FWU Life Insurance Lux S.A.

Solvency and Financial Condition Report

BUSINESS YEAR 2022

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GLOSSARY

TERM	EXPLANATION
AMCR	Absolute Floor of the Minimum Capital Requirement
BEL	Best Estimate Liabilities
CAA	Commissariat aux Assurances
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COO	Chief Operational Officer
CRO	Chief Risk Officer
DAC	Deferred acquisition costs
EIOPA	European Insurance and Occupational Pensions Authority
ICS	Internal control system
IFRS	International Financial Reporting Standards
KRI	Key risk indicators
MCR	Minimum Capital Requirement
MVBS	Market Value Balance Sheet
ORSA	Own Risk and Solvency Assessment
OSN	Overall Solvency Needs
QRT	Quantitative Reporting Template
SCR	Solvency Capital Requirement
UCITS	Undertakings for Collective Investments in Transferable Securities
UFR	Ultimate Forward Rate
UL	Unit-linked

EXECUTIVE SUMMARY

This report describes the solvency and financial condition of FWU Life Insurance Lux S.A (hereafter referred to as FLL). The report has been aligned with the structure described in Annex XX in the Commission Delegated Regulation (EU) 2015/35, covering the company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management.

General information about FLL is provided in the first chapter, describing the business and performance of the company. FLL is active in Luxembourg, Germany, France, Italy, Spain and Belgium and focuses on life insurance solutions with innovative investment concepts. In 2022, the total amount of gross written premiums increased by 10% compared to 2021. The growth is mainly driven by the Spanish, Italian and Belgian markets, which increased by 15,4 MEUR, 8,5 MEUR and 2,7 MEUR respectively. Furthermore, in 2022 the total assets under management decreased by 3% in Lux GAAP and 8% in market value. The decrease in total assets is originating from index-linked and unit linked investments, corporate bonds, collective investment undertakings and structured notes.

The system of governance in place at FLL is considered as adequate to the nature, scale and complexity of the company's business and its inherent risks.
The Board of Directors ensures good governance by defining and implementing guidelines and principles. In practice, this is achieved through written company policies adhering to the Solvency 2 regulation, which includes policies covering the key functions, key business processes and governance specific issues. Good governance at FLL is further embedded by the actual implementation of three dedicated committees: the Executive Committee, the Risk Management Committee and the Audit Committee.
Moreover, FLL has a risk management system in place which enables effective and efficient controlling, assessment, monitoring, reviewing and communication of all company risks. The risk management system is enhanced by the internal control system, which is considered adequate and effective. The latter is implemented respecting the 'three lines of defense' principle and aims at further controlling the company risks at all levels.
Finally, the Internal Audit function independently examines and evaluates the functioning of the internal controls and all other elements of the system of governance, as well as the compliance of activities with internal strategies, policies, processes and reporting procedures.

The risk profile of the company is considered low as FLL sells mainly unit-linked business, where the investment risk is borne by the policyholders, and hybrid products, which is a mixture of unit-linked funds and products guaranteeing a return on invested premiums net of charges at maturity. FLL has decided to discontinue the sale of hybrid products from beginning of 2023. The risk remaining with the company is limited and is defined in six categories: Insurance risks, market risks, credit risks, liquidity risks, operational risks and other risks.
FLL applies the EIOPA Standard Formula in calculating the Solvency Capital Requirement (SCR). The most important risk is insurance risk, with lapse risk representing its most important component. The second largest risk is market risk, which is mainly represented by interest rate risk and equity risk. The entire set of risks defined in the different risk categories are followed up and assessed periodically during the risk inventory process.
In 2022, FLL has particularly followed up on the outbreak of the war in Ukraine. The company is monitoring the impact of volatile financial markets and interest rates on the company's S2 Coverage ratio. Furthermore, a specific scenario modeling a deterioration of the war has been in scope of ORSA 2022.

The valuation for solvency purposes chapter outlines the valuation principles and results according both Lux GAAP and Solvency II regulation. Regarding liabilities, a first important difference is that Solvency II applies Best Estimate assumptions whereas under Lux GAAP margins are included for adverse deviation. The Best Estimate results in Solvency II are increased by the Risk Margin, which is also not present in the Lux GAAP framework. Furthermore, discount rates are different, since these are defined by EIOPA under the Solvency II framework and by the CAA under the Lux GAAP framework. Regarding assets, the difference between both guidelines is originating from non-linked investments. For interest bearing securities, Solvency II reflects the market value whereas Lux GAAP reflects the book value of these investments.

The capital management chapter reveals that, as at year-end 2022, the own funds under Solvency II are 150.699 TEUR. The total SCR is 76.554 TEUR and the total MCR is 19.138 TEUR as at year-end 2022, which means that own funds are sufficiently high enough to cover both SCR and MCR. Indeed, the Solvency II coverage ratio is 197%, which is higher than the company's risk appetite objective of 140%. Lastly, the company's ordinary share capital, the share premium account related to ordinary share capital and reconciliation reserve are fully available as tier 1 unrestricted own funds.

A. BUSINESS AND PERFORMANCE

A.1. BUSINESS

A.1.1. Name and legal form of the undertaking

FLL is one of the insurance entities of FWU AG responsible for retail insurance business, bancassurance and portfolio acquisitions in Europe.

FLL was founded on 28 October 1987 and is based in the Grand Duchy of Luxembourg. Besides Luxembourg, it serves German, Italian and Spanish markets via own branches (Saarbrücken, Milan and Madrid respectively) and the Belgian market through freedom of services within the EU/EEA. Finally, FLL is also active in France both via an own branch in Paris and through freedom of services within the EU/EEA.

FLL specializes in unit-linked (UL) and hybrid life insurance solutions with innovative investment concepts. The legislative environment in Luxembourg facilitates this by allowing modern and tailored investment solutions. Since the foundation of the company, FLL has been a competence center for lean administration with fully automatic and almost paperless policy management and premium related cash flow management. FLL serves its sales partners and customers reliably and quickly with state-of-the-art technology.

As at 31/12/2022, FLL had on 91 employees working in Luxembourg (54), the Italian branch (33), the Spanish branch (3) and the German branch (1).

A.1.2. Name and contact details of the supervisory authority responsible for financial supervision of the undertaking

The “Commissariat aux Assurances” (CAA) is the official body of supervision of the insurance sector in Luxembourg.

Contact:

Commissariat aux Assurances (CAA)
7, Boulevard Joseph II
L-1840 Luxembourg
www.caa.lu

A.1.3. Name and contact details of the external auditor of the undertaking

As registered regulated entity in Luxembourg, activities of FLL are reviewed by an external auditor. PWC is currently in charge of this external audit. The independence of the mandate is reviewed by the Audit Committee every year.

Contact:

PWC Luxembourg, Société Coopérative
2, rue Gerhard Mercator B.P. 1443
L-1014 Luxembourg.
http://www.pwc.lu

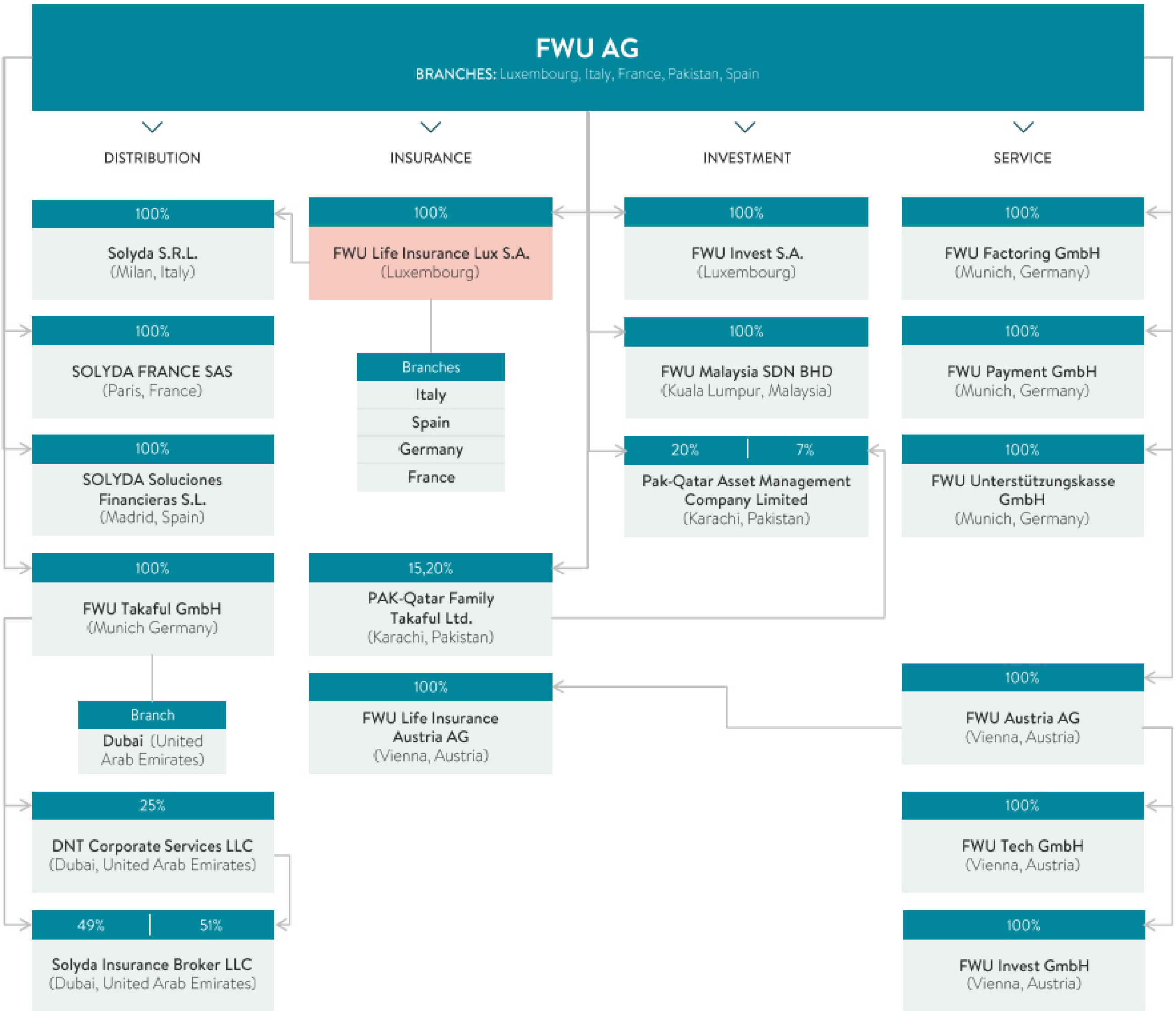
A.1.4. Description of the holders of qualifying holdings in the undertaking

95% of FWU AG is privately owned, whereas the remaining 5% is owned by Swiss Re.

A.1.5. Details on the parent and of the ultimate parent entity

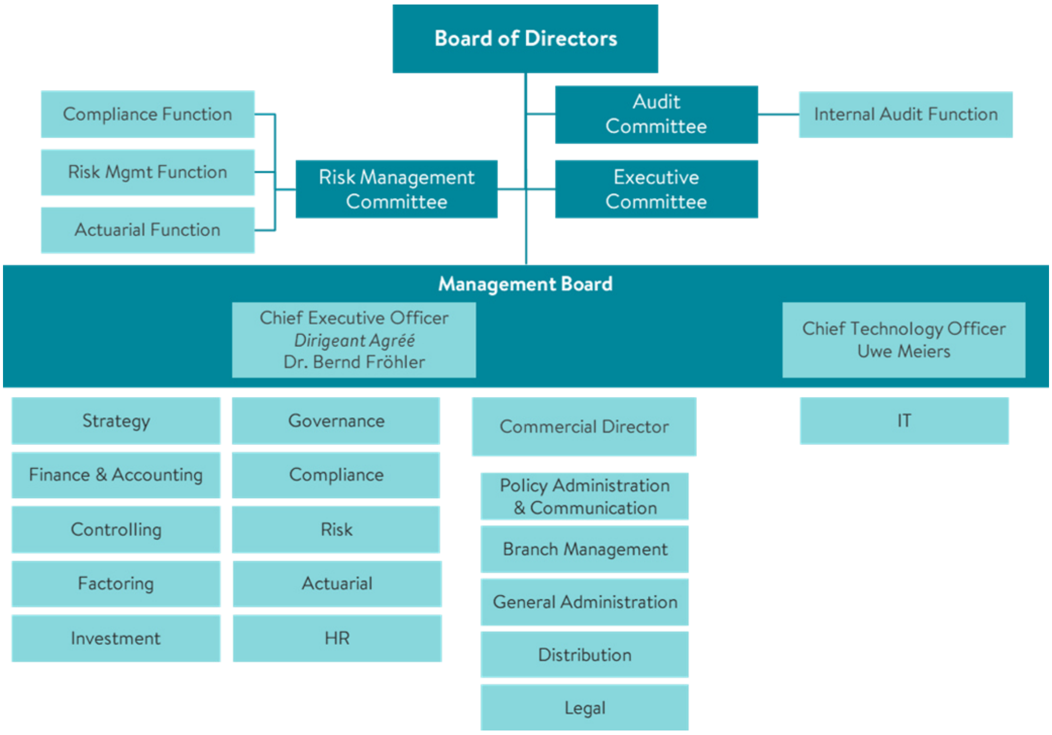
FLL is 100% owned by FWU AG, a financial services provider. Paragraph A.1.6 details the position of FLL within the legal structure of FWU AG.

A.1.6. Undertaking's position within the legal structure of the group



A.1.7. Organizational structure chart

The organization chart below provides an overview of the structure of the company:



A.1.8. Material lines of business and material geographical areas

FLL product portfolio is focused on unit-linked and hybrid policies that give customers the choice of investing in a range of internal funds and investments with guaranteed interest rates and guarantees for the invested part of the insurance premium, which are actively managed by different investment companies.

New policies are invested in external funds with or without invested premium guarantees provided by a reinsurer depending on the risk profile of the policyholder. The investment concept is called Forward Quant.

At end 2007 the company ceased offering new traditional endowment business, which had been written exclusively in Germany.

