

Highdome PCC Limited MDS Malta Holding Limited

Group Solvency and Financial Condition Report

31 December 2018

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1. Summary

This report covers the period from 1st January 2018 to 31st December 2018.

The Group

The material changes to the business, performance, system of governance, risk profile, solvency valuations and capital management of Highdome PCC Limited's Core Cell (hereinafter referred to as "Highdome Core" or "Core"), the insurance undertaking, and MDS Malta Holding Ltd ("MDS Malta"), the insurance holding company, (together referred to as "Highdome Group" or "the Group") during the reporting period are highlighted in the table below:

Business	- No new cells were set up in 2018
Performance	- 3.8% increase in profit before tax for the Group
System of Governance	- Change in the composition Board of Directors - Change in Compliance Officer - Changes to existing Board policies and approval of new data protection policy, product oversight and governance policy and knowledge ability and professional development policy - No material changes for MDS Malta
Risk Profile	- No material changes in the risk profile.
Valuation for Solvency Purposes	- No material changes in valuations.
Capital Management	- Eligible own funds €3,556,075 - SCR (Standard Formula) €1,168,922 - MCR (Standard Formula) €292,230

Highdome PCC Limited

The material changes to the business, performance, system of governance, risk profile, solvency valuations and capital management of Highdome PCC Limited (hereinafter referred to as “Highdome”), consisting of the Core and Cells, specifically Cell Europe, REI Cell and Cell Coopex, during the reporting period are highlighted in the table below:

Business	<ul style="list-style-type: none">- No new cells were set up in 2018
Performance	<ul style="list-style-type: none">- 5.5% increase in gross written premiums- Ratio of incurred claims on earned premium 28.8% (2017: 28.9%)- Profit before tax of €4,421,079 (2017: profit of €767,176), an increase of 476.3%- 31.6% increase in total assets
System of Governance	<ul style="list-style-type: none">- Change in the composition Board of Directors- Change in Compliance Officer- Changes to existing Board policies and approval of new data protection policy, product oversight policy and knowledge ability and professional development policy
Risk Profile	<ul style="list-style-type: none">- REI Cell - Approval of passporting in Portugal through existing intermediary- Cell Coopex - Approval of higher limits for selected cooperatives
Valuation for Solvency Purposes	<ul style="list-style-type: none">- No material changes in valuations.
Capital Management	<ul style="list-style-type: none">- Eligible own funds €28,219,739- SCR (Standard Formula) €25,637,977- MCR (Standard Formula) €6,409,494

2. Business and Performance

2.1. Details of Highdome PCC Limited and MDS Malta Holding Ltd

Highdome is a limited liability protected cell company (“PCC”) registered in Malta on 23rd November 2011. Highdome is regulated by the Malta Financial Services Authority (“MFSA”) and as at 31st December 2018 was authorised to carry on business falling under Class 1 – Accident, Class 3 – Land vehicles, Class 7 – Goods in transit, Class 8 – Fire and natural forces, Class 9 – Other damage to property, Class 14 – Credit, Class 15 – Suretyship, Class 16 – Miscellaneous financial loss and Class 17 – Legal expenses. As at 31st December 2018 Highdome had established three cells, namely REI Cell in 2013, Cell Europe in 2014 and Cell

Coopex in 2017. The Cells are ring-fenced from the Highdome “Core” cell and do not form part of the Group. Highdome exercises its right to carry on business in France, Portugal and Spain under the EU Freedom to Provide Services regime.

MDS Malta is a limited liability company registered in Malta on 15th November 2011. MDS Malta does not trade and was set up solely to hold the non-cellular shares of Highdome. The Group’s external auditors are Deloitte Audit Ltd (Audit Partner – Mr Ian Coppini).

2.2. Shareholding Structure

A protected cell company, or PCC is a corporate structure in which a single legal entity is comprised of a Core and several Cells that have separate assets and liabilities. The PCC has a similar design to a hub and spoke, with the central core organization linked to individual Cells. Each Cell is independent of each other and of the company’s Core, but the entire unit is still a single legal entity. Each Cell of Highdome has a separate shareholding structure but Cell shareholders have no right to attend or vote at any meetings of the company.

The non-cellular (Core) shares of Highdome are 100% subscribed by MDS Malta, a wholly owned subsidiary of MDS SGPS S.A., a Portuguese insurance broker and risk consulting firm. MDS SGPS S.A. is a joint venture between Sonae SGPS S.A. a Portuguese conglomerate listed on the Lisbon Stock Exchange and IPLF Holdings S.A., a Brazilian family owned business. A Group shareholding structure chart excluding cell shareholders is provided below.



The undertakings falling within the scope of group supervision for which a group solvency has been calculated are MDS Malta Holding Limited and Highdome PCC Limited (Core). For the purpose of calculating group solvency, Method 1 – Accounting Consolidation Based Method – has been used. The quantitative reporting template containing information on the undertakings in the scope of the Group is being included in this document (refer to S.32.01.22 in Appendix 1).

2.3. Lines of business

Cell shareholders have entered into separate cell agreements with Highdome all of which provide secondary recourse to the assets of the Core to cover the Cell liabilities in the event that the Cell assets are exhausted. Highdome receives fees from each Cell for the provision of the cell facility and for exposure to the Core. Highdome carries on insurance business only through its Cells. The REI Cell was set up to sell Rental Guarantee and Personal Accident insurance business in France but as at 31st December 2018 no rental guarantee business has been written. During 2018, rental guarantee business was passported also to Portugal. Cell Europe was set up to offer Extended Warranties and ancillary Accidental Damage covers in Portugal and Spain which is being sold through a single policy issued to Worten – Equipamentos Para o Lar SA and related companies and it is renewed annually on 1st January each year. As at 31st December 2018 Cell Europe had not started offering Accidental Damage cover. Cell Coopex was set up to write Suretyship business in France for members of the Federation Française des Artisans Cooperateurs du Batiment (FFACB).

2.4. Significant events during reporting period

There have been no significant events or business that had a material impact on the undertaking other than an increase in premium written through the Cells reported below.

2.5. Underwriting performance

As previously reported, the Group does not carry any underwriting activity. However, during the financial year ended 31st December 2018, Highdome generated gross written premium of €21,210,421 (2017 - €20,106,365) through its Cells, an increase of 5.5%. Gross written premium is split per Cell as follows:

Cell	2018 (€)	2017 (€)
REI Cell	86,385	53,751
Cell Europe	20,749,374	19,892,264
Cell Coopex	374,662	160,350
Total gross premium	21,210,421	20,106,365

Given the reinsurance agreement in place for one of the Cells, namely REI Cell, €73,378 (2017: €48,376) of the premiums written were ceded to the reinsurer, resulting in net premiums written of €21,137,043 an increase of 5.4% in 2018 over 2017. During the financial year ending 31st December 2018 Highdome paid claims totalling €1,941,121 with respect to Cell Europe and an Incurred But Not Reported (IBNR) reserve is being maintained based on an expected claims ratio on earned premium of 29.5%. As at 31st December 2018 no claims had been paid by Highdome with respect to the REI Cell and Cell Coopex. A gross claim reserve of €100,000 (net reserve after reinsurance recovery €10,000) is currently maintained for a single claim reported to Highdome with respect to REI Cell but no claims reserves are currently maintained with respect to Cell Coopex.

A combined underwriting profit of €4,347,044 (2017: €843,948) was made for the three Cells.

The quantitative reporting templates containing an analysis of premiums, claims and expenses are being attached to this document (refer to S.05.01.02 in Appendix 1 and S.05.02.01 in Appendix 2).

2.6. Financial performance

The Group

After taking into account net investment income of €58,884 (2017: €58,208), facility fee income of €291,575 (2017: €270,000) and administrative expenses of €140,018 (2017: €125,429), the Group reported a profit before tax of €210,441, that is an increase of 4% when compared to €202,780 reported in 2017.

Highdome PCC Limited

During the year under review Highdome registered an operating profit of €3,802,363, an increase of €3,592,742 compared to a profit of EUR209,621 in 2017. This mainly results from an increase in written and earned premiums generated by the existing three cells. All three Cells earned a full year of premium during the year under review, hence the increase in technical income compared to previous year. Refer to underwriting performance note 2.5 above for further details.

Administrative expenses decreased from €904,327 to €836,256 in 2018, a decrease of 7.5% over 2017, with the main decrease coming from legal and professional fees and advertising and marketing expenses. Net finance income accruing to the Core and Cells combined amounted to €618,716 during 2018 and €557,555 in 2017.

During 2018, the Company registered a pre-tax profit of €4,421,079 (2017: €767,176) arising primarily from the increase in technical income mentioned above and also due to a slight increase in finance income.

The number of ordinary shares in issue as at 31 December 2017 were increased by a further €59,200 on 16 March 2018, which together with shareholders' funds brought forward from the prior year and the profit for the year, resulted in shareholders' funds of €9,612,612 at 31 December 2018.

2.7. Investment performance

The Group

As at 31st December 2018 the Group's financial assets included cash and cash equivalents and loans with related companies. The table below shows loan and cash balances as at the end of financial year for each entity.

Group Entity	31 Dec 2018 (€)	31 Dec 2017 (€)
Highdome Core		
Loan	1,800,000	1,800,000
Cash	2,165,377	2,036,962
MDS Malta		
Loan	1,800,000	1,800,000
Cash	2,535	8,559
Consolidated		
Loan	1,800,000	1,800,000
Cash	2,167,912	2,045,521

The loans are unsecured and repayable on demand subject to one month's notice.

