

## **Octium Holding S.A.**

### **Group Solvency and Financial Condition Report ("Group SFCR")**

**For the financial year ended 31 December 2023**

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## Introduction

This Solvency and Financial Condition Report ('SFCR') has been prepared in line with the requirements of the Solvency II (SII) Regulations and, together with the accompanying Quantitative Reporting Templates (QRTs), describes Octium Group business operations, performance, governance structure, risk profile, solvency, and capital position as of 31 December 2023.

This is a single SFCR that incorporates consolidated information at Group level, and information at the level of each insurance subsidiary.

The SFCR is designed to assist all clients and stakeholders to better understand the capital position of the Group under Solvency II.

## Approval

This SFCR and the supporting QRTs have been approved by the Group Board of Directors on 15 May 2024, prior to submission to the Central Bank of Ireland ('CBI') and publication on the Group website.

## Summary

Octium Holding S.A., a mixed activity insurance holding company incorporated and resident in Luxembourg, is the ultimate parent entity of the insurance group to which Octium Life DAC ("Octium Life"), Octium Assurance AG ("Octium Assurance"), Octium International Insurance Agent AG ("OIIA" or the "Agency"), Octium Services (Switzerland) AG and KLP S.à.r.l (a non-regulated dormant company) belong (collectively referred to as the "Group").

The Group is an independent international insurance group specialising in the design, manufacture and distribution of unit-linked life insurance products. The Group has policyholder assets worth approximately €8.4 billion and operates in European markets with a unique offering of unit-linked insurance products for wealth and succession planning.

Octium Holding S.A. is subject to group supervision under Solvency II Regulations and is required to make publicly available an annual report on the solvency and financial condition of the Group. Below is a summary of the Group's business and risk profile, key changes and events in 2023.

## Business and performance

The principal activity of the Group is the insurance activities undertaken by Octium Life and Octium Assurance (both an 'insurance subsidiary'). The business has been resilient in the face of the challenging macro-economic and geopolitical conditions of 2023 earning an operating loss before tax of €1.0m (2022: profit of €1.0m).

Positive asset market performance offset negative claim experience during the year leaving the group with assets under management of €8.4bn (2022: €8.4bn) at year-end.

## System of governance

Octium Holding's Board of Directors (the "Group Board") is accountable for the long-term success of the business and is responsible for the key governance, strategy, regulatory, planning and risk management processes that operate at Group level.

Certain decisions and key matters are, however, considered and addressed directly by the Board of the relevant insurance subsidiary.

The Group Board has established effective governance and control systems to manage Group business activities and risks.

There have been no material changes in the system of governance during the year.

### **Risk profile**

The Group is exposed to risks outlined in section C below. The most significant risks are market and lapse risk.

- **Market Risk:** A decline in assets under management due to market shocks, poor market performance, or fluctuations in currency and exchange rate movements would reduce future annual management charges and, consequently, future profits.
- **Lapse Risk:** Likewise, a decrease in assets under management caused by elevated lapse/surrender rates would lead to a decrease in future annual management charges. This could be triggered by factors such as shifts in the economic climate, poor investment performance, competitor activities, or damage to the Group's reputation.

Each solo entity within the Group has established a robust risk management and internal control system to monitor and manage these risks. Although these risks may impact on future profitability, they do not have a significant impact on the Group's ability to meet payments to clients.

Policyholder investments are managed on a unit-linked basis, with each insurance carrier ensuring it is always able to meet policyholder withdrawal requests. The low-risk nature of the business means that the Group's Solvency Ratio remains resilient to changes in the business.

There have been no material changes to the risk profile during the year.

### **Solvency and capital management**

The Group manages its balance sheet prudently to ensure solvency is maintained adequately throughout the business cycle. The Group and each insurance subsidiary hold sufficient assets to match policyholder liabilities. The Group and each insurance subsidiary is also required to keep a buffer in excess of policyholder liabilities to cover potential losses arising from business risks. The Boards of the Group and insurance subsidiaries ensure that capital is adequate to cover the expected requirements in the short to medium term.

The Group has eligible own funds in excess of the Group's solvency capital requirement (the "Group SCR"). As of 31 December 2023, the Group SCR ratio is 161% (2022: 191%).

Each insurance subsidiary holds capital which is sufficient to cover any regulatory requirements together with an additional margin which can absorb adverse future changes. Octium's Life's solvency ratio on 31 December 2023 was 181% (2022: 229% ) and Octium Assurance's solvency ratio on 31 December 2023 was 202% (2022: 230%), after the payment of planned dividends. The solvency ratio indicates the amount of excess capital relative to regulatory requirements.

The Group does not plan to make a dividend payment to the shareholder during 2024.

## **Other information**

This report has been prepared in accordance with the requirements of the Solvency II Directive as of 31 December 2023.

The Group's financial year runs to 31 December each year and report their results in Euro.

Octium Life's financial statements are prepared on the basis of Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102) while Octium Assurance are prepared on the basis of Liechtenstein Generally Accepted Accounting Principles. The Group's consolidated financial statements are prepared in accordance with Luxembourg Generally Accepted Accounting Principles.

## A. Business and Performance

### A.1 Business

Octium Holding, a mixed activity insurance holding company incorporated and resident in Luxembourg, is the ultimate parent entity of Octium Life, Octium Assurance and OIIA for the purposes of group supervision in accordance with Regulation 216(3)(b) of S.I. 485 of 2015 (the "Solvency II Regulations"). Octium Holding and its subsidiaries form a specialist life assurance group (collectively the "Group" or "Octium Holding")

The Group is an independent international insurance group specialising in the design, manufacture and distribution of unit-linked life insurance products. Octium Group has policyholder assets worth approximately €8.4 billion and operates in global markets with a unique offering of unit-linked insurance products for wealth and succession planning.

#### A.1.1 Subsidiary information

The Group operates the insurance companies Octium Life DAC, Dublin, and Octium Assurance AG, Vaduz, inclusive of its branch Octium Assurance AG (Italian Branch), in Milan, as well as the service company Octium Services (Switzerland) AG and the insurance intermediary Octium International Insurance Agent AG, Vaduz, and its Zurich Branch.

Octium Life is an Irish domiciled and authorised insurance company whose principal activity is the transaction of cross-border life insurance business. Octium Life was established in 2003 originally as UBS International Life Ltd but its name changed following its acquisition by the Octium Group in May 2017.

Octium Assurance (formerly Credit Suisse Life and Pensions AG) is a Liechtenstein based insurance company, regulated by the Liechtenstein Financial Market Authority ("FIMA"). Octium Assurance offers unit linked insurance products to EU policyholders on a cross border basis under the freedom of services legislation and through its Italian Branch under the freedom of establishment legislation.

Octium International Insurance Agent, is a Liechtenstein domiciled company, incorporated in early 2020 to provide insurance intermediation on behalf of Octium. In September 2020, OIIA was granted a life insurance agent licence by the FIMA for insurance distribution purposes.

Octium Services Switzerland was formed in November 2021 with the primary purpose to provide assistance and services to Octium Assurance AG.

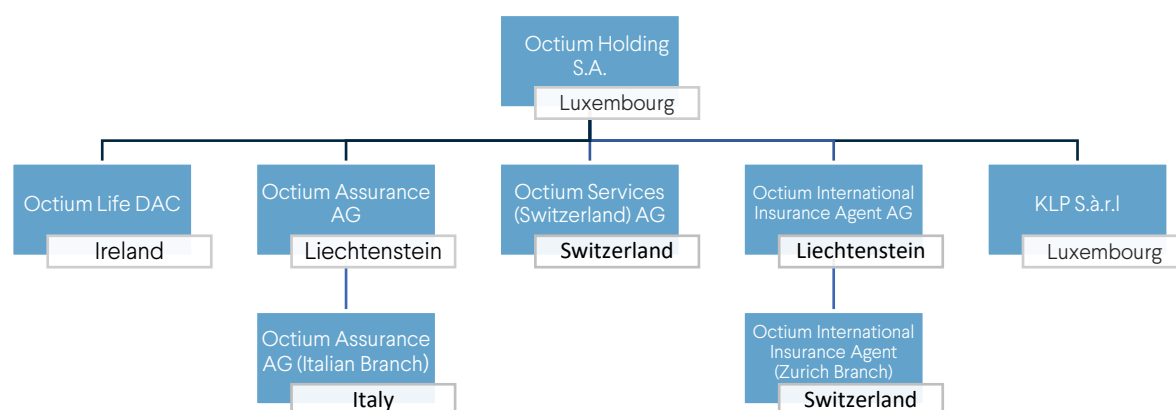
KLP S.à.r.l. is a 100% owned subsidiary of Octium Holding S.A. It is a company incorporated in Luxembourg and is a former life insurance company of Kaupthing Life & Pension S.A., with corresponding license returned in 2015 and is now a non-regulated dormant company.

Name of Company	Octium Holding S.A.	Registered Address: 35 Avenue J. F. Kennedy L-1855 Luxembourg Luxembourg
Group Auditors	Deloitte Ireland LLP	Deloitte & Touche House, 29 Earlsfort Terrace Dublin 2 Ireland, D02 AY28

Regulatory Supervisor of the Group & Octium Life	Central Bank of Ireland ("CBI")	New Wapping Street, North Wall Quay, Dublin 1, Ireland.
Regulatory Supervisor of Octium Assurance & Agency	"Finanzmarktaufsicht Liechtenstein" (FMA)	Landstrasse 109 Postfach 279 9490 Vaduz, Liechtenstein

## A.1.2 Group Shareholdings

The group structure below shows the entities within the scope of group supervision up to the 31 December 2023 (100% ownership at each level).



Please note that the ownership of Octium Life DAC was transferred from Octium Holding Limited to Octium Holding S.A. on 21<sup>st</sup> December 2023.

## A.1.3 Products

The Group offers unit linked life assurance products with an open architecture, on a Freedom-of-Services basis, in Cyprus, Germany, Greece, Italy, and Spain. Octium Assurance offers its unit linked life assurance products in Italy on a Freedom of Establishment basis. The Group also accepts applications from Egypt, UK and Turkey provided the application is intermediated on a compliant basis by a regulated distributor.

The main product offering is a portfolio bond, which allows policyholders to link their policy to a unique pool of assets ('policy fund') managed by their chosen asset manager or investment advisor. The value of the policy is directly tied to the performance of the underlying assets. The Group does not offer products with guaranteed investment returns.

The unit-linked business model means that the financial positions of the Group remained resilient throughout the year.

## A.1.4 Significant events

There were no significant events in the Group during the reporting period.

## A.2 Underwriting performance

Octium Holding's financial statements are prepared in accordance with Luxembourg Insurance Accounting Law. Under these accounting standards, the majority of Octium Life's and Octium

Assurance's unit linked policies are classified as investment contracts whereby premiums and claims are shown as deposits to and payments from investment contracts.

Accounting profits for the insurance subsidiaries are largely driven by policy administration fees received, net of commissions and other expenses as well as risk fees net of reinsurance and risk claims. Changes in the value of investments underlying unit linked policies are offset by corresponding changes in the value of technical provisions.

