Highdome PCC Limited
MDS Malta Holding Limited

Group Solvency and Financial Condition Report

31 December 2019

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Executive Summary

This report covers the period from 1st January 2019 to 31st December 2019.

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	- On 1st October 2019, VSP Cell was setup providing breakage, loss and theft cover of optical equipment purchased from a leading optical equipment retailer in France.
Performance	- 59% increase in profit before tax for the Group
System of Governance	- Change in Compliance Officer - Resignation of Mr Gary Corke as Risk & Compliance Committee member - Changes to the Operating Procedures Manual of the Insurance Manager - Changes to existing board policies and approval of new privacy notice and data retention policy - New outsourcing arrangements entered into in connection with VSP Cell. - No material changes for MDS Malta
Risk Profile	- Cell Coopex – Highdome received notice of termination of the cell agreement from FFACB and the cell stopped writing new business from 1st November 2019. The run-off is expected to last until October 2021 unless a portfolio transfer is arranged. - VSP Cell – Group Insurance policy issued on 1st October 2019. 75% quota share reinsurance agreement issued on same date. - COVID-19 impact
Valuation for Solvency Purposes	- No material changes in valuations.
Capital Management	- Eligible own funds €3,326,972 - SCR (Standard Formula) €885,608 - MCR (Standard Formula) €221,402

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	- On 1st October 2019, VSP Cell was setup providing breakage, loss and theft cover of optical equipment purchased from a leading optical equipment retailer in France.
Performance	- 4.82% decrease in gross written premiums. - Ratio of incurred claims on earned premium stood at 30.5% (2018: 29.6%). - Profit before tax of €7,472,581 (2018: profit of €4,421,079), an increase of 69%. - 18% increase in total assets.
System of Governance	- Change in Compliance Officer. - Resignation of Mr Gary Corke as Risk & Compliance Committee member. - Changes to the Operating Procedures Manual of the Insurance Manager. - Changes to existing board policies and approval of new privacy notice and data retention policy. - New outsourcing arrangements entered into in connection with VSP Cell.
Risk Profile	- Cell Coopex – Highdome received notice of termination of the cell agreement from FFACB and the cell stopped writing new business from 1st November 2019. The run-off is expected to last until October 2021 unless a portfolio transfer is arranged. - VSP Cell – Group Insurance policy issued on 1st October 2019. 75% quota share reinsurance agreement issued on same date. - COVID-19 impact
Valuation for Solvency Purposes	- No material changes in valuations.
Capital Management	- Eligible own funds €26,663,488 (2018: €28,219,739) - SCR (Standard Formula) €24,441,621 (2018: €25,637,977) - MCR (Standard Formula) €6,110,405 (2018: €6,409,494)

A Business and Performance

A.1 Business

A.1.1 Details of Highdome PCC Limited and MDS Malta Holding Ltd

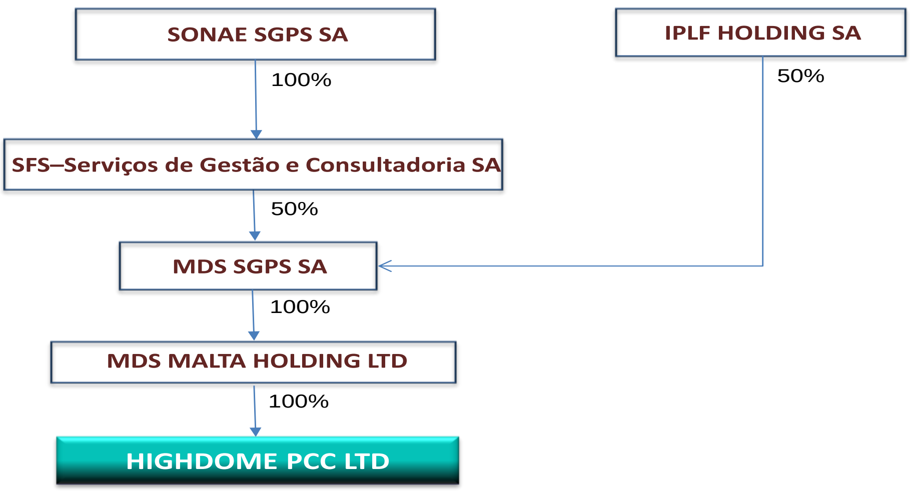
Highdome is a limited liability protected cell company ("PCC") registered in Malta on 23rd November 2011. Highdome is regulated by the Malta Financial Services Authority ("MFSA") and as at 31st December 2019 was authorised to carry on business falling under Class 1 – Accident, Class 3 – Land vehicles, 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 2019 Highdome had established four cells, namely REI Cell in 2013, Cell Europe in 2014, Cell Coopex in 2017 and VSP Cell in 2019. The Cells are ring-fenced from the 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).

A.1.2 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).

A.1.3 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 2019, no rental guarantee business has been written. 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 group 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 2019 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). VSP Cell was set up to offer optical equipment insurance covering breakage, theft and loss in France sold through a group policy issued to Krys Group Services SA.

A.1.4 Significant events during reporting period and post balance sheet events

The rapid development of COVID-19 is affecting the worldwide economy during the first months of 2020. Countries where the Company carries on insurance business have implemented and enforced various measures to combat the outbreak, including public lockdowns. Whilst there will be an impact on distribution of the Company's insurance products as a result of the measures taken in these countries, the Company has in place an effective Business Continuity Plan that enables the continuity of claims handling and all back-office operations amidst the outbreak. The Company considers that the outbreak will not have a significant impact on future claims. Although it is too early to assess the impact on future claims, the Company's own funds comfortably cover the required SCR ratio, equivalent to 109% as at 31 December 2019.

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

A.2 Underwriting performance

As previously reported, the Group does not carry any underwriting activity; however, during the financial year ended 31st December 2019, Highdome, through its Cells, generated gross written premium of €20,187,564, a decrease of 4.82% when compared to that generated in 2018 amounting to €21,210,421. Gross written premium is split per Cell as follows:

Cell	2019 (€)	2018 (€)
REI Cell	74,206	86,385
Cell Europe	19,738,261	20,749,374
Cell Coopex	333,900	374,662
VSP Cell	41,197	-
Total gross written premium	**20,187,564**	**21,210,421**

Given the reinsurance agreement in place for two of the Cells, namely REI Cell and VSP Cell, €91,920 (2018: €73,378) of the premiums written were ceded to the reinsurer, resulting in net premiums written of €20,095,644 a decrease of 4.93% in 2019 as compared to 2018. The majority of premiums written during the year were deferred. A large portion of premium written between 2015 and 2017 by one of the Cells, namely Cell Europe, was earned in the current year, resulting in a steep increase in net technical income of 81%.

During the financial year ending 31st December 2019 Highdome with respect to Cell Europe, REI Cell and VSP Cell, reported gross claims paid of €4,338,217 (2018: €1,941,121) and an increase in gross provision for claims of €81,132 (2018: €441,611), maintaining a gross loss ratio of 30.5% overall (2018: 29.6%). Net claims paid and provisions amount to €4,336,504 and €139,536 respectively. An Incurred But Not Reported (IBNR) reserve is being maintained based on an expected claims ratios on earned premium of 29.5%, 50% and 15% for Cell Europe, REI Cell and VSP Cell respectively. As at 31st December 2019 no claims had been paid by Highdome with respect to Cell Coopex and no claims reserves are currently maintained with respect to this cell.

Combined operating expenses increased from €1,328,666 in 2018 to €2,398,234 in 2019, in line with increase in earned premiums. A combined underwriting profit of €7,497,408 (2018: €4,347,044) was registered for the four 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).

A.3 Investment performance

The Group

As at 31st December 2019 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 2019 (€)	31 Dec 2018 (€)
Highdome Core		
Loan	1,800,000	1,800,000
Cash	2,837,450	2,165,377
MDS Malta		
Loan	1,800,000	1,800,000
Cash	82,847	2,535
Consolidated		
Loan	**1,800,000**	**1,800,000**
Cash	**2,920,297**	**2,167,912**

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 2.30% above Euribor 3-month interest rate set on the previous interest payment date. Interest is payable half-yearly in advance on 18 October and 18 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 2019, amounted to €53,933 (2018: €58,609) and €53,167 (2018: €58,609) respectively.

As at 31st December 2019, the Group held cash and cash equivalents which consist of deposits held at call with banks. Interest income on cash and deposits for the period ending 31st December 2019 for the Group amounted to €87.

Highdome PCC Limited

As at 31st December 2019, Highdome PCC Limited's financial assets included cash and cash equivalents and a receivable loan from a related company. The table below shows loans and cash balances as at the end of financial year for each Cell and Core.

Cell	31 Dec 2019 (€)	31 Dec 2018 (€)
Highdome Core		
Loan	1,800,000	1,800,000
Cash	2,837,451	2,165,377
REI Cell		
Cash	118,477	118,917
Cell Europe		
Loan	1,000,000	1,000,000
Cash	23,851,720	15,623,162
Cell Coopex		
Cash	561,823	430,356
VSP Cell		
Cash	-	-
Core and Cells Combined		
Loan	**2,800,000**	**2,800,000**
Cash	**27,369,471**	**18,337,812**

Please refer to 'Investment performance' 'The Group' above for details regarding Highdome Core's receivable loan.

The loan advanced by Cell Europe to a related company within the Sonae Group is unsecured and bears annual interest of 0.81% above Euribor 3-month interest rate set in advance for each period of 3 months, which is payable annually in arrears. The final repayment date to this loan is 1 August 2020; however, the period can be extended with successive periods of one year, until a maximum period of five years. Interest income on the loan for the period ending 31st December 2019 amounted to €2,967 (2018: €nil).

In 2018, Cell Europe had a loan advanced to its holding company, Worten Malta Holding Limited, that was unsecured and borne annual interest of 0.91% above Euribor 3 month interest rate set on the previous interest payment date, which is payable annually in arrears. The loan was repaid during 2019. Interest income on the loan for the period ending 31st December 2019 amounted to €875 (2018: €7,161).

