
SOLVENCY AND FINANCIAL CONDITION REPORT 2023

COMPENSA LIFE VIENNA INSURANCE GROUP SE

Commercial Register number 10055769

Address	Narva mnt 63/2, 10120 Tallinn, Estonia
Telephone	610 3000
E-mail	info@compensalife.ee
Website	www.compensalife.ee

Reporting period	1 January 2023 – 31 December 2023
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Principal activity	Life insurance, code no. 6511
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LIST OF ABBREVIATIONS

BE	Best Estimate
Business Requirements	Requirements voluntarily adopted and made binding by organization, e.g. articles of association, regulations of branches, statutes, regulations of governing bodies, internal regulations, orders, strategies, policies, procedures, resolutions of governing bodies and contracts. Business Requirements also include industry codes and standards, which are binding on organization due to its membership in certain association (e.g. best practices developed by the Insurers' Association). The guidelines and regulations issued by VIG Holding shall be binding on Compensa and regarded as Business Requirements.
Compensa Group	Compensa Life and all its related entities
Compensa or Company	Compensa Life Vienna Insurance Group SE, a company registered and operating under the laws of the Republic of Estonia, having its head office in Estonia and registered branches in Latvia and Lithuania
Delegated Act	Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and the Council on the taking-up and pursuit of the business of Insurance and Reinsurance
EIOPA	European Insurance and Occupational Pensions Authority
ESG	Environmental Social Governance
EUR	The official currency of the Eurozone
FSA	Finantsinspektsioon, Estonian financial supervision and crisis resolution authority
IA	Internal Audit
IAA	Estonian Insurance Activities Act
ICS	Internal Control System
IFRS	International Financial Reporting Standards
Internal Regulation	Any policy, procedure, statute, order or similar document formally approved by Compensa, which governs the activity of Compensa and individuals and legal entities acting on behalf of Compensa. Where relevant, the Internal Regulation may also govern the activity of Compensa related entities. One-off documents (e.g. one-off orders) or documents addressed to one single individual (e.g. job descriptions or powers of attorney) shall be not regarded as Internal Regulations.
IRS	Investment Risk Strategy
Local Regulation	Internal Regulations of Compensa governing solely local (country-based) functions, business operations and processes
LV	Latvia
LT	Lithuania
MCR	Minimum Capital Requirement

Munich Re	Münchener Rückversicherungs-Gesellschaft AG, Munich Re Group, reinsurance company that provides the services to Compensa Life
ORSA	Own Risk and Solvency Assessment
QRT	The annual quantitative reporting templates
Regulatory Requirements	Compulsory requirements externally imposed on organization such as EU and national legislation, (e.g. Solvency II, Delegated Act, laws, government regulations) and other stated requirements. Advisory guidelines of the supervisory authorities are also regarded as Regulatory Requirements.
RFR	Risk-free interest rate, EIOPA lays down and publishes technical information on risk-free interest rates
RM	Risk margin
RR	Reinsurance retention
SCR	Solvency Capital Requirement
SFCR or Report	Solvency and Financial Condition Report
Solvency II	Directive 2009/138/EC of the European Parliament and the Council on the taking-up and pursuit of the business of Insurance and Reinsurance
TP	Technical provisions
UW	Underwriting
UCITS	Undertakings Collective Investment in Transferable Securities
VIG RM	VIG Group Risk Management
VIG Holding	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
VIG or the Group	VIG Holding and all its related entities
VIG Re	VIG Re zajišťovna, a.s., reinsurance company within VIG

SUMMARY

The following Solvency and Financial Condition Report is based on and fulfils the requirements of IAA, Articles 290-298 of Delegated Act and EIOPA guidelines on the reporting and public disclosure (EIOPA-BoS-15/109 EN).

This Solvency and Financial Condition Report provides the following information:

Section A presents the business activities and performance of Compensa.

Compensa business continues to grow. In 2023, total premium income amounted to 182.87 million euros, a 5.3% improvement on the year before (2022: 173.65 million euros). In 2023, Compensa's profit amounted to 9.82 million euros (2022: Compensa's profit amounted to 7.2 million euros). Compensa Group's Baltic operations generated a consolidated profit of 10.28 million euros.

Compensa did not have changes in its main business activities but has invested in development of new sales channels, and Company launched collaboration with the first Estonian startup insurance agent, Lyfery.

Section B describes the governance system of Compensa, and the Supervisory Board members and their duties, responsibilities of the Managing Board members, the committees that have been established and the governance and other key functions.

To provide stable and qualitative complex service the Company has developed appropriate systems and structures in place to fulfil the requirements laid down in the IAA and Delegated Act as well as the written policies, approved by the Management Board of the Company, ensuring the ongoing appropriateness of the information submitted.

In 2023 the focus of governance and risk management areas was in Company sustainability targets, additionally to previously applied consideration of sustainability risks in investment decision-making process.

In general, there were no material changes in the system of governance, and the risk-management systems structure, or management needs.

Section C describes the risk profile of Compensa.

The Company is mainly exposed to underwriting risk of life and health business and risks related to investment activity and environment. These risks are of a strategic nature and are consciously accepted.

Table 1 provides an overview of Compensa material risks based on the standard capital requirement model, which is also major tool for risk measurement to determine the own solvency need of the Company.

Table 1. SCR (in EUR millions)

	2023	2022
Market risk	26.42	24.06
Counterparty default risk	3.25	5.04
Life underwriting risk	60.89	70.28
Health underwriting risk	7.40	5.50
Basic solvency capital requirement	75.85	83.25
Operational risk	4.88	4.82
Solvency capital requirement total	80.72	88.07

The SCR changed mainly in market risk and in life underwriting risk, due to change in business growth, and changes in assumptions for TP calculation.

Section D summarizes the valuation for solvency purposes.

The main idea is to assess the financial situation of the Company based on market values. It describes also the quantitative and qualitative valuation differences between market valuation and the values presented in the annual financial statements prepared in accordance with international accounting standard. The financial statement of 2023 is valued according to new standards – IFRS 9 and IFRS 17. IFRS 17 brought along significant change in valuation of liabilities for the policyholders and for the whole insurance industry.

Section E covers Compensa capital management.

The Company had an SCR of EUR 80.72 million and an MCR of 20.18 million EUR as of 31 December 2023. Eligible own funds amounted to 144.33 million EUR, are available for these requirements. As a result, Compensa has a solvency ratio of 1.8 and an MCR coverage of 7.1.

To have adequate solvency position in extremely volatile environment, Compensa applying transitional deduction for homogenous risk group “Savings insurance with guaranteed interest” until 01.01.2032 (during which its effect decreases linearly.) The implementation of transitional deduction increased the company's own funds in 2023 by 20 million EUR.

All charts, tables and figures within the Report have been supported by the annual QRTs as of December 31.12.2023, submitted to the FSA and the Company's IFRS Annual Report 2023.

A BUSINESS AND PERFORMANCE

A.1 BUSINESS

A.1.1 Owners

Compensa celebrated its 30th anniversary in 2023, being one of the oldest life insurance providers in the Baltics. The Company, which is headquartered in Estonia, is a wholly-owned subsidiary of VIG Holding.

Vienna Insurance Group is one of the leading listed international insurance groups in Central and Eastern Europe, which offers services in the life, non-life and reinsurance segments. The Group comprises more than 50 insurance companies and pension funds, which operate in 30 countries and have a total staff around 29 000. The Group's head office is in Vienna, www.vig.com

Vienna Insurance Group is supervised by the the Finanzmarktaufsicht in Österreich (Austrian Financial Market Authority), which can be contacted at Otto Wagner Platz 5, 1090 Vienna, Austria and www.fma.gv.at.

The history of Compensa dates back to 1993 when the life insurance company Seesam Elukindlustuse AS was established in Estonia. In 2007, life insurers, which were operating in Estonia, Latvia and Lithuania under the same brand name merged and were registered as a European company – Seesam Life Insurance SE.

Since 2008, Compensa's sole owner has been VIG Holding. The new business name, Compensa Life Vienna Insurance Group SE, and the owner's brand name Compensa were adopted in 2009. The Company is domiciled in Estonia, with the head office in Tallinn and branches in Latvia and Lithuania.

Compensa is supervised by Finantsinspektsioon, which can be contacted at Sakala 4, 10139 Tallinn, Estonia, www.fi.ee.

Compensa's auditor is KPMG Baltics OÜ, which can be contacted at Narva mnt 5, 10117 Tallinn, Estonia, www.kpmg.ee.

Compensa has 18 offices and staff of 268 people in the three Baltic countries. Since 2016, the Compensa group has also included Vienibas Gatve Investment OÜ and Compensa Life Distribution UAB (subsidiaries of Compensa) as well as Vienibas Gatve Properties SIA (a subsidiary of Vienibas Gatve Investment OÜ). At 31 December 2023, the subsidiaries employed 16 people.

Compensa's mission is to help customers manage their financial risks by offering flexible and contemporary insurance solutions. Compensa product portfolio includes guaranteed-return and unit-linked endowment products, term life insurance products, accident insurance and various additional insurance products. Compensa's Latvian and Lithuanian branches offer health insurance and Estonian office launched health business at the beginning of 2024.

Compensa provides insurance activity in the classes of life insurance according to IAA in clauses 13 (1) 1)-8) and in the classes of non-life insurance in clauses 12 (1) 1) and 2).

Compensa Life offers insurance solutions to both individuals and corporate customers. In the Baltics, Compensa Life serves over 153,600 customers whose assets exceed 466 million euros. Compensa is the largest pension benefits payer in Latvia and in Estonia it is the only insurance company in Estonian II pillar pension system.

A.2 FINANCIAL PERFORMANCE

In 2023, Compensa's Baltic operations generated a consolidated profit of 10.28 million euros. Compensa's profit amounted to 9.82 million euros (2022: Compensa's profit amounted to 7.20 million euros).

Premium income continues to grow and reached 182.9 million euros, a 5.3% improvement over the year before (2022: 173.7 million euros). Payments made to customers totalled 102.5 million euros, up 35% from the previous year (2022: 75.8 million euros).

Attributable operating expenses (direct contract acquisition costs and administrative expenses) for 2023 totalled 30.22 million euros (2022: 31.91 million euros), a 5,3% decreased compared with 2022. The main reason for decrease in operating expenses was a 15,2% decrease in commissions (in 2023 commissions

amounted to 17.52 million euros, in 2022 20.66 million euros), which accounted for 58.0% of attributable operating expenses (2022: 64.7%).

