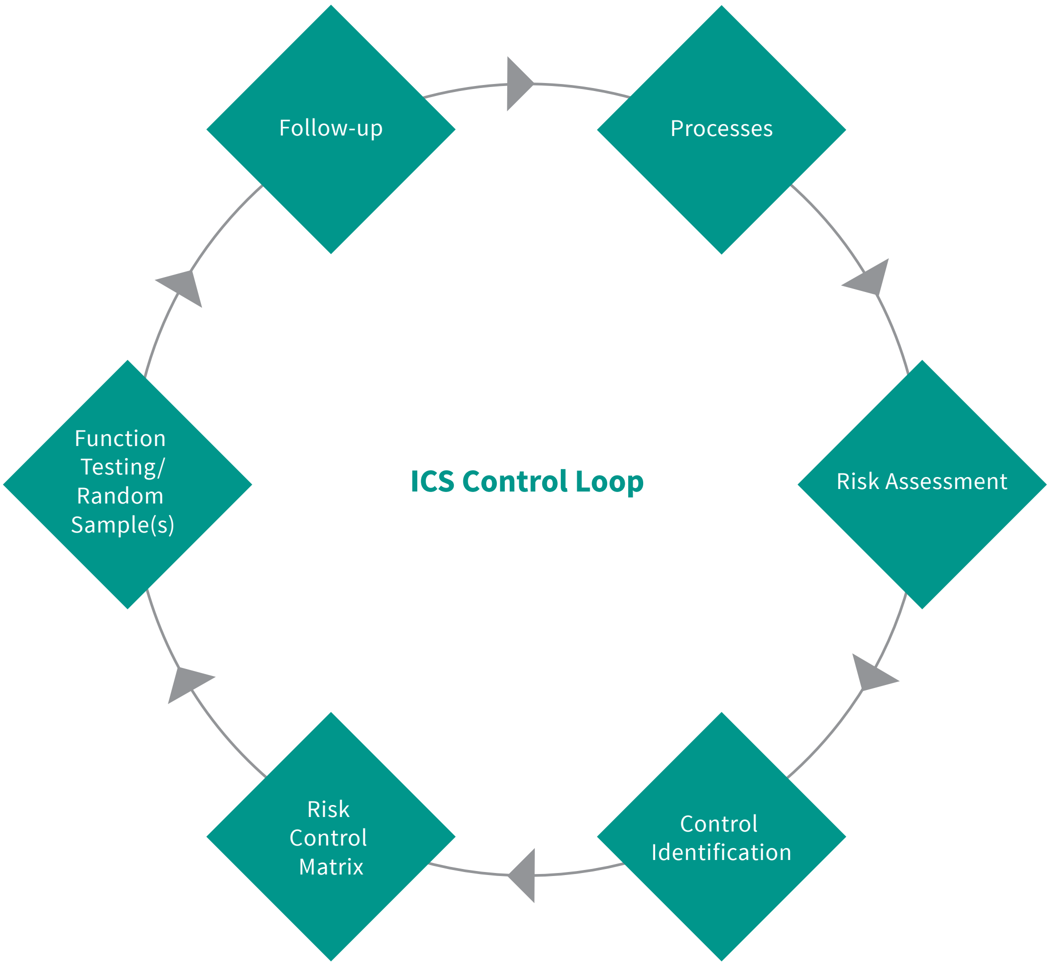

Figure 7: **ICS Control Loop**

B.5 INTERNAL AUDIT FUNCTION

The Internal Audit Function is outsourced to an external service provider (see also B.7). This service provider is an auditor recognised by the supervisory authority and is independent of the external auditor already appointed by PrismaLife AG. The Internal Audit Function is independent in its specialist area. In organisational terms, it reports directly to the Board of Directors. Outsourcing the Internal Audit Function in conjunction with its organisational conjunction to the Board of Directors achieves a high level of objectivity and independence.

The Internal Audit Function has an unlimited right to information regarding all activities to be carried out. It has access to all business premises.

Fundamentally the whole of PrismaLife AG is the subject of the Internal Audit Function's audit, but primarily those areas and functions that are of central importance for the continued existence and safeguarding of the Company. The subjects of the audit are identified in a risk-based audit approach (3-year planning). The head of the Internal Audit Function presents the risk-oriented planning of the audit services for the financial year to the Board of Directors annually for approval. The planning takes account of the Executive Board's input. Material changes during the course of the year require the consent of the Chairman of the Board of Directors.

The Internal Audit Function promptly and objectively gives an audit report on all important findings to the persons in charge of the audited entity and to External Audit. In the case of material shortcomings, irregularities or particular risks, the Executive Board and the Chairman of the Board of Directors are informed immediately. Internal audit participates in the meetings of the Risk Board at least once a year and reports directly to the meeting of the Board of Directors once a year.

B.6 ACTUARIAL FUNCTION

Due to the central role of the Appointed Actuary for actuarial questions, particularly in life insurance companies, the Actuarial Function and the role of the Appointed Actuary at PrismaLife AG are performed by the same person. The Actuarial Function reports directly to the CFO in organisational terms and has an unlimited right to information for all matters relevant to the function.

PrismaLife AG has set up processes and procedures to avoid conflicts of interest between the two functions of the Appointed Actuary and the Actuarial Function and to guarantee adequate independence. In particular, PrismaLife AG uses a team of experts that is responsible for pricing and product design, meaning that conflicts of interest in overlapping areas of responsibility are excluded by systematic use of the second set of eyes principle.

All the findings of the Actuarial Function are summarised in a report at least once a year and submitted to PrismaLife AG's entire Executive Board meaning that the Executive Board has a well-founded overview regarding actuarial topics in the Company at all times.

B.7 OUTSOURCING

PrismaLife AG seeks to keep its profitability and customer satisfaction high and if possible to further improve these through suitable measures. Intelligent outsourcing strategies make a valuable contribution to retaining competitiveness, quality assurance and cost optimisation and, among other things, open access to specialist knowledge up to PrismaLife AG.

When outsourcing critical and important functions or activities, it is of particular importance for PrismaLife AG that a satisfactory service is provided to policyholders.

Stricter quality assurance measures, for example regarding the service provider's financial and technical resources and its capacity and services are therefore introduced. The risks associated with outsourcing are to be identified, analysed, assessed and appropriately managed both in advance of the outsourcing and subsequently. The first quality audit for 2018 was successfully conducted on this basis.

PrismaLife AG transfers the following important operating activities and functions to external service providers:

OUTSOURCED ACTIVITY OR FUNCTION	LEGAL AREA
IT Services (software programming and operation of significant underwriting systems)	Switzerland
Benefit Assessment (service contract for partial support in the benefit assessment)	Germany
Internal Audit Function	Switzerland
Appointed Actuary	Germany
Actuarial Function	Germany

Table 4: **Outsourced Activity or Function**

The detailed rules on the division of labour are set out in the applicable service or function outsourcing contracts.