As at 31st December 2019, Highdome Core and Cells held cash and cash equivalents which consist of deposits held at call with banks. Interest income on cash and deposits for the period ending 31st December 2019 accruing to the Core's shareholders amounted to €84 (2018: €268) and that accruing to the Cells' shareholders amounted to €202 (2018: €371), resulting in combined interest income on cash deposits of €286 (2018: €639).

Combined net interest income of Highdome Core and Cells for the financial period ending 31st December 2019 amounted to €572,727, a decrease of 7% from the previous year (2018: €618,716). Net interest income includes interest income on insurance receivables of €514,666 (2018: €552,307).

A.4 Other material income and expenses

The Group

After taking into account net investment income of €53,254 (2018: €58,884), facility fee income of €305,650 (2018: €291,575), other income of €131,246 (2018: €nil) and administrative expenses of €155,494 (2018: €140,018), the Group reported a profit before tax of €334,656, that is an increase of 59% when compared to €210,441 reported in 2018.

Highdome PCC Limited

During the year under review, Highdome registered an operating profit of €6,899,854, an increase of €3,097,491 compared to a profit of €3,802,363 in 2018. The Core's operating profit increase is a result of increase in facility fee income from the newly incorporated cell, VSP Cell, largely offset against increase in administration fees. The Cells' strong positive result arises from an increase in technical income as explained under underwriting performance note A.3 above.

Administrative expenses increased from €836,256 to €903,204 in 2019, an increase of 8.01% over 2018, with the main increase arising from management fees, facility fees and legal and professional fees. Facility fee income accruing to the Core shareholders amounted to €306,650 during 2019 and €291,575 during 2018.

During 2019, the Company registered a pre-tax profit of €7,472,581 (2018: €4,421,079) arising primarily from the increase in technical income mentioned above.

A.5 Any other material information

The Group

There is no other material information for the Group.

Highdome PCC Limited

The share capital of the Company was increased by a further €1,180,000, which together with shareholders' funds brought forward from the prior year and the profit for the year, and after distribution of dividends amounting to €3,393,000, resulted in shareholders' funds of €12,676,227 at 31 December 2019.

The Company measures the achievement of its objectives through the use of the following other key performance indicators:

- Policy sales growth
- Increase in the number of cells

The Company currently hosts four (2018: three) protected cells all writing premiums on risks situated outside Malta. One of the cells went into run-off during the current year. The Company will continue with its endeavours to attract more new cells in the coming years.

During 2019, the number of insurance contracts sold has decreased by 1% (2018: increased by 23%). The Company expects policy sales to decrease in 2020 as COVID-19 has an impact on distribution of the Company's insurance products as a result of the measures taken in the countries of distribution.

The COVID-19 pandemic has brought about a lot of uncertainties and is currently affecting the whole world, putting a lot of strain on the global economic performance and financial markets. Notwithstanding this, the Company is adequately and effectively offering continuity most and foremost in its claims handling operations and all the necessary back office operations, fully supported by teleworking. As mentioned above, the Company considers that the pandemic will not have a significant impact on future claims due to the type of products offered. The Company's major challenge lies with distribution of the products as most distribution lines were closed, following the imposed lockdowns in the countries of distribution; however, most distributors have found alternative ways to offer their product, including online distribution. It is still expected that gross written premium will decrease in 2020 and pick up again in 2021. The eligible own funds of the Core and Cells adequately cover the solvency capital requirement. Additionally, even if sales in the current year or next couple of years decrease, the Company is still expected to continue generating profits from sales prior to 2020 due to the earning pattern of the extended warranty business offered.

An assessment of the impact of COVID-19 on Highdome's solvency position has been performed, taking into account relevant stress scenarios given the circumstances. After analysis performed at the time this report was prepared, it was concluded that a reduction in gross premium written will predictably show an improved SCR coverage, maintaining the current strong capital position.

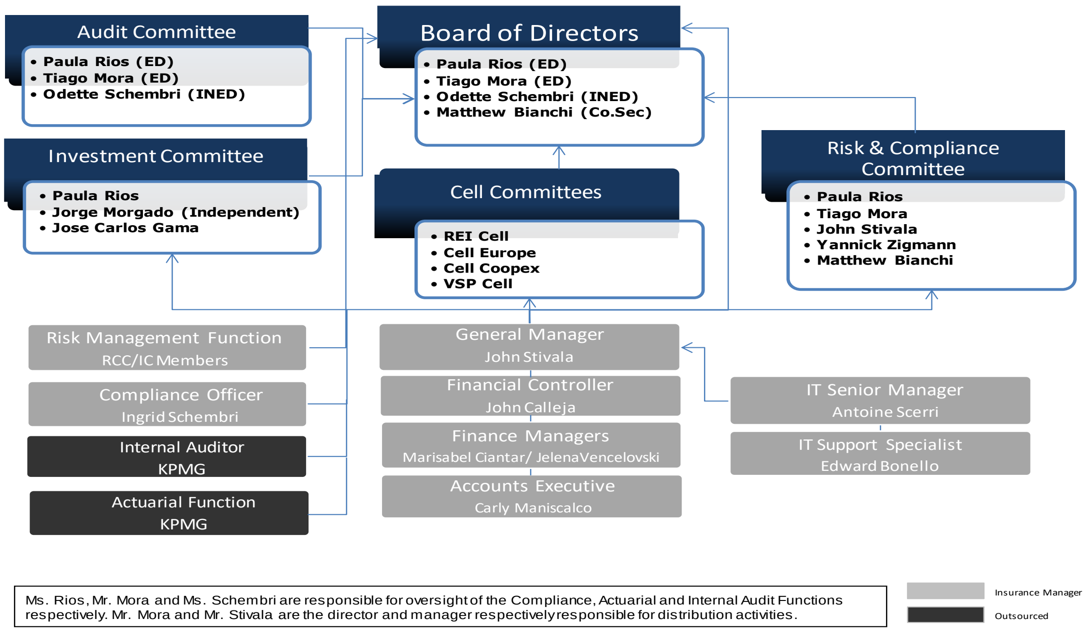
B System of Governance

B.1 General Information on the System of Governance

B.1.1 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 of Highdome.



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 and Ms Paula Rios are the two directors of MDS Malta. In 2019 Ms. Ingrid Schembri replaced Ms Sharon Cilia Tortell as Compliance Officer and Mr Gary Corke resigned as Risk and Compliance Committee member.

B.1.2 Material Changes over reporting period

During the reporting period changes to the system of governance of Highdome included the appointment of a new Compliance Officer, resignation of a Risk and Compliance Committee member, changes to the Operating Procedures Manual of the Insurance Manager, changes to existing board policies and approval of a new privacy notice and data retention policy.

During the reporting period there were no changes to the system of governance of MDS Malta.

B.1.3 Remuneration Policy

Highdome employs a resident non-executive director and engages 2RS Elmo Insurance Managers Ltd ("2RSE"), 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.

B.1.4 Material transactions with Shareholders & Board Members

The Group

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

	2019	2018 (€)
Loan to immediate parent company	1,800,000	1,800,000
Interest receivable on loan to immediate parent	53,167	58,609
Director's fee	7,000	6,250

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:

	2019 (€)	2018 (€)
Loan/s to immediate parent company	1,800,000	2,800,000
Interest receivable on loan/s to immediate parent	54,808	65,770

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

B.2 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 responsible for key functions or overseeing key functions where the function is outsourced, qualifying shareholders, including cell owners, the person within the management structure of the Company designated to be responsible for distribution in respect of re/insurance products and persons who carry out outsourced functions. Written notification to the MFSA is required by the above persons and the notification shall be accompanied by a Personal Questionnaire ("PQ") as set out in Annex I to Chapter 2 of the Insurance Rules.

Prior to the appointment of a person who effectively runs the undertaking; a person responsible for a key function or overseeing key functions where the function is outsourced, a qualifying shareholder, including cell owners and the person within the management structure of the Company designated to be responsible for distribution in respect of re/insurance products, the Company needs to ensure that these individuals are fit and proper to ensure the sound and prudent management of the Company. These individuals will be therefore required to provide the Company with a duly completed PQ, Curriculum Vitae and a Conduct Certificate which is not older than three months. As part of the due diligence process, the Company must also fill in the Entity's Assessment form, taking into account the competences of the individual, probity, conflicts of interest and time commitment. In the case of an outsourced key function, an Assessment Form as set out in Annex II of the Insurance Rules must also be completed.

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. Persons who effectively run the undertaking 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 individual within Highdome designated to oversee an outsourced key function shall possess sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and results of the outsourced key function holder. The level of knowledge required would not need to be as in-depth as that of the key function holder located at the service provider.

The 'propriety' of persons who effectively run the undertaking, persons responsible for key functions, the person within the management structure of the Company designated to be responsible for distribution in respect of insurance products and/or the person designated to oversee an outsourced key function, is assessed taking into consideration the reputation and integrity of the person. When assessing whether a service provider is fit and proper to perform an outsourced function, the company shall 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

Highdome must ensure that all individuals subject to fit and propriety requirements remain fit and proper to carry out the function(s) in a sound and prudent manner. On an annual basis, the respective individuals are required to disclose any material changes and immediately inform Highdome of any event which is likely to influence their fitness and propriety. In this respect, the Board of Directors shall assess any material changes which may be disclosed to them and determine whether such material changes warrant a fit and proper reassessment. A reassessment will also be required should there be a material change in roles of an individual, the addition of roles of an individual, and/or changes in laws and regulations. In these cases, a reassessment of the individual's suitability, including the knowledge and time commitment to perform his roles and responsibilities, will be carried out. Furthermore, the directors and individuals subject to fit and propriety requirements are required to declare that s/he has made every effort to comply constantly with the fit and probity standards for the purpose of the position which s/he currently holds.

In addition, on an annual basis, whenever the Business Plan for the upcoming year is tabled for review and approval, the Company's organisation chart is also presented and a collective reassessment of the sufficiency of the knowledge, skills, experience, commitment and independence of the Board of Directors is carried out.