Accounting profits for the Group are driven by the profits from the subsidiaries net of finance costs borne by Octium Holding. The Group has defined accounting profits as an appropriate measure of its underwriting performance.

## A.2.1 Overview of Group accounting profits

Overview of accounting profits (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Gross accounting profits	4,634	4,737	2,026	2,926	90	2,914
Tax charge	687	609	978	1,749	1,070	1,866
Profit attributable to the shareholder	3,947	4,128	1,048	1,177	(980)	1,048

## A.2.2 Group's risk fees net of reinsurance

Risk fees are the element of policy charges that relate to mortality risk and the payment of death risk benefits. The table below details the risk fees earned net of reinsurance.

Risk fees (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Risk fees earned	1,271	1,243	1,429	1,391	2,700	2,634
Reinsurer's share net of profit share	267	271	913	900	1,180	1,171
Net Risk fees	1,005	972	516	492	1,520	1,463

## A.2.3 Premiums written by the Group

The table below details the premiums written during the year as reported in QRT S.05.01.

Premiums written (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Gross	607,000	360,624	113,494	69,661	720,494	430,285
Reinsurer's share	139	99	913	927	1,052	1,026
Net Premiums	606,861	360,526	112,581	68,734	719,442	429,260



## A.2.4 Group's death risk benefits net of reinsurance

The table below details the death risk benefits incurred.

Death benefits (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Death risk benefits	209	170	1,154	498	1,363	668
Reinsurer's share	145	129	942	360	1,087	489
Net Death benefits	64	41	212	138	276	179

## A.2.5 Group's claims incurred

The table below details total claims incurred as reported in QRT S.05.01.

Total Claims (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Gross claims	281,828	246,166	1,018,507	434,941	1,300,335	681,108
Reinsurer's share	0	0	942	359	942	359
Net claims	281,828	246,166	1,017,565	434,582	1,299,393	680,749

## A.3 Investment Performance

Other than some small cash deposits held by OIIA, Octium Services and Octium Holding SA to cover administration expenses, the Group's assets consist of Octium Life's and Octium Assurance's assets.

The unit linked nature of the business means that the impact on profit of investment performance is second order. Octium Life's and Octium Assurance's main source of income is from policy administration fees charged on the value of unit linked insurance contracts. Both insurance subsidiaries are therefore exposed to market risk on unit linked investments to the extent that adverse movements in the value of these assets would reduce the future profitability through a decline in policy administration fees.

All client investments are selected by the policyholder from a pre-approved list of funds or by investment managers who are appointed in accordance with a specific investment mandate. Excess assets above those required to match policyholder unit liabilities are held as cash or high-quality liquid assets.

### A.3.1 Description of Group assets

The following investments are held in respect of policyholder linked assets.

Asset Type	2023		2022	
	%	€'000	%	€'000
Cash and deposits	4%	297,957	7%	546,258
Collective Investment Schemes	64%	5,405,365	67%	5,582,489
Equities	8%	700,791	7%	543,282
Fixed Income Securities	20%	1,658,170	16%	1,387,295
Other	4%	317,266	3%	295,576
Total Assets	100%	8,379,549	100%	8,354,900

### A.3.2 Group investment return

Investment return comprises interest, dividends and other income receivable, realised and unrealised gains and losses on investments and is net of related investment management fees and other account-keeping charges.

Investment Return (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Interest income	883	(2)	2,007	(225)	2,890	(227)
Other investment income	319,956	(504,897)	301,685	(469,868)	621,641	(974,765)
Total Investment return	320,839	(504,899)	303,692	(470,093)	624,531	(974,992)

Asset performance during 2023 followed global market trends, which saw positive performance throughout the year.

### A.4 Performance of Other Activities

The Group's primary activity is manufacture of unit linked insurance products. Income is primarily derived from the fees charged to the policyholders for policy administration.

Fees are charged as a percentage of the policy value and are thus affected by the performance of the underlying assets as well as premium and claim levels. The performance of the policies therefore depends on the performance of the assets selected and the expense relating to asset management, custody of assets and policy administration fees. The income for the current and previous years is shown below:

#### A.4.1 Group other technical income net of reinsurance

Other Technical Income (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Administration fees	16,263	16,440	12,880	14,650	29,143	31,090
Reinsurance premiums and net claims	(405)	(391)	304	354	(101)	(37)
Other technical income	15,858	16,049	13,184	15,004	29,042	31,053

## A.4.2 Octium Group's operating expenses

Operating Expenses (€'000)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Acquisition and administration	8,491	8,211	10,777	11,325	19,874	21,608
Commission paid	3,374	2,910	2,146	103	5,520	3,013
Change in deferred acquisition cost	33	19	-	-	33	19
Death claims	209	170	212	138	421	308
Operating expenses	12,107	11,310	13,135	11,566	25,848	24,948

Group expenses mostly consist of Octium Life's and Octium Assurance's expenses along with the expenses of the Agency and Octium Services and administration expenses of the holding companies within the Group and interest on the senior debt.

## A.4.3 Change in value of the Italian substitute tax asset

Octium Life and Octium Assurance AG (Italian Branch) act as withholding tax agents for the Italian tax authorities, making advance payments in respect of Italian policyholder exit tax. Recovery is made when exit taxes are levied on chargeable gains.

## A.4.4 Any other information

All material information regarding the business and performance of Octium has been set out above.

## **B. System of Governance**

### **B.1 General Information on the system of governance**

The Group Board is the supervisory body at the level of the Insurance Group Parent Company with responsibility for the overall direction, risk appetite and management of the Group and for ensuring the Group complies with applicable laws rules and regulations. It decides on the strategic aims and the necessary financial and human resource requirements based on recommendations of the Group Executive Committee and Group Executive Chairman. The Group Board is responsible for ensuring:

- adequate mechanisms to monitor, manage and report significant intra-group transactions as well as significant risk concentrations within the Group;
- eligible own funds are available which are always at least equal to the Group SCR;
- that adequate systems and procedures are in place to identify and measure risks at the level of the Group;
- to ensure that an own risk and solvency assessment is carried out at the level of the Group;
- and to comply with other group supervision requirements, including regular reporting to the Group supervisor.

#### **B.1.1 Group Executive Committee**

The Group Board has established a Group Executive Committee ("Group ExCo") to whom it has delegated the management of the Group under the leadership of the Group Executive Chairman.

The Group ExCo consists of at least five persons (each an "ExCo Member"), having collective empowerment for the purpose of governing the Group in a compliant way according to their duties. The Group ExCo is composed of any CEO of the Insurance Carrier(s) forming part of the Group along with any individual appointed by the Group Board of Directors to take up group executive responsibilities, further covering the following group executive functions:

- Group Executive Chairman ("Group Chairman")
- Group Chief Executive Officer ("Group CEO")
- Chief Executive Officer of Octium Assurance
- Group Chief Risk Officer ("Group CRO")
- Group Chief of Sales and Business Development ("Group CBDO")
- Group Chief Legal & Compliance Officer ("Group CLC")

The Group ExCo oversees the management of the Group and its affiliates, including business strategy, risk appetite and financial objectives, where relevant upon recommendation of the respective affiliates' CEOs. In particular, the Group ExCo is responsible for the following:

- Development of long-range plans and the Group business model.
- Review and evaluate the Group's consolidated budget and forecasts.
- Implementation of the Group Risk Management Framework including risk strategy, risk tolerance, risk identification, risk measurement, risk monitoring, risk reporting and the way the principal risks are managed, controlled and mitigated.

- Review and assess the effectiveness of Group’s practices with respect to its insurance business purpose.
- Oversee compliance with group supervision regulatory and legal obligations.
- Monitoring of the group SCR and solvency ratio.
- Identifying, monitoring, managing and reporting intra-group transactions, including significant and very significant intra-group transactions.
- Establish, evaluate and approve the principles of an adequate organisation and resource allocation.

## B.1.2 Organisational Structure

Octium Life and Octium Assurance each have their own Board recognising their obligation to take decisions independently in the interest of their clients, as well as to meet relevant legal and governance responsibilities.

Each Board is the supervisory body with responsibility for the overall direction, risk appetite and management of the entity and for ensuring each entity complies with applicable laws, rules and regulations. It decides on the strategic aims and the necessary financial and human resource requirements based on recommendations of its Management Committee and Chief Executive Officer.

At least annually, each Board reviews its own performance, as well as the performance of its committees to determine whether they are functioning effectively and efficiently.

## B.1.3 Boards of Directors

### B.1.3.1 Octium Life

As of 31 December 2023, the Octium Life Board comprised of one Executive Director, one Non-Executive Directors and two Independent Non-Executive Directors.

Board Member	Type
Jean-Francois Willems (Chairman)	Non-Executive Director
Joan Collins (Risk Committee Chair)	Independent Non-Executive Director
Seamus Hughes (Audit Committee Chair)	Independent Non-Executive Director
Dara Hurley (CEO)	Executive Director

*Massimoluca Mattioli – a Non a Non-Executive Director – resigned from the Board on 2 November 2023, and John Finnegan was appointed as a Non-Executive Director on 3 January 2024.*

### B.1.3.2 Octium Assurance

As of 31<sup>st</sup> December 2023 the Octium Assurance Board comprised three Group Non-Executive Directors and two Independent Non-Executive Directors:

Board Member	Type
Harley Rowland (Chairman)	Non-Executive Director
Jean-François Willems	Non-Executive Director
Dara Hurley (Risk Committee Chair)	Non-Executive Director
Alexander Ospelt	Independent Non-Executive Director
Rainer Marxer (Audit Committee Chair)	Independent Non-Executive Director

## B.1.4 Board Committees

The Board of each insurance subsidiary receives support in overseeing the System of Governance by the Audit Committee and a Risk Committee. These committees are clearly defined and approved by each Board. Both committees operate under defined terms of reference.

The terms of reference for each of the insurance subsidiary board committees are approved by the respective board and updated as necessary. In addition, each committee Chair provides regular reports to the boards on the matters covered at each committee meeting.

### B.1.4.1 Audit Committee

The Audit Committee oversees:

- integrity of the insurance subsidiary's financial statements and regulatory reports,
- effectiveness of its internal and external audit functions,
- reporting procedures,
- risk management framework,
- compliance with legal and regulatory requirements
- system of internal controls.

### B.1.4.2 Risk Committee

The Risk Committee:

- oversees insurance subsidiary's risk management framework
- provides leadership, direction and oversight of the risk management function
- reviews the principal risks and the way they are managed, controlled and mitigated

## #B.1.5 Independent control functions

Each insurance subsidiary has established four key independent control functions, who are responsible for providing oversight of and challenge to the business and for providing assurance to the Board on matters relating to the risk management framework and system of internal controls.

