LOMBARD
INTERNATIONAL
ASSURANCE

Solvency & Financial Condition Report

2016

Contents

Introduction

This Solvency and Financial Condition Report has been prepared in line with the requirements of the Solvency II Regulations, to assist clients of Lombard International Assurance S.A. ("the Company") and other stakeholders in understanding the nature of our business, how it is managed, and its solvency position.

This Solvency and Financial Condition Report ("SFCR") covers the Company. In particular this report includes full reporting of the Solvency II valuation undertaken at 31 December 2016, and the associated capital position for the Company. Those results are also presented in Quantitative Reporting Templates ("QRTs") that can be found in the Appendix to this report.

Our business

The Company is a market leading wealth structuring provider for high net worth individuals and their families. For over 25 years Lombard International Assurance has been building tailored unit-linked life insurance solutions for succession and wealth planning purposes across the globe.

The business specialises in addressing the complex needs of high net worth clients. Whether that means providing solutions that enable cross-border wealth planning; the transfer of wealth between generations; or structuring investments in non-traditional assets. The Company safeguards legacies and helps to deliver better economic outcomes for clients. Lombard International Assurance's wealth planning experts and sophisticated technology platforms support customers in designing innovative solutions that allow them to prepare for the future in an uncertain world.

The Company is the European arm of the Lombard International group. The group is headquartered in Luxembourg and Philadelphia, serving core markets in Europe, the US, Asia and Latin America. The Lombard International Group has over EUR 77 billion in assets under administration (as of 31 December 2016) and approximately 600 employees, including 60 technical wealth planning experts specialising in more than 20 jurisdictions. Funds managed by Blackstone own Lombard International. Blackstone is one of the world's leading investment firms with assets under management of over USD 367 billion (as of 31 December 2016).

2016 Business Performance

2016 was another successful year for Lombard International. As the business celebrated its 25th anniversary, several strategic investments were made to enhance and accelerate sustainable growth for the increasingly global enterprise. The Company continued to expand its network across the world, enhance its distribution and marketing capabilities, and introduce new technologies to better serve the needs of partners and clients.

The business operates in a global environment with progressively wide variations in economic conditions, languages and local regulations. One of the core strengths of Lombard International is the professional knowledge and capabilities of its in-house experts which serve these diverse markets and the distribution channels it accesses. The Group has gained significant experience in creating wealth structuring solutions that reflect the complexity of customers' lives; ensuring services remain flexible and responsive to the ever-changing regulatory environment.

The Group's 2016 financial results reflect the value it continues to bring to clients and partners with sustained growth in new business and a significant increase in assets under administration. These results also reflect continued investment in new initiatives designed to enhance the Company's wealth solutions, services and capabilities. These investments will drive higher sustained growth over the longer term.

Summary

This report covers the Business and Performance of the Company, its system of Governance, Risk Profile, Valuation for Solvency II Purposes and Capital Management. The ultimate administrative body with responsibility for all of these matters is the Company's Board of Directors ("BoD"), with the help of various governance and control functions that it has put in place to monitor and manage the business.

Business performance

The following table shows the growth in the assets under administration ("AUA") during 2016:

Insurance Business AUA €m (31 December 2016)	
Opening	28,703.4
Gross Inflow	5,586.2
Outflow	(2,483.0)
Investment Return	622.8
Closing	32,429.4

The following table shows the solvency position as at 31 December 2016:

Solvency €m (31 December 2016)	
Solvency Own Fund (A)	511.9
Solvency Capital Requirement (B)	392.3
Solvency II Free Assets (A-B)	119.6
Solvency Ratio (A/B)	130.5%

The Company's Chief Financial Officer, Florent Albert; Chief Actuary, Edward Maguire; and Chief Risk Officer, Ralph Ehrhard, confirm that, to the best of their knowledge:

(a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of Solvency II Regulations as applicable; and

(b) It is reasonable to believe that, at the date of the publication of the SFCR, the Company continues to comply, and will continue to comply in future.

Florent Albert	Edward Maguire	Ralph Ehrhard
Chief Financial Officer	Chief Actuary	Chief Risk Officer
19 May 2017	19 May 2017	19 May 2017

A. Business Performance

The business of the Company is predominantly the provision of unit-linked insurance contracts to high net worth and ultra-high net worth clients.

A.1 Business

A.1.1 Name and legal form of the undertaking

The Company is incorporated in Luxembourg and is a company limited by shares ("Société Anonyme"). The Company's registered address is 4, rue Lou Hemmer, L-1748 Luxembourg.

A.1.2 Supervision

Under Solvency II, the Company is supervised by the Commissariat aux Assurances ("CAA") in Luxembourg. The CAA may be contacted at 7, boulevard Joseph II, L-1840 Luxembourg.

A.1.3 Position within the legal structure of the Group

The Company is an undertaking of Lombard International Assurance Holdings S.à r.l., the ultimate insurance holding company which has its head office in an EEA State, Luxembourg.

A.1.4 Holders of qualifying holdings in the undertaking

The person(s), to the knowledge of the Company, who were direct and indirect holders of qualifying holdings in the Company at any time during the reporting period and at the end of the financial year was Lombard International Assurance Holdings S.à r.l., a limited company incorporated in Luxembourg. As at the reporting date, Lombard International Assurance Holdings S.à r.l. owned 100% of the shares of the Company and was able to exercise 100% of the voting power at any general meeting.

A.1.5 External auditor of the undertaking

The independent auditor of the Company is Ernst & Young, Société Anonyme, 35E, Avenue John F. Kennedy, L-1855 Luxembourg.

A.1.6 Material Lines of Business and Material Geographical Areas

The Company's primary business is unit-linked insurance.

The Company offers wealth structuring solutions in the following key markets: Belgium, Finland, France, Germany, Italy, Luxembourg, Spain, Sweden and the United Kingdom.

A.2 Underwriting performance

The Company only writes unit-linked insurance policies, therefore has a single line of business under Solvency II that is index-linked and unit-linked insurance. This business has very low levels of insurance risk. In addition the Company utilises reinsurance to limit its overall risk exposure as well as to reduce the volatility of its underwriting performance.

The table below shows the Company's premiums and claims for the period ended 31 December 2016:

Premiums and claims €m (31 December 2016)	
Gross premiums written	3,302.1
Reinsurers' share	1.4
Net	3,300.7
Gross claims incurred	2,483.0
Reinsurers' share	0.0
Net	2,483.0

As shown in the above table the total premium written as at 31 December 2016 is EUR 3,302.1m Gross of Reinsurance. Around 87% of this premium is generated from the Company's nine core markets.