Highdome shall notify the MFSA of any changes to the identity of the persons who effectively run Highdome or are responsible for other key functions, along with all information needed to assess whether any new persons appointed to manage Highdome are fit and proper. Furthermore, Highdome shall notify the MFSA if any of the persons, be it a Director, Senior Management, a key function holder or any other individual subject to fit and propriety requirements, have been replaced because such person no longer fulfils the fit and proper requirements.

B.3 Risk Management Framework

B.3.1 Risk Management System

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.

B.3.2 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 ORSA policy provides a description of the processes and procedures in place to conduct the ORSA, emphasising the link between the risk profile, the approved risk tolerance limits and overall solvency needs, as well as information on the methodology and frequency of stress tests, other relevant analyses, data quality standard, and frequency and timing of the ORSA. The ORSA policy also requires input from the Actuarial Function to calculate solvency capital requirements in the scenarios tested. A breakdown of the solvency capital and eligible own funds is provided in Section E.

Taking account of the nature, scale and complexity of the risks to which it is exposed, Highdome relies on the Solvency II standard formula to assess and quantify its overall solvency needs. However, for those risks which are not covered by the standard formula, the company has in place a number of controls to mitigate such risks. Furthermore, the Company monitors all risks on an ongoing basis in order to identify any changes which may possibly result in capital shortfalls and ensure adequate management of such risks as they develop/emerge. The Company also acknowledges that having a plan for any additional capital required brought about by unexpected changes in external factors is necessary to safeguard the Company's solvency position. In light of this, the Company confirms that sufficient funds may be injected into the Company through assistance from the parent, should the need arise

B.3.3 Use of Internal Model

The Group uses the SII 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.

B.4 Internal Control systems

B.4.1 Description of the Internal Control Framework

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.

2RSE 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 2RSE 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.

B.4.2 Compliance Function

Highdome's Compliance function is outsourced to 2RSE and is an independent control function at the second line of defence.

The Board of Directors is ultimately responsible to ensure that Highdome acts in compliance with statutory, regulatory, supervisory and best practice requirements. The Board of Directors delegates authority to the Compliance Officer who is responsible to ensure that Highdome adheres to legal and regulatory requirements.

The Compliance Officer does this by:-

1. Identifying, documenting and assessing compliance risks;
2. Establishing a compliance plan on an annual basis and submitting it to the Board of Directors for approval and providing the Board of Directors with an update on progress against the compliance plan at every board meeting. The plan is based on a risk-based approach and sets out the planned activities of the Compliance Function taking into account all relevant areas of activities of Highdome and their exposure to compliance risk.
3. Drawing up an inventory of, monitors and follows up insurance rules, legislation, regulations, circulars and guidelines issued by EIOPA and the MFSA and applies them for all of Highdome's activities (where applicable);
4. Monitoring any amendments to the applicable rules, legislation and regulations and assessing the potential impact of proposed legislation on Highdome;
5. Drawing up guidelines and procedures for the staff relating to compliance matters;
6. Enhancing staff awareness to compliance matters by circulating an explanation of legal and regulatory updates to the management and ensuring continuous training of staff on compliance matters;
7. Ensuring that Highdome meets all regulatory reporting deadlines;
8. Advising on new products, services or markets from a compliance point of view; and

9. Reporting any compliance developments, issues or breaches to the Board of Directors and providing advice about any remedial action required.

The Compliance Function is subject to independent and objective reviews by the Internal Audit Function. The Compliance Officer shall not have any operational responsibilities which may pose a conflict of interest or impair independent reporting. Furthermore, the Compliance Officer must have access to all necessary information to be able to carry out its compliance tasks in an effective manner

B.5 Internal Audit Function

The Board of Highdome have implemented an Internal Audit Function to determine whether an effective governance, risk management and internal control environment exists and ensure they are being maintained. The Internal Audit Function is strategically positioned to achieve its objectives and have direct unlimited access to the directors, management and other key function holders. Highdome's Internal Audit Function is outsourced to KPMG Malta and as a result Ms Odette Schembri was identified as the director responsible for the oversight of the function.

To maintain its independence and objectivity, the Internal Audit Function of Highdome does not perform another key function and does not assume operational responsibility or authority over any of the activities audited. Consequently, Internal Audit does not implement controls, develop procedures, install systems, prepare records or engage in any other activity that may impair their judgement.

The internal auditor of Highdome performs internal audit tasks, taking a risk based approach by addressing a number of risk areas, on an annual basis. This includes the review and testing of the processes and controls relevant to the Company's operations. A three-year internal audit plan up to 2021 was approved by the Audit Committee of the Company on 24th October 2019.

B.6 Actuarial Function

The actuarial function holder is Noel Garvey, FSAI, 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 2019 KPMG identified areas for future development and improvement and provided recommendations in this regard to improve the calculation of the technical provisions going forward.

The director responsible for the oversight of the actuarial function is Mr Tiago Mora.

B.7 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 and claims management) 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.

B.8 Any Other information

B.8.1 Evaluating the appropriateness of the system of governance

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.

B.8.2 Other material information

The COVID-19 pandemic is not expected to have any impact on the Highdome's governance structure.

There is no other material information regarding the system of governance.

C Risk Profile

C.1 Underwriting and Reserving Risk

C.1.1 Risk Exposure

Underwriting and reserving risk stem from the uncertainty around the frequency and severity of insured losses and refers to the risk of financial losses arising from claims, the risk of inadequacy of premium income to cover expected claims and expenses and the risk of reserving inadequate technical provisions.

Highdome is exposed to underwriting risk arising from the insurance policies issued through the cells as described in section A.1.3. 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 2019.

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 2019. 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 2019.

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.

VSP Cell is exposed to premium and reserve risk mainly driven by future premium volumes which is mitigated through the reinsurance arrangement. The cell is exposed to both lapse risk and non-life catastrophe risk charges as at year-end. Exposure to the reinsurer with a credit rating of A is captured within the counterparty default stress test.

The Company uses the Solvency II Standard Formula to assess its overall solvency needs and to calculate the non-life premium and reserve risk included in the regulatory capital requirement for non-life underwriting risk. Underwriting and reserving risks and its sub-categories are listed in Highdome's risk register. These risks are monitored and reported to the Board of Directors at each Board meeting.

C.1.2 Risk Concentration

Although each cell typically underwrites only one line of business the high volume of policies sold reduces the exposure to risk concentration. Diversification is also achieved through the nature of the underlying risks.

C.1.3 Risk Mitigation

The Company manages exposure to underwriting and reserving risks through management reports to the Board that considers aggregation of risk, underwriting technicalities, reserving methodologies and establishes risk retention levels. The Board 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.

C.1.4 Risk Sensitivity

See section C.6 for information on stress testing and sensitivity analysis for all the risk categories.

C.2 Market and Credit Risk

C.2.1 Risk Exposure

Market risk is the risk of potential losses emanating from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments or in the parameters affecting the value of assets such as exchange rates and interest rates. Credit risk is the risk that the Company incurs a financial loss arising from counterparties failing to fulfil their financial obligations.

The Company uses the Solvency II Standard Formula to assess its overall solvency needs and to calculate risks included in the regulatory capital requirement for market risk and credit risk. Investment, market and credit risks are listed in Highdome's risk register. These risks are monitored and managed by the Investment committee and reported to the Board of Directors at each Board meeting.

The Group and the Cells are exposed to market risk and credit risk as a result of their investment of funds with banks and loans with related companies and from reinsurance arrangements. Highdome Core also has a very small equity investment and is therefore insignificantly exposed to equity risk. The Cells are not exposed to equity risk, property risk or currency risk.

C.2.2 Prudent Person Principle

The Investment Policy of the Group and Cells, which was last updated and approved by the Board of Directors on 23rd March 2020, makes reference to the regulatory framework and requires available funds of :

- the Core to be invested in cash and money market funds (minimum 10%), intragroup loans (maximum 60%), investments in corporate/government bonds (maximum 10%) and investment in equities (maximum 1%);

- Cell Europe to be invested in cash and money market funds (minimum 10%), intragroup loans (maximum 60%) and investments in corporate/government bonds (maximum 10%); whereas
- other Cells must be kept in cash and cash equivalent deposits.

As outlined in section in A.3, 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.

C.2.3 Risk Concentration

Market risk concentration represents the risk arising from concentrations of asset holdings (loans to related companies) to single counterparties by the Core and Cell Europe. Credit risk concentration during the reporting period arises due to the exposure to the default of the counterparties in loan agreements and to default of reinsurers (REI Cell and VSP Cell).

C.2.4 Risk Mitigation

The Group has low appetite for market risks. Market risk is managed through Highdome's Investment Committee which is responsible to assist the Board in formulating and keeping under review the investment policies of the Company. When making investment decisions, the Board of Highdome also takes into account external factors including interest rate risks, exchange rate risks and geopolitical risks and aims to minimise other risks including credit risk, liquidity risk and asset liability management ("ALM") risks.

The Company's underwriting and investment strategies take into account the security rating of counterparties, consider an appropriate spread of risk and also considers likely scenarios in the event of failure of counterparty(ies). Furthermore, the insurance managers provide the Board of Directors with information on the financial strength of counterparties, schedules showing the spread of investments and the business plan showing limits of reinsurance. At least an annual review of the strategies is carried out by the Board, and a review is also carried out when there are material changes to credit ratings of a counterparty, or in the economy where the Group operates

C.2.5 Risk Sensitivity

See section C.6 for information on stress testing and sensitivity analysis for all the risk categories.

C.3 Liquidity risk

C.3.1 Risk Exposure

Liquidity risk is the risk that the Group cannot meet its obligations associated with financial liabilities as they fall due. The Group seeks to maintain adequate liquidity under all circumstances by means of efficient cash management and restricting financial investments to investment types that can be readily converted into cash. Adequate liquidity is maintained by keeping sufficient amount of unused committed credit lines as a reserve.

C.3.2 Risk Concentration

There were no material liquidity risk concentrations as at 31st December 2019.