Consequently, the majority of investment risks are borne by policyholders themselves or by other external parties. However, Italian products, which have been sold since 2006, as well as those German and French products that benefit from tax advantages, have minimum maturity payments that are guaranteed by FLL.

To reduce the risk of increased lapses in a weak economy, FLL introduced peak-value protection in 2008 for German and in 2009 for French new and in-force unit linked business at an additional cost for policyholders. This protection guarantees the peak value of a policy over its lifetime, but is guaranteed only at maturity. The risk inherent in this guarantee is carried by FLL. FLL has a reinsurance agreement where the investment guarantee is reinsured.

In addition to the organic growth of business volumes of FLL, the strategy of the company has been to also explore UL life insurance portfolios which are in line with the core competencies of FLL. Over the last years, FLL has acquired and successfully integrated the following two portfolios:

- The French portfolio of the Luxembourgish Life Company (Excell life): At the point of the transfer of the Excell Life portfolio (9 December 2011), 6.576 active contracts with a total policy value of 28.852 TEUR and a total premiums aggregated of 156.991 TEUR existed.
- The insurance portfolio of the Luxembourgish Life and Pensions Company (Kaupthing Life and Pensions): For the partial portfolio AMOSUP, 10.427 active and invested insurance contracts with a contractual value as at 30 June 2015 of 27.101 TUSD (24.325 TEUR) and an aggregated premiums payable of 26.173 TUSD (23.493 TEUR) have been transferred to FLL. Furthermore, 222 active endowment and 10 private portfolio bonds with a total volume of 42.646 TEUR were transferred.

A.1.9. Significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

Significant business or other events are provided below for our most important markets.

French / Belgian market

The first and second quarters of 2022 continued to benefit from the positive development of the previous year. In the Belgian market, the distribution of the F-Series product had to be stopped in May due to a temporary production stop by the regulatory authority in Luxembourg. The reason for this was a translation error in the General Terms and Conditions. Due to targeted communication with both the Belgian supervisory authority and the CAA, the production stop was terminated. The re-launch of new business will take place in 2023.

Later in August, following a proceeding by the CAA, the "Pre-POG products" in France (F-Series products) were stopped for new business. The stop of commercialisation of these products has no impact on the contractual relationship between FLL and its policyholders, which remains unchanged.

FLL is preparing to launch a new generation of tariffs (UU-Series) on the French and Belgian markets in 2023. The new tariff generation has been developed in line with the latest publications on "Value For Money" (VFM) and "POG - Product Oversight and Governance" (concerning regulatory requirements, for example, on product testing or target market definition). It is characterised above all by increased surrender values in the first years (always 60% of the paid-in premium), a break-even of less than 10 years (even with a term of 25 or 30 years) and a cost structure that is distributed more evenly over the term.

During 2022, the company has strengthened the back-office teams in Luxembourg with new staff to improve the service to French and Belgian policyholders and to best prepare for the launch of the new tariff generation in 2023.

Italian market

Despite a promising start to 2022, the outbreak of the Russia-Ukraine crisis, with a consequent deterioration in the performance of the financial markets, caused a slowdown in Italy in the demand for investment insurance products, with particular reference to single-premium products.

The context of high volatility and limited financial resources available (consequent to the increase in living and energy costs), together with the increase in interest rates, has led the market to move towards endowment insurance products and unit-linked recurring premium products, but with additional guarantees.

Leveraging on the opportunity offered by the regulatory adjustments envisaged by the new ESG regulations, in the last part of Q3 2022 the company carried out an update of the product catalogue, launching a completely renewed recurring premium product (U series) and inserting new underlying investments in the single premium product, characterized by a more conservative risk profile. The Endowment product was discontinued as of August 2022.

Furthermore, the new products have made it possible to definitively abandon the paper subscription method, being replaced by a 100% digital process.

The recurring premium product was received by the market in a particularly positive manner, contributing to a significant increase (more than +15%) in total income for the year compared to the previous year. Even for the single premium, the 2022 premiums collection was in progress compared to 2021 (more than +20%).

The total number of active customers overcame the iconic threshold of 100.000 customers, in progress of almost 15% compared to end of 2021.

Spanish market

The year 2022 has been full of new developments in the Spanish branch of FWU: the launch of the new FILOS Tech, the new tariffs for the Forward Guardian and Forward Quant (U-series) products, the new single premium product Forward UNICO and the newspaper La Razón awarded the company with the prize for technological innovation in the insurance sector.

In terms of business performance, the number of active customers continued to increase strongly, growing by more than 24% and exceeding the figure of 41,000 active customers. The launch of the single premium product generated a premium volume of more than 6 million euros in 2022.

On other developments, the launch of social networks is gaining momentum and the company now has a presence on Instagram and LinkedIn, where content is published regularly.

A.2. UNDERWRITING PERFORMANCE

A.2.1. Information on undertaking's underwriting performance, at an aggregate level and by material line of business and material geographical areas where it writes business over the reporting period, together with a comparison of the information with that reported on the previous reporting period, as shown in the undertaking's financial statements (refer to Solvency II lines of business, in line with the content of template S.05.01)

The evolution of gross written premiums (GWP) follows the same trend as last year, with a variable evolution depending on the market. FLL's overall GWP is up by 10% compared to last year. This improvement is mainly due to the dynamism encountered in the Spanish market (+15,4 MEUR, +35%), with the launch of the single premium product. To a lesser extent, premiums written on the Italian (+8,5 MEUR, +7%) and Belgian (+2,7 MEUR, +30%) markets also contributed to this increase.

Analysis by GWP by Geographical market

MARKET	2021	2022	PERCENTAGE INCREASE
Italy	118.221	126.697	7%
Spain	44.223	59.587	35%
France	25.386	22.573	-11%
Germany	22.371	20.749	-7%
Denmark (Amosup)	3.789	4.425	17%
Belgium	9.111	11.817	30%
Austria	1.085	1.003	-8%
Luxembourg	531	549	3%
Total	224.716	247.400	10%

(All amounts in TEUR)

Analysis by the number of policies by market

MARKET	2021 NEW BUSINESS	2022 NEW BUSINESS	TOTAL IN-FORCE IN 2021	TOTAL IN-FORCE IN 2022
Italy	11.589	12.830	94.346	100.458
Spain	8.289	8.895	35.400	42.333
France	1.396	697	40.646	37.702
Germany	35	6	27.433	25.621
Denmark (Amosup)	1.596	1.605	15.252	16.173
Belgium	6.669	2.139	13.794	13.745
Austria	-	-	974	905
Luxembourg	61	304	441	702
Total	29.635	26.476	228.286	237.639

Most of the new business was generated in Italy (12.830 new policies) and Spain (8.895 new policies). This contributed significantly to the growth of the overall portfolio, which increased by +9.353 policies (+4,1%).
The acquisition of new policies in the Belgian and French markets was stopped for the reasons explained in paragraph A.1.9. The resumption is planned for 2023.

Analysis by the accumulated sums of premiums by market

MARKET	2021 NEW BUSINESS	2022 NEW BUSINESS	TOTAL IN- FORCE IN 2021	TOTAL IN-FORCE IN 2022
Italy	395.010	469.850	3.103.040	3.328.420
Spain	322.270	360.580	1.333.270	1.613.220
France	50.027	27.589	688.984	620.057
Germany	-	-	654.494	655.607
Denmark (Amosup)	700	840	32.850	36.510
Belgium	198.090	65.616	375.568	378.221
Austria	-	-	27.304	25.603
Luxembourg	2.862	10.792	61.373	18.407
Total	968.959	935.267	6.276.883	6.676.045

(All amounts in TEUR)

(Total contributions regardless if first premiums are invested)

The new business contribution decreased by -34 MEUR (-3,5%) compared to last year. This slowdown is particularly due to the reasons explained in paragraph A.1.9. for the Belgian and French markets.
On the other hand, an improvement is observed in total in-force business with an increase of +399 MEUR (+6,4%) compared to 2021. The number of new subscriptions (+9.353 policies) contributes by +257 MEUR to the overall increase. The evolution of the average premium per policy (+0,598 TEUR, i.e. +2,2%) improves the Total in-force contribution by +142 MEUR in 2022.

A.3. INVESTMENT PERFORMANCE

A.3.1. Assets under management

The assets under management cover both non-linked and unit-linked investment. The table below presents the evolution of the Lux GAAP asset value since last year:

MARKET	LUX GAAP 2021	LUX GAAP 2022
Lux / Germany / Austria	484.913	456.837
France	30.451	20.958
Italy	269.359	267.288
Spain	85.242	93.680
Belgium	8.107	10.448
Endowment	11.347	11.347
Total	889.420	860.560

(All amounts in TEUR)

The total amount decreased by 3% and amounted to 860.560 TEUR at the end of 2022.

Under the Solvency II requirements, investments have to be reported at their market value. This is tabulated below with a further split of the non-linked assets between the different asset categories:

INVESTMENTS (OTHER THAN ASSETS HELD FOR INDEX-LINKED AND UNIT-LINKED CONTRACTS)	SII 2021	SII 2022
Holdings in related undertakings, including participations	4.071	4.071
Government bonds	69.721	87.572
Corporate bonds	113.112	95.601
Structured notes	14.207	9.768
Collective investments undertakings	21.106	8.974
Derivatives	699	1.121

Deposits other than cash equivalents	44.927	70.555
Total	267.845	277.661

INVESTMENTS (INDEX-LINKED AND UNIT-LINKED CONTRACTS)	SII 2021	SII 2022
Total	631.550	549.019

(All amounts in TEUR)

In 2022, the markets were affected by a significant increase of the interest rates and by a decrease of the equity markets.

These two combined effects resulted in a decrease by -13% of the unit-linked investment value.

The total non-linked investment value increased by +4% following the combined effect of market movements and net investments.

A.3.2. Investment income

REALISED INVESTMENT RESULT (OTHER THAN ASSETS HELD FOR INDEX-LINKED AND UNIT-LINKED CONTRACTS)	2021	2022
Investment income	3.217	3.753
Gains on the realization of investments	2.802	4.688
Losses on the realization of investments	-487	-4.839
Total	5.531	3.603

(All amounts in TEUR)

REALISED INVESTMENT RESULT (INDEX-LINKED AND UNIT-LINKED CONTRACTS)	2021	2022
Investment income	4.181	5.706
Gains on the realization of investments	17.981	13.829
Losses on the realization of investments	-877	-16.416
Total	21.285	3.119

(All amounts in TEUR)

The internal investment management expenses during the reporting period amounted to 652 TEUR (560 TEUR in 2021). The total investment expenses amounted to 3.751 TEUR (2021: 3.613 TEUR).

A.4. PERFORMANCE OF OTHER ACTIVITIES

A.4.1. Other technical income and expenses

Other technical income mainly relates to amounts received from an affiliated undertaking in the context of factoring distributions of pre-financed commissions.

Up to 2021, other technical income also included fees collected by the parent company and repaid to the company in relation with financial reinsurance transactions as well as proceeds from fee sales. From 2022 onwards, this mechanism was stopped and replaced by 2 reinsurance contracts which are reported in “Other incl. groups share of RI contribution” in the table below.

The other income amounted to 64.444 TEUR in 2022 compared to 84.853 TEUR in 2021. Details are shown in the table below:

OTHER TECHNICAL INCOME	2021	2022
Factoring business	50.894	39.307
Proceeds from fee sales*	18.295	0
Groups share of subscription bonus	45	130
Other incl. groups share of RI contribution	15.619	25.007
Total	84.853	64.444

(All amounts in TEUR)

* Proceeds from fee sales classified in ‘Other income’

Other technical charges mainly consist of factoring charges from the factoring of fees and the pledge of assets for the repayment of pre-financed acquisition fees regarding the French and Spanish unit-linked business and the Italian life insurance business. In addition, this caption includes repayments to an affiliated undertaking of pre-financed investment- and tariff-fees. Details are shown in the table below.

OTHER TECHNICAL EXPENSES	2021	2022
Commission fees	44.332	42.790
Other incl. repayments to an affiliated undertaking of pre-financed investment and tariff fees	9.424	10.822
Total	53.756	53.612

(All amounts in TEUR)

A.4.2. Information on leasing arrangements in relation to each material leasing arrangement, separately for financial and operating leases.

Other future financial commitments

The following table shows the other future financial commitments as at 31 December 2022:

ACCOUNT	2022	2023	FOLLOWING	TOTAL
Office rental/service fees/other	570	590	1.736	2.896
Benefits-Guarantee Liability	4.613	4.613	31.135	40.361

(All amounts in TEUR)

A.5. ANY OTHER INFORMATION

Not Applicable

B. SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B.1.1. Information on general governance: structure of administrative, management or supervisory bodies, description of roles and responsibilities, details on the segregation of responsibilities (existence of relevant committees must be disclosed).

System of governance

The internal governance system is defined by the Board of Directors of FLL. The Board of Directors, comprising both executive and non-executive members, ensures that good governance is observed.

The Board of Directors of FLL laid out guidelines and principles to support its governance system. The guidelines and principles are captured in form of policies that came into force on 01 January 2016. Policies exist for all areas indicated by the Solvency II regulation, including:

- The key functions, i.e. Risk Management, Actuarial, Compliance and Internal Audit;
- Key business processes, e.g. underwriting, reinsurance, financial closing…
- Governance-specific issues, e.g. fit and proper requirements, internal controls, business continuity, outsourcing…;

In addition, the actual implementation of the governance system through the global organization of the company is supported by three dedicated committees:

- The Executive Committee works closely with the Board of Directors and provides strategic guidance, reviews management actions and evaluates key performance;
- The Risk Management Committee is responsible for the development and the adequate implementation of the risk management and internal control system as well as compliance aspects;
- The Audit Committee is responsible for assisting the Board of Directors in terms of the financial reporting processes, internal controls, performance of the internal and external audit processes and any other matters that may impact the financial results of FLL.

The committees also report to the Board of Directors. This involves advising whether the governance system is appropriate for the business model of FLL. The Board of Directors thus periodically assesses whether the governance system is adequate and decides to adapt it, if required.

