## Fair value measurement at the end of the reporting period

| (€ million) | 31.12.2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Unquoted equities at cost** | - | - | - | - |
| **Equities at fair value** | **152** | - | **707** | **859** |
| Quoted | 152 | - | - | 152 |
| Unquoted | - | - | 707 | 707 |
| **Bonds** | **8,187** | **1,351** | **198** | **9,736** |
| Quoted | 8,187 | 1,313 | 185 | 9,685 |
| Unquoted | - | 38 | 13 | 51 |
| **Investments in fund units** | **291** | - | - | **291** |
| **Total** | **8,630** | **1,351** | **905** | **10,886** |

| (€ million) | 31.12.2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Unquoted equities at cost** | - | - | - | - |
| **Equities at fair value** | **104** | - | **614** | **718** |
| Quoted | 104 | - | - | 104 |
| Unquoted | - | - | 614 | 614 |
| **Bonds** | **8,216** | **1,139** | **183** | **9,538** |
| Quoted | 8,215 | 962 | 183 | 9,360 |
| Unquoted | 1 | 177 | - | 178 |
| **Investments in fund units** | **333** | - | - | **333** |
| **Total** | **8,653** | **1,139** | **797** | **10,589** |

The following table represents the transfers between fair value levels during reporting periods:

| (€ million) | 2019 | 2018 |
|---|---|---|
| Transfers into Level 1 from Level 2 | - | 6 |
| Transfers into Level 1 from Level 3 | - | - |
| Transfers into Level 2 from Level 1 | 15 | 30 |
| Transfers into Level 2 from Level 3 | 73 | 9 |
| Transfers into Level 3 from Level 1 | - | - |
| Transfers into Level 3 from Level 2 | 23 | 10 |

In 2019 corporate bonds in the amount of €23 million were reclassified from level 2 to level 3. The main driver was the level of credit spread used for valuation which created a material non-observable market input.

In 2019 corporate bonds in the amount of €73 million were reclassified out of the level 3. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2019 corporate bonds in the amount of €11 million and government bonds in the amount of €4 million were reclassified from Level 1 to level 2. The reason was that active market ceased to exist, therefore the Company switched on expert valuation.

In 2018 corporate bonds in the amount of €30 million were reclassified from level 1 to level 2. The reason was that active market ceased to exist, therefore the Company switched on expert valuation.

In 2018, government bonds amounting to €9 million were reclassified out of Level 3. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2018 government bonds in the amount of €10 million were reclassified from level 2 to level 3. The main driver was the level of credit spread used for valuation which created material non-observable market input.

Sensitivity of the fair values of Level 3 investments is described in Note D.1.28.

The following table presents the changes in Level 3 instruments:

| (€ million) | 2019 | 2018 |
|---|---|---|
| **Balance as at beginning of reporting period** | **797** | **742** |
| Transfers from Level 3 | (73) | (9) |
| Increases | 75 | 59 |
| Business combination | 21 | - |
| Decreases and maturities | (4) | (14) |
| Transfers to Level 3 | 23 | 10 |
| Net unrealised gains recognised in OCI | 28 | 13 |
| Net unrealised losses recognised in OCI | (25) | (4) |
| Amortization | 2 | 2 |
| Currency translation differences | 63 | - |
| Other changes | (2) | (2) |
| **Balance as at end of reporting period** | **905** | **797** |
| **Realised gains/losses for the period recognised in profit and loss** | - | (2) |
| **Net impairment loss for the period recognised in profit and loss** | - | - |

## F.3.6 Financial assets at fair value through profit or loss

| (€ million) | Financial assets held-for-trading | | Financial assets designated as at fair value through profit and loss | | Total financial assets at fair value through profit and loss | |
|---|---|---|---|---|---|---|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Bonds | 1 | - | 11 | 9 | 12 | 9 |
| Quoted | 1 | - | 10 | 7 | 11 | 7 |
| Unquoted | - | - | 1 | 2 | 1 | 2 |
| Investments in fund units | 1 | - | 172 | 117 | 173 | 117 |
| Derivatives | 55 | 26 | - | - | 55 | 26 |
| Unit-linked investments | - | - | 2,551 | 1,978 | 2,551 | 1,978 |
| **Total** | **57** | **26** | **2,734** | **2,104** | **2,791** | **2,130** |
| **Current portion** | | | | | **188** | **165** |
| **Non-current portion** | | | | | **2,603** | **1,965** |

All financial instruments held-for-trading are valued based on quoted market prices, except derivatives, which are valued based on generally accepted valuation techniques depending on the product (i.e., discounted expected future cash flows, Black-Scholes model, etc.).

Certain portion of unit-linked investment is not as at year end allocated to policyholders and stay available for new unit linked insurance contracts. FV revaluation of financial assets that are designated through profit and loss eliminate accounting mismatch from related liabilities arising from insurance contracts measured at FV.