C.3.3 Risk Mitigation

Liquidity risk is being monitored on a monthly basis during Managers' Monthly meetings through a review of claims experiences. In this respect, due consideration to investment duration criteria and/or asset marketability is given in order to ensure that assets can easily be liquidated to meet liabilities. Investment duration and asset marketability is reviewed by the Board at each meeting. Moreover, the Board is notified of any indicators that may lead to future cash flow problems.

Given the current investment strategy, the Group's exposure to liquidity and ALM risks are considered to be very low. And as long as the Highdome continues to have a positive monthly cashflow, liquidity and ALM risks are not considered significant risks and are easily managed, thus no capital requirement is calculated in its assessment of overall solvency needs.

C.3.4 Risk Sensitivity

See section C.6 for information on stress testing and sensitivity analysis for all the risk categories.

C.4 Operational Risk

C.4.1 Risk Exposure

Operational risk is inherent in the activities, processes and systems of the Group, and the effective management of operational risk is a fundamental element of the Group's risk management framework. The Company's operational risks may arise from the following:

<u>Outsourcing risk:</u> This risk may arise from failure to implement adequate oversight of the outsourced functions and activities and outsourced function may conduct activities which are inconsistent with the overall strategic goals of the Group.

<u>Legal and Regulatory risks:</u> Legal risks may arise due to inconsistences between insurance and reinsurance documentation, or poor, ineffective or unsound policy or contract drafting; any notice of breach of law, including data protection, company law, and AML/CFT regulations; any other issue that could give rise to fines or fees, including deadline for payment of dividend to comply with CFC regulations; or non-renewal or reduction in limits of D&O insurance cover. Regulatory risk is the risk that the Group fails to comply with all applicable laws, rules and regulations, such as Solvency II or IFRS 17 (once implemented), including the non-compliance with the MCR and/or SCR.

<u>Information and communication technology risks:</u> the risk of loss arising from inadequate IT systems, failure, or insufficient security of the information system, which includes all systems

equipment, information assets, and networks. It includes cyber risk in the form of data theft, compromised accounts, destroyed files, or disabled or degraded systems.

Business Continuity/ Disaster Risks: the risk of financial loss and business interruptions arising from an unexpected event such as fire, power outage, terrorist attack, cyber attack, pandemic outbreak, and natural disasters.

The Group has no staff and outsources management to a regulated entity and its' subsidiary with a fully documented and tested Business Continuity Plan. The Group addresses operational risk 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.

The Solvency II Standard formula is applied to assess the Group's overall solvency needs and to calculate the regulatory capital requirement for operational risk. Furthermore, operational risks are also taken into account in the selection of stress tests and scenario analysis during the ORSA process in order to assess the robustness of Highdome's balance sheet over the projection period.

C.4.2 Risk Concentration

There were no material operational risk concentrations as at 31st December 2019.

C.4.3 Risk Mitigation

The management at the first line of defence are responsible for identifying and managing the operational risks inherent in the activities and process for which they are accountable. Managers operate in accordance with their Operating Procedures Manual, the Insurance Management agreement and specific Board instructions. At the second line of defence, the Risk Management Function carried out jointly by the Risk & Compliance Committee and the Investment Committee is responsible for the management of operational risks, while the third line of defence is responsible to carry an independent review and challenge of the Group's operational risk management controls, processes and systems.

C.4.4 Risk Sensitivity

See section C.6 for information on stress testing and sensitivity analysis for all the risk categories.

C.5 Other Material Risks

C.5.1 Strategic risk

Strategic risk is the risk of loss in earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions, the lack of responsiveness to changes in the business environment and loss in reputation.

Strategic risk is not measured by the Solvency II Standard formula; however, it is managed through the Company's enterprise risk management framework. The Company's risk appetite for strategic risk is low.

Monitoring actions underlying the strategic risk management of Highdome are:

- Awareness of market developments by the Board of Directors and Managers;
- Board reviewing, at least annually, the contractual obligations entered into; and
- Regular advice from shareholders and the provision of annual financial statements.

Strategic risk is controlled by:

- Regular exchange of information between the Managers and the Board;
- Managers carry out their duties according to the Insurance Management Agreement, that is regularly reviewed by the Board;
- The obligation to disclose changes in ownership; and
- Keeping the Board up to date and providing advice as required under the Insurance Management agreement, or the MFSA.

C.5.2 Reputational risk

Reputational risk is defined as the risk of losses as a result of negative perception or experience by the various stakeholders of the Company or its cells.

Reputational risk could arise from other risks inherent in HPL's activities such as conduct risk (such as mis-selling and insufficient consumer protection); compliance risks (compliance and regulatory penalties); cyber security risks (data breach) and other scandals and disasters within the group. Conversely, reputational risk may give rise to the risk of insufficient premium, strategic risk and liquidity risk. To mitigate this risk, the Company strives continually to build its reputation through a commitment to sustainability, transparency, effective communication and best practices. Reputational risk is also monitored through feedback and controlled through the use of good performance standards and Managers' conformity to duties set out in the Insurance Management Agreement. The Board is advised accordingly of any issue resulting in reputational damage.

Reputational risk is not measured by SII standard formula; however, it is managed through the Company's enterprise risk management framework. The Company has no appetite for reputation risk.

C.6 Any Other Information

C.6.1 Stress testing and scenario analysis

Stress testing and scenario analysis on the material risks of the Company is carried out on an annual basis, as part of the ORSA process. In the 2019 ORSA the following stress tests were carried out:

REI Cell

- Premium increase of 100% for Loss on Resale and Personal Accident
- One claim of €100,000 in 2019 for Class 1 & increase in loss ratio by 10 percentage points for Class 16
- Two claims of €100,000 in 2019 for Class 2 & increase in loss ratio by 20 percentage points for Class 16
- A reduction in the credit rating for bank deposits from BBB to BB and for the Reinsurer from AA to A

The ORSA results show that REI Cell would have sufficient capital in all scenarios for 2019. The cell is projecting a shortfall in own funds for 2020 and 2021 in all four stress test scenarios. As expected, the solvency cover throughout all three years in scenario 1 worsen. This is owning to the increase in projected SCR due to increase in projected premium written which led to increase in non-life and health underwriting risk. Furthermore, technical provisions increase has led to decrease in own funds.

The SCR is considerably stable in scenario 2 for 2019, despite the scenario depicting increase in claims. Eligible own funds decrease from the base case, given that technical provisions increase due to increase in projected claims. On the hand, the required solvency capital (SCR) only slightly decreases from the base case due to decrease in counterparty default risk, as more cash is used to settle the higher claims, thus leaving a low cash balance. This leads to a shortfall in own funds for 2020 and 2021. Scenario 3 follows the same example as scenario 2, however the shortfall in own funds is higher, due to higher projected claims.

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 €90,000) 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 2019
- Loss ratio increase of 5% from 2019
- Loss ratio increase of 10% from 2019
- 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. 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 decreases slightly when compared to the base case, 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.

VSP Cell

- Increase in loss ratio of 10 percentage points + decrease in new subscribers by 10%

The results show that VSP Cell would have sufficient eligible own funds to cover the SCR in this scenario and in all years.

Cell Coopex

No stress tests were carried out for Cell Coopex given that the cell is in run-off. HPL was notified of the cell's run-off mid-November 2019, which did not allow sufficient time to revise the cell's stress test balance sheet and SCR projections. Given that the cell is not material for HPL's Combined projections, no stress test scenarios are disclosed in the ORSA 2019 document.

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

C.6.2 Loss Absorbing Capacity of Deferred Tax

The Loss absorbing capacity of deferred tax ("LACDT") is another risk mitigating element of Highdome's Solvency Capital Requirement ("SCR"). In fact, Solvency II allows for a reduction in the amount of the required capital through the adjustment for LACDT since a future loss in profits resulting from a 1-in-200 year event may also result in a reduction in associated tax liabilities, thus reducing the impact on the company's own funds and reducing capital requirements.

The LACDT of HPL is determined separately for each cell, by taking the LACDT, that is equal to the 35% applicable tax rate of the sum of the BSCR and Operational Risk. For all cells except Cell Europe and the Core, the LACDT is capped at the Deferred Tax Liability level arising on the pre-stress solvency II balance sheet. In this case, it is not necessary to perform a recoverability test because should an instantaneous loss equal to the SCR arise, the LACDT would be fully set-off against the pre-stress deferred tax liability ("DTL"). For Cell Europe and the Core, a recoverability test is carried out to justify that the estimated future taxable profit and the reversion of deferred tax liabilities ("DTL") will be sufficient to cover the LACDT.

The determination of LACDT is dependent on the assumptions below:

- Future taxable profits post-shock for Cell Europe is solely based on existing extended warranty business written before the exceptional loss without taking into consideration any new business;
- Future taxable profits are estimated for a maximum period of 5 years; and
- Post-shock rates of return on investments are equal to the forward rates derived from the relevant risk-free interest rate term structure.

The finance function is responsible for selecting and assessing the methods and assumptions used to demonstrate the amount and recoverability of the LACDT. On an annual basis, the actuarial function and the risk management function are jointly responsible to assess and validate the underlying assumptions used for the projection of Highdome's future taxable profits for the purposes of Articles 15 and 207 of the Commission Delegated Regulation (EU)

2015/35, including an explanation of any concerns about those assumptions. The outcome of the assessment is then reported to the Board.

C.6.3 Covid-19

The impacts of COVID-19 pandemic on each of the Company's main risks outlined in sections C.1 to C.5 are analysed below:

Underwriting risk: The pandemic will impact underwriting risk through a reduction in sales and therefore premium volume will reduce but it is not expected that the claims ratio will be impacted negatively.

Market and Credit risk: Highdome has a low appetite for Investment risk and takes a prudent approach by investing only and mainly in cash/money market funds and intragroup loans. Probability of default of bank deposits as a result of COVID is deemed to be low as both bankers used have a good credit rating. Decrease in credit rating of banking institutions and reinsurers was included in ORSA 2019 and all of the Cells were solvent under this scenario, apart from REI Cell that projected a shortfall of below €100K.