The procedure for monitoring outsourcing or transfer to external parties is set out in internal outsourcing guidelines. In particular, the function of an Outsourcing Manager is set up for the purpose of appropriate monitoring of relationships to external service providers. The Outsourcing Manager is a professionally qualified and reliable person who is appointed by PrismaLife AG. Responsibilities include the introduction and continuation of outsourced operating activities as well as functions, and is also responsible for monitoring and assessing them.

B.8 ANY OTHER INFORMATION

There is no other material information on PrismaLife AG's system of governance.

C Risk Profile

The totality of all risks to which PrismaLife AG is exposed forms the Company's risk profile. The risks relevant for PrismaLife AG are systematically identified and assessed in a structured risk inventory process with the involvement of the operating business units (see B.3).

PrismaLife AG assesses quantifiable risks by applying the standard formula (see E.2). This is a generally applicable model specified by the regulator for calculating the solvency capital requirement. It captures and quantifies risks defined in a standardised way and summarises them to an aggregated value. As part of the ORSA process (see B.3), PrismaLife AG's risk profile was not found to materially deviate from the assumptions underlying the use of the standard formula. The standard formula thus represents an appropriate risk assessment tool for PrismaLife AG. Risks not taken into account in the standard formula are, moreover, qualitatively assessed as part of the independent assessment of PrismaLife AG's solvency requirement.

A more detailed explanation of the risks based on the regulatory risk categories is available in sections C.1 to C.6. Between the allocation of risks to the specified risk categories and the grouping of risks in the standard formula (see E.2) there are differences in the classification to which reference is made at the respective point.

Stress scenarios are part of the risk management system and are used to analyse the impact of extreme developments. The use of the standard formula guarantees that all material risk sensitivities are considered in the risk assessment.

Various risk-mitigation techniques are used at PrismaLife AG to limit risks. These are described in connection with the respective risk categories. Their lasting effectiveness is ensured by regularly updating the monitoring principles set out in the internal guidelines.

C.1 UNDERWRITING RISK

Underwriting risk means the risk of a loss or adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions. This includes biometric risks (mortality risk, longevity risk, disability risk and catastrophe risk), risks from the behaviour of the policyholder (lapse risk) and expense risk. Underwriting risk is the most important risk category for PrismaLife AG. Using the standard formula, underwriting risk is valued at €66,388k (see E.2).

Unit-linked contracts without financial guarantees (from the index-linked and unit-linked insurance business line) represent PrismaLife AG's core business. This corresponds to the lapse risk and expense risk as the most significant underwriting risks for PrismaLife AG.

The lapse risk means the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the exercise rates of policyholder options. The policyholder options relevant for PrismaLife AG are in particular surrender, partial surrender and exemption from premium payment.

The expense risk means the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred in the administration of insurance contracts.

Because the lapse risk represents the greatest risk for PrismaLife AG within underwriting risks, the risks arising from the uncertain determination of the best estimate lapse assumptions was more closely analysed using a sensitivity analysis: the lapse probabilities were increased by 10% for this analysis. The change in lapse assumptions leads to a decrease in eligible own funds with a simultaneous reduction in the Solvency Capital Requirement. The findings showed that these effects are not material. This means that PrismaLife AG's SCR ratio is stable against moderate sensitivities in lapses.

In addition, due to the portfolio of risk products (from the other life insurance business line), PrismaLife AG has a material exposure to changes in the level, trend or volatility of disability, sickness and morbidity rates (disability-morbidity risk). As a result of the fact that the risk of death is insured in almost all products offered by PrismaLife AG, there is also a significant exposure to an increase in mortality rates (mortality risk) and the associated catastrophe risk.

In PrismaLife AG's pool of insured persons there are certain concentration risks because large parts of the pool are held by a small number of brokers and any disruption of business relations could lead to increased lapses. PrismaLife AG avoids this risk as well as possible through treating brokers as partners and equals, combined with close monthly controlling.

PrismaLife AG already counters underwriting risks through product calculation. It is based on cautious assumptions that are based on actuarial risk analyses. The underwriting risk experience is monitored by ongoing checks that identify future developments at an early stage. If required, assumptions are adjusted accordingly. The lapse pattern is also monitored monthly.

In addition, underwriting risks are limited by transferring parts of the risks to reinsurance companies, which also contribute to smoothing the risk experience. To this end, the traditional reinsurance cover was additionally supplemented by cover of extreme underwriting risks. The conclusion of new reinsurance contracts is accompanied by a comprehensive audit process that ensures the contracts' perfect fit for the reinsured risks. Here, PrismaLife AG's risk tolerance limits and the requirements of the internal guidelines on reinsurance and on other risk-mitigation techniques in particular are taken into account.

C.2 MARKET RISK

Market risk means the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Material risks within this risk category include equity risk, interest rate risk and currency risk. After underwriting risk, market risk is the second most important risk category for PrismaLife AG. Using the standard formula, market risk including parts of credit risk (see C.3) is valued at €44,415k (see E.2).

The market risk results both from the portfolio of risky investments (assets, see D.1) and from the technical provisions (liabilities, see D.2), because the level of these also depends on market parameters.

Equity risk as the most significant market risk corresponds to PrismaLife AG's core business in the area of unit-linked contracts without financial guarantees. This arises from changes in the level or volatility of shares' market prices. It is primarily product design that contributes to risk-mitigation, because in the case of unit-linked contracts the policyholder bears the share price loss themselves. In these contracts, however, a relevant proportion of the insurer's income typically also depends on the performance of the fund. In this respect, equity risk is of significance for PrismaLife AG.

In order to analyse the effects of a change in the investments in more detail, a sensitivity analysis was carried out. For this purpose, the starting value of the investments was reduced by 10%, in compliance with the limits in the investments that PrismaLife AG holds at its own risk. The impact of this stress corresponds to approximately 5% of the Solvency Capital Requirement for market risk. The reduction of the investments leads to a reduction of eligible own funds at the same time as a decrease in the Solvency Capital Requirement. The SCR ratio falls by 10 percentage points.

The interest rate risk concerns all assets and liabilities that react sensitively to changes in the interest rate term structure or interest volatilities. It therefore affects the unit-linked contracts like equity risk does, but also all investments that PrismaLife AG holds at its own risk. In the case of the latter, PrismaLife AG continues to pursue a conservative investment strategy within the framework of the realignment of its investments (see A.3). The assets are always invested in line with the prudent person principle (Art. 132 of Directive 2009/138/EC and Art. 80 VersAG). Investments in new types of assets for PrismaLife AG require a separate resolution by the Executive Board and Board of Directors. The coordination on the specific investments takes place in the Investment Committee and is subject to a transparent process in compliance with the relevant risk limits system and the investment guidelines defined in internal guidelines on investment. This ensures an adequate mix and diversification of the assets, and guarantees appropriate security, quality, liquidity and profitability of the investment portfolio. All other regulatory requirements are of course satisfied.