Compensa's share capital amounts to 11.6 million euros.

The objective of the Management Board is to ensure Compensa's sustainable operation and consistent growth. Company will focus on delivering quality customer service, developing its insurance products and increasing Compensa's market share in the Baltics.

A.3 UNDERWRITING PERFORMANCE

The volume of the premium was 182.87 million euros in 2022 and the growth in premium volume was 5%. The biggest volume of the premium is coming from unit-linked business.

Results for 2023 and 2023 from the underwriting activity are summarized in Tables 2 and 3.

Table 2. Underwriting performance 2022 (in EUR thousand)

	Insurance with profit			Unit-Linked			Other			Health			Total			TOTAL
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT	
Premium	6 653	3 139	23 902	4 595	6 859	47 859	687	38 925	2 236	0	8 604	30 295	11 835	57 528	104 292	173 655
Reinsurance share	-4	-48	-1 322	-6	-71	-2 125	-170	-63	-33	0	0	0	-180	-182	-3 481	-3 843
Claims	-9 593	-4 212	-11 622	-3 011	-2 838	-7 407	-104	-11 866	-469	0	-5 972	-20 875	-12 708	-24 888	-40 372	-77 969
Reinsurance share	0	4	478	4	3	815	20	23	7	0	0	0	25	30	1 300	1 355
Change of policy reserve	12 154	677	-9 901	1 796	3 268	-10 312	-18	-22 407	-16	0	-2 531	-3 264	13 932	-20 993	-23 493	-30 554
Investment result	-2 801	-809	-1 958	-3 242	-5 697	-13 267	-6	-1 594	-3	0	0	0	-6 050	-8 099	-15 228	-29 376
Expenses	-1 160	-85	-692	-723	-1 505	-13 918	-297	-1 564	-1 558	0	-819	-3 843	-2 180	-3 973	-20 010	-26 163
Underwriting result	5 149	-1 3334	-1 115	-588	19	1 646	114	1 455	165	0	-718	2 313	4 674	-579	3 009	7 104

Table 3. Underwriting performance 2023 (in EUR thousand)

	Insurance with profit			Unit-Linked			Other			Health			Total			TOTAL
	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT	EE	LV	LT	
Premium	7 251	3 286	22 064	4 813	6 675	58 557	714	27 950	2 622	0	10 740	38 197	12 777	48 651	121 440	182 869
Reinsurance share	-3	-46	-1 252	-6	-75	-2 454	-180	-78	-63	0	0	0	-189	-200	-3 769	-4 157
Claims	-11 223	-3 982	-15 273	-3 903	-3 465	-11 697	-115	-14 215	-634	0	-9 393	-29 725	-15 241	-31 056	-57 329	-103 626
Reinsurance share	1	11	500	3	7	1 031	48	15	2	0	0	0	52	33	1 533	1 618
Change of policy reserve	1 598	136	-4 681	-1 710	-4 971	-39 911	-15	-13 189	-15	0	-235	-3 423	-127	-18 259	-48 030	-66 417
Investments result	2 587	994	2 569	1 381	3 039	12 183	14	2 031	5	0	0	0	3 982	6 065	14 757	24 803
Expenses	-1 766	-130	-625	-1 382	-1 197	-13 606	-485	-1 453	-1 746	0	-1 192	-4 536	-3 633	-3 973	-20 513	-28 119
Underwriting result	-1 555	270	3 303	-805	12	4 103	-20	1 060	171	0	-81	513	-2 380	1 261	8 089	6 971

Dependent on the business line, the underwriting performance, mainly effected by the portfolio development and in financial market movement. The health business performance is vulnerable to inflation rate and to competition.

At the year-end, Compensa had a total of 203 156 insurance contracts in force in the three Baltic countries. The total number of persons insured under its life insurance contracts was above 278 924.

A.4 INVESTMENT PERFORMANCE

Compensa's conservative investment policy is aimed at ensuring long-term financial returns and stability as well as a liquid and diversified investment portfolio. In accordance with Compensa's IRS, the main goal of the investment policy is to reach the planned investment result while keeping a balanced risk/return-profile and taking into account constraints given by risk management needs. In accordance with the IRS, there are no investments in securitization.

Investment strategy employed by Compensa Life is a buy-and-hold strategy focused on holding high quality liquid assets, with no direct exposure to derivatives. Compensa strives to provide its customers with long-term security and stable investment returns.

Compensa has published its investments ESG Strategy on Company website (it is integrated part from IRS) and reviews it annually. ESG Strategy tightened and extended the exclusion criteria in July 2023, <https://www.compensalife.ee/meist/jatkusuutlikkus>

The additional exclusion criteria relate to unconventional fossil fuels, non-compliance with the principles of the UN Global Compact and serious human rights violations. Tightening of the existing exclusion criteria relates to coal-based business models.

At the end of 2023, investments backing contracts signed with customers totalled 466.34 million euros (at the end of 2022: 394.54 million euros), 18,2%, i.e. 71.80 million euros up on the previous year-end.

Results from the investment activity for 2023 and 2022 are summarized in Table 4.

Table 4. Investment performance (in EUR thousand)

	31.12.2023			31.12.2022		
	Invested amount	Share of investments	Yearly Income	Invested amount	Share of investments	Yearly Income
Investments in subsidiaries and associates	6 964	1%	58	6 029	1%	68
Shares and investment funds	17 647	3%	1 058	15 479	3%	-1 329
Real estate funds	39 080	7%	491	38 691	9%	1 287
Available for sale financial assets	239 260	45%	5 915	218 718	49%	-7 495
Loans and receivables (term deposits)	31 761	6%	662	21 899	5%	474
Alternative investments	655	0%	10	-	0%	-
Unit-link funds	191 467	36%	16 716	144 883	33%	-22 410
TOTAL	526 834	100%	24 909	445 700	100%	-29 405

A.5 PERFORMANCE OF OTHER ACTIVITIES

In 2023, Compensa's sublease income for office premises was 19 013 euros.

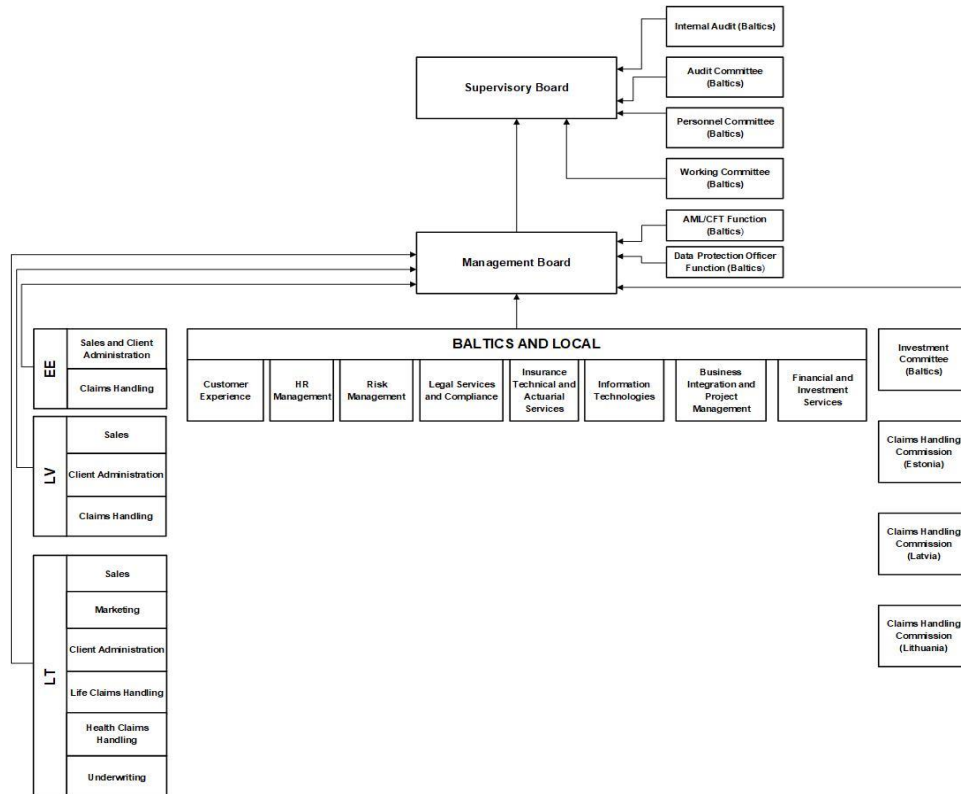
There are no material income and expenses, other than underwriting or investment income and expenses.

B SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Compensa has a two-tier corporate governance system dividing the management and supervisory function between two governing bodies: Supervisory Board and Management Board. The Supervisory Board is primarily responsible for making key strategic decisions, supervising the performance of the Company, appointment and supervision of the Management Board while the Management Board is responsible for day to day management of the Company.

Chart 1. Functional Structure



B.1.1 Supervisory and Management Bodies

B.1.1.1 Supervisory Board

The composition of the Supervisory Board is established by the Shareholders' General Meeting of Compensa. The Supervisory Board reports directly to the Shareholders' General Meeting. The Supervisory Board organizes its activities based on requirements stated in Regulatory Requirements and Business Requirements established to fulfil the requirements laid down in the Solvency II.

Compensa's Supervisory Board has four members and the current term of Supervisory Board expires on 30th of June 2024.

Since 2021 the Chairman of the Supervisory Board is Harald Riener, Deputy Chairmen are Franz Fuchs and Gábor Lehel and member is Ireneusz Arczewski.

The members of the Supervisory Board are the persons effectively running the Company for the purpose of application of Internal Regulation on fit and proper assessment (chapter B.2).