A.3 Investment performance

The Company conducts the business of writing unit-linked life insurance policies. In general, positive investment performance of assets is passed on to clients through an equivalent increase in client benefits. An increase in benefits results in a proportionate increase in the administration fees, which contributes to improved business performance, but the Company's matching policy ensures that at all times assets are in place to meet client liabilities.

Excess assets held by the Company are invested in short-term money market funds, which provide access to a diversified pool of high credit-quality assets. The investment performance of these assets is low, because focus is on security rather than yield.

The tables below show the Company's investment income and investment charges for the period ended 31 December 2016.

Investment Income €m (31 December 2016)	
Income from participating interests	1.0
Income from affiliated undertakings	37.8
Income from other investments	316.1
Realised gains on investments	1,539.6
Unrealised gains on investments	1,194.8
Total Investment Income	3,089.2

Investment Charges €m (31 December 2016)	
Investment Management Charges	105.9
Realised losses on the sale of investment	1,243.0
Unrealised losses on investments	978.1
Total Investment Charges	2,327.0

A.4 Performance of other activities

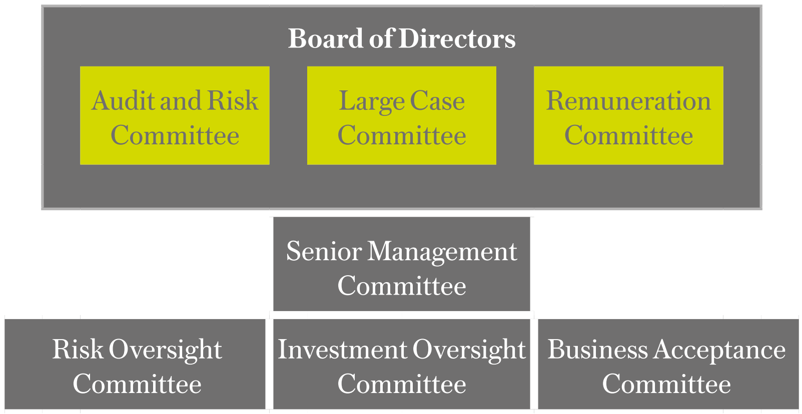
The Company does not perform any other activity.

B. System of Governance

B.1 General information on the System of Governance

B.1.1 Introduction

In order to ensure that risk management is appropriately embedded in the decision making process, the Company has implemented an efficient risk oversight conducted by governing bodies and adequate delegation of authorities. The Company has adopted the following risk governance structure, in line with the delegation of authorities from the Board of Directors ("BoD"):



The following governing bodies play a central role in risk management activities:

- The BoD has overall responsibility for the management of risks. It has appointed three sub-committees to focus on specialised matters as follows:
  - The Audit & Risk Committee (ARC) assists the BoD in fulfilling its governance responsibility for financial reporting, internal control, internal and external audit, compliance and risk management;
  - The Large Case Committee (LCC) reviews and authorises the acceptance by the Company of large insurance policies and/or top-ups while considering the financial, legal, reputational and regulatory risk exposure for the Company.
  - The Remuneration Committee (RemCo) assists the BoD in developing remuneration packages, on the basis of merit, qualifications and competences while considering the Company's operating results, individual performance, and comparable market statistics.

The BoD further delegated authority to management to carry out its strategy and the priorities as defined by it which include, among others:

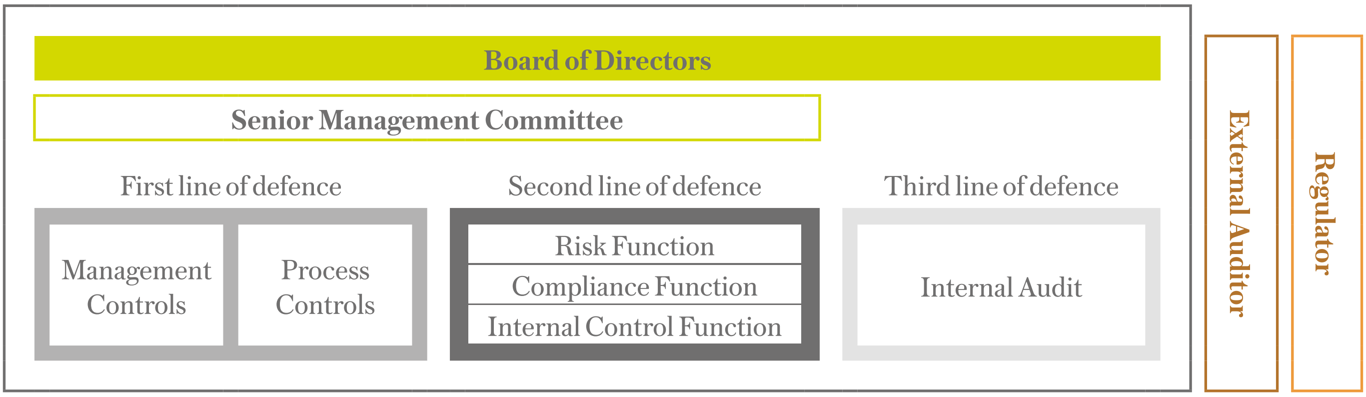
- Implementation of Board-approved corporate strategy;
- Management and supervision of commercial, operational and financial performance;
- Development and implementation of policies and procedures to further corporate objectives;
- Risk management and control;
- Human Resources: planning management and control;
- The project portfolio.

In that context, the below committees were created:

- The Senior Management Committee (SMC) is directly appointed by the BoD to carry out the BoD strategy. The SMC is responsible for the overall leadership and management of the Company with the authority to make all decisions in matters delegated to it by the BoD. The SMC delegated authority to sub-committees as follows:
  - The Risk & Oversight Committee (ROC) ensures that critical risks are identified, assessed, monitored and managed by appropriate control processes.
  - The Investment Oversight Committee (IOC) ensures that critical risks related to underlying assets are identified, assessed, monitored and managed by appropriate control processes.
  - The Business Acceptance Committee (BAC) assesses the overall risk of specific policy application files and decides on their acceptance or rejection, considering the risk appetite of the Company.

The Company's Governance Framework operates as a "**three-lines-of-defence**" model, in line with prudent market practices:

- **The first line of defence** is made of the departmental management. Business unit managers and directors are accountable for the risks they run, and for the compliance and control environment in their units. They are supported by appointed risk-matter experts.
- **The second line of defence** is composed of Risk, Compliance & Internal Control & Monitoring Functions. More information is available under Section B4.
- **The third line of defence** is assumed by Internal Audit. More information is available under Section B5.



There was no change in the structure of the Company's BoD and no material change in the Corporate Governance during the reporting period.

