Highdome PCC Limited
MDS Malta Holding Limited

Group Solvency and Financial Condition Report

31 December 2021

Table of Contents

Executive Summary

This report covers the period from 1st January 2021 to 31st December 2021.

The Group

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

Business	- No new cells were set up in 2021. - Approval of new lines of business for REI Cell - Closure of Cell Coopex in August 2021. - Announcement by Ardonough Group of its agreement to purchase 100% MDS SGPS SA subject to regulatory approvals.
Performance	- A decrease of 18% in profit before tax for the Group
System of Governance	- Resignation of Tiago Mora as director. - Appointment of Mr. Jorge Luzzi as Risk & Compliance Committee member. - Appointment of Mr Joni Marques as Cell Europe Committee member. - Changes to the Operating Procedures Manual of the Insurance Manager - Changes to existing board policies - Renewal of all existing outsourcing arrangements. - No material changes for MDS Malta
Risk Profile	- No material changes to the risk profile
Valuation for Solvency Purposes	- No material changes in valuations.
Capital Management	- Eligible own funds €3,791,488 (2020: €4,063,628) - SCR (Standard Formula) €905,487 (2020: €871,863) - MCR (Standard Formula) €226,372 (2020: €217,966)

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, Cell Coopex and VSP Cell, during the reporting period are highlighted in the table below:

Business	- No new cells were set up in 2021. - Approval of new lines of business for REI Cell - Closure of Cell Coopex in August 2021. - Announcement by Ardonough Group of its agreement to purchase 100% MDS SGPS SA subject to regulatory approvals.
Performance	- 16.59% increase in gross written premiums. - Ratio of incurred claims on earned premium stood at 35.76% (2020: 34.83%). - Profit before tax of €9,534,865 (2020: €9,280,240), an increase of 2.74%. - Decrease in total assets of 2.25%.
System of Governance	- Resignation of Tiago Mora as director. - Appointment of Mr Joni Marques as Cell Europe Committee member. - Changes to the Operating Procedures Manual of the Insurance Manager. - Changes to existing board policies. - Renewal of all outsourcing arrangements.
Risk Profile	- No material changes to the risk profile
Valuation for Solvency Purposes	- No material changes in valuations. -
Capital Management	- Eligible own funds €30,150,783 (2020: €28,794,720) - SCR (Standard Formula) €27,393,762 (2020: €25,658,913) - MCR (Standard Formula) €6,848,440 (2020: €6,414,728)

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 23 November 2011. Highdome is regulated by the Malta Financial Services Authority ("MFSA") and as at 31 December 2021 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 31 December 2021 Highdome had three established cells, namely REI Cell in 2013, Cell Europe in 2014, and VSP Cell in 2019. In August 2021 Cell Coopex was closed following the reduction in issued share capital for the Company and the certificate of authorisation was returned to the MFSA. 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 15 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 Limited (Director – Mr. Mark Giorgio).

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.

On 23 December 2021, the Ardonanough Group publicly announced its agreement to acquire 100% of the issued shares of MDS SGPS SA subject to regulatory approvals.

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 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, Personal Accident and lately Electric Scooter damage and theft insurance business in France and Spain but as at 31 December 2021, only Personal Accident 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 31 December 2021 Cell Europe had not started offering Accidental Damage cover. 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 ongoing development of COVID-19 continued to affect the worldwide economy during 2021. However, the successful vaccine rollout throughout the year in the countries where the Company carries on insurance business should now eliminate the need for extreme measures to contain the outbreak, such as public lockdowns. Whilst there was an impact on distribution of the Company's insurance products as a result of the measures taken in these countries in the first few months of 2021, 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 conflict between Russia and Ukraine that has developed in Europe in the last couple of weeks will also have an impact on the global economy which is still recovering from Covid-19 at least in the short-term. Even though Highdome does not operate in any of these countries, there is a significant element of uncertainty as to how this situation will develop and its potential impact on Highdome's business.

The Company considers that the pandemic and the conflict between the two European countries will not have a significant impact on future claims. The Company's own funds comfortably cover the required SCR ratio, equivalent to 110% as at 31 December 2021.

As at 31 December 2021, Highdome had one ongoing application with the MFSA for a new cell.

There have been no other significant events or business that had a material impact on the undertaking.

A.2 Underwriting performance

As previously reported, the Group does not carry on any underwriting activity; however, during the financial year ended 31 December 2021, Highdome, through its Cells, generated gross written premium of €22,585,127, an increase of 16.59% when compared to that generated in 2020 amounting to €19,370,888. As mentioned under A1.4, in 2020 Highdome suffered a decrease in sales of insurance products due to extreme measures adopted by authorities to contain the pandemic and successfully recovered in 2021. Although sales in Spain decreased significantly as a result of store closures across the country, this was offset and surpassed by strong performance in Portugal, with increased policies sold across all distribution channels, following the ease of Covid-19 mitigation measures. Gross written premium is split per Cell as follows:

Cell	2021 (€)	2020 (€)
REI Cell	31,335	42,647
Cell Europe	21,292,565	18,749,685
Cell Coopex	0	(51,266)
VSP Cell	1,261,227	629,822
Total gross written premium	**22,585,127**	19,370,888

Given the reinsurance agreements in place for two of the Cells, namely REI Cell and VSP Cell, €971,917 (2020: €507,737) of the premiums written were ceded to the reinsurers, resulting in net premiums written of €21,613,210 an increase of 14.58% in 2021 as compared to 2020. The majority of premiums written during the year were deferred whilst a large portion of premium written between 2016 and 2019 by one of the Cells, namely Cell Europe, was earned in the current year, resulting in an increase in net technical income of 7%.