The loan by Highdome Core to MDS Malta as well as the loan by MDS Malta to MDS SGPS SA bear annual interest of 3.52% above Euribor 3-month interest rate set on the previous interest payment date. Interest is payable half-yearly in advance on 19 October and 19 April. Interest income generated by Highdome Core on its receivable loan from MDS Malta and by MDS Malta on its receivable loan from MDS SGPS SA for the period ending 31st December 2018, amounted to €58,609 (2017: €58,137) and €58,609 (2017: €58,137) respectively.

Highdome PCC Limited

As at 31st December 2018 Highdome PCC Limited's financial assets included cash and cash equivalents and a receivable loan from Cell Europe's immediate parent company. The table below shows loans and cash balances as at the end of financial year for each Cell and Core.

Cell	31 Dec 2018 (€)	31 Dec 2017 (€)
Highdome Core		
Loan	1,800,000	1,800,000
Cash	2,165,377	2,036,962
REI Cell		
Cash	118,917	150,402
Cell Europe		
Loan	1,000,000	1,000,000
Cash	15,623,162	7,818,345
Cell Coopex		
Cash	430,356	269,555
Core and Cells Combined		
Loan	2,800,000	2,800,000
Cash	18,337,812	10,275,264

The loan by Cell Europe to its parent company bears annual interest of 1.03% above Euribor 3-month interest rate set on the previous interest payment date, which is payable annually in arrears. Interest income on the loan for the period ending 31st December 2018 amounted to €7,161 (2017: €7,127). The loan is unsecured and repayable on demand subject to one month's notice. Please refer to 'Investment performance' 'The Group' above for details regarding Highdome Core's receivable loan.

As at 31st December 2018 Highdome Core and Cells held cash and cash equivalents which include deposits held at call with banks and other short term highly liquid investments with

original maturities of three months or less. Interest income on cash and deposits for the period ending 31st December 2018 accruing to the Core’s shareholders amounted to €268 (2017: €64) and that accruing to the Cells’ shareholders amounted to €371 (2017: €753), resulting in combined interest income on cash deposits of €639 (2017: €817).

Combined net interest income of Highdome Core and Cells for the financial period ending 31st December 2018 amounted to €618,716, an increase of 11% from the previous year (2017: €557,555). Net interest income includes interest income on insurance receivables of €552,307 (2017: €491,474).

2.8. Leasing arrangements

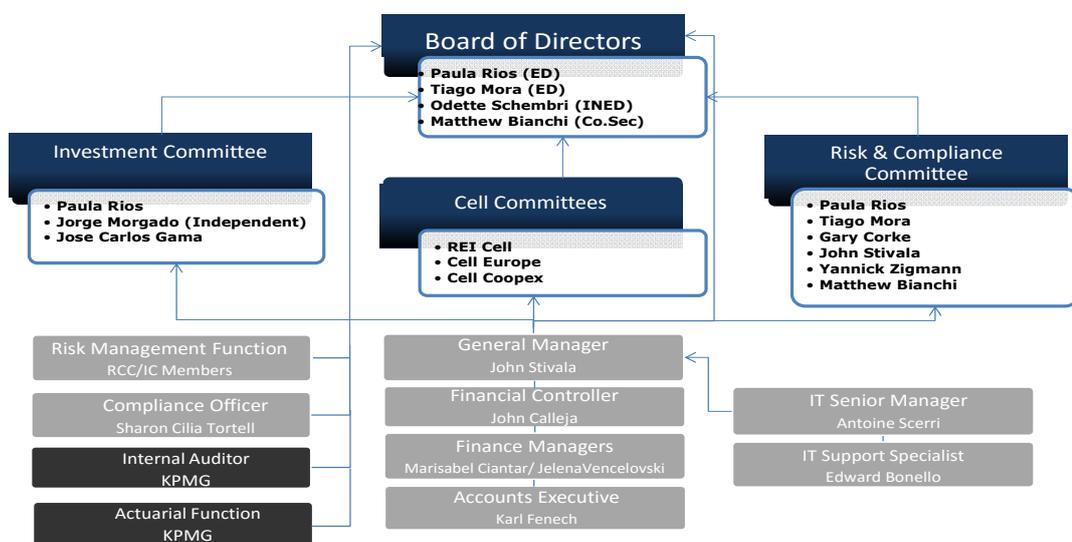
The Group had no leasing arrangements as at 31st December 2018.

3. System of Governance

3.1. Structure of the Board, Committees & Key Functions

A protected cell company operates with two distinct groups: a single core company and an unlimited number of cells. It is governed by a single Board of directors, which is responsible for the management of the PCC as a whole. Each cell is managed by a Cell Committee, with authority to the committee being granted by the PCC Board of directors.

The Board of Highdome is currently composed of three directors with collective experience and knowledge that is considered adequate to direct the company. One director is an independent non-executive. The Board of Highdome has set up a Risk and Compliance Committee and an Investment Committee. The following is a chart showing the organisation structure at the end of the reporting period.



Ms. Rios, Mr. Mora and Ms. Schembri are responsible for oversight of the Compliance, Actuarial and Internal Audit Functions respectively. Mr. Mora and Mr. Stivala are the director and manager respectively responsible for distribution activities.

Insurance Manager
Outsourced

In December 2018 Ms Jacqueline Legrand resigned as a director of Highdome and will be replaced by Mr Jorge Luzzi upon MFSA approval. Mr Jorge Luzzi replaced Ms Jacqueline Legrand as director of MDS Malta. Ms Paula Rios is the other director of MDS Malta.

3.2. Material Changes over reporting period

During the reporting period changes to the system of governance of Highdome included a change in the composition of the Board of directors, the appointment of a new Compliance Officer, changes to existing Board policies and approval of new Board policies relating to data protection, product oversight and governance and knowledge and ability continued professional development.

During the reporting period changes to the system of governance of MDS Malta included a change in the composition of the Board of director.

3.3. Remuneration Policy

Highdome employs a resident non-executive director and engages JLT Insurance Management Malta Ltd (“JLT”), a licensed insurance management company, to provide a comprehensive range of management services and certain key functions. Other key functions are outsourced to KPMG. Highdome has entered into a written agreement with service providers for all outsourced functions which provides for a fixed annual fee. The non-resident directors waive their entitlement to a director’s fee. There is a standing item on the agenda of the Board meeting of Highdome immediately after the financial year-end to review the management and directorship agreements and the fees payable. MDS Malta has entered into a management agreement with Manoel Management Services Ltd (“MMS”). No fees are paid to MDS Malta directors.

3.4. Material transactions with Shareholders & Board Members

The Group

Details of significant transactions carried out by the Group with Shareholders & Board Members are as follows:

	2018 (€)	2017 (€)
Loan to immediate parent company	1,800,000	1,800,000
Interest receivable on loan to immediate parent	58,609	58,137
Director’s fee	6,250	5,500

There were no other transactions, other than those disclosed above, with shareholders and Board members.

Highdome PCC Limited

Details of significant transactions carried out by Highdome PCC Limited with Shareholders & Board Members are as follows:

	2018 (€)	2017 (€)
Loans to immediate parent company	2,800,000	2,800,000
Interest receivable on loan to immediate parent company	65,770	65,264

There were no other transactions, other than those disclosed above, between Highdome Core and Cells and Board members.

3.5. Fit and Proper Policy

The scope of the policy is to set out the processes and procedures to determine the fitness and properness of the Board of Directors, Senior Management, persons carrying out key function and persons who carry out outsourced functions.

The Board of Directors should, as a minimum, possess collective knowledge, qualifications competence and experience in respect of the following areas in order to satisfy the 'fitness' criteria: insurance and financial markets, business strategy and business model, system of governance, financial and actuarial analysis, and regulatory framework and requirements. Senior Managers and persons responsible for key functions should possess qualifications, competence, knowledge and experience adequate to enable them to manage their area of responsibility in a sound and prudent manner. The 'propriety' of a Director, Senior Manager and/or persons responsible for key functions is assessed taking into consideration the reputation and integrity of the person. When assessing whether a person is fit to perform an outsourced function, the company shall take assess in particular the technical and financial ability of the service provider and its capacity to perform the outsourced function and the internal control system of the service provider

Prior to the appointment of a Director, Senior Manager or a person responsible for a Key Function the individual will be required to provide the company with a duly completed Personal Questionnaire ("PQ"), Curriculum Vitae ("CV") and a conduct certificate. The Board will determine whether the individual is fit and proper for the role in question and submit a notification to the MFSA. At the Board meeting after the financial year-end Directors are reminded to report any material changes to the information contained in the CV or PQ.

3.6. Risk Management Framework

The Board of Highdome has adopted corporate governance guidelines tailored for insurers that are in line with the Insurance Core Principles laid down by the International Association of Insurance Supervisors. These guidelines are documented in the Company's Procedures and Control Manual which includes an assessment of all risks that may be significant to the Company together with a detailed description of the controls that are in place for each risk. A corporate governance annual review is carried out by the risk management function and reported to the Board at the first meeting after the financial year-end. A summary of the extent of adherence to the corporate governance guidelines is presented and signed off by the Board at the same meeting.

Highdome manages exposure to insurance and reserving risks through the Risk & Compliance Committee that considers aggregation of risk, underwriting technicalities, reserving methodologies and establishes risk retention levels. The Board of Highdome sets out the Company's underwriting strategy whilst claims reserves are set in accordance with the Company's Reserving Policy and are reviewed and adjusted regularly. Financial risks are managed through the Company's Investment Committee which is responsible to assist the Board in formulating and keeping under review the investment policies of the Company.