In the past, PrismaLife AG has also offered products with financial guarantees. These comprise insurance contracts with a premium guarantee to the end of the savings phase, investment opportunities with guaranteed interest (but without guaranteed maturity payment) within unit-linked insurance contracts (guarantee assets) and investments with variable interest (fund assets). For PrismaLife AG, this results in a risk of not being able to generate the corresponding interest guarantees. To mitigate this risk, interest guarantees are only still offered in new business in the form of premium guarantees for occupational pension products and the interest within the guarantee assets and fund assets is suitably adjusted to the current capital market situation. The investment volume affected and the level of the guarantee obligations are continuously monitored. A report is made quarterly in the Investment Committee on the investment income actually achieved and the level of the obligations entered into of the guarantee assets and fund assets. In this respect, interest rate risk is of significance for PrismaLife AG.

Currency risk arises from uncertainty about the future development (level and volatility) of the exchange rate. It occurs in the index-linked and unit-linked insurance business line through fund investments in foreign currencies, but is particularly relevant for PrismaLife AG due to the location of its head office in the Principality of Liechtenstein. As a result, there is a typical and unavoidable currency mismatch between income (primarily in EUR) and expenses (a significant proportion of which are also in CHF).

C.3 CREDIT RISK

Credit risk means the risk of a loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance companies are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

Counterparty default risk means the risk of a default on debt. It exists in investments and towards insurance intermediaries, policyholders and reinsurance companies. For PrismaLife AG, counterparty default risk has the greatest significance within credit risk. Using the standard formula, the risk is valued at €6,162k (see E.2).

Part of the counterparty default risk results from current-account balances in banks. To mitigate this risk, changes in credit ratings are regularly monitored and reported in the Capital Management Committee. In the event of a rating downgrade, positions are reduced thereby achieving appropriate diversification in the bank accounts.

In addition, a material part of the counterparty default risk is with insurance intermediaries and policyholders. To mitigate this risk, the classification of the acquisition cost financing was already fundamentally altered in the past. In addition, a more effective dunning process was implemented.

The counterparty default risk with reinsurers is not material for PrismaLife AG, because, as expected, PrismaLife AG's payments exceed the payments by reinsurers (see D.1).

The spread risk means the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. The change in the credit spread particularly results from changes in the credit-standing of debtors. In the valuation using the standard formula (see E.2) this risk is quantitatively recorded in market risk (see C.2). The aforementioned minimum requirements for the credit rating and its ongoing monitoring also serve to mitigate the spread risk.

Market risk concentrations describe the risk that arises from lack of diversification or from large exposure to individual debtors. Market risk concentrations do not play any role in the index-linked and unit-linked insurance business line if the investments are invested for the benefit of policyholders who bear the investment risk. In the remaining investments, PrismaLife AG follows the approach of a diversified portfolio. Caps are set for the shares of individual debtors in the total investments. PrismaLife AG does not classify market risk concentrations as a material risk. In the valuation using the standard formula (see E.2), it is likewise quantitatively recorded in market risk (see C.2).

C.4 LIQUIDITY RISK

Liquidity risk means the risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due. Liquidity risk is a financial risk and a maturity risk.

In the reporting period, as part of a realignment of sales, moderate acquisition commissions were paid relative to the market with the aim of improving the conditions again for increasing new business.

In addition, PrismaLife AG has established an effective liquidity management system in order to be able to meet its payment obligations on time and in full at all times. The basis for this is documented in internal guidelines and comprises, for example, suitable limits and measures for continuous monitoring of the size and due dates of payment obligations. PrismaLife AG does not classify it as a material risk.

In order to limit liquidity risks in investment, the Company largely invests in marketable investments in sufficiently liquid markets.

Future premium income plays an important role for liquidity. The total expected profits included in future premiums calculated according to regulatory requirements and based on the current insurance portfolio as at 31 December 2018 are €111,112k.

C.5 OPERATIONAL RISK

Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, but also from external events. PrismaLife AG does not classify it as a material risk. Using the standard formula, the risk is valued at €3,416k (see E.2).

Operational risk in the strict sense particularly comprises business process risks, personnel risks, system risks, legal and outsourcing risks. A company-specific assessment of operational risks is made by the respective departments' risk owners using probability of occurrence and loss potential.

Personnel risks consist in, for example, the absence or loss of employees. They are effectively countered by a targeted personnel policy. System risks include, for example, system failures or loss or misuse of data. Data is protected against unauthorised access by state-of-the-art security systems. Access rules and regular checks by the IT department guarantee the security of data processing systems.

In light of current developments, PrismaLife AG classifies cyber risk as a material operational risk to which particular attention should be paid. A cyber risk assessment in which the internal and external threats are stressed is therefore conducted once a year at PrismaLife AG. The findings are summarised in a report and analysed and necessary measures are introduced as required. This report is supplemented by a monthly cyber risk threat report that is generated from the firewall installed in the reporting period.

Legal risks are effectively limited by the Compliance Function (see B.4).

A well thought out structural and process organisation makes a decisive contribution to mitigating business process risks at PrismaLife AG. Operational risks are clearly reduced through clear division of tasks, Internal Control System measures (see B.4), the widespread use of the second set of eyes principle and built-in controls in the administration system.

Due to the size of the Company, outsourcing plays a relevant role for PrismaLife AG. The quality of the corresponding services is ensured through effective management of relationships to the external outsourcing partners (see B.7).

C.6 OTHER MATERIAL RISKS

Further risks include strategic risk and reputational risk.

Strategic risk means the risk that arises from strategic business decisions or lack of them. It is generally a risk that arises in connection with other risks. PrismaLife AG classifies it as a material risk against the background of the suitable adjustment of its own business model to changing market circumstances.

In addition to maintaining proven approaches such as the focus on net insurance policies with their transparent separation of the fee and the product, PrismaLife AG will in future focus more strongly on a sustainability strategy based on environment, social and governance (ESG) criteria and on diversification. This includes opening up new markets and expanding the product range for wealthy private customers.

- Diversification targets the reduction of political and supervisory risks and a greater mix in the customer portfolios. Through the acquisition of new quality-oriented brokers, greater risk diversification is also achieved in this area.

- For PrismaLife AG, sustainability is a constituent element of its governance. This includes the sustainable orientation of the Company's own investments and customers' investment options within the framework of their personal pension or insurance.

PrismaLife AG counters the strategic risks through continuous monitoring of market developments. In order not to miss any trends in the market, PrismaLife AG systematically monitors developments in the field of digitalisation and automation and also customer and broker behaviour. In addition, importance is attached to real-time monitoring of current political discussions and implementation steps in order at all times to be able to adapt to potential market developments and the associated changed environment.

Reputational risk means the risk that arises from possible damage to a company's reputation as a result of negative presentation and/or public perception. It is generally a risk that arises in connection with other risks. PrismaLife AG does not classify it as a material risk.

Reputational risk is limited through a raft of measures. The Internal Control System including all process documentation, the Internal Audit Function, the Compliance Function, data protection measures, customer care in compliance with the guidelines on complaint management and employee training in particular contribute to risk minimisation.

C.7 ANY OTHER INFORMATION

There is no other material information on PrismaLife AG's risk profile.