During the financial year ending 31 December 2021 Highdome with respect to Cell Europe, REI Cell and VSP Cell, reported gross claims paid of €7,058,213 (2020: €6,534,408) and an increase in gross provision for claims of €651,583 (2020: €333,325), maintaining an overall gross loss ratio of 35.76% (2020: 34.83%). Net claims paid and provisions amount to €6,993,320 and €593,859 respectively. An Incurred But Not Reported (IBNR) reserve is being maintained based on an expected claims ratios on earned premium of 33.85% (2020: 33.85%), 50% (2020: 50%) and 15% (2020: 15%) for Cell Europe, REI Cell and VSP Cell respectively. There was no change in the IBNR reserve adopted for all three cells. Timing of claim reporting and claims ratios are being monitored regularly.

Combined operating expenses increased from €3,187,393 in 2020 to €3,407,415 in 2021, in line with increase in earned premiums. A combined underwriting profit of €9,624,757 (2020: €9,259,038) was registered for the three Cells.

The quantitative reporting templates containing an analysis of premiums, claims and expenses are 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 31 December 2021 the Group's financial assets included cash and cash equivalents, loans with related companies and an investment held at fair value. The table below shows financial assets as at the end of financial year for each entity.

Group Entity	31 Dec 2021 (€)	31 Dec 2020 (€)
Highdome Core		
Loan	1,800,000	1,800,000
Cash	1,781,402	2,076,654
Investment held at fair value	9,410	9,410
MDS Malta		
Loan	1,820,000	1,800,000
Cash	7,456	99,492
Consolidated		
Loan	**1,820,000**	**1,800,000**
Cash	**1,788,858**	**2,176,146**
Investment held at fair value	**9,410**	**9,410**

The loans are unsecured and repayable on demand subject to 30 days' 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 1.38% above Euribor 6-month interest rate set on the previous interest payment date. Interest is payable half-yearly on 16 October and 16 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 31 December 2021, amounted to € 15,885 (2020: €32,842) and €15,938 (2020: €32,842) respectively.

As at 31 December 2021, the Group held cash and cash equivalents which consist of deposits held at call with banks and a small investment held at fair value. Negative interest incurred during the year on the Group's cash held at bank amounted to €3,121. No investment income was generated from the investment held at fair value.

Highdome PCC Limited

As at 31 December 2021, Highdome PCC Limited's financial assets included cash and cash equivalents, a receivable loan from a related company and an investment held at fair value. The table below shows loans and cash balances as at the end of financial year for each Cell and Core.

Cell	31 Dec 2021 (€)	31 Dec 2020 (€)
Highdome Core		
Loan	1,800,000	1,800,000
Cash	1,781,402	2,076,654
Investment held at fair value	9,410	9,410
REI Cell		
Cash	60,315	43,381
Cell Europe		
Loans and receivables	23,000,000	8,000,000
Cash	7,671,240	24,892,925
Cell Coopex		
Cash	-	459,789
VSP Cell		
Cash	611,979	795,562
Core and Cells Combined		
Loans and receivables	**24,800,000**	**9,800,000**
Cash	**10,124,936**	**28,268,311**
Investment held at fair value	**9,410**	**9,410**

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

Loans and receivables include a fixed term deposit of one year amounting to €8,000,000, bearing a fixed interest rate of -0.33%, payable on the deposit repayment date 16 December 2022.

Loans of €1,000,000, €7,000,000 and €7,000,000 by Cell Europe to a related company, namely Sonae Investments B.V., are unsecured and bear annual interest of 0.81% above Euribor 3 month interest rate (subject to a minimum of 0%), set in advance for each period of 3 months, which is payable annually in arrears. The final repayment date to the loans were/are 1 August 2020, 5 March 2021, and 8 November 2022, respectively; however, the lender has the right to extend with successive periods of one year, until a maximum period of five years. The €1,000,000 and the €7,000,000 loan were further extended by another year until 1 August 2022 and 5 March 2022. Interest income on the loans for the period ending 31 December 2021 amounted to €74,048 (2020: €55,667).

Combined net interest income of Highdome Core and Cells for the financial period ending 31 December 2021 amounted to €548,575, a decrease of 18.71% from the previous year (2020: €674,874). Net interest income includes interest earned on insurance receivables of €570,347 (2020: €586,381) and negative interest incurred on cash held at bank of €111,705 (2020: Nil).

A.4 Other material income and expenses

The Group

After taking into account net investment income of €12,718 (2020: €32,827), facility fee income of €312,162 (2020: €344,587), other income of €14,626 (2020: other costs of €5,399) and administrative expenses of €141,613 (2020: €131,443), the Group reported a profit before tax of €173,179, that is a decrease of 28% when compared to €240,572 reported in 2020.

Highdome PCC Limited

During the year under review, the Company as a whole registered an operating profit of €8,954,624, an increase of €349,258, or otherwise 4%, when compared to a profit of €8,605,366 in 2020. The Core registered a decrease in operating profits of €41,301, primarily a result of the winding down of one of the Cells complemented by an increase in administration fees of €8,876. On the other hand, the Cells registered an increase in operating profits of €390,599, The Cell's strong positive results are explained in detail under underwriting performance note A.3 above.

Combined administrative expenses decreased slightly from €998,259 to €982,295 in 2021, a decrease of 1.60% over 2021, driven by the minimal expenses incurred by the outgoing cell in 2021, in comparison to the full year expenses incurred for that cell in the prior year. Facility fee income accruing to the Core shareholders amounted to €312,162 during 2021 and €344,587 during 2020.

During 2021, the Company registered a profit before tax of €9,534,865 (2020: €9,280,240) 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

During 2021, the share capital of the Company was increased by a further €181,000, set-off against a reduction in share capital of €200,000, resulting in a net decrease in share capital of €19,000 which together with shareholders' funds brought forward from the prior year and the profit for the year resulted in shareholders' funds of €14,525,491.