1. Risk Management
2. Compliance
3. Actuarial
4. Internal Audit

### **B.1.5.1 Risk management**

The Risk Management function, which is under the direct responsibility of the Chief Risk Officer, is charged with the oversight, review and supervision of the identification, measurement, management, reporting and monitoring of the risks to which the business is exposed. The responsibilities of the Chief Risk Officer include:

- To develop and maintain an effective risk management framework that meets the needs of the Company.
- To facilitate the setting of Risk Appetites by the Board.
- To develop and maintain appropriate risk policies and procedures that are consistent with the Company's Risk Appetite Statement.
- To develop and maintain a risk register.
- To monitor the impact of emerging issues and how they are managed within the business.
- To ensure a comprehensive understanding of how risks affecting the Company are being managed and monitored and to communicate this appropriately.
- To liaise with Head of Actuarial Function to review the outputs from the risk management framework and to ensure the universe of risks is adequately reflected within capital models.
- To promptly inform the Board and CEO of any material risk limit breach.
- To assess the capital model and provide input into the current and projected future solvency position.
- To facilitate the production of the ORSA report and maintain the record-keeping file.

The Chief Risk Officer reports to the Chief Executive Officer and has direct access to the Chair of the Board and Risk Committee as required.

### **B.1.5.2 Compliance**

The Compliance function, which is under the direct responsibility of the Head of Compliance, is charged with oversight and implementation of the Compliance Policy which aims to ensure the Company complies with all applicable laws, rules and regulations, and conducts its activities in compliance with those laws, rules and regulations.

The Head of Compliance provides advice and guidance in all compliance related matters, by identifying and evaluating all compliance risks associated with the Company's present and future business activities including new products and new business relationships.

The Head of Compliance responsibilities include:

- The design, implementation and execution of a risk-based compliance monitoring plan including reporting and escalation of issues to the Board, Audit or Management Committee as appropriate.
- Assisting in identifying the legal regulatory and code requirements which the Company is required to comply with and advising on new relevant regulations and standards.
- Maintaining a record of all material compliance obligations, together with details of how, when and by whom these are met and of any breaches that have been notified.

- Acting as Money Laundering Reporting Officer (MLRO) and in that capacity, the filing of Suspicious Activity Reports with the proper authorities in accordance with legislation and the Company's Anti Money-Laundering Policies and Procedures ("AML Procedures").
- Guaranteeing data protection framework of the Company is compliant and effective.
- Reviewing staff training processes to ensure appropriate compliance competencies; and
- Promoting a culture of compliance across the company.

The Head of Compliance reports to the Chief Risk Officer and has direct access to the Chair of the Audit Committee as required.

#### **B.1.5.3 Actuarial**

Please refer to section B.6

#### **B.1.5.4 Internal audit**

Please refer to section B.5

#### **B.1.6 Changes to the system of governance**

While there were no changes to Octium Life DAC's system of governance during 2023, Octium Assurance AG system of governance was substantially improved with a particular focus on the internal control system.

#### **B.1.7 Remuneration, Employee Benefits and Practices**

The Board of each insurance subsidiary has approved a Remuneration Policy to ensure employee remuneration is aligned with its long-term business strategy, business objectives, risk appetite and values. The remuneration structure is designed to promote sound and effective risk management and does not encourage risk-taking beyond risk tolerance limits set out in its Board approved Risk Appetite Statement.

#### **B.1.8 Material transactions (with connected persons)**

There have been no material transactions with the shareholder, persons who exercise a significant influence on the Group or with members of the Board, other than:

- Albany Capital Limited, a connected undertaking, has issued both non-subordinated and subordinated loans to fund Group acquisitions. The total balances on the non-subordinated loan and the subordinated loans on 31 December 2023 were €22.9m and €81.1m respectively.

#### **B.2 Fit and proper requirements**

The Group is committed to ensuring that all members of its Boards, key function holders and other senior individuals within the Group, behave with integrity, honesty and skill. This commitment is documented in the Fit and Proper policies of Octium Life and Octium Assurance. The Group has processes in place to ensure appropriate fit and proper standards are met and maintained, both prior to appointment and on an ongoing basis thereafter.

The key elements within fit and proper framework, which apply to individuals undertaking prescribed control functions as well as those subject to pre-approval are:



- A pre-appointment assessment, including an appraisal of the individual's knowledge; professional experience and qualifications; technical capability; prior business conduct and financial judgement; character, honesty and integrity.
- A job description, detailing the significant requirements of the role.
- A probationary period and an appropriate induction program.
- An annual attestation confirming their continued ability to meet fitness and probity requirements.

Where a regulated function is outsourced, the responsible officer with responsible for managing the arrangement ensures the outsourcing firm carries out and maintains appropriate fit and proper assessments. Records are maintained, and notifications are made to the regulators, as and when required.

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

The Group Risk Management Framework applies consistently across the Group and has been developed to enable the Board and management of the insurance subsidiaries to understand, appropriately manage and mitigate the risks associated with business objectives over the short, medium and longer term.

Risk Committees receives regular reporting from CROs in relation to the outcome of the periodic risk assessments undertaken by Management.

#### **B.3.1 Risk management framework**

The Group Risk Management Framework seeks to identify, assess, manage, and report on the risks arising from the pursuit of business objectives. It comprises the entirety of systems, controls, processes and reports used to manage risk and is based on the classic "three lines of defence model". Risk management seeks not to eliminate risk but to manage it to acceptable levels.

#### **B.3.2 Three lines of defence**

Within each insurance entity, the first line is responsible for day-to-day operations and identifying and managing the risks that arise from those operations. The second line acts as a "critical friend" overseeing risk management activities and providing advice on the management of risk. The third line provides independent assurance that the risks are being managed appropriately. The model's strength is the clear segregation between "doing", "overseeing" and "independent review". This ensures the appropriate level of perspective and challenge is brought to the management and control of risk. It also facilitates consistency in risk assessments and formalises independent review and assessment of risk and control matters. Where a function is outsourced, first line risk management is carried out by the outsourced provider, with the responsible officer with responsible for managing the arrangement providing oversight.

#### **B.3.3 Risk appetite statement**

By its nature the business of the Group involves taking risk. Risk Appetite Statement (RAS) of each insurance subsidiary articulates the level of risk the subsidiary Board is prepared to

tolerate in pursuit of business objectives and provides the context for all risk management activities.

The RAS is owned by the insurance subsidiary Board and reviewed annually or more frequently if there is a significant change to the business strategy or external business environment.

#### **B.3.4 Risk strategy and policies**

A suite of risk policies exists within each insurance subsidiary that set out the approach to risk management and how particular risks are identified, assessed, managed, and monitored. The policies clearly state the controls, procedures, limits, tolerances, and escalation procedures to ensure risks are managed within risk appetite. Risk policies are reviewed at least annually by the Risk Committee and approved by the subsidiary Board.

#### **B.3.5 Monitoring and reporting risks**

Individuals who own or are responsible for managing processes, controls, projects or relationships have a responsibility for risk monitoring and reporting, using a variety of tools such as analysis of management information, communication and relationship management meetings to do so.

#### **B.3.6 Key Risk Indicators**

A suite of Key Risk Indicators (KRIs) covering the key risks faced by each insurance subsidiary is maintained, with triggers based upon the risk appetite set by the subsidiary Board to monitor actual risk exposures against stated risk appetite.

The KRIs are reported quarterly to the insurance subsidiary's Management Committee, Risk Committee and Board with a narrative providing detail in relation to any changing risks particularly those nearing risk appetite or which have breached appetite.

#### **B.3.7 Loss event reporting**

Data relating to loss events and near misses (events where no loss actually occurred but there was the potential for a loss) is recorded in the risk event log. The nature and root cause of each event is determined, and appropriate action is taken.

#### **B.3.8 Internal audit reviews**

The respective Internal Audit functions of Octium Life and Octium Assurance perform reviews on areas of key risk within the business, providing reports on the design adequacy and operational effectiveness of controls and compliance with internal policies and external regulation/legislation. The Internal Audit function for Octium Life and Octium Assurance is outsourced to KPMG and is independent of business operations and decisions. Internal Audit reviews are planned on a prioritised basis, ensuring that all key areas of risk are covered on a rolling basis.

#### **B.3.9 Implementation of the risk function**

The Group Risk Management Policy sets out the roles, responsibilities, tasks and reporting requirements in respect of all risk matters. The principles underlying the Group's approach to risk management are:

- Business risks and the controls used to manage them are owned by the business

- Risk management is responsible for risk strategy, oversight and the governance of risk
- Risks are managed in a proportionate manner
- A "risk aware" culture is fostered at all levels of the Company

#### **B.3.10 Independent assurance**

The Risk, Compliance and Internal Audit functions, at insurance subsidiary level provide independent assessment of the risk management system and report directly to the subsidiary's Board through relevant committees.

#### **B.3.11 Own Risk Solvency Assessment**

The Own Risk Solvency Assessment ("ORSA") process is a core part of the Group's Risk Management Framework, as it combines the key processes of risk management, business planning and capital management.

Individual ORSA reports are produced, at least annually, by the Group and its insurance subsidiaries. These reports summarise the processes that make up the ORSA, including descriptions of key risks, how they are managed, and how those risks might change in the context of the business plan. They include both qualitative and quantitative assessments of risk profiles and solvency needs on a forward-looking basis. Results arising from stress and scenario testing undertaken on a range of reasonably foreseeable scenarios and other risk assessment activities are documented within the reports along with potential management actions.

The respective Boards direct the ORSA and challenge its outcomes at various stages of the process. The production of the ORSA report is co-ordinated by the Chief Risk Officer, with significant input from the Head of Actuarial Function and approved by the relevant Board prior to submission to regulators.

#### **B.4 Internal control system**

The internal control system encompasses the policies, processes and activities that contribute to integrity of financial reporting, the effectiveness of operations and compliance with laws and regulations. The Internal Control Framework for each insurance subsidiary has the following attributes:

- The Board directs and controls the company, through policies it approves and monitors performance against those policies. The CEO and executive management team have clear accountability for the implementation of these policies.
- Management of the company is in accordance with the authority delegated by the Board
- Business functions have documented procedures as to how relevant policies are implemented, managed and reported. Control activities are listed which may be preventative or detective in nature and encompass a range of manual and automated activities such as authorisations and approvals.
- There is adequate segregation of duties between functions and within each function to mitigate the risk of loss due to mistakes and inappropriate actions to an acceptable level.
- There are different levels of supervision and review throughout the company:
- Transactions are appropriately recorded to permit the preparation of reliable financial statements.

- Outsourced activities are managed to the same standard as internal activities.

A nominated individual is responsible for oversight of all compliance matters including compliance with laws and regulations. They are responsible for reporting on compliance matters to the Board and/or Audit Committee and for indicating whether appropriate remedial measures have been taken in the event of any deficiencies.

### **B.5 Internal audit function**

The Internal Audit function and Head of Internal Audit have been outsourced to KPMG who operate in accordance with the International Standards for the Professional Practice of Internal Auditing and other relevant codes of conduct. The function provides independent and objective assurance services, in respect of processes, whether carried out by its service providers or by employees, with due regard to the adequacy of the governance, risk management and internal control framework.

For each insurance subsidiary, audits are conducted within a Board approved Internal Audit Policy framework. The Head of Internal Audit reports to the Chair of the Audit Committee. The Audit Committee oversees the 'risk based' Audit Plan and reports and monitors implementation of recommendations.

