



Balance Re

Solvency and Financial Conditions Report FY 2021

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Introduction and executive summary

This report is the Solvency and Financial Conditions report (“**SFCR**”) of Balance Re for the reporting period ended December 31, 2021.

The Company is authorised to operate life reinsurance since August 2021. It provides a new reinsurance offering to the German market to support insurance companies in optimising their capital management. Balance Re has not underwritten new business yet as of end of 2021 (see section 3).

In 2021, Balance Re has been focused on setting up the infrastructure to operate business (see section 4) and prepare the introduction of its offer to the market. Since authorisation, the Company is actively contacting life insurance companies in Germany to present its offer.

Balance Re has assessed all material risks to which it is exposed (see section 5). At end 2021, counterparty risk on assets (cash at the bank) is the main driver of the company risk position. The Company calculates its solvency capital requirement using the standard model of Solvency II. At end 2021, Balance Re’s reported SCR is equal to the minimum set by the regulation, being €3.600.000.

The company’s balance sheet is essentially composed of cash (see section 6) which are not exposed to volatility. The ratio of the Company’s own funds to its regulatory SCR was 138% as of 31 December 2021 (see section 7), indicating that capital resources were in excess of the minimum regulatory requirements.

A. Business and performance

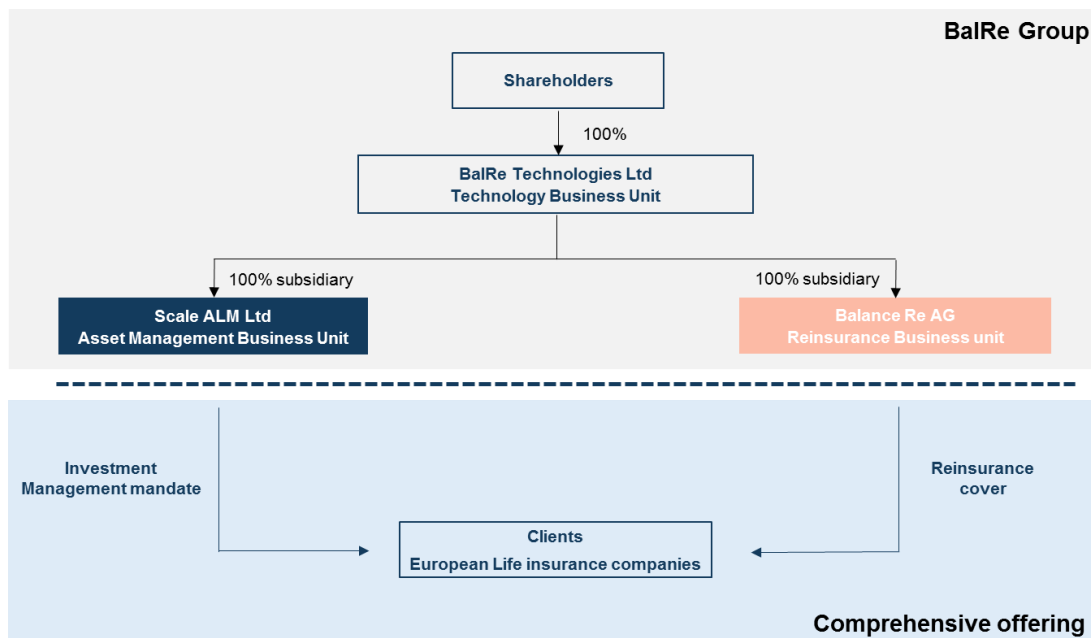
A.1. Business

A.1.1. General information

Balance Re was founded in Cologne on the 3rd December 2019 and its registration number is HRB 100334. The Company's registered address is Tunistrasse 19-23, 50667 Cologne, Germany.

Balance Re is one of the three companies which forms the economic entity called the Balance Re Group (or BalRe Group), which organisation is presented in Figure 1.

Figure 1: BalRe Group's organisation



Balance Re Group proposes a comprehensive offering to life insurance companies in Europe composed of:

- A reinsurance cover managed by Balance Re, and
- An investment management mandate managed by Scale ALM Ltd.

The companies delivering the two components of the offering are wholly owned subsidiaries of BalRe, the company which has developed the proprietary IT system used by Balance Re and ScaleALM to operate their business. As BalRe is the sole shareholder of Balance Re and of ScaleALM, the ultimate ownership of the three companies is identical. BalRe also raises and allocates the Group's capital between the three companies, of which the overwhelming part is injected into Balance Re.

A.1.2. Supervisory authority

Balance Re is regulated and supervised in Germany by

BaFin
Graurheindorfer Straße 108, 53117 Bonn
(Alternatively PO Box 1253, 53002 Bonn)

Contact details at BaFin
Phone 0228/4108-0
Fax 0228/4108-1550
Email poststelle@bafin.de
De-Mail poststelle@bafin.de-mail.de

The Company is authorised to operate as a life reinsurer since 11 August 2021 under BaFin reference number 6814.

A.1.3. External auditors

Balance Re's external auditors are:

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Bennigsen-Platz 1
40474 Düsseldorf

Mazars had been appointed for the financial year 2021 by the shareholders' meeting on 19 August 2021.

A.1.4. Shareholders and ultimate beneficiary owners

BalRe Technologies Ltd (registered office at Unit 6 102 Camley Street, London, N1C 4PF, England) is the sole shareholder of Balance Re. The shareholders of BalRe Technologies Ltd with at least 10 per cent voting rights are:

- Michel Gauer with 17.4%
- Lucian Rautu with 17.0%
- Talabot Finance Limited (registered office at 35-38 New Bridge Street, EC4V 6BW, London, England) with 14.4%. Talabot Finance Limited is owned by Talabot Investments LLP (registered office at 35-38 New Bridge Street, EC4V 6BW, London, England). Mr Michel Peretie is the only person having significant control on Talabot Investments LLP.
- Roland Berger Industries GmbH (registered office at Maximilianstraße 32, 80539, Munich, Germany) with 12.5%. Prof. Roland Berger is the sole shareholder and a managing director of Roland Berger Industries GmbH.

- Anthemis Strategic Ventures LLP (registered office at 3rd Floor 25 Soho Square, W1D 3QR, London, England) with 10.5%. Anthemis Strategic Ventures LLP is controlled by Basler Versicherung AG, an insurance company registered in Switzerland (registered office at Aeschengraben 21, CH-4051 Basel, Switzerland). Basler Versicherung AG is controlled by Bâloise Holding AG (registered office at Aeschengraben 21, CH-4051 Basel, Switzerland)
- GB-VII Growth Fund Investment Limited Partnership (registered office at 10-11 Sakuragaokacho, Shibuya-ku, 150-0031, Tokyo, Japan) with 10.5%. Global Brain Corporation (registered office at 10-11 Sakuragaokacho, Shibuya-ku, 150-0031, Tokyo, Japan) is the general partner of GB-VII Growth Fund Investment Limited Partnership. M. Yasuhiko Yurimoto is President & CEO of Global Brain Corporation.