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 three (2020: four) protected cells all writing premiums on risks situated outside Malta. Cell Coopex was liquidated during the current year. The Company has one new cell at licence application stage and will continue with its endeavours to attract more new cells in the coming years.

During 2021, the number of insurance contracts sold has increased by 40% (2020: decreased by 7%). As mentioned under section A.2, sales in Spain decreased significantly as a result of store closures across the country, but this was offset and surpassed by strong performance in Portugal, with increased policies sold across all distribution channels, following the ease of Covid-19 mitigation measures. The company is expecting this performance to continue, striving for higher policy sales numbers in 2022.

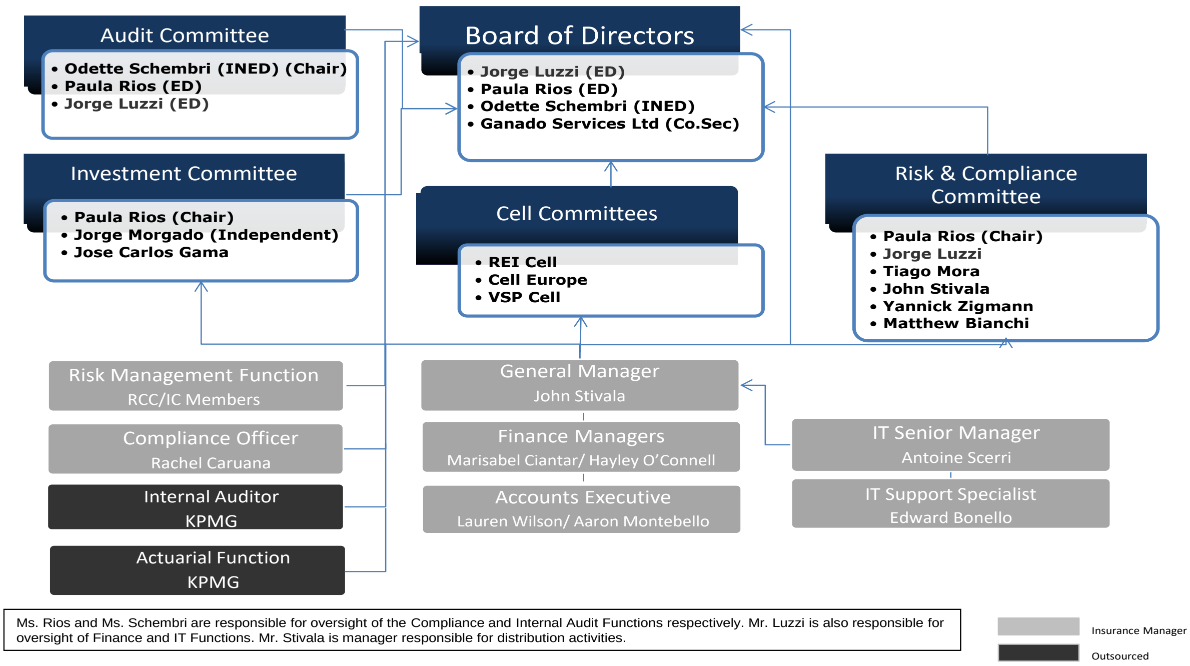
B System of Governance

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 as at 31 December 2021.



Mr. Jorge Luzzi and Ms. Paula Rios are the two directors of MDS Malta. Mr. Tiago Mora resigned as director in May 2021 but retained his position as Risk and Compliance Committee member. Mr. Javier Mirabal will be appointed a director to replace Mr. Mora subject to MFSA approval. In 2021 Mr. Jorge Luzzi also joined the Risk and Compliance Committee and Mr Joni Marques was appointed a Cell Europe Committee member replacing Mr Jose Lima Amorim who resigned.

B.1.2 Material Changes over reporting period

During the reporting period changes to the system of governance of Highdome included, apart from the changes to the Board of Directors and Board Committees noted above, changes to the Operating Procedures Manual of the Insurance Manager and changes to existing Board policies.

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, for a fixed fee. Other key functions are outsourced to KPMG. Highdome has entered into a written agreement with service providers for all outsourced functions which are provided for a fixed annual fee. The non-resident directors waive their entitlement to a director's fee which is fixed and does not include any variable components. 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:

	2021	2020 (€)
Loan to immediate parent company	1,820,000	1,800,000
Interest receivable on loan to immediate parent	15,938	32,842
Director's fee	7,751	7,000

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:

	2021 (€)	2020 (€)
Loan to immediate parent company	1,800,000	1,800,000
Interest receivable on loan to immediate parent	15,885	32,842

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 purpose 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. Once completed, the Entity Assessment form is to be sent to the proposed applicant to attach it with the PQ before this is submitted. In the case of an outsourced key function, an Assessment Form as set out in Annex II of the Insurance Rules and a Fit and Proper Assessment on the Service Provider taking into account the (1) competence and capability; (2) the honesty, integrity and reputation; and (3) the financial soundness of the Service Provider 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 service provider. 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 directors, 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 self-certify the continuing fitness and propriety and are asked to disclose any material changes 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, a collective reassessment of the sufficiency of the knowledge, skills, experience, commitment and independence of the Board of Directors is carried out.

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 underwriting 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.

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, as specified in the ORSA policy.

The Board of Directors is ultimately responsible for the Company’s ORSA. In particular, the Board of Directors must ensure that the Company has an adequate Risk Management framework to appropriately identify, manage and monitor on an ongoing basis any risks facing the Company. The Board of Directors is also responsible to identify any changes to the risk environment in which the Company operates and ensure that any new/emerging risks are identified, mitigated and the impact assessed as early as possible.