The Group outsources management to a regulated entity with a fully documented and tested Business Continuity Plan. Operational risk is addressed in the procedures and controls manual by identifying the operational risks it is exposed to or might be exposed to and assesses the way to mitigate them, including the IT system supporting the internal processes. Operational risk is monitored and controlled through internal and external audits and MFSA inspections.

Overall the Group's risk appetite reflects the current level of shareholder's funds. Insurance limits have been set and are defined in the insurance policies or delegated authority agreements with intermediaries. Insurance risk mitigation, in the form of reinsurance, is considered for each policy in line with the Group's risk appetite and the Group's own funds. Any reinsurers accepted should have a credit rating of at least "A-" from Standard & Poor's, or a rating agency of similar repute, or for EU-domiciled reinsurers a Solvency Capital Requirement ("SCR") cover in excess of 100%. In terms of financial risks the Group sets asset allocation limits which are defined in the Investment Policy.

3.7. Own Risk and Solvency Assessment (ORSA)

An ORSA is carried out once annually and when there is a material change to the risk profile. The risk management function is responsible to implement the ORSA and works closely with the actuarial function to perform stress testing under various scenarios pre-agreed by the Board. An ORSA report is presented to the Board for final review and approval.

The solvency capital needs of the Group are determined by using the Standard Formula method of calculation without the use of any Undertaking Specific Parameters or Partial Internal Model. The ORSA assessment includes the consideration of changes to the own funds position that may occur in stressed situations. As a result, the Group performs stress tests and scenario analysis to assess the resilience of the various entities. Prior to setting up new cells solvency projections are prepared by the actuarial function and reviewed by the Board. A breakdown of the solvency capital and eligible own funds is provided in Section Six.

3.8. Use of Internal Model

The Group uses the standard formula to calculate the solvency capital requirement and the minimum capital requirement and at this point in time it has no intention of applying for approval to use an internal model.

3.9. Internal Control System

In line with the corporate governance guidelines adopted by Highdome an internal control system has been set up to safeguard assets, to ensure Highdome enters into transactions only where appropriate authority exists and to ensure effective risk assessment and management. The purpose of the internal control system is also to ensure completeness, accuracy and timeliness of record keeping.

JLT has an Operating Procedures Manual which details the procedures which must be followed in relation to general office practices and administration functions. This manual includes details of the structure and allocation of responsibilities, attendance at and timing of regular meetings, senior personnel designated to review incoming correspondence and, where appropriate, outgoing correspondence, personnel authorised to send outgoing correspondence, holiday arrangements and cover, including the review of received e-mail in a person's absence, the structure and content of files, and rules and procedures for file storage and archiving and personnel authorised to carry out underwriting, accounting and company secretarial procedures.

A monthly meeting, normally chaired by the General Manager or in his absence the Financial Controller, is held so that all JLT staff have the opportunity to advise, discuss and review ongoing issues related to the Group and Cells, together with reporting any matters that could affect the solvency of the Group and Cells.

3.10. Internal Audit

The Group's internal auditors are KPMG. The internal auditor performs internal audit procedures addressing a number of risk areas, on an annual basis. This includes the review and testing of the processes and controls relevant to the Group's operations. In this respect, internal audits, to date, have covered the areas of compliance and IT. A three-year internal audit plan up to 2018 was approved by the Board of Highdome on 4th December 2015.

3.11. Actuarial Function

The actuarial function holder is Noel Garvey of KPMG Ireland. KPMG is responsible for the production of technical provisions (best estimate and risk margin), including pro forma Solvency II balance sheet and the production of the solo and group solvency and minimum capital requirement as and when required by the Group and the Cells to comply with regulatory reporting.

The actuarial function produces three-year SCR, MCR and Solvency II balance sheet projections as part of the ORSA process and produces a written report which includes an opinion on underwriting and the adequacy of the reinsurance arrangement. In the report for 2018 KPMG identified areas for future development and improvement and provided recommendations in this regard to improve the calculation of the technical provisions going forward.

3.12. Outsourcing

Key functions that are outsourced are general management, the compliance function, promotion and sales, claims management, internal audit and the actuarial function. The services providers are located in Malta (management, internal audit and compliance function), in France, Portugal and Spain (promotion and sales, claims management and internal audit) and in Ireland (actuarial function).

In accordance with the Outsourcing Policy, the Group manages outsourcing arrangements through service level and pricing agreements as well as business continuity planning. When outsourcing a critical or important operational function the Group must comply with the requirements of Article 49 of the Solvency II Directive and Article 274 of the Commission Delegated Regulation (EU) 2015/35 of 10th October 2014. The Group considers the outsourcing of back-office management, promotion and sales and claims management as critical operational functions. A person from within the Group is designated with overall responsibility for the outsourced critical function.

3.13. Proportionality

The system of governance is deemed to be adequate when taking account of the nature, scale and complexity of the Group's operations and the risks it is exposed to.

4. Risk Profile

4.1. Measures to Assess Risk and Material Changes during Reporting Period

Highdome maintains a register of all the risks that an insurance company is exposed to. As reported in Section 3.6 above the risk register is documented in Highdome's Procedures and Control Manual which explains how these risks are monitored, controlled and reported to the Board. There were no material changes to the PCM during the reporting period.

4.2. Material Risks of undertaking and material changes during the reporting period

The main risks of the Group and Cells are insurance risk and investment risk. The only material change to the risk profile of Highdome during the reporting period is the increase in insurance risk arising from the business carried on through the Cells where there is secondary recourse to the assets of Highdome Core.

The Cells are exposed to insurance risks as described in section 2.3. The lines of insurance business are considered to be very predictable and the expectation is that the premium is more than adequate to cover the cost of claims.

Cell Europe is exposed to premium and reserve risk and although the nature of extended warranty business is such that a policy cannot technically lapse, a capital charge for lapse

risk is required in accordance with the rules. There was no exposure to catastrophe risk as at 31st December 2018.

REI Cell is exposed to premium and reserve risk which is mitigated by the contract boundaries within the rental guarantee policy and through the reinsurance arrangement for the personal accident business and rental guarantee business. There was no exposure to lapse risk as at 31st December 2018. REI Cell is also exposed to counterparty default risk as a result of the reinsurance arrangement but this is not material because the reinsurer had a credit rating from Standard & Poor's of AA- as at 31st December 2018.

Cell Coopex is exposed to premium and reserve risk, lapse risk and catastrophe risk but the volume of business is not material and there are adequate underwriting risk controls in place to mitigate this risk.

The Group and the Cells are exposed to market risk and counterparty default risk as a result of their investment of funds with banks and loans with related companies. The Cells are also exposed to operating risk which increases in line with activity size. Highdome Core also has a very small equity investment and is therefore exposed to equity risk. The Cells are not exposed to equity risk, property risk or currency risk.

4.3. Assets invested in Accordance with the Prudent Person Principle

The Investment Policy of the Group and Cells, which was last updated and approved by the Board of Directors on 28th November 2018, makes reference to the new regulatory framework and requires available funds of the Core and of Cell Europe to be invested in Cash and Money Market Funds (minimum 40%) and intragroup loans (maximum 60%), whereas all available funds of other Cells must be kept in cash and cash equivalent deposits.

As outlined in section in 2.7, the investments of the Group and Highdome are currently limited to bank deposits, equity and loans to related companies. The selection of these investments is in line with the prudent person principle in that the counterparty default risk is monitored and controlled and reported to the Investment Committee and the Board on a regular basis. External credit ratings are obtained where possible and if necessary copies of financial statements are obtained from counterparties.

4.4. Description of Material Risk Concentrations

Material risk concentrations during the reporting period arose from the exposure to the default of related companies as borrowers and to the exposure to default of one bank.

4.5. Description of Risk Mitigating Techniques

The risk mitigating technique used by the Group are the contract boundaries and reinsurance arrangement referred to in the sections above. The recovery of claims under the reinsurance agreement is proportional to the amount of premium paid.

4.6. Risk Sensitivity

Stress testing is carried out as part of the ORSA on the material risks of the Group and Highdome Core and Cells combined. In the 2018 ORSA the following stress tests were carried out:

REI Cell

- Premium reduction of 30% from 2018
- Loss ratio increase of 10% from 2018
- Loss ratio increase of 20% from 2018
- A reduction in the credit rating for term deposits from BBB to BB

The ORSA results showed that REI Cell would have sufficient capital in all scenarios from 2019 onwards except for scenario 3 where loss ratios are assumed to be 20% higher than the base case scenario. As expected, the solvency cover throughout all three years in scenario 1 improved when compared to the base case scenario, owing to lower earned premium generated from Loss on resale and Home Contents business which result in a proportionately lower catastrophe risk charge by 30%. Another contributing factor to the improved SCR coverage is the lower premium volume generated from all three business which pushes down the premium and reserve underwriting risk.

If the shortfall in SCR coverage in any of the scenarios illustrated below was to materialise, the shortfall in own funds is not material (less than €180,000) and can be covered by the own funds of the Core until the cell shareholders inject additional capital.

Cell Europe

- Premium reduction of 20% from 2018
- Loss ratio increase of 5% from 2018
- Loss ratio increase of 10% from 2018
- A reduction in the credit rating for bank deposits from A- to BBB

The results show that Cell Europe would have sufficient eligible own funds to cover the SCR in all scenarios except Scenario 3 where loss ratios are assumed to be 10% higher than the base case scenario. Predictably, the results in scenario 1 show improved SCR coverage compared to the base case scenario, this is owing to the lower cumulated premium volume which push down the non-life underwriting risk. SCR coverage falls slightly below 100% in scenario 3 from 2018 onwards, this is owing to the projected higher loss ratios which drive up the non-life underwriting risk as well as the technical provisions in the balance sheet, which in turn reduce the available Own Funds to cover the SCR. If these scenarios were to materialize, the dividends would not be distributed and additional capital may need to be injected by the cell shareholders should the own funds of the Core prove to be insufficient to provide cover for the short fall.