FLL employs a ‘three lines of defense’ governance model that ensures that risk management is effective, appropriate decisions are made and best practice is implemented and maintained (see section B.1.2. below).

The first line-of-defense, i.e. the business departments or process owners, are responsible for daily management of risks and business operations controls. The second line-of-defense, Risk Management, Compliance and Actuarial functions, is responsible for a systematic monitoring of the governance system. The third line-of-defense, Internal Audit, is responsible for the independent auditing of the appropriateness and effectiveness of the governance system.

B.1.2. Information on Risk Management, Internal Audit, Compliance and Actuarial functions integration into the organizational structure and the decision making processes of the undertaking. Status and resources of the four functions within the undertaking.

Key-Functions

The four key-functions required by the Solvency II framework are represented in the organization of FLL:

- The functions are represented by:

- Chief Risk Officer;
- Chief Compliance Officer;
- Actuarial Function Holder;
- Chairman of the Audit Committee;

- Efficient and comprehensive communication between the Board of Directors, the key functions and the operational staff involved in the risk management process is ensured by top-down and bottom-up communication.
- The Risk Management, Compliance and Actuarial functions report to the Risk Management Committee on a quarterly basis. In addition, an update on internal controls is a standing agenda item on the Risk Management Committee agenda.
- The Internal Audit function reports to the Internal Audit Committee on a biannual basis.

All key functions have the right to report ad-hoc events following material changes of the risk environment, significant alterations of functions or processes, etc. that may have an adverse impact on their area of responsibility. In addition, each key function provides an annual report on activities performed for its respective area of responsibility. The chairman of the respective committee provides a summary of the report to the Board of Directors after it has been approved by the respective committee.

Where appropriate, each key function holder has the right to report directly to the Chairman of the Board, bypassing normal reporting lines where it appears necessary in their judgement.

All key function holders have the right to use the expertise or technical resources of third parties. The expert shall be placed under the supervision of the person in charge of the key function. In this way, FLL remains fully responsible for the outsourced tasks and the management decisions arising from it.

B.1.3. Changes in the system of governance, (only material changes that have taken place over the reporting period must be disclosed)

The governance system entered into force on 1 January 2016 with the implementation of Solvency II regulation.
The structure of the governance system did not change in a material manner in 2022.

B.1.4. Remuneration policy (fixed and variable components, performance criteria, supplementary pensions)

Remuneration principles for the administrative, management and supervisory body and employees

The remuneration philosophy of the company has as its direction the creation of an environment that motivates high performance and at the same time prevents any excessive risk-taking.

The remuneration policy of FLL is designed in accordance with the objectives set out in the strategy of the company. The strategy includes in particular:

- A proper balance of variable to fixed remuneration and;
- A performance assessment.

In that context, FLL offers remuneration packages based on the following components:

- Fixed remuneration components and
- Variable remuneration components.

The remuneration offered to all levels of staff considers market practices and allows the company to employ qualified and experienced staff in all areas.

The managing directors ensure that the remuneration policy is in line with the business strategy and does not encourage excessive risk taking.

Fixed component

The fixed component with respect to the total remuneration is the core element of the compensation and certainly considered sufficient. It forms an adequate salary which guarantees reasonable standards of living in the international locations where the company has offices for the personnel without obliging them to rely on the payment of a variable component. The variable component creates a link between performance and reward.

Variable component

FLL employees are annually reviewed for consideration of payments under variable remuneration. As the fixed component represents a sufficiently high proportion of the total remuneration, it enables the company to operate a fully flexible bonus policy that includes the possibility of paying no bonuses at all.

The variable component consists only of payment via payroll directly to individuals' bank account and is defined for a one-year period.

The variable component reflects the personal contribution of the staff to the overall performance of the company.

During the yearly appraisal process performed by the line reporting manager the following criteria are considered in the determination of variable remunerations:

- Work quality;
- Work quantity;
- Flexibility and adaptability;
- Technical proficiency;
- Analytical thinking;
- Continuous improvement;
- Responsiveness and ability to cooperate;
- Verbal and written communication;
- Impact and influence;
- Problem solving;
- Profitability of the company.

FLL provides a sound balance between fixed and variable remuneration. The Chairman of the Board assesses the performance of the managing directors and decides upon the level of variable remuneration. The Chairman ensures that variable components are appropriate in relation to the performance of the respective managing directors, in relation to the performance of the company, are in accordance with market practice and also reward a sustainable development of the company.

Pension

FLL pays the pension contributions of all staff into a pension scheme with a Luxembourg based pension provider that has interesting advantages in terms of tax deductions for employees. The company remuneration policy does not include any supplementary pension or early retirement's schemes for management or any other key function holders.

B.2. FIT AND PROPER REQUIREMENTS

B.2.1. Description of skills, knowledge and expertise required for persons who effectively run the undertaking or have other key functions

FLL ensures that all persons who effectively run the company or have other key functions which are considered as crucial for the company fulfil the fit and proper requirements, i.e. are of sufficient good repute and have sufficient experience to perform their duties.

The fit and proper requirements apply to holders of the following responsibility functions:

- The Board of Directors;
- The Executive Management;
- The holders of the four key functions identified by the Solvency II requirements;

A fit and proper assessment is performed each time a new person is appointed as holder of one of the responsibility functions. Each key person has to certify that the assessment of the proper criteria is actually compliant with the reality.

The assessment of the suitability of the responsibility function holders is based upon reputation, experience and governance criteria. The reputation criteria must be fulfilled by each person individually. The experience and governance criteria must be fulfilled by each person in his domain of competence. On top of that, all of the key personnel must demonstrate that they collectively own sufficient experience and expertise in all fields related to the proper management of an insurance company.

The clarifications contained in the circular letter 22/15 on the board of directors of insurance and reinsurance companies are well integrated in the company's processes.

Reputation

Each key person is considered of good repute if there is no evidence to suggest otherwise and no reason to have reasonable doubt about his or her good repute. FLL takes particular account of certain factors when performing the assessment, especially:

- Conviction or prosecution of a criminal offence or other offences under legislation relating to companies, bankruptcy, insolvency, or consumer protection;
- Relevant current or past investigations and/or enforcement actions or the imposition of administrative sanctions for non-compliance with provisions governing banking, financial, securities or insurance activities or those concerning securities markets, securities or payment instruments, or any financial services legislation;
- Relevant current or past investigations and/or enforcement actions by any other regulatory or professional bodies for non-compliance with any relevant provisions.

Experience

The assessment regarding relevant experience is based upon educational background and practical experience, especially with respect to:

- Insurance / Financial markets
- Strategy and business model
- System of Governance
- Financial or accounting analysis
- Actuarial analysis and quantitative risks

A responsibility function holder should have gained sufficient practical and professional experience from a managerial position over a sufficiently long period.

In addition to their high professional experience, the persons in charge of the key functions, who take on such a position for the first time, shall have the theoretical knowledge that enables them to effectively perform their functions.

Governance criteria

When assessing the suitability of a responsibility function holder, further relevant criteria for an appropriate management of FLL are also applied:

- Potential conflicts of interest;
- The ability to dedicate sufficient time;
- The overall composition of the management body;
- The collective knowledge and expertise required;
- The ability to perform their duties independently without undue influence from other persons.

Independence is mainly determined by:

- Past and present positions held in the financial institution or other firms;
- Personal, professional or other economic relationships with the responsibility function holders of FLL;
- Personal, professional or other economic relationships with the controlling shareholders of FLL or with its parent institution.

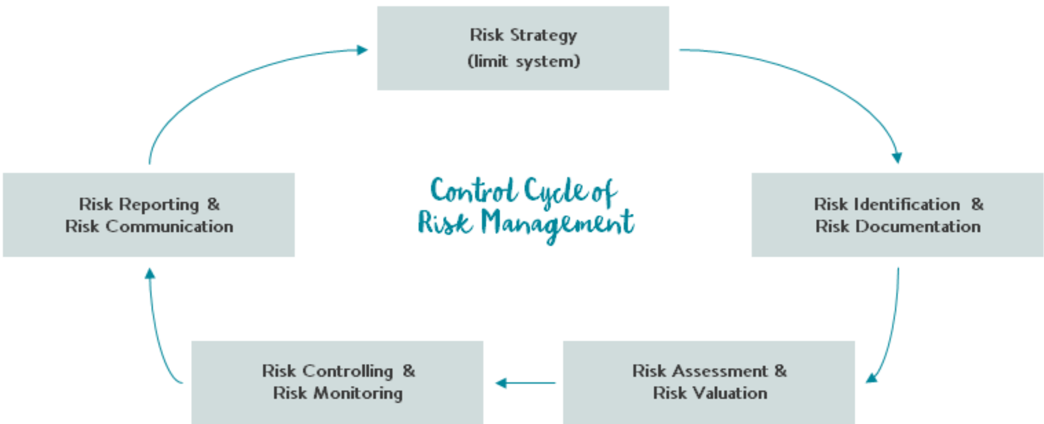
Each person responsible as well as any succession of a key function has to be formally appointed by the Board of Directors. The CAA is formally informed of any change.

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

B.3.1. Description of the risk management system: strategies, processes and reporting procedures

The main objective of the Risk Management function is to secure the risk capacity of FLL and to ensure the optimization of the business strategy within this available capacity.

To be efficient, the risk management process is continuously improved involving interactions between the different hierarchy and/or decision levels. It entails top-down communication and bottom-up information process. All the elements of the risk management process are continuously controlled, assessed, monitored, reviewed and adapted. The following graph illustrates this reality:



Risk Strategy

The core business of an insurance company as FLL involves taking and managing risks. As a rule, risk must be properly integrated when defining the business strategy of the company. Consequently, the business strategy is linked to what is called a risk strategy including:

- Determining the risk profile of the company;
- Determining the available risk capital (risk capacity);
- Determining the risk appetite of the company;
- Determining the Key Risk Indicators (KRI) to monitor the risk follow-up through the operational organization of the company;
- Determining the risk limits.

FLL writes standard risk business and has a business model that is risk averse.

Risk Profile

The main focus of the business at FLL is unit-linked, where the investment risk is borne by policyholders, and hybrid products, which is a mixture of unit-linked funds and products with a guaranteeing return on investable premiums at maturity. The remaining risk is limited, resulting in a low-risk profile of the company.

The Board of Directors is responsible for the definition and/or annual review of the risk-profile of FLL as part of the business strategy. In case of any change in the strategy with a potential significant impact on the risk profile of the company, this fact has to be communicated to the Risk Management Committee.

Risk categories for FLL are insurance, market, credit, liquidity, operational and other risks. Within these categories, the risk management differentiates between quantified and non-quantified risks.

Risk Capacity

The risk capacity at FLL is the available risk capital defined in line with the Solvency II principles as the difference between the market value of investments and the market value of liabilities (insurance liabilities and financial commitments).

- On a one-year horizon, it corresponds to the own funds/net asset value calculated in the annual solvency assessment.
- On the mid-term horizon (3-year business planning period), the own funds will integrate all expected elements increasing/decreasing the equity of the company (e.g. future profits after dividends, expected capital increase).

Risk Appetite

The risk appetite of FLL is defined to maintain a security margin on top of the regulatory solvency requirements. The objective of the company, in the medium-term to long-term, is to target a solvency ratio in the region of 140% with a probability level equal to 99.5%. This risk appetite was approved by the Board of Directors to be in line with the risk capacity and the business strategy. In terms of risk capacity, that means that the company intends to have at most 71% of the risk capacity needed for covering the regulatory capital requirement. The risk appetite is stated for SCR and OSN as well.

Key Risk Indicators / Risk Limits

FLL is currently working on the definition of a set of Key Risk Indicators (KRIs) to improve the monitoring of the company's most important risks. The new framework, which is planned to be implemented in the following years, will be tracking predefined metrics on a monthly, quarterly, or annual basis, depending on the metric. The framework will also involve defining amber and red thresholds for the individual KRI's, which will allow Management to be informed when KRI's become critical.

Risk Measurement and Risk Assessment

FLL applied the following general principles of risk measurement in the 2022 ORSA exercise:

- It must be ensured that all risks are recorded and assessed;
- Risk measurement should be consistent, accurate and comprehensive;
- Risk measurement and related methods should be function of the materiality of the risk;
- Risk measurement must be technically correct and relevant to the risk/business in question;
- Adequate data quality must be ensured for risk measurement purposes;
- Methods that are used in measuring risk must always, as a minimum, fulfil the regulatory requirements.

Risk Horizon

The company is using risk measures derived from the Solvency II principles in order to assess the risks classified as significant. This leads to assess the risks on:

- A one-year horizon;
- A mid-term horizon corresponding to the 3-year horizon of the Strategic Business Plan (SBP).

Risk Assessment

The Risk assessment is done by model-related quantification (e.g. according to the Standard Formula) and – if this does not apply – by own models or expert judgement.

One-year horizon:

1. For each quantified risk category, the risk measure on a one-year horizon is the "Value-At-Risk" at a probability level equal to 99.5%.
2. For all identified risks, each potential event is assessed in terms of expected impact if it occurs, and in terms of probability of occurrence.

Mid-term horizon (3 year Strategic Business Plan horizon):

The objective is to assess the OSN, which must be sufficient in order to cover:

1. The potential losses resulting from the application of a base case scenario.
2. The regulatory Solvency Capital Requirement at the end of each projection year.
3. The potential losses resulting from the application of some (adverse) Economic scenarios.

This exercise, which is in fact the ORSA exercise (more information in paragraphs B.3.2 and B.3.3), can be a recursive exercise. It is used to challenge the SBP and its consistency with the risk profile, the risk capacity and the risk appetite of the company.

B.3.2. Own risk and solvency assessment process

The Board of Directors agreed that the risk measures defined in the framework of the Solvency II directive, especially the Standard Formula and the ORSA principles, are suitable for FLL in order to beneficiate from an efficient risk assessment.

Nevertheless, the Risk Management Committee is responsible for controlling that these methods are still in line with the risk profile of the company. If this is no longer the case, the Risk Management Committee will inform the Board of Directors and propose a relevant adaptation of the principles in order to cope again with the new situation.