The Actuarial Function coordinates the calculation of technical provisions, available and eligible own funds and the Solvency capital requirement for the base case and suitable stress test scenarios and assesses whether HPL is continuously compliant with Solvency II requirements regarding the calculation of technical provisions and proper identification of potential risks arising from the uncertainties to the calculation..

Highdome have developed an ORSA policy which 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 analysis, data quality standards, 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.

Highdome uses standard formula to carry out a forward-looking assessment of the capital requirements over the 3-year planning horizon of the company. For the risks not explicitly covered by the standard formula, such as liquidity risk, legal risks and reputational risks, the company has adopted risk mitigation techniques and controls to ensure that the risks are within the Company’s risk appetite and risk tolerance limits.

The ORSA assessment includes the consideration of changes to the own funds position and regulatory capital requirements that may occur in stressed situations. As a result, the Company is required to carry out a sufficiently wide range of plausible stress tests and scenario analysis at least once a year to assess the Company’s resilience to unexpected events. Stress tests and stress scenarios for cells are also carried out. As part of the ORSA process, the Company also applies reverse stress testing to better analyse what may constitute the business model unviable.

In this respect, senior management propose a number of stress tests and scenario analysis, taking into consideration the business strategy and the significant risks of the Company. The recommended stress tests and scenarios are discussed and ultimately approved at the Board meeting. The stress tests and scenarios are then submitted to the actuarial function together with the respective financial projections, where relevant, for calculation of the projected solvency capital requirements and Solvency II balance sheet in each scenario. The results are documented in the ORSA report together with details of potential action to be taken by the Company in the event that the stress scenarios materialise

Any facts arising from the ORSA which may be relevant for the performance of the duties of the Risk Management, Internal Audit, Compliance and Actuarial Functions must be reported to the respective key function holders without delay.

The ORSA report is presented to the Board for final review and approval and a copy of the report must be submitted to the MFSA within two weeks of Board approval.

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.

In order to have an effective internal control framework, the Internal 17ontrol system of Highdome is structured around five main components, described below:

<u>Control environment</u>

The Company has put in place an effective internal control system which contains an Operating Procedures manual which includes a delegated authority framework, and a compliance policy. The internal control system is underpinned by the three lines of defence model where [1] the operational controls and finance function, [2] risk management and compliance and [3] internal audit work together to ensure an effective internal control system.

One of the objectives of the Company's internal control system is to have a complete and reliable financial reporting and provide reliable and good quality management information to Board of Directors and senior management.

As part of the internal control system and as the Second Line of Defence, the Compliance function supports and monitors the adherence to the applicable laws and regulations as well as with internal policies and procedures. At every Board meeting the Compliance officer advises the Board of Directors on all compliance related matters. Furthermore, Highdome's compliance policy sets out the necessary controls and processes which aim to minimise and/or prevent the risk of material loss and reputational damage arising from the failure to comply with the applicable legislation, rules and regulatory requirements.

The Board has ultimate responsibility for compliance with the relevant legislation, rules and regulations, and the oversight of the Company's risk management system.

Risk Assessment
The Company's Risk Management System provides a framework for the identification of financial reporting risks, developing controls to mitigate those risks, assessing and monitoring the effectiveness of controls to mitigate any material financial reporting misstatement and financial loss.

Control Activities
The Insurance Manager has an Operating Procedures Manual which details the procedures which must be followed in relation to general office practices and administration functions, to ensure appropriate segregation of duties, clearly defines roles and responsibilities for staff and a clear system of delegated authorities.

Information and Communication
To ensure an effective internal control system, senior management, finance function and compliance function cooperate to exchange the necessary information and advice. A monthly meeting, normally chaired by the General Manager or in his absence the Financial Controller, is held so that all staff have the opportunity to advise, discuss and review ongoing issues and regulatory matters related to the Group and Cells, together with reporting any matters that could affect the solvency of the Group and Cells.

Monitoring activities
On an annual basis, the Company assesses and evaluates Highdomes's internal control system as part of the Corporate Governance assessment set out in Highdome's Procedures and Control Manual to ascertain whether the components of the Internal Control system are being carried out efficiently and effectively. The review covers all internal controls, including financial, operational, and compliance controls and risk management. Any deficiencies are communicated to the Audit Committee and the Board of Directors, as appropriate.

Furthermore, the internal audit function monitors and provides an independent assessment of the Company's system of internal control, by reviewing the effectiveness of the risk management system, and assists management in the effective discharge of its responsibilities by carrying out independent reviews and making recommendations for improvement.

The role of the Audit Committee further assists the Board in fulfilling its supervision and monitoring responsibilities with respect to internal controls. The Audit Committee is responsible for the oversight of the effectiveness of the internal control system and financial and regulatory reporting, and for monitoring the effectiveness and objectivity of the internal audit function.

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 all 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 ensuring adherence with Highdome's Product Oversight and Governance policy;
9. Ensuring that advertisements and promotional material issued by Highdome or its cells are compliant with the relative legislation and regulations; and
10. 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.

The Compliance Officer has a direct reporting line to the Board of Directors and draws up a written compliance report to the Board of Directors at each board meeting.

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, the Internal Audit function does not implement controls, develop procedures, install systems, prepare records or engage in any other activity that may impair their judgement.

The responsibilities of the Internal Audit Function consist of the following:

- Defining the audit parameters, understanding of the corporate governance framework and agreeing a format for reporting.
- Obtaining a better understanding of the company’s operations and how these are translated into key strategic drivers.
- Gaining an understanding of the risks that threaten the achievement of strategic objectives and identifying the business processes that mitigate risks.
- Developing an internal audit plan after obtaining consensus on key issues and risks.
- Carrying out an independent review of outsourcing arrangements of critical or important functions.
- Execution of the internal audit, including business process analysis and documenting evidence and issues.
- Reporting and issue resolution tracking.