Cell Coopex

- Premium reduction of 50% from 2018
- Loss ratio increase of 30% from 2018
- Loss ratio increase of 50% from 2018
- A reduction in the credit rating for term deposits from BBB to BB

The results show that Cell Coopex would not have sufficient eligible own funds to cover the SCR in all scenarios and in all years except the 2020 year in Scenario 1 and all years in Scenario 4. Predictably, the eligible own funds would fall below the SCR requirement in scenarios 1, 2 and 3 and there will be an increase in SCR in scenario 4 compared to the base case scenario. If the shortfall in SCR coverage in any of the scenarios illustrated below was to materialise, the shortfall in own funds is not material (less than €310,000) and can be covered by the own funds of the Core until the cell shareholders inject additional capital.

No stress tests were carried out on the non-cellular part of Highdome or on MDS Malta.

5. Valuation for Solvency Purposes

Highdome's financial statements are prepared on the historical cost basis except for investments held at fair value, and in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter referred to as 'IFRS').

Article 75 of Directive 2009/138/EC of the European Parliament Council (hereinafter referred to as 'Solvency II Directive') and Articles 7 to 16 of Commission Delegated Regulation (EU) 2015/35 (hereinafter referred to as the 'Delegated Regulation') generally provide for undertakings to recognise and value assets and liabilities other than technical provisions in accordance with IFRS except where not consistent with the Solvency Directive. Where not consistent, other valuation principles or adjustments shall be applied.

5.1. Valuation of Assets for solvency calculation

The following tables show a list of the assets on the Group's and Highdome PCC Limited's balance sheet as at 31st December 2018 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation. The quantitative reporting template containing the Solvency II Balance Sheet is being attached to this document (refer to S.02.01.02 in Appendix 1 for the Group and S.02.01.02 in Appendix 2 for Highdome Core and Cells Combined)

The Group

	IFRS (€)	Solvency II (€)	Movement (€)
Assets			
Intangible asset	15,506	-	(15,506)
Equities - unlisted	9,410	9,410	-
Deposits other than cash equivalents	1,730,805	1,730,805	-
Other loans and mortgages	1,800,000	1,812,011	12,011
Receivables (trade, not insurance)	258,726	246,715	(12,011)
Cash and cash equivalents	437,107	437,107	-
Total assets	4,251,554	4,236,048	(15,506)

Highdome PCC Limited

	IFRS (€)	Solvency II (€)	Movement (€)
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Assets			
Deferred acquisition costs	10,218,405	-	(10,218,405)
Intangible asset	15,506	-	(15,506)
Equities - unlisted	9,410	9,410	-
Deposits other than cash equivalents	1,730,805	1,730,805	-
Other loans and mortgages	2,800,000	2,815,034	15,034
Reinsurance recoverables from health similar to non-life	90,000	107,693	17,693
Insurance and intermediaries receivables	43,936,485	230,162	(43,706,323)
Receivables (trade, not insurance)	259,421	244,387	(15,034)
Cash and cash equivalents	16,607,007	16,607,007	-
Total assets	75,667,039	21,744,498	(53,922,541)

The value of assets in the consolidated group accounts and Highdome PCC Limited accounts have been adjusted to conform Solvency II Directives and Delegated Regulations, as outlined below.

Deferred Acquisition Costs

Deferred acquisition costs have been removed and are included with technical provisions.

Intangible Assets

The value of intangible assets has been removed for the Solvency II Balance Sheet as the asset cannot be sold separately and the company could not assign a market price as quoted in an active market for same or similar assets.

Equities - unlisted

There is no difference between the value of equities as recognised under IFRS and Solvency II Directives. Equities have been stressed under equity risk.

Deposits other than cash equivalents

Deposits other than cash equivalents consist of one-month fixed term deposits, with a fixed interest rate of 0.01%. The fixed deposits are available for Highdome's short-term cash requirements and can be converted to known amounts of cash with insignificant risk of change in value. No interest has been accrued on the fixed term deposits due to immateriality of the amount. Deposits other than cash equivalents are stressed under interest rate risk, spread risk and concentration risk.

Other loans and mortgages

Other loans and mortgages consist of intercompany loans and receivables that are expected to be redeemed in the next 12 months subject to interest as specified in note 2.7 Investment Performance above. In the IFRS balances sheet, loans and receivables are measured at amortised cost using the effective interest method which approximates the fair value of the asset given the short-term nature of loans. Accrued interest included with receivables (trade not insurance) for the statutory accounts has been added to the book value of the loan to derive the Solvency II value. This class of asset has been stressed under interest rate risk, spread risk and concentration risk.

Reinsurance recoverables from health similar to non-life

Reinsurance recoverables from health similar to non-life have been stressed under counterparty default risk. The value of reinsurance technical provisions has been estimated as outlined in Section 5.2.

Insurance and intermediaries receivables

The cash flows amounting to €43,706,323 receivable from intermediaries are modelled and form part of the premium provisions and therefore deducted from insurance and intermediaries receivables. The remaining amount of €230,162 consists of receivable insurance premium tax and receivable premiums with respect to expired business and thus was not included within the technical provisions. Insurance and intermediaries receivables were stressed under counterparty default risk.

Receivables (trade, not insurance)

Receivables (trade, not insurance) consist of prepayments, accrued income and other receivables. There is no difference between the IFRS value and Solvency II value of these assets, other than accrued interest on other loans and mortgages, given the short-term nature of these receivables. Furthermore, no capital charge was applied to this class of asset except for a counterparty default risk charge charged on the group's other receivables amounting to €96,040.

Cash and cash equivalents

There is no difference between the value of cash at bank as recognised under IFRS and Solvency II Directives. Cash at bank has been stressed under counterparty default risk.

5.2. Valuation of Technical Provisions

The Group

No business is underwritten through the Group and therefore Solvency II balance sheet does not include any technical provisions.

Highdome PCC Limited

The following table shows the change in technical provisions from Highdome's balance sheet as at 31st December 2018 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation.

	IFRS (€)	Solvency II (€)	Movement (€)
Technical provisions			
Technical provisions – non-life (excluding health)	63,410,931	-	(63,410,931)
Best estimate of liabilities	-	(21,133,229)	(21,133,229)
Risk Margin	-	4,760,142	4,760,142
Technical provisions - health (similar to)	100,000	-	(100,000)
Best estimate of liabilities	-	129,259	129,259
Risk Margin	-	2,330	2,330
Total Technical Provisions	63,510,931	(16,241,498)	(79,752,429)

Below is a description of the bases and methods used for the valuation of the best estimate of liabilities (BEL) and the risk margin. There were no material changes to assumptions for calculation of technical provisions compared to previous reporting periods. There was no application of matching adjustment, volatility adjustment, transitional risk-free interest rate and transitional deductions.

The quantitative reporting template containing information on the undertaking in the scope of the company is being included in this document (refer to S.17.01.02 in Appendix 1)

Technical provisions – non-life (excluding health)

Technical provisions – non-life (excluding health) consists of provision for unearned premium of €62,813,304, claims incurred but not reported amounting to €597,627 and claims reported amounting to €100,000. Technical provisions are included within the Best estimate of liabilities and Reinsurance recoverables.

Best estimate of liabilities

The Best Estimate liabilities comprise of the Claims Provision and Premium Provision.

(i) Gross premium provisions

The Premium Provision is the discounted best estimate of cash flows relating to future claim events that have not yet occurred, but that are covered by existing and any legally binding pre-inception contracts.

The treatment of the Premium Provision is the most material judgement impacting on Highdome's Solvency II Technical Provisions. In general, the contracts are expected to be profitable to Highdome, as such this will drive a negative best estimate liability figure.

The model projects earned premium from the UPR based on the relevant earning pattern. The earning pattern for extended warranty business is based on the assumption that there is a two-year factory warranty before the extended warranty is applied. The total UPR premium provision of €21,497,360 is applied across multiple future months and years.

Cash flows resulting from future claims events have been included based on the unearned premium reserve, a lapse / cancellation rate assumption of 5-7% and a loss ratio assumption of 29.5%. The loss ratio assumption is based on the expected loss ratio. This loss ratio includes an allowance for binary events / ENIDs and the expenses associated with servicing of in force policies have been made.

Future premium and commission cash flows have been included in line with premiums receivable and commissions payable included on the balance sheet.

Discounting is applied to the future paid amounts in line with the relevant EIOPA published yield curve information.

(ii) Claims provision

The Claims Provision is the discounted Best Estimate of cash flows relating to past claim events that occurred before the valuation date, whether reported or not. The cash flows include: future cash flows resulting from past claims events (including salvage and subrogation); and cash flows arising from allocated and unallocated expenses in respect of past claims events.

The gross claims provision has been estimated at €493,390 using an Expected Loss Ratio approach.

The net claims provision has been estimated at €385,697, i.e. a reinsurance recoverable of €107,693. One of the Cells, specifically REI Cell, has quota share reinsurance in place.