B.3.3. ORSA details: frequency, assessment and approval

Strategic Business Plan Horizon – ORSA

On this horizon, the objective is to assess the global solvency needs. These must be sufficient in order to cover:

- The potential losses resulting from the application of a central scenario;
- The regulatory solvency capital requirements at the end of each projection year; and
- The potential losses resulting from the application of some adverse scenario.

This exercise is used to challenge the strategic business plan and its consistency with the risk profile, the risk capacity and the risk appetite of the company.

This exercise is run at least once a year or as soon as required by a significant change in the risk profile of the company. It is the responsibility of the Risk Management Committee to assess if the evolution of the situation requires the triggering of an ORSA exercise. Furthermore, it is the responsibility of the Risk Management Committee to report the results of the ORSA to the Board of Directors and to advise them in the adaptation of the Strategic Business Plan if needed.

The ORSA exercise performed in 2022 validates that the business plan over 2023-2025 can be supported and conforms to the risk profile, risk appetite and risk setting limits of FLL. The capital requirements calculated from the Standard Formula (SF) based on the 2022 ORSA exercise are adequate and the individual Standard Formula shocks are vastly appropriate for FLL.

B.3.4. Statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other

FLL assesses its overall solvency needs (OSN) based on its risk profile.

FLL recalculates the SCR shocks (shocks as defined in the Standard Formula assessment) by recalibrating the Standard Formula parameters for most material risks. Less material risks SCR shocks are left as per the Standard Formula.

For operational risks, FLL performs workshops and discussions with experts drawn from the business and relevant support functions to estimate the most severe losses that could materialize in the company. Risks identified in the risk register are assessed as well as mitigation actions already in place and capital set aside for retained risks.

The OSN is evaluated by aggregating the SCR following the Standard Formula approach.

The OSN is currently not materially different to the Standard Formula SCR and hence the Standard Formula SCR is used. If in the future the OSN is significantly higher than the Standard Formula SCR, sufficient capital needs to be made available over the business planning horizon to cover the expected regulatory capital requirements and the expected overall solvency needs.

Results from the ORSA give a reliable basis when fixing the limits of the main Key Risk Indicators. This information is then reported and followed up in the quarterly risk reports which give the evolution of the risk situation against the different expected risk limits.

B.4. INTERNAL CONTROL SYSTEM

B.4.1. Internal control system

Internal Control System – Activities

The material objectives of FLL internal control system are:

- Reduction of the probability of occurrence and the level of material risks;
- Compliance with external and internal guidelines and regulations;
- Correctness and reliability of internal and external reporting as well as administrative and accounting procedures; and
- Profitability of business operations.

The designed ICS at FLL applies a three-lines-of-defense-model.

The *first-line-of-defense* includes the internal controls to mitigate material risks on an operational level. The process owners identify, assess and control process-inherent risks. The internal controls comply with internal provisions (guidelines, work instructions, process standards) and external requirements (regulatory/legal demands).

The *second-line-of-defense* monitors the internal control system. Detections made and conclusions drawn from the monitoring also benefit the continuous optimization of the internal control system. The Compliance function, the Risk Management function and Actuarial function serve as second-line-of-defense.

The *third-line-of-defense* is the independent auditing whether the ICS is appropriate and effective. This is carried out by the Internal Audit function.

An annual report is prepared reflecting the effectiveness and adequacy of the ICS. The report includes an overview of the material risks for all documented functions and processes and a presentation of the effectiveness of the internal controls by displaying gross and net assessments for all risks. The effectiveness of the internal control was displayed by assessing each material risk before and after the control was applied.

The annual report is submitted to the Board of Directors after approval is obtained from the Risk Management Committee.

B.4.2. Information on internal control function: organizational structure and the decision making processes of the undertaking. Status and resources of the internal control function within the undertaking

Internal control system – Organizational structure

The ICS responsible is the Chief Risk Officer at FLL. In this role, the ICS responsible executes the activities to ensure the consistent implementation of the internal control system and the adherence to the provisions and guidelines as outlined in the Internal Controls policy across all functions and processes.

The operational staff at FLL is responsible for the operation of the internal controls in their respective processes and functions in adherence to the Internal Control policy. Depending on the control design the control can be operated on any hierarchical level. The responsibilities for the operation of the controls are defined by the respective process owners.

The ICS responsible operates in close cooperation with the Risk Management function as well as the business departments. The functions pursue formal communication in regular frequency to assure the continuous exchange of all relevant information in the context of their interfaces. Interaction with the Risk Management Committee takes place on a quarterly basis to report on the status of the performed activities.

B.4.3. Information on authorities, resources, professional qualifications, knowledge, experience and operational independence of the internal control function

Compliance function

Compliance is defined as the adherence to laws, regulations, rules and codes of conduct in matters concerning observing proper standards of market conduct, managing conflicts of interest and specifically dealing with matters such as prevention of money laundering and terrorist financing, and investigations of alleged corrupt and fraudulent behavior.

The Compliance function is performed by the Chief Compliance Officer of FLL. The competence and experience with compliance matters in the markets in which FLL is represented is ensured by local Compliance Officers who are in close contact with the Chief Compliance Officer. In addition, the Compliance function operates in close cooperation with the operational business departments, the Risk Management function, the Internal Audit function and the Actuarial function. The functions pursue formal communication in regular frequency to assure the continuous exchange of all relevant information.

The Compliance function of FLL is an integral part of the internal control system and ensures and monitors compliance with legal and regulatory regulation applicable for FLL and mitigates the risk stemming from non-compliance. Relevant topics include:

- Regulatory compliance with Luxembourg laws and regulations as well as laws and regulations of countries where FLL does business under the principle of freedom of service;
- Prevention of money laundering, fraud, corruption and conflicts of interest;
- Compliance with the code of conduct and professional ethics;
- Compliance with FLL ´s internal policies;
- Protection of the confidentiality.

B.5. INTERNAL AUDIT FUNCTION

B.5.1. Information on Internal Audit function: organizational structure and the decision making processes of the undertaking. Status and resources of the internal audit function within the undertaking

Internal Audit function

The Internal Audit function is an independent function within the organizational structure of FLL, which examines and evaluates the functioning of the internal controls and all other elements of the system of governance, as well as the compliance of activities with internal strategies, policies, processes and reporting procedures. The Internal Audit function is an integral part of the governance system of FLL.

The Internal Audit Function helps FLL to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process. The Internal Audit activities and responsibilities are established by the Audit Committee as part of its oversight role. Overview and details about Internal Audit's organizational and processual structure are defined in FLL's Internal Audit Policy.

FLL has renewed its mandate with EY Luxembourg to carry the execution of operational internal audit tasks according to the internal audit plan developed for the period 2022 – 2024 and validated by the relevant governing bodies under the oversight of the key function holder and the Audit Committee.

B.5.2. A description of how the undertaking's Internal Audit function maintains its independence and objectivity from the activities it reviews

Independence

The Internal Audit function is autonomous and objective in the execution of its tasks, which must not be interfered by business activities of FLL.

The Internal Audit function reports directly to senior management and the Audit Committee. Where appropriate, it has the right to report directly to the Chairman of the Board, bypassing normal reporting lines where it appears necessary in its judgement.

The Internal Audit function will have no direct operational responsibility or authority over any of the activities audited. Accordingly, it will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair its judgment. The Internal Audit function's work of reviewing, appraising, and reporting on established policies, plans, and procedures does not in any way relieve the Board of Directors of responsibilities assigned to them.

B.6. ACTUARIAL FUNCTION

B.6.1. Information on Actuarial function: organizational structure and the decision making processes of the undertaking. Status and resources of the actuarial function within the undertaking

The FLL actuary who was appointed in this role is not part of the executive management and thus is able to maintain the independence status of the Actuarial function holder. The Actuarial function holder is supported by FWU Group internal actuaries and is assisted by external consulting, as well as other technical professionals within the company on a regular basis. In his role as *second-line-of-defense*, the Actuarial function holder will be reviewing the first line department output. From a hierarchical point of view, the Actuarial function holder is reporting to the CEO of FLL.

The work performed by external actuaries is supervised internally. As per the Solvency II Directives, delegated Acts, Article 272, the scope of tasks for the Actuarial function is:

- Calculate reserves under Solvency II regulations;
- Review the appropriateness of data, assumptions, methods and models used in risk management:
- In relation to the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), the Actuarial Function reviews the output of the model used by the company to calculate the SCR and MCR. Specifically, any perceived or possible inconsistencies or issues identified in the model results are raised.
- ORSA – Together with the Risk Management function, the Actuarial function establishes the requirements of the audience for the ORSA report, agree how the requirements will be satisfied and agree the format of the draft ORSA reports, the supporting appendices and working papers;
- Provide an opinion on the Underwriting policy;
- Give an opinion on reinsurance arrangements.

B.7. OUTSOURCING

B.7.1. Information on Outsourcing policy

General Information

The company has adapted its management of the outsourcing of certain of its activities to the circular letter issued by the CAA on August 19, 2022.

The due diligences in place ensure that the company's objectives are met, that the associated risks are controlled and that these outsourced activities contribute to better operational control. The outsourcing of these activities thus corresponds to the efficient management of resources and the control of costs targeted.

The following table provides details on the critical and important operational functions or activities outsourced and the jurisdiction in which the service is provided.

Outsourcing register

SERVICE PROVIDER	ACTIVITY	JURISDICTION
FWU AG Munich	Main part of IT activities with some Cloud services, Product Development and design, Marketing and Branding	Germany
FWU Invest S.A. Luxembourg	Investment advisory agreement including portfolio management	Luxembourg
FWU AG Luxembourg	Asset Management Services	Luxembourg
FWU Factoring GmbH	Factoring and partner settlements	Germany
FWU Payment Services	Premium collection payments to distribution (German speaking countries)	Germany
EY Luxembourg	Key function - Internal Audit	Luxembourg
Pass IT Consulting	Tax reporting Germany	Germany

Outsourcing Policy

The outsourcing policy outlines the principles, guidelines, and procedures that govern the selection, management, and monitoring of outsourcing arrangements.

The policy defines the scope of outsourcing and the types of services or functions that can be outsourced, as well as the criteria for determining when outsourcing is appropriate within the defined life cycle adopted. It outlines the criticality risk assessment process for outsourcing arrangements, including the due diligence process for selecting outsourcing providers and the criteria for assessing the risk associated with outsourcing a particular service or function.

The policy defines the governance and oversight arrangements, including the roles and responsibilities of the Board of Directors and senior management, and the processes for monitoring and reporting on outsourcing arrangements.

B.8. ANY OTHER INFORMATION

B.8.1. Assessment of the adequacy of their system of governance to the nature, scale and complexity of the risks inherent in their business

The company aims to continuously assess and improve its compliance and governance systems. Industry advice and best practices on this matter are reviewed and if appropriate submitted to the Board of Directors for review and implementation.

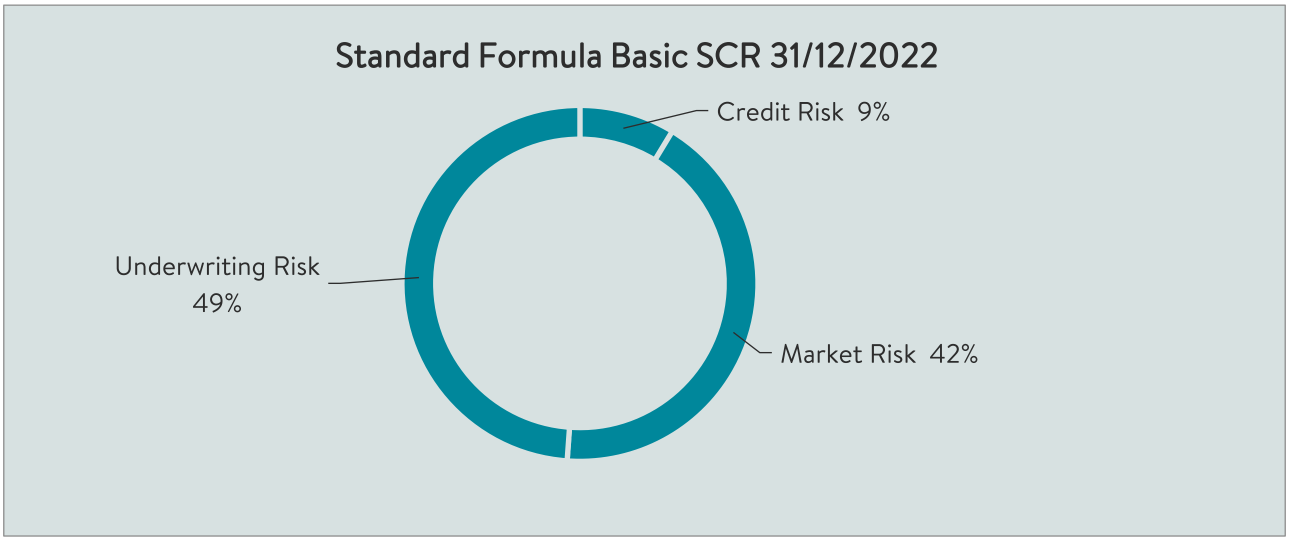
Feedback provided on this matter by internal and external auditors is put forward to the responsible function for implementation.

C. RISK PROFILE

Risk Management Objectives and Risk Policies

The goal of FLL in the management of financial risk is to limit its exposure, constrained to monitored risks necessary to support the company objectives. FLL seeks to manage risk through the operation of unit-linked business, whereby the policyholder bears the financial risk, and hybrid business, which is a combination of pure unit linked funds and products with return guarantees. On the non-linked business, FLL invests in highly rated investments and cash, of which further details are available in paragraph A.3.

The Standard Formula Basic Solvency Capital Requirement risk profile for FLL as at 31 December 2022 is shown below:



The Standard Formula SCR risk profile is dominated by underwriting risk followed by market risk.

Underwriting risk is the biggest component of the basic SCR, with lapse risk representing its most important contributor. Increasing lapses would reduce proceeds from the portfolio what poses a risk to future profits and thus the own funds of the solvency balance sheet. The significance of the lapse risk is therefore primarily dependent on the loss of future profits. Furthermore, for the company's portfolio with investment guarantees, decreasing lapses can also lead to higher future liabilities and therefore decreasing own resources.