Internal Audit reports highlight any significant control failings or weaknesses identified and the impact they have had or may have and the actions and timings which Management have agreed to take to rectify them.

The effectiveness of the Internal Audit Function as an assurance service depends upon its independence from the day-to-day operations of the business. The Head of Internal Audit provides an annual confirmation of the organisational independence of the Internal Audit function. This confirmation is undertaken through reporting to the Audit Committee.

### **B.6 Actuarial function**

The Group Actuarial Function and Head of Actuarial Function ("HoAF") are outsourced to KPMG (Ireland). The requirements of the HoAF are in line with guidance from the Central Bank of Ireland and the Society of Actuaries, and include, but are not limited to, the following matters:

- Coordinating the work of the actuarial function and advising the Board accordingly.
- Coordinating the calculation of the firm's technical provisions.
- Providing an opinion on the Underwriting Policy and reinsurance arrangements.
- The provision of advice and support to Octium on its solvency requirements.
- Contributing to the effective implementation of the risk management process.
- Modelling of the SCR and Minimum Capital requirement (MCR); and
- Contributing to the ORSA process.

### **B.7 Outsourcing / Key third party agreements**

The Group outsources some of its activities to reputable third parties. Service Level Agreements which set out the roles and responsibilities, policies, and procedures along with relevant KPIs, performance review procedures etc. are in place in respect of outsourced arrangements. Activities relating to financial and regulatory reporting for the holding companies are undertaken with the support of the finance function in Octium Life.

## **B.8 Any other information**

All material information regarding the System of Governance of the Group has been disclosed above.

## C. Risk Profile

The Solvency II framework requires, insurers to identify the key risks to which they are exposed. The Group's risk exposures relate primarily to uncertainty over the future revenues and expenses of Octium Life and Octium Assurance. Both insurance subsidiaries manufacture unit linked insurance products with no investment guarantees. Distribution is provided by the Agency, banks and other suitable intermediaries seeking wealth planning solutions for their clients.

The Group Board of Directors has adopted the Standard Formula, as specified in the Solvency II regulation to assess the risks the Group is exposed to and determine the level of SCR. The table below provides a breakdown of the key components of the Group and insurance subsidiaries Standard Formula calculations. Risks to capital and profits are assessed through the Group Own Risk and Solvency Assessment (ORSA).

Solvency Capital Requirement	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Market risk	35,596	30,475	33,825	42,179	75,369	75,425
Counterparty risk	1,536	535	2,222	3,362	3,485	5,461
Underwriting risk	31,996	24,324	33,895	38,445	73,584	67,759
Diversification effects	(15,141)	(11,676)	(15,661)	(19,065)	(33,527)	(33,509)
Basic SCR	53,986	43,657	54,281	64,921	118,910	115,137
Operational risk	2,067	1,705	1,599	1,873	4,661	3,519
Loss-absorbing capacity of Deferred Taxes	(4,709)	(4,721)	(5,291)	(15,423)	(11,178)	(21,534)
Solvency Capital requirement	51,344	40,641	50,589	51,370	112,394	97,122

### C.1 Underwriting risk

Underwriting risk is the risk of loss or adverse change in the values of insurance and reinsurance liabilities, resulting from inadequate pricing and provisioning assumptions.

#### C.1.1 Risk exposure

The Group's underwriting risk profile is derived from the Standard Formula allowing for the impact of diversification. As of 31 December 2023, the SCR for this module is €73.6m (2022 : €67.8m) with intra-module diversification of 14.9% (2022: 16.2%). The key underwriting risks to which the Group is exposed are set out below:

##### C1.1.1 Lapse risk

The primary risk is the risk of lapse rates being higher than expected leading to a loss of future income and potential increase in per policy expenses. However the unit linked nature of our business means that the impact on the Group's solvency position is limited since technical provisions, Own Funds and capital requirements would all broadly move in line with the lower level of business.

## C1.1.2 Expense risk

Expense risk is the risk that future maintenance expenses are higher than levels assumed in Solvency II balance sheet. Expense risk can arise through mis-estimation, higher than expected inflation, lower business volumes or changes in the business mix or regulatory change.

## C1.1.3 Mortality risk

Mortality risk is the risk of loss due to an increase in mortality rates. The Group's exposure to mortality risk may result in an increase in death cover payments and a reduction in expected future revenues.

## C.1.2 Changes in underwriting risk during 2023

The change in the significant intra-module components of the Group and insurance subsidiaries underwriting risk capital requirement is provided in the table below:

Underwriting Risk	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Lapse risk	24,201	16,871	23,073	27,024	55,522	49,268
Expense risk	11,728	10,645	15,636	16,602	27,364	27,247
Mortality risk	1,941	1,814	1,160	2,206	3,423	4,203
Diversification effects	(5,953)	(5,085)	(6,015)	(7,397)	(12,845)	(13,065)
Life Catastrophe risk	79	78	41	8	120	107
Underwriting Risk Capital Requirement	31,996	24,324	33,895	38,445	73,584	67,759

## C.1.3 Mitigating actions and controls

The Group, assesses, monitors and controls underwriting risk through a number of methods:

- Product design minimises mortality risk
- Extensive use of reinsurance
- Lapse risk is mitigated by high quality customer care at commencement and throughout the term of the policy
- Expenses are tightly controlled and managed in line with business plans
- Quarterly monitoring of experience against stated risk tolerances
- The Own Risk and Solvency Assessment assesses risks under stressed conditions through a range of stress and scenario testing.

## C1.4 Sensitivity and stress testing

Stress and scenario testing conducted as part of the Group ORSA demonstrate the Group's resilience to a range of adverse underwriting stresses. The estimated impact of these sensitivities is shown in the table below:

Percentage change following an adverse underwriting stress	Octium Life		Octium Assurance		Group	
	SCR	Own Funds	SCR	Own Funds	SCR	Own Funds
30% Mass Lapse shock	(16.5%)	(24.5%)	(9.4%)	(36.1%)	(13.9%)	(32.2%)
Expense shock +10% immediate increase plus an additional 1% p.a.	6.1%	(11.1%)	16.3%	(14.6%)	10.9%	(15.2%)
50% permanent increase in mortality	(9.6%)	(2.9%)	(7.1%)	(1.7%)	(8.1%)	(2.8%)

## C.1.5 Risk concentration

There are no material underwriting risk concentrations.

## C.2 Market risk

Market risk is the risk of lower returns or losses arising from adverse movements in market prices. The Group has minimal direct exposure to market risk but retains significant indirect exposure as adverse movements in the value of policyholder assets reduces future policy administration fees. The Group accepts this risk as an inherent element of its business model.

### C.2.1 Risk exposure

The Group's market risk profile is derived from the standard formula allowing for the impact of diversification. As of 31 December 2023, the SCR for this module is €75.4 (2022: € 75.4m) with intra-module diversification of 28.1% (2022: 24.9%) i.e. allowance for diversification between market risks. The key market risks to which the Group is exposed are set out below:

#### C.2.1.1 Equity risk

The risk of reduction in policy administration fees and/or value from unfavourable movements in equity asset values.

Equity risk relating to unit-linked assets is borne by the policyholder as any change in the value of the assets underlying the policies are offset by corresponding changes in the value of technical provisions. The Group remains exposed to the change in policy administration fee income which is charged as a percentage of asset values.

#### C.2.1.2 Spread risk

Spread risk relating to unit-linked assets is borne by the policyholder as any change in the value of the assets underlying the policies are offset by corresponding changes in the value of technical provisions. Like Equity Risk, the Group's exposure is limited to the extent that policy administration fees which are charged as a percentage of unit linked asset values, are reduced.

#### C.2.1.3 Currency risk

Currency risk is the risk of loss resulting from adverse movements in currency exchange rates. The Group's capital requirement for currency risk reflects the sensitivity of the values of assets, liabilities and in particular future revenues to changes in the level or in the volatility of currency exchange rates.

- The Group has an indirect exposure to currency risk to the extent that unit linked assets are denominated in currencies other than EUR - Approximately 47% of Octium Life's and 33% of Octium Assurance's assets backing policyholder liabilities are denominated



in non-EUR currencies of this an immaterial amount of assets are denominated in currencies pegged to the EUR.

- The Group has some direct exposure as a result of policy administration fees or expenses being denominated in currencies other than EUR.
- Some expenses are incurred in non-EUR currencies, in particular CHF.

#### C.2.1.4 Interest rate risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate relative to the respective liability due to changes in market interest rates.

The Group's senior and subordinated debt is valued on an accruals basis and therefore their values are unaffected by changes in interest rates. The senior loan is on demand subject to 90 days' notice and the lender may increase interest rates which would increase the future cost of the debt. The subordinated debt, which is undated, is referenced to the EUR 5Y swap rate.

Octium's on-demand cash deposits and cash held in unit linked assets are valued at par and are therefore unaffected by movements in interest rates. A change in interest rates however does change the interest income generated from these deposits.

#### C.2.1.4 Concentration risk

The risk that holdings in single assets or groups of associated assets magnify the market risk due to the concentrated nature of the exposure due to a lack of diversification.

#### C.2.2 Changes in market risk during 2023

The change in the significant intra-module components of the market risk capital requirement is provided in the table below:

Market Risk	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Equity risk	25,209	19,622	18,369	21,918	48,190	44,043
Spread risk	5,129	5,519	4,971	5,348	10,791	11,354
Currency risk	11,966	11,681	18,492	26,542	33,633	39,874
Interest Rate risk	1,883	1,777	1,803	678	3,290	2,149
Concentration risk	3,833	3,058	5,028	1,479	8,861	3,058
Diversification effects	(12,424)	(11,681)	(14,492)	(13,786)	(29,395)	(25,052)
Market Risk Capital Requirement	35,596	30,475	33,825	42,179	75,369	75,425

#### C.2.3 Mitigating actions and controls

The Group, assesses, monitors and controls market risk through a number of methods:

- Insurance subsidiaries comply with SII requirements relating to Prudent Person Principle
- The insurance subsidiaries' Investment Oversight Committees oversees the investment of unit linked assets to ensure they are invested prudently and, in a manner, to ensure their security, quality and liquidity.

- Investment policy imposes close matching of assets to insurance liabilities.

## C.2.4 Sensitivities and stress testing

Stress and scenario testing conducted as part of the ORSA demonstrate the Group's resilience to a significant market stress. The estimated impact on the of the sensitivity explored is detailed in the table below:

Percentage change following an adverse underwriting stress	Octium Life		Octium Assurance		Group	
	SCR	Own Funds	SCR	Own Funds	SCR	Own Funds
Equity price shock -30%	(12.4%)	(13.7%)	(8.3%)	(8.5%)	(9.5%)	(13.5%)
30% adverse movement in Euro/Swiss exchange rate	(1.1%)	1.1%	12.5%	(10.7%)	6.2%	(7.4%)

## C.2.5 Investment of assets in accordance with the prudent person principle

The 'prudent person principle' requires insurance companies to only invest in assets and instruments whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs. The Group considers these requirements before any investment in new assets or instruments.