The Supervisory Board has the following responsibilities:

- approval of key transactions, as specified in the "Articles of Association", "Regulations of the Supervisory Board" and Regulatory Requirements;

- the review and approval of the budget (Business Plan) approved and submitted by the Management Board or of any significant departure therefrom;
- the review and approval of Business Strategy, approved by the Management Board and submitted to the Supervisory Board;
- review of the annual financial reports and profit distribution proposal of the Management Board, the Auditors' report and other reports on the Company's activities submitted by the Management Board for approval;
- proposal to the Shareholders' General Meeting for adoption of annual financial reports;
- proposal to the Shareholders' General Meeting for the distribution of the net profits or for covering of losses reported in the annual financial report;
- review and supervision of the activities of Management Board;
- conclusion of transactions between members of the Management Board and the Company and terms and conditions of such transactions as well as conduct of legal disputes against the members of the Management Board;
- commencement or settlement of judicial or arbitral proceedings which are out of the ordinary course of business or have a material effect on the Company;
- election and removal of the members and the Chairman of the Management Board and the appointment and removal of branch managers (general representatives);
- appointment and recalling of procurators as well as conclusion of agreements with procurators;
- approval of organization of the Internal Audit and any changes thereof;
- review and supervision of the activities of Internal Audit Function, approval of Internal Audit plans;
- review and supervision of the activities of Audit Committee and other committees and commissions reporting to the Supervisory Board, approval of their working procedures;
- the approval of the Company's Internal Regulations concerning the Internal Audit and remuneration and supplementary benefits of Management Board members and approval of "System of Governance Framework Policy";
- the approval of the "Regulations of the Supervisory Board", the "Regulations of the Management Board" and the "Regulations of the Audit Committee";
- the approval of the Regulations of the Company's branches;
- approval of other transactions which are not within the delegated authority of the Management Board;
- other functions specified in the "Regulations of the Supervisory Board" or assumed by the Supervisory Board based on delegated authority from the Shareholders' General Meeting;
- other functions within the competence of the Supervisory Board under the Regulatory Requirements and Business Requirements.

B.1.1.2 Management Board

The composition of the Management Board is established by the Supervisory Board. The Management Board reports to the Supervisory Board. The Management Board organizes its activities based on the requirements stated in the Regulatory Requirements and Business Requirements established to fulfil the requirements laid down in the Solvency II.

The Management Board of Compensa has three members. As of April 2022 the Chairman of the Management Board is Tomas Milašius (Lithuanian branch manager) and the members are: Tanel Talme and Ervins Vēveris (Latvian branch manager, as of 1st of July 2023). The term of office of the Management Board member Viktors Gustsons ended on 30th of June 2023, and Ervins Vēveris was elected in his stead as of 1st of July 2023.

The members of the Management Board are the persons effectively running the Company for the purpose of fit and proper assessment under the Internal Regulation on fit and proper assessment (chapter B.2.)

The Management Board has the following responsibilities:

- conducting of daily operations of the Company and representing the Company in all relations with any third parties within the scope of its competence as defined in "Articles of Association" of the Company, the resolutions of the Shareholders' General Meeting and the Supervisory Board;
- regular and ad-hoc reporting to Supervisory Board;

- preparing, approval and submission to the Supervisory Board of the budget (Business Plan) for the following three fiscal years;
- approval and submission to the Supervisory Board, in accordance with applicable laws and instructions of the Supervisory Board, of the annual financial reports, making proposal for profit distribution or loss covering;
- conducting the affairs of the Company in accordance with the currently effective Business Plan as modified from time to time by the action of the Supervisory Board, provided only that, in the event of any emergency (pending prompt reference of the Supervisory Board), the Management Board may depart from the currently effective Business Plan to the extent necessary to preserve and protect the business and assets of the Company;
- preparing, approval and submission to the Supervisory Board of the Business Strategy, Risk Strategy and Investment and Risk Strategy;
- organising the accounting of the Company;
- review and supervision of the activities of employees and committees and commissions reporting to the Management Board;
- approval pan-Baltic Internal Regulations and other relevant internal requirements of the Company;
- implementing the effective internal control system;
- approval of the plans and reports of Compliance function;
- monitoring the development of risk exposure, organizing and supervising risk management process ensuring effectiveness of risk management system, including the approval of risk management related policies, guidelines and principles;
- approval of Risk Limit Factor and Acceptable Solvency Coverage Ratio (risk appetite, risk tolerances);
- approval of Risk Limits (risk tolerances);
- reviewing, challenging and approval of ORSA process, scenarios, assumptions and report;
- approval of Solvency and Financial Condition Report and regular supervisory reports;
- determining the scope and frequency of the review of the system of governance; approval of the results and actions following the review;
- establishment of key functions and appointment of holders of key functions other than Internal Audit;
- appointment of AML/CFT Function Holder and AML/CFT Officers;
- approval of outsourcing arrangements as specified in “Outsourcing Policy”;
- approval of statutes of Departments and functions;
- ensuring compliance with Regulatory Requirements and Business Requirements, including VIG Holding guidelines and regulations;
- other functions specified in the “Regulations of the Management Board” or assumed by the Management Board based on delegated authority from the Supervisory Board;
- other functions within the competence of the Management Board under the Regulatory Requirements and Business requirements.

Individual members of the Management Board are responsible for organizing and managing business in the areas stated in the “Regulations of the Management Board”.

B.1.1.3 Committees and Commissions

The Company has the following Committees and commissions:

- **Audit Committee:** an advisory body for the Supervisory Board in the matters related to accounting, auditing, risk management, internal control and internal audit, supervision, budgeting and compliance;
- **Personnel Committee:** an advisory body for the Supervisory Board in the matters related to personnel issues concerning Management Board members, including succession planning;
- **Working Committee:** an advisory body for the Supervisory Board in the matters related to dealing with urgent corporate matters concerning the Company;
- **Investment Committee:** making investment decisions, providing recommendations and instructions to external asset managers and monitoring of the appropriateness of Investment and Risk Strategy;
- **Claims Handling Committees/Commissions:** are responsible for deciding the claims arising from insurance agreements in Company’s head office and branches within the scope as determined in

relevant Local Regulations. Composition and working procedure of the Committees/Commission are approved by relevant Country manager.

B.1.2 Key Functions

Compensa has four key functions:

- Risk Management Function;
- Actuarial Function;
- Compliance Function;
- Internal Audit Function.

All key functions are staffed by employees of Compensa, no key function is outsourced to a third party. The tasks and responsibilities of each key function are described in the Company's Business Requirements approved by the Management Board, except for the IA function, the tasks and responsibilities of which are approved by the Supervisory Board.

B.1.2.1 Risk Management Function

Risk Management Function in Compensa is performed by Risk Manager and Insurance Technical Services department.

Risk Management function's main responsibilities are:

- Development and updating of the Company's Risk Strategy;
- Performing Risk Bearing Capacity, allocation and limitation procedures, including initiating the input and approvals of the Management Board required in the process;
- Monitoring of limits established during limitation process, including calculating the required indicators and preparing quarterly Risk Limit Reports;
- Coordination of ORSA, i.e. initiating the inputs and outputs from/to ORSA process with other departments, initiating the input and approvals of the Management Board required in the process, preparing ORSA report;
- Performing Risk Inventory procedure;
- Perform risk reporting, including preparing and submitting risk reports;
- Development and updating of risk management and internal control procedures;
- Business continuity management, including development of internal documentation related to business continuity planning, testing the business continuity testing and preparing of reports;
- General risk management activities in the Company, including monitoring and evaluation the overall risk situation at Compensa, raising awareness of the Management Board and of employees, implementing best practice developments in the area of Risk Management.

To ensure operational independence and objectivity, the employees performing Risk Management Function must not be involved in any risk taking activities or perform other day-to-day business operations at Compensa, unless this can be justified and is documented and approved.

B.1.2.2 Compliance Function

The Compliance Function is allocated to the department of Compliance and is performed as follows:

- Head of Compliance is an appointed function holder with overall responsibility for the Compliance function;
- Legal and Compliance Officers perform the tasks of Compliance function in the Company's head office and branches.

The main tasks and responsibilities of the Compliance Function include:

- Monitoring of changes in the legal environment and assessment of possible impact of such changes on the business operations of Compensa;
- Compliance risk management;
- Development and implementation of appropriate measures and processes to prevent non-compliance with applicable requirements, including development of Internal Regulations and organizing of trainings;

- Providing advice to ensure compliance with applicable requirements;
- Monitoring of compliance with applicable requirements, including carrying out compliance audits;
- Handling of compliance incidents.

B.1.2.3 Internal Audit Function

The IA function is performed by IA department and it forms an integral part of the Company's internal control environment, assessing the adequacy of and the compliance with the regulations.

IA assists the Supervisory Board and the Audit Committee in the discharge of their governance responsibilities to protect the assets, reputation and sustainability of the Company by systematically assessing:

- the adherence to approved Business and Risk Strategy;
- the effectiveness of risk management, control and governance processes;
- the processes for strategy development, setting risk appetite and business planning;
- the reliability of financial and operational information;
- compliance with Regulatory requirements as well as Internal Regulations and contracts;
- whether the systems are robust and fit for purpose.

B.1.2.4 Actuarial Function

Actuarial Function at Compensa is performed by Insurance and Actuarial Technical Services Department.

With regards to the Actuarial function the aim is to ensure sufficient explicit and adequate internal controls around the calculation and the establishment of the technical provisions and to perform other tasks required by the Regulatory Requirements.

Actuarial Function's responsibilities are:

- Coordination of the calculation of technical provisions;
- Issuing an opinion on the underwriting policy and reinsurance arrangements;
- Contributing to the effective implementation of the Risk Management system, if such contribution is requested from Risk Management Function;
- Annual internal report to the Management Board and to VIG.

B.1.3 Remuneration Entitlements

The Management Board has approved remuneration and supplementary policy of employees. Remuneration model of Compensa consists of two components:

- a) fixed remuneration;
- b) variable remuneration.

Variable remuneration is a bonus-specific remuneration paid at unilateral discretion of Compensa. In addition, a deferred component applies to key functions, which takes account of the nature and time horizon of Compensa's business and the payment of which shall be deferred.

The members of the Management Board receive fixed basic remuneration and performance benefits, which may be paid when specific performance criteria are met. The performance criteria are determined based on the targets set in Compensa's business plan for the year and they are directly linked to Compensa's financial performance, promoting effective risk management and do not encourage excessive risk taking. Performance benefits paid correlate with the meeting of the performance criteria.

The principles for the remuneration and supplementary benefits of the members of the Supervisory Board are approved by the shareholder of Compensa.

FIT AND PROPER REQUIREMENTS

B.1.4 Implementation of Fit and Proper Requirements

The Management Board has approved the fit and proper policy. According to the policy, the following persons are subject to fit and proper requirements and assessment:

- persons effectively running the Company;
- audit committee members;
- key function holders;
- Country Manager of Estonian Unit
- persons having/ performing Key Functions;
- AML/CFT Function holder;
- AML/CFT officers;
- data protection officer;
- investment specialist;
- outsourced key function;
- outsourced persons having/ performing Key Functions;
- persons involved in the provision of insurance;
- persons involved in product development process.