Market risk is the second most important component of the basic SCR. There are pure unit-linked contracts and hybrid products. On the pure unit-linked contracts, the investment risk is borne by the policyholder and FLL bears the risk that actual expenses are higher than the charges priced on the product. On the hybrid product, FLL guarantees, at the maturity of the contract, a return of premiums invested net of the charges. This guarantee results in interest rate risk and equity risk.

C.1. UNDERWRITING RISK

C.1.1. Key underwriting risks

Underwriting risk at 31 December 2022 comprises 49% of the undiversified Basic SCR. The key underwriting risks which the company is exposed to are set out below.

Lapse Risk

FLL is exposed to:

- The risk of actual lapses being higher or lower than expected, leading to costs being uncovered and loss of profits.
- The risk of a very high number of contracts being cancelled at once, leading to costs being uncovered and loss of profits (mass lapse).

Lapse risk can materialize as a result of inaccurate projections, financial market shocks, change in competition landscape, changes in policyholder behavior, reputational damage etc.

Expense risk

FLL is exposed to the risk that actual expenses are higher than expected.

Expense risk can materialize as a result of inaccurate estimations, higher than expected inflation, lower volumes of business than expected, expense overruns, regulatory change and changes in mix of business.

C.1.2. Assessment and risk mitigation techniques used for underwriting risks

FLL monitors and controls underwriting risks via various methods, including:

- Automated follow up for reminders to renew policies using an efficient system that keeps administrative expenses low;
- Surrender penalties during the initial contract period to discourage surrenders;
- Lapse rates monitoring on a quarterly basis;
- Monitor actual lapse rates against expected lapse rates frequently;
- Mass lapse reinsurance to limit payout when large number of lapses occur at once;
- Actual expenses monitoring;
- Implementation of projects to reduce company costs;
- Cost split alignment with Group strategy;
- Quarterly performance reporting highlighting the performance of key underwriting metrics;
- Stress and scenario testing as part of the ORSA exercise;

C.1.3. Risk sensitivity for underwriting risks

FLL carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material underwriting risks. For the 2022 ORSA, the solvency position at 30 June 2022 was rolled forward to 31 December 2022 and the projected solvency position over the business planning period were re-calculated following adverse stresses at the 1 in 200 year level for the material underwriting risks (each risk's stress conducted individually).

The results of the analysis showed that, within the underwriting risk module, lapses have the most important impact on the SCR coverage ratio. This observation is expected since the majority of written business relates to unit-linked products, for which future profits are sensitive to lapses.

The analysis involved increasing the lapse rates by +20% and -20% from the central run (base case). The results of the analysis revealed that the underwriting risk profile of FLL was resilient to withstand these shocks.

C.2. MARKET RISK

C.2.1. Material market risks

Equity and interest rate risk at 31 December 2022 represents respectively 11% and 15% of SCR.

Equity Risk

FLL is subject to the risk of changes in the level or in the volatility of market prices of equities.

For the unit-linked business, the charges are a function of the equity values. Lower equity values therefore yield lower charges and might not cover the actual expenses.

Interest Rate Risk

FLL is exposed to the risk of an increase/decrease in the term structure of interest rates or in the volatility of interest rates. This can cause the liabilities to change more than the assets for the non-linked business and the guaranteed part of the hybrid products. This results in a decrease in the net asset value (own funds).

Spread Risk

FLL is exposed to the risk of changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. As the difference between the yield on corporate bonds and risk-free interest rate widens, the market value of the corporate bonds reduces and causes the own funds to decrease.

Concentration Risk

FLL is exposed to additional risks stemming either from a lack of diversification in the asset portfolio or from a large exposure to default risk by a single issuer of securities or a group of related issuers.

C.2.2. Investment assets and prudent person principle as applied to market risks

For non-linked and the guarantees on hybrid contracts, the Investment policy is based on the practical implementation of the prudent person principle. This entails:

- The asset strategy accounting for asset-liability matching;
- Investment strategy based on assets which can be properly understood, identified, measured, monitored and controlled;
- Unlisted investments being kept to a prudent amount;
- Derivatives only being used for reduction of risk or efficient portfolio management.

This principle ensures the security, quality, liquidity and profitability of the portfolio as a whole and includes the need to be adequately diversified.

At FLL most of the business relates to unit-linked products where the market risks are mainly borne by policyholders.

The investment management for the unit-linked contracts is outsourced to external companies. These asset managers have to invest the assets in accordance with the Investment policy defined by FLL. This policy describes the roles and responsibilities of each party, the investment processes and the controls defined in order to ensure that investments are managed in the best interests of policyholders.

C.2.3. Assessment and risk mitigation techniques used for market risks

FLL monitors and controls market risks via various methods, including:

- Monitoring the EIOPA risk discount rate monthly and monitoring of economic / quantitative easing;

- Forecasting of S2 Coverage ratio for the next quarterly valuation with the latest information on EIOPA yield curve and financial market returns. This measure has been put in place to monitor the effect of volatile markets;
- Asset Liability matching;
- Monitoring of equity exposure quarterly via a threshold risk limit system;
- Stress and scenario testing which is part of the ORSA process.

C.2.4. Risk sensitivity for market risks

The ORSA exercise performed in 2022 includes stress testing for the material market risks. The projected solvency position over the business planning period has been re-calculated following adverse stresses at the 1 in 200 year level for the material market risks.

The most important market risk, which is interest rate risk, has been stress tested by decreasing the EIOPA curve by 25 basis points. The analysis concludes that FLL can withstand these shocks.

C.3. CREDIT RISK

C.3.1. Material credit risks

Credit risk at 31 December 2022 comprised 9% of the undiversified Basic SCR.

Credit risk at FLL is classified as follows:

- Risk of default from reinsurers. Note that in the case of FLL, most of the insurance risks is transferred to different reinsurers;
- Risk that counterparties of investment instruments go into default.

C.3.2. Assessment and risk mitigation techniques used for credit risks

Reinsurance counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to the reinsurer.

FLL ensures that only reinsurance counterparties with a good credit rating are used. In addition, FLL uses multiple counterparties to avoid concentration risk.

The credit rating of reinsurance counterparties is monitored and if the rating deteriorates over a sustained period, a switch to another reinsurer with a suitable credit rating will be explored.

Furthermore, FLL focuses on good quality assets rather than unlisted and unrated assets.

Lastly, regular Investment Committees are organized that are especially focused on investments.

C.3.3. Risk sensitivity for credit risks:

The sensitivity of the solvency ratio to credit rating downgrades of its counterparties is assessed by FLL.

As part of the 2022 ORSA exercise, the reserve stress test has been performed to determine what combination of credit rating downgrade and other relevant factors might lead to a breach of the SCR. The credit rating has been decreased by 2 notches and the results show that deteriorating credit ratings have an important impact on the SCR coverage ratio. This suggests that the Standard Formula calibrated by EIOPA is very sensitive to credit rating downgrades and that credit risks need to be monitored closely.

C.4. LIQUIDITY RISK

C.4.1. Material liquidity risks

At FLL, the main liquidity risk arises from a potential lack of marketable and liquid assets not being realized quick enough to meet the short-term liability outgoes.

C.4.2. Assessment and risk mitigation techniques used for liquidity risks

The close relationship with FFA significantly reduces the liquidity risk coming from up-front commission payments to distributors. Furthermore, FLL monitors and controls liquidity risks via various methods, including:

- Selecting good quality assets rather than unlisted and unrated assets;
- Monitoring the credit ratings of securities on a regular basis;
- Arranging refinancing before contracting the financial obligations;
- Monitoring weekly cash status and considering it in local and Group cash flow forecast;
- Quarterly updating of long-term cash flow forecast for next 12 months;
- Daily checking of cash bank accounts.

C.4.3. Expected profit included in future premiums (EPIFP)

In compliance to Article 260(2), the EPIFP has been calculated and amounts to 104,1 MEUR.

C.4.4. Risk sensitivity for liquidity risks

The exposure to liquidity risk at FLL is medium. A high level of liquid assets is maintained to meet its liabilities. No specific risk sensitivity is performed for liquidity risk.

C.5. OPERATIONAL RISK

C.5.1. Material operational risks

The operational risk can be defined as the risk of loss due to insufficient or failure of internal processes. Among the different categories of operational risks, the most important are:

- **Data quality risk:** The risk of the presence of poor quality information flows within and/or outside the company. This risk is a sensitive one for FLL, as collection and storage of data is key for a life insurer.
- **Compliance risk:** The risk of non-compliance with legal, fiscal and regulatory requirements. FLL evolves in a changing regulatory environment and there is a potential risk not to comply with the required legislation. Furthermore, policyholders' expectations are more and more high, leading to an increased risk of complaints for FLL.
- **Legal risk:** The risk of customers being unsatisfied with the investment results of their contracts. Legal risk also comprises the risk of being unable to enforce own rights in general. This can lead to increasing customer complaints with summons and results in more legal fees and therefore financial loss.
- **Business continuity risk:** The risk which is defined as the possible occurrence of severe negative events that might cause business interruptions. Management of this risk involves the development and management of strategies, plans and actions that provide protection or alternative means to operate those business activities or processes that, if interrupted, could threaten the survival of FLL.

- **IT security risk:** The risk of financial or reputational loss arising, resulting from the failure to develop, deliver, maintain IT systems or protect them against cyber-attacks. It also includes the risk of data loss and the risk of access to confidential data by unauthorized persons.

C.5.2. Assessment and risk mitigation techniques used for operational risks

All material operational risks that apply to FLL are identified and recorded in the risk register. The risks are assessed and the required actions to manage the risks are defined. Then, the risks are reported to senior management via the Risk Committee which can escalate matters to the Board of Directors if necessary.

The Standard Formula uses a simple factor approach for calculation of the operational risk module. As part of the ORSA exercise, FLL assessed the operational risk as part of the Overall Solvency Needs, which is deemed more appropriate for the risk profile of FLL compared to the SCR approach. This is described in paragraph B.3.4.

FLL monitors and controls market risks via various methods, including:

Data quality risk

- Existence of a Data quality policy;
- Checks and validation procedures performed on data;
- Scan of all client related documents so information is still available in case of physical loss;
- Data validation performed before data is sent to other parties;
- Plausibility checks by accounting department.

Compliance risk

- Implementation of strong organizational structures with clearly defined roles & responsibilities;
- Principles & Guidelines, in particular Compliance Policy, AML Policy, Code of Conduct, POG Policy, GDPR Policy, country-specific Complaint Policies, IT Access Management Policy, IT Acceptable Use Policy;
- Regular training measures especially for compliance, AML and GDPR topics;
- Various AML procedures like KYC / KYD to ensure compliance with AML provisions;
- Compliance Risk Assessment and control planning;
- Legal monitoring.

Legal risk

- Legal watch in close and regular contact with our lawyers;
- Change and adaptation of our product material (application, GTC, policy document) in case of any new impacting regulation;
- Review and change of our internal portfolio process (on-going contract's management) in case of any new impacting regulation;
- Track amount of fees paid in the different markets.

Business continuity risk

- IT continuity plan in place as part of the Business continuity plan;
- Existence of a Business continuity policy;

- Establishment of extended Home Office arrangement for employees and Remote Sales Solution (RSS) to sell new contracts in response to Covid-19 outbreak;
- EBRC service provider: 1. Providing of disaster recovery seats in case of event that makes the office building unavailable; 2. Providing of external IT center on two different locations which minimalizes the loss of data in case of event causing damage to the office building.

IT security risk

- Firewalls implementation and backup procedures performed and documented;
- Virus protection on end-user computing and servers (including mail, file and application);
- In-place register for IT incidents;
- In-place escalation procedure, in case of an important issue, with roles already well defined;
- In-place IT disaster recovery plan;
- Server backups;
- Security and password guidelines.

C.5.3. Risk sensitivity for operational risks

Operational risk represents 4% of the total SCR and is therefore not among the most important sub-module SCR contributors. Therefore, operational risk has not been part of the sensitivity and stress tests performed in the 2022 ORSA exercise. Under ORSA, operational risk is evaluated using an approach that is tailored to the risk of FLL, while the Standard Formula uses a prescriptive formula and assumes the risk profile of an average insurance company. The calculation is part of the FLL OSN calculation and is used to validate the Standard Formula approach.

C.6. OTHER MATERIAL RISK

C.6.1. Other risks

The other risks at FLL are classified as intangible risk, strategic risk, reputational risk, model risk, conduct risk, risk of loss of key staff and sustainability risk.

- Intangible risk: Any risk that has a negative impact on intangible assets, mainly acquisition costs of portfolios;
- Strategic risk: The risk of a loss due to management decisions not adjusting to changes in business environment;
- Reputational risk: The risk of a loss resulting from damage to the public image of FLL (for example with policyholders, shareholders or other parties). This risk generally results from the occurrence of another risk with a severe impact on the company or from a dispute with policyholders;
- Model risk: The risk that the model used to assess the risks is not adapted to the specificities of FLL;
- Conduct risk: The risk that the company does not treat its customers fairly and/or fails to offer them value for money. It also includes the risk of lacking customer knowledge (KYC);
- Risk of loss of key staff: The risk of experts/specialists leaving the company. It is the risk of losing know-how and not finding candidates with the necessary requirements in the market in a timely manner due to the size of the market and importance of competitors;
- Sustainability risk: The risk of an event or a condition regarding sustainability factors that, if it occurs, could cause an actual or a potential negative impact on:

    - The value of the investment or on the value of the liability;
    - The financial or income situation, the solvency position, or the reputation of the company.

C.6.2. Assessment and risk mitigation techniques used for other risks

FLL monitors and controls the mentioned risks via various methods, including:

Intangible risk

- Good qualification of accounting team.

Strategic risk

- Committee review of all strategic decisions before actual implementation;
- Efficient in-place governance system with committees;
- Close alignment to the group (investments, products, IT) and the ultimate shareholder;
- Quick response time with all stakeholders involved;
- Qualified management members.