Fair value measurement at the end of the reporting period:

| (€ million) | 31.12.2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Equities** | - | - | - | - |
| **Bonds** | **5** | **6** | **1** | **12** |
| Quoted | 5 | 6 | - | 11 |
| Unquoted | - | - | 1 | 1 |
| **Investments in fund units** | **172** | **1** | - | **173** |
| **Derivatives** | - | **55** | - | **55** |
| **Unit-linked investments** | **2,296** | **206** | **49** | **2,551** |
| **Total** | **2,473** | **268** | **50** | **2,791** |

| (€ million) | 31.12.2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Equities** | - | - | - | - |
| **Bonds** | 7 | - | 2 | 9 |
| Quoted | 7 | - | - | 7 |
| Unquoted | - | - | 2 | 2 |
| **Investments in fund units** | 117 | - | - | 117 |
| **Derivatives** | - | 26 | - | 26 |
| **Unit-linked investments** | 1,840 | 108 | 30 | 1,978 |
| **Total** | 1,964 | 134 | 32 | 2,130 |

The following table represents the transfers between fair value levels during reporting periods:

| (€ million) | 2019 | 2018 |
|---|---|---|
| Transfers into Level 1 from Level 2 | 5 | - |
| Transfers into Level 1 from Level 3 | - | - |
| Transfers into Level 2 from Level 1 | - | - |
| Transfers into Level 2 from Level 3 | - | - |
| Transfers into Level 3 from Level 1 | - | - |
| Transfers into Level 3 from Level 2 | - | - |

The following table presents the changes in Level 3 instruments:

| (€ million) | Financial assets held-for-trading | | Financial assets designated as at fair value through profit and loss | | Total financial assets at fair value through profit and loss | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Balance as at beginning of reporting period** | - | - | 32 | 31 | 32 | 31 |
| Increases | - | - | 21 | 2 | 21 | 2 |
| Decreases and maturities | - | - | (4) | - | (4) | - |
| Transfers to Level 3 | - | - | - | - | - | - |
| Net unrealized gains and losses recognized in P&L | - | - | 1 | - | 1 | - |
| Other changes | - | - | - | (1) | - | (1) |
| **Balance as at end of reporting period** | - | - | 50 | 32 | 50 | 32 |
| **Realised gains/losses for the period recognised in P&L** | - | - | - | - | - | - |

## F.4 Reinsurance assets

| (€ million) | Direct insurance | | Accepted reinsurance | | Total | |
|---|---|---|---|---|---|---|
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| **Non-life insurance liabilities** | 289 | 269 | 104 | 121 | 393 | 390 |
| Provisions for unearned premium | 62 | 60 | 25 | 19 | 87 | 79 |
| Provisions for outstanding claims | 224 | 207 | 79 | 102 | 303 | 309 |
| Other insurance liabilities | 3 | 2 | - | - | 3 | 2 |
| **Life insurance liabilities** | 80 | 70 | - | - | 80 | 70 |
| Provisions for outstanding claims | 15 | 13 | - | - | 15 | 13 |
| Mathematical provision | 32 | 31 | - | - | 32 | 31 |
| Unit-linked provisions | 33 | 26 | - | - | 33 | 26 |
| **Total** | 369 | 339 | 104 | 121 | 473 | 460 |
| **Current portion** | 309 | 285 | 47 | 38 | 356 | 323 |
| **Non-current portion** | 60 | 54 | 57 | 83 | 117 | 137 |

The amounts included in reinsurance assets represent expected future claims to be recovered from the Group's reinsurers and the reinsurers' share of unearned premiums.

Item Mathematical provision includes also Provision for unearned premiums for Life segment of €5 million (2018: €4 million) ceded to reinsurers.

The amount of "Other insurance liabilities" in the non-life section mainly represents provisions for profit sharing and premium refunds together with provisions for premium reversals.

Ceded reinsurance arrangements do not relieve the Group of its direct obligations to policyholders. Thus, credit exposure exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements (see Note E.5 for detailed analysis of credit risk associated with reinsurance assets).

## F.5 Receivables

| (€ million) | 31.12.2019 | 31.12.2018 |
|---|---|---|
| **Receivables arising out of direct insurance operations** | **322** | **284** |
| Amounts owed by policyholders | 298 | 259 |
| Amount owed by intermediaries and others | 24 | 25 |
| **Receivables arising out of reinsurance operations** | **96** | **55** |
| **Trade and other receivables** | **107** | **82** |
| of which receivables from derivatives collateral | 55 | 33 |
| **Current income tax receivables** | **13** | **11** |
| **Total receivables** | **538** | **432** |
| **Current portion** | **512** | **409** |
| **Non-current portion** | **26** | **23** |

## F.6 Other assets

| (€ million) | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Deferred acquisition costs | 248 | 207 |
| Deferred tax assets | 65 | 42 |
| Other assets | 56 | 22 |
| Prepaid rent | 1 | 1 |
| Other accrued income | 8 | 6 |
| Other prepayments | 23 | 13 |
| Assets - other | 24 | 2 |
| **Other assets total** | **369** | **271** |
| **Current portion** | **227** | **182** |
| **Non-current portion** | **142** | **89** |

### F.6.1 Deferred acquisition costs (DAC)

| (€ million) | Gross amount | | Reinsurance | | Net amount | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Carrying amount as at beginning of reporting period** | **223** | **189** | **(16)** | **(5)** | **207** | **184** |
| Change of DAC | 37 | 23 | (1) | (3) | 36 | 20 |
| Business combinations | 5 | 11 | - | (8) | 5 | 3 |
| **Carrying amount as at end of reporting period** | **265** | **223** | **(17)** | **(16)** | **248** | **207** |

## F.7 Cash and cash equivalents

| (€ million) | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Cash and cash equivalents | - | - |
| Cash at bank | 338 | 311 |
| **Total** | **338** | **311** |

Short term deposits are included in line Cash at banks in the amount of €39 million (2018: €27 million).