The Company forms part of Sonae Group, and all loans are advanced to parties within this group. Sonae Group's portfolio is largely diversified in terms of business and geographic areas, aiming to create long-term economic and social value to take the benefits of progress and innovation to an ever-increasing number of people. The Group is also financially very strong. As at 31st December 2018, Sonae SGPS had net assets of €3,722,393,879 and a consolidated net asset position of €3,288,816,688.

Liquidity risk: The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities which comprise principally insurance liabilities and creditors. Prudent liquidity risk management includes maintaining sufficient cash and Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming year. The Company's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from insurance and reinsurance transactions. Financial liabilities are not expected to significantly increase as a result of COVID and the Company has sufficient immediately callable funds to settle its liabilities as they arise.

Operational risk: Operational risk increases as most of the functions are being performed by teleworking, changing the normal routine of operations and also posing certain limits in certain operations of the business, like distribution. This risk has been mitigated through secure IT investments and revision of processes associated with teleworking.

Strategic and reputational risks: The pandemic will increase strategic risk especially reputational risk which is being mitigated through regular and effective communication with customers and effective business continuity plans for claims management services.

D 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 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.

D.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 2019 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	10,426	-	(10,426)
Equities - unlisted	9,410	9,410	-
Other loans and mortgages	1,800,000	1,807,309	7,309
Receivables (trade, not insurance)	288,441	281,133	(7,308)
Cash and cash equivalents	2,920,297	2,920,297	-
Total assets	**5,028,574**	**5,018,149**	**(10,425)**

Highdome PCC Limited

	IFRS (€)	Solvency II (€)	Movement
Assets			
Deferred acquisition costs	11,136,572	-	(11,136,572)
Intangible asset	10,426	-	(10,426)
Equities - unlisted	9,410	9,410	-
Other loans and mortgages	2,800,000	2,807,989	7,989
Reinsurance recoverables			
Non-life excluding health	14,482	(348,912)	(363,394)
similar to non-life	30,061	12,939	(17,122)
Insurance and intermediaries receivables	46,285,516	88,354	(46,197,162)
Reinsurance receivables	2,394	1,478	(916)
Receivables (trade, not insurance)	1,155,255	1,147,267	(7,988)
Cash and cash equivalents	27,369,470	27,369,470	-
Total assets	**88,813,586**	**31,087,995**	**(57,725,591)**

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.

D.1.1 Deferred Acquisition Costs

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

D.1.2 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.

D.1.3 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.

D.1.4 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 A.3 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.

D.1.5 Reinsurance recoverables

Reinsurance recoverables have been stressed under counterparty default risk. The value of reinsurance technical provisions has been estimated as outlined in Section D.2.

D.1.6 Insurance and intermediaries receivables

The cash flows amounting to €46,197,162 receivable from intermediaries are modelled and form part of the premium provisions and therefore deducted from insurance and intermediaries receivables. The remaining amount of €88,354 consists of receivable premiums with respect to expired business and thus was not included within the technical provisions. Solvency II Insurance and intermediaries receivables were stressed under counterparty default risk.

D.1.7 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 €1,000,000 cash held in the Core's bank account on behalf of one of the cells.

D.1.8 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.

D.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 2019 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)	69,292,469	-	(69,292,469)
Best estimate of liabilities	-	(21,555,756)	(21,555,756)
Risk Margin	-	5,024,071	5,024,071
Technical provisions - health (similar to non-life)	36,503	-	(36,503)
Best estimate of liabilities	-	54,320	54,320
Risk Margin	-	1,424	1,424
Other technical provisions	5,848	-	(5,848)
Total Technical Provisions	**69,334,820**	**(16,475,941)**	**(85,810,761)**

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)

D.2.1 Technical provisions – non-life (excluding health)

Technical provisions – non-life (excluding health) consists of provision for unearned premium of €68,550,212 and claims incurred but not reported amounting to €778,760. Technical provisions are included within the Best estimate of liabilities and Reinsurance recoverables.

D.2.2 Best estimate of liabilities

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

<u>Segmentation</u>: The Technical Provisions analysis was performed assuming the following segmentation:

- For Cell Europe, business is classified as Miscellaneous Financial Loss;
- For REI Cell, business is classified as either Miscellaneous Financial Loss or Income Protection Income;
- For Cell Coopex, business is classified as Credit and Suretyship;
- For VSP Cell, business is classified as Miscellaneous Financial Loss
- This level of segmentation is consistent with the minimum Solvency II segmentation requirements.

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 €21,982,275 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 7-8% 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 relating to unexpired business and included on the balance sheet.

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 €480,839 using an Expected Loss Ratio approach.

The net claims provision has been estimated at €453,077, i.e. a reinsurance recoverable of €27,762. Two of the Cells, specifically REI Cell and VSP Cell, have quota share reinsurance in place.

Expenses

In general, a percentage load to the claims cashflows, rationalised by considering the expense allowance that would be implied by 50%*annual operating expenses*average duration of liabilities. This assumes that 50% of operating expenses are in relation to the settlement of liabilities. The 50% is based on expert judgement and the actuaries recommend that further analysis is completed to validate this assumption.

Cell Europe's claims handling expenses are embedded within the commission costs, there are no separate direct claims handling costs outside commission payable. A 1.2% additive loading is added to the ultimate loss ratio recognised in the financial statements to allow for operational expenses.

Binary Events / ENIDs

The gross loss ratio used in the financial statements is assumed to not include a loading for binary events / Events not in Data ("ENID"). A 3-5% multiplicative loading is applied to the gross loss ratio for ENID's, this to allow for the lack of Highdome's specific claims experience and issues identified with the claims data. The relatively small loading takes into consideration the limited exposure to large Catastrophe ("CAT") events. For Cell Coopex, a 5% additive loading is applied to derive the Technical Provisions.

Discounting

The EIOPA yield curve at 31 December 2019 was used for discounting cashflows. No matching adjustment or volatility adjustment has been used.

Risk Margin

When calculating the Risk Margin for Cell Europe, it was assumed that the main driver of future SCR is the run-off of Non-Life Premium and Reserve premium volume. The Non-life SCR was then run-off in line with the premium volumes, where this future SCR is discounted using EIOPA yield curve and is multiplied by Cost of Capital 6% as per EIOPA guidance calculated using Simplification 3 approach.

For REI Cell, Cell Coopex and VSP Cell, the Risk Margin was calculating using Simplification 3 Approach in the Technical Provisions guidelines issued by EIOPA.

Transitional measures

No transitional measures have been used in calculation of Technical Provisions.

Key assumptions and areas of expert judgement

The following key assumptions were made:

- Loss ratios are those used in Highdome's business plan. The 2019 business plan assumed a loss ratio of 29.5% for Cell Europe based on historical experience that provides a reasonable expectation of the final settlement of claims, 50% for Personal Accident for REI Cell, 0% for Cell Coopex and 15% for VSP Cell.

- Lapse/ Cancellation Rates of between 7% - 8% and are based on the most up to date information available in their financial statements.
- The frequency of death claims is expected to be 0.17 per mile and the maximum benefit is €150,000. The frequency of hospitalisation claims is expected to be 0.46 per mile and the maximum benefit is €150 per day for 360 days.
- All commercial warranties for the Extended warranties line of business in Cell Europe are 2 years, i.e. business only earns after 2 years.
- Earning patterns for premium assume that contracts are written evenly throughout the year and claims are incurred evenly over the period of coverage.
- Future cash flow assumptions in respect of premium and commission payable/receivable, as included in the financial statements, are appropriate.
- The loss ratios used are a best estimate basis and it is appropriate to explicitly adjust for binary events, inflation and operational expenses.
- Highdome is bound by existing contracts only.
- Cell Coopex only has obligation to provide insurance covers of existing contracts until they are expired and the UPR is fully earned. Beyond this the Cell is in run off and no new business will be underwritten.
- For REI Cell, estimates of future cash flow assumptions in respect of regular premium contracts, are appropriate. For existing contracts Highdome is bound to provide cover for a minimum of one year from 1 January each year, unless notice received, due to an annual tacit renewal clause. Highdome is bound by existing contracts only.
- For VSP Cell, for existing contracts Highdome is bound to the end of 24-month original policy period or to the end of the 12-month extension period as there is a 2-month cancellation clause. Highdome is also bound into business written in the following 6 months as Highdome has to inform the Group Policyholder 6 months in advance to terminate this contract. The annual extension period can be cancelled by giving 2 months' notice.

Actual experience may differ, perhaps materially, from assumptions inherent in the Best Estimate liabilities. The appropriateness of methodologies, assumptions and key judgements can be tested by monitoring Actual versus Expected experience over time.

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.

D.3 Valuation of Other Liabilities

The following table shows the change in other liabilities from Highdome's balance sheet as at 31st December 2019 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)	1,051,063	1,051,063	-
Total Other Liabilities	**1,051,063**	**1,051,063**	**-**

Highdome PCC Limited

	IFRS (€)	Solvency II (€)	Movement (€)
Other Liabilities			
Deferred tax liabilities	-	9,911,874	9,911,874
Insurance and intermediaries payables	499,367	344,306	(155,061)
Reinsurance payables	47,118	37,415	(9,703)
Payables (trade, not insurance)	6,256,054	6,256,054	-
Total Other Liabilities	**6,802,539**	**16,549,649**	**9,747,110**

D.2.1 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	(57,725,590)
Decrease in liabilities	85,975,525
Movement from IFRS to Solvency II	**28,249,935**
Deferred tax at 35%	9,887,477
Add back deferred tax asset capped at zero	24,397
Deferred tax liabilities	**9,911,874**

The increase in own funds represented by the reconciliation reserve amounting to €18,338,061 has been taxed at 35% to derive the deferred tax liability of €9,911,874.

D.2.3 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.

D.4 Alternative methods for valuation

The Company does not utilise any alternative methods of valuation.

D.5 Other material information

The Company has not identified any other material information to report.