A.2. Underwriting performance

As of 31 December 2021, Balance Re has not underwritten any business since being authorised in August 2021. All costs incurred by Balance Re in 2021 have been focused on setting up the infrastructure to operate business and since September 2021 on supporting the marketing activities.

Balance Re AG		
Statutory income statement before investment results		
in €k	Actuals 31/12/2020	Actuals 31/12/2021
Gross revenues	0	0
Net technical margin	-	0
Expenses	38	1,064
Income statement before investments results	-38	-1,064

A.3. Investment performance

Balance Re raised €7.0m in March 2021 in relation with the capital required to be authorised as life reinsurer. The capital is dedicated to cover the MCR and the running costs required to set up the business for the years 2021 to 2023. During 2021, the capital has been kept in cash, in the current bank account which paid negative interest rates.

Given the uncertainty on the size of the transactions that Balance Re could underwrite in 2022, the projection at end of 2022 also assumes that no business is underwritten. Hence no further capital is raised by Balance Re and the levels of assets projected reflects the expenses incurred in 2022. The level of negative interest in 2022 is driven by the decrease of the assets as well as

actions which will be taken to reduce the impact of negative interests without increasing materially the risks.

Balance Re AG		
Investment results		
in €k	Actuals 31/12/2020	Actuals 31/12/2021
Cash	0	-30
Investments results	0	-30

A.4. Performance of other activities

As of 31 December 2021, Balance Re has no other activities.

A.5. Any Other Information

There is no further material information to report in relation to the system of governance.

B. System of governance

B.1. General information on the system of governance

Balance Re has in place an effective system of governance which provides for sound and prudent management of Balance Re's business. The system of governance's key elements is described below:

B.1.1. The Supervisory Board

Performing its key duties, the Supervisory Board appoints the Management Board members, decides on their remuneration, and supervises their activities. The Supervisory Board also advises the Management Board on strategic and other issues. Certain decisions may only be made and implemented with the consent of the Supervisory Board.

Further details on tasks and responsibilities of the Supervisory Board are set by the respective company and insurance law, the articles of association of the Company, and the rules of procedures of the Supervisory Board.

As of 31 December 2021, the Supervisory Board is composed of three members and is chaired by Mr Peter Hagen.

B.1.2. The Management Board

The Management Board has overarching responsibility for running the business in a sound and prudent manner translating into a proper management of risks and control of the activities. It is also responsible for reviewing the business organisation on a regular basis

Beyond the joint accountability of all members of the Management Board, Balance Re utilises a function structure for its Management Board. Each board member holds specific accountability in relation to the function(s) which report(s) to him.

The assignment of responsibilities to individual Board members is governed by the rules of procedure of the Management Board. Balance Re's operating model is largely reflected in the function structure of the Management Board.

Further details on tasks and responsibilities of the Management Board are set by the respective corporate and insurance law, the articles of association of the Company, and the rules of procedures of the Management Board.

As of 31 December 2021, the Management Board is composed of three members:

- Mr Lucian Rautu, Chairman of the Management Board and responsible for product management, finance & operations and IT
- Mr Bernd Heistermann in charge of business origination, investments and HR
- Mr Frederic Puzenat, Chief Risk Officer, head of the Actuarial Function and head of the Compliance Function.

The management is supported by Mr Michel Gauer, general manager of Balance Re, on business origination and marketing matters.

B.1.3. The Key Functions

The four Key Functions required under Solvency II are Risk Management, compliance, actuarial and internal audit. They are ruled by risk guidelines, compliance guidelines, actuarial guidelines and internal audit guidelines respectively. Accounting is also considered a key task for the Company.

B.1.4. Committee framework

Certain matters may be delegated for monitoring and management to a dedicated body (committee). Such committees aim to facilitate business steering and to assist Balance Re's oversight function (hereby also supporting the Internal Control Framework) by ensuring a dedicated focus on matters of importance. The mandates and authorities of committees need to be clearly defined.

Initially, Balance Re has established one committee, the Risk Committee, which supports Risk Management for the definition and oversight of the risk management activities and acts as a transversal and advisory body for risk management matters within Balance Re. Its role is further detailed in the Risk Guidelines.

B.1.5. Other general governance elements

The Governance Framework is coordinated at the level of the Management Board ensuring that responsibilities are clearly defined and assigned at board and operational level.

To ensure the effectiveness of its system of governance, Balance Re uses an Internal Control Framework. Its objective is to manage the significant operational risks¹ through control activities on an ongoing basis and to ensure the effectiveness of key controls. The Internal Control Framework is defined in the Internal Control Guidelines.

Remuneration practice is also one key aspect of the governance framework. It allows Balance Re to attract, retain, reward, and motivate the talented, engaged and reliable individuals needed for a sustainable success. These goals are achieved by adopting clear, transparent, and explainable compensation elements, by having a competitive total reward structure incentivising prudent risk-taking and by aligning pay with performance.

The mix of fixed and variable remuneration is designed to ensure adequate consideration of risk and sustainability in remuneration decisions.

B.1.6. Guideline framework

Balance Re's steering and controlling is achieved by a set of guidelines ensuring a sound and prudent management of the Company. These documents cover all key elements related to:

¹ As per the Risk Guidelines, operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes and systems, from human misbehaviour or error, or from external events. Operational risk can also arise from failure to effectively mitigate risks from any of the other risk categories (e.g., ineffective management of credit risk or ineffective monitoring of solvency positions).

- The corporate rules and overall governance of the Company,
- The management of risks and controls under Solvency II,

As of 31 December 2021, the system of governance is ruled by:

- a) Company's own corporate rules
 - articles of association
 - supervisory board rules of procedure
 - management board rules of procedure
- b) Governance
 - governance guidelines
 - fit & proper guidelines
 - remuneration guidelines
- c) Key Functions
 - risk guidelines
 - compliance guidelines
 - internal audit guidelines
 - actuarial guidelines
- d) Management of Risks and Control
 - risk strategy guidelines
 - outsourcing guidelines
 - internal control guidelines
 - ORSA guidelines

B.1.7. Review of the Governance Framework

The adequacy and effectiveness of Balance Re's system of governance are subject to a regular review.

The frequency of reviews considers Balance Re's risk profile. Ad hoc reviews are performed if extraordinary circumstances occur (e.g. substantial organisational or regulatory changes). Reviews of the Governance Framework should consider the findings that regular or ad hoc Internal Audit reviews identified or the findings of the other Key Functions when fulfilling their responsibilities.

B.2. Fit and proper requirements

The fit and proper guidelines facilitate the implementation of regulatory requirements and safeguard a high fitness and propriety standard across Balance Re for senior management and key persons. For these positions, the guidelines describe the core principles and processes to ensure enough knowledge, experience and professional qualifications as well as the necessary integrity and soundness of judgment.

As of 31 December 2021, the persons falling under the requirement of the fit and proper guidelines are the members of the Management Board and the Key Function Holders.

Sound processes during recruiting, appointing, regular and ad-hoc reviews as well as appropriate training are in place to ensure fitness and propriety. For each role falling under the requirement of the fit and proper guidelines, these guidelines describe what is required to prove fitness and propriety, who is in charge of running the assessment process and to which extent a training may be required.