Specific requirements for each above category have been approved by the Management Board in compliance with Solvency II. In terms of fitness assessment, specific requirements have been defined for each position.

Based on the nature of position and applicable regulatory requirements, specific restrictions of activity are applied.

B.1.5 Assessment of Fit and Proper Requirements

The fit and proper requirements are reviewed when necessary, but at least annually, to make sure that existing requirements remain appropriate given the evolvement of the Company and changes in applicable regulatory requirements.

The fit and proper assessment shall be conducted in the following occasions:

- before appointing a person to the position subject to fit and proper requirements;
- before appointing a person to position for the fixed time period and before the extension;
- immediately after one year has passed since the last assessment;
- if there is a change in circumstances that affect or may affect the ability of the person to meet the fitness and propriety requirements

The fit and proper assessment upon the new recruitments must be conducted before the appointment of the person subject to assessment. Full assessment includes the following process stages:

- preparing the job description and specification, which includes all requirements the person subject to assessment is expected to comply with;
- collection of necessary information and documents;
- performing the fitness and propriety analysis with relevant conclusions.

Competent persons and bodies have been appointed to carry out fit and proper assessment. The person subject to assessment shall be expected to comply with the fit and proper requirements during the entire term of office or duration of employment or other contractual relationship with the Company.

The fitness and propriety of the Supervisory Board and Management Board members shall be reassessed upon the extension of their term of office. The fitness and propriety of other persons subject to assessment shall be reviewed once in a year by requesting the persons to reconfirm the information previously submitted in the fit and proper assessment and to supplement it if necessary.

B.2 RISK MANAGEMENT SYSTEMS

Compensa, as a financial services provider, needs to take risk deliberately in order to provide an adequate return and serve its stakeholders. Therefore, any business decision affecting return also impacts risk issues. It is the responsibility of the Management Board to make sure that all risk issues are appropriately reflected in the strategic decision making process.

On a daily basis, risk management is supported by the practice of granting rights and powers to specific individuals and the ICS. At least once a year, the Company carries out a comprehensive risk inventory process and, concurrently, an assessment of the effectiveness of the ICS. Most of Compensa employees have a long-term industry experience, which ensures good knowledge of the insurance products, processes and software used.

Within Compensa relevant processes and procedures are in place to perform the risk management in a group-wide consistent approach. The overall risk management includes the following steps:

- the risk identification;
- risk measurement;
- risk analysis and risk treatment;
- risk management decision and execution;
- risk monitoring;
- risk reporting.

In this context, it is important to note that this is not a strictly sequential process, but a control cycle, which involves feedback and feed forward loops. In addition, a parallel quality assurance and control process to all stages of the risk process is applied.

The following processes support the risk management:

- Risk Bearing Capacity process (quantitative risks assessment)
- SCR Calculation (quantitative risks assessment);
- Risk Inventory (qualitative approach);
- ORSA.

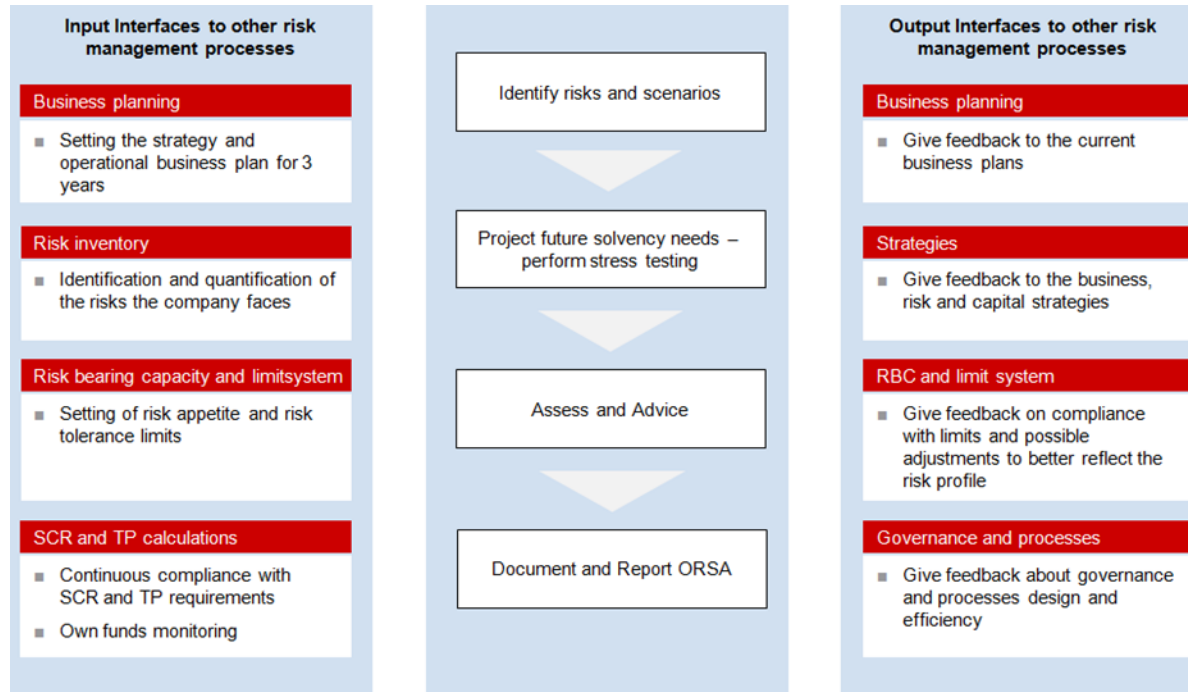
B.2.1 ORSA Process

The ORSA is a continually operating process that provides assurance that the risk situation is taken into account in the decision making process of the Company in line with its Risk Strategy. ORSA provides the Management Board with appropriate assessment of whether Compensa's risk management and solvency position is adequate, and likely to remain so in the future.

The ORSA is an all-encompassing procedure connecting several processes from business planning to day-day risk management. The results and findings of central risk management processes and procedures form the basis for an ORSA in the Company. The main input interfaces, which flow into the ORSA are - Business and Risk strategy and operational business plans - these elements form the main prerequisites for ORSA.

Other input interfaces are connected with the risk management processes and provide the risk profile assessment - Risk Inventory (including - adequacy assessment of evaluation measures, ICS), Risk Bearing Capacity (RBC) process, SCR, MCR and TP calculations. Chart 2 gives an overview of these ORSA process in the Company.

Chart 2. Overview of these ORSA process



B.2.2 Risk Identification

The aim of Risk Identification is to expose, detect and document all possible sources of risks, which could affect the achievement of Compensa objectives.

Risk identification has to be performed on a regular basis, at least once a year. It includes the review of existing risks and sources that might have changed as well as the detection and documentation of new sources of risks that have emerged. The results of the risk identification process have to be recorded and documented. The major risk identification are taking place the following processes:

- Risk Inventory;
- ICS;
- ORSA.

B.2.3 Risk Measurement

An essential prerequisite for the risk handling and decisions of the Management Board is the measurement of all risks identified. This includes also the evaluation of the materiality. In this process, the various risk types are classified to the defined risk categories. On this basis different assessment methods for each risk type in line with the proportionality principle are used.

B.2.4 Risk Analysis and Treatment

After the risk is measured, either quantitatively or qualitatively, and the materiality of risk is stated, an effective risk handling has to be performed. Therefore measures and mechanisms have to be assessed for the change of the risk situation. The main possibilities of the risk treatment as part of the risk management are:

- risk avoidance;
- risk mitigation;
- risk transfer;
- risk acceptance.

B.2.5 Risk Decision and Execution

In the risk management process a broad range of risk decisions need to be taken and the decision has to be executed by the responsible unit.

Management decisions that substantially affect the risk structure need to be supported by sufficient analysis regarding the impact on the business and the risk situation. After the decisions are taken to handle the risks, the execution of the decision has to be implemented by the responsible unit in a prompt and efficient manner.

B.2.6 Risk Monitoring

Risk monitoring has to be divided into two different areas:

- a) On the one side, risk monitoring refers to the process of ensuring that the risk profile of Compensa remains in line with risk preferences and the risk strategy at all times. This control information can be derived from a regular comparison of the target and actual situation. The target situation is defined by the limits assigned.
- b) On the other side, risk monitoring refers to the follow-up process during the implementation of decisions for risk-handling pointed out before. In that case risk monitoring aims to control the effective and timely implementation of action plans that were decided on.

B.2.7 Risk Reporting

The main steps in risk management process described above are addressed in a comprehensive set of reporting products, both ex ante as a basis for decisions and ex post for review/follow-up purposes. Risk reporting is performed by Risk management function.

The risk reporting includes both regular reports as well as ad hoc reports. While the regular reports are defined out of the standard processes, the ad hoc reports are provided in cases, where risks are realized unexpectedly.

All major processes and procedures are documented and reported to Management Board and to VIG.

B.3 INTERNAL CONTROL SYSTEM

Company has to comply with the requirements of VIG Group ICS policy and local ICS policies should extend the VIG policy to company specific issues.

The internal control system is a central element integrated in the operational and organizational structure of Compensa. There are Internal Regulations developed and implemented by the Company to overarch roles and responsibilities with respect to ICS covering all levels of Compensa and ranging from responsibilities being part of the day-to-day business to responsibilities within the ICS assessment process, including Management Board, Key functions, Internal Audit, Heads of Departments and single employees.

The ICS is a continually operating process that provides an appropriate control environment with effective controls. The control environment must be well-based on the organizational and operational structure, with clear communication and monitoring procedures.

The internal control function is strongly supported by Compliance function, Actuarial function and Internal Audit function. Risk management function, Compliance function, Actuarial function, Data Protection Officer Function and AML/CFT Function form the second line of defence with main responsibility to monitor the risks and controls owned by Risk Owners on the 1st line of defence.

B.3.1 Implementation of the Actuarial Function

The Actuarial Function in Compensa is composed of Actuarial Function Holder and Actuarial Function Executives. The tasks are allocated in such a way that the risk of the conflicts of interest from inappropriately allocated responsibilities is minimized. Therefore, employees performing the actuarial function shall not be directly involved in the activities that are subject to the control by the actuarial function.

However, employees performing the actuarial function may have general supervisory or management responsibilities of the Insurance Technical and Actuarial Services Department. The actuarial function is expected to provide quality assurance with a view to safeguarding that certain control tasks are based on expert technical actuarial advice.