D Valuation for Solvency Purposes

Assets and liabilities are valued for solvency purposes using an independent economic valuation concept that differs materially from the accounting rules of Liechtenstein Persons and Companies Law (PGR). For the preparation of the market value balance sheet, a revaluation of assets and liabilities valued in accordance with PGR is necessary (hereinafter also referred to as statutory values). The Solvency II value is calculated using a three-step valuation hierarchy:

- Level 1: Use of market prices quoted on active markets for identical assets or liabilities
- Level 2: Use of market prices quoted on active markets for similar assets and liabilities taking account of differences in the subject of the valuation
- Level 3: Use of alternative valuation methods on the basis of suitable input factors and valuation techniques (see D.4)

In addition there are specific requirements or simplification options for individual items in the market value balance sheet. For simplification purposes, the adoption of statutory values for solvency purposes may also be considered if this is recognised by the supervisory authority or is reasonable pursuant to the principle of proportionality.

Only the items of the market value balance sheet relevant for PrismaLife AG will be explained below.

D.1 ASSETS

Table 5 presents an overview of PrismaLife AG's Solvency II values also presented in the appendix in template S.02.01.02.

ASSETS (SOLVENCY II VALUE)	EUR'000
Intangible assets	0
Property, plant & equipment held for own use	401
Investments (other than assets held for index-linked and unit-linked contracts)	160,567
Equities – unlisted	65
Government bonds	0
Corporate bonds	2,913
Structured notes	2,500
Collective Investments Undertakings	147,913
Deposits other than cash equivalents	5,118
Other investments	2,058
Assets held for index-linked and unit-linked contracts	952,916
Reinsurance recoverables from contracts	-6,229
Insurance and intermediaries receivables	2,201
Reinsurance receivables	0
Receivables (trade, not insurance)	11,574
Cash and cash equivalents	25,599
Any other assets, not elsewhere shown	273

Table 5: **Assets**

Where available, valuation of the assets is at market prices (approximately 96%). Level 2 of the valuation hierarchy mentioned in the previous section (Section D) is not used to a significant extent. On the basis of the principle of proportionality, the statutory value is adopted for simplification purposes for approximately 3% of assets. Furthermore, alternative valuation methods (see D.4) are used for approximately 1% of assets at level 3. More details on the valuation methods used for the individual asset classes are provided below.

Intangible assets

Intangible assets can only be recognised in the market value balance sheet if they are sellable separately. This criterion is not met in the case of the intangible assets recognised in the PGR balance sheet.

This results in a valuation difference between the Solvency II value and the statutory value of -€17k.

Property, plant & equipment held for own use

PrismaLife AG does not hold any property for its own use as of the reporting date.

The statutory valuation of property, plant and equipment occurs at aquisition cost less straight-line depreciation. If applicable, an unscheduled deduction can be made. The statutory value is adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality.

Equities – unlisted

The statutory valuation is at the lower of cost or market value. The market value pursuant to the securities account statement is recognised as the Solvency II value. The Solvency II value is identical to the statutory value at the reporting date; therefore there is no valuation difference.

Government and corporate bonds

The Solvency II valuation for listed bonds that are traded on an active market is at market value (stock exchange value). Otherwise, either the last available market value or, on the basis of the principle of proportionality and for simplification purposes, the statutory value is used as the Solvency II value.

The statutory valuation is at the lower of cost or market value.

The Solvency II value is identical to the statutory value at the reporting date; therefore there is no valuation difference.

Structured Notes

The structured notes comprise hybrid securities that combine a fixed-income security with derivative components. The Solvency II valuation for structured notes that are traded on an active market is made at market value. Otherwise, either the last available market value or, on the basis of the principle of proportionality and for simplification purposes, the statutory value is used as the Solvency II value.

The statutory valuation is at the lower of cost or market value.

This results in a valuation difference between the Solvency II value and the statutory value of +€319k.

Collective Investments Undertakings

Collective investments undertakings comprise investment funds in the form of public funds.

The Solvency II valuation is at market value (stock exchange value, redemption price provided by the investment management company).

The statutory valuation is at the lower of cost or market value. The investment portfolios that remain solely as a short-term surplus or underfunding for PrismaLife AG's own account at year-end after purchases and sales for the benefit of policyholders who bear the investment risk are also recognised at market value.

This results in a valuation difference between the Solvency II value and the statutory value of +€106k.

Deposits other than cash equivalents

Deposits other than cash equivalents comprise cash at banks that is allocated to the sub-portfolio of products with financial guarantees (guarantee assets and fund assets).

The statutory valuation is at nominal amounts and corresponds to the market value. The Solvency II value is thus identical to the statutory value.

Other investments

Other investments mainly comprise alternative investments, private equity and loans.

The statutory valuation is at the lower of cost or market value. Loans are recognised at nominal amounts or fair values, taking into account repayments made, value adjustments, depreciation, amortisation and interest. The statutory value is generally adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality, although in the case of other investments that are traded on an active market, the valuation is at market value (see D.4).

The Solvency II value is identical to the statutory value at the reporting date; therefore there is no valuation difference.

Assets for index-linked and unit-linked contracts

The assets for index-linked and unit-linked contracts include the investments for the benefit of life insurance policyholders who bear the investment risk, including the loans on contracts managed in fund units.

The Solvency II valuation is at market value. The Solvency II value is thus identical to the statutory value.

Recoverables from reinsurance contracts

RECOVERABLES FROM REINSURANCE CONTRACTS (SOLVENCY II VALUE)	EUR'000
Index-linked and unit-linked insurance	-1,324
Other life insurance	-4,905
Total	-6,229

Table 6: **Recoverables from Reinsurance Contracts**

The Solvency II valuation of the recoverables from reinsurance contracts is based on the cash flows between PrismaLife AG and the reinsurers on the basis of the reinsurance contracts concluded. The valuation is made together with the technical provisions in the same valuation model (see D.2).

In the PGR balance sheet, the reinsurers' share is deducted from the technical provisions, whereas the technical provisions are reported without such a deduction in the market value balance sheet. The statutory value corresponding to the recoverables is thus equivalent to this deduction amount.

This results in a valuation difference between the Solvency II value and the statutory value of -€8,703k. This corresponds to the costs for the risk protection through reinsurance. In return, the reinsurance leads to a reduction in the Solvency Capital Requirement (see C.1).

Insurance and intermediaries receivables

The insurance and intermediaries receivables contain the amounts that are due from receivables from policyholders and intermediaries, but are not included when calculating the technical provisions or in the receivables (trade, not insurance) item.

The statutory valuation is at nominal amounts, less any specific bad debt allowances. The statutory value is generally adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality, although in the case of receivables from policyholders under cost compensation agreements an explicit revaluation on the basis of the expected cash flows was undertaken (see D.4).

This results in a valuation difference between the Solvency II value and the statutory value of +€15k.

Reinsurance receivables

Reinsurance receivables contain debtors arising from an amendment to the life reinsurance contract for unit-linked life insurance contracts which sets out the due date of a non-recurring commission and its repayment. Due to the structure of the associated reinsurance contract, no future cash flows apart from interest payments will arise.