The Company also ensures that relevant professional training is available (internally or via external providers) on an on-going basis to senior management and Key Function Holder to enable them to constantly meet the fitness requirements of their roles.

B.3. Risk management system including the own risk and solvency assessment

As a provider of reinsurance solutions for the life insurance sector, Balance Re considers risk management („Risk Management“) to be one of its core competencies. In practice the Company promotes a strong risk management culture supported by a robust risk governance structure. As such, the Risk Management is an integral part of its business processes.

A key element of Balance Re's risk management is the integration of risk considerations and capital requirements into the management and decision-making processes through the attribution of risk and allocation of capital to the various risk categories.

Balance Re's Risk Management framework is comprised of strategies, policies, tools, processes, reporting procedures and governance arrangements necessary to identify, assess, monitor, report and manage risks to which Balance Re is, or could be, exposed to.

B.3.1. Risk Management principles

The Risk Management guidelines provide management with a framework for managing risk across Balance Re. In order to achieve the risk management goals, the following principles are to be followed across Balance Re:

Principle 1: The Management Board is responsible for the risk strategy. The ensuing risk strategy emanating from the business strategy must consider risk and return, by deliberately taking Balance Re from its current risk profile to a desired future risk profile and articulating its risk appetite in doing so.

Principle 2: Diversified capital requirement and use of its allocation per risk type as a key risk indicator through the effective management of exposures to remain within the Risk Appetite

Principle 3: A clear definition of the organisational structure and risk processes. Balance Re's organisational structure is clearly defined and encompasses the roles and responsibilities of all persons involved in the risk management process for all risk categories. The structure shall be documented and communicated in a clear and transparent manner to all relevant parties.

Principle 4: Material existing or emerging risks must be actively identified, measured, managed, monitored and reported. Risk identification must be forward-looking to allow management to take proactive actions.

Principle 5: When deemed necessary to appropriately manage risks, Risk Appetite and Risk Strategy are transferred into operational limits. Such limit system is in place to ensure adherence to the Risk Appetite and is to be based on relevant risk measures where applicable.

Principle 6: Consistent and efficient monitoring. A clearly defined and strict limit breach reporting and escalation process ensures that risk tolerance limits are adhered to and that, as appropriate, remediation activities are taken in a timely manner if alerts are reached or immediately if limits are exceeded.

Principle 7: Appropriate risk mitigation techniques are employed to address instances where identified risks exceed the established risk limits. Where such cases occur, clear courses of action designed to resolve the breach are initiated.

Principle 8: Consistent risk reporting and risk communication. Balance Re's risk oversight function generates internal risk reports at both predefined regular intervals and on an ad hoc basis. These reports present in a clear and concise form relevant, risk-related information primarily sourced from operational systems.

Principle 9: Integration of risk management into business processes. Risk management processes are embedded wherever possible directly within business processes, including processes involving strategic and tactical decisions as well as day to day decisions impacting the risk profile. This approach ensures that risk management exists foremost as a forward-looking mechanism to steer risk and only secondarily as a reactive process.

Principle 10: Comprehensive and timely documentation. All business decisions with the potential to materially impact Balance Re's risk profile, including recurring decisions, ad hoc decisions and all decisions taken by the Management Board are documented in a timely manner that clearly reflects consideration of all material risk implications.

Principle 11: An appropriate governance structure must exist to ensure effective implementation of the Risk Management framework

Principle 12: Management shall seek to only accept risks that Balance Re has the appropriate skills, capability and resources to manage and shall seek to avoid concentrations of exposure.

B.3.2. Risk Management framework

The Risk Management framework ensures that all material risks are identified, measured, monitored, managed through response and control activities and reported. To achieve these goals, the following processes are part of Balance Re's Risk Management framework: once identified (risk identification process), appropriately assessed and measured (risk assessment and measurement process), risks are captured in a holistic way from a qualitative (risk strategy) and quantitative perspective (business and capital planning). Also, they are continuously managed as an integral part of the business (management of risks) while they are reported (risks reporting) and controlled (Internal Control) by the business risk owners and Risk Management.

B.3.2.1. Risk Identification

The risk identification process is a periodic analysis of all material quantifiable and non-quantifiable risks which could constitute material threats to the financial results, operational viability or the delivery of Balance Re's key strategic objectives. This process is one component of the ORSA and should cover the eight risk categories as well as risk concentrations.

B.3.2.2. Risk assessment and measurement

The risk assessment and measurement process quantifies the impact of each material risk on the financial results and solvency position of Balance Re. This process forms an essential part of Solvency II Pillar 1, builds on the standard formula of Solvency II and is reported among others in the ORSA. It will be used for any process where a measurement of risks is required.

When measuring risk, it must be demonstrated that the model and assumptions used are robust, that they have been challenged appropriately and that stress-tests outputs have been considered.

B.3.2.3. Risk strategy

The objective of the risk strategy process is to articulate the risk preferences of Balance Re in line with its business strategy. The expression of Balance Re's risk preferences provides an indication of how it desires its overall risk profile to evolve over the business planning horizon. Balance Re differentiates between the following three risk preference categories: risk seeking, risk limiting and risk adverse.

As part of the risk strategy, Balance Re categorises its risk preferences to reflect its risk appetite. The risk appetite is the maximum amount of loss Balance Re is prepared to incur in pursuit of its business strategy in a given return period (e.g. one in a given number of years). The dimensions of the risk appetite include capital adequacy and liquidity. In other words, the risk appetite is the amount of risk related to its core businesses that Balance Re is willing to accept and tolerate in order to stay within regulatory requirements, achieve sustainable returns for the shareholders and meet other business objectives in a controlled manner.

The risk strategy guidelines describe in detail this core element of the Risk Management framework.

B.3.2.4. Business and capital planning

A key element of the risk strategy is the projection over the planning period of three years of:

- Solvency II balance sheet,
- Own funds,
- SCR and MCR (under the standard formula of Solvency II), and
- Annual financial results.

Reflecting Balance Re's business strategy, the projections are performed for the base case as well as under a range of adverse stress scenarios. The stress scenarios are specific to Balance Re in order to truly reflect the material risks to which the Company is exposed to.

B.3.2.5. Management of risks

The principal activities of Balance Re involve taking on and managing risks for profit. In this context, the management of risks is broader than simply limiting downside risk.

Thus, first line activities such as underwriting and investment functions play a key role in managing risks by embedding them into their decision-taking processes and day-to-day management. This is reflected into the governance of underwriting, investments, ALM and operational risks. These functions are also responsible for identifying, implementing and managing mitigating actions if risks are increasing beyond the risk strategy, risk appetite or risk limits.

B.3.2.6. Risk reporting

The risk reporting process documents in strong relation with the Risk Strategy the current and forward-looking overall risk position at least on a quarterly basis. The risk reporting must:

- Present an accurate, clear and timely picture of existing and emerging issues,
- Highlight threats to the achievement of business objectives by presenting risk exposures and risk management activities (including the outputs of stress-tests),
- Support the optimisation of performance by capturing all the material risks that Balance Re faces or may reasonably expect to face in the future,
- Provide demonstrable evidence to management, non-executives, regulators, investors and other stakeholders that Balance Re manages its risks adequately, and
- Support the Management Board in meeting their responsibilities by facilitating the escalation of matters in a timely manner.