Reputational risk

- Effective governance system;
- Qualified legal team specialized in dealing with potential issues in press or social media.
- Clear policy documents and legal advice

Model risk

- Reasonableness checks performed on model outputs;
- Analysis of movement on results between successive periods performed to validate model outputs;
- Adoption of the Standard Formula, representing the average risk-profile of an insurance company.

Conduct Risk

- Conflict of Interest register with the objective of reducing potential conflicts of interests in the value chain;
- Code of Conduct in place which should support FLL to reduce culture risk related to how employees think and act;
- POG process in place that aims at bringing all departments together, so all product aspects are taken care of. This addresses the risk that customers interests are not considered and that a new product is not fitting to the target market;
- Remuneration policy and fit and proper policy in place that promote good behavior through recruitment, training and remuneration.

Risk of loss of key staff

- Benchmarking conformity of remuneration in the (financial) industry;
- Talent Management and Career Path procedures are being developed.

Sustainability risk

- Elaboration of funds focusing on sustainable investments
- a ORSA scenario is defined representing the materializing of Sustainability Risk. The Balance Sheet, SCR and resulting S2 ratios are forecasted for the planning horizon.
- At least annually, FLL performs an analysis on its assets regarding Sustainability Risk scoring. The aggregated results give a good indication of sustainability risk within FLL's assets.

C.6.3. Risk sensitivity for other risks

No capital has been set aside in the 2022 ORSA exercise on the mentioned risks, since the in-place risk mitigation measures are deemed appropriate to keep the risk below materiality threshold. Therefore, no risk sensitivity has been applied.

C.6.4. Russia-Ukraine crisis

The actual intrusion of Russian forces into Ukrainian territory at the end of February 2022 surprised the whole world and triggered a series of economic and political actions. The effects of this confrontation are also noticeable in the financial and insurance sectors, among others.

Financial markets have reacted with strong fluctuations since Russia's invasion of Ukraine, trying to assess the uncertain situation. The stock market has come under considerable pressure, leading to both price losses and increased volatility. Furthermore, inflation has also been at a high level since the outbreak of the war, which is having a strong impact on interest rates.

FLL has analyzed the impact on business activities in detail and has established a regular monitoring of the situation. There are neither business activities in Ukraine and/or Russia nor connections to insurance customers with subsidiaries/parent companies in Russia and/or Ukraine. The sales markets are not directly affected by the conflict. Negative effects on new business and lapse behavior due to the war-related inflation, the increased interest rate level and the economic slowdown in the sales markets have not been detected so far. Additionally, FLL is monitoring the short-term effects by regularly estimating the impact of volatile financial markets and interest rates on its Solvency 2 Coverage ratio. Furthermore, a specific scenario modeling a deterioration of the war has been in scope of ORSA 2022.

C.7. ANY OTHER INFORMATION

Not applicable

D. VALUATION FOR SOLVENCY PURPOSES

D.1. ASSETS

D.1.1. Valuation under Solvency II principles

In line with the Solvency II guidelines, FLL applies the following set of principles when assessing the fair value of the different asset categories:

- Financial assets are evaluated at their market value when these assets are marketable with a high expected liquidity. This concerns the large majority of the FLL portfolio. For the few assets not exchanged on a liquid market, the Lux GAAP value is considered as the best estimate under the Solvency II valuation principles;
- Assets held for under unit-linked contracts are valued at their market value;
- Participations and intercompany loans are valued at the same value as under Lux GAAP due to the illiquidity of these asset classes;
- Deferred acquisition costs and intangible assets are set to zero;
- Reinsurance: the reinsurance recoverable are revalued under Solvency II guidelines as the present value of the future incomes less the present value of the outgoes; incomes and outgoes are projected by reinsurance treaty, according to the terms specified in the agreement;
- Receivables reported under the Lux GAAP balance sheet are valued at their Lux GAAP value. On top of these receivables, the Solvency II valuation includes a receivable from affiliated companies starting from 1Jan2023 in respect of the reinsurance premiums for High Water Mark investment guarantees;
- All other assets are evaluated at their value under the Lux GAAP.

D.1.2. Asset Management

The investment management is outsourced to an external company, Forward You Invest Luxembourg (FIL), which is another subsidiary of the Group FWU.

The asset manager has to invest the assets in accordance with the Investment policy defined by FLL. This policy describes the roles and responsibilities of each party, the investment processes and the controls defined in order to ensure that investments are managed in the best interests of policyholders. The policy is based on the practical implementation of the prudent person principle, ensuring the security, quality, liquidity and profitability of the portfolio as a whole, including the need to be adequately diversified. More specifically for the assets other than assets held for unit-linked contracts, the policy ensures that:

- The asset strategy is defined by integrating the asset-liability matching;
- Investments are only in assets which can be properly understood, identified, measured, monitored and controlled;
- Unlisted investments have to be kept to a prudent amount;
- Derivatives can be used only for reduction of risk or efficient portfolio management.

D.1.3. Valuation at reporting date by asset category

Deferred acquisition costs

In 2022, the company has no deferred acquisition costs position.

Intangible Assets

In 2022, the company has no intangible asset position.

Deferred tax asset (DTA)

There was no DTA reported in the financial statement at the end of the reporting period. And there was also no recognition of a DTA under the Solvency II principles.

Property, plant and equipment held for own use

Under the Lux GAAP principles, the value of tangible assets is recorded at acquisition cost or production cost and are depreciated on a straight-line basis over their estimated useful life. The company uses depreciation options within the framework provided by the applicable tax regulation.

The value of this asset reported under Solvency II is equal to its Lux GAAP value, which is 29 TEUR. No further estimates or judgements are used in the valuation of these investments under the Solvency II principles.

Investment (other than assets held for Index-linked)

The amount of these assets under Lux GAAP is 313.253 TEUR. Under the Solvency II rules, their value amounts to 277.661 TEUR.

This is composed by the following positions:

	SII	LUX GAAP
Holdings in related undertakings	4.071	4.071
Government bonds	87.572	103.374
Corporate bonds	95.601	116.830
Structures notes	9.768	9.364
Collective investments	8.974	8.974
Derivatives	1.121	85
Deposits other than cash equivalents	70.555	70.555
Total	277.661	313.253

(All amounts in TEUR)

For government bonds, corporate bonds and structured notes, the Solvency II valuation is based on their current prices quoted on the markets (the market value) while the Lux GAAP value is calculated by amortizing the acquisition price on the residual duration of each asset. In 2022, the significant increase of the interest rates explain the lower Solvency II value compared to the Lux GAAP value.

Under the Lux GAAP principles, the collective investment schemes are valued at their acquisition prices on which depreciations are applied when the market value is below. This was the case at the end of 2022, due to the combination of decreased equity markets and increased interest rates. Consequently, the Lux GAAP value was set equal to the market value of the funds.

Regarding the holdings in related undertakings, the value under Solvency II is set equal to the statutory reporting. The price of the shares in affiliated undertakings is valued at purchase price, less any permanent impairment in value. No further judgement is used under the Solvency II valuation. At the end of the reporting period, there was one participation at 100 % in the company of the Italian broker Solyda s.r.l. Milan.

The derivates cover options used in the framework of a foreign currency hedge. The amount at the end of the reporting period was equal to 1.121 TEUR under Solvency II, compared to their Lux GAAP value equal to 85 TEUR.

Under the Solvency II principles, the deposits other than cash equivalents are valued at their Lux GAAP value and no further estimation method is used. The value at reporting date was 70.555 TEUR.

Assets held for index-linked and unit-linked contracts

For these investments the policyholder bears the investment risk. Prices for these investments are based on market prices at reporting date which are quoted prices in active markets. In case no market price is available, the internal models are used to calculate the underlying fair value for these investments. The composition of these assets is divided into:

- Shares, other variable yield transferable securities and units in unit trusts
- Debt securities and other fixed income transferable securities
- Deposits with credit institutions (including accrued interest)

The value of assets held for UL at the end of the reporting period was 549.019 TEUR under Solvency II. Although these assets are already valued at their market value under the Lux GAAP principles, the Solvency II value slightly differs from the Lux GAAP equal to 548.944 TEUR. The difference is due to the value of a Total Return Swap instrument (76 TEUR). Under the Lux GAAP principles, the TRS is valued at 0; only the gains/losses at the settlement dates are included in the unit-linked results.

Reinsurance Recoverables

REINSURANCE RECEIVABLES AND RECOVERABLES FROM:	SII	LUX GAAP
Total Reinsurance Recoverables	-35.095	61.280
Thereof: Life and health similar to life, excluding health and unit-linked	-7.144	36.924
Thereof Life unit-linked	-27.951	24.356

(All amounts in TEUR)

The Lux GAAP value reflects the provisions of outstanding mortality claims, the book value of the reinsurance depot and the reinsurance recoverable from NewRe for the High Water Mark investment guarantees.

The Solvency II value reflects the provision of outstanding mortality claims, the payment to the reinsurer for future mortality gains, the reinsurance financing re-payment, reinsurance recoverables and the market value of the reinsurance depot for non-linked contracts.

Insurance and intermediaries receivables

The Solvency II value of these insurance intermediaries receivables is set equal to the Lux GAAP value. At the end of the reporting period, it was equal to 5.698 TEUR.

Reinsurance receivables

The Solvency II value of the reinsurance receivables is also set equal to the Lux GAAP value. At the end of the reporting period, it was equal to 132 TEUR.

Other receivables

At the end of the reporting period, other receivables consisted of 37.875 TEUR receivables from affiliated companies and 8.428 TEUR from other debtors, i.e. a total value of 46.302 TEUR under the Lux GAAP principles.

Under the Solvency II principles, the value amounted to 81.324 TEUR. Which includes an extra 35.022 TEUR receivable from affiliated companies from 1Jan2023 in respect of the reinsurance premiums for High Water Mark investment guarantees.

Cash at Bank

The Solvency II value of the cash is equal to the Lux GAAP value. At the end of the reporting period, it was equal to 30.480 TEUR.

Loans and Mortgages

These assets comprise loans to policyholders and loans to Italian distributors. Existing loans to distributors are collateralized by the rights on payments of fees and predefined commissions ceded to the company.

The solvency II value of the loans is assumed to be equal to the Lux GAAP value. At the end of the reporting period, it amounted to 20 TEUR. Due to the limited amount, no further estimates are used for the Solvency II valuation.

Any other assets, not elsewhere shown

Any other assets at the end of the reporting period are 1.259 TEUR under Solvency II. This is set equal to the Lux GAAP value.

D.2. TECHNICAL PROVISIONS

D.2.1. Technical provisions by material line of business

The table below shows the technical provisions at 31 December 2022 by line of business. The 2021 total is also tabulated for comparison.

WITH VOLATILITY ADJUSTMENT	UNIT-LINKED	NON-LINKED	2022_TOTAL	2021_TOTAL
Gross Best Estimate Liability (BEL)	413.181	99.144	512.325	610.669
Risk Margin	36.788	8.197	44.985	24.577
Technical Provisions	449.969	107.341	557.310	635.246
Technical Provisions after recoverables	477.920	114.485	592.405	649.473

(All amounts in TEUR)

The Gross BEL reduced by -98,3 MEUR with the 4 main items detailed below:

-102,6 MEUR drop reflecting higher discount Risk-Free-Rate curve decreasing the BEL

-38,8 MEUR decrease being the development of the portfolio from 2021 to 2022

+22,9 MEUR rise, key items being tariff review to increase policyholder value for money and change in intercompany transactions

+20,1 MEUR rise, key element being higher expense increasing the BEL

WITHOUT VOLATILITY ADJUSTMENT	UNIT-LINKED	NON-LINKED	2022_TOTAL
Gross Best Estimate Liability (BEL)	414.660	105.066	519.725
Risk Margin	35.815	8.476	44.291
Technical Provisions	450.474	113.542	564.016
Technical Provisions after recoverables	477.847	120.851	598.698

(All amounts in TEUR)

The volatility adjustment applies to hybrid products within the unit-linked business of FLL. The hybrid product has a unit-linked part and a guaranteed part which guarantees the return of investible premium at maturity.

Main assumptions

Interest rates

The risk-free interest rate term structure used for discounting the projected cash flows in the technical calculation is the EUR relevant risk-free structure as specified by the Solvency II regulations. FLL uses the rates as provided by European Insurance and Occupational Pensions Authority (EIOPA). FLL applies the volatility adjustment to risk-free interest rate term structure, but neither the transitional risk-free interest rate term structure nor the matching adjustment are used.

Expenses

The expenses incurred in servicing insurance obligations of FLL consist of asset administration, claims settlement and administration expenses. The company performs a regular expense analysis in order to allocate the expenses between initial and renewal and by type of expense. The Best Estimate expense assumptions are based on the results of this regular analysis.

Lapse assumptions

Lapse assumptions are set with reference to experience derived from the territories that FLL write their business and with guidance from subject matter experts. Lapse assumptions vary by type of business, country and premium frequency.

Mortality assumptions

Mortality rate assumptions take account relevant published mortality tables. The majority of mortality risks are reinsured to reinsurers.

Technical provision calculation methodology

Best Estimate Liabilities (BEL) of FLL are calculated using a gross premium valuation (as required by Solvency II) for all policies in-force and on risk at the valuation date. Hence the BEL is calculated as the prospective value of future expected cash flows on a policy-by-policy basis, allowing for full premiums, claims, expenses and lapses. Negative reserves are permitted.

The BEL is calculated gross of reinsurance, although the cash flow projections include both gross of reinsurance and reinsurance-related cash flows in order to allow separate calculation of the reinsurance recoverables.

The Risk Margin is calculated as per the prescribed Solvency II cost-of-capital approach. Projected SCRs are calculated for individual risks using a risk driver approach.

D.2.2. Description of the level of uncertainty associated with the amount of technical provisions

Uncertainty relates primarily to how future actual experience will differ from the Best Estimate assumptions used to calculate the technical provisions. The key assumptions are lapse rates, interest rates and expenses. A robust assumption setting process is followed in order to ensure the uncertainty is well understood.