The actuarial function reports on an annual basis to the Management Board. This report documents all the tasks that have been undertaken by the actuarial function and their results, findings and recommendations.

B.3.2 Implementation of the Compliance Function

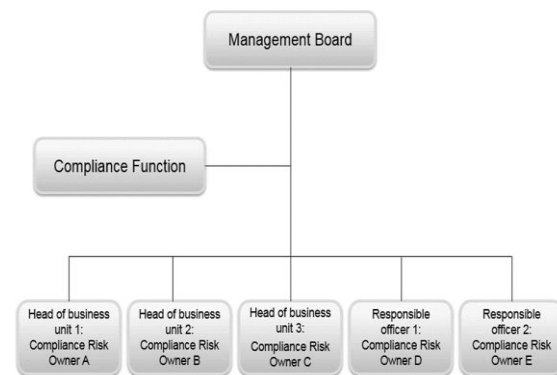
Compliance Function is part of the compliance organization (Chart 3), which aims to ensure the Company's compliance with applicable regulatory requirements.

The Compliance Function operates independently from the operational business which is represented by Compliance Risk Owners who are accountable for managing compliance risks and ensuring compliance in their operational fields (first line of defence).

The Heads of Departments and other appointed responsible officers are regarded as owners of compliance risks.

The final decision-making power as regards compliance issues as well as the ultimate responsibility for the compliance risk assumed by the Company rest within the Management Board.

Chart 3



B.3.3 Implementation of the Internal Audit Function

IA function is the third line of defence of the risk management system, providing independent, objective assurance services designed to add value and improve the appropriateness and effectiveness of risk management, Governance and ICS.

IA function performs its service with professional care, following the International Professional Practices Framework (IPPF) for Internal Auditing (containing the International Standards of Internal Auditing and Code of Ethics for internal auditors) and with minimal disruption to Compensa operations.

IA is authorized by Supervisory Board to audit all areas of the business with full access to all information, records and staff. All Compensa staff, committees and the Board, assist the IA by providing any information required to fulfil the function's role.

The IA is completely independent from the Management Board, ensuring the function's impartiality is not impaired. IA reports highlight any significant control failings or weaknesses identified and the impact they have had, or may have and the actions and timings, which management have agreed to take to rectify them.

IA takes no other position in the Company.

IA reports quarterly to the Audit Committee and Supervisory Board on assurance engagements performed accordingly audit plan. On quarterly basis IA performs follow-up of agreed actions to mitigate risks identified during the assurance engagements. Follow-up results are also reported to Audit Committee and Supervisory Board on quarterly basis.

Required by Standards external assessment of IA quality was completed in 2019 by Deloitte.

B.4 OUTSOURCING

B.4.1 Outsourcing Policy

The Company may outsource its activities and functions to third parties following the "Outsourcing Policy" approved by the Management Board.

The Company's "Outsourcing Policy" describes the outsourcing process and detailed requirements applicable to outsourcing.

The outsourcing process can be divided into the following stages:

- Function or activity assessment, i.e. defining whether the involvement of third party in the Company's activities or functions is regarded as outsourcing (critical/important or non-critical outsourcing);
- Outsourcing needs' analysis;
- Outsourcing risk analysis;
- Assessment and selection of service provider;
- Approval of outsourcing and notification to FSA;
- Negotiation and conclusion of outsourcing agreement;
- Registration of outsourcing;
- Regular oversight and control over the outsourced activity or function;
- Business continuity planning.

Depending on the type of outsourcing and the value of the contract, the ultimate decision regarding the approval of outsourcing and service provider shall be made by the Management Board, Supervisory Board or responsible member of the Management Board together with respective Country manager.

B.4.2 Outsourcing of Critical or Important Functions and Activities

The Company has not outsourced any critical or important functions or activities in any jurisdiction.

B.5 ANY OTHER INFORMATION

The system of governance is assessed as adequate to the nature, scale and complexity of the risks inherent in the Company's business.

C RISK PROFILE

Compensa is mainly exposed to underwriting risk of life and health business, and risks related to investment activity and environment. Additionally the Company is exposed to counterparty default risk, concentration risk, operational, strategic and reputational risk.

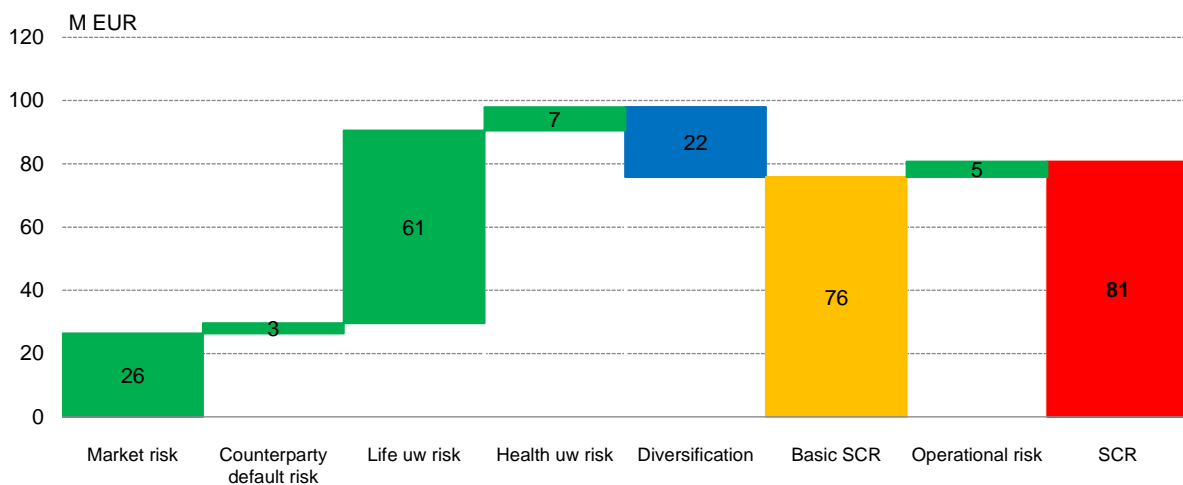
The Company generally accepts those risks that directly inherent to its insurance business.

The Company's liabilities for the policyholders have classical life risks, therefore quantitative risks (market, counterparty default, life underwriting, and health underwriting and operational risks) are calculated with standard solvency capital model.

The overall responsibility of the risk assumed by Compensa resides with the Management Board.

Summary of the Company risk profile is provided in Chart 4.

Chart 4. Risk profile at 31.12.2023.



C.1 UNDERWRITING RISK

Life underwriting risk arises from life insurance and reinsurance obligations, in relation to the perils covered and the processes followed in the conduct of the business.

Health underwriting risk is the risk arising from health insurance and reinsurance obligations, in relation to the perils covered and the processes used in the conduct of business.

Underwriting risk is major risk for the Company. Underwriting risk stems mainly from the mortality, longevity, expense, surrender and health risks.

In one year, the underwriting risk decreased by 13%. SCR underwriting risk module is highly sensitive to changes in assumptions for TP calculation and to business development.

Increase in underwriting risk is originates mainly from the Unit-Linked business growth.

Life lapse risk is the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from changes in the expected exercise rates of policyholder options. Expected future profit in premium has a significant impact on TP and leads to higher Mass Lapse SCR. By Company's assessment the life mass lapse risk shocks assessment assumptions are conservative (at too high levels), taking into account the nature of the portfolio, therefore there is an inherent (equity) buffer for the life risk in the SCR.

The Company has reinsurance coverage for the mitigation of mass lapse risk with Munich Re, the relevant cover is 15 million euros.

Underwriting is one of the most important processes in the Compensa to mitigate the life insurance risk. It is performed with a purpose of avoiding inappropriate losses of Compensa and anti-selection. The

Company has in place an adequate procedure and methodology for the risk acceptance. All risks are assessed in accordance with the policy established by Compensa.

The Company has reinsurance cover for extraordinary risk. The reinsurance treatment is concluded with VIG Re, VIG Holding and Munich Re. Underwriting methodology employed by the Company is also approved by the (top-rated) reinsurance company Munich Re.

C.2 MARKET RISK

Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, immovable property prices and exchange rates.

Main drivers of the market risk are interest, equity, spread risk.

Compared to 2022, the market risk increased by 10%, mainly due to the growth of UL business.

Compensa has long-term liabilities with financial guarantees for policyholders and in the investment activity the Company has to take into account accordingly the characteristics of liabilities for the policyholders, therefore the market risk management and mitigation is one of the Company's main task.

The Company has an effective asset-liability management, so that the major part of the remaining market risk stems from the spread risk. The spread risk arises from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

The investments and risks resulting from investments are managed according to the IRS, which is reviewed at least once a year and approved by the Supervisory Board. The management of financial assets shall be organised by the responsible member of Management Board appointed by the Supervisory Board. The Management Board shall discuss the matters related to investment activities at each meeting. The report on investments is presented to Supervisory Board quarterly.

To mitigate the market risk Compensa has conservative investment strategy, following the Prudent Person Principle (according to IAA §52), which requires that assets held to cover TP are invested in a manner appropriate to the nature and duration of those liabilities.

The primary goal of the IRS is to ensure adequate coverage of insurance obligations, reflecting proper Asset-Liability Management targets from various perspectives (duration, currencies, etc.) and to reach financial targets and stable investment returns for the insurance company and its portfolio.

Compensa aims to match asset cash flows to the liability profile by maturities. However, taking into account long maturities of liabilities, Compensa has to find trade-off between credit risk, liquidity risk and market risk.

Compensa's Asset-Liability Management policy sets guidelines for monitoring and analysis of assets-liabilities match and reporting of the information derived from the analysis. Results are taken into account while making operational investment decisions and they also form an essential focal point for establishing IRS for the future periods. IRS for 2024 remains conservative with bonds as the largest asset class to guarantee stable returns and lower volatility.

Compensa's investment policy outlines its investment strategy, principles of investing into different asset classes, and principles of performing risk analyses and exercising control. Defined strategic asset allocation limits in IRS are to be followed and monitored continuously. This includes an ex-ante as well as an ex-post consideration. The Company invests only in those assets, for which it can recognize, measure, monitor, manage and control the related risks accordingly with its own means. IRS establishes measurements implemented in case of limit violations.