The preparation and validation of the risk reporting are the responsibilities of Risk Management. The main recipients of the risk reporting are the Management Board and the Risk Committee.

The responsibility for ad hoc reporting of material risks lies with the risk owners. Once identified, these risks should be reported immediately to the Management Board, which is then responsible for informing the Supervisory Authority of any relevant matter on risks.

B.3.3. Risk Management governance

Under the monitoring and control of the Supervisory Board, the Management Board is ultimately responsible and accountable for taking and managing risk. Embedded in this governance framework are the Risk Management Function and the Risk Committee

The full Management Board has overall responsibility for the soundness of the business and the organisation. As such, the full Management Board is ultimately responsible for setting up the Risk Management framework.

The Risk Management Function is responsible for defining the Risk Management framework and overseeing its execution, after approval by the Management Board. The Risk Management Function is headed by the Risk Management Function Holder. He/she maintains an independent risk oversight over all short- and long-term risks that Balance Re is, or could be, exposed to.

The Risk Committee supports Risk Management in the definition and oversight of the risk management activities and acts as a transversal and advisory body for risk management matters. It ensures that such matters receive enough attention from all functions of the Company and are dealt with in a consistent manner throughout the company. It provides a risk focus which guarantees that enough attention is being paid on risk matters which require attention and a decision(s) from the Management Board.

B.3.4. Own Risk and Solvency Assessment

As part of its risk management system, Balance Re conducts its ORSA. The main purpose of the ORSA is to ensure that all relevant stakeholders engage in the process of assessing the risks inherent within their business and to determine the corresponding capital needs on a forward-looking basis.

To perform its ORSA, the company has defined and implemented:

- The processes and procedures in place to conduct the ORSA,
- The link between the risk profile, the Risk Appetite, the risk limits and the overall solvency needs,
- The methods and methodologies including information on:
 - How and how often stress tests, sensitivity analyses, reverse stress tests or other relevant analyses are performed,
 - Data quality standards,
 - The frequency of the assessment itself and the justification of its adequacy particularly considering the Company's risk profile and the volatility of its overall solvency needs relative to its capital position,
 - The timing for the performance of the ORSA and the circumstances which would trigger the need for an ORSA outside of the regular timeframe. For instance, it is expected that any transaction that Balance Re could underwrite and which may significantly change the Company's risk profile will trigger an ad hoc ORSA.

B.4. Internal control system

The objective of the Internal Control Framework is to manage on an ongoing basis the operational risks of Balance Re which are significant by controlling the activities generating such risks and ensuring the effectiveness of key controls. In compliance with legal and regulatory requirements, this approach is designed to ensure that the following criteria are met:

- The achievement of strategic business objectives is effectively supported and Balance Re's ability to conduct business is safeguarded,
- Governance elements and business operations are effective,
- Balance Re adheres to applicable laws and regulations as well as to Balance Re's own internal guidelines,
- Internal and external financial reporting and regulatory reporting processes produce complete and accurate information to support effective internal management decisions and to meet the expectations of external stakeholders.

As part of the Three-Lines-of-Defence, the Internal Control Framework fosters the collaboration and information sharing across Compliance, Risk Management and Actuarial key functions. The Internal Control's findings are stored as a primary source of information available to internal stakeholders.

In defining the Internal Control Framework, Balance Re relies on key principles serving as guidance for its implementation. Those principles include a control strategy, a focus on significant risks and key controls, an awareness on risks and controls, the effectiveness and documentation of controls.

B.4.1. Risk and control assessment programs

Risk and control assessment programs form the fundamental procedures to determine the operational risks that are in scope of the Internal Control Framework. These risk and control assessments focus on the significant risks to the objectives defined above. The programs provide individual views on the Balance Re risk and control landscape and complement each other. The control areas documented in the Actuarial Guidelines, the Compliance Guidelines, the Risk Guidelines and the Risk Strategy Guidelines are covered by the programs.

As a consistent methodology is applied, available results can be leveraged and overlapping assessments are largely avoided. A balanced combination of these programs ensures a comprehensive coverage through the Internal Control Framework while still being efficient and manageable.

Significant risks and key controls are identified and assessed at three levels:

- Management level,
- IT level,
- Process level.

Once significant risks are identified and evaluated, key controls are explicitly identified and assessed in terms of their appropriateness. Furthermore, the operating effectiveness of these key controls is assessed through control testing.

The Internal Control Framework will be assessed as being effective in each of the “Strategic business objectives”, “Governance elements and business operations”, “Financial and regulatory reporting” and “Compliance” categories, if the Management Board have reasonable assurance that the criteria mentioned above are met.

B.4.2. Core process

The core process of the Internal Control Framework focuses on key controls for significant risks, using a risk-based approach. It allows to make a statement regarding the effectiveness of the formalised Internal Control Framework, balancing efforts with adequate safety. The key steps of this process are described below.

First, a proper scoping is crucial to focus risk and control assessment efforts on the significant risks and associated key controls. The scoping is an annual process following a top-down approach, coordinated by the Risk Management Function and supported by the person accountable for each risk.

Second, a set of controls is designed for each of the risks included into the scoping, considering known (potential) weaknesses and allowing to effectively mitigate the underlying risk.

Third, a control testing is performed to demonstrate effectiveness of Balance Re's Internal Control efforts to external stakeholders and to build and maintain the trust of stakeholders in the reliability of these efforts. Clear and up-to-date documentation of key controls forms the basis for efficient control testing.

Lastly, Risk Management monitors on an ongoing basis Internal Control activities, discusses results at the Risk Committee and reports them to the Management Board. At least on an annual basis, Risk Management prepares an Internal Control Report which is presented to the Management Board for signing off the overall effectiveness of the Internal Control Framework including the system of governance.

B.4.3. Compliance Function

As part of the Internal Control Framework, the Compliance Function plays a key role to ensure that the Company complies with internal and external regulation and rules. For that, the Compliance Function performs a set of activities to establish and maintain an adequate and effective compliance management system, reflecting the risk exposure and the principle of proportionality:

- providing advice to Balance Re's Management Board on compliance with external and internal rules and regulations and on the consequence of any material changes to the legal environment in due time to allow Balance Re to implement corresponding precautions and actions. This includes early warning of changes in the legal environment and their potential impact on Balance Re
- identifying and assessing compliance risks that can result from a failure to comply with external or internal rules and regulations
- ensuring an adequate monitoring of compliance with applicable external rules and regulations.
- reporting at least annually to the Management Board
- providing

Starting from 31 May 2021, Balance Re assigned Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for support in definition and implementation of compliance services within the framework of a partial outsourcing.

B.5. Internal Audit function

The Internal Audit Function is a key function within the Internal Control Framework of Balance Re. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, governance and operational processes. To do so, Internal Audit verifies that the organisation adheres in practice to all external and internal regulations and rules.

Therefore, Internal Audit activities are geared towards helping the company to identify, avoid and/or mitigate risks as well as further assist in strengthening the organisation's governance processes and structures.