The majority of the assets on the SII balance sheet are held in respect of unit linked contracts where the policyholder bears the market risks of the investments associated with their policy. In fact, assets are selected:

- directly by the policyholder (in policies where this option is available, and the policyholder chooses to do so) or
- by the Asset Manager of the mandate(s) underlying the policy (mandate(s) underlying policies are also chosen by the policyholder at the moment of subscription of a policy contract).

In order to mitigate as much as possible risks associated with investments, Octium Life and Octium Assurance implement investment monitoring processes in accordance with Solvency II prudent person principle and prudently selects asset managers and external funds suitable for policyholders.

Each external fund, before on-boarding, is analysed to verify its compliance with investment rules. Asset Managers are also subject to rigorous due diligence prior to business being placed with them. Asset Managers are issued with a fully documented set of rules and parameters specifying how assets are to be invested within each mandate and what assets are allowed in Octium's portfolios in order to support the policyholder benefits.

Oversight of external funds and Assets Managers is provided by the respective Investment Oversight Committee of Octium Life and/or Octium Assurance. Any investment mandates or limit breaches are escalated for resolution to ensure investments always lie within the parameters set. Additional controls are in place to monitor assets liquidity and quality of their valuation processes.

The respective finance team of Octium Life and Octium Assurance must be comfortable that well defined and appropriate valuation methods have been developed for those instruments where external pricing information is not readily available.

#### **C.2.6 Risk concentrations**

There are no material market risk concentrations.

### **C.3 Credit risk**

Credit risk is the risk of lower returns or loss if another party fails to perform its financial obligations.

#### **C.3.1 Risk exposure**

The Group's credit risk profile is derived from the Standard Formula allowing for the impact of diversification. As of 31 December 2023, the SCR for this module is €3.5m (2022: €5.5m).

Similar to market risk, credit risk on unit linked assets is borne by the policyholder. In addition, the Group has an exposure to credit risk in relation to its deposits with credit institutions, the Italian Tax Authorities and amounts receivable under reinsurance arrangements.

#### **C.3.2 Changes in credit risk during 2023**

There has been no material change in the nature of the credit risk exposures during 2023.

#### **C.3.3 Mitigating actions and controls**

The Group, monitors and controls credit risk using the following methods:

- Credit risk policy imposing principles and requirements for credit risk management and Investment Policy imposing credit ratings limits for investment counterparties and concentration limits to avoid overexposure to any investment counterparty.
- Regular monitoring of exposures relative to credit risk limits.
- Quarterly settlement of outstanding reinsurance balances.

#### **C.3.4 Sensitivities and stress testing**

No credit risk sensitivity or stress testing was completed during 2023.

#### **C.3.5 Risk concentrations**

The Group transfers its mortality risk to a single reinsurance company. In certain extreme circumstances this may result in a significant exposure.

### **C.4 Liquidity risk**

Liquidity risk is the risk that the Group does not have sufficient liquidity to meet its obligations when they fall due or would have to incur excessive costs or trading losses to do so.

#### **C.4.1 Risk exposure**

The liquidity risk associated with unit linked assets is borne by the policyholder as policy contracts are linked to the liquidity of the underlying assets as well as the value.

The most significant liquidity risk for the Group is a demand for the immediate repayment of its senior debt, which was €22.9m on 31 December 2023 (2022: €30.9m). However, the holder of the senior debt is a connected undertaking and whose strategy is the long-term support of

the Group. The Group is also required to service annual interest payments of c. €4.6m on its debt arrangements.

Historically the requirements of the Italian substitute tax have been one of the most significant strains on Octium's liquidity. However, given a reducing cap and the 5-year roll-over relief which became effective in 2016, there is a significant reduction in the annual requirements over the last number of years. Liquidity is projected to remain strong and support the reduction of senior debt over the business planning period.

However, if the level of funds under management from Italian tax residents were to increase by 10% say (through higher new business volumes or investment returns) then the ITWA cap would also increase by the same percentage leading to additional liquidity requirements.

### C.4.2 Changes in liquidity risk exposure during 2023

There has been no material change in liquidity risk exposures during 2023.

### C.4.3 Mitigating actions and controls

The Group's objective is to ensure that it has sufficient liquidity to meet the short- and medium-term requirements of the business. As such:

- Octium Life held €25.1m in on-demand cash deposits (2022: €24.1m) and €20.2m on 90-day notice (2022: €15m) on 31 December 2023.
- Octium Assurance held €37.3m in on-demand cash deposits on 31 December 2023 (€30.7m) and €30.0m on 90-day notice (2022: €14.1m).
- Other group entities held a total of €0.7m of on demand cash deposits on 31 December 2023 (2022: €1.4m).

Liquidity risk is principally managed in the following ways:

- Assets of a suitable marketability are held to meet liabilities as they fall due.
- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium term.
- A liquidity buffer is maintained to cover unforeseen events.
- Ongoing monitoring allows mitigating actions to be taken at an early stage if required.

### C.4.4 Sensitivities and stress testing

The Group's projected cash position before dividends is expected to improve significantly over the next five years. As part of the Group ORSA the cashflow of the business was subjected to a range of adverse but plausible scenarios. In all cases the Group had sufficient cash inflows to meet liquidity requirements at all times.

Percentage change following an adverse underwriting stress	Octium Life		Octium Assurance		Group	
	SCR	Own Funds	SCR	Own Funds	SCR	Own Funds
Increase in IWT Cap to 1.5%	0.1%	0.0%	(0.3%)	0.0%	(0.3%)	0.0%
Increase in Italian tax rate to 60 bps	(0.7%)	(0.3%)	(0.3%)	0.0%	(0.5%)	(0.2%)
Increase Italian tax to 60bps coupled with increase in IWT Cap to 1.5%	(0.7%)	(0.3%)	(0.3%)	0.0%	(0.5%)	(0.2%)

#### **C.4.5 Expected profit included in future premiums**

As of 31 December 2023, the Group's expected profit in future premiums was Nil (2022: Nil).

#### **C.4.6 Risk concentrations**

There are no material liquidity risk concentrations.

### **C.5 Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external causes (deliberate, accidental, or natural).

#### **C.5.1 Risk exposure**

The Group's operational risk profile is derived from the standard formula allowing for the impact of diversification. As of 31 December 2023, the SCR for this module is €4.7m (2022: €3.5m).

The primary operational risk exposures identified within the business include: Key person risk, system failure including business continuity risk, fraud risk, IT and cyber security, legal and compliance risk, governance failure, outsourcing and adequacy of resourcing.

#### **C.5.2 Changes in operational risk during 2023**

There has been no material change in the nature of the operational risks to which the Group is exposed during 2023.

#### **C.5.3 Mitigating actions and controls**

The Group, monitors and reports operational risks using the following methods:

- A robust framework for the oversight and management of operational processes and material outsourcing arrangements.
- Regular Risk and Control Self-Assessment process.
- Incident management process, root cause analysis and learning from adverse experience.
- Oversight exercised by Internal Audit, Compliance and Risk functions.
- Emerging risk workshops are held as required.

#### **C.5.4 Sensitivity and stress testing**

The impact of a custodian failure was considered as part of the annual stress and scenario testing program. In this scenario event drivers and likely responses were documented, and an assessment of the adequacy of actions and plans was completed.

#### **C.5.5 Risk concentration**

There are no material operational risk concentrations.

### **C.6 Other material risks**

#### **C.6.1 Strategic risk**

The risk of loss or other adverse impact on the Group arising from failing to identify and react appropriately to opportunities and/or threats arising from changes in the market, some of which may emerge over a number of years.

Octium prepares and approves an annual plan and budget, and performance is monitored against this plan throughout the year. Octium is significantly dependent on UBS and Credit Suisse for distribution of its products, bringing concentration risk. The Group accepts these risks as part of the strategy but is actively seeking new distributors to reduce this reliance. The financial impact of these risks materialising is lower profit and reduced solvency. Octium monitors key metrics such as lapses, claims and new business.

### **C.6.2 Emerging risks**

Octium holds workshops with business units as and when new risks arise to analyse these risks and their potential impact on the business.

### **C.7 Any other information**

All material information regarding the Group's risk profile has been set out above.

## D. Valuation for Solvency Purposes

### D.1 Assets

The valuation of assets for solvency purposes is required to be on a market consistent fair value basis. In general, this is determined in accordance with the financial statements. The Group's consolidated financial statements have been prepared in accordance with Luxembourg Generally Accepted Accounting Principles.

Certain assets are measured and presented to comply with Solvency II principles and differ from the measurement and presentation in the financial statements.

#### D.1.1 Group

Reconciliation of assets in F/S to Solvency II	2023 €'000	2022 €'000	Valuation Approach	Notes
<b>POLICYHOLDER ASSETS</b>				
Assets held to cover linked liabilities	8,379,549	8,354,900	Fair Value	D1.4
<b>SHAREHOLDER ASSETS</b>				
Cash at bank and in hand	113,205	85,616	Cost	
Italian substitute tax asset	75,988	80,005	Fair Value	
Other debtors and receivables	9,952	14,718	Fair Value	
Tangible assets	860	1,008	Amortised Cost	
Deferred acquisition cost	209	51	Amortised Cost	
Other financial investments	2	2		
Total assets	8,579,765	8,536,300		
<b>Adjustments for Solvency II:</b>				
Reinsurance recoverables	(12,878)	(13,656)	Fair Value	D1.5
Deferred acquisition cost	(209)	(51)		
Holdings in related undertakings, including participations adjustment	(515)	(340)		
Tangible asset	(34)	(537)		
Total assets per Solvency II	8,566,131	8,521,716		

#### D.1.2 Octium Assurance

Reconciliation of assets in F/S to Solvency II	2023 €'000	2022 €'000	Valuation Approach	Notes
<b>POLICYHOLDER ASSETS</b>				
Assets held to cover linked liabilities	3,574,892	4,176,380	Fair Value	D1.4
<b>SHAREHOLDER ASSETS</b>				
Cash at bank and in hand	37,058	30,729	Cost	
Italian substitute tax asset	34,581	49,345	Fair Value	
Other debtors and receivables	9,333	8,483	Cost	
Tangible assets	438	537	Amortised Cost	
Other financial investments	30,198	14,053		
Total assets per F/S	3,686,500	4,279,527		
<b>Adjustments for Solvency II:</b>				
Reinsurance recoverables	(11,271)	(12,133)	Fair Value	D1.5
Total assets per Solvency II	3,675,229	4,267,394		

## D.1.3 Octium Life

Reconciliation of assets in F/S to Solvency II	2023 €'000	2022 €'000	Valuation Approach	Notes
<b>POLICYHOLDER ASSETS</b>				
Assets held to cover linked liabilities	4,804,657	4,178,520	Fair Value	D1.4
<b>SHAREHOLDER ASSETS</b>				
Cash at bank and in hand	45,341	39,119	Cost	
Italian substitute tax asset	41,407	30,660	Cost	
Other debtors and receivables	1,202	1,770	Cost	
Tangible assets	186	247	Amortised Cost	
Deferred acquisition cost	209	51	Amortised Cost	
Other financial investments	2	2		
Total assets per F/S	4,893,003	4,250,369		
<b>Adjustments for Solvency II:</b>				
Reinsurance recoverables	(1,608)	(1,523)	Fair Value	D1.5
Tax asset discounting	N/A	N/A	Fair Value	D1.3
Deferred acquisition cost	(209)	(51)		
Total assets per Solvency II	4,891,186	4,248,795		

## D.1.4 Assets held for index-linked and unit-linked contracts

Unit linked assets are measured at fair value for Solvency II purposes as well as in the Group and insurance subsidiaries financial statements.