B.1.2 Remuneration

Remuneration policy

The remuneration policy, in compliance with applicable regulatory requirements and best market practice, discourages risk taking beyond defined risk appetite, prevents non-sustainable decision making and avoids situations of conflict of interest.

Compensation schemes are designed to take account of competences required, evaluations, skills and performance.

The Company ensures equal, controlled and compliant remuneration practices that result in preventing non-sustainable business decisions, decisions in conflict with its clients' interests, risk taking outside risk appetite, fines from the Regulator(s), loss and/or demotivation of staff members. The Company is risk-averse to these risks.

This policy applies to all staff members. There are specific provisions for Material Risk Takers.

The remuneration framework:

- ensures that remuneration is adequate and linked to the mandate of the individual;
- rewards the overall delivery of the business strategy, the achievement of financial results and long-term growth and sustainability;
- aims at paying fair base pay, based on market practice, and at recognising and rewarding collective and individual performance via variable remuneration;
- encourages sound corporate governance and a strict compliance with internal rules and procedures.
- does not reward excessive risk taking outside of confirmed risk appetite;
- considers the principle of proportionality in defining the remuneration principles in such a way as to take into account the internal organisation and the nature, the scale and the complexity of the risks inherent to the business.

The remuneration includes:

- a fixed remuneration;
- the annual bonus which complements the base salary and is the annual incentive plan designed to motivate and compensate employees based on performance measurements.

The individual performance assessment is subject to calibration sessions pursuing the following objectives:

- a consistent approach throughout the Company;
- relevance of the criteria used to evaluate performance;
- application of a fair process;
- a dedicated conversation around low and high performers.

For Material Risk Takers, a deferral mechanism is applied.

B.1.3 Material transactions

The following material transactions were carried out in the period:

- capital injection of EUR 25.6m by Lombard International Assurance Holdings Ltd in order to bring the share capital of the Company from EUR 2.0m to EUR 27.6m by the way of the issuance of new ordinary shares;
- the Company distributed a dividend of EUR 13.5m.

B.2 Fit and proper requirement

B.2.1 Specific requirements

The Company ensures that all persons who effectively run the undertaking or have other key functions at all times fulfil the following requirements:

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management;
- they are of good repute and integrity.

B.2.2 Process of assessing fit and proper requirements

The Fit & Proper policy specifies the principles by which the Company ensures that all BoD members, Senior Managers and all persons who hold key functions or work within a key function are fit and proper for their role.

This policy covers the principles to apply as part of the recruitment process, the promotion process and on-going employment to assess whether candidates or employees in general and in particular those to be recruited in, promoted to or holding roles are fit and proper for their role.

For all prospective senior managers and employees within key functions, including key role holders, full and in-depth assessments and interviews are undertaken to review each individual's qualifications, knowledge and experience.

For key role holders, the assessment is performed in writing and includes the following three criteria:

1. Experience: The assessment of experience has to take into account the nature, scale and complexity of the business and the responsibilities of the position concerned;
2. Reputation: Reputation will be assessed regardless of the nature, scale and complexity of the business and/or role;
3. Governance: When performing the assessment on the suitability, the overall functioning of the role within the corporate governance has to be assessed.

On the request of the Regulator, the Company may have to provide the written assessment performed, the guiding principles, the policy and procedure on the appointment and succession of key role holders. This written assessment must include the conclusions from the BoD on the suitability of the key role holder to be nominated.

B.3 Risk management system including ORSA

B.3.1 Risk Management

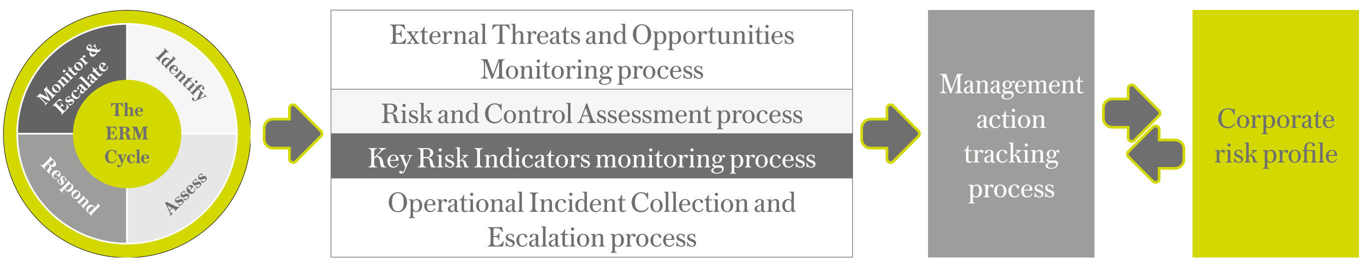
The Company has developed the processes and procedures that are used to identify, assess, monitor, manage and report the short and long term risks that the Company faces; and to determine the capital required to ensure that its overall solvency needs are met at all times.

Enterprise Risk Management Framework

The Enterprise Risk Management ("ERM") Framework describes the processes in which all departments are involved within the scope of their tasks and the support the Risk Function provides in its global risk management activities. As with all insurance undertakings, the Company faces different risks which are spread across the organisation. These risks are internally classified in three main categories: strategic risks, financial risks and operational risks. To manage these risks, the Company has defined a risk strategy which is formalised through its Risk Appetite Statement.

This Risk Appetite is further translated and articulated in a number of corporate policies and procedures compliant with all regulations in force, which document the risk governance, mitigation and controls in place to address its major risks.

The Company's risk management processes are built , as below illustrated, to meet the risk identification, assessment, response, monitoring and escalation requirements.



External Threats and Opportunities Monitoring process: This process is designed to ensure Company-wide early awareness of external threats and opportunities, including legal or regulatory changes. It allows for both expert and business input in the assessment of these threats and opportunities and on the appropriateness of associated mitigation steps. Finally, the process ensures an audit trail of the agreed risk strategy and mitigating actions.

Risk and Control Assessment process: Objective of this process is to provide a regular assessment of individual risks taking into account the existing risk exposure and effectiveness of controls and mitigating actions in place. For risks assessed as being beyond the Company's appetite, mitigating actions are identified and implemented.

Key Risk Indicators monitoring process: Key Risk Indicators are identified and measured to monitor, on an ongoing basis, risk exposure versus Company's appetite. These can either be internal or external indicators. Soft and hard limits are defined for each of them. When the hard limit is breached, rationale is investigated and mitigating actions are identified, where relevant.

Operational Incident Collection process: The process is a logging and escalation process, available for every employee in the Company, to report any operational incident including control failures. Material incidents are investigated for root-cause analysis and lessons learnt. Corrective and preventive actions are established when necessary. Trend analysis is also performed based on incident data to surface and prevent non-material but recurrent issues.