D.2.3. Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used by the undertaking for the valuation for solvency purposes and those used for their valuation in financial statements

The table below shows a build-up from the Lux GAAP valuation of insurance contract liabilities to the Solvency II technical provisions, split by line of business, at 31 December 2022

	UNIT-LINKED	NON-LINKED	TOTAL
Gross Lux GAAP Insurance contract liabilities	548.944	311.763	860.706
Adjustments for Solvency II	-135.762	-212.619	-348.381
Gross BEL	413.181	99.144	512.325
Add Risk Margin	36.788	8.197	44.985
Technical provisions	449.969	107.341	557.310

(All amounts in TEUR)

FLL did not use the transitional deduction on the technical provision.

The main differences between the Solvency II and Lux GAAP liabilities arise from:

- Solvency II uses Best Estimate assumptions while Lux GAAP assumptions includes margins for adverse deviation;
- The Solvency II technical provision discount rate is specified by regulation (the relevant risk-free interest rate is provided by EIOPA), while for Lux GAAP the technical rate specified by the Commissariat Aux Assurances (CAA) is used; and
- Solvency II technical provisions include the Risk Margin.

D.2.4. Information on the recoverables from reinsurance contracts and special purpose vehicles

The reinsurance recoverables are the excess of the reinsurance recoveries over the reinsurance premiums payable. Total reinsurance recoverables at 31 December 2022 are -35.1 MEUR.

D.3. OTHER LIABILITIES

D.3.1. Valuation under Solvency II principles

Under Solvency II, the "other liability" is valued using the fair value principle:

- The tax provision is recalculated in order to include the adjustment for the deferred tax liabilities. This adjustment is calculated for each country where FLL has an active branch. It is then aggregated at the FLL level by using the rules defined by EIOPA for the groups
- Reinsurance: on the liability side, FLL reports the HanRe reinsurance deposit at its Lux GAAP value.
- All liability positions in the framework of a derivative transaction reported under Lux GAAP are cancelled on the liability side of the Solvency II balance sheet as the derivatives are always reported on the asset side
- The present value of the financing deals commitment is assessed by discounting the corresponding future cash flows with the EIOPA RFR curve
- The value of the other items is set equal to their value under Lux GAAP.

D.3.2. Valuation at reporting date

Other technical provisions

The value at the end of the reporting period was 14.753 TEUR under Lux GAAP and no value is reported under Solvency II. Under Lux GAAP this value represents additional interest reserves. Under Solvency II, this buffer is canceled by applying the "Best Estimate" principles.

Provisions other than technical provisions

The value at the end of reporting period is 6.699 TEUR and the same value is reported under Solvency II. No judgement is used for this valuation. The main provisions are taxes, third party consultancy and audit services.

Employee benefits

No liabilities exist on the balance sheet regarding employee benefits. Other benefits provided by the company as parking space or mobile phone are not indicated because they imply no liability for the company.

Deposits from reinsurers

At the end of 2022, this concerned the deposit related to the HanRe contract. The Solvency II value was set equal to its Lux GAAP value, that amounted to 22.750 TEUR.

Deferred Tax Liabilities (DTL)

No DTL is reported under the Lux GAAP valuation.

The valuation principles in the Solvency II framework allow to assess a DTL position for an amount equal to 29.361 TEUR at the end of the reporting period.

Debt owed to credit institutions

Under the Lux GAAP principles, an amount of 310 TEUR is reported. This corresponds to a liability position within a derivative transaction. Under the Solvency II principles, this position is set equal to 0 as the value of the derivatives is included on the asset side.

Financials liabilities other than debts owed to credit institutions.

An amount of 91.815 TEUR is reported under Solvency II. This represents the present value of the future cash flows of the liabilities contracted in the framework of the financing deals.

Insurance, Intermediaries payables

Under Lux GAAP, an amount of 32.107 TEUR is recognized at 31.12.2022 following contractual agreements mainly with distributors. No further judgement is performed to assess this position with a different value under the Solvency II principles.

Reinsurance payables

The Solvency II reported figure at 2022 year-end was 11.030 TEUR and the statutory position was 10.914 TEUR. The difference is due to the inclusion of the reinsurance mass lapse premium in the Solvency II figure. No further judgement is used for the Solvency II valuation.

Payables trade, not insurance

Under Lux GAAP, the value of 8.748 TEUR was recorded following commercial terms. This position represents mostly intercompany liabilities. There is no difference between statutory accounting and Solvency II values.

Any other liabilities, not elsewhere shown

Under Lux GAAP, this position amounts to 8 TEUR. No further judgment is used for valuation under the Solvency II principles.

D.4. ALTERNATIVE VALUATION METHODS

FLL does not use any alternative valuation methods pursuant to Article 10 (5) of Delegated Regulation (EU) 2015/35.

D.5. ANY OTHER INFORMATION

Not applicable

E. CAPITAL MANAGEMENT

E.1. OWN FUNDS

E.1.1. Policies and processes related to own funds management, information on the time horizon used for business planning and on any material changes over the reporting period

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and the MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The company holds regular meetings with senior management, which happen at least quarterly, in which the ratio of eligible own funds over SCR and MCR are reviewed. The committees that review the solvency position are described in more details in paragraph B.1.1. The ultimate responsibility how capital is managed rests with the Board of Directors of FLL. As part of own funds management, the company prepares ongoing annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three years projection of funding requirements and this helps focus actions for future funding.

E.1.2. Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period, including an analysis of the significant changes in each tier over the reporting period

The table below represents an analysis of the own funds:

DATE	DESCRIPTION	TIER 1_ WITH VOLATILITY ADJ.
01 Jan 22	Ordinary share capital	34.700
	Share premium account related to ordinary share capital	0
01 Jan 22	Opening reconciliation reserve	87.672
	Dividends paid in 2022[1]	0
27 Dec 22	Capital Increase	5.000
	Movement in the Reconciliation reserve for the period ending 31 December 2022	23.327
31 Dec 22	Closing reconciliation reserve	110.999
31 Dec 22	Closing own funds	150.699
	Represented by:	
	Ordinary Share Capital	39.700
	Share premium account related to ordinary share capital	0
	Reconciliation reserve	110.999
	Total own funds	150.699
	Foreseeable dividends in 2023	0
	Reconciliation reserve after foreseeable dividend deduction	110.999

(All amounts in TEUR)

1 - The 2021 dividends paid in 2022

In 2022, the subscribed capital of the company was increased by 5.000 TEUR against cash contribution with effect from December 27, 2022.

The company's ordinary share capital, the share premium account related to ordinary share capital and reconciliation reserve are all available as tier 1 unrestricted own funds as per Article 69 (a) (i) of the Delegated Regulation. The ordinary share capital is not subordinated and has no restricted duration.

The company has no tier 1 restricted own funds (per Article 80 of the Delegated Regulations), no tier 2 own funds (per Article 72 of the Delegated Regulations) and no tier 3 own funds (per Article 76 of the Delegated Regulations). FLL does not have ancillary own funds.

The difference in Equity between Lux GAAP financial statement and the Solvency II valuation is equal to the reconciliation reserve. Key components of the reconciliation reserve are detailed in section E.1.5.

E.1.3. The eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers

The own funds of FLL are all tier 1 unrestricted and available to cover the SCR.

E.1.4. The eligible amount of basic own funds to cover the Minimum Capital Requirement, classified by tiers

The own funds of FLL are all tier 1 unrestricted and available to cover the MCR.

E.1.5. A quantitative and qualitative explanation of any material differences between equity as shown in the undertaking's financial statements and the excess of assets over liabilities as calculated for solvency purposes

The table below provides an analysis of change of the own funds explaining the variation from their Lux GAAP value to the Solvency II value:

EQUITY PER LUX GAAP FINANCIAL STATEMENTS	**AMOUNT**
Ordinary share capital	39.700
Share premium account related to ordinary share capital	0
Legal reserve	2.176
Other reserve	6.543
Retained earnings	16.735
Total equity	65.154
ADJUSTMENTS FOR SOLVENCY II:	
Difference in value of intangibles	0
Difference in value of deferred acquisition costs	0
Difference in other assets net of reinsurance	-96.870
Difference in technical provisions	288.644

Difference in other Liabilities	-106.230
SOLVENCY II OWN FUNDS (VALUE OF EXCESS OF ASSETS OVER LIABILITIES)	150.699

(All amounts in TEUR)

Under Solvency II, deferred acquisition cost and intangible assets are not allowed. Only in the rare circumstance that there is a market for those intangibles, it may be shown under Solvency II.

The difference in “Other assets net of reinsurance” is mainly explained by:

- The impact of the evolution of the markets on the non-linked assets
- The revaluation of the reinsurance provisions by applying the “Best Estimate” principles
- The revaluation of the future expected inflows relating to the financing deals

The difference in the technical provisions is the consequence of the revaluation of the insurance liabilities by applying the “Best Estimate” and “Risk Margin” principles.

The difference in “Other Liabilities” is mainly due to the revaluation of the financing deals by discounting the future expected outflows.

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.1. Amount of Solvency Capital Requirement and Minimum Capital Requirement

The tables below show the total SCR and MCR at 31 December 2022.

FLL WITH VOLATILITY ADJUSTMENT	2022_TOTAL	2021_TOTAL
SCR	76.554	92.305
MCR	19.138	13.076

(All amounts in TEUR)

FLL WITHOUT VOLATILITY ADJUSTMENT	2022_TOTAL
SCR	78.620
MCR	19.655

(All amounts in TEUR)

The final amount of the SCR remains subject to supervisory assessment.

E.2.2. Solvency Capital Requirement split by risk modules

The table below shows the risk modules that make up FLL’s SCR at 31 December 2022.

WITH VOLATILITY ADJUSTMENT	SCR
Life underwriting risk	60.222
Market risk	52.340
Counterparty default risk	10.712
Undiversified BSCR	123.273
Diversification credit	-30.216
Basic SCR	93.057
Operational risk	4.123
Loss-absorbing capacity of deferred taxes	-20.627
Final Standard Formula SCR	76.554

(All amounts in TEUR)

WITHOUT VOLATILITY ADJUSTMENT	SCR
Life underwriting risk	58.120
Market risk	57.236
Counterparty default risk	10.721
Undiversified BSCR	126.076
Diversification credit	-30.943
Basic SCR	95.133
Operational risk	4.123
Loss-absorbing capacity of deferred taxes	-20.636
Final Standard Formula SCR	78.620

(All amounts in TEUR)

E.2.3. Which risk modules and sub-modules of the Standard Formula are using simplified calculations

Simplified calculations are not used for any of the risk modules or sub-modules.

E.2.4. Inputs used to calculate the Minimum Capital Requirement

The tables below show the inputs into the MCR calculation with and without the volatility adjustment as at 31 December 2022. Note the Absolute Floor of the Minimum Capital Requirement (AMCR) is prescribed by EIOPA and stated in thousand euros below.

WITH VOLATILITY ADJUSTMENT	AMOUNT
AMCR	3.700
Linear MCR	8.258
SCR	76.554
Combined MCR	23.076
MCR	23.076

(All amounts in TEUR)

WITHOUT VOLATILITY ADJUSTMENT	AMOUNT
AMCR	3.700
Linear MCR	6.530
SCR	78.620
Combined MCR	19.655
MCR	19.655

(All amounts in TEUR)

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

Duration-based equity risk sub-module is not used in the calculation of the Solvency Capital Requirement.

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

The Solvency Capital Requirement is calculated as per the Standard Formula and no internal model is used.

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

The own funds cover the both the Minimum Capital Requirement and the Solvency Capital Requirement adequately.
The non-compliance to cover the Minimum Capital Requirement and the Solvency Capital Requirement is not applicable.

Templates

The following Reporting Templates (RT) are required for the SFCR:

RT REF	REPORTING TEMPLATE NAME
S.02.01	Balance Sheet
S.05.01	Premiums, claims & expenses by line of business
S.05.02	Premiums, claims & expenses by country
S.12.01	Life Technical Provisions
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01	Minimum Capital Requirement – Only Life or only non-life insurance or reinsurance activity

The RTs are included in the appendix to this report.

S.02.01.02
Balance sheet

		Solvency II Value	Statutory accounts value
	Assets	C0010	C0020
R0010	Goodwill		-
R0020	Deferred acquisition costs		-
R0030	Intangible assets	-	-
R0040	Deferred tax assets	-	-
R0050	Pension benefit surplus	-	-
R0060	Property, plant & equipment held for own use	29.002	29.002
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	277.660.745	313.252.689
R0080	Property (other than for own use)	-	-
R0090	Holdings in related undertakings, including participations	4.070.778	4.070.778
R0100	Equities	-	-
R0110	Equities - listed	-	-
R0120	Equities - unlisted	-	-
R0130	Bonds	192.940.219	229.568.893
R0140	Government Bonds	87.571.681	103.374.136
R0150	Corporate Bonds	95.600.634	116.830.331
R0160	Structured notes	9.767.905	9.364.426
R0170	Collateralised securities	-	-
R0180	Collective Investments Undertakings	8.973.525	8.973.525
R0190	Derivatives	1.121.424	84.695
R0200	Deposits other than cash equivalents	70.554.798	70.554.798
R0210	Other investments	-	-
R0220	Assets held for index-linked and unit-linked contracts	549.019.331	548.943.565
R0230	Loans and mortgages	20.000	20.000
R0240	Loans on policies	20.000	20.000
R0250	Loans and mortgages to individuals	-	-
R0260	Other loans and mortgages	-	-
R0270	Reinsurance recoverables from:	- 35.094.808	61.280.473
R0280	Non-life and health similar to non-life	-	-
R0290	Non-life excluding health	-	-
R0300	Health similar to non-life	-	-
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	- 2.532.335	40.031.490
R0320	Health similar to life	-	-
R0330	Life excluding health and index-linked and unit-linked	- 7.143.710	36.924.007
R0340	Life index-linked and unit-linked	- 27.951.098	24.356.466
R0350	Deposits to cedants	-	-
R0360	Insurance and intermediaries receivables	5.697.711	5.697.711
R0370	Reinsurance receivables	132.324	132.324
R0380	Receivables (trade, not insurance)	81.324.136	46.302.484
R0390	Own shares (held directly)	-	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-
R0410	Cash and cash equivalents	30.480.169	30.480.169
R0420	Any other assets, not elsewhere shown	1.258.557	1.258.557
R0500	**Total assets**	910.527.169	1.007.396.976