Internal Audit acts as third line of defence in a "Three-Lines-of-Defence" Framework

The Internal Audit Function relies on key principles serving as guidance for its implementation. Those principles include a direct reporting line to the Management Board, the necessary independence from other functions of the Company, an unrestricted access to all critical information and the required fitness and propriety of people exercising the function.

The Internal Audit Function also relies on key activities and processes which cover the identification of an audit universe, the definition of an audit plan and the performance of audits which give rise to audit report and appropriate follow up of audit recommendation implementation.

Starting from 31 May 2021, Balance Re assigned Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for implementation of internal audit services within the framework of a total outsourcing.

B.6. Actuarial function

The Actuarial Function is a Key Function which focuses on core actuarial tasks of the Company. The function deals with the coordination of the calculation of Technical Reserves and the provision of opinions on the underwriting policy and retrocession arrangements.

Balance Re Actuarial Function relies on key principles serving as guidance for its implementation. Those principles include a direct reporting line to the Management Board, the necessary independence from other functions of the Company, the required segregations of responsibilities from actuarial tasks performed by risk-taking functions, an unrestricted access to all critical information and the required fitness and propriety of people exercising the function.

On an annual basis, the Actuarial Function provides a report to the Management Board where all its activities and findings are detailed.

B.7. Outsourcing

Outsourcing of specific business functions can be used to reduce or control costs, to free internal resources and capital, and to utilise skills, expertise and resources not otherwise available to the Company. The outsourcing of specific business functions may also expose the Company to additional risks, and those risks must be identified and managed.

For that, Balance Re has set up a framework which allows to

- set consistent outsourcing standards in strict compliance with regulations,
- provide guidance on the identification and proper management of outsourcing risks,
- clarify outsourcing responsibilities.

Balance Re's clients are established insurance companies. The outsourcing of functions or services that are essential to the operation of Balance Re may affect their interests. In order to appropriately safeguard these interests, certain principles and processes must be observed in order to adequately assess, mitigate and control the risks associated with the outsourcing arrangements and to ensure business continuity in case of adverse events or termination. Such principles and processes are set out in outsourcing guidelines, thus establishing a sound standard for outsourcing and ensuring compliance with Solvency II regulatory requirements.

The outsourcing guidelines shall be implemented in a risk-based manner. Any deviation from the standards and requirements set out in these guidelines need to be made on reasonable grounds and documented by the business owner of the process being outsourced. Those deviations need prior written approval of the affected function and at least from one member of the Management Board.

The implementation of the outsourcing guidelines shall be guided by the principle of proportionality, considering the business model, size, complexity and risk profile of Balance Re and the nature of its clients.

For an arrangement to qualify as an Outsourcing within the meaning of the outsourcing guidelines, the function or the service must be critical. Without the outsourced function or service Balance Re would be unable to deliver its services to its clients. The criticality of the Outsourcing for a given arrangement are categorised by its materiality in scope (core process, significant shift of capacities in staff or necessary infrastructure from Balance Re to the provider etc.) and its materiality in time (a continuous or frequent use of the provider).

Outsourcing relies on key principles serving as guidance for its implementation. Those principles are as follows:

- Balance Re remains ultimately responsible for the proper execution of an outsourced function or service to ensure compliance with the guidelines as well as with all applicable laws and regulations.
- The implementation of the requirements of the guidelines should be calibrated considering the nature, scope, importance and complexity of the outsourced function or service
- Intra-group outsourcing (Outsourcing where the provider and Balance Re are ultimately owned one by another or have the same majority shareholder) follows the same principals as external outsourcing. the principle of proportionality may however justify a more flexible implementation of certain requirements due to Balance Re's familiarity with the intra-group provider and its ability to control or influence it
- Additional requirements are applicable when a Key Function is entirely outsourced.

Any outsourcing will follow the same process, which consists of four major phases, namely:

- 1) Decision phase (classification, business plan and risk assessment)
- 2) Implementation phase (provider due diligence and outsourcing agreement)
- 3) Operational phase (monitoring and steering)
- 4) Exit phase (where relevant).

The key elements of the outsourcing process shall be properly documented, archived, and reviewed in case of substantial changes to the underlying rationale which led to outsourcing.

As of 31 December, Balance Re has the following services being outsourced:

- the Internal Audit Function is fully outsourced to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.
- the Compliance Function is partially outsourced to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The Compliance Function Holder is an employee of Balance Re,
- the accounting function is fully outsourced to Burggräf & Zultner Partnerschaft mbd.
- the provision as a service of the software used for business purposes by Balance Re is an intra-group outsourcing from BalRe Technologies Ltd, Balance Re's sole shareholder.

B.8. Any Other Information

There is no further material information to report in relation to the system of governance.

C. Risk profiles

Balance Re's product offering consists of a life reinsurance cover (non-proportional reinsurance) which protects the ceding company from any loss on the overall technical and financial results of the reinsured portfolio arising from the reinsured risks. The reinsurance applies over the lifetime of the policies comprised in the portfolio being reinsured.

The reinsurance product offered by Balance Re protects the ceding company against adverse developments of:

- Life risks,
- Investment risks, and
- Their cross-risks.

It excludes, among others:

- Operational risks,
- Expenses risks, and
- Reputational and mis-selling risks.

To implement the business strategy linked to the product offering described above, Balance Re's has defined its risk strategy comprised, among other things, of the risk preferences of the Company. The expression of Balance Re's risk preferences provides an indication of how it desires its overall risk profile to evolve over the business planning horizon. Balance Re differentiates between the following three risk preference categories:

Risk preference category	Description
Risk Seeking	<ul style="list-style-type: none">• Balance Re actively seeks out this risk which is considered core for the business.• Balance Re seeks to increase exposure via responsible risk taking in areas where Balance Re identifies that risk taking will be rewarded.
Risk Limiting	<ul style="list-style-type: none">• Balance Re accepts limited exposure to these risks in support of business objectives.• Balance Re is tolerant of limited, controlled and managed exposures to these risks.
Risk Averse	<ul style="list-style-type: none">• Balance Re seeks to avoid exposure to these risks considering several angles: compliance with laws and regulations, costs and benefits, protection of the reputation of Balance Re and other strategic objectives (e.g. the realisation of business opportunities).• An effective Internal Control Framework supports Balance Re in avoiding exposure to these risks.

The table below provides a summary of Balance Re's risk preferences across the different risk categories. The risk preference for a risk category is intended to represent the broad overall preference for that risk category. Variations in risk preferences may exist between more granular risk types.

Risk Category	Risk Preference
Longevity risk	Risk Limiting
Mortality risk	Risk Seeking
Lapse risk	Risk Limiting
Expense risk	Risk Averse
Interest Rate risk	Risk Seeking
Credit risk	Risk Seeking
Equity risk	Risk Limiting
Property risk	Risk Limiting
Liquidity risk	Risk Limiting
Counterparty risk	Risk Limiting
Operational risk	Risk Averse

Given that Balance Re is authorised to operate as a reinsurer since 11 August 2021, it has not underwritten any business yet as of 31 December 2021. Its MCR is equal to the absolute floor of €3.600k set by the regulation.