This results in a valuation difference between the Solvency II value and the statutory value of -€8,182k. It should be noted that the associated income from future premium payments by the policyholder is included in the calculation of the technical provisions (see D.2) and the interest payments to the reinsurer are taken into account negatively in the recoverables from reinsurance contracts item.

Receivables (trade, not insurance)

Receivables (trade, not insurance) primarily contain the amounts due from loans and advances to business partners and receivables from policyholders under remuneration agreements.

The statutory valuation is at nominal amounts, less any specific bad debt allowances and individual write-downs, and taking account of repayments made and interest paid. The statutory value is generally adopted as the Solvency II value for simplification purposes, although in the case of receivables from policyholders an explicit revaluation on the basis of the expected cash flows was undertaken (see D.4).

This results in a valuation difference between the Solvency II value and the statutory value of +€887k.

Cash and cash equivalents

Cash and cash equivalents primarily contain cash on bank accounts and in hand.

The statutory valuation is at nominal amounts and corresponds to the market value. The Solvency II value is thus identical to the statutory value.

Any other assets, not elsewhere shown

Any other assets, not elsewhere shown primarily include prepayments and accrued income.

The statutory valuation of prepayments and accrued income is at nominal amounts. The statutory value is adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality.

In the statutory balance sheet, this item also includes deferred acquisition costs. This results in a valuation difference between the Solvency II value and the statutory value of -€6,808k. It should be noted that the associated income from acquisition costs recognised on a distributed basis in the valuation for solvency purposes is included in the calculation of technical provisions (see D.2).

D.2 TECHNICAL PROVISIONS

For the valuation for solvency purposes, the technical provisions are recognised at the best estimate of the obligations plus a risk margin. These values are determined for the two business lines operated by the Company (see A.1) on the basis of the same key fundamentals, methods and assumptions. Table 7 gives an overview of the technical provisions' Solvency II values, which are also presented in detail in the appendix in template S.12.01.02.

TECHNICAL PROVISIONS (SOLVENCY II VALUE)	Best estimate EUR'000	Risk margin EUR'000	Total EUR'000
Index-linked and unit-linked insurance	830,649	47,897	878,546
Other life insurance	115,613	14,271	129,884
Total	946,262	62,168	1,008,430

Table 7: Technical Provisions

The best estimate is the expected present value of all future cash flows with respect to the satisfaction of obligations to policyholders. It generally includes the valuation of contractual options and financial guarantees. The market value of the fund units allocated to the individual unit-linked contracts is contained in the best estimate.

The best estimate does not contain the recoverables from reinsurance contracts (see D.1).

Methods and assumptions used

The calculations of the best estimate and the risk margin are made using commercial projection software in which the insurance portfolio is modelled on an individual policy basis and a deterministic extrapolation is made on a monthly basis.

The best estimate is determined using realistic and market-consistent assumptions without explicit or implicit safety margins. For PrismaLife AG, key assumptions particularly concern administrative costs, the exercise of contractual options (e.g. surrender) and the level of the fund retrocession or unit-linked insurance contracts.

The basis for discounting future cash flows is the applicable risk-free interest rate term structure prescribed by the supervisory authority and derived from current market data. The financial guarantees are also taken into account in the valuation.

Compared to the previous reporting period, the valuation method has been still further refined in various places. The changes have an impact on various parts of the best estimate. Overall, these adjustments have had an impact of less than 1% on the best estimate.

Furthermore, the economic and non-economic assumptions underlying the valuation were updated.

The risk margin is intended to ensure the possibility of transferring the insurance obligations to another insurance company. It is the theoretical premium to the best estimate that an acquiring company would demand for the non-hedgeable risks contained in the obligations. The risk margin is calculated as the present value of costs that are incurred for providing eligible own funds in the amount of the Solvency Capital Requirement (see E.2) for covering the non-hedgeable risks until the portfolio expires.

An exact projection of the Solvency Capital Requirement is not generally possible. For this reason, different simplification levels are provided for. PrismaLife AG uses method 1, in which the Solvency Capital Requirement for the relevant risk modules of the standard formula is updated using suitable drivers and then aggregated for each projection year.

Differences between Solvency II values and statutory values

The valuation of the technical provisions for solvency purposes differs from the applicable statutory valuation in particular in the following points:

- In PrismaLife AG's most important business line of index-linked and unit-linked insurance, the statutory valuation is largely made at the market value of the fund units assigned to the individual unit-linked contracts. No valuation is made of the future income and expenses connected with these contracts.

- The valuation for solvency purposes is based on best estimates and market-consistent assumptions. The statutory valuation, by contrast, provides for a calculation of the technical provisions with cautious assumptions. For example, assumptions on costs and biometrics are provided with safety margins.

The different valuation approaches result in a valuation difference between the Solvency II value and the statutory value of -€76,008k in the index-linked and unit-linked insurance business line and of -€30,146k in the other life insurance business line.

The level of uncertainty regarding the value of the technical provisions

The valuation of the technical provisions for solvency purposes includes uncertainties particularly in the following points:

- There are always uncertainties in the estimation of assumptions about future developments. In particular the assumptions regarding future administrative costs, fund retrocessions and surrender probabilities have a material influence on the valuation of the technical provisions. In order to keep the resulting uncertainties as low as possible, the assumptions are monitored on an ongoing basis and updated if applicable.

- Generally, the projection of the technical cash flows is made in the projection software on an individual policy basis. For reasons of proportionality, certain products and product features are not modelled or are only modelled in a simplified way here.

- Unit-linked insurance without guarantees represents the majority of PrismaLife AG's insurance portfolio. The projection software used is particularly geared to the requirements of these products. Contractual options and financial guarantees are only deterministically valued for reasons of proportionality.

Future measures by management are of minor importance for the valuation of the technical provisions. The appropriateness of the methods and assumptions used is guaranteed by the Actuarial Function (see B.6). In PrismaLife AG's view, the uncertainties presented do not lead to material uncertainty regarding the assessment of the value of the technical provisions.

Adjustments and transitional measures

In order to mitigate the impact of fluctuations in the market values of risky debt instruments and to facilitate the transition to the new supervisory system Solvency II, the European legislator has provided for the use of adjustments and transitional measures. The application of these measures typically leads to a significant increase in the coverage of the Minimum Capital Requirement and the Solvency Capital Requirement.

The volatility adjustment pursuant to Art. 77 d and the matching adjustment pursuant to Art. 77 b of Directive 2009/138/EC (cf. Art. 77 (2) VersAG) are not used.

The transitional measure for risk-free interest rates pursuant to Art. 308 c of Directive 2009/138/EC (cf. Art. 262 VersAG) and the transitional measure for technical provisions pursuant to Art. 308 d of Directive 2009/138/EC (cf. Art. 263 VersAG) are not used.