Management Action Tracking Process: All risk management actions coming from any ERM processes or risk governance meetings are centralised in a dedicated tool. Deadline rebasing is subject to restrictive rules managed by the Risk Function. Objective being to ensure that risks are appropriately and timely mitigated.

Outputs of all the above-mentioned processes contribute to the production of the "Corporate Risk Profile" report which is provided on a quarterly basis to support the Non-Executive Audit and Risk Committee in its risk oversight duty.

This integrated ERM framework is embedded at the heart of key decision making process. All key decisions made in the Company such as product initiatives, new projects, capital management, reinsurance arrangement review, investment strategy, marketing strategy and distribution strategy follow internal governance processes, which include an assessment of the risk exposure, mitigation strategies and need for an ad hoc ORSA.

B.3.2 ORSA

In compliance with the applicable local and European Solvency II requirements, overall performance of the ORSA requires the combination of multiple pieces of information coming from existing processes in the organisation. Overall ORSA process is coordinated by the Risk Function throughout the year.

Outcomes of the ORSA process are summarised in the internal ORSA Report and ORSA Supervisory Report, reviewed and approved by the Audit & Risk Committee and submitted to the CAA.

In validating the ORSA report, the Audit & Risk Committee confirms that:

- a suitable assessment of the risk profile and overall and on-going solvency needs has been conducted;
- appropriate processes are in place to properly identify, assess, manage and monitor the risks and solvency position, including appropriate risk governance and risk awareness;
- the entity is projecting to have sufficient internal capital and liquidity to meet its solvency needs and obligations to policyholders over the business planning period, including stress testing and scenario analysis exercises in determining its capital assessment needs.

The ORSA is an integral part of the business strategy and is taken into account, on an on-going basis, in the making of strategic decisions and in planning processes.

Comprehensive management reporting ensures that the significant parameters of the ORSA are consistently monitored and reported regularly to the Senior Management Committee and/or the Risk Oversight Committee. This includes performance against regulatory and internal capital and liquidity requirements and performance against the risk appetite under the ORSA planning horizon.

As per the ORSA procedure and due to its evolving nature (based on business mix, environment factors, etc.), the Company has identified the material events that might trigger a re-evaluation and new iteration of the ORSA. This encompasses both internal and external triggers. Material risk profile changes captured through product initiatives, new projects, capital management changes, reinsurance arrangement reviews, investment strategy changes, marketing and distribution strategy changes already foresee in their operational processing an assessment for potential ORSA impacts where significant.

B.4 Internal Control System

The Company's Internal Control System aims at ensuring:

- that the Company adheres to applicable laws and regulations;
- that the instructions (including corporate policies and guidelines) issued by executive management are adequately implemented;
- that the Company's internal processes are in line with professional and ethical standards;
- the reliability of reporting, information and communication.

B.4.1 Internal Control

As presented in the System of Governance section, the Company has established a three lines of defence framework. The Internal Control Function is part of the second line.

Its mission is to enhance and protect organisational value by providing the executive management with risk-based, independent and objective assurance on the design and effectiveness of the controls. It also advises on improvements of the control environment in general.

It provides regular reports to the Risk Oversight Committee and Audit & Risk Committee contributing to the strengthening of the implemented control system.

Overall the Internal Control Function brings ongoing assurance to the Company by monitoring on a regular basis its business activities and their effectiveness.

B.4.2 Compliance

Similarly to the Internal Control Function, the Compliance Function is part of the second line.

Compliance is part of the Internal Control System. It focuses on Compliance risks which are defined as a failure to conduct its business in accordance with the regulatory rules in force and having potential regulatory, commercial and reputational impacts which can result in:

- legal and regulatory risk;
- risk of sanctions;
- reputation risk;
- risk of breach of ethical rules;
- risk of breach of the Company's policies and requirements.

Matters that fall under the Compliance Function's competence include the following:

- prevention of money laundering and terrorism financing;
- market abuse, insider trading and insider dealing prevention;
- clients interest protection;
- complaint handling;
- data protection and respect of professional secrecy;
- prevention and management of conflicts of interest;
- prevention of bribery (inducements including gifts);
- fraud prevention and detection;
- respect of ethics and duty based rules;
- management of cross-border activities related to compliance matters;
- financial reporting;
- oversight of first line of defence Investment Compliance activities.

In consideration of proportionality and subject matter expertise, the Compliance function may delegate day-to-day management and responsibility to other functions while retaining oversight responsibility.

B.5 Internal Audit Function

B.5.1 Implementation

The Internal Audit Function is part of the third line of defence of the Company.

Internal audit in the Company is implemented through the following process:
An audit plan is created on an annual basis and ensures that sufficient evidence will be obtained to evaluate the effectiveness of the risk management and control processes across the business. The plan includes a review of the major risk management processes operating across the business and a selection of the key risks identified from those processes. The audit plan also gives special consideration to those operations most affected by recent or expected changes, for example changes following acquisitions, restructures and new ventures. The proposed plan is flexible so that adjustments can be made during the year as a result of changes in management strategies, external conditions, major risk areas, or revised expectations in respect of achieving the business objectives. Any proposed changes or update in the plan are reported to the Audit & Risk Committee for their review and agreement before they are incorporated into ongoing work. The Senior Management Committee and the Audit & Risk Committee review and approve the plan at least annually.

Based on the annual plan, the internal audit activity evaluates the adequacy and effectiveness of controls encompassing the governance, operations, and information systems. This includes:

- adequacy of risk management;
- monitoring of internal control's efficiency and effectiveness and where relevant compliance with the laws and regulations as well as the prudential requirements imposed by the Regulators;
- operation and effectiveness of the second line of defence;
- adequacy of the administrative, accounting and IT organisation;
- safeguarding of securities and assets;
- adequacy of the segregation of duties and of the execution of transactions;
- accurate and complete registration of the transactions;
- relevant and understandable information available without delay to the BoD; specialised committees and, where appropriate senior management and the Regulator;
- implementation of the decisions taken by senior management and by the persons acting by delegation and under its responsibility.

In determining the proposed audit plan, the Head of Internal Audit considers relevant work that will be performed by other areas, e.g. Internal Control, External Audit. To minimise duplication of effort and inefficiencies, the work planned or recently completed, by management in its assessments of the risk management process, controls and quality improvement processes, as well as the work planned by the external auditors, are considered in determining the expected coverage of the audit plan for the coming year.

The Senior Management Committee and the Board requires that the Head of Internal Audit performs sufficient audit work and gathers other available information during the year so as to form a judgement regarding the adequacy and effectiveness of the risk management and control processes. The Head of Internal Audit communicates overall judgement regarding the Company's risk management process and system of controls to the Senior Management and Audit Committees.