E Capital Management

E.1 Own Funds

E.1.1 Capital Structure and Management Policy

The Group

The Group's available (AOF) and eligible own funds (EOF) as at 31st December 2019 consisted of issued and fully paid up ordinary share capital of €3,575,005, retained earnings amounting to €402,506 and a reconciliation reserve of (€10,425). The Group's own funds were adjusted from €3,967,086 to €3,326,972 to reflect a deficit of €640,114 pertaining to one of the Cells being a ring-fenced fund 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 2019 consisted of issued and ordinary share capital of €8,251,200, retained earnings of €4,425,027, reconciliation reserves of €6,487,261 (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 share capital:	(€)
1,510,000 ordinary core shares of EUR5 each (2018: 469,999 ordinary 'core A' shares of EUR5 each, 640,000 ordinary 'core B' shares of EUR5 each and 1 ordinary 'core C' share of EUR5 each)	7,550,000
5,292,400 ordinary cell shares of EUR 5 each (2018: 252,400 ordinary CLASS D 'REI CELL' shares of EUR5 each, 2,000,000 ordinary CLASS E 'CELL EUROPE' shares of EUR5 each and 200,000 ordinary CLASS F 'CELL COOPEX' shares of EUR5 each)	26,462,000
Total authorised share capital	**34,012,000**

Issued and called up share capital:	(€)
Core:	
69,999 issued ordinary 'core A' shares of EUR 5 each, 100% called up	349,995
640,000 ordinary 'core B' shares of EUR5 each, 100% called up	3,200,000
1 ordinary 'core C' share of EUR5 each, 100% called up	5
Cells:	
144,320 ordinary CLASS D 'REI CELL' shares of EUR5 each, 50% called up and 128,080 ordinary CLASS D 'REI CELL' shares of EUR5 each, 100% called up (2018: 176,320 ordinary CLASS D 'REI CELL' shares of EUR5 each, 50% called up and 76,080, 100% called up)	1,001,200
2,000,000 ordinary CLASS E 'CELL EUROPE' shares of EUR5 each, all of which have been issued and 25% called up	2,500,000
200,000 ordinary CLASS F 'CELL COOPEX' shares of EUR5 each, all of which have been issued and 20% called up	200,000
200,000 ordinary CLASS F 'VSP CELL' shares of EUR5 each, 100% called up (2018: NIL)	1,000,000
Total issued and called up share capital	**8,251,200**

Highdome PCC Limited's retained earnings of €4,425,027 is made up as follows:

Entity	31 Dec 2019 (€)
Highdome Core	206,929
Highdome REI Cell	(890,588)
Highdome Cell Europe	5,022,746
Highdome Cell Coopex	138,166
Highdome VSP Cell	(52,226)
Retained earnings	**4,425,027**

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.

E.1.2 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.

The Group - Consolidated

Available and Eligible Own Funds as at	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,575,005	3,575,005	-
Reconciliation reserve	392,081	459,014	(66,933)
Adjustment for ring fenced funds	(640,114)	(477,944)	(162,170)
Total Available and Eligible Own Funds	**3,326,972**	**3,556,075**	**(229,103)**

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

MDS Malta

Available and Eligible Own Funds as at	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,575,000	3,575,000	-
Reconciliation reserve	195,578	50,410	145,168
Total Available and Eligible Own Funds	**3,770,578**	**3,625,410**	**145,168**

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

Highdome Core

Available and Eligible Own Funds as at	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,550,000	3,550,000	-
Reconciliation reserve	196,504	408,604	(212,100)
Adjustment for ring fenced funds	(640,114)	(477,944)	(162,170)
Total Available and Eligible Own Funds	**3,106,390**	**3,480,660**	**(661,365)**

Highdome Core did not register significant changes in own funds during the reporting period. Reported changes in reconciliation reserve mainly arise from increase in retained earnings due to profit registered for the year amounting to €282,819, set-off against a decrease in retained earnings due to a net interim dividend distribution of €500,000. The increase in adjustment for ring fenced funds arises due to an increase in shortfall of SCR cover of Cell Coopex. This is more than adequately covered by the Group's eligible own funds.

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 2019 and as at 31 December 2018.

Highdome Core and Cells Combined

Available and Eligible Own Funds as at	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	8,251,200	7,071,200	1,180,000
Reconciliation reserve	10,912,288	13,648,539	(2,736,251)
Ancillary Own Funds	7,500,000	7,500,000	-
Total Available and Eligible Own Funds	**26,663,488**	**28,219,739**	**(1,556,251)**

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

	Movement (€)
Highdome Core	(852,214)
Cell Europe	3,832,472
Rei Cell	48,103
Cell Coopex	(27,857)
VSP Cell	982,151
Adjustment for ring fenced funds	(5,538,906)
Net movement in available and eligible own funds	**1,556,251**

The movement in own funds arising in 2019 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).

Highdome Core

Available and Eligible Own Funds as at	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,550,000	3,550,000	-
Reconciliation reserve	196,504	408,604	(212,100)
Adjustment for ring fenced funds	(640,114)	-	(640,114)
Total Available and Eligible Own Funds	**3,106,390**	**3,958,604**	**(852,214)**

Reported changes in reconciliation reserve mainly arise from increase in retained earnings due to profit registered for the year amounting to €282,819, set-off against a decrease in retained earnings due to a net interim dividend distribution of €500,000. The increase in adjustment for ring fenced funds arises due to the recognition of shortfall of SCR cover of Cell Coopex at Core level. This is more than adequately covered by the Core's eligible own funds.

Highdome Cell Europe

Available and Eligible Own Funds as at	31 Dec 19	31 Dec 18	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	2,500,000	2,500,000	-
Reconciliation reserve	23,396,135	19,563,663	3,832,472
Ancillary Own Funds	7,500,000	7,500,000	-
Total Available and Eligible Own Funds	**33,396,135**	**29,563,663**	**3,832,472**

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 €22,181,153 are eligible to cover for Highdome Core and Cells Combined's solvency capital requirement. Refer to section E.1.4 for further information with respect to adjustment for restricted own fund items in respect of ring-fenced funds (RFF).

Highdome REI Cell

Available and Eligible Own Funds as at	31 Dec 19	31 Dec 18	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	1,001,200	821,200	180,000
Reconciliation reserve	(928,764)	(796,867)	(131,897)
Total Available and Eligible Own Funds	**72,436**	**24,333**	**48,103**

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

During 2019, this issued and called up share capital of the Company, in relation to REI Cell, was increased by €180,000. Movement in reconciliation reserve, largely relates to movement in accumulated losses of this Cell.

The Cell's total available own funds are eligible to cover for the Cell's solvency capital requirement; however, only €62,356 are eligible to cover for Highdome Core and Cells

Combined's solvency capital requirement. Refer to section E.1.4 for further information with respect to adjustment for restricted own fund items in respect of ring-fenced funds (RFF).

Highdome Cell Coopex

Available and Eligible Own Funds as at	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	200,000	200,000	-
Reconciliation reserve	117,061	144,918	(27,857)
Total Available and Eligible Own Funds	**317,061**	**344,918**	**(27,857)**

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

Highdome VSP Cell

Available and Eligible Own Funds as at	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	1,000,000	-	1,000,000
Reconciliation reserve	(17,849)	-	(17,849)
Total Available and Eligible Own Funds	**982,151**	**-**	**982,151**

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

During 2019, this issued and called up share capital of the Company, in relation to VSP Cell, was increased by €1,000,000.

The Cell's total available own funds are eligible to cover for the Cell's solvency capital requirement; however, only €356,414 are eligible to cover for Highdome Core and Cells Combined's solvency capital requirement. Refer to section E.1.4 for further information with respect to adjustment for restricted own fund items in respect of ring-fenced funds (RFF).

E.1.3 Eligible Own Funds to Cover SCR and MCR

The Group

As shown in section E.1.2 the Group's available and eligible own funds as at 31 December 2019 amounted to €3,326,972, comprising of paid-up share capital and a reconciliation reserve. The Group's eligible own funds covers both the MCR (1503%) and the SCR (376%) calculated using the standard formula.

Highdome PCC Limited

Highdome's available and eligible own funds as at 31 December 2019 amounted to €26,663,488, 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 19	Core (€)	Cell Coopex (€)	Rei Cell (€)	Cell Europe (€)	VSP Cell (€)	Combined (€)
Total AOF and EOF to meet SCR	3,106,390	317,061	72,436	33,396,135	982,151	26,663,488
SCR	884,524	957,175	62,356	22,181,153	356,414	24,441,621
SCR cover:	351%	33%	116%	151%	276%	109%
Total EOF to meet MCR	3,106,390	317,061	72,436	25,896,135	982,151	19,163,488
MCR	221,131	239,294	15,589	5,545,288	89,103	6,110,405
MCR cover:	1405%	133%	465%	467%	1102%	314%

E.1.4 Total Available Own funds - adjustment for restricted own fund items in respect of ring fenced funds (RFF)

Available and Eligible Own funds at Core level are adjusted by €640,114 due to a shortfall registered by one of the Cells being a RFF under Highdome Core. Before this adjustment, the Core had available and eligible own funds amounting to €3,746,504. These are taken in full when calculating available own funds at Combined level.

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 (€)	VSP Cell (€)	Combined (€)
AOF (unadjusted)	3,746,504	317,061	72,436	33,396,135	982,151	**38,514,287**
Adjustment for RFF	-	-	(10,080)	(11,214,982)	(625,737)	**(11,850,799)**
Total AOF and EOF	**3,746,504**	**317,061**	**62,356**	**22,181,153**	**356,414**	**26,663,488**

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

As explained in note E.1.2, 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.

E.1.5 SCR and MCR cover

The Company's eligible own funds sufficiently cover the SCR (109%) and MCR (314%). Solvency Capital Requirement and Minimum Capital Requirements are furtherly analysed below in section E.2.

E.1.6 Differences between shareholders' funds as disclosed in financial statements and own funds

The Group

The Group's shareholders' funds, reported in the consolidated group accounts for the financial year ended 31st December 2019, amounted to €3,977,511. Shareholders' funds were adjusted from €3,977,511 to €3,326,972 to reflect a reconciliation reserve of €(10,425) and a deficit of €(640,114) pertaining to one of the Cells, being a ring fenced fund under Highdome Core.