D.3 OTHER LIABILITIES

OTHER LIABILITIES (SOLVENCY II VALUE)	EUR'000
Provisions other than technical provisions	3,110
Deferred tax liabilities	5,871
Insurance & intermediaries payables	13,945
Reinsurance payables	442
Subordinated liabilities	7,000
Any other liabilities, not elsewhere shown	348

Table 8: **Other Liabilities**

Provisions other than technical provisions

The provisions other than technical provisions largely comprise provisions for the audit, litigation costs, commission levies and tax provisions.

The statutory valuation is at the repayment amount. The statutory value is adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality.

Deferred tax liabilities

Due to the revaluation of assets and liabilities for solvency purposes, the tax bases change. When realising these temporary valuation differences, effects on future tax payments (so-called deferred taxes) arise. (Theoretical) future tax payments are recorded under deferred tax liabilities.

Deferred taxes are generally calculated individually for each asset and each liability. These are reported net as deferred tax liabilities; discounting does not take place. On the basis of the tax environment, the existing tax loss carry forwards are also taken into account; these reduce the deferred tax liabilities to be recognised. No comparable item exists in the PGR balance sheet. This results in a valuation difference between the Solvency II value and the statutory value of +€5,871k.

The deferred tax liabilities are not actual tax liabilities, but a purely theoretical valuation for solvency purposes. The liabilities from tax recognised in the PGR balance sheet are included in the “any other liabilities not elsewhere shown” item, the tax provisions are included in the “provisions other than technical provisions” item.

Insurance and intermediaries payables

The insurance and intermediaries payables largely contain amounts due from insurance and intermediaries payables that are not technical provisions.

The statutory valuation is at the repayment amount. The statutory value is adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality.

Reinsurance payables

Reinsurance payables comprise creditors arising out of reinsurance operations.

The statutory valuation is at the repayment amount. The statutory value is adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality.

Subordinated liabilities

Subordinated liabilities contain a floating-rate subordinated bond issued in April 2006 with a term of 29 years.

The statutory valuation is at the repayment amount. The statutory value is adopted as the Solvency II value for simplification purposes on the basis of the principle of proportionality.

Any other liabilities, not elsewhere shown

This contains all liabilities not already shown elsewhere in the market value balance sheet. These are largely the accruals and deferred income and other liabilities from tax, for social security, to affiliated companies and to other creditors.

The statutory valuation is generally at the repayment amount (other liabilities) or at nominal amounts (accruals and deferred income). It should be noted that the accruals for future payments in accruals and deferred income (statutory balance sheet) in the valuation for solvency purposes are included in the calculation of technical provisions (see D.2). This results in a valuation difference between the Solvency II value and the statutory value of -€892k.

D.4 ALTERNATIVE METHODS OF VALUATION

Where it is not possible to use quoted market prices when measuring assets and liabilities for solvency purposes that are not technical provisions and to which no specific valuation requirements apply, alternative valuation methods are used. Alternative valuation methods are used for the following items of the market value balance sheet:

ALTERNATIVE METHODS OF VALUATION

Other investments	Market value from external appraisals
Insurance and intermediaries receivables Receivables (trade, not insurance)	Amounts repayable adjusted for probabilities of default

Table 9: **Alternative Methods of Valuation**

If in the case of other investments, the statutory value is not adopted, the valuation is generally on the basis of the last available market value of the asset resulting from an external appraisal.

In the case of receivables from cost compensation agreements concluded in the past (contained in insurance and intermediaries receivables) and remuneration agreements (contained in receivables (trade, not insurance)), the observed default probabilities where the amounts repayable are taken into account on a pro rata basis are used for calculating a value close to the market.

The appropriateness of the use of alternative valuation methods is regularly reviewed in light of the experience gained. In PrismaLife AG's estimation, the application of the aforementioned alternative valuation methods does not have a material influence on the market value balance sheet.

D.5 ANY OTHER INFORMATION

There is no other material information on PrismaLife AG's valuation for solvency purposes.

E Capital Management

Effective capital management is a key component of the Company's comprehensive range of management tools at PrismaLife AG. A central task here is managing risk and capital. The risk management system monitors the capital required for the assumption of risk, and the capital management system manages the capital available for the risk-bearing capacity. Processes and responsibilities with regard to ensuring the permanent ability to fulfil the risk sensitive capital requirements and the monitoring of the classification of own-fund items are set out in the capital management guidelines. In order to enable coverage of the supervisory capital requirements with suitable own funds at all times, there is an ongoing need for monitoring, which ensures a controlled assumption of risk. In order to support this process, a Capital Management Committee was formed, which is convened at least every six months or also on an ad hoc basis as required. Optimising the capital structure through capital management ensures that the capital resources are appropriate from both a Solvency and an economic point of view. Ensuring the permanent ability to fulfil the risk sensitive capital requirements and monitoring the correct classification of the own-fund items, both when issuing these and subsequently, are the task of the Risk Management Committee and the Capital Management Committee.

Another key aspect of capital management is capital planning. This comprises forecasts of capital requirements and own funds across a planning period of three years and is set out in a medium term capital management plan.

There were no material changes in objectives and capital management processes used in the reporting period.

E.1 OWN FUNDS

The available own funds comprise the sum of basic own funds and ancillary own funds. The starting point for determining the available basic own funds is the excess of assets over liabilities from the market value balance sheet (see D). Ancillary own funds are off-balance sheet own funds that can be called up to absorb losses. PrismaLife AG does not recognise any ancillary own funds.

Pursuant to the supervisory requirements, the available own funds are classified into three tiers (particularly in respect of availability and subordination to other liabilities). Tier 1 is the highest tier. The eligible own funds to cover the Solvency Capital Requirement and the Minimum Capital Requirement result from this classification.

The excess of assets over liabilities from the market value balance sheet is €108,157k. It exceeds the capital and reserves of the PGR balance sheet of €29,364k by €78,793k. This difference is due to

- valuation reserves from market-consistent valuation of investments (see D.1),
- the market-consistent valuation of the technical provisions as the sum of the best estimate and risk margin (see D.2) and
- valuation differences in other assets (see D.1) and other liabilities (see D.3) in the market value balance sheet, including the effects from taking account of deferred tax liabilities.

The available basic own funds also include subordinated liabilities of €7,000k meaning that the breakdown of basic own funds is as follows (see also template S.23.01.01 in the appendix):

BASIC OWN FUNDS	2018 EUR'000	2017 EUR'000
Excess of assets over liabilities	108,157	99,631
Ordinary share capital	12,082	12,082
Initial funds	469	469
Reconciliation reserve	95,606	87,080
Subordinated liabilities	7,000	7,000
Available basic own funds	115,157	106,631

Table 10: **Basic Own Funds**

As in the previous reporting period the ordinary share capital comprises subscribed capital and is divided into 400,000 fully paid registered shares of €15.103 each and 400,000 fully paid non-voting participation certificates of €15.103 each. There is no uncalled ordinary share capital. The ordinary share capital satisfies the requirements for Tier 1 own funds.

The initial funds are identical to PrismaLife AG's organisation fund. The organisation fund satisfies the requirements for Tier 1 own funds.