A large portion of the assets are valued based on quoted prices obtained from an active market (recognised and active exchange). There are some assets which are priced based on inputs other than quoted prices that are market observable. There are also some assets which are priced based on inputs which are unobservable in the marketplace.

The objective of the valuation techniques applied is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

## D.1.5 Reinsurance recoverables

This amount represents the reinsurers' share of technical provisions net of reinsurance premiums. Recoverables are valued using the Solvency II criteria which take into account the expected cash flows from recoveries net of reinsurance premiums, discounted according to the risk-free rate curve. The result is a negative asset representing the present value of reinsurance.

No provision is required in the Group's consolidated financial statements for benefits paid above the value of unit linked assets in the case of death as the amounts, net of reinsurance, are immaterial and there are sufficient profits arising from the policies to cover any costs.

## D.1.6 Withholding Tax Asset

Octium Life and Octium Assurance, as Italian Withholding Tax Agents are required to make an annual tax prepayment to the Italian Tax Authorities of 0.50% of the Italian assets under administration on 31 December, subject to relief in the form of a cap on the overall level of the asset and an offset mechanism which compares payments five years prior to current year recoveries. Contributions to the Italian Revenue are recognised as a tax prepayment asset.



Recovery of the asset is through future policyholder exit tax on chargeable gains, the amount and timing of which is dependent on the level of unrealised gains or losses that exist at policy level. This asset has been valued at cost less any provision for impairment in the statutory financial statements. In the Solvency II balance sheet, the asset is held at face value and the discounting is applied using the Solvency II criteria within Best Estimate Liabilities element of technical provisions.

## D.2 Technical Provisions

The technical provisions have been calculated as the sum of a best estimate plus a risk margin in accordance with Articles 75 to 86 of the Solvency II Directive. They represent a realistic estimate of the company's future obligations with an allowance for some deviation for plausible changes in estimation in the form of the risk margin.

The table below sets out the components of the technical provisions as of 31 December.

Technical Provisions (€'m)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
BEL	4,722.6	4,092.3	3,480.9	4,070.1	8,183.0	8,149.7
Risk Margin	17.3	13.5	18.6	23.2	37.3	39.0
Technical provisions	4,739.8	4,105.8	3,500.0	4,094.7	8,220.4	8,188.7

The key sources of uncertainty for Octium are investment performance and policyholder behaviour assumptions. The non-unit BEL (negative liability) has increased during 2023 primarily due to increasing provisioning on the Italian tax asset due to reduced gains in the Italian book and an increased yield curve. This was somewhat offset by a reduced expenses BEL due to the increased yield curve.

### D.2.1 Best Estimate Liabilities (BEL)

The BEL represents unit linked liabilities less the projected future surplus arising from fees from the existing policies. The BEL is calculated as the discounted value of projected monthly cashflows involved in fulfilling the liabilities under the in-force business. Octium matches all liabilities under unit linked policies with the underlying assets and the policies are valued by reference to the market value of those assets.

The main assumption in calculating the future surplus from the unit linked policies is regarding the level and duration of future expenses and policy lapse rates.

The calculations have been performed on a best estimate basis in accordance with the Solvency II Directive. The underlying policyholder behaviour assumptions are based on policyholder behaviour experience (e.g. surrenders/lapses, fund choices). Economic assumptions have been set consistent with economic conditions prevailing on 31 December 2023. The calculations do not make any allowance for transitional measures or assumed management actions.

### D.2.2 Risk Margin

The Risk Margin is an addition to the BEL to ensure that the technical provisions are equivalent to the amount that an insurance undertaking would be expected to be paid in order to take over the insurance liabilities and administer the payment of these obligations as they fall due. The risk margin is calculated as the amount of capital needed to support the SCR over the lifetime of the business.

In calculating the technical provisions Octium does not apply the following:

1. Matching adjustment referred to in Article 77b of Directive 2009/138/EC.
2. Volatility adjustment referred to in Article 77d of Directive 2009/138/EC.
3. Transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.
4. Transitional deduction referred to in Article 308d of Directive 2009/138/EC.

The difference between financial statements and the Solvency II valuation of technical provisions is set out in the table below.

Reconciliation of Technical Provisions (€'m)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Technical provisions per F/S	4,804.7	4,178.5	3,574.9	4,176.4	8,382.6	8,354.9
Solvency II adjustments						
Other Provisions	(32.6)	(39.8)	(54.7)	(39.1)	(90.9)	(80.8)
BEL	(49.4)	(46.4)	(38.8)	(65.8)	(108.6)	(124.4)
Risk Margin	17.3	13.5	18.6	23.2	37.3	39.0
Solvency II Technical Provisions	4,739.8	4,105.8	3,500.0	4,094.7	8,220.4	8,188.7

### D.3 Other Liabilities

#### D.3.1 Other Liabilities

These comprise of payments due to Octium's policyholders and intermediaries, the senior and subordinated debt issued by Octium Holding S.A., other creditors such as tax and social insurance and accruals for expenses incurred prior to year-end. No adjustment is required to these valuations for solvency purposes as the amounts held under accounting principles are deemed to be approximations of fair value.

Other Liabilities (€'m)	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Creditors arising from insurance	33.3	40.0	0.3	0.2	33.6	40.2
Senior Loan	-	-	-	-	22.9	31.0
Subordinated loan	-	-	-	-	67.5	67.5
Other creditors & accruals	18.0	1.9	66.9	44.5	99.1	68.7
Deferred tax	3.3	3.9	5.3	10.4	11.2	15.7
Other Liabilities	54.6	45.8	72.5	55.1	234.3	223.1

#### D.3.2 Contingent liabilities

For the valuation for solvency purposes, material contingent liabilities must be recognised as liabilities, unlike accounting principles under which they are only recognised if the payment of a liability is probable (more likely than not) and can be estimated reliably. Under Solvency II valuation principles, contingent liabilities are valued on the expected present value of future cash flows required to settle the liabilities over their lifetimes.

The Group had no contingent liabilities on 31 December 2023 or 31 December 2022.

#### **D.4 Alternative Methods for Valuation**

Neither the Group nor the insurance subsidiaries use any alternative methods for valuation other than those discussed above where the accounting basis differs from those prescribed under Solvency II.

#### **D.5 Any Other Information**

All material information regarding valuation for solvency purposes is set out above.

## E. Capital Management

### E.1 Own funds

#### E.1.1 Policies and Processes

Octium Holding S.A. is a single shareholder entity whose shares are fully paid up. The Group's own fund items (other than the value arising from the existing policies and the Italian tax assets) are invested in bank deposits.

The Group is at all times required to have own funds available at group level equal to at least 100% of the Group SCR. The Group sets internal target capital levels above the level of the Group SCR to ensure timely action can be taken to address a deteriorating capital position.

#### E.1.2 Analysis of Own Funds

Group own funds are comprised of paid-in ordinary share capital, a paid-up subordinated loan and the reconciliation reserve, as detailed in the table below.

Octium Holding S.A. issued a non-subordinated loan to a connected undertaking in May 2017. In December 2017, part of the non-subordinated debt was converted into Tier 1 subordinated debt. However, due to Solvency II limits, not all of available Tier 1 sub-debt is eligible to cover the Group SCR and Minimum Consolidated Group SCR. The subordinated debt issued in December 2023 is treated as Tier 1 subordinated debt.

Analysis of Own Funds	2023 €'000			2022 €'000		
	Tier 1	Tier 2	Total	Tier 1	Tier 2	Total
Share Capital	31		31	31		31
Subordinated Liabilities	67,500		67,500	67,500		67,500
Subordinated Liabilities – SCR tiering restrictions	(39,216)	39,216	(-)	(37,833)	37,833	(-)
Reconciliation Reserve	113,104		113,104	118,099		118,099
Own Funds Available to meet SCR	141,419	39,216	180,635	147,797	37,833	185,630
Subordinated Liabilities – MCR tiering restrictions		(29,101)	(29,101)		(29,226)	
Own Funds Available to meet MCR	141,419	10,115	151,534	147,797	8,741	156,404

The reconciliation reserve is made up of retained earnings as per the consolidated balance sheet and the projected future surplus arising from fees from the existing policies (i.e. technical provisions excluding unit reserves) net of deferred tax liabilities. A reconciliation between equity as shown in the financial statements and the Solvency II excess of assets over liabilities is shown below.

There are no restrictions to the fungibility and transferability of the related undertaking's own funds within the Group.

The decrease in Group own funds available to meet SCR from 31 December 2022 to 31 December 2023 is mainly as a result of the present value of future profits relating to assets

under management. This was partially offset by an increase due to the increasing EIOPA yield curve and its impact on the expenses BEL.

### E.1.3 Reconciliation of equity in the Financial Statements and Own Funds (excluding tiering restrictions)

Reconciliation of Equity to Own Funds	2023 €'000	2022 €'000
Total Equity per F/S	65,816	61,934
Solvency II BEL	108,635	124,943
Solvency II Risk Margin	(37,335)	(38,998)
Deferred Tax Liability	(11,178)	(15,674)
Reinsurance Recoverables	(12,879)	(13,656)
Adj re inter-company holdings	285	(368)
Deferred acquisition cost	(209)	(51)
Excess of Assets over Liabilities	113,135	118,130
Subordinated Liabilities	67,500	67,500
Own Funds (excluding tiering restrictions)	180,635	185,630

The Group's own funds bear the following features:

1. They are not subject to transitional arrangements.
2. No deductions have been applied to own funds.
3. There are no ancillary own funds.

### E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Group calculates its solvency capital requirement using the consolidation-based method (Method 1). The amount of Group's SCR and MCR on 31 December 2023 are €112.4m and €50.6m respectively (2022: €97.1m and €43.7m).

The table below shows the components of the SCR (using the Standard Formula) on 31 December for the Group and insurance subsidiaries:

Solvency Capital Requirement	Octium Life		Octium Assurance		Group	
	2023	2022	2023	2022	2023	2022
Market risk	35,596	30,475	33,825	42,179	75,369	75,425
Counterparty risk	1,536	535	2,222	3,362	3,485	5,461
Underwriting risk	31,996	24,324	33,895	38,445	73,584	67,759
Diversification effects	(15,141)	(11,676)	(15,661)	(19,065)	(33,527)	(33,509)
Basic SCR	53,986	43,657	54,281	64,921	118,910	115,137
Operational risk	2,067	1,705	1,599	1,873	4,661	3,519
Loss-absorbing capacity of Deferred Taxes	(4,709)	(4,721)	(5,291)	(15,423)	(11,178)	(21,534)
Solvency Capital requirement	51,344	40,641	50,589	51,370	112,394	97,122

The SCR increased during 2023 due to an increase in funds under management and an increasing yield curve, increasing capital requirements. Use of the duration-based equity risk sub-module in the calculation of the SCR.