Balance Re uses the standard model prescribed by the Solvency II regulation to calculate its SCR. At end 2021, the Company's SCR is equal to €324k. Balance Re has also performed its ORSA at end 2021 which has confirmed that the SCR reported by the Company under the standard model is a prudent view of its capital requirements given its risk profile and is well below the absolute floor on MCR.

Given the comparative size of SCR and MCR at end 2021, any sensitivity applied to the SCR would remain well below the absolute level of MCR.

As prescribed in Article 297 paragraph 2 (a) of Delegated Regulation (EU) 2015/35, it is worth noting that the SCR disclosed in this section has not been reviewed by BaFin of the date of publication of the present report.

The following sections give some highlights on the different type of risks present on Balance Re's balance sheet as of 31 December 2021.

C.1. Underwriting risk

Underwriting risk for Balance Re is the risk associated with the contractual promises and obligations made under its reinsurance offer. It comprises mortality, longevity, disability, life expense, lapse and life catastrophe risks.

As of 31 December 2021, Balance Re has no underwriting risks.

C.2. Market risk

Market risk is defined as the unexpected negative change in value due to falling market prices of investments or parameters influencing such market prices, as well as the resultant risk from options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. These include changes driven by equity prices, interest rates, real estate prices, exchange rates, credit spreads and implied volatilities. It also includes changes in market prices due to a worsening of market liquidity.

As of 31 December 2021, Balance Re's assets are 99.8% composed of cash, out of which 99.7% is in EUR with the remaining part being in GBP. As such apart from currency risk, Balance Re does not have a market risk exposure.

Any capital required for the cash invested in GBP is negligible compared to the regulatory minimum capital mentioned in 5.1.

C.3. Counterparty risk

Counterparty risk is defined as the unexpected negative change in value due to the deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to the non-performance of instruments.

As of 31 December 2021, Balance Re assets are invested in cash, mostly with one well established savings bank in Cologne area. This represents 99% of the cash at bank balances. The remaining 1% is invested with a payment institution established in Belgium. The counterparty risk level is much lower than the absolute floor on MCR held by Balance Re.

C.4. Liquidity risk

Liquidity risk is defined as the unexpected negative change in value resulting from financial losses due to a failure to meet, or to meet based on unfavourable altered conditions, short-term current or future payment obligations, as well as the risk that in the event of a liquidity crisis refinancing is only possible at higher interest rates or by liquidating assets at a discount.

Given the long term commitments that Balance Re will be taking with its clients, the liquidity risk is specifically managed as part as the Company's risk appetite. This puts Balance Re in a position to safeguard at any time any commitment taken with clients.

As of 31 December 2021, Balance Re's assets are composed of 100% of cash. Hence Balance Re does not carry any liquidity risk.

C.5. Operational risk

Operational risk is defined as the unexpected negative changes in the company's value resulting from inadequate or failed internal processes and systems, human misbehaviour or errors or external events.

As of 31 December 2021, the capital required for operational risk as an outcome of the standard model formulae is nil. As part of its ORSA, the company has calculated sensitivities which allow to conclude that any operational risk which could materialise would be much lower than the absolute floor on MCR held by Balance Re.

C.6. Other material risk

Balance Re does not carry any other material risk. This conclusion arises from the ORSA performed by the Company.

C.7. Any Other Information

There is no further material information to report in relation to the system of governance.

D. Valuation for solvency purposes

D.1. Assets

The market value for each material asset class on the Company's Solvency II balance sheet at is as follows:

Balance Re AG		
Market value of assets		
in k€	Actuals 31/12/2020	Actuals 31/12/2021
Cash and cash equivalent	81	6,221
Other assets	0	8
Total assets	81	6,229

Under Solvency II, insurers adopt a risk based approach to the valuation of all items reported on their Solvency II balance sheet. This generally means that assets are valued at an amount that would be paid under fair market conditions.

Cash and cash equivalents are carried at face value.

Other assets are comprised of non-insurance receivables valued at the future cash amount expected to be received.

D.2. Technical Provisions

The technical provisions of Balance Re are measured using as two “building blocks” approach:

- Best estimate liabilities, and
- Risk margin for non-hedgeable risks that is added to the best estimate liabilities

D.2.1. Best estimate liabilities

Balance Re calculates the best estimate liabilities using a forward-looking actuarial calculation in which:

- yearly reinsurance claims, yearly reinsurance expenses are deducted from yearly reinsurance premiums to compute yearly net liability cashflows, and
- yearly net liability cashflows are discounted.

Balance Re projects the items above separately for each existing reinsurance transaction that the Company closed with cedants. Once the best estimate liabilities for each transaction is determined, these amounts are aggregated to compute the overall best estimate liabilities of the Company.

The projections are built on a best estimate basis by deriving the calculation for each reinsurance transaction consistently with the best estimate assumptions used by the client for the reinsured policies adjusted by Balance Re as appropriate.

D.2.2. Risk margin

The risk margin is calculated based on the methodology and assumptions largely prescribed in the Solvency II rules. This methodology requires a calculation of the cost of continuing to hold SCR for non-hedgeable risks over the remaining life of the transactions.

As of 31 December 2021, Balance Re holds no technical provisions as it has not underwritten a reinsurance transaction yet. There is no risk margin either.

D.3. Other liabilities

As of 31 December 2021, Balance Re has the following other liabilities:

Balance Re AG		
Other liabilities		
in €k	Actuals 31/12/2020	Actuals 31/12/2021
Provisions other than technical provisions	0	1,061
Payables (trade, not insurance)	20	207
Total Other liabilities	20	1,269

D.3.1. Provisions other than technical provisions

The provisions other than technical provisions reflect:

- the provision set for the organisational funds, which is required for any new insurance or reinsurance undertaking. For Balance Re, the organisational funds represent the capital contribution required to cover the expenses for the establishment of the administration, including the development of the software. The provision for the organisational funds is valued at the future cash amount expected to be paid for these expenses.
- the provision booked at the end of the financial year for services incurred within the financial year and not invoiced yet by service providers.

At the end of 2021, the outstanding provision for organisational funds was €998k and the provisions for the services provided but not invoiced yet to the Company were €63k at end 2021.

D.3.2. Payables

Payables (trade, not insurance) are payments billed by suppliers for goods and services past due at the reporting date. These expenses are also valued at the future cash amount expected to be paid.

D.4. Alternative method for valuation

There is no alternative method for valuation than the methods exposed in the preceding sections.

D.5. Any other information

There is no further material information to report in relation to valuation for solvency purposes.

E. Capital management

E.1. Own funds

The Company's own funds are the excess in the value of its assets over the value of its liabilities.

The Company manages its own funds so that its solvency position stays within a level which is specified in the Company's Risk Strategy guidelines.

As of 31 December 2021, the Company's own funds are as follows:

Balance Re AG	
Own Funds	
in k€	Actuals 31/12/2021
<i>Tier 1 - Unrestricted</i>	4,961
Issued share capital	3,600
Share premium account	50
Reconciliation reserves	1,315
Total own funds	4,961

The Company's own funds² are entirely composed of Tier 1 - Unrestricted capital. There is no value reported above for 2020 as there was no requirement to calculate own funds under Solvency 2 as of 31 December 2020.