Due to very limited extent of investments in equity (share of investments in equity in Compensa's assets at the end of 2023 stands at 2.5%), Compensa has decided not to prepare an engagement policy (Securities Market Act § 211²). Compensa has set a threshold for investments in equity the exceeding of which respective policy shall be drafted.

C.3 CREDIT RISK

Credit risk is the risk of loss or the risk of unpredictable changes in the Company's financial position that results from fluctuations in the credit ratings of those securities issuers, transaction counterparties and debtors with whom Compensa comes into contact in the framework of counterparty insolvency risk or concentration risk.

Compensa's credit risk exposures arise mainly from investment in debt securities, deposits and reinsurance. Compensa has entered into a reinsurance contract with VIG Re and also a proportional accident reinsurance contract with the parent company VIG Holding. The credit ratings of both reinsurers are A+ by Standard & Poor's. Compensa does not consider the credit risk arising from reinsurance to be high.

Investment-related credit risks are managed through the investment policy, which outlines the limits for investments in debt securities. Compensa monitors and analyses the changes in the ratings of debt securities held consistently with due care and makes appropriate changes to its portfolio as and when necessary. To describe credit risk company takes into account: credit rating, concentration risk and investment per single issuer limits.

C.4 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to realize the investments and other assets to meet its financial liabilities as and when necessary.

Compensa performs cash liquidity and portfolio liquidity forecasts on a quarterly basis. These forecasts assess whether the Company has sufficient liquid assets to meet its financial obligations during expected business conditions and in times of stress.

Liquidity risk is measured and monitored using business cash forecasts and portfolio liquidity forecasts. These allow Compensa to manage both its short-term liquidity requirements and the long-term development of its liquidity requirements simultaneously.

The total amount of the expected profit included in future premiums is 122 million euros as of 31.12.2023.

C.5 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel activities or systems or external events. Operational risk includes legal risks and excludes strategic and reputational risks.

General principles of operational risk management are defined in the "Operational Risk Policy" and basis of reporting operational risk events are described in the "Operational risk events reporting guideline".

Operational risk management is part of the day-to-day risk management activities of any department of Compensa. The operational risks can arise in every operating activity, the Company follows the approach that operational risk management is not the task of one single department, but in the responsibility of each department within their own operational area.

In order to support the operational risk management and the monitoring of operational risks, Compensa uses the following two risk management processes – Internal Control System and Risk Inventory.

The goal of these two processes is the identification and evaluation of operational risks, the evaluation of the adequacy of the control environment as well as the identification and evaluation of risk mitigating.

The Company also conducts regularly business continuity test to valid business continuity plans and avoid significant operational losses.

C.6 OTHER MATERIAL RISKS

C.6.1 Counterparty Default Risk

Counterparty default risk is the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors, and measured over the forthcoming twelve months.

The scope of the counterparty default risk includes risk-mitigating contracts, such as, trade receivables and receivables from intermediaries, as well as any other credit exposures, which are not covered by spread risk (e.g. money into account).

Counterparty default risk is assessed during Risk Inventory process by members of the Management Board.

C.6.2 Strategic Risk

Strategic risk is the risk of adverse business development related to poor business and investment decisions, or to inadequate communication and implementation of goals, or to a lack of adjustment capacity to changes in the economic environment, or to conflicting business objectives.

Strategic risk is assessed during Risk Inventory process by members of the Management Board.

C.6.3 Concentration Risk

Concentration risk can arise out of several activities such as investments or underwriting and the Company assesses also know-how concentration risk.

Know-how concentration risk is the risk that important tasks are carried out by an individual with exclusive knowledge or skills in his or her area.

Compensa has limits for the concentration risk in the investments and underwriting policies. Investments have to be diversified with respect to issuers or issuer groups, regions or regarding one single investment to avoid concentration risks.

Concentration risk in investments is managed by the department of Financial and Investment Services. Concentration risk in underwriting is managed by the Insurance Technical and Actuarial Services Department.

C.7 RISK SENSITIVITY AND STRESS TESTING

C.7.1 Risk Sensitivity

Sensitivity analysis (single factor stresses) helps to understand, how the solvency position reacts on changes to input parameters. Therefore within the framework of ORSA the capital model is regularly tested for several sensitivities. The following sensitivity analyses conducted in the ORSA 2023:

- change in RFR;
- change in equities;
- change in bonds spreads;
- change in life lapse rate;
- change in disability rate;
- change in expenses.

Sensitivity analysis showed that Company SCR is sensitive to financial environmental changes and to the underwriting risks. The Company is aware of those risks and the management constantly keeps those risks under observation.

C.7.2 Stress Testing

Stress tests aim to check the vulnerability of the Company to predefined scenarios, where the single shocks should be the consequence of extraordinary, but still plausible events. Following scenarios were analysed in ORSA 2023:

- Increasing surrender rate;
- Combined ratio of Health business increases;
- The decrease of Lithuanian new unit-linked business;
- No reinsurance cover for mass lapse risk

The solvency coverage ratio did not fall below the Solvency II requirement of 100% in 2023-2026 in ORSA 2023.

Company performs regular monitoring of developments in portfolio, on the market etc. Compensa is following the ECB interest rate curve on daily basis, financial situation monthly and development of the SCR and Own Funds on quarterly basis to have a clear capital plan in the event of the worse scenario.

C.8 ANY OTHER MATERIAL INFORMATION

There is no any other material information to report.

D VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS

For Solvency II, the valuation method used is quoted market prices for the same assets in active markets. Listed market prices shall be used in accordance with the active markets criterion as defined in the International Accounting Standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002. If this method cannot be applied, alternative valuation techniques may be used. Alternative valuation techniques should be based as much as possible on external market inputs, such as quoted prices for similar assets in inactive markets or inputs available in other alternative markets. The insurer's use of company-specific inputs should be kept to a minimum.

The fair value of financial assets is determined as the market value of listed and non-listed shares and bonds, usually using the price of the last periods of the reporting period. In the case of units of UCITS, the fair value is the net asset value of the unit.

For non-actively traded bonds, fair value is determined using the discounted cash flow method, using the rate of return on similar instruments quoted in an active market.

Other receivables are recorded in the Solvency II balance sheet at the same value as in the IFRS reports. It is considered to be in line with the market as all receivables and deposits have a maturity of less than 12 months and the effect of applying discounting is considered to be insignificant.

D.1.1 Differences from local GAAP

Table 5 discloses the summary of differences in asset valuation between local GAAP (IFRS) and Solvency II reporting.

Table 5. Differences in asset valuation between local GAAP (IFRS) and Solvency II reporting (in EUR thousand).

Assets	Solvency II	IFRS	Difference	Explanation
Intangible assets	0	1 179	-1 179	The various software used by the Company are recognized as intangible assets in the IFRS report. These assets are stated at cost less accumulated depreciation. As these assets are not traded in an active market, there are no intangible assets in the Solvency II balance sheet.
Term deposits	7 352	7 348	4	Solvency 2 is in fair value, IFRS is in amortized cost
Loans	24 498	25 529	1 030	Solvency 2 is in fair value, IFRS is in amortized cost

D.2 TECHNICAL PROVISIONS

D.2.1 Valuation for Solvency Purposes

D.2.1.1 Summary of TP as of 31 December 2023

Technical provisions are calculated as the sum of BE and RM.

Table 6. Technical provisions by line of business (in EUR thousand)

	2023				2022			
	BE	RM	Sum	Re-insurance	BE	RM	Sum	Re-insurance
Medical expenses	8 024	638	8 662	0	8 210	441	8 651	0
Income protection	32	2	34	-0	36	3	39	-0
Total non-life	8 056	640	8 696	-0	8 246	444	8 690	-0
Life insurance with profit sharing	153 784	13 408	167 192	-956	126 395	19 381	145 775	-1 095
Unit linked life insurance	75 729	27 478	103 207	-1 452	49 191	24 555	73 746	-1 945
Other life insurance	109 969	4 297	114 266	-521	91 988	2 546	94 535	-160
Total life	339 482	45 184	384 665	-2 929	267 574	46 483	314 056	-3 200

FSA gave their consent for applying transitional deduction on homogenous risk group “Savings insurance with guaranteed interest” until 01.01.2032 (during which its effect decreases linearly.) The implementation of transitional deduction decreases BE of Life insurance with profit sharing by 20 million EUR, and it increases the company's own funds in the same amount of sum. By applying transitional deduction, the resulting Solvency coverage ratio as of 31.12.2023 is 178.8%, and without applying it the Solvency coverage ratio as of 31.12.2023 is 154.3%, i.e. at level which remains above the Company' safety level.

D.2.1.2 Methodology of valuation of technical provisions.

D.2.1.2.1 Life insurance BE

BE of obligations arising from life insurance contracts is calculated by projecting future cash flows related to the insurance contracts and discounting them with the RFR. The calculations are performed for each in force policy individually.

Compensa uses the deterministic approach in calculation of life insurance BE. As a simplification, it is assumed that the value of options and guarantees (guaranteed annuity option) does not have a material impact on the value of the obligations. Compensa also uses a simplified approach in modelling policyholder bonuses. The bonuses are allowed for by making an adjustment to the discount rate curve. For the purpose of the 2023 valuation, considering the current volatile interest rate environment, this adjustment is zero i.e. the assumption is made that no policyholder bonuses will be paid on with-profit business in the future.

The most significant guarantee that has an effect on the BE is the guaranteed interest for business with profit sharing. Currently, the average guaranteed interest does not exceed the return implied by the RFR yield curve.

The methodology allows that per policy TP can be negative (i.e. where future cash in-flows are expected to exceed future cash out-flows). Such results are not set to zero. The TP of the insurance liability may be lower than the surrender value of the underlying contract. The calculation of TP is not subject to a surrender value floor.

The provision for life insurance claims is estimated by considering the actually reported claims and the IBNR. Considering that life insurance claims are usually settled without delays the assumption is made that the claims reserve will be paid out within the first year.

Certain simplifications are applied in the calculation of the TP. The simplifications are considered to be in line with the principle of proportionality and are appropriate considering the nature, scale and complexity of the risks.

D.2.1.2.2 Non-life insurance BE

The claims provision is formed for claims incurred until the balance sheet date. Compensa calculates claims reserve for non-life insurance using standard Chain Ladder (paid) methodology. The projected claims cash flows are discounted with RFR.

The premium provision relates to future claim events covered by insurance and reinsurance obligations falling within the contract boundary. Premium provision is calculated using the combined ratio method i.e. the ultimate projected claims and expenses are derived by multiplying the unearned premium reserve by the expected loss ratio and expense ratio. Then the future claims cash flows are projected by applying the claims development assumptions.