The reconciliation reserve consists of the differences in the valuation for solvency purposes and the statutory valuation with regard to the excess of assets over liabilities and certain parts of the PGR capital reserves. A deduction for foreseeable distributions to unit holders is not necessary. The reconciliation reserve counts as Tier 1 own funds. The reconciliation reserve has increased by €8,526k compared to the previous year. The increase comprises the retained profit for the past financial year and changes in the expected profits and losses in future years. The fluctuations in the expected future gains and losses arise from the portfolio's risk sensitivity (see also the risk sensitivity analyses in section C); mismatches between assets and liabilities are managed as part of asset-liability management (ALM). Corresponding fluctuations may also occur in the future.

The subordinated liabilities comprise a subordinated loan with a term of 29 years issued in April 2006. It meets the requirement pursuant to the transitional rules under Art.308 b (10) of Directive 2009/138/EC and is therefore classifiable as Tier 2 own funds.

This results in a total of €108,157k in available own funds in Tier 1 and €7,000k in Tier 2.

All own funds are unrestricted and except for subordinated liabilities are available without restriction; no deductions are to be made from the own funds. They are eligible for covering the Solvency Capital Requirement in their full amount of €115,157k. Tier 2 own funds are only eligible to cover up to 20% of the Minimum Capital Requirement (i.e. up to €4,414k), meaning that the own funds eligible for this amount to €112,571k.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

Insurance companies have to maintain a capital buffer in order to be able to guarantee their benefits payable to policyholders even in the event of the occurrence of very unlikely risks. The material supervisory target value for the required capital buffer is the Solvency Capital Requirement (SCR). It is determined so that when the Solvency Capital Requirement is complied with (i.e. in the case of a cover ratio of 100%), the benefits payable to policyholders are also guaranteed in the event of the occurrence of an extreme stress scenario (200-year event). If the Solvency Capital Requirement is not complied with at a certain valuation date, this does not, however, mean that the insurance company cannot satisfy its current and future expected benefits payable to its policyholders. For example, in the case of unit-linked contracts the customer's money is invested in funds directly selected by the customer irrespective of the insurer's assets. Non-compliance with the Solvency Capital Requirement does, however, show vulnerability to very unlikely stress scenarios.

Solvency Capital Requirement

Table 11 presents an overview of the components of PrismaLife AG's Solvency Capital Requirement also presented in the appendix in template S.25.01.01.

BREAKDOWN OF THE SOLVENCY CAPITAL REQUIREMENT	2018 EUR'000	2017 EUR'000
Market risk	44,415	42,921
Counterparty default risk	6,162	8,659
Life underwriting risk	66,388	59,416
Diversification	-26,225	-26,346
Basic Solvency Capital Requirement	90,740	84,650
Operational risk	3,416	3,136
Loss-absorbing capacity of deferred taxes	-5,871	-4,865
Solvency Capital Requirement (SCR)	88,285	82,921

Table 11: **Breakdown of the Solvency Capital Requirement**

PrismaLife AG calculates the Solvency Capital Requirement on the basis of the standard formula. As in the previous reporting period, it is dominated by life underwriting risk and by market risk. Diversification effects between the individual risks and the loss absorbing capacity of deferred taxes have a risk mitigating impact (see D.3). Such loss absorbing capacity lies in the fact that future tax payments are lower and the obligations reduce in a stress scenario. This reduces the level of risk in the stress scenario.

The Basic Solvency Capital Requirement has increased by €6,090k compared to the previous year. Due to the realignment of investments described in section A.3, the market risk has increased compared to the previous year, while the counterparty default risk has reduced. The increase in the life underwriting risk can be traced to the refinement of the valuation method (see D.2). The increase in the loss-absorbing capacity of deferred taxes arises from the increase in deferred tax liabilities (see D.3).

The final amount of the Solvency Capital Requirement is still subject to supervisory review.

Minimum Capital Requirement

As a supplement to the Solvency Capital Requirement, the Minimum Capital Requirement (MCR) represents a floor that own funds are not permitted to breach.

The MCR is calculated according to a simple formula depending on the size of the business (particularly depending on the level of technical provisions and the risk capital) and is always between 25% and 45% of the Solvency Capital Requirement. The Minimum Capital Requirement for PrismaLife AG's business size is €22,071k and, as in the previous year, is equivalent to 25% of the Solvency Capital Requirement. Details are available in template S.28.01.01 in the appendix.

Cover ratios

When calculating the Solvency Capital Requirement and Minimum Capital Requirement, no simplifications and no undertaking-specific parameters pursuant to Art. 104 of Directive 2009/138/EC (see Art. 59 VersAG) are used. PrismaLife AG also does not use any adjustments or transitional measures for the technical provisions (see D.2), such as are customary for German life insurers.

The cover ratios are calculated as the ratio of eligible own funds to the Solvency Capital Requirement and Minimum Capital Requirement, respectively.

COVER RATIO	2018 %	2017 %
SCR ratio	130	129
MCR ratio	510	501

Table 12: **Cover Ratio**

The cover ratios thus satisfy the requirements of Solvency II, and the current risk situation is within the risk-bearing capacity of the Company. The cover ratios continued to rise year-on-year.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

PrismaLife AG did not use the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

PrismaLife AG does not use any internal models to calculate the Solvency Capital Requirement.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

No non-compliance with the Minimum Capital Requirement and no non-compliance with the Solvency Capital Requirement occurred in the reporting period.

E.6 ANY OTHER INFORMATION

There is no other material information on PrismaLife AG's capital management.

Appendix – Templates

S.02.01.02 Balance Sheet – in EUR'000

Assets		Solvency II value C0010
Intangible assets	R0030	-
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	401
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	160,567
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	65
Equities – listed	R0110	
Equities – unlisted	R0120	65
Bonds	R0130	5,413
Government bonds	R0140	
Corporate bonds	R0150	2,913
Structured notes	R0160	2,500
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	147,913
Derivatives	R0190	
Deposits other than cash equivalents	R0200	5,118
Other investments	R0210	2,058
Assets held for index-linked and unit-linked contracts	R0220	952,916
Loans and mortgages	R0230	
Loans on contracts	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	-6,229
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	-4,905
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	-4,905
Life index-linked and unit-linked	R0340	-1,324
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	2,201
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	11,574
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	25,599
Any other assets, not elsewhere shown	R0420	273
Total assets	**R0500**	1,147,303

S.02.01.02 Balance Sheet – in EUR'000

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	
Technical provisions – non-life (excluding health)	R0520	
TP calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions – health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions – life (excluding index-linked and unit-linked)	R0600	129,884
Technical provisions — health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excl. health and index-linked and unit-linked)	R0650	129,884
TP calculated as a whole	R0660	
Best Estimate	R0670	115,612
Risk margin	R0680	14,271
Technical provisions – index-linked and unit-linked	R0690	878,546
TP calculated as a whole	R0700	
Best Estimate	R0710	830,649
Risk margin	R0720	47,896
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	3,110
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	5,871
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance and intermediaries payables	R0820	13,945
Reinsurance payables	R0830	442
Payables (trade, not insurance)	R0840	
Subordinated liabilities	R0850	7,000
Subordinated liabilities not in basic own funds	R0860	
Subordinated liabilities in basic own funds	R0870	7,000
Any other liabilities, not elsewhere shown	R0880	348
Total liabilities	R0900	1,039,146
Excess of assets over liabilities	R1000	108,157