The person performing the Internal Audit Function shall, without delay, inform the Risk Management, Compliance and Actuarial Functions of any Internal Audit findings which matters which may be relevant to the performance of their duties. Furthermore, any findings and recommendations of the internal audit shall be reported to Highdome’s Board of Directors which shall determine what actions are to be taken with respect to each of the internal audit findings and recommendations and shall ensure that those actions are carried out.

B.6 Actuarial Function

The Company outsources the actuarial function to 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.

B.7 Outsourcing

The Company outsources a number of key and critical/important functions including 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. The Company shall remain at all times responsible for outsourced functions and outsourcing arrangements will not prevent the company from fulfilling its obligations to customers and meeting regulatory requirements. When outsourcing a critical or important operational function the Company 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 Company shall determine whether an outsourced function or activity is a critical or important function. In this regard, Highdome shall before outsourcing a function or activity determine whether that function or activity is essential to the operation of the Company and where without that function or activity Highdome would be unable to deliver its services to policyholders. The Company considers the outsourcing of back-office management, promotion and sales and claims management as critical operational functions.

As part of the Company's risk management framework, Highdome maintains an updated register of information on all outsourcing arrangements, appropriately documenting all existing outsourcing arrangements distinguishing between the outsourcing of critical or important function and other outsourcing arrangements.

Prior to the outsourcing of a critical or important function or activity, Highdome shall carry out an assessment to ensure that the service provider has the necessary ability to carry out the function or activity. The Company must also ensure that the proposed outsourcing arrangement will not:

- materially impair the quality of its system of governance,
- unduly increase operational risk,
- impair Highdome's and any competent authority's, ability to monitor and oversee the Company's compliance with its regulatory obligations or alter the conditions subject to which authorisation was granted,
- undermine continuous and satisfactory service to policyholders, or
- breach any law in particular with regard to rules on data protection.

In accordance with paragraph 6.8.3 of the Insurance Rules, a formal written notification should be provided to the MFSA, sixty (60) days prior to the commencement of any outsourcing arrangement of critical or important functions or activities and subsequent material developments. In its notification to the MFSA, Highdome shall provide a draft copy of the outsourcing agreement, as well as a description of the scope and the rationale for the outsourcing and the service provider's name, and the name of the person in charge of the outsourced function or activities at the service provider.

The Company shall remain fully responsible to monitor and review on an on-going basis and ensure that the function outsourced is performed in accordance with the terms of the outsourcing agreement, discharging all of its obligations under the Act and all applicable rules and regulations Moreover, when outsourcing key and critical/important functions, the Company shall designate a person with overall responsibility for the outsourced function who is fit and proper and possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and results of the service provider.

Highdome shall also ensure that it is able to exit outsourcing arrangements of critical or important functions or activities without undue disruption to its operational business activities. Termination of outsourcing arrangements may occur due to:

- The failure of the service provider;
- The deterioration of the quality of the function provided and actual or potential business disruptions caused by the inappropriate or failed provision of the function; or
- Material risks arising for the appropriate and continuous application of the critical or important function or activity.

When the Company outsources a critical or important function, in a technology arrangement or an outsourced business function or process that is delivered as a cloud service, in addition to the above requirements, consideration shall be given to the provisions contained in Title 5 (Outsourcing Arrangements) of MFSA's Guidance on Technology Arrangements, Security Risk Management and Outsourcing Arrangements issued on the 11th December 2020.

On an annual basis, the Board of Directors shall review the outsourcing policy to determine whether any changes or updates are required.

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 and the Russian/Ukrainian conflict are 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 31 December 2021.

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, rental guarantee business and electric scooter damage and theft business. There was no exposure to lapse risk with respect to the rental guarantee business and electric scooter damage and theft business as at 31 December 2021 and lapse risk on personal accident business as at the same date is insignificant. REI Cell is also exposed to counterparty default risk as a result of reinsurance arrangements but this risk is not material because the reinsurer recoverable is minimal and also because as at December 2021 all the Cells' reinsurers had a credit rating of A or better.

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.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.2 Market 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.

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. Investment and market 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 as a result of their investment of funds with banks and loans with related companies. 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 approved by the Board of Directors on 27 October 2021, 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.

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.

C.2.5 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.3 Credit risk

C.3.1 Risk Exposure

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 credit risk. 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 credit risk as a result of their investment of funds with banks and loans with related companies, from reinsurance arrangements and distribution channels.

C.3.2 Risk Concentration

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 and intermediaries (REI Cell and VSP Cell).

C.3.3 Risk Mitigation

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.3.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.4 Liquidity risk

C.4.1 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.4.2 Risk Concentration

There were no material liquidity risk concentrations as at 31 December 2021.

C.4.3 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 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.4.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.5 Operational Risk

C.5.1 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:

Outsourcing risk: 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.

Legal risks: 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 Compliance risk: the risk that the Group fails to comply with all applicable laws, rules and regulations, such as Solvency II, Conduct of Business Rulebook or IFRS 17 (once implemented), including the non-compliance with the MCR and/or SCR, failure to have in place an effective system of governance, and the risk of any compliance breaches. A full list of compliance risks are included in the risk register.

Information and communication technology risks (including cyber risk): 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.5.2 Risk Concentration

There were no material operational risk concentrations as at 31 December 2021.

C.5.3 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.5.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.6 Other Material Risks

C.6.1 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.6.2 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 Highdomes'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.7 Any Other Information

C.7.1 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 2021 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 2021 for Class 1 and increase in loss ratio by 10 percentage points for Class 16
- Two claims of €100,000 in 2021 for Class 1 and increase in loss ratio by 20 percentage points for Class 16
- A reduction in the credit rating for bank deposits and reinsurer by one grade.