(iii) Uncertainty associated with the amount of technical provisions

Uncertainties associated with technical provisions are listed below:

- The choice of loss ratio for the premium provision is based on historic benchmark loss ratios and general market knowledge. The unearned portion or written premium may develop adversely or more favourable than the loss ratios selected.
- The payment patterns used in determining the cashflows are based on benchmark payment pattern and may not be reflected in reality, particularly with respect to claims payments. They can be considered a best estimate until actual experience emerges.
- Future claims payments and associated expenses will be impacted by future inflation. An allowance for inflation is implicit within the methods we have used and we have not made any additional explicit adjustments.
- Other sources of uncertainty include but are not limited to:
 - Change in future claims / regulatory environment;
 - The appropriateness of the selected benchmarks will add to the uncertainty of results e.g. benchmarks are based off classes of business with different limits, benchmark data has been subject to a different claims environment, benchmark data derived from companies with different claim handling process etc.; and
 - Actual future claims inflation, whether from economic or non-economic drivers, may differ from that implied by historic data or explicit inflation assumptions where these have been made.

Risk Margin

The risk margin has been calculated based on methodologies set out in the EIOPA technical specifications and delegated acts and no simplifications were applied. Each component of the SCR was calculated at each future date assuming no future business was written. This was then discounted using the December 2018 yield curve and a 6% cost of capital was applied.

5.3. Valuation of Other Liabilities

The following table shows the change in other liabilities from Highdome's balance sheet as at 31st December 2018 in accordance with IFRS and their valuation as required by the Solvency II Directive and Delegated Regulation. The quantitative reporting template containing the Solvency II Balance Sheet is being attached to this document (refer to S.02.01.02 in Appendix 1 for the Group and S.02.01.02 in Appendix 2 for Highdome Core and Cells Combined).

The Group

	IFRS (€)	Solvency II (€)	Movement (€)
Other Liabilities			
Payables (trade, not insurance)	202,029	202,029	-
Total Other Liabilities	202,029	202,029	-

Highdome PCC Limited

	IFRS (€)	Solvency II (€)	Movement (€)
Other Liabilities			
Deferred tax liabilities	-	9,050,983	9,050,983
Insurance and intermediaries payables	138,050	138,050	-
Reinsurance payables	29,993	29,993	-
Payables (trade, not insurance)	2,375,452	2,375,452	-
Total Other Liabilities	2,543,495	11,594,478	9,050,983

Deferred Tax Liabilities

Deferred tax liabilities disclosed under Solvency II reflects the movements in assets and liabilities from IFRS to Solvency II.

Deferred tax liabilities	
Decrease in assets	(53,922,541)
Decrease in liabilities	79,752,429
Movement from IFRS to Solvency II	25,829,888
Deferred tax at 35%	9,040,461
Add back deferred tax asset capped at zero	10,522
Deferred tax liabilities	9,050,983

The increase in own funds represented by the reconciliation reserve amounting to €16,778,904 has been taxed at 35% to derive the deferred tax liability of €9,050,983.

Payables (trade, not insurance)

Payables (trade, not insurance) consists of accruals and other payables which are stated at their nominal value. There has been no adjustment between the valuation in the IFRS financial statements and liabilities valued in accordance with Solvency II Directive and Delegated Regulation.

6. Capital Management

6.1. Capital Structure and Management Policy

The Group

The Group's available and eligible own funds as at 31st December 2018 consisted of issued and fully paid up ordinary share capital of €3,575,005, retained earnings amounting to €474,520 and a reconciliation reserve of (€15,506). The Group's own funds were adjusted from €4,034,019 to €3,556,075 to reflect a deficit of €477,944 pertaining to two of the Cells being ring-fenced funds under Highdome Core.

The policy of the Group is to maintain sufficient eligible own funds to cover the expected net retained risk exposure and the minimum capital levels required by insurance rules at all times. The payment of dividends will be at the directors' discretion depending on financial performance and distributable profits available.

The company has made no significant changes, from the previous year, to its policies and process to manage own funds.

Highdome PCC Limited

Highdome's eligible and available own funds as at 31st December 2018 consisted of issued and ordinary share capital of €7,071,200, retained earnings of €2,541,413, reconciliation reserves of €11,107,126 (net of adjustment for ring fenced funds) and ancillary own funds of €7,500,000.

Highdome 's share capital is made up as follows:

	Authorised (€)	Issued and called up (€)
Core:		
469,999 ordinary 'core A' shares of EUR5 each, 69,999 of which have been issued and called up	2,349,995	349,995
640,000 ordinary 'core B' shares of EUR5 each, all of which have been issued and called up	3,200,000	3,200,000
1 ordinary 'core C' shares of EUR5 each, all of which have been issued and called up	5	5
Cells:		
252,400 ordinary CLASS D 'REI CELL' shares of EUR5 each, 176,320 of which have been issued and 50% called up and 76,080 have been issued and 100% called up (2017: 252,400 ordinary CLASS D 'REI CELL' shares of EUR5 each, 200,000 of which have been issued and 50% called up and 52,400 have been issued and 100% called up)	1,262,000	821,200
2,000,000 ordinary CLASS E 'CELL EUROPE' shares of EUR5 each, all of which have been issued and 25% called up	10,000,000	2,500,000
200,000 ordinary CLASS F 'CELL COOPEX' shares of EUR5 each, all of which have been issued and 20% called up	1,000,000	200,000
Total share capital	17,812,000	7,071,200

Highdome PCC Limited's retained earnings of €2,541,413 is made up as follows:

Entity	31 Dec 2018 (€)
Highdome Core	424,110
Highdome REI Cell	(782,309)
Highdome Cell Europe	2,892,939
Highdome Cell Coopex	6,673
Accumulated profit	2,541,413

The policy of the Company is to maintain sufficient eligible own funds to cover the expected net retained risk exposure and the minimum capital levels in accordance with insurance regulations at all times and that it maintains an appropriate level of capital under all market conditions. To ensure that the Company maintains an appropriate level of capital above the regulatory capital requirements, the Board has set capital targets of 200% of the Minimum Capital Requirement and 105% of the Solvency Capital Requirement.

The Company monitors the Core and Cell capital requirements on a regular basis. Any potential shortfall in the capital requirements would necessitate the development of a recovery plan with a list of possible actions, like changes in the risk profile, capital injections or use of external capital such as re-insurance and the possibility to place activities in run-off. Consequently, actions may be defined and scheduled in order to restore the situation.

No changes to the capital structure may be effected without the prior approval of the Board and the Shareholders. Payment of dividends will be at the Directors' discretion depending upon the financial performance of the Company and distributable profits available.

6.2. Structure Amount and Quality of Available and Eligible Own Funds

The Group

The following table shows the amount and quality of own funds in each tier at the end of this reporting period both at entity and consolidated level. Upon consolidation, the investment in subsidiary of MDS Malta into Highdome amounting to €3,549,995 was offset against the paid-up share capital of Highdome.

(i) The Group - Consolidated

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,575,005	3,575,005	-
Reconciliation reserve	459,014	342,451	116,563
Adjustment for ring fenced funds	(477,944)	(60,806)	(417,138)
Total Available and Eligible Own Funds	3,556,075	3,856,650	(300,575)

The Group did not register significant changes in own funds during the reporting period.

(ii) MDS Malta

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,575,000	3,575,000	-
Reconciliation reserve	50,410	63,890	(13,480)
Total Available and Eligible Own Funds	3,625,410	3,638,890	(13,480)

MDS Malta did not register significant changes in own funds during the reporting period.

(iii) Highdome Core

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,550,000	3,550,000	-
Reconciliation reserve	408,604	278,561	130,043
Adjustment for ring fenced funds	(477,944)	(60,806)	(417,138)
Total Available and Eligible Own Funds	3,480,660	3,767,755	(287,095)

Highdome Core did not register significant changes in own funds during the reporting period.

The quantitative reporting template containing the own funds is being attached to this document (refer to S.23.01.01 in Appendix 1).

Highdome PCC Limited

The following tables show the amount and quality of own funds in each tier at the end of this reporting period on a cell and combined basis. A comparison is made between the position as at 31 December 2017 and as at 31 December 2018.

(i) Highdome Core and Cells Combined

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	7,071,200	7,012,000	59,200
Reconciliation reserve	13,648,539	9,571,924	4,076,615
Ancillary Own Funds	7,500,000	7,500,000	-
Total Available and Eligible Own Funds	28,219,739	24,083,924	4,135,815

Combined movements are reconciled to movements at Core and Cells' level as follows:

	Movement (€)
Highdome Core	130,043
Cell Europe	6,443,770
Rei Cell	(89,923)
Cell Coopex	121,523
Adjustment for ring fenced funds	(2,469,598)
Net movement in available and eligible own funds	4,135,815

The movement in own funds arising in 2018 mainly relates to the increase in Cell Europe's technical provisions. Movements are furtherly analysed at Core and Cell level below.

The quantitative reporting template containing the own funds of Highdome is being attached to this document (refer to S.23.01.01 in Appendix 2).

(ii) Highdome Core

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,550,000	3,550,000	-
Reconciliation reserve	408,604	278,561	130,043
Total Available and Eligible Own Funds	3,958,604	3,828,561	130,043

The Core cell did not register significant changes in own funds during the reporting period.

(iii) Highdome Cell Europe

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	2,500,000	2,500,000	-
Reconciliation reserve	19,563,663	13,119,893	6,443,770
Ancillary Own Funds	7,500,000	7,500,000	-
Total Available and Eligible Own Funds	29,563,663	23,119,893	6,443,770

The available and eligible own funds of Cell Europe are made up of unrestricted Tier 1 Basic Own Funds, consisting of paid up share capital and reserves, and Tier 2 Ancillary Own Funds. The Cell did not register significant changes in own funds during the reporting period. The movement in the reconciliation reserve arose primarily from variation in technical provisions, more specifically, premium provisions which are directly affected by the significant increase of unearned premiums.