E.2. Solvency Capital Requirement & Minimum Capital Requirement

As explained in section 5.1, Balance Re's SCR is calculated using the Solvency II standard formula and the MCR is equal to the absolute floor of €3,600k set by the regulation.

The own funds are entirely eligible to meet SCR and MCR as they are only composed of Tier 1 – Unrestricted capital.

² There is no value for own funds reported as of 31 December 2020 because Balance Re was not yet authorised as of this date and hence there was no requirement to calculate own funds under Solvency 2.
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Balance Re AG	
Own Funds to Meet Solvency Capital Requirement and Minimum Capital Requirement	
in k€	Actuals 31/12/2021
Tier 1 - Unrestricted	4,961
Tier 2	0
Tier 3	0
<i>Eligible Own Funds to meet SCR</i>	<i>4,961</i>
<i>Eligible Own Funds to meet MCR</i>	<i>4,961</i>
Solvency Capital Requirement	324
Solvency Capital Ratio	1,532%
Minimum Capital Requirement	3,600
Minimum Capital Ratio	138%

Therefore, the solvency capital ratio and the minimum capital ratio is equal to 1,532% at the end of 2021 while the minimum capital ratio reaches 138%. In line with the comments made in the section E.1 above, there was no requirement to calculate solvency capital ratio and minimum capital ratio under Solvency 2 as of 31 December 2020.

E.3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not applicable to Balance Re's business model.

E.4. Differences between the standard formula and any internal model used

Balance Re does not use an internal model.

E.5. Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Company is required to disclose whether there has been any significant non-compliance with the SCR and any non-compliance with the MCR.

There have been no such occurrences.

E.6. Any Other Information

There is no further material information to report in relation to capital management

Glossary of terms and abbreviations

Table 1: List of abbreviations

Actuarial Function	Key Function responsible for the actuarial tasks under Solvency II.
“Balance Re” or the “Company”	BALANCE RE AG
BalRe	BalRe Technologies Ltd; see also section 2
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht, the German supervisory authority in charge of regulating the insurance and reinsurance markets in Germany
Compliance or Compliance Function	Key Function responsible for controlling and monitoring the compliance of the Company with internal and external regulation and rules.
Fitness / Fit	A person is considered Fit (“Fitness”) if his/her professional qualifications, knowledge, and experience are adequate to enable the sound and prudent fulfilment of his/her role.
Governance Framework	Framework comprising the rules of procedures and guidelines governing the Company in its key aspects.
Internal Audit or Internal Audit Function	Key Function responsible for the internal audit.
Internal Control or Internal Control Framework	Framework aiming at managing significant operational risks through control activities on an ongoing basis while ensuring the effectiveness of these key controls.
Key Function / Key Function Holder	The required functions under Solvency II: Risk Management, Compliance, Actuarial Function and Internal Audit. A Key Function Holder is a person holding the responsibility of the Key Function
Management Board	The management board of Balance Re.
MCR/SCR	Minimum Capital requirement / Solvency Capital requirement
Outsourcing	An arrangement of any form between Balance Re and a service provider, whether directly or through sub-outsourcing, under which the provider performs a function or an important and/or critical service for Balance Re which would otherwise be performed by Balance Re itself.
ORSA	Own Risk and Solvency Assessment.
Propriety / Proper	A person is considered Proper (“Propriety”) if a person’s character, personal behaviour and business conduct is of good repute and integrity including criminal, financial and supervisory aspects.
Risk Management or Risk Management Function	Key Function in charge of the risk management framework under Solvency II.
Risk Committee	Committee supporting Risk Management for the definition and oversight of the risk management activities and acting as a transversal and advisory body for risk management matters.
ScaleALM	Scale ALM Ltd; see also section 2
Supervisory Board	The supervisory board of Balance Re.

Three-Lines-of-Defence

Concept which defines: (i) the 1st line of defence as the operating business functions (i.e. risk taking); (ii) the 2nd line as the control functions (e.g. Actuarial, Compliance and Risk Management); and (iii) the 3rd line as the Internal Audit.

Appendices

S.02.01.02 – Balance sheet (1/2)

	k€	Solvency II value	
			C0010
Assets			
Intangible assets		R0030	
Deferred tax assets		R0040	
Pension benefit surplus		R0050	
Property, plant & equipment held for own use		R0060	
Investments (other than assets held for index-linked and unit-linked contracts)		R0070	
Property (other than for own use)		R0080	
Holdings in related undertakings, including participations		R0090	
Equities		R0100	
Equities - listed		R0110	
Equities - unlisted		R0120	
Bonds		R0130	
Government Bonds		R0140	
Corporate Bonds		R0150	
Structured notes		R0160	
Collateralised securities		R0170	
Collective Investments Undertakings		R0180	
Derivatives		R0190	
Deposits other than cash equivalents		R0200	
Other investments		R0210	
Assets held for index-linked and unit-linked contracts		R0220	
Loans and mortgages		R0230	
Loans on policies		R0240	
Loans and mortgages to individuals		R0250	
Other loans and mortgages		R0260	
Reinsurance recoverables from:		R0270	
Non-life and health similar to non-life		R0280	
Non-life excluding health		R0290	
Health similar to non-life		R0300	
Life and health similar to life, excluding health and index-linked and unit-linked		R0310	
Health similar to life		R0320	
Life excluding health and index-linked and unit-linked		R0330	
Life index-linked and unit-linked		R0340	
Deposits to cedants		R0350	
Insurance and intermediaries receivables		R0360	
Reinsurance receivables		R0370	
Receivables (trade, not insurance)		R0380	8
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	6,221
Any other assets, not elsewhere shown		R0420	
Total assets		R0500	6,229

S.02.01.02 – Balance sheet (2/2)

	k€	Solvency II value	
			C0010
Liabilities			
Technical provisions – non-life		R0510	
Technical provisions – non-life (excluding health)		R0520	
TP calculated as a whole		R0530	
Best Estimate		R0540	
Risk margin		R0550	
Technical provisions - health (similar to non-life)		R0560	
TP calculated as a whole		R0570	
Best Estimate		R0580	
Risk margin		R0590	
Technical provisions - life (excluding index-linked and unit-linked)		R0600	
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	
TP calculated as a whole		R0660	
Best Estimate		R0670	
Risk margin		R0680	
Technical provisions – index-linked and unit-linked		R0690	
TP calculated as a whole		R0700	
Best Estimate		R0710	
Risk margin		R0720	
Contingent liabilities		R0740	
Provisions other than technical provisions		R0750	1,061
Pension benefit obligations		R0760	
Deposits from reinsurers		R0770	
Deferred tax liabilities		R0780	
Derivatives		R0790	
Debts owed to credit institutions		R0800	
Financial liabilities other than debts owed to credit institutions		R0810	
Insurance & intermediaries payables		R0820	
Reinsurance payables		R0830	
Payables (trade, not insurance)		R0840	207
Subordinated liabilities		R0850	
Subordinated liabilities not in BOF		R0860	
Subordinated liabilities in BOF		R0870	
Any other liabilities, not elsewhere shown		R0880	
Total liabilities		R0900	1,269
Excess of assets over liabilities		R1000	4,961