Highdome PCC Limited

Highdome's shareholders' funds, reported in the financial statements for financial year ended 31st December 2019, amounted to €12,676,227. The reconciliation reserve includes retained earnings as reported in the financial statements of €4,425,027 as well as, differences between IFRS and Solvency II valuation of assets and liabilities that amounts to €18,338,060. The movement in capital is reconciled below:

Own Funds Reconciliation	(€)	(€)
Shareholders' Funds		12,676,227
Difference in valuation:		
Assets	(57,725,591	
Gross Technical Provisions	85,810,761	
Other Liabilities	(9,747,110)	
Solvency II Reconciliation Reserve		18,338,060
Less adjustment for RFF		(11,850,799)
Total basic Own Funds		**19,163,488**

E.1.5 Deferred tax assets

Deferred tax assets are recognised and valued in relation to all assets and liabilities, including technical provisions, that are recognised for solvency or tax purposes in accordance with Article 9 of Delegated Regulations. Calculated Deferred tax assets arising on the movement between IFRS and solvency II balance sheets were deemed immaterial (not exceeding €25K, pertaining to the smaller cells) and were not recognised.

E.2 Standard Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

The Group

As mentioned in section B.3.3, 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 2019 and as at 31 December 2018.

SCR	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Market risk	1,300,849	1,777,959	(477,110)
Counterparty Default risk	194,298	75,572	118,726
Diversification	(132,673)	(55,190)	(77,483)
Basic Solvency Capital Requirement	**1,362,474**	**1,798,342**	**(435,868)**
Loss Absorbing Capacity of Deferred Taxes	(476,866)	(629,420)	152,554
Total SCR	**885,608**	**1,168,922**	**(283,314)**

MCR	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Floor	221,402	292,230	(70,828)
Cap	398,524	526,015	(127,469)
MCR (linear)	-	-	-
MCR	**221,402**	**292,230**	**(70,828)**

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 B.3.3, 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 2019 and as at 31 December 2018.

Highdome Combined

SCR	31 Dec 19	31 Dec 18	Movement
Market risk	2,236,566	2,317,978	(81,412)
Counterparty Default risk	2,021,021	1,245,356	775,665
Health underwriting risk	28,388	37,252	(8,864)
Non-life underwriting risk	34,608,639	37,725,437	(3,116,798)
Diversification	(2,592,920)	(2,308,737)	(284,183)
Basic Solvency Capital Requirement	**36,301,694**	**39,017,286**	**(2,715,592)**
Operational risk	578,417	425,756	152,661
Loss Absorbing Capacity of Deferred Taxes	(12,438,490)	(13,805,065)	1,366,575
Total SCR	**24,441,621**	**25,637,977**	**(1,196,356)**

MCR	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Floor	6,110,405	6,409,494	(299,089)
Cap	10,998,730	11,537,090	(538,360)
MCR (linear)	2,467,960	2,577,691	(109,731)
Absolute Floor	3,700,000	3,700,000	-
MCR	**6,110,405**	**6,409,494**	**(299,089)**

The decrease in solvency capital requirement of €1,196,356 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).

Highdome Core

SCR	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Market risk	1,300,709	1,365,594	(64,885)
Counterparty Default risk	190,273	63,792	126,481
Diversification	(130,176)	(46,464)	(83,712)
Basic Solvency Capital Requirement	**1,360,806**	**1,382,922**	**(22,116)**
Loss Absorbing Capacity of Deferred Taxes	(476,282)	(484,023)	7,741
Total SCR	**884,524**	**898,899**	**(14,375)**

MCR	31 Dec 19	31 Dec 18	Movement (€)
Floor	221,131	224,725	(3,594)
Cap	398,036	404,505	(6,469)
MCR (linear)	-	-	-
MCR	**221,131**	**224,725**	**(3,594)**

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.

The Core's SCR includes a LAC DT benefit of €476k; on the other hand, the Core does not have any deferred tax liabilities arising on its Solvency II balance sheet. The LAC DT was recognised in full considering the expectations of future taxable profits, that primarily arise from cell facility fees paid in by the Cells.

No significant changes were identified during the current year.

Highdome Cell Europe

SCR	31 Dec 19 (€)	31 Dec 18 (€)	Movement
Market risk	880,012	894,231	(14,219)
Counterparty Default risk	1,599,628	1,060,075	539,553
Non-life underwriting risk	32,504,088	35,568,114	(3,064,026)
Diversification	(1,415,152)	(1,175,536)	(239,616)
Basic Solvency Capital Requirement	**33,568,576**	**36,346,884**	**(2,778,308)**
Operational risk	556,275	409,858	146,417
Loss Absorbing Capacity of Deferred Taxes	(11,943,698)	(12,864,860)	921,162
Total SCR	**22,181,153**	**23,891,882**	**(1,710,729)**

MCR	31 Dec 19 (€)	31 Dec 18	Movement (€)
Floor	5,545,288	5,972,970	(427,682)
Cap	9,981,519	10,751,347	(769,828)
MCR (linear)	2,408,068	2,531,424	(123,356)
MCR	**5,545,288**	**5,972,970**	**(427,682)**

Cell Europe' SCR is mainly driven by the non-life underwriting risk which is calculated based on premium volume. Gross Premium decreased 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.

CDR 2019/981 amended the Solvency II Delegated Regulation in a number of ways including provisions on calculating the risk charge for premium for future contracts with an initial term of more than one year, which is the case for Cell Europe. The new regulations take into account the lower risk associated to future premiums from contracts with longer terms, by taking into account only 30% of future premiums when calculating the volume measure for non-life premium and reserve risk. This is the main reason why the nSCR of the Cell decreased so much. As a consequence, MCR floor and Cap also increased significantly when compared to prior year.

As at 31st December 2019, Cell Europe's LAC DT, calculated at the effective local and best estimate tax rate of 35%, amounted to €11,943,698. These deferred taxes are justified first and mostly, by the reversion of deferred tax liabilities €9,893,364 and secondly by reference to probable future taxable profits. The Cell utilised the remaining LAC DT of €2,050,334 to the full extent as it is probable that it will have sufficient future taxable profits available after suffering the instantaneous loss. Although it may be difficult to project new business after 1 in 200 events, one should consider the type of business and earning pattern of the respective Cell. The following considerations were taken into account when utilising the future taxable profits.

- Currently and also over the business plan horizon, Cell Europe offers Extended Warranties products in Portugal and Spain. An instantaneous shock loss in the non-life underwriting risk sub module could arise from a sudden economic downturn in Portugal (82% of the business in underwritten in Portugal), the country in which the major part of the Cell's technical income arises.

- Future taxable profits include earned premium with respect to extended warranties issued over the past five years. These extended warranties cannot be cancelled after the 30-day cooling-off period from date of issuance has elapsed; thus, even if there is an instantaneous decrease in the gross written premium, of for example 100% on all years, the Cell would still register profits over the future 5 years arising from extended warranties issued over the past 5 years.
- The extended warranties are sold in conjunction with electrical goods distributed through a chain of Worten shops which approximately amount to 180 in Portugal and another 40 shops in Spain. Nowadays, many electronic appliances have become part of basic needs, thus if an instantaneous economic downturn arises in Portugal, the business may not recover to business as usual; however, given the size of Worten in Portugal one would expect the business the continue at a slower pace.
- In addition, Sonae Group's portfolio is largely diversified. As disclosed in the Sonae SGPS SA's annual report for 2018 'Our portfolio is diversified in terms of business and geographic areas, with a strong knowledge in areas like retail, financial services, technology, shopping centres and telecommunications. This wide portfolio of companies across several geographic areas and sectors aims to create long-term economic and social value to take the benefits of progress and innovation to an ever-increasing number of people.'
- Sonae Group is also financially, very strong. As at 31st December 2018, Sonae SGPS had net assets of €3,722,393,879 and a consolidated net asset position of € 3,288,816,688.

Due to the above, LACDT for Cell Europe will not be capped at DTL, but will be maintained at 35% of Basic SCR and operational risk. Provided that the Company will have future available profits over a medium-term plan horizon and companies in Malta do not have a time limit on when to utilize trading losses, we recognised the full LAC DT amount.

Highdome REI Cell

SCR	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Market risk	-	-	-
Counterparty Default risk	26,121	27,073	(952)
Health underwriting risk	27,693	36,317	(8,624)
Non-life underwriting risk	31,384	10,310	21,074
Diversification	(25,068)	(19,581)	(5,487)
Basic Solvency Capital Requirement	**60,130**	**54,119**	**6,011**
Operational risk	2,226	3,878	(1,652)
Loss Absorbing Capacity of Deferred Taxes	-	(20,299)	20,299
Total SCR	**62,356**	**37,698**	**24,658**

MCR	31 Dec 19	31 Dec 18	Movement (€)
Floor	15,589	9,425	6,164
Cap	28,060	16,964	11,096
MCR (linear)	6,542	3,931	2,611
MCR (combined)	**15,589**	**9,425**	**6,164**

No significant movements registered for REI Cell. The LACDT of this Cell for the year ending 31st December 2019, was capped at zero because it can neither be substantiated by deferred tax liabilities and neither by future taxable profits.

Highdome Cell Coopex

SCR	31 Dec 19 (€)	31 Dec 18 (€)	Movement (€)
Market risk	-	-	-
Counterparty Default risk	82,472	63,173	19,299
Non-life underwriting risk	894,738	1,200,561	(305,823)
Diversification	(38,515)	(30,373)	(8,142)
Basic Solvency Capital Requirement	**938,695**	**1,233,361**	**(294,666)**
Operational risk	18,480	12,020	6,460
Loss Absorbing Capacity of Deferred Taxes	-	(435,883)	435,883
Total SCR	**957,175**	**809,498**	**147,677**

MCR	31 Dec 19	31 Dec 18	Movement
Floor	239,294	202,375	36,919
Cap	430,729	364,274	66,455
MCR (linear)	52,094	42,337	9,757
MCR (combined)	**239,294**	**202,375**	**36,919**

The LACDT of this Cell for the year ending 31st December 2019, was capped at zero because it can neither be substantiated by deferred tax liabilities and neither by future taxable profits.