Ancillary own funds of €7,500,000 consist of unpaid and uncalled ordinary share capital, callable on demand falling under Article 74 (a) of the Delegated Regulation (EU) 2015/35 as Tier 2 Ancillary Own Funds and displays all the features of a basic own-fund item classified in Tier 1 in accordance with Articles 69 and 71 of the Delegated Regulation (EU) 2015/35, once the item is called up and paid in. The unpaid and uncalled ordinary share capital may be called upon without any restrictions.

Cell Europe's total available own funds are eligible to cover for the Cell's solvency capital requirement; however, only €23,891,884 are eligible to cover for Highdome Core and Cells Combined's solvency capital requirement. Refer to section 6.3 for further information with respect to adjustment for restricted own fund items in respect of ring-fenced funds (RFF).

(iv) Highdome REI Cell

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	821,200	762,000	59,200
Reconciliation reserve	(796,867)	(647,744)	(149,123)
Total Available and Eligible Own Funds	24,333	114,256	(89,923)

The Own Funds of REI Cell are made up of unrestricted Tier 1 Basic Own Funds consisting of paid up share capital and reserves. The Cell did not register significant changes in own funds during the reporting period.

(v) Highdome Cell Coopex

Available and Eligible Own Funds as at	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	200,000	200,000	-
Reconciliation reserve	144,918	23,395	121,523
Total Available and Eligible Own Funds	344,918	223,395	121,523

The Own Funds of Cell Coopex are made up of unrestricted Tier 1 Basic Own Funds consisting of paid up share capital and reserves.

6.3. Eligible Own Funds to Cover SCR and MCR

The Group

As shown in section 6.2 the Group's available and eligible own funds as at 31 December 2018 amounted to €3,556,075, comprising of paid-up share capital and a reconciliation

reserve. The Group's eligible own funds covers both the MCR (1217%) and the SCR (304%) calculated using the standard formula.

Highdome PCC Limited

Highdome's available and eligible own funds as at 31 December 2018 amounted to €28,219,739, comprising of paid-up share capital, a reconciliation reserve and ancillary own funds. SCR and MCR cover for each individual Cell, core and combined is illustrated below:

SCR and MCR cover as at 31 Dec 18	Core (€)	Cell Coopex (€)	Rei Cell (€)	Cell Europe (€)	Combined (€)
Total Available Own Funds	3,958,604	344,918	24,333	29,563,663	28,219,739
Total Eligible own funds to meet SCR	3,958,604	344,918	24,333	29,563,663	28,219,739
SCR	898,899	809,498	37,698	23,891,882	25,637,977
SCR cover:	440%	43%	65%	124%	110%
Total Eligible own funds to meet MCR	3,958,604	344,918	24,333	20,063,663	20,719,739
MCR	224,725	202,375	9,424	5,972,970	6,409,494
MCR cover:	1762%	171%	258%	369%	323%

Total Available Own funds - adjustment for restricted own fund items in respect of ring fenced funds (RFF)

The following is the total adjustment to the reconciliation reserve due to the existence of restricted own fund items in respect of ring-fenced funds at combined level. Reconciliation of Available Own funds at Core and Cell level to Available Own funds at Combined level is illustrated below:

	Core (€)	Cell Coopex (€)	Rei Cell (€)	Cell Europe (€)	Combined (€)
Available Own Funds (unadjusted)	3,958,604	344,918	24,333	29,563,663	33,891,518
Adjustment for RFF	-	-	-	(5,671,779)	(5,671,779)
Total Available and Eligible Own funds	3,958,604	344,918	24,333	23,891,884	28,219,739

Total Eligible own funds to meet SCR and MCR – Cell Europe

As explained in note 6.2 (iii), Cell Europe's own funds are made up of unrestricted Tier 1 Basic Own Funds and Tier 2 Ancillary Own Funds. In accordance with Article 82 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC, as far as compliance with the Solvency Capital Requirement is

concerned, the eligible amount of Tier 2 shall be subject to all of the following quantitative limits:

- the eligible amount of Tier 1 items shall be at least one half of the Solvency Capital Requirement;
- the eligible amount of Tier 2 shall not exceed 50 % of the Solvency Capital Requirement.

After taking into consideration the above, we determined that Cell Europe's total available own funds is eligible to cover the Solvency Capital requirement.

For the purposes of calculating eligible own funds in accordance with Article 82 of Commission Delegated Regulation 2015/35 for the MCR, and as per Guideline 20 paragraph 1.76 (b) of the EIOPA guideline on the classification of own funds, the MCR classified under Tier 2 should be made up of basic own funds. For this reason, €7,500,000 of Cell Europe's available own funds are not eligible to cover the Minimum Capital requirement as these are Tier 2 ancillary own funds and not Tier 2 basic own funds.

SCR and MCR cover

The Company's eligible own funds sufficiently cover the SCR (110 %) and MCR (323%). Solvency Capital Requirement and Minimum Capital Requirements are furtherly analysed below in point 6.5.

6.4. Differences in shareholders' funds

The Group

The Group's shareholders' funds, reported in the consolidated group accounts for the financial year ended 31st December 2018, amounted to €4,049,525. Shareholders' funds were adjusted from €4,049,525 to €3,556,075 to reflect a reconciliation reserve of €15,506 and a deficit of €477,944 pertaining to two of the Cells, being ring fenced funds under Highdome Core.

Highdome PCC Limited

Highdome's shareholders' funds, reported in the financial statements for financial year ended 31st December 2018, amounted to €9,612,612. The reconciliation reserve includes retained earnings as reported in the financial statements of €2,541,412, as well as, differences between IFRS and Solvency II valuation of assets and liabilities that amounts to €16,778,905. The movement in capital is being reconciled below:

Own Funds Reconciliation		(€)	(€)
Shareholders' Funds			9,612,612
Difference in valuation:			
Assets	(53,922,541)		
Gross Technical Provisions	79,752,429		
Other Liabilities	(9,050,983)		
Solvency II Reconciliation Reserve			16,778,905
Less adjustment for RFF			(5,671,779)
Total basic Own Funds			20,719,738

6.5. Standard Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The Group

As mentioned in section 3.8, the Group opted for the standard formula to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Group's risk profile. The SCR and MCR calculated using the Standard Formula are being shown in the following table. A comparison is made between the position as at 31 December 2017 and as at 31 December 2018.

SCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Market risk	1,777,959	1,777,677	282
Counterparty Default risk	75,572	56,161	19,411
Diversification	(55,190)	(41,296)	(13,893)
Basic Solvency Capital Requirement	1,798,342	1,792,542	5,800
Loss Absorbing Capacity of Deferred Taxes	(629,420)	(627,390)	(2,030)
Total SCR	1,168,922	1,165,152	3,770

MCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Floor	292,230	291,288	942
Cap	526,015	524,319	1,696
MCR (linear)	-	-	-
MCR	292,230	291,288	942

The quantitative reporting template containing information on the SCR is being attached to this document (refer to S.25.01.22 in Appendix 1).

Highdome PCC Limited

As mentioned in section 3.8, the Company opted for the standard formula to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. The SCR and MCR calculated using the Standard Formula are being shown for each individual Cell and combined in the following tables. A comparison is made between the position on as at 31 December 2017 and as at 31 December 2018.

(i) Highdome Combined

SCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Market risk	2,317,978	2,347,453	(29,475)
Counterparty Default risk	1,245,356	825,058	420,298
Health underwriting risk	37,252	24,864	12,388
Non-life underwriting risk	37,725,437	31,442,388	6,283,049
Diversification	(2,308,737)	(2,102,553)	(206,184)
Basic Solvency Capital Requirement	39,017,286	32,537,210	6,480,076
Operational risk	425,756	95,638	330,118
Loss Absorbing Capacity of Deferred Taxes	(13,805,065)	(11,421,497)	(2,383,568)
Total SCR	25,637,977	21,211,351	4,426,626

MCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Floor	6,409,494	5,302,838	1,106,656
Cap	11,537,090	9,545,108	1,991,982
MCR (linear)	2,577,691	2,445,577	132,114
Absolute Floor	3,700,000	3,700,000	-
MCR	6,409,494	5,302,838	1,106,656

The increase in solvency capital requirement of €4,426,626 is mainly resulting from the non-life underwriting risk of Cell Europe. Below you will find detailed SCR for each Cell and Core.

The quantitative reporting templates containing information on the SCR and MCR are being attached to this document (refer to S.25.01.21 in Appendix 1 and S.28.01.01 in Appendix 2).

(ii) Highdome Core

SCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Market risk	1,365,594	1,365,276	318
Counterparty Default risk	63,792	44,957	18,835
Diversification	(46,464)	(33,030)	(13,434)
Basic Solvency Capital Requirement	1,382,922	1,377,203	5,719
Loss Absorbing Capacity of Deferred Taxes	(484,023)	(482,021)	(2,002)
Total SCR	898,899	895,182	3,717

MCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Floor	224,725	223,796	929
Cap	404,505	402,832	1,673
MCR (linear)	-	-	-
MCR	224,725	223,796	929

Highdome Core's SCR is largely made up market risk, resulting from market risk charges attributable to the receivable loan advanced to the immediate parent company and the term deposit held at call with the bank. No significant changes were identified during the current year.