The Group has not opted to use the duration-based equity risk sub-module, of the Solvency II regulations.

### **E.3 Differences between the standard formula and any internal model used**

The Group does not use an internal model.

### **E.4 Non-compliance with the MCR and non-compliance with the SCR**

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

### **E.5 Any Other Information**

The Group uses EIOPA's Solvency II Standard Formula. It does not use specific parameters and does not use simplified calculations in its computation of capital requirements.

## Appendix A: Quantitative Reporting Templates

### Octium Group – Balance Sheet - S.02.01.02

		<b>Solvency II value</b>
		C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	827
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	49,756
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	2
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	49,754
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	8,379,549
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	-13,061
R0280	Non-life and health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	-13,061
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,656
R0370	Reinsurance receivables	450
R0380	Receivables (trade, not insurance)	36,930
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	63,452
R0420	Any other assets, not elsewhere shown	45,318
R0500	<b>Total assets</b>	<b>8,566,876</b>

**QRT – S02.01.02 – Balance Sheet (continued)**

		C0010
	<b>Liabilities</b>	
R0510	Technical provisions – non-life	0
R0520	Technical provisions – non-life (excluding health)	0
R0560	Technical provisions - health (similar to non-life)	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	8,217,173
R0700	TP calculated as a whole	0
R0710	Best Estimate	8,179,838
R0720	Risk margin	37,335
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	33,617
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	11,178
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	22,885
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	455
R0840	Payables (trade, not insurance)	98,693
R0850	Subordinated liabilities	67,500
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	67,500
R0880	Any other liabilities, not elsewhere shown	0
R0900	<b>Total liabilities</b>	<b>8,451,5010</b>
R1000	<b>Excess of assets over liabilities</b>	<b>115,376</b>



**Group - Premiums, claims and expenses by line of business – S.05.01.02**

		Line of Business for: <b>life insurance obligations</b>	<b>Total</b>
		Index-linked and unit-linked insurance	
		C0230	C0300
	<b>Premiums written</b>		
R1410	Gross	720,494,030	720,494,030
R1420	Reinsurers' share	1,052,325	1,052,325
R1500	Net	719,441,706	719,441,706
	<b>Premiums earned</b>		
R1510	Gross	720,494,030	720,494,030
R1520	Reinsurers' share	1,052,325	1,052,325
R1600	Net	719,441,706	719,441,706
	<b>Claims incurred</b>		
R1610	Gross	1,300,334,391	1,300,334,391
R1620	Reinsurers' share	942,118	942,118
R1700	Net	1,299,392,273	1,299,392,273
	<b>Changes in other technical provisions</b>		
R1710	Gross		0
R1720	Reinsurers' share		0
R1800	Net	0	0
R1900	<b>Expenses incurred</b>	22,451,950	22,451,950
	<b>Administrative expenses</b>		
R1910	Gross	12,781,066	12,781,066
R1920	Reinsurers' share		0
R2000	Net	12,781,066	12,781,066
	<b>Acquisition expenses</b>		
R2210	Gross	9,670,883	9,670,883
R2220	Reinsurers' share		0
R2300	Net	9,670,883	9,670,883
	<b>Overhead expenses</b>		
R2310	Gross		0
R2320	Reinsurers' share		0
R2400	Net	0	0
R2500	<b>Other expenses</b>		2,578,625
R2600	<b>Total expenses</b>		25,030,575
R2700	<b>Total amount of surrenders</b>	988,676,281	988,676,281

## Octium Group – Own Funds – S.23.01.22

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2
	C0010	C0020	C0030	C0040
<b>Basic own funds before deduction</b>				
R0010 Ordinary share capital (gross of own shares)	31	31		0
R0020 Non-available called but not paid in ordinary share capital to be deducted at group level	0	0		0
R0030 Share premium account related to ordinary share capital	0	0		0
R0040 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0
R0050 Subordinated mutual member accounts	0		0	0
R0060 Non-available subordinated mutual member accounts to be deducted at group level	0		0	0
R0070 Surplus funds	0	0		
R0080 Non-available surplus funds to be deducted at group level	0	0		
R0090 Preference shares	0		0	0
R0100 Non-available preference shares to be deducted at group level	0		0	0
R0110 Share premium account related to preference shares	0		0	0
R0120 Non-available share premium account related to preference shares at group level	0		0	0
R0130 Reconciliation reserve	115,345	115,345		
R0140 Subordinated liabilities	67,500		67,500	0
R0150 Non-available subordinated liabilities to be deducted at group level	0		0	0
R0160 An amount equal to the value of net deferred tax assets	0			
R0170 The amount equal to the value of net deferred tax assets not available to be deducted at the group level	0			
R0180 Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0
R0190 Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0
R0200 Minority interests	0	0	0	0
R0210 Non-available minority interests to be deducted at group level	0	0	0	0
<b>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</b>				
R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0			
<b>Deductions</b>				
R0230 Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial	0	0	0	0
R0240 whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0
R0250 Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0
R0260 Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods are used	0	0	0	0
R0270 Total of non-available own fund items to be deducted	0	0	0	0
R0280 <b>Total deductions</b>	0	0	0	0
R0290 <b>Total basic own funds after deductions</b>	182,876	115,376	67,500	0
<b>Ancillary own funds</b>				
R0300 Unpaid and uncalled ordinary share capital callable on demand	0			0
R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual type undertakings, callable on demand	0			0
R0320 Unpaid and uncalled preference shares callable on demand	0			0
R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0
R0340 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0
R0350 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0
R0360 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0
R0370 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0
R0380 Non available ancillary own funds to be deducted at group level	0			0
R0390 Other ancillary own funds	0			0
R0400 <b>Total ancillary own funds</b>	0			0
<b>Own funds of other financial sectors</b>				
R0410 Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	0	0	0	0
R0420 Institutions for occupational retirement provision	0	0	0	0
R0430 Non regulated undertakings carrying out financial activities	0	0	0	0
R0440 Total own funds of other financial sectors	0	0	0	0
<b>Own funds when using the D&amp;A, exclusively or in combination with method 1</b>				
R0450 Own funds aggregated when using the D&A and combination of method	0	0	0	0
R0460 Own funds aggregated when using the D&A and combination of method net of IGT	0	0	0	0
R0520 Total available own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A )	182,876	115,376	67,500	0
R0530 Total available own funds to meet the minimum consolidated group SCR	182,876	115,376	67,500	0
R0560 Total eligible own funds to meet the consolidated part of the group SCR (excluding own funds from other financial	182,876	115,376	28,844	38,656
R0570 Total eligible own funds to meet the minimum consolidated group SCR	154,335	115,376	28,844	10,115
<b>Consolidated Group SCR</b>				
R0610 Minimum consolidated Group SCR	50,577			
R0630 Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A )				
R0650 Ratio of Eligible own funds to Minimum Consolidated Group SCR	3.0515			
R0660 Total eligible own funds to meet the total group SCR (including own funds from other financial sector and from the undertakings included via D&A)	182,876	115,376	28,844	38,656
R0670 <b>SCR for entities included with D&amp;A method</b>				
R0680 Total Group SCR	112,394			
R0690 Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&A	1.6271			
<b>Reconciliation reserve</b>				
R0700 Excess of assets over liabilities	115,376			
R0710 Own shares (held directly and indirectly)	0			
R0720 Forseeable dividends, distributions and charges	0			
R0730 Other basic own fund items	31			
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0			
R0750 Other non available own funds	0			
R0760 <b>Reconciliation reserve before deduction for participations</b>	115,345			
<b>Expected profits</b>				
R0770 Expected profits included in future premiums (EPIFP) - Life business	0			
R0780 Expected profits included in future premiums (EPIFP) - Non- life business	0			
R0790 <b>Total Expected profits included in future premiums (EPIFP)</b>	0			

## Octium Group – SCR for groups on standard formula – S.25.01.22

R0010	Market risk
R0020	Counterparty default risk
R0030	Life underwriting risk
R0040	Health underwriting risk
R0050	Non-life underwriting risk
R0060	Diversification
R0070	Intangible asset risk
R0100	<b>Basic Solvency Capital Requirement</b>

<b>Gross solvency capital requirement</b>	
	C0110
	75,369
	3,485
	73,584
	0
	0
	-33,527
	0
	118,910

### Calculation of Solvency Capital Requirement

R0130	Operational risk
R0140	Loss-absorbing capacity of technical provisions
R0150	Loss-absorbing capacity of deferred taxes
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
R0200	<b>Solvency Capital Requirement calculated on the basis of Art. 336 (a) of</b>
R0210	Capital add-ons already set
R0211	of which, capital add-ons already set - Article 37 (1) Type a
R0212	of which, capital add-ons already set - Article 37 (1) Type b
R0213	of which, capital add-ons already set - Article 37 (1) Type c
R0214	of which, capital add-ons already set - Article 37 (1) Type d
R0220	<b>Consolidated Group SCR</b>

C0100	
	4,661
	0
	-11,178
	0
	112,394
	0
	0
	0
	0
	0
	112,394

### Other information on SCR

R0400	Capital requirement for duration-based equity risk sub-module
R0410	Total amount of Notional Solvency Capital Requirements for remaining part
R0420	Total amount of Notional Solvency Capital Requirements for ring-fenced funds
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
R0440	Diversification effects due to RFF nSCR aggregation for article 304
R0470	Minimum consolidated group solvency capital requirement

	0
	0
	0
	0
	0
	50,577

### Information on other entities

R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)
R0510	Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies
R0520	Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions
R0530	Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated undertakings carrying out financial activities
R0540	Capital requirement for non-controlled participation
R0550	Capital requirement for residual undertakings
R0555	Capital requirement for collective investment undertakings or investments packaged as

	0
	0
	0
	0
	0
	0
	0

### Overall SCR

R0560	SCR for undertakings included via D&A method
R0570	<b>Total group solvency capital requirement</b>

	0
	112,394

## Octium Group – Undertakings in the scope of the group – S.32.01.22

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking
C0010	C0020	C0030	C0040	C0050
LU	549300B5M7Z8CX8LRX97LU00001LU00001	SC	KLP S.a.r.l.	99
LI	549300OHH5P7XWOLBL80	LEI	Octium_International_Insurance_Services_AG	99
LI	529900RUSOZI16ZVXH02	LEI	Octium Assurance AG	1
IT	549300B5M7Z8CX8LRX97LU00002LU00002	SC	Octium Services AG	99
LU	549300X6ZVC40AF52Q63	LEI	Octium Holding S.A.	5
IE	52990020O5TKOTGS9Z42	LEI	Octium Life DAC	1