B.5.2 Independence from other functions

The Internal Audit function of the Company is managed by the Head of Internal Audit who is an employee of the business, has no direct operational responsibility or authority over any of the activities audited and has a direct reporting line into the Chair of the Audit & Risk Committee, which is a Non-Executive Director role. This reporting structure ensures independence of the Internal Audit Function.

Internal Audit is free from interference in determining the scope of internal auditing, performing work, and communicating results.

B.6 Actuarial Function

Key responsibilities include:

- co-ordination of the calculation of Technical Provisions. This consists of assessing the sufficiency of the provisions, assessing the uncertainty in the estimates and justifying the differences between successive periods;
- reviewing the appropriateness of the models and assumptions, consider the sufficiency and quality of data, and interpret deviations of best estimates against experience;
- producing an annual actuarial function report for the BoD. The report covers all of the information necessary for the BoD to form its own opinion on the adequacy of Technical Provisions and on the underwriting and reinsurance arrangements;
- contributing to the effective implementation of the risk management system of the Company;
- reviewing the output of the model used by the Company to calculate the Solvency Capital Requirement and Minimum Capital Requirement. Specifically, any perceived or possible inconsistencies or issues identified in the model results are raised;
- Contribution to ORSA capital calculations.

B.7 Outsourcing

When choosing an outsourcing provider for any critical or important function or activity, the Company carries out all necessary steps to ensure that:

- a detailed examination is performed of the potential service providers' ability and capacity to deliver the required functions or activities satisfactorily, taking into account the objectives and needs;
- the service provider has adopted all means to ensure that no explicit or potential conflict of interest with the entity impairs the needs of the outsourcing provider undertaking;

- the entity enters into a written agreement with the outsourcing provider which clearly allocates the respective rights and obligations of the entity and the outsourcing provider (even for intragroup outsourcing);
- the general terms and conditions of the outsourcing provider agreement are authorized and understood by the entity's management;
- the Company includes in its risk management systems and controls a process for monitoring and reviewing the quality and performance of the services provided according to the agreement;
- the outsourcing activity does not represent a breach of any data protection regulation or any other laws;
- the outsourcing provider is subject to the same provisions that are applicable to the entity regarding the safety and the confidentiality of the information related to its clients;
- the Company considers in its own contingency planning the possibility of having to face an emergency situation or business disruption arising from a failure or a problem of the outsourcing provided.

Details of the functions and activities outsourced, and the jurisdictions they operate in, are shown in the table below:

Activity	Jurisdiction
Fund Administration of Internal Collective Funds	Luxembourg
Creation, maintenance and printing of corporate marketing documentation, contractual forms and clients' communication	Luxembourg
IT back-up provider	Luxembourg
Data centre infrastructure management	Luxembourg
Archiving management	Luxembourg
Payroll services	Luxembourg
Investment services	Luxembourg
Client tax reporting for Austria	Austria
Client tax reporting for Cyprus	Cyprus
Client tax reporting for France	France
Client tax reporting for Italy	Italy
Client tax reporting for Malta	Malta
Client tax reporting for Portugal	Portugal
Client tax reporting for Spain	Spain

C. Risk Profile

C.1 Underwriting risk

The level of insurance risk in the Company is immaterial. The death benefit on investment products is generally limited to 1% of invested assets and extensive use is made of reinsurance.

C.2 Market risk

The unit-linked nature of the Company's products means market risk is borne by the policyholder. Investment procedures for shareholder assets serve to minimise market risk.

C.3 Credit risk

Credit risk arises principally through exposure to debt security investments, bank deposits, derivative counterparties, and reinsurance counterparties, insurance and investment contracts receivables.

The Company has adopted a risk averse approach to such risks and has a stated policy of not actively pursuing or accepting credit risk.

C.4 Liquidity risk

The Company ensures that it maintains sufficient financial resources to meet its obligations as they fall due through the application of a liquidity risk policy and through the development of its liquidity risk management plan.

C.5 Operational risk

The residual risks are operational risks covering regulatory, litigation and taxation. Operational risks are assessed and monitored and minimised wherever possible.

C.6 Other material risks

No other material risks.

C.7 Any other information

As part of the Company's ongoing risk management approach the Company performs a range of stress and scenario tests, reporting on the output as part of ORSA. The stress and scenario testing comprises two elements:

- sensitivity and stress testing of the financial and capital position to changes in key modelling assumptions;
- exploration of plausible adverse scenarios that may arise in the normal course of business – these are derived from the key drivers of business and the schedule of significant risks to the Company. Where possible the Company undertakes quantitative analysis of solvency and profit and loss impacts, augmented with qualitative analysis if modelling is not appropriate. This scenario testing also includes analysis of new risks emerging in the business and a programme of reverse stress testing.

D. Valuation for Solvency Purposes

D.1 Assets

Assets €m	Luxembourg GAAP*	Adjustments	Solvency II
Deferred acquisition costs	60.9	(60.9)	0.0
Intangible assets	10.5	(10.5)	0.0
Property, plant & equipment held for own use	1.3	0.0	1.3
Investments (other than assets held for index-linked and unit-linked contracts)	46.1	8.4	54.4
Assets held for index-linked and unit-linked contracts	32,423.5	0.0	32,423.5
Insurance and intermediaries receivables	168.1	0.0	168.1
Cash and cash equivalents	133.7	0.0	133.7
Any other assets, not elsewhere shown	1.5	0.0	1.5
Total Assets	32,845.7	(63.1)	32,782.7

D.1.1 Investments

Investments were comprised of money market fund, participations, and assets received in advance from policyholders.

a) Money Market Funds

As at the reporting date, the Company had EUR 21.9m invested in money market funds. These investments were valued at lower of cost and market value in the Statutory Financial Statements.

The money market funds are valued at fair value under Solvency II based on market prices at the reporting date, which are quoted prices in active markets. As these are publicly traded securities, the market prices are readily available and are actively traded. No significant estimates or judgements are used in the valuation of these investments.

* Generally Accepted Accounting Principles.

b) Assets received in advance from policyholders

As at 31 December 2016, assets received in advance from policyholders amounted to EUR 12.4m. These assets are valued at fair value under Solvency II and Statutory Financial Statements.

c) Participations

Investment in subsidiaries and related entities are valued at lower of cost and market value in the Statutory Financial Statements. As at 31 December 2016, investment in subsidiaries and related entities amounted to EUR 0.5m.

These investments were valued under the equity method under Solvency II, valuing all assets and liabilities of the subsidiary Company and related entities in accordance with the valuation principles of Directive 2009/138/EC. These investment are valued at EUR 8.1m.