The ORSA results of the stress test above show that REI Cell would have insufficient capital in all three years in scenarios 2, 3 and 4, in comparison to the base case where the capital is insufficient in 2023 only.

In scenario 1 capital is sufficient in all 3 years, though does worsen in line with the base case. The projected SCR increase in this scenario is due to the increase in projected premium written leading to an increase in non-life and health underwriting risk. Lower technical provisions have led to an increase in own funds.

The SCR is lower in scenario 2 in comparison to the base case, with reduced counterparty default risk as more cash is used to settle the higher claims. However eligible funds have decreased with the value of assets considerably lower from the cash payment for the one off claim. This leads to a shortfall in 2021-2023. Scenario 3 follows the same example as scenario 2, however the shortfall in own funds is higher, due to higher projected claims.

In scenario 4, the Eligible Own Funds remain in line with the base case. On the other hand, the SCR increase due to the lower credit rating applicable for bank deposits and also for the reinsurer. This leads to a much higher counterparty default risk arising on these deposits and reinsurance recoverable. The Cell is insolvent with an SCR of under 100% in all 3 years in this scenario.
If the shortfall in SCR coverage in any of the scenarios illustrated below was to materialise, the shortfall in own funds is not material (less than €100,000) and can be covered by the own funds of the Core until the cell shareholders inject additional capital.

Cell Europe

- Premium increase of 20% from 2022
- Loss ratio increase of 5% from 2021
- A reduction in the credit rating for bank deposits by one grade.
- Scenario 2 & 3 combined

The ORSA 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 a slightly lower SCR coverage compared to the base case scenario; this is owing to the higher cumulated premium volume which pushes up the non-life underwriting risk. In scenarios 2 and 4, the 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. None of these scenarios show a shortfall; however, if it is the case, 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

- Premium increase of 20%
- Loss ratio increase of 10% from 2021
- A reduction in the credit rating for bank deposits and Reinsurer by one grade
- Scenario 2 & 3 combined

The ORSA results show that VSP Cell would have sufficient eligible own funds to cover the SCR in all scenarios. In scenarios 2, 3 and 4 the SCR coverage decreases slightly when compared to the base case. In scenario 2 and 4 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. In scenario 3 and 4 there is higher counterparty default risk as a result of decrease credit rating.

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

C.7.2 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.

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 II 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 31 December 2021 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 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	266	-	(266)
Equities - unlisted	9,410	9,410	-
Other loans and mortgages	1,820,000	1,823,360	3,360
Receivables (trade, not insurance)	292,441	289,081	(3,360)
Cash and cash equivalents	1,788,858	1,788,858	-
Total assets	**3,910,975**	**3,910,709**	**(266)**

Highdome PCC Limited

	IFRS (€)	Solvency II (€)	Movement
Assets			
Deferred acquisition costs	10,802,782	-	(10,802,782)
Intangible asset	266	-	(266)
Equities - unlisted	9,410	9,410	-
Other loans and mortgages	16,800,000	16,870,869	70,869
Reinsurance recoverables			
Non-life excluding health	201,687	(1,721,522)	(1,923,209)
similar to non-life	12,549	(4,611)	(17,160)
Insurance and intermediaries receivables	46,779,212	61,163	(46,718,049)
Reinsurance receivables	171,354	-	(171,354)
Receivables (trade, not insurance)	272,061	201,192	(70,869)
Deposit other than cash equivalents	8,000,000	7,998,827	(1,173)
Cash and cash equivalents	10,124,936	10,124,936	-
Total assets	**93,174,257**	**33,540,264**	**(59,633,993)**

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 €46,718,049 receivable from intermediaries are modelled and form part of the premium provisions and therefore deducted from insurance and intermediaries receivables. The remaining amount of €61,163 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 Reinsurance receivables

Reinsurance receivables are removed from the face of the Solvency II Balance sheet and included within reinsurance recoverables.

D.1.8 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 assets.

D.1.9 Deposits other than cash equivalents

Deposits other than cash equivalents consists of a fixed term deposit of one year as specified in note A.3 Investment Performance above. Accrued interest included with payables (trade not insurance) for the statutory accounts has been deducted to the book value of the deposit to derive the Solvency II value. This class of asset has been stressed under interest rate risk, spread risk and concentration risk.

D.1.10 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 31 December 2021 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)	70,981,344	-	(70,981,344)
Best estimate of liabilities	-	(20,787,715)	(20,787,715)
Risk Margin	-	5,352,881	5,352,881
Technical provisions - health (similar to non-life)	15,067	-	(15,067)
Best estimate of liabilities	-	101,115	101,115
Risk Margin	-	2,736	2,736
Other technical provisions	31,124	-	(31,124)
Total Technical Provisions	**71,027,535**	**(15,330,983)**	**(86,358,518)**

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 €69,232,744, claims incurred but not reported amounting to €1,763,667 and Reinsurers' share of deferred acquisition costs amounting to €31,124. 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.

Segmentation

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 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, anticipation of future premium income and the expectation that contracts written are profitable is driving 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 €21,046,140 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 8.1-8.3% and a loss ratio assumption of 34.5% for Cell Europe, 50% for REI Cell and 15% for VSP Cell. Expenses are estimated as a percentage of claims cashflows as discussed below.