Legal form	Category (mutual/non mutual)	Supervisory Authority
C0060	C0070	C0080
Société à responsabilité limitée	2	
Company limited by shares	2	FMA Liechtenstein
Company limited by shares	2	FMA Liechtenstein
Company limited by shares	2	
Société anonyme	2	Central Bank of Ireland
Company limited by shares	2	Central Bank of Ireland

Criteria of influence					
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation
C0180	C0190	C0200	C0210	C0220	C0230
1.0000	0.5100	1.0000		1	1.0000
1.0000	0.5100	1.0000		1	1.0000
1.0000	0.5100	1.0000		1	1.0000
1.0000	0.5100	1.0000		1	1.0000
1.0000	0.5100	1.0000		1	1.0000

Inclusion in the scope of Group supervision		Group solvency calculation
YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0240	C0250	C0260
1		1
1		1
1		1
1		1
1		1

## Octium Assurance - Balance Sheet - S.02.01.02

		<b>Solvency II value</b>
		C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	438
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	30,198
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	2
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	30,198
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	3,574,892
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	-11,271
R0280	Non-life and health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	-11,271
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,611
R0370	Reinsurance receivables	450
R0380	Receivables (trade, not insurance)	36,300
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	37,058
R0420	Any other assets, not elsewhere shown	3,497
R0500	<b>Total assets</b>	<b>3,675,229</b>

**QRT – S02.01.02 – Balance Sheet (continued)**

		C0010
	<b>Liabilities</b>	
R0510	Technical provisions – non-life	0
R0520	Technical provisions – non-life (excluding health)	0
R0560	Technical provisions - health (similar to non-life)	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	3,499,846
R0700	TP calculated as a whole	324
R0710	Best Estimate	3,481,914
R0720	Risk margin	18,608
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	329
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	5,291
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	54,758
R0830	Reinsurance payables	455
R0840	Payables (trade, not insurance)	9,972
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	1,728
R0900	<b>Total liabilities</b>	<b>3,572,379</b>
R1000	<b>Excess of assets over liabilities</b>	<b>102,850</b>

## Octium Assurance - Premiums, claims and expenses by line of business – S.05.01.02

		Line of Business for: <b>life insurance obligations</b>	
		Index-linked and unit-linked insurance	<b>Total</b>
		C0230	C0300
	<b>Premiums written</b>		
R1410	Gross	113,494	113,494
R1420	Reinsurers' share	913	913
R1500	Net	112,581	112,581
	<b>Premiums earned</b>		
R1510	Gross	113,494	113,494
R1520	Reinsurers' share	913	913
R1600	Net	112,581	112,581
	<b>Claims incurred</b>		
R1610	Gross	1,018,507	1,018,507
R1620	Reinsurers' share	942	942
R1700	Net	1,017,565	1,017,565
	<b>Changes in other technical provisions</b>		
R1710	Gross	0	0
R1720	Reinsurers' share	0	0
R1800	Net	0	0
R1900	<b>Expenses incurred</b>	12,923	12,923
R2500	<b>Other expenses</b>		
R2600	<b>Total expenses</b>		12,923

**Octium Assurance – Own Funds – S.23.01.22**

**Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35**

R0010 Ordinary share capital (gross of own shares)

R0030 Share premium account related to ordinary share capital

R0040 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings

R0050 Subordinated mutual member accounts

R0070 Surplus funds

R0090 Preference shares

R0110 Share premium account related to preference shares

R0130 Reconciliation reserve

R0140 Subordinated liabilities

R0160 An amount equal to the value of net deferred tax assets

R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above

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

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

**Deductions**

R0230 Deductions for participations in financial and credit institutions

R0290 **Total basic own funds after deductions**

**Ancillary own funds**

Total	Tier 1 - unrestricted
10,084	10,084
0	0
0	0
0	
0	0
0	
0	
91,766	91,766
0	
0	
0	
0	0
101,850	101,850



R0400	<b>Total ancillary own funds</b>	0	
	<b>Available and eligible own funds</b>		
R0500	Total available own funds to meet the SCR	101,850	101,850
R0510	Total available own funds to meet the MCR	101,850	101,850
R0540	Total eligible own funds to meet the SCR	101,850	101,850
R0550	Total eligible own funds to meet the MCR	101,850	101,850
R0580	<b>SCR</b>	50,589	
R0600	<b>MCR</b>	22,765	
R0620	<b>Ratio of Eligible own funds to SCR</b>	201.32%	
R0640	<b>Ratio of Eligible own funds to MCR</b>	447.39%	
	<b>Reconciliation reserve</b>	C0060	
R0700	Excess of assets over liabilities	102,850	-
R0710	Own shares (held directly and indirectly)	0	-
R0720	Foreseeable dividends, distributions and charges	1,000	-
R0730	Other basic own fund items	10,084	-
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0	-
R0760	<b>Reconciliation reserve</b>	91,766	-
	<b>Expected profits</b>		-
R0790	<b>Total Expected profits included in future premiums (EPIFP)</b>	0	-

## Octium Assurance – SCR for groups on standard formula – S.25.01.22

		<b>Gross solvency capital requirement</b>
		C0110
R0010	Market risk	33,825
R0020	Counterparty default risk	2,222
R0030	Life underwriting risk	33,895
R0040	Health underwriting risk	0
R0050	Non-life underwriting risk	0
R0060	Diversification	-15,661
R0070	Intangible asset risk	0
R0100	<b>Basic Solvency Capital Requirement</b>	<b>54,281</b>
		C0100
R0130	Operational risk	1,599
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-5,291
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	<b>Solvency capital requirement excluding capital add-on</b>	<b>50,589</b>
R0210	Capital add-on already set	0
R0220	<b>Solvency capital requirement</b>	<b>50,589</b>
	<b>Other information on SCR</b>	-
		<b>Yes/No</b>
		C0109
R0590	<b>Approach to tax rate</b> Approach based on average tax rate	No
		<b>LAC DT</b>
		C0130
R0600	DTA	-
R0610	DTA carry forward	-
R0620	DTA due to deductible temporary differences	-
R0630	DTL	-
R0640	LAC DT	-5,291
R0650	LAC DT justified by reversion of deferred tax liabilities	-5,291
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

## Octium Life - Balance Sheet - S.02.01.02

		<b>Solvency II value</b>
		C0010
	<b>Assets</b>	
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	186
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	19,558
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	2
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	19,556
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	4,804,657
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	-1,608
R0280	Non-life and health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	-1,608
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	46
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	742
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	25,785
R0420	Any other assets, not elsewhere shown	41,821
R0500	<b>Total assets</b>	<b>4,891,186</b>

## F.2. QRT – S.02.01.02 – Balance Sheet (continued)

		C0010
	<b>Liabilities</b>	
R0510	Technical provisions – non-life	0
R0520	Technical provisions – non-life (excluding health)	0
R0560	Technical provisions - health (similar to non-life)	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	4,739,834
R0700	TP calculated as a whole	0
R0710	Best Estimate	4,722,582
R0720	Risk margin	17,252
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	33,287
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	3,309
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	16,509
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	1,527
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	<b>Total liabilities</b>	<b>4,794,467</b>
R1000	<b>Excess of assets over liabilities</b>	<b>96,719</b>

## Octium Life - Premiums, claims and expenses by line of business – S.05.01.02

		Line of Business for: <b>life insurance obligations</b>	
		Index-linked and unit-linked insurance	<b>Total</b>
		C0230	C0300
	<b>Premiums written</b>		
R1410	Gross	606,999,550	606,999,550
R1420	Reinsurers' share	139,026	139,026
R1500	Net	606,860,524	606,860,524
	<b>Premiums earned</b>		
R1510	Gross	606,999,550	606,999,550
R1520	Reinsurers' share	139,026	139,026
R1600	Net	606,860,524	606,860,524
	<b>Claims incurred</b>		
R1610	Gross	281,827,729	281,827,729
R1620	Reinsurers' share	0	0
R1700	Net	281,827,729	281,827,729
	<b>Changes in other technical provisions</b>		
R1710	Gross		0
R1720	Reinsurers' share		0
R1800	Net	0	0
R1900	<b>Expenses incurred</b>	12,107,426	12,107,426
	<b>Administrative expenses</b>		
R1910	Gross	5,764,580	5,764,580
R1920	Reinsurers' share		0
R2000	Net	5,764,580	5,764,580
	<b>Acquisition expenses</b>		
R2210	Gross	3,764,221	3,764,221
R2220	Reinsurers' share		0
R2300	Net	3,764,221	3,764,221
	<b>Overhead expenses</b>		
R2310	Gross		0
R2320	Reinsurers' share		0
R2400	Net	0	0
R2500	<b>Other expenses</b>		2,578,625
R2600	<b>Total expenses</b>		12,107,426
R2700	<b>Total amount of surrenders</b>	230,785,722	230,785,722

**Octium Life – Own Funds – G.23.01.22**

	<b>Total</b>	<b>Tier 1 - unrestricted</b>
	C0010	C0020
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>		
R0010 Ordinary share capital (gross of own shares)	1,000	1,000
R0130 Reconciliation reserve	86,819	86,819
R0140 Subordinated liabilities	0	
R0160 An amount equal to the value of net deferred tax assets	0	
R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above	5,000	5,000
<b>Deductions</b>		
R0230 Deductions for participations in financial and credit institutions	0	0
R0290 <b>Total basic own funds after deductions</b>	92,819	92,819
<b>Ancillary own funds</b>		
R0580 <b>SCR</b>	51,334	
R0600 <b>MCR</b>	23,105	
R0620 <b>Ratio of Eligible own funds to SCR</b>	1.8078	
R0640 <b>Ratio of Eligible own funds to MCR</b>	4.0174	
	C0060	
R0700 <b>Reconciliation reserve</b>		
R0700 Excess of assets over liabilities	96,719	-
R0720 Foreseeable dividends, distributions and charges	3,900	-
R0730 Other basic own fund items	6,000	-
R0760 <b>Reconciliation reserve</b>	86,819	-

## Octium Life – SCR for groups on standard formula – S.25.01.22

		<b>Gross solvency capital requirement</b>
		C0110
R0010	Market risk	35,596
R0020	Counterparty default risk	1,536
R0030	Life underwriting risk	31,996
R0040	Health underwriting risk	0
R0050	Non-life underwriting risk	0
R0060	Diversification	-15,141
R0070	Intangible asset risk	0
R0100	<b>Basic Solvency Capital Requirement</b>	<b>53,986</b>
		C0100
R0130	Operational risk	2,067
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-4,709
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	<b>Solvency capital requirement excluding capital add-on</b>	<b>51,344</b>
R0210	Capital add-on already set	0
R0220	<b>Solvency capital requirement</b>	<b>51,344</b>
<b>Other information on SCR</b>		-
		<b>Yes/No</b>
		C0109
R0590	Approach based on average tax rate	0
<b>Calculation of loss absorbing capacity of deferred taxes</b>		
		<b>LAC DT</b>
		C0130
R0600	DTA	-
R0610	DTA carry forward	-
R0620	DTA due to deductible temporary differences	-
R0630	DTL	-
R0640	LAC DT	-4,709
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	-4,709
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-4,709