Future premiums (non-due part of premium receivables) are subtracted from the unearned premium reserve.

Future cash flows from claims and expenses (including commissions) related to future premiums are estimated separately. The net present value is calculated by discounting the projected cash flows with the RFR.

D.2.1.2.3 BE of amounts recoverable from RR – life insurance

BE of the reinsurers share in TP is calculated by directly projecting reinsurance premiums, reinsurers' share in claims and discounting them at RFR. The resulting provision is adjusted for counterparty default risk.

D.2.1.2.4 BE of amounts recoverable from RR – non life insurance

The reinsurers share in premium provision and claims provision is calculated by taking into account the expected reinsurers' share in premiums, claims and commissions. The resulting provisions are adjusted for counterparty default risk.

D.2.1.2.5 Risk margin

RM was calculated using simplified method, which uses approximations of the future SCRs for each future year as specified in Article 58 (a) of Delegated Act. For health insurance the whole SCRs for each future year are projected.

For life insurance individual SCR sub-modules are projected using risk drivers and taking into account the effect of diversification. The risk drivers are based on the applicable assumptions on the maturity and run-off pattern of the obligations.

The RM was calculated separately for unit-linked business and non unit-linked business.

D.2.1.3 Assumptions

D.2.1.3.1 Assumptions derived from external data

The input of the model needs assumptions, some of which are beyond the Company's control, such as e.g. RFR. The Company considers available external data, VIG guidance and information from the regulator in setting these assumptions.

D.2.1.3.2 Assumptions derived from internal data

Due to quite young portfolio and modern administration/database system the majority of portfolio data are available. Most of the insurance portfolio specific assumptions are based on the internal data sources and are adjusted to reflect expected future trends and changes.

The key life insurance assumptions are as follows:

- unpaid premium ratio;
- proportion of policies surrendered (without surrender value);
- proportion of policies surrendered (with surrender value);
- surrender value assumption (proportion of the reserve surrendered);
- loss ratio of riders;
- mortality rate;
- kick-back revenue;
- growth of unit prices;
- expenses;
- inflation rate;
- RFR.

Key non-life assumptions:

- ultimate loss ratio;
- expense ratio;
- claims development factors (paid);
- claims settlement expense ratio;
- RFR.

D.2.1.4 Changes in assumptions

The differences in assumptions are due to changes in experience caused by the development of the portfolio. Mostly assumptions changed due to difference between actual rates and expected rates.

There were no major changes in the products or distribution channels during the year.

D.2.1.5 Uncertainty associated with the amount of TP

The key assumptions associated with the key risks related to TP are:

- surrender assumptions;
- interest/ discount rate;
- expenses per policy.

Surrender assumptions are derived from Company's own experience. The increased uncertainties in the world and the economic downturn in Baltic have had some impact on the Company portfolio, and additionally the ageing portfolio will increase the surrender rate slightly.

Discount rate fluctuates with the financial markets and cannot be directly controlled by the Company. Therefore they are considered to be uncertain and should be managed by applying appropriate asset liability management techniques.

Rider and Mortality loss ratio assumptions are also derived based in the company's experience.

D.2.2 Differences to the Local GAAP

Since 2023 the IFRS 17 replaced the IFRS 4. IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as Compensa fulfils the contracts, along with explicit risk adjustment for non-financial risk and contractual service margin.

The main differences between Solvency II and IFRS 17 calculations are coming from:

- the costs considered (full cost approach vs directly attributable);
- the contract boundaries (Solvency II has risk view. IFRS 17 has contractual view, and this is reflected especially in riders and hybrid UL products. In accordance with IFRS 17, for example, contract

boundaries of riders follow the underlying main cover and in Solvency II contract boundaries of riders are determined independently of main cover);

- the interest rate applied for discounting.

In Table 7 is the summary of TP valued under Solvency II and IFRS:

Table 7. Technical provision valued under Solvency II and IFRS (in EUR thousand)

	Solvency II		IFRS valuation		Difference	
	TP	RR	TP	RR	TP	RR
Total health similar to non-life	8 696	-0	9 099	0	-1 091	-0
Life (excluding health and unit-linked)	281 459	-1 477	312 764	120	-31 308	-1 597
Unit linked life insurance	103 207	-1 452	142 251	0	-39 044	-1 452
Total	393 362	-2 929	464 114	120	-71 443	-3 049

D.3 OTHER LIABILITIES

D.3.1 Valuation for Solvency Purposes

D.3.1.1 Liabilities to Employees

Payables to employees include the accrued vacation pay liability calculated in accordance with employment contracts and the legislation in force at the reporting date. The vacation pay liability includes associated social security tax and unemployment insurance contributions. The item also includes contractual termination benefits and associated social security tax.

Social security tax includes statutory national funded pension contributions. The Company has no legal or constructive obligation to make any pension or similar payments in addition to payments of social security tax.

D.4 ANY OTHER INFORMATION

Since 2023, IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts, have been implemented, and it brought significant change to financial reporting.

E CAPITAL MANAGEMENT

E.1 OWN FUNDS

The objective of capital management is to ensure the Company's sustainable operation and safeguard the interests of policyholders and investors.

The forward-looking capital planning and regular monitoring enable the Company to identify possible decreases in the capital buffer and potential shortfalls sufficiently early. Financial and solvency forecasts, which are made during the planning process and form a part of the Company's ORSA report, are an integral part of capital management. In managing its capital, Compensa also takes into account the changes planned to be made to its own funds.

Equity (Own funds) according to IFRS as of December 31, 2023 are disclosed in Table 8.

Table 8. Equity (in EUR thousand)

Share capital	11 604
Share premium	9 466
Statutory capital reserve	1 160
Other reserves	3 455
Retained earnings	60 040
Total equity	85 725

In the Solvency II there are characteristics set out for the categorization of own funds items between basic own funds and ancillary own funds, the categorization of own funds items is between Tier 1, Tier 2 and Tier 3. The major part of the Compensa own funds are categorized as Tier 1 (highest quality) and only 0.05% of the own funds are categorized as Tier 3 (the value of net deferred tax assets.)

Company's own funds categories and values as of December 31, 2023 are disclosed in Table 9.

Table 9 Own funds valued for Solvency II purpose (in EUR thousand)

	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	11 604	11 604		
Share premium account related to ordinary share capital	9 466	9 466		
Reconciliation reserve	123 196	123 196		
An amount equal to the value of net deferred tax assets	69			69
Total	144 335	144 266	0	69

E.1.1 Reconciliation Reserve

The reconciliation reserve equals the total excess of assets over liabilities reduced by the amount of own shares and adjusted by subordinated liabilities. Main differences between equity as shown in the Company's financial statements (IFRS) and the excess of assets over liabilities as calculated for solvency purposes are due to following:

- TP calculated for Solvency II purpose are affected by low RFR of discounting curve on one hand and expected future profits taken into account in liabilities' cash flows on the other.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

Under the Solvency II principles, an insurer has to calculate its SCR at least once a year on a going concern basis using the standard formula, internal model, or partial internal model. The solvency capital requirement corresponds to the amount of an insurer's own funds, which enables the insurer to meet its obligations under insurance contracts over the next 12 months with 99.5% probability. The calculation of Compensa' SCR is based on the standard formula.

The results of SCR submodules as of December 31, 2023 are presented in Table 10.

Table 10. SCR (in EUR million)

	2023	2022
Market risk	26.42	24.06
Counterparty default risk	3.25	5.04
Life underwriting risk	60.89	70.28
Health underwriting risk	7.40	5.50
Diversification	-22.12	-21.63
Basic SCR	75.85	83.25
Operational risk	4.88	4,82
Solvency capital requirement	80.72	88.07

MCR at 20.0 million euros, corresponds to the amount of eligible basic own funds, below which there would be unacceptably high risk that the insurer would not be able to fulfil its obligations to policyholders, insured persons and beneficiaries were the insurer to continue its operations.

The input of used by Compensa to calculate the MCR is disclosed in the Annex S.28.02.01.

Management Board does not see any reasonably foreseeable risk that the Company would not be able to cover the Minimum and Solvency capital requirement with eligible own funds adequately.

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

The Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

E.4 DIFFERENCES BETWEEN STANDARD FORMULA AND ANY INTERNAL MODEL

The Company does not use internal model.

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

The Company was compliant with the MCR and with the SCR during the reporting period.

ANNEX

S.02.01.02 BALANCE SHEET

		Solvency II value, in EUR thousand
		C0010
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	69
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	1 209
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	313 664
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	17 502
Equities	R0100	1 681
Equities - listed	R0110	1 681
Equities - unlisted	R0120	
Bonds	R0130	242 828
Government Bonds	R0140	156 727
Corporate Bonds	R0150	86 102
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	44 301
Derivatives	R0190	
Deposits other than cash equivalents	R0200	7 352
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	191 467
Loans and mortgages	R0230	24 498
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	24 498
Reinsurance recoverables from:	R0270	-2 929
Non-life and health similar to non-life	R0280	
Non-life excluding health	R0290	
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-1 477
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	-1 477
Life index-linked and unit-linked	R0340	-1 452
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	397
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	3 047
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	18 839
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	550 261

		Solvency II value, in EUR thousand
Liabilities		C0010
Technical provisions – non-life	R0510	8 696
Technical provisions – non-life (excluding health)	R0520	
TP calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	8 696
TP calculated as a whole	R0570	
Best Estimate	R0580	8 056
Risk margin	R0590	640
Technical provisions - life (excluding index-linked and unit-linked)	R0600	281 459
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	281 459
TP calculated as a whole	R0660	
Best Estimate	R0670	263 753
Risk margin	R0680	17 706
Technical provisions – index-linked and unit-linked	R0690	103 207
TP calculated as a whole	R0700	
Best Estimate	R0710	75 729
Risk margin	R0720	27 478
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	400
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	408
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	2 342
Insurance & intermediaries payables	R0820	0
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	3 015
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	399 527
Excess of assets over liabilities	R1000	150 735