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 €359,540. Cell Europe's claims provision was based on the emerging experience over the years. The best estimate claims reserve of this Cell was calculated by using standard actuarial techniques based on claims triangles. The Chain method was applied for all accident years prior to 2021 and the Bornhuetter Ferguson method applied for Accident Year 2021. In respect of REI Cell for accident years 2020 and prior, the ultimate loss ratio is set to the incurred due to the short-tailed nature of risks underwritten whilst for accident year 2021, the initial expected loss ratio is selected based on the business plan loss ratio. In respect of Cell VSP, for accident years 2020 and 2021, the initial expected loss ratio is selected based on the business plan loss ratio of 15%. Insurance and intermediaries' receivables relating to expired exposure which is not overdue was included in the claims provision.

The net claims provision has been estimated at €1,185,754, i.e. a reinsurance recoverable of €(826,214). Two of the Cells, specifically REI Cell and VSP Cell, have quota share reinsurance in place. The negative reinsurance recoverable is driven by the expected cash outflows relating to the ceded expired but not overdue exposure that was included in the claims provision.

Expenses
In general, a percentage load to the claims cashflows, rationalised by considering the expense allowance that would be implied by %*annual operating expenses*average duration of liabilities. This assumes that 50%, 68% and 70% of operating expenses for Cell Europe, VSP Cell and REI Cell respectively, are in relation to the settlement of liabilities.

Cell Europe's claims handling expenses are embedded within the commission costs, there are no separate direct claims handling costs outside commission payable.

Binary Events / ENIDs
Premium and Claims Provision: The gross loss ratio used in the financial statements is assumed to not include a loading for binary events / Events not in Data ("ENID"), particularly that for Cell Europe and REI Cell. A 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. For VSP Cell, the applied loss ratio is consistent with that applied in the financial statements, i.e. a 10% loss ratio with an additive 5% loading.

Bound premium: For VSP Cell, the business plan assumptions assume 100% of the projected extension business is taken up. For the purposes of the Solvency II technical provisions, a 70% take up rate is assumed. This can be considered an ENID on the take up rates considering the uncertainty associated with 100% take up rate.

Discounting
The EIOPA yield curve at 31 December 2021 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 is assumed that the main driver of future SCR is the run-off of Non-Life Premium and Reserve premium volume. The Non-life SCR is 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 and VSP Cell, the Risk Margin is calculated 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:

- Contract boundaries – In relation to Cell Europe, it is assumed that the policy end date is the contract boundary as policies are purchased at the point of sale and there is no option to renew. In relation to Cell REI, it is assumed that 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. 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.
- Lapse/ Cancellation Rates of between 8.1% - 8.3% and are based on the most up to date information available in financial statements, calculated using weighted averages of lapses by country.
- Future cash flow assumptions in respect of premium and commission payable/receivable, as included in the financial statements, are appropriate.
- Earning pattern: All commercial warranties for the EW line of business in the Cell Europe are 3 years from 2022 onwards, i.e. business only earns after 3 years. For pre-2022 business, the extended warranty earns after 2 years. Earning patterns for all premium assume that contracts are written evenly throughout the year and claims are incurred evenly over the period of coverage.
- Loss ratios: 'A priori' loss ratio of 34.5% which considers the experience over 2021 was used for both the 'a priori' in the premium and claims provision. An ENID loading of 5% was applied to this to give a 36.2% loss ratio to estimate future claims cashflows. No specific adjustments for the potential of further deterioration due to COVID-19 were made. Loss ratios for REI Cell and VSP Cell are those used in Highdome's business plan, 50% for Personal Accident for REI Cell and 15% for VSP Cell. It is appropriate to explicitly adjust for binary events, inflation and operational expenses.
- 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.

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:

- COVID-19 is an ongoing issue which continues to impact global economic activity and social disruption. Longer term socio-economic implications and the impact on the projected liabilities remain uncertain.
- There is uncertainty about the ultimate loss ratio for extended warranty business exposure as it is difficult to predict how the claims environment may change over the duration of the policies, that may vary between 1 year and 3 years. Considering the ongoing impact of Covid-19, maturing of policies, new retail channels, changes in claims handling processes, high-inflation environment and potential scarcity of spare parts, there is a greater degree of uncertainty over the expected loss ratio.
- As a result of store closure in Spain, there was an increase in complaints with respect to the difficulty in registering a claim in Spain. Claimants struggled to register a claim online. This means that the loss ratio might not be representative of the actual loss experience and there might be a "catch-up" of claims which are reported later.
- In general, there is uncertainty over the ability of Cell REI to meet premium volumes set out in their business plan. A haircut of 5% was applied to WBNYI volumes in view of the low premium volumes actually received year-on-year.
- 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 31 December 2021 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 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)	86,155	86,155	-
Any other liabilities, not elsewhere shown	10,000	10,000	
Total Other Liabilities	**96,155**	**96,155**	**-**

Highdome PCC Limited

	IFRS (€)	Solvency II (€)	Movement (€)
Other Liabilities			
Deferred tax liabilities	-	9,534,739	9,534,739
Insurance and intermediaries payables	794,684	385,201	(409,483)
Reinsurance payables	9,802	0	(9,802)
Payables (trade, not insurance)	6,816,745	6,815,572	(1,173)
Total Other Liabilities	**7,621,231**	**16,735,512**	**9,114,281**

D.3.1 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	(59,633,993)
Decrease in liabilities	86,778,976
Movement from IFRS to Solvency II	**27,144,983**
Deferred tax at 35%	9,500,744
Add back deferred tax asset capped at zero	33,996
Deferred tax liabilities	**9,534,739**

The increase in own funds represented by the reconciliation reserve amounting to €17,610,244 has been taxed at 35% to derive the deferred tax liability of €9,534,739.