D.1.2 Receivables

Receivable balances are mainly related to fees receivable and foreign tax advances made in respect of applicable insurance policies. As at 31 December 2016 the Company had a total receivables balance of EUR 168m. Receivables are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required. The value of receivables in the Company's Financial Statements is the same as for Solvency II.

D.1.3 Cash and cash equivalents

Cash at bank and in hand, as at 31 December 2016, amounted to EUR 133.7m, of which EUR 103.3 related to cash received from policyholders. Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. The value of cash and cash equivalents in the Company's financial statements is the same as for Solvency II.

D.1.4 Intangible Assets

Deferred Acquisition Costs ("DAC") balances and goodwill are valued at zero under Solvency II Regulations and are effectively removed in the preparation of the Solvency II balance sheet. Intangible assets, other than goodwill, are recognised in the Solvency II balance sheet at a value other than zero only if they can be sold separately and it can be demonstrated that there is a value for the same or similar assets that has been derived from quoted market prices in active markets.

D.1.5 Assumptions and judgements

The areas where assumptions and judgment are exercised by management include determining the value of deferred income taxes.

D.1.6 Reconciliation of Statutory valuation of assets to Solvency II valuation

- Accounting policy differences: As noted in D.1.4 above, goodwill, DAC, and other Intangible Assets are reassessed at zero value under Solvency II. The associated impact on deferred tax is reflected in other liabilities;
- Reassessment of participations: As noted in D.1.1 above, Solvency II requires that subsidiaries are valued using the equity method. The overall impact is positive principally as a result of positive net equity of the participations;
- Deferred tax: The adjustments listed resulted in an impact in the deferred tax liability.

D.2 Technical Provisions

D.2.1 Introduction

The Company has one material line of business that is unit-linked life insurance. The Technical Provisions, as at 31 December 2016, were as follows:

Technical Provision in €m (31 December 2016)	
Gross Best Estimate of Future Liabilities	31,665.5
Risk Margin	215.2
Total Technical Provisions	31,880.7

D.2.2 Valuation methodology

Under Solvency II, the Technical Provisions comprise a Best Estimate Liability and a Risk Margin.

D.2.2.1 Best Estimate Liability

The Company's Best Estimate of Future Liabilities has been calculated at a per-policy level for the policies in-force at the valuation date.

It is the present value of all future expected cash-flows allowing for claims, expenses and lapses. Allowance is made for reinsurance.

D.2.2.1 Risk Margin

The Risk Margin is determined as the cost of holding the Solvency Capital Requirement over the lifetime of the insured portfolio. This cost is determined by applying a prescribed cost of capital rate of 6% p.a. to each year's projected Solvency Capital Requirement, and then discounting these amounts at the risk-free rate.

The projected Solvency Capital Requirement figures have been determined using the 'Standard Formula' basis, consistent with the calculation of the initial Solvency Capital Requirement, but only allowing for risks that are deemed to be non-hedgeable. The Company views the market risk arising from fluctuations in the value of its linked funds as being hedgeable, and therefore no allowance has been made for market risk within the projection of the Solvency Capital Requirement.

D.2.3 Judgements

D.2.3.1 Projection of Solvency II Capital Requirement for Risk Margin

Calculation of the Risk Margin requires projection of the Solvency Capital Requirement. Reflecting the relatively simple nature of the business and risks, a simplified method has been adopted in line with 'Method 1' outlined in Guideline 62 of EIOPA's guidelines on the valuation of Technical Provisions (i.e. the methodology involving the least simplifications). This uses a series of 'risk drivers' to project how each component of the initial Solvency Capital Requirement runs off over the lifetime of the portfolio.

D.2.4 Assumptions

D.2.4.1 Mortality

Mortality assumptions take account of relevant industry information. The Company adjusts the mortality assumptions on an annual basis to allow for future improvements in mortality rates.

D.2.4.2 Lapses

Lapses (full and partial surrender rates) are mainly based on the Company's average experience over the past three full calendar years (e.g. the rates used for the 31 December 2016 valuations are based on analysing the Company's experience during 2013, 2014 and 2015). Some additional judgement is applied where the Company expects the future to be different from the recent past.

The assumptions vary by geographical market and the length of time for which a policy has been in-force.

D.2.4.3 Expenses

The expense assumptions include allowance for administration costs and corporate overhead costs incurred. The corporate costs have been apportioned so that the total maintenance cost represents the anticipated ongoing expenses, including systems development costs, which are expected to arise in future years in meeting the policy servicing requirements of the in-force business.

D.2.4.4 Interest and Inflation Rates

The Solvency II regulations specify the risk-free interest rate term structure to be used. The Company used the Euro rates (with volatility adjustment) as provided by the European Insurance & Occupational Pensions Authority. The Company did not use the matching adjustment. Full detail of the Euro interest rate curve prescribed for use at 31 December 2016 can be found at https://eiopa.europa.eu/regulationsupervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures.

The assumption for future inflation is derived from Euro denominated inflation swap data.

D.2.5 Uncertainty associated with the value of the Technical Provisions

The value of the Technical Provisions includes uncertainty in that they are based on the expected value of future cash-flows. The assumption-setting processes described above are designed to reduce uncertainty by using past experience with adjustments where there are appropriate reasons to expect that future expectations may differ from past performance.

D.2.6 Differences between Solvency II valuations and valuations for Financial Statements

The following table explains differences between Solvency II valuations and valuations for Financial Statements:

€m (31 December 2016)	
Gross Luxembourg GAAP Insurance Contract Liabilities	32,429.4
Gross Best Estimate of Future Liabilities under Solvency II	31,665.5
Risk Margin	215.2
Solvency II Technical Provisions	31,880.7

D.2.7 Matching Adjustments

No matching adjustments have been applied.

D.2.8 Volatility adjustments

The volatility adjustment, referred to in Article 77b of Directive 2009/138/EC has been applied. The table below shows the position without this adjustment compared with the position with the adjustment:

€m	No Volatility Adjustment	With Volatility Adjustment
Technical Provisions	31,702.0	31,880.7
Solvency Capital Requirement	396.4	392.3
Minimum Capital Requirement	178.4	176.6
Basic own funds	501.2	511.9
Amount of own funds eligible to cover the Minimum Capital Requirement & Solvency Capital Requirement	501.2	511.9

D.2.9 Transitional Risk Free Interest Rate

The transitional risk-free interest rate term structure referred to in Article 308c of Directive 2009/138/EC has not been applied.

D.2.10 Transitional Deduction

The transitional deduction referred to in Article 308d of Directive 2009/138/EC has not been applied.