S.02.01.02
Balance sheet

		Solvency II Value	Statutory accounts value
	Liabilities	C0010	C0020
R0510	Technical provisions – non-life	-	-
R0520	Technical provisions – non-life (excluding health)	-	-
R0530	Technical provisions calculated as a whole	-	
R0540	Best Estimate	-	
R0550	Risk margin	-	
R0560	Technical provisions - health (similar to non-life)	-	-
R0570	Technical provisions calculated as a whole	-	
R0580	Best Estimate	-	
R0590	Risk margin	-	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	107.340.979	297.009.979
R0610	Technical provisions - health (similar to life)	-	-
R0620	Technical provisions calculated as a whole	-	
R0630	Best Estimate	-	
R0640	Risk margin	-	
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	107.340.979	297.009.979
R0660	Technical provisions calculated as a whole	-	
R0670	Best Estimate	99.143.790	
R0680	Risk margin	8.197.189	
R0690	Technical provisions – index-linked and unit-linked	449.968.982	548.943.565
R0700	Technical provisions calculated as a whole	-	
R0710	Best Estimate	413.181.215	
R0720	Risk margin	36.787.767	
	Other technical provisions		14.752.896
R0740	Contingent liabilities	-	-
R0750	Provisions other than technical provisions	6.699.184	6.699.184
R0760	Pension benefit obligations	-	-
R0770	Deposits from reinsurers	22.749.762	22.749.762
R0780	Deferred tax liabilities	29.361.493	-
R0790	Derivatives	-	-
R0800	Debts owed to credit institutions	-	310.000
R0810	Financial liabilities other than debts owed to credit institutions	91.815.443	-
R0820	Insurance & intermediaries payables	32.106.864	32.106.864
R0830	Reinsurance payables	11.029.502	10.913.927
R0840	Payables (trade, not insurance)	8.748.126	8.748.126
R0850	Subordinated liabilities	-	-
R0860	Subordinated liabilities not in Basic Own Funds	-	-
R0870	Subordinated liabilities in Basic Own Funds	-	-
R0880	Any other liabilities, not elsewhere shown	8.244	8.244
R0900	**Total liabilities**	759.828.580	942.242.549
R1000	**Excess of assets over liabilities**	150.698.589	65.154.427

S.05.01.01
Premiums, claims & expenses

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Health insurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross		561.485	201.047.655	45.790.464					247.399.604
R1420	Reinsurers share		106.836	39.257.774	4.683.799					44.048.409
R1500	Net		454.649	161.789.881	41.106.665					203.351.194
	Premiums earned									
R1510	Gross		561.485	201.047.655	45.790.464					247.399.604
R1520	Reinsurers share		106.836	39.257.774	4.683.799					44.048.409
R1600	Net		454.649	161.789.881	41.106.665					203.351.194
	Claims Incurred									
R1610	Gross		1.647.898	40.158.941	14.114.595					55.921.433
R1620	Reinsurers share		412	2.427.472	1.091.939					3.519.822
R1700	Net		1.647.486	37.731.469	13.022.656					52.401.610
	Changes in other technical provisions									
R1710	Gross		- 721.898	- 82.297.273	27.673.846					- 55.345.325
R1720	Reinsurers share		-	- 10.670.610	-					- 10.670.610
R1800	Net		- 721.898	- 71.626.663	27.673.846					- 44.674.714
R1900	Expenses Incurred		661.012	48.198.429	11.663.872					60.523.312

S.05.01.01
Premiums, claims & expenses

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Health insurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Administrative expenses									
R1910	Gross		9.245	4.701.775	1.077.205					5.788.225
R1920	Reinsurers share		-	-	-					-
R2000	Net		9.245	4.701.775	1.077.205					5.788.225
	Investment management expenses									
R2010	Gross		571.441	2.526.251	653.364					3.751.056
R2020	Reinsurers share		-	-	-					-
R2100	Net		571.441	2.526.251	653.364					3.751.056
	Claims management expenses									
R2110	Gross		80.325	1.844.158	649.359					2.573.842
R2120	Reinsurers share		-	-	-					-
R2200	Net		80.325	1.844.158	649.359					2.573.842
	Acquisition expenses									
R2210	Gross		-	39.126.246	9.283.944					48.410.190
R2220	Reinsurers share		-	-	-					-
R2300	Net		-	39.126.246	9.283.944					48.410.190
	Overhead expenses									
R2310	Gross		-	-	-					-
R2320	Reinsurers share		-	-	-					-
R2400	Net		-	-	-					-
R2500	Other expenses									19.117.352
R2600	Total expenses									79.640.664
R2700	Total amount of surrenders		344.756	27.625.921	9.329.299					37.299.975

S.05.02.01

Premiums, claims and expenses by country

		Life obligations for home country	Life obligations by country (top 5 countries)					
		Home country	ITALY	SPAIN	FRANCE	GERMANY	BELGIUM	Total for top 5 countries and home country (by amount of gross premiums written)
		C0220	C0230	C0240	C0250	C0260	C0270	C280
	Premiums written							
R1410	Gross	548.868	126.697.402	59.587.159	22.572.948	20.747.662	11.817.290	241.971.329
R1420	Reinsurers share	-	5.064.710	851.074	4.162.526	32.834.299	813.456	43.726.065
R1500	Net	548.868	121.632.692	58.736.085	18.410.422	- 12.086.637	11.003.834	198.245.264
	Premiums earned							
R1510	Gross	548.868	126.697.402	59.587.159	22.572.948	20.747.662	11.817.290	241.971.329
R1520	Reinsurers share	-	5.064.710	851.074	4.162.526	32.834.299	813.456	43.726.065
R1600	Net	548.868	121.632.692	58.736.085	18.410.422	- 12.086.637	11.003.834	198.245.264
	Claims Incurred							
R1610	Gross	339.130	13.139.313	2.304.795	18.155.692	16.327.552	642.712	50.909.193
R1620	Reinsurers share	-	62.600	94.983	87.535	3.151.801	122.903	3.519.822
R1700	Net	339.130	13.076.713	2.209.811	18.068.157	13.175.751	519.809	47.389.371
	Changes in other technical provisions							
R1710	Gross	86.323	25.897.347	14.228.733	- 42.372.550	- 43.660.203	1.426.824	- 44.393.526
R1720	Reinsurers share	-	-	-	- 324.371	- 10.346.239	-	- 10.670.610
R1800	Net	86.323	25.897.347	14.228.733	- 42.048.179	- 33.313.964	1.426.824	- 33.722.916
R1900	Expenses Incurred	33.714	30.056.951	14.384.439	6.741.247	2.637.890	6.076.463	59.930.704
R2500	Other expenses							19.033.689
R2600	Total expenses							78.964.393

S.12.01.01
Life and Health SLT Technical Provisions

				Index-linked and unit-linked insurance			Other life insurance			
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	**Total (Life other than health insurance, incl. Unit-Linked)**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0150
R0010	**Technical provisions calculated as a whole**	-		-			-		-	-
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	-		-			-		-	-
	Technical provisions calculated as a sum of BE and RM									
	Best Estimate									
R0030	**Gross Best Estimate**	17.559.522		-	413.181.215		-	81.584.269	-	512.325.005
R0040	Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	- 189.318		-	- 27.947.460		-	- 6.954.391	-	- 35.091.170
R0050	Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	-		-	-		-	-	-	-
R0060	Recoverables from SPV before adjustment for expected losses	-		-	- 38.162.998		-	- 6.800.621	-	- 44.963.620
R0070	Recoverables from Finite Re before adjustment for expected losses	- 189.318		-	10.215.538		-	- 153.770	-	9.872.450
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	- 189.318		-	- 27.951.098		-	- 6.954.391	-	- 35.094.808
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	17.748.840		-	441.132.313		-	88.538.660	-	547.419.813
R0100	**Risk Margin**	1.265.914			36.787.767			6.931.275	-	44.984.956
	Amount of the transitional on Technical Provisions									
R0110	Technical Provisions calculated as a whole	-			-			-	-	-
R0120	Best estimate	-		-	-		-	-	-	-
R0130	Risk margin	-			-			-	-	-
R0200	**Technical provisions total**	18.825.436			449.968.982			88.515.543	-	557.309.961
R0210	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	19.014.754			477.920.080			95.469.935	-	592.404.768
R0220	Best Estimate of products with a surrender option	17.559.522			413.181.215			68.175.195	-	498.915.931
	Gross BE for Cash flow									
	Cash out-flows									
R0230	Future guaranteed and discretionary benefits				731.361.998			823.860.695		1.575.984.870
R0240	Future guaranteed benefits	19.875.380								19.875.380
R0250	Future discretionary benefits	886.797								886.797
R0260	Future expenses and other cash out-flows	181.190			1.003.895.472			54.266.681		1.058.343.343
	Cash in-flows									
R0270	Future premiums	3.383.845			1.322.076.256			454.825.056		1.780.285.157
R0280	Other cash in-flows	-			-			341.718.052		341.718.052
R0290	Percentage of gross Best Estimate calculated using approximations	-			-			-		
R0300	Surrender value	18.073.735			502.100.062			201.699.726		721.873.523
R0310	Best estimate subject to transitional of the interest rate	-			-			-		-
R0320	Technical provisions without transitional on interest rate	-			-			-		-
R0330	Best estimate subject to volatility adjustment	17.559.522			413.181.215			81.584.269		512.325.005
R0340	Technical provisions without volatility adjustment and without others transitional measures	19.070.402			450.474.127			94.471.618		564.016.146
R0350	Best estimate subject to matching adjustment	-			-			-		-
R0360	Technical provisions without matching adjustment and without all the others	19.070.402			450.474.127			94.471.618		564.016.146

S.23.01.01

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	39.700.000	39.700.000		-	
R0030	Share premium account related to ordinary share capital	-	-		-	
R0040	Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-		-	
R0050	Subordinated mutual member accounts	-		-	-	-
R0070	Surplus funds	-	-			
R0090	Preference shares	-		-	-	-
R0110	Share premium account related to preference shares	-		-	-	-
R0130	Reconciliation reserve	110.998.589	110.998.589			
R0140	Subordinated liabilities	-		-	-	-
R0160	An amount equal to the value of net deferred tax assets	-				-
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	-	-	-	-	
R0290	**Total basic own funds after deductions**	150.698.589	150.698.589	-	-	-
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-			-	
R0320	Unpaid and uncalled preference shares callable on demand	-			-	-
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	-
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	-
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
R0390	Other ancillary own funds	-			-	-
R0400	**Total ancillary own funds**	-			-	-
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	150.698.589	150.698.589	-	-	-
R0510	Total available own funds to meet the MCR	150.698.589	150.698.589	-	-	
R0540	Total eligible own funds to meet the SCR	150.698.589	150.698.589	-	-	-
R0550	Total eligible own funds to meet the MCR	150.698.589	150.698.589	-	-	
R0580	**SCR**	76.553.858				
R0600	**MCR**	19.138.465				
R0620	**Ratio of Eligible own funds to SCR**	197%				
R0640	**Ratio of Eligible own funds to MCR**	787%				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	150.698.589
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own funds items	39.700.000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0760	**Reconciliation reserve**	110.998.589
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	104.088.222
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-
R0790	**Total Expected profits included in future premiums (EPIFP)**	104.088.222

S.25.01.01

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0030	C0040	C0050
R0010	Market risk	52.339.650		-
R0020	Counterparty default risk	10.712.054		
R0030	Life underwriting risk	60.221.562	-	-
R0040	Health underwriting risk	-	-	-
R0050	Non-life underwriting risk	-	-	-
R0060	Diversification	- 30.215.798		
R0070	Intangible asset risk	-		
R0100	**Basic Solvency Capital Requirement**	93.057.467		

	Calculation of Solvency Capital Requirement	C0100
R0120	Adjustment due to RFF/MAP nSCR aggregation	-
R0130	Operational risk	4.123.372
R0140	Loss-absorbing capacity of technical provisions	-
R0150	Loss-absorbing capacity of deferred taxes	- 20.626.981
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
R0200	**Solvency Capital Requirement excluding capital add-on**	76.553.858
R0210	Capital add-on already set	-
R0220	**Solvency capital requirement**	76.553.858
	Solvency capital requirement for undertakings under consolidated method	-

	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	-
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-
R0450	Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	No adjustment
R0460	Net future discretionary benefits	-

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

		CR0010
R0010	MCR_NL Result	-

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		CR0020	CR0030
R0020	Medical expense insurance and proportional reinsurance	-	-
R0030	Income protection insurance and proportional reinsurance	-	-
R0040	Workers' compensation insurance and proportional reinsurance	-	-
R0050	Motor vehicle liability insurance and proportional reinsurance	-	-
R0060	Other motor insurance and proportional reinsurance	-	-
R0070	Marine, aviation and transport insurance and proportional reinsurance	-	-
R0080	Fire and other damage to property insurance and proportional reinsurance	-	-
R0090	General liability insurance and proportional reinsurance	-	-
R0100	Credit and suretyship insurance and proportional reinsurance	-	-
R0110	Legal expenses insurance and proportional reinsurance	-	-
R0120	Assistance and proportional reinsurance	-	-
R0130	Miscellaneous financial loss insurance and proportional reinsurance	-	-
R0140	Non-proportional health reinsurance	-	-
R0150	Non-proportional casualty reinsurance	-	-
R0160	Non-proportional marine, aviation and transport reinsurance	-	-
R0170	Non-proportional property reinsurance	-	-

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_L Result	6.393.156

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	16.862.044	
R0220	Obligations with profit participation - future discretionary benefits	886.797	
R0230	Index-linked and unit-linked insurance obligations	441.132.313	
R0240	Other life (re)insurance and health (re)insurance obligations	88.538.660	
R0250	Capital at risk for all life (re)insurance obligations		1.240.193.526

Overall MCR calculation

		C0070
R0300	Linear MCR	6.393.156
R0310	SCR	76.553.858
R0320	MCR cap	34.449.236
R0330	MCR floor	19.138.465
R0340	Combined MCR	19.138.465
R0350	Absolute floor of the MCR	3.700.000
R0400	**Minimum Capital Requirement**	19.138.465