S.05.01.02 - Premiums, claims and expenses by line of business (1/3)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
k€		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110									
Gross - Proportional reinsurance accepted	R0120									
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140									
Net	R0200									
Premiums earned										
Gross - Direct Business	R0210									
Gross - Proportional reinsurance accepted	R0220									
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240									
Net	R0300									
Claims incurred										
Gross - Direct Business	R0310									
Gross - Proportional reinsurance accepted	R0320									
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340									
Net	R0400									
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Proportional reinsurance accepted	R0420									
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers'share	R0440									
Net	R0500									
Expenses incurred	R0550									
Other expenses	R1200									
Total expenses	R1300									

S.05.01.02 - Premiums, claims and expenses by line of business (2/3)

k€		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance			Total	
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property
		C0100	C0110	C0120	C0130	C0140	C0150		C0160
	Premiums written								
	Gross - Direct Business	R0110							
	Gross - Proportional reinsurance accepted	R0120							
	Gross - Non-proportional reinsurance accepted	R0130							
	Reinsurers' share	R0140							
	Net	R0200							
	Premiums earned								
	Gross - Direct Business	R0210							
	Gross - Proportional reinsurance accepted	R0220							
	Gross - Non-proportional reinsurance accepted	R0230							
	Reinsurers' share	R0240							
	Net	R0300							
	Claims incurred								
	Gross - Direct Business	R0310							
	Gross - Proportional reinsurance accepted	R0320							
	Gross - Non-proportional reinsurance accepted	R0330							
	Reinsurers' share	R0340							
	Net	R0400							
	Changes in other technical provisions							-	
	Gross - Direct Business	R0410							
	Gross - Proportional reinsurance accepted	R0420							
	Gross - Non- proportional reinsurance accepted	R0430							
	Reinsurers'share	R0440							
	Net	R0500							
	Expenses incurred	R0550							
	Other expenses	R1200							
	Total expenses	R1300							

S.05.01.02 - Premiums, claims and expenses by line of business (3/3)

	k€	Line of Business for: life insurance obligations					Life reinsurance obligations		Total	
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance		Life reinsurance
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Changes in other technical provisions										
Gross - Direct business and reinsurance accepted	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900								1,098	1,098
Other expenses	R2500									
Total expenses	R2600									1,098

S.05.02.01 – Premiums, claims and expenses by country (1/2)

k€	R0010	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140							
Net	R0200							
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240							
Net	R0300							
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340							
Net	R0400							
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550							
Other expenses	R1200							
Total expenses	R1300							

S.05.02.01 – Premiums, claims and expenses by country (2/2)

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
k€	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900	1,098						1,098
Other expenses	R2500							
Total expenses	R2600							1,098

S.23.01.01 – Own funds (1/2)

k€

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)
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds
- Preference shares
- Share premium account related to preference shares
- Reconciliation reserve
- Subordinated liabilities
- An amount equal to the value of net deferred tax assets
- Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

- Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

- Unpaid and uncalled ordinary share capital callable on demand
- Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- Unpaid and uncalled preference shares callable on demand
- A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Other ancillary own funds

Total ancillary own funds

Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
R0010	3,600	3,600		
R0030	50	50		
R0040				
R0050				
R0070				
R0090				
R0110				
R0130	1,311	1,311		
R0140				
R0160				
R0180				
R0220				
R0230				
R0290	4,961	4,961		
R0300				
R0310				
R0320				
R0330				
R0340				
R0350				
R0360				
R0370				
R0390				
R0400				

S.23.01.01 – Own funds (2/2)

k€

Available and eligible own funds

Total available own funds to meet the SCR
 Total available own funds to meet the MCR
 Total eligible own funds to meet the SCR
 Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

R0500

R0510

R0540

R0550

R0580

R0600

R0620

R0640

Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
4,961	4,961			
4,961	4,961			
4,961	4,961	0	0	0
4,961	4,961	0	0	
324				
3,600				
15.3248				
1.378				

Reconciliation reserve

Excess of assets over liabilities
 Own shares (held directly and indirectly)
 Foreseeable dividends, distributions and charges
 Other basic own fund items

Adjustment for restricted own fund items in respect of matching
 adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business
 Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

R0700

R0710

R0720

R0730

R0740

R0760

R0770

R0780

R0790

C0060	
4,961	
3,650	
1,311	

S.25.01.21 – Solvency Capital Requirement - for undertakings on Standard Formula

	k€	Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk		R0010	2	
Counterparty default risk		R0020	323	
Life underwriting risk		R0030		
Health underwriting risk		R0040		
Non-life underwriting risk		R0050		
Diversification		R0060	-2	
Intangible asset risk		R0070		
Basic Solvency Capital Requirement		R0100	324	
Calculation of Solvency Capital Requirement			C0100	
Operational risk		R0130	0	
Loss-absorbing capacity of technical provisions		R0140	0	
Loss-absorbing capacity of deferred taxes		R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		R0160		
Solvency capital requirement excluding capital add-on		R0200	324	
Capital add-on already set		R0210		
Solvency capital requirement		R0220	324	
Other information on SCR				
Capital requirement for duration-based equity risk sub-module		R0400		
Total amount of Notional Solvency Capital Requirement for remaining part		R0410		
Total amount of Notional Solvency Capital Requirements for ring fenced funds		R0420		
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios		R0430		
Diversification effects due to RFF nSCR aggregation for article 304		R0440		
Approach to tax rate			Yes/No	
			C0109	
Approach based on average tax rate		R0590		
Calculation of loss absorbing capacity of deferred taxes			LAC DT	
			C0130	
LAC DT		R0640		
LAC DT justified by reversion of deferred tax liabilities		R0650		
LAC DT justified by reference to probable future taxable economic profit		R0660		
LAC DT justified by carry back, current year		R0670		
LAC DT justified by carry back, future years		R0680		
Maximum LAC DT		R0690		

28.01.01 – Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (1/2)

Linear formula component for non-life insurance and reinsurance obligations

MCR _{NL} Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010			
k€			C0020	C0030
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070			
Fire and other damage to property insurance and proportional reinsurance	R0080			
General liability insurance and proportional reinsurance	R0090			
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130			
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

S.28.01.01 – Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (2/2)

Linear formula component for life insurance and reinsurance obligations

	C0040
MCR _L Result	R0200

k€

Obligations with profit participation - guaranteed benefits
 Obligations with profit participation - future discretionary benefits
 Index-linked and unit-linked insurance obligations
 Other life (re)insurance and health (re)insurance obligations
 Total capital at risk for all life (re)insurance obligations

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
R0210		
R0220		
R0230		
R0240		
R0250		

Overall MCR calculation

k€

	C0070
Linear MCR	R0300
SCR	R0310 324
MCR cap	R0320 146
MCR floor	R0330 81
Combined MCR	R0340 81
Absolute floor of the MCR	R0350 3,600
-	- C0070
Minimum Capital Requirement	R0400 3,600