(iii) Highdome Cell Europe

SCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Market risk	894,231	879,174	15,057
Counterparty Default risk	1,060,075	708,607	351,468
Non-life underwriting risk	35,568,114	30,029,680	5,538,434
Diversification	(1,175,536)	(993,155)	(182,381)
Basic Solvency Capital Requirement	36,346,884	30,624,306	5,722,578
Operational risk	409,858	90,702	319,156
Loss Absorbing Capacity of Deferred Taxes	(12,864,860)	(10,750,253)	(2,114,607)
Total SCR	23,891,882	19,964,755	3,927,127

MCR	31 Dec 18 (€)	31 Dec 17	Movement (€)
Floor	5,972,970	4,991,189	981,781
Cap	10,751,347	8,984,140	1,767,207
MCR (linear)	2,531,424	2,426,864	104,560
MCR	5,972,970	4,991,189	981,781

Cell Europe' SCR is mainly driven by the non-life underwriting risk which is calculated based on premium volume. Gross Premium written increased slightly from prior year. However, owing to the fact that the majority contracts are assumed to have an earning pattern of 3 years, the cumulated contracts to be earned year on year result in large build-up of premium volume which drives up the non-life underwriting risk.

As a consequence, MCR floor and Cap also increased significantly when compared to prior year.

(iv) Highdome REI Cell

SCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Market risk	-	33,769	(33,769)
Counterparty Default risk	27,073	7,717	19,356
Health underwriting risk	36,317	24,134	12,183
Non-life underwriting risk	10,310	75,871	(65,561)
Diversification	(19,581)	(41,310)	21,729
Basic Solvency Capital Requirement	54,119	100,181	(46,062)
Operational risk	3,878	3,225	653
Loss Absorbing Capacity of Deferred Taxes	(20,299)	(36,193)	15,894
Total SCR	37,698	67,213	(29,515)

MCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Floor	9,425	16,803	(7,378)
Cap	16,964	30,246	(13,282)
MCR (linear)	3,931	594	3,337
MCR (combined)	9,425	16,803	(7,378)

(v) Highdome Cell Coopex

SCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Market risk	-	358	(358)
Counterparty Default risk	63,173	39,569	23,604
Non-life underwriting risk	1,200,561	414,292	786,269
Diversification	(30,373)	(18,699)	(11,674)
Basic Solvency Capital Requirement	1,233,361	435,520	797,842
Operational risk	12,020	1,712	10,308
Loss Absorbing Capacity of Deferred Taxes	(435,883)	(153,031)	(282,852)
Total SCR	809,498	284,201	525,297

MCR	31 Dec 18 (€)	31 Dec 17 (€)	Movement (€)
Floor	202,375	71,050	131,325
Cap	364,274	127,890	236,384
MCR (linear)	42,337	18,120	24,218
MCR (combined)	202,375	71,050	131,325

(vi) Reconciliation of SCR individually at Core and Cell level to SCR at Combined level is illustrated below:

	Core and Cells (€)	Allocation from adjustments due to RFF (€)	Combined (€)
Market risk	2,259,825	58,153	2,317,978
Counterparty Default risk	1,214,113	31,243	1,245,356
Health underwriting risk	36,317	935	37,252
Non-life underwriting risk	36,778,984	946,453	37,725,437
Diversification	(2,250,816)	(57,921)	(2,308,737)
Basic Solvency Capital Requirement	38,038,423	978,863	39,017,286
Adjustment due to RFF	978,863	(978,863)	-
Operational risk	425,756	-	425,756
Loss Absorbing Capacity of Deferred Taxes	(13,805,065)	-	(13,805,065)
Total SCR	25,637,977	-	25,637,977

Appendix 1 - Group Quantitative Reporting Templates

S.02.01.02

Balance sheet

Assets

Intangible assets
 Deferred tax assets
 Pension benefit surplus
 Property, plant & equipment held for own use
 Investments (other than assets held for index-linked and unit-linked contracts)
 Property (other than for own use)
 Holdings in related undertakings, including participations
 Equities
 Equities - listed
 Equities - unlisted
 Bonds
 Government Bonds
 Corporate Bonds
 Structured notes
 Collateralised securities
 Collective Investments Undertakings
 Derivatives
 Deposits other than cash equivalents
 Other investments
 Assets held for index-linked and unit-linked contracts
 Loans and mortgages
 Loans on policies
 Loans and mortgages to individuals
 Other loans and mortgages
 Reinsurance recoverables from:
 Non-life and health similar to non-life
 Non-life excluding health
 Health similar to non-life
 Life and health similar to life, excluding health and index-linked and unit-linked
 Health similar to life
 Life excluding health and index-linked and unit-linked
 Life index-linked and unit-linked
 Deposits to cedants
 Insurance and intermediaries receivables
 Reinsurance receivables
 Receivables (trade, not insurance)
 Own shares (held directly)
 Amounts due in respect of own fund items or initial fund called up but not yet paid in
 Cash and cash equivalents
 Any other assets, not elsewhere shown
Total assets

	Solvency II value
	C0010
R0030	
R0040	
R0050	
R0060	
R0070	1,740
R0080	
R0090	
R0100	9
R0110	
R0120	9
R0130	
R0140	
R0150	
R0160	
R0170	
R0180	
R0190	
R0200	1,731
R0210	
R0220	
R0230	2,815
R0240	
R0250	
R0260	2,815
R0270	108
R0280	108
R0290	
R0300	108
R0310	
R0320	
R0330	
R0340	
R0350	
R0360	230
R0370	
R0380	244
R0390	
R0400	
R0410	16,607
R0420	
R0500	21,744

S.02.01.02**Balance sheet****Liabilities**

Technical provisions – non-life

Technical provisions – non-life (excluding health)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - life (excluding index-linked and unit-linked)

Technical provisions - health (similar to life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – life (excluding health and index-linked and unit-linked)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – index-linked and unit-linked

TP calculated as a whole

Best Estimate

Risk margin

Contingent liabilities

Provisions other than technical provisions

Pension benefit obligations

Deposits from reinsurers

Deferred tax liabilities

Derivatives

Debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions

Insurance & intermediaries payables

Reinsurance payables

Payables (trade, not insurance)

Subordinated liabilities

Subordinated liabilities not in BOF

Subordinated liabilities in BOF

Any other liabilities, not elsewhere shown

Total liabilities**Excess of assets over liabilities**

	Solvency II value
	C0010
R0510	-16,241
R0520	-16,373
R0530	
R0540	-21,133
R0550	4,760
R0560	132
R0570	
R0580	129
R0590	2
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	9,051
R0790	
R0800	
R0810	
R0820	138
R0830	30
R0840	2,375
R0850	
R0860	
R0870	
R0880	
R0900	-4,647
R1000	26,392

S.17.01.02

Non-life Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

Claims provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

	Direct business and accepted proportional reinsurance			Total Non-Life obligation
	Income protection insurance	Credit and suretyship insurance	Miscellaneous financial loss	
	C0030	C0100	C0130	C0180
R0010				
R0050				
R0060		-127	-21,371	-21,497
R0140				
R0150		-127	-21,371	-21,497
R0160	129	7	357	493
R0240	108			108
R0250	22	7	357	386
R0260	129	-120	-21,014	-21,004
R0270	22	-120	-21,014	-21,112
R0280	2	107	4,654	4,762
R0290				
R0300				
R0310				
R0320	132	-13	-16,360	-16,241
R0330	108			108
R0340	24	-13	-16,360	-16,349

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year /
Underwriting year

Z0020	Accident year [AY]
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Gross Claims Paid (non-cumulative)
(absolute amount)

Year	Development year											In Current year C0170	Sum of years (cumulative) C0180
	C0010	1 C0020	2 C0030	3 C0040	4 C0050	5 C0060	6 C0070	7 C0080	8 C0090	9 C0100	10 & + C0110		
Prior	R0100											R0100	
2009	R0160											R0160	
2010	R0170											R0170	
2011	R0180											R0180	
2012	R0190											R0190	
2013	R0200											R0200	
2014	R0210											R0210	
2015	R0220											R0220	
2016	R0230											R0230	
2017	R0240	190										R0240	190
2018	R0250	1,941										R0250	1,941
Total											R0260	1,941	2,131

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year											Year end (discounted data) C0360	
	C0200	1 C0210	2 C0220	3 C0230	4 C0240	5 C0250	6 C0260	7 C0270	8 C0280	9 C0290	10 & + C0300		
Prior	R0100											R0100	
2009	R0160											R0160	
2010	R0170											R0170	
2011	R0180											R0180	
2012	R0190											R0190	
2013	R0200											R0200	
2014	R0210											R0210	
2015	R0220											R0220	
2016	R0230											R0230	
2017	R0240	350	111									R0240	100
2018	R0250	381										R0250	393
Total											R0260	493	

S.23.01.01

Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of

Delegated Regulation (EU) 2015/35

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

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

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

Deductions

- Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

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

Total ancillary own funds

Available and eligible own funds

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

SCR

MCR

Ratio of Eligible own funds to SCR

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	7,071	7,071			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	13,649	13,649			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	20,720	20,720			
R0300	7,500			7,500	
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400	7,500			7,500	
R0500	28,220	20,720		7,500	
R0510	20,720	20,720			
R0540	28,220	20,720		7,500	
R0550	20,720	20,720			
R0580	25,638				
R0600	6,409				
R0620	110.07%				

S.23.01.01

Own funds

Ratio of Eligible own funds to MCR

Reconciliation reserve

- Excess of assets over liabilities
- Own shares (held directly and indirectly)
- Foreseeable dividends, distributions and charges
- Other basic own fund items
- Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

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

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0640	323.27%				

	C0060	
R0700	26,392	
R0710		
R0720		
R0730	7,071	
R0740	5,672	
R0760	13,649	
R0770		
R0780		
R0790		

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module
 Total amount of Notional Solvency Capital Requirement for remaining part
 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
 Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	2,318		
R0020	1,245		
R0030			
R0040	37		
R0050	37,725		
R0060	-2,309		
R0070			
R0100	39,017		
	C0100		
R0130	426		
R0140			
R0150	-13,805		
R0160			
R0200	25,638		
R0210			
R0220	25,638		
R0400			
R0410	899		
R0420	24,739		
R0430			
R0440			