D.2.11 Reinsurance Recoverable

At 31 December 2016 there were no material amounts outstanding from reinsurance contracts. There were no special purpose vehicles.

D.2.12 Material Changes

No material changes made in the calculation of the Technical Provisions compared to the previous reporting period.

D.3 Other liabilities

The table below shows the other liabilities

€m (31 December 2016)	
Provisions other than Technical Provisions	7.3
Deferred Tax Liabilities	108.2
Insurance & intermediaries payables	130.8
Payables (trade, not insurance)	108.0
Any other liabilities, not elsewhere shown	35.5

D.4 Alternative methods for valuation

There are no other valuation methods used.

E. Capital Management

E.1 Own funds

The Company, in line with its Capital Management Policy, maintains capital at a level that enables it to carry out its current business plan within its risk appetite. The BoD of the Company sets an appropriate target level of solvency cover given the risks to which the business is currently exposed and those implicit in the Company's medium term business plan.

The composition of the Company's Own Funds is as follows:

€m (31 December 2016)	
Ordinary share capital	27.6
Share premium accounts	10.7
Reconciliation reserve	473.6
Total basic own funds after deductions	511.9
Adjustments for ineligible assets	–
Solvency II excess of assets over liabilities	511.9

The reconciliation reserve is mostly comprised of the value of future profits expected from the in-force business.

The table below reconciles the equity in the Financial Statements and the Solvency II excess over liabilities:

€m (31 December 2016)	
Statutory Accounts excess of assets over liabilities	155.7
Reassessment of participation	7.6
Accounting policy differences	348.6
Solvency II excess of assets over liabilities	511.9

The Own Funds of the Company were impacted by:

- the increase of the share capital of the Company by an amount of EUR 25.6m in order to bring the share capital of the Company from EUR 2.0m to EUR 27.6m by the way of the issuance of new ordinary shares;
- the profit generated during the year, and also;
- the payment of dividend totalling of EUR 13.5m.

The whole amount of the Own Funds is eligible to cover the Solvency Capital Requirement and the Minimum Capital Requirement.

There are no amounts within the Own Funds that arise from transitional arrangements, and no ancillary Own Funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Introduction

The Solvency Capital Requirement and Minimum Capital Requirements have been determined using the 'standard formula' approach set out in Directive 2009/138/EC . No material simplified methods or undertaking specific parameters have been used in this assessment.

The amounts of Solvency Capital Requirement and Minimum Capital Requirement as at 31 December 2016 were as follows:

€m (31 December 2016)	
Solvency Capital Requirement	392.3
Minimum Capital Requirement	176.6

E.2.2 Risk Modules

The table below shows the 31 December 2016 Solvency Capital Requirement of the Company by Risk Module:

€m	Solvency Capital Requirements
Mortality Risk	10.7
Longevity	1.3
Disability and Morbidity Risks	0.0
Lapse Risk	295.3
Expenses Risk	68.6
Catastrophe Risk	1.3
Revision	0.0
Diversification	(40.8)
Life Underwriting	**336.4**
Interest Rate Risk	7.6
Spread Risk	40.0
Equity Risk	198.4
Property Risk	0.0
Concentration Risk	2.8
Currency Risk	99.8
Diversification	(71.1)
Market Risk	**277.5**
Counterparty Default Risk (type 1)	3.3

Counterparty Default Risk (type 2)	11.7
Diversification	(0.7)
Counterparty Default Risk	**14.3**
Basic Solvency Capital Requirement (pre-diversification)	**628.2**
Diversification benefit	**(136.8)**
Basic Solvency Capital Requirement	**491.3**
Operational Risk	**9.5**
Adjustment for Deferred Tax Liability	**(108.5)**
Final Solvency Capital Requirement	**392.3**

The Company has a minimum capital of the Minimum Capital Requirement of EUR 176.7m.

The Company is not subject to any level of capital add-on.

E.2.3 Material changes

The movement in the Company's Solvency Capital Requirement during 2016 was mainly due to new business and investment performance which impact in particular Market risk and Lapse risk. Growth in the capital requirement generally moves in line with assets under administration. The final amount of the Solvency Capital Requirement is subject to supervisory assessment.

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

The duration based equity risk sub module has not been used in the calculation of the Solvency Capital Requirement.

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

No internal or partial internal model has been used in the calculation of the Solvency Capital Requirement.

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

The Company has maintained Own Funds in excess of the Minimum Capital Requirement and Solvency Capital Requirement throughout the period.

F. Appendix

F. Appendix: Quantitative Reporting Templates

QRT ref	QRT Template name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	1,290,532
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	54,446,369
Property (other than for own use)	R0080	–
Holdings in related undertakings, including participations	R0090	8,100,140
Equities	R0100	–
Equities – listed	R0110	–
Equities – unlisted	R0120	–
Bonds	R0130	791,315
Government Bonds	R0140	791,315
Corporate Bonds	R0150	–
Structured notes	R0160	–
Collateralised securities	R0170	–
Collective Investments Undertakings	R0180	35,403,439
Derivatives	R0190	–
Deposits other than cash equivalents	R0200	10,151,475
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	32,423,514,109
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	168,183,207
Reinsurance receivables	R0370	–
Receivables (trade, not insurance)	R0380	–
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	133,710,778
Any other assets, not elsewhere shown	R0420	1,515,414
Total assets	R0500	32,782,660,409
Any other assets, not elsewhere shown	R0420	1,515,414
Total assets	**R0500**	**32,782,660,409**

		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	1,064,755
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	1,064,755
TP calculated as a whole	R0660	–
Best Estimate	R0670	1,064,755
Risk margin	R0680	–
Technical Provisions – index-linked and unit-linked	R0690	31,879,662,017
TP calculated as a whole	R0700	–
Best Estimate	R0710	31,664,494,272
Risk margin	R0720	215,167,745
Contingent liabilities	R0740	–
Provisions other than Technical Provisions	R0750	7,333,164
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	108,481,017
Derivatives	R0790	–
Debts owed to credit institutions	R0800	–
Financial liabilities other than debts owed to credit institutions	R0810	–
Insurance & intermediaries payables	R0820	130,771,589
Reinsurance payables	R0830	–
Payables (trade, not insurance)	R0840	108,009,913
Subordinated liabilities	R0850	–
Subordinated liabilities not in BOF	R0860	–
Subordinated liabilities in BOF	R0870	–
Any other liabilities, not elsewhere shown	R0880	35,484,939
Total liabilities	**R0900**	**32,270,807,394**
Excess of assets over liabilities	**R1000**	**511,853,015**