Highdome VSP Cell

SCR	31 Dec 19 (€)
Market risk	1,097
Counterparty Default risk	73,055
Non-life underwriting risk	331,260
Diversification	(31,924)
Basic Solvency Capital Requirement	373,488
Operational risk	1,436
Loss Absorbing Capacity of Deferred Taxes	-
Total SCR	356,414

MCR	31 Dec 19 (€)
Floor	89,103
Cap	160,386
MCR (linear)	1,256
MCR (combined)	**89,103**

The LACDT of this Cell for the year ending 31st December 2019, was capped at zero because it can neither be substantiated by deferred tax liabilities and neither by future taxable profits.

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	2,181,818	54,748	2,236,566
Counterparty Default risk	1,971,549	49,472	2,021,021
Health underwriting risk	27,693	695	28,388
Non-life underwriting risk	33,761,469	847,170	34,608,639
Diversification	(2,529,448)	(63,472)	(2,592,920)
Basic Solvency Capital Requirement	**35,413,081**	**888,613**	**36,301,694**
Adjustment due to RFF	888,613	(888,613)	-
Operational risk	578,417	-	578,417
Loss Absorbing Capacity of Deferred Taxes	(12,438,490	-	(12,438,490)
Total SCR	**24,441,621**	**-**	**24,441,621**

E.3 Use of Duration Based Equity Risk Sub Model in calculation of the SCR

The Company did not use duration based equity risk sub model in the calculation of the SCR

E.4 Differences between the Standard Model & Any Internal Model

The Company utilises the SII Standard Formula to calculate the regulatory capital requirement.

E.5 Non-Compliance with MCR and SCR

There were no incidences of non-compliance with the MCR and SCR.

E.6 Any Other Information

The COVID-19 pandemic is not expected to have a significant impact on the Company's SCR and available and eligible own funds in 2020. As mentioned in the above chapters, it is expected that future premium will decrease in 2020 due to the closure of distribution lines, but claims is not anticipated to be materially affected. Decrease in future premium will result in a lower solvency capital requirement. Due to the earning pattern of most of the policies issued under Highdome PCC Limited, it is expected that the Company will continue to generate profits relating to policies incepted before 2020 for at least another five year, thus EOF across the business plan horizon will not be materially impacted. Market risk is also not expecting to materially fluctuate; however, this risk is linked to the intragroup loans to Sonae Group Companies. As the situation of the pandemic is still developing, the Company will continue monitoring and assess the potential impact on the Company's SCR and own funds.

Appendix 1 – Group Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	9
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	9
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	9
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	1,807
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	1,807
Reinsurance recoverables from:	**R0270**	
Non-life and health similar to non-life	**R0280**	
Non-life excluding health	**R0290**	
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	281
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	2,920
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	5,018

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	
Technical provisions – non-life (excluding health)	**R0520**	
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	
Risk margin	**R0550**	
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	1,051
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	1,051
Excess of assets over liabilities	**R1000**	3,967

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for:				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**																	
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**																	
Net	**R0200**																	
Premiums earned																		
Gross - Direct Business	**R0210**																	
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**																	
Net	**R0300**																	
Claims incurred																		
Gross - Direct Business	**R0310**																	
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**																	
Net	**R0400**																	
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**																	
Other expenses	**R1200**																	
Total expenses	**R1300**																	

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

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

Annex I

S.23.01.22

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	3,575	3,575			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	392	392			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	640	640			
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270					
Total deductions	R0280	640	640			
Total basic own funds after deductions	R0290	3,327	3,327			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Reconciliation reserve	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
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	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
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)	R0520	3,327	3,327			
Total available own funds to meet the minimum consolidated group SCR	R0530	3,327	3,327			
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)	R0560	3,327	3,327			
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	3,327	3,327			
Minimum consolidated Group SCR	R0610	221				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	1502.68%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	3,327	3,327			
Group SCR	R0680	886				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	375.67%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	3,967
Own shares (included as assets on the balance sheet)	R0710	
Forseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	3,575
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve before deduction for participations in other financial sector	R0760	392
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total EPIFP	R0790	

Annex I
S.25.01.22
Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	1,301		
Counterparty default risk	R0020	194		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-133		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	1,362		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-477
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	886
Capital add-on already set	R0210	
Solvency capital requirement	R0220	886
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	221
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non--regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	886

Annex I
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
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	% 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	213800PA8M4HMQ56NB73	LEI	MDS Malta Holding Limited	5	Limited Liability Company	2	Malta Financial Services Authority	10000.00%	100	10000.00%	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

Appendix 2 – Solo Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	9
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	9
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	9
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	2,808
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	2,808
Reinsurance recoverables from:	**R0270**	-336
Non-life and health similar to non-life	**R0280**	-336
Non-life excluding health	**R0290**	-349
Health similar to non-life	**R0300**	13
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	88
Reinsurance receivables	**R0370**	1
Receivables (trade, not insurance)	**R0380**	1,147
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	27,369
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	31,088

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	-16,476
Technical provisions – non-life (excluding health)	**R0520**	-16,532
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	-21,556
Risk margin	**R0550**	5,024
Technical provisions - health (similar to non-life)	**R0560**	56
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	54
Risk margin	**R0590**	1
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	9,912
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	344
Reinsurance payables	**R0830**	37
Payables (trade, not insurance)	**R0840**	6,256
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	74
Excess of assets over liabilities	**R1000**	31,014

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**		74							334			19,779					20,188
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**		61										31					92
Net	**R0200**		13							334			19,749					20,096
Premiums earned																		
Gross - Direct Business	**R0210**		74							438			13,938					14,451
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**		61										18					79
Net	**R0300**		13							438			13,920					14,372
Claims incurred																		
Gross - Direct Business	**R0310**		-63										4,482					4,419
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**		-59										3					-57
Net	**R0400**		-3										4,479					4,476
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**		4							137			2,257					2,398
Other expenses	**R1200**																	
Total expenses	**R1300**																	2,398

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

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

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		FR	ES	PT			
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110		449	3,402	16,336			20,188
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		92					92
Net	R0200		357	3,402	16,336			20,096
Premiums earned								
Gross - Direct Business	R0210		537	2,881	11,033			14,451
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		79					79
Net	R0300		458	2,881	11,033			14,372
Claims incurred								
Gross - Direct Business	R0310		-59	850	3,629			4,419
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		-57					-57
Net	R0400		-2	850	3,629			4,476
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550		144	467	1,787			2,398
Other expenses	R1200							
Total expenses	R1300							2,398

Annex I
S.05.02.01
Premiums, claims and expenses by country

Annex I
S.05.02.01
Premiums, claims and expenses by country

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

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**		4							37			-22,023					-21,982
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**		-13										-350					-364
Net Best Estimate of Premium Provisions	**R0150**		17							37			-21,673					-21,619
Claims provisions																		
Gross	**R0160**		51							44			386					481
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**		26										2					28
Net Best Estimate of Claims Provisions	**R0250**		24							44			385					453
Total Best estimate - gross	**R0260**		54							81			-21,637					-21,501
Total Best estimate - net	**R0270**		41							81			-21,288					-21,165
Risk margin	**R0280**		1							68			4,956					5,025
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**		56							149			-16,681					-16,476
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**		13										-349					-336
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**		43							149			-16,332					-16,140

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	Accident year [AY]

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year										
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											
2010	**R0160**											
2011	**R0170**											
2012	**R0180**											
2013	**R0190**											
2014	**R0200**											
2015	**R0210**											
2016	**R0220**											
2017	**R0230**	190										
2018	**R0240**	1,941										
2019	**R0250**	4,338										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100		
	R0160		
	R0170		
	R0180		
	R0190		
	R0200		
	R0210		
	R0220		
	R0230		190
	R0240		1,941
	R0250	4,338	4,338
Total	**R0260**	4,338	6,469

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											
2010	**R0160**											
2011	**R0170**											
2012	**R0180**											
2013	**R0190**											
2014	**R0200**											
2015	**R0210**											
2016	**R0220**											
2017	**R0230**											
2018	**R0240**											
2019	**R0250**	479										

		Year end (discounted data)
		C0360
	R0100	
	R0160	
	R0170	
	R0180	
	R0190	
	R0200	
	R0210	
	R0220	
	R0230	
	R0240	
	R0250	481
Total	**R0260**	481

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	8,251	8,251			
Share premium account related to ordinary share capital	**R0030**					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	10,912	10,912			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	19,163	19,163			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	7,500			7,500	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**	7,500			7,500	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	26,663	19,163		7,500	
Total available own funds to meet the MCR	**R0510**	19,163	19,163			
Total eligible own funds to meet the SCR	**R0540**	26,663	19,163		7,500	
Total eligible own funds to meet the MCR	**R0550**	19,163	19,163			
SCR	**R0580**	24,442				
MCR	**R0600**	6,110				
Ratio of Eligible own funds to SCR	**R0620**	109.09%				
Ratio of Eligible own funds to MCR	**R0640**	313.62%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	31,014	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	8,251	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	11,851	
Reconciliation reserve	**R0760**	10,912	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**		

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	2,237		
Counterparty default risk	R0020	2,021		
Life underwriting risk	R0030			
Health underwriting risk	R0040	28		
Non-life underwriting risk	R0050	34,609		
Diversification	R0060	-2,593		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	36,302		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	578
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-12,438
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	24,442
Capital add-on already set	R0210	
Solvency capital requirement	R0220	24,442
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	885
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	23,557
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
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	R0010	2,468

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	41	13
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100	81	334
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		19,749
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

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
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	2,468
SCR	R0310	24,442
MCR cap	R0320	10,999
MCR floor	R0330	6,110
Combined MCR	R0340	6,110
Absolute floor of the MCR	R0350	3,700
		C0070
Minimum Capital Requirement	R0400	6,110