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCR _{NL} Result	2,578

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
	R0020	
Medical expense insurance and proportional reinsurance	R0030	13
Income protection insurance and proportional reinsurance	R0040	
Workers' compensation insurance and proportional reinsurance	R0050	
Motor vehicle liability insurance and proportional reinsurance	R0060	
Other motor insurance and proportional reinsurance	R0070	
Marine, aviation and transport insurance and proportional reinsurance	R0080	
Fire and other damage to property insurance and proportional reinsurance	R0090	
General liability insurance and proportional reinsurance	R0100	375
Credit and suretyship insurance and proportional reinsurance	R0110	
Legal expenses insurance and proportional reinsurance	R0120	
Assistance and proportional reinsurance	R0130	20,749
Miscellaneous financial loss insurance and proportional reinsurance	R0140	
Non-proportional health reinsurance	R0150	
Non-proportional casualty reinsurance	R0160	
Non-proportional marine, aviation and transport reinsurance	R0170	
Non-proportional property reinsurance		

Linear formula component for life insurance and reinsurance obligations

	C0040
MCR _L Result	R0200

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
	R0210	
Obligations with profit participation - guaranteed benefits	R0220	
Obligations with profit participation - future discretionary benefits	R0230	
Index-linked and unit-linked insurance obligations	R0240	
Other life (re)insurance and health (re)insurance obligations	R0250	
Total capital at risk for all life (re)insurance obligations		

Overall MCR calculation

	C0070
Linear MCR	R0300
SCR	R0310
MCR cap	R0320
MCR floor	R0330
Combined MCR	R0340
Absolute floor of the MCR	R0350
	C0070
Minimum Capital Requirement	R0400

Appendix 2 - Solo Quantitative Reporting Templates

S.02.01.02

Balance sheet

Assets

Intangible assets
 Deferred tax assets
 Pension benefit surplus
 Property, plant & equipment held for own use
 Investments (other than assets held for index-linked and unit-linked contracts)
 Property (other than for own use)
 Holdings in related undertakings, including participations
 Equities
 Equities - listed
 Equities - unlisted
 Bonds
 Government Bonds
 Corporate Bonds
 Structured notes
 Collateralised securities
 Collective Investments Undertakings
 Derivatives
 Deposits other than cash equivalents
 Other investments
 Assets held for index-linked and unit-linked contracts
 Loans and mortgages
 Loans on policies
 Loans and mortgages to individuals
 Other loans and mortgages
 Reinsurance recoverables from:
 Non-life and health similar to non-life
 Non-life excluding health
 Health similar to non-life
 Life and health similar to life, excluding health and index-linked and unit-linked
 Health similar to life
 Life excluding health and index-linked and unit-linked
 Life index-linked and unit-linked
 Deposits to cedants
 Insurance and intermediaries receivables
 Reinsurance receivables
 Receivables (trade, not insurance)
 Own shares (held directly)
 Amounts due in respect of own fund items or initial fund called up but not yet paid in
 Cash and cash equivalents
 Any other assets, not elsewhere shown
Total assets

	Solvency II value
	C0010
R0030	
R0040	
R0050	
R0060	
R0070	1,740
R0080	
R0090	
R0100	9
R0110	
R0120	9
R0130	
R0140	
R0150	
R0160	
R0170	
R0180	
R0190	
R0200	1,731
R0210	
R0220	
R0230	1,812
R0240	
R0250	
R0260	1,812
R0270	
R0280	
R0290	
R0300	
R0310	
R0320	
R0330	
R0340	
R0350	
R0360	
R0370	
R0380	247
R0390	
R0400	
R0410	437
R0420	
R0500	4,236

S.02.01.02**Balance sheet****Liabilities**

Technical provisions – non-life

Technical provisions – non-life (excluding health)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - health (similar to non-life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions - life (excluding index-linked and unit-linked)

Technical provisions - health (similar to life)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – life (excluding health and index-linked and unit-linked)

TP calculated as a whole

Best Estimate

Risk margin

Technical provisions – index-linked and unit-linked

TP calculated as a whole

Best Estimate

Risk margin

Contingent liabilities

Provisions other than technical provisions

Pension benefit obligations

Deposits from reinsurers

Deferred tax liabilities

Derivatives

Debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions

Insurance & intermediaries payables

Reinsurance payables

Payables (trade, not insurance)

Subordinated liabilities

Subordinated liabilities not in BOF

Subordinated liabilities in BOF

Any other liabilities, not elsewhere shown

Total liabilities**Excess of assets over liabilities**

	Solvency II value
	C0010
R0510	
R0520	
R0530	
R0540	
R0550	
R0560	
R0570	
R0580	
R0590	
R0600	
R0610	
R0620	
R0630	
R0640	
R0650	
R0660	
R0670	
R0680	
R0690	
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	
R0790	
R0800	
R0810	
R0820	
R0830	
R0840	202
R0850	
R0860	
R0870	
R0880	
R0900	202
R1000	4,034

S.23.01.22

Own funds

Basic own funds before deduction for participations in other financial sector

- Ordinary share capital (gross of own shares)
- Non-available called but not paid in ordinary share capital at group level
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Non-available subordinated mutual member accounts at group level
- Surplus funds
- Non-available surplus funds at group level
- Preference shares
- Non-available preference shares at group level
- Share premium account related to preference shares
- Non-available share premium account related to preference shares at group level
- Reconciliation reserve
- Subordinated liabilities
- Non-available subordinated liabilities at group level
- An amount equal to the value of net deferred tax assets
- The amount equal to the value of net deferred tax assets not available at the group level
- Other items approved by supervisory authority as basic own funds not specified above
- Non available own funds related to other own funds items approved by supervisory authority
- Minority interests (if not reported as part of a specific own fund item)
- Non-available minority interests at group level

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

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

Deductions

- Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities
- whereof deducted according to art 228 of the Directive 2009/138/EC
- Deductions for participations where there is non-availability of information (Article 229)
- Deduction for participations included by using D&A when a combination of methods is used
- Total of non-available own fund items

Total deductions

Total basic own funds after deductions

Ancillary own funds

- Unpaid and uncalled ordinary share capital callable on demand
- Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- Unpaid and uncalled preference shares callable on demand
- Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	3,575	3,575			
R0020					
R0030					
R0040					
R0050					
R0060					
R0070					
R0080					
R0090					
R0100					
R0110					
R0120					
R0130	459	459			
R0140					
R0150					
R0160					
R0170					
R0180					
R0190					
R0200					
R0210					
R0220					
R0230	478	478			
R0240					
R0250					
R0260					
R0270					
R0280	478	478			
R0290	3,556	3,556			
R0300					
R0310					
R0320					
R0350					

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Own funds

Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
 Non available ancillary own funds at group level
 Other ancillary own funds
Total ancillary own funds
Own funds of other financial sectors
Reconciliation reserve
 Institutions for occupational retirement provision
 Non regulated entities carrying out financial activities
 Total own funds of other financial sectors
Own funds when using the D&A, exclusively or in combination of method 1
 Own funds aggregated when using the D&A and combination of method
 Own funds aggregated when using the D&A and a combination of method net of IGT

Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)
 Total available own funds to meet the minimum consolidated group SCR
 Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)
 Total-eligible own funds to meet the minimum consolidated group SCR
Minimum consolidated Group SCR
Ratio of Eligible own funds to Minimum Consolidated Group SCR
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)
Group SCR
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
R0340					
R0360					
R0370					
R0380					
R0390					
R0400					
R0410					
R0420					
R0430					
R0440					
R0450					
R0460					
R0520	3,556	3,556			
R0530	3,556	3,556			
R0560	3,556	3,556			
R0570	3,556	3,556			
R0610	292				
R0650	1216.88%				
R0660	3,556	3,556			
R0680	1,169				
R0690	304.22%				

Reconciliation reserve

Excess of assets over liabilities
 Own shares (included as assets on the balance sheet)
 Forseeable dividends, distributions and charges
 Other basic own fund items
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
 Other non available own funds

Reconciliation reserve before deduction for participations in other financial sector

Expected profits

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

Total EPIFP

	C0060				
R0700	4,034				
R0710					
R0720					
R0730	3,575				
R0740					
R0750					
R0760	459				
R0770					
R0780					
R0790					

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Solvency Capital Requirement - for groups on Standard Formula

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

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

Information on other entities

Capital requirement for other financial sectors (Non-insurance capital requirements)
 Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies
 Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions
 Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities
 Capital requirement for non-controlled participation requirements
 Capital requirement for residual undertakings

Overall SCR

SCR for undertakings included via D and A

Solvency capital requirement

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	1,778		
R0020	76		
R0030			
R0040			
R0050			
R0060	-55		
R0070			
R0100	1,798		

	C0100
R0130	
R0140	
R0150	-629
R0160	
R0200	1,169
R0210	
R0220	1,169
R0400	
R0410	
R0420	
R0430	
R0440	
R0470	292
R0500	
R0510	
R0520	
R0530	
R0540	
R0550	
R0560	
R0570	1,169

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Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
								% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
MT	213800PA8M4HM056NB73	LEI	MDS Malta Holding Limited	5	Limited Liability Company	2	MFSA	100.00%	100	100.00%	full participation	2		1	n/a	1
MT	213800KR746T1ZL3QD62	LEI	HighDome PCC Limited	2	Limited Liability Company	2						2	100.00%	1	n/a	1