D.3.2 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 31 December 2021 consisted of issued and fully paid up ordinary share capital of €3,575,005, retained earnings amounting to €239,815 and a reconciliation reserve of (€266). The Group's own funds were adjusted from €3,814,554 to €3,791,488 to reflect a shortfall of €23,066 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 31 December 2021 amounted to €30,150,783 and consisted of issued and paid up ordinary share capital of €8,282,200, retained earnings of €6,243,291, reconciliation reserves of €8,125,292 (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	7,550,000
5,292,400 ordinary cell shares of EUR €5 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 €5 each, 100% called up	349,995
640,000 ordinary 'core B' shares of €5 each, 100% called up	3,200,000
1 ordinary 'core C' share of €5 each, 100% called up	5
Cells:	
51,920 ordinary CLASS D 'REI CELL' shares of €5 each, 50% called up and 220,480 100% called up (2020: 124,320 ordinary CLASS D 'REI CELL' shares of €5 each, 50% called up and 148,080 100% called up)	1,232,200
2,000,000 ordinary CLASS E 'CELL EUROPE' shares of €5 each, 25% called up	2,500,000
200,000 ordinary CLASS F 'VSP CELL' shares of €5 each, 100% called up	1,000,000
Total issued and called up share capital	**8,282,200**

Highdome PCC Limited's retained earnings of €6,243,291 is made up as follows:

Entity	31 Dec 2021 (€)
Highdome Core	122,003
Highdome REI Cell	(1,111,290)
Highdome Cell Europe	7,439,622
Highdome VSP Cell	(207,044)
Retained earnings	**6,243,291**

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 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,575,005	3,575,005	-
Reconciliation reserve	239,549	611,288	(371,739)
Adjustment for ring fenced funds	(23,066)	(122,665)	99,599
Total Available and Eligible Own Funds	**3,791,488**	**4,063,628**	**(272,140)**

The Group did not register significant changes in own funds during the reporting period. Separate available own funds at the Holding and Highdome Core level are shown below.

MDS Malta

Available and Eligible Own Funds as at	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,575,000	3,575,000	-
Reconciliation reserve	117,816	174,624	(56,808)
Total Available and Eligible Own Funds	**3,692,816**	**3,749,624**	**(56,808)**

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 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,550,000	3,550,000	-
Reconciliation reserve	121,737	436,665	(314,928)
Adjustment for ring fenced funds	(23,066)	(122,665)	99,599
Total Available and Eligible Own Funds	**3,648,671**	**3,864,000**	**(215,329)**

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 €175,351 largely offset against dividends paid for the year of €495,359. The adjustment for ring fenced funds has ameliorated during the year as the shortfall registered by REI Cell as at the end of the year is lower by €99,599. The shortfall reported by REI Cell as at the end of the year amounting to €23,066 is more than adequately covered by the Group's eligible own funds.

The quantitative reporting template containing the own funds is 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 2021 and as at 31 December 2020.

Highdome Core and Cells Combined

Available and Eligible Own Funds as at	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	8,282,200	8,301,200	(19,000)
Reconciliation reserve	14,368,583	12,993,520	1,375,063
Ancillary Own Funds	7,500,000	7,500,000	-
Total Available and Eligible Own Funds	**30,150,783**	**28,794,720**	**1,356,063**

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

	Movement (€)
Highdome Core	(215,329)
Cell Europe	(3,157,511)
REI Cell	59,733
Cell Coopex	(186,517)
VSP Cell	85,874
Adjustment for ring fenced funds	4,769,813
Net movement in available and eligible own funds	**1,356,063**

The movement in own funds arising in 2021 is mainly attributable to Cell Europe's movement in retained earnings. Movements are furtherly analysed at Core and Cell level below.

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

Highdome Core

Available and Eligible Own Funds as at	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	3,550,000	3,550,000	-
Reconciliation reserve	121,737	436,665	(314,928)
Adjustment for ring fenced funds	(23,066)	(122,665)	99,599
Total Available and Eligible Own Funds	**3,648,671**	**3,864,000**	**(215,329)**

Highdome Core did not register significant changes in own funds during the reporting period. Details of movements is disclosed above under the Group section.

Highdome Cell Europe

Available and Eligible Own Funds as at	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	2,500,000	2,500,000	-
Reconciliation reserve	25,023,487	28,180,998	(3,157,511)
Ancillary Own Funds	7,500,000	7,500,000	-
Total Available and Eligible Own Funds	**35,023,487**	**38,180,998**	**(3,157,511)**

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 reconciliation reserve is essentially profits generated during the year amounting to €6,419,733 offset against a dividend distribution of €10,000,000.

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 €26,041,947 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 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	1,232,200	1,051,200	181,000
Reconciliation reserve	(1,208,153)	(1,086,886)	(121,267)
Total Available and Eligible Own Funds	**24,047**	**(35,686)**	**59,733**

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 2021, this issued and called up share capital of the Company, in relation to REI Cell, was increased by €181,000. Movement in reconciliation reserve, largely relates to movement in accumulated losses of this Cell.

As at 31 December 2021, the Cell reported net assets of €120,910; however, these were substantially exhausted by the movement in reconciliation reserve arising between the IFRS balance sheet and Solvency II balance sheet, resulting in a solvency II position of €24,047. Shortfall in available Own Funds as well as the solvency capital requirement was fully covered by the Core's eligible and available own funds.

Highdome Cell Coopex

Available and Eligible Own Funds as at	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	-	200,000	(200,000)
Reconciliation reserve	-	(13,483)	13,483
Total Available and Eligible Own Funds	-	**186,517**	**(186,517)**

In terms of the extraordinary resolutions dated 15 April 2021, the Core shareholders and the cell shareholders of Cell Coopex, reduced the issued share Capital by €200,000 with respect to the 200,000 Ordinary Class F Cell shares 'Cell Coopex'. The reduction in the issued share capital was effected on 7 August 2021.

Highdome VSP Cell

Available and Eligible Own Funds as at	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Tier 1 Basic