S.04.05.21 PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

	Home country, in thousand EUR	Non-life insurance and reinsurance obligations, in thousand EUR		
		EE	LT	LV
	R0010	C0010	C0020	C0020
Premiums written (gross)				
Gross Written Premium (direct)	R0020	0	38 197	10 879
Gross Written Premium (proportional reinsurance)	R0021	0	0	0
Gross Written Premium (non-proportional reinsurance)	R0022	0	0	0
Premiums earned (gross)				
Gross Earned Premium (direct)	R0030	0	34 588	10 624
Gross Earned Premium (proportional reinsurance)	R0031	0	0	0
Gross Earned Premium (non-proportional reinsurance)	R0032	0	0	0
Claims incurred (gross)				
Claims incurred (direct)	R0040	0	29 168	9 214
Claims incurred (proportional reinsurance)	R0041	0	0	0
Claims incurred (non-proportional reinsurance)	R0042	0	0	0
Expenses incurred (gross)				
Gross Expenses Incurred (direct)	R0050	0	4 870	1 498
Gross Expenses Incurred (proportional reinsurance)	R0051	0	0	0
Gross Expenses Incurred (non-proportional reinsurance)	R0052	0	0	0
Home country: Life insurance and reinsurance obligations				
	Home country	Non-life insurance and reinsurance obligations		
	R1010		LT	LV
		C0030	C0040	C0040
Gross Written Premium	R1020	12 777	83 243	37 772
Gross Earned Premium	R1030	12 777	83 243	37 772
Claims incurred	R1040	15 133	27 117	21 346
Gross Expenses Incurred	R1050	3 680	17 841	3 072

S.05.01.02 PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance), in EUR thousand				
		Medical expense insurance	Income protection insurance	TOTAL
		C0010	C0020	C0200
Premiums written				
Gross - Direct Business	R0110	48 937	139	49 076
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	0	67	67
Net	R0200	48 937	72	49 009
Premiums earned				
Gross - Direct Business	R0210	45 075	137	45 212
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	0	64	64
Net	R0300	45 075	73	45 148
Claims incurred				
Gross - Direct Business	R0310	38 347	35	38 382
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	0	63	63
Net	R0400	38 347	-28	38 319
Expenses incurred				
Balance - other technical expenses/income	R1210			
Total expenses	R1300	6 258	110	6 368

	Line of Business for: life insurance obligations, in EUR thousand				Total
	Health insurance	Insurance with profit participation	Index- linked and unit-linked insurance	Other life insurance	
	C0210	C0220	C0230	C0240	C0300
Premiums written					
Gross	R1410	31 632	70 045	32 116	133 793
Reinsurers' share	R1420	1 301	2 535	255	4 090
Net	R1500	30 331	67 510	31 861	129 703
Premiums earned					
Gross	R1510	31 632	70 045	32 116	133 793
Reinsurers' share	R1520	1 301	2 535	255	4 090
Net	R1600	30 331	67 510	31 861	129 703
Claims incurred					
Gross	R1610	3 704	27 842	16 309	63 597
Reinsurers' share	R1620	2 033	497	101	3 626
Net	R1700	1 671	27 345	15 314	59 970
Expenses incurred	R1900	3 475	16 972	4 146	24 593
Other expenses	R2500				
Total expenses	R2600				24 593
Total amount of surrenders	R2700	14 353	11 819	13	

S.12.01.02 LIFE AND HEALTH SLT TECHNICAL PROVISIONS

	Index-linked and unit-linked insurance, in EUR thousand		Other life insurance, in EUR thousand		Total (Life other than health insurance, incl. Unit- Linked)			
	C0020	C0030	C0040	C0050		C0060	C0070	C0080
Technical provisions calculated as a whole	R0010							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020							
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030	173 522		75 729			109 969	359 219
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-956		-1 452			-521	-2 929
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	174 478		77 180			110 490	362 148
Risk Margin	R0100	13 408	27 478			4 297		45 184
Technical provisions - total	R0200	167 192	103 207			114 266		384 665

S.17.01.02 NON-LIFE TECHNICAL PROVISIONS

		Direct business and accepted proportional reinsurance, in EUR thousand		Total Non-Life obligation
		Medical expense insurance	Income protection insurance	
		C0020	C0030	C0180
Technical provisions calculated as a whole	R0010			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050			
Technical provisions calculated as a sum of BE and RM				
Best estimate				
Premium provisions				
Gross	R0060	4 110	28	4 138
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	10	10
Net Best Estimate of Premium Provisions	R0150	4 110	18	4 128
Claims provisions				
Gross	R0160	3 914	4	3 918
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		-11	-11
Net Best Estimate of Claims Provisions	R0250	3 914	14	3 928
Total Best estimate - gross	R0260	8 024	32	8 056
Total Best estimate - net	R0270	8 024	32	8 056
Risk margin	R0280	638	2	640
Amount of the transitional on Technical Provisions				
Technical provisions - total	R0320	8 662	34	8 696
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0		
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	8 662	34	8 696

S.19.01.21 NON-LIFE INSURANCE CLAIMS

Year	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior R0100											0	0	0
N-9 R0160	6 506	774	2		0	0	0	0	0	0		0	7 283
N-8 R0170	5 755	544		0	0	0	0	0	0			0	6 299
N-7 R0180	6 748	609			0	0	0	0				0	7 357
N-6 R0190	7 809	956		0	0	0	0					0	8 765
N-5 R0200	11 049	1 013			0	0						0	12 062
N-4 R0210	13 476	1 232		0	0							0	14 708
N-3 R0220	13 162	1 114	1										14 277
N-2 R0230	16 185	1 690											17 876
N-1 R0240	24 464	3 609										3 609	28 073
N R0250	35 729											35 729	35 729
												Total	39 338
													152 430

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
Prior R0100											0	0	
N-9 R0160			-1	0	0	0	0	0	0	0		0	
N-8 R0170		2		0	0	0	0	0	0			0	
N-7 R0180	924	3		0	0	0	0	0				0	
N-6 R0190	1 067	2		0	0	0						0	
N-5 R0200	1 558	1		0	0	0						0	
N-4 R0210	1 610			0	0							0	
N-3 R0220	1 411			0								0	
N-2 R0230	1 644												
N-1 R0240	2 472												
N R0250	3 983											3 918	
												Total	3 918

S.22.01.21 IMPACT OF LONG TERM GUARANTEES AND TRANSITIONAL MEASURES

		Amount with Long Term Guarantee measures and transitionals, in EUR thousand	Impact of transitional on technical provisions, in EUR thousand	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	393 361	19 738	0	0	0
Basic own funds	R0020	144 335	-19 738	0	0	0
Eligible own funds to meet Solvency Capital Requirement	R0050	144 335	-19 738	0	0	0
Solvency Capital Requirement	R0090	80 725	0	0	0	0
Eligible own funds to meet Minimum Capital Requirement	R0100	144 266	-19 738	0	0	0
Minimum Capital Requirement	R0110	20 181	0	0	0	0

S.23.01.01 OWN FUNDS

	Total, in thousand EUR	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	R0010	11 604	11 604		
Share premium account related to ordinary share capital	R0030	9 466	9 466		
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Surplus funds	R0070				
Preference shares	R0090				
Share premium account related to preference shares	R0110				
Reconciliation reserve	R0130	123 196	123 196		
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160	69			69
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in financial and credit institutions	R0230				
Total basic own funds after deductions	R0290	144 335	144 266		69
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	144 335	144 266		69
Total available own funds to meet the MCR	R0510	144 266	144 266		
Total eligible own funds to meet the SCR	R0540	144 335	144 266	0	0
Total eligible own funds to meet the MCR	R0550	144 266	144 266	0	0
SCR	R0580	80 725			
MCR	R0600	20 181			
Ratio of Eligible own funds to SCR	R0620	179%			
Ratio of Eligible own funds to MCR	R0640	715%			
Reconciliation reserve	C0060				
Excess of assets over liabilities	R0700	150 735			
Own shares (held directly and indirectly)	R0710	0			
Foreseeable dividends, distributions and charges	R0720	6 400			
Other basic own fund items	R0730	21 139			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0			
Reconciliation reserve	R0760	123 196			
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	R0770	121 323			
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	948			
Total Expected profits included in future premiums (EPIFP)	R0790	122 272			

S.25.01.21 SOLVENCY CAPITAL REQUIREMENT. STANDARD FORMULA

		Gross solvency capital requirement, in thousand EUR	Simplifications
		C0110	C0120
Market risk	R0010	26 419	
Counterparty default risk	R0020	3 246	
Life underwriting risk	R0030	60 895	
Health underwriting risk	R0040	7 405	
Non-life underwriting risk	R0050	0	
Diversification	R0060	-22 117	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	75 848	
Calculation of Solvency Capital Requirement			C0100
Operational risk	R0130	4 877	
Loss-absorbing capacity of technical provisions	R0140	0	
Loss-absorbing capacity of deferred taxes	R0150	0	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0	
Solvency capital requirement excluding capital add-on	R0200	80 725	
Capital add-on already set	R0210	0	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	0	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	0	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	0	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	0	
Solvency capital requirement	R0220	80 725	

S.28.02.01 MINIMUM CAPITAL REQUIREMENT. BOTH LIFE AND NON-LIFE INSURANCE ACTIVITY

	Non-Life Activities	Life activities	Non- Life Activities		Life Activities	
	MCR _(NL,NL) Result	MCR _(NL,L) Result				
	C0010	C0020				
Linear formula component for non-life insurance	R0010	2 687				
			Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance		R0020	8 024	48 937		
Income protection insurance and proportional reinsurance		R0030	32	72		
			C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits		R0210			168 149	
Obligations with profit participation - future discretionary benefits		R0220			0	
Index-linked and unit-linked insurance obligations		R0230			77 180	
Other life (re)insurance and health (re)insurance obligations		R0240			110 490	
Total capital at risk for all life (re)insurance obligations		R0250				691 456

Overall MCR calculation, in thousand EUR

		C0130	
Linear MCR	R0300	12 254	
SCR	R0310	80 725	
MCR cap	R0320	36 326	
MCR floor	R0330	20 181	
Combined MCR	R0340	20 181	
Absolute floor of the MCR	R0350	6 700	
			C0130
Minimum Capital Requirement	R0400	20 181	
		C0140	C0150
Notional linear MCR	R0500	2 687	9 566
Notional SCR excluding add-on (annual or latest calculation)	R0510	17 705	63 020
Notional MCR cap	R0520	7 967	28 359
Notional MCR floor	R0530	4 426	15 755
Notional Combined MCR	R0540	4 426	15 755
Absolute floor of the notional MCR	R0550	2 700	4 000
Notional MCR	R0560	4 426	15 755