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations			
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance
		C0210	C0220	C0230	C0240
Premiums written					
Gross	R1410	0.00	0.00	3,302,113,543	0.00
Reinsurers' share	R1420	0.00	0.00	1,403,063	0.00
Net	R1500	0.00	0.00	3,300,710,480	0.00
Premiums earned					
Gross	R1510	0.00	0.00	3,302,113,543	0.00
Reinsurers' share	R1520	0.00	0.00	1,403,063	0.00
Net	R1600	0.00	0.00	3,300,710,480	0.00
Claims incurred					
Gross	R1610	0.00	0.00	2,482,995,441	0.00
Reinsurers' share	R1620	0.00	0.00	–	0.00
Net	R1700	0.00	0.00	2,482,995,441	0.00
Changes in other Technical Provisions					
Gross	R1710	0.00	0.00	(3,726,281,147)	0.00
Reinsurers' share	R1720	0.00	0.00	–	0.00
Net	R1800	0.00	0.00	(3,726,281,147)	0.00
Expenses incurred	R1900	0.00	0.00	123,858,757	0.00
Other expenses	R2500				
Total expenses	R2600				

		Life reinsurance obligations		
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
C0250	C0260	C0270	C0280	C0300
0.00	0.00	0.00	0.00	3,302,113,543
0.00	0.00	0.00	0.00	1,403,063
0.00	0.00	0.00	0.00	3,300,710,480
0.00	0.00	0.00	0.00	3,302,113,543
0.00	0.00	0.00	0.00	1,403,063
0.00	0.00	0.00	0.00	3,300,710,480
0.00	0.00	0.00	0.00	2,482,995,441
0.00	0.00	0.00	0.00	–
0.00	0.00	0.00	0.00	2,482,995,441
0.00	0.00	0.00	0.00	(3,726,281,147)
0.00	0.00	0.00	0.00	–
0.00	0.00	0.00	0.00	(3,726,281,147)
0.00	0.00	0.00	0.00	123,858,757
				594,780
				124,453,537

S.05.02.01

Premiums, claims and expenses by country

		Home country	Top 5 countriesCountry (by amount of gross premiums written) – life obligations					Total for top 5 countries and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	3,302,113,543	0.00					3,302,113,543
Reinsurers' share	R1420	1,403,063	0					1,403,063
Net	R1500	3,300,710,480	0					3,300,710,480
Premiums earned								
Gross	R1510	3,302,113,543	0					3,302,113,543
Reinsurers' share	R1520	1,403,063	0					1,403,063
Net	R1600	3,300,710,480	0					3,300,710,480
Claims incurred								
Gross	R1610	2,482,995,441	0					2,482,995,441
Reinsurers' share	R1620	–	0					–
Net	R1700	2,482,995,441	0					2,482,995,441
Changes in other Technical Provisions								
Gross	R1710	(3,726,281,147)	0					(3,726,281,147)
Reinsurers' share	R1720	–	0					–
Net	R1800	(3,726,281,147)	0					(3,726,281,147)
Expenses incurred	R1900	123,858,757	0					**123,858,757**
Other expenses	R2500							**594,780**
Total expenses	R2600							**(3,601,827,610)**

S.23.01.01

Own funds

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	27,606,875	27,606,875			
Share premium account related to ordinary share capital	R0030	10,674,161	10,674,161			
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	473,571,979	473,571,979			
Subordinated liabilities	R0140	–				
An amount equal to the value of net deferred tax assets	R0160	–				–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	–				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	–	–			
Total basic own funds after deductions	R0290	**511,853,015**	511,853,015	–	–	–

		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	–				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–				
Unpaid and uncalled preference shares callable on demand	R0320	–				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–				
Letters of credit and guarantees under Article 96(2) of 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	511,853,015	511,853,015	–	–	–
Total available own funds to meet the MCR	R0510	511,853,015	511,853,015	–	–	
Total eligible own funds to meet the SCR	R0540	511,853,015	511,853,015	–	–	–
Total eligible own funds to meet the MCR	R0550	511,853,015	511,853,015	–	–	
SCR	R0580	**392,335,157**				
MCR	R0600	**176,550,821**				
Ratio of Eligible own funds to SCR	R0620	**130.4632%**				
Ratio of Eligible own funds to MCR	R0640	**289.92%**				

Reconciliation reserve

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	511,853,015	
Own shares (held directly and indirectly)	R0710	–	
Foreseeable dividends, distributions and charges	R0720	–	
Other basic own fund items	R0730	38,281,036	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–	
Reconciliation reserve	R0760	**473,571,979**	
Expected profits			
Expected profits included in future premiums (EPIFP) – Life business	R0770	–	
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	–	
Total Expected profits included in future premiums (EPIFP)	R0790	–	

S.25.01.21

Solvency Capital Requirement – for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	277,454,737		
Counterparty default risk	R0020	14,317,016		
Life underwriting risk	R0030	336,313,556		
Health underwriting risk	R0040	–		
Non-life underwriting risk	R0050	–		
Diversification	R0060	(136,819,113)		
Intangible asset risk	R0070	–		
Basic Solvency Capital Requirement	R0100	**491,266,196**		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	9,549,977
Loss-absorbing capacity of Technical Provisions	R0140	–
Loss-absorbing capacity of deferred taxes	R0150	(108,481,017)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	–
Solvency Capital Requirement excluding capital add-on	R0200	392,335,157
Capital add-on already set	R0210	–
Solvency capital requirement	R0220	**392,335,157**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	–
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	–
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	–
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	–
Diversification effects due to RFF nSCR aggregation for article 304	R0440	–

S.28.01.01

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

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	221,712,906

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation – guaranteed benefits	R0210	0	
Obligations with profit participation – future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	31,664,494,272	
Other life (re)insurance and health (re)insurance obligations	R0240	1,064,755	
Total capital at risk for all life (re)insurance obligations	R0250		87,779,568

Overall MCR calculation

		C0070
Linear MCR	R0300	221,712,906
SCR	R0310	392,335,157
MCR cap	R0320	176,550,821
MCR floor	R0330	98,083,789
Combined MCR	R0340	176,550,821
Absolute floor of the MCR	R0350	3,700,000
		C0070
Minimum Capital Requirement	R0400	**176,550,821**

Lombard International Assurance S.A.
www.lombardinternational.com

Head office
4, rue Lou Hemmer
L-1748 Luxembourg
Grand Duchy of Luxembourg

Tel +352 34 61 91-1
Fax +352 34 61 90

R.C.S. Luxembourg Nº B 37604
VAT LU 15902470
Tax Nº 1991 2204 696

Branches in BRUSSELS | MILAN
Representative offices in ROME | GENEVA | LUGANO | ZURICH

MARK1677_05/17_INTERNAT_SFCR16_EN