S.05.01.02 Premiums, claims and expenses by line of business – in EUR’000

		Line of business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**			115,532	22,744					138,276
Reinsurers’ share	**R1420**			6,067	2,972					9,039
Net	**R1500**			109,465	19,772					129,237
Premiums earned										
Gross	**R1510**			115,532	22,722					138,254
Reinsurers’ share	**R1520**			6,067	2,972					9,039
Net	**R1600**			109,465	19,750					129,215
Claims incurred										
Gross	**R1610**			91,368	16,551					107,919
Reinsurers’ share	**R1620**			320	1,668					1,988
Net	**R1700**			91,048	14,883					105,931

S.05.01.02 Premiums, claims and expenses by line of business – in EUR’000

		Line of business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers’ share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**			17,772	3,498					21,270
Other expenses	**R2500**									-
Total expenses	**R2600**									21,270

S.05.02.01 Premiums, claims and expenses by country – in EUR'000

		Home country	Top 5 countries (by amount of gross premiums written) – life obligations					Total Top 5 and home country
		C0150	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
	R1400	×	D					×
		C0220	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**
Premiums written								
Gross	**R1410**		133,117					133,117
Reinsurers' share	**R1420**		8,966					8,966
Net	**R1500**		124,151					124,151
Premiums earned								
Gross	**R1510**		133,094					133,094
Reinsurers' share	**R1520**		8,966					8,966
Net	**R1600**		124,128					124,128
Claims incurred								
Gross	**R1610**		105,505					105,505
Reinsurers' share	**R1620**		1,323					1,323
Net	**R1700**		104,182					104,182
Changes in other technical provisions								
Gross	**R1710**							
Reinsurers' share	**R1720**							
Net	**R1800**							
Expenses incurred	**R1900**		20,477					20,477
Other expenses	**R2500**	×	×	×	×	×	×	
Total expenses	**R2600**	×	×	×	×	×	×	20,477

S.12.01.02 Life and Health SLT Technical Provisions – in EUR'000

		Insurance with profit parti-cipation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Accepted reinsurance	**Total** (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**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		×	×	×	×	×	×	×	×	×	×

S.12.01.02 Life and Health SLT Technical Provisions – in EUR'000

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Accepted reinsurance	**Total** (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Best Estimate											
Gross Best Estimate	**R0030**			830,649			-16,820	132,433			946,262
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**			-1,324			-4,722	-183			-6,229
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	**R0090**			831,973			-12,098	132,616			952,491

S.12.01.02 Life and Health SLT Technical Provisions – in EUR'000

		Insurance with profit parti-cipation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Accepted reinsurance	**Total** (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Risk Margin	**R0100**		47,897			14,271					62,168
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**										
Best estimate	**R0120**										
Risk margin	**R0130**										
Technical provisions – total	**R0200**		878,546			129,884					1,008,430

S.23.01.01 Own funds – in EUR'000

		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 (EU) 2015/35		×	×	×	×	×
Ordinary share capital (gross of own shares)	**R0010**	12,082	12,082	×		×
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**	469	469	×		×
Subordinated mutual member accounts	**R0050**		×			
Surplus funds	**R0070**			×	×	×
Preference shares	**R0090**		×			
Share premium account related to preference shares	**R0110**		×			
Reconciliation reserve	**R0130**	95,606	95,606	×	×	×
Subordinated liabilities	**R0140**	7,000	×		7,000	
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**	115,157	108,157		7,000	

S.23.01.01 Own funds – in EUR'000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
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 Directive 2009/138/EC	**R0340**		✕	✕		✕
Letters of credit and guarantees other than under Article 96 (2) of Directive 2009/138/EC	**R0350**		✕	✕		
Supplementary members calls under first subparagraph of Article 96 (3) of Directive 2009/138/EC	**R0360**		✕	✕		✕
Supplementary members calls – other than under first subparagraph of Article 96 (3) of 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**	115,157	108,157		7,000	
Total available own funds to meet the MCR	**R0510**	115,157	108,157		7,000	✕
Total eligible own funds to meet the SCR	**R0540**	115,157	108,157		7,000	
Total eligible own funds to meet the MCR	**R0550**	112,571	108,157		4,414	✕
SCR	**R0580**	88,285	✕	✕	✕	✕
MCR	**R0600**	22,071	✕	✕	✕	✕
Ratio of Eligible own funds to SCR	**R0620**	130.44%	✕	✕	✕	✕
Ratio of Eligible own funds to MCR	**R0640**	510.04%	✕	✕	✕	✕

S.23.01.01 Own funds – in EUR’000

		Total	
		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	108,157	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	12,551	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	95,606	
Expected profits			
Expected profits included in future premiums (EPIFP) – Life business	**R0770**	111,112	
Expected profits included in future premiums (EPIFP) — Non-life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**	111,112	

S.25.01.01 Solvency Capital Requirement – for undertakings on Standard Formula – in EUR'000

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0100**
Market risk	**R0010**	44,415		
Counterparty default risk	**R0020**	6,162		
Life underwriting risk	**R0030**	66,388	None	-
Health underwriting risk	**R0040**			
Non-life underwriting risk	**R0050**			
Diversification	**R0060**	-26,225		
Intangible asset risk	**R0070**			
Basic Solvency Capital Requirement	**R0100**	90,740		
Calculation of the Solvency Capital Requirement				
Operational risk	**R0130**	3,416		
Loss-absorbing capacity of technical provisions	**R0140**			
Loss-absorbing capacity of deferred taxes	**R0150**	-5,871		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**			
Solvency capital requirement excluding capital add-on	**R0200**	88,285		
Capital add-on already set	**R0210**			
Solvency Capital Requirement	**R0220**	88,285		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	**R0400**			
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**			
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**			

S.28.01.01 Minimum Capital Requirement – only life or only non–life insurance or reinsurance activity – in EUR’000

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L result	**R0200**	8,972

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation – guaranteed benefits	**R0210**		✕
Obligations with profit participation – future discretionary benefits	**R0220**		✕
Index-linked and unit-linked insurance obligations	**R0230**	831,973	✕
Other life (re)insurance and health (re)insurance obligations	**R0240**	120,518	✕
Total capital at risk for all life (re)insurance obligations	**R0250**	✕	882,261

Overall MCR calculation		**C0070**
Linear MCR	**R0300**	8,972
SCR	**R0310**	88,285
MCR cap	**R0320**	39,728
MCR floor	**R0330**	22,071
Combined MCR	**R0340**	22,071
Absolute floor of the MCR	**R0350**	3,700
		C0070
Minimum Capital Requirement	**R0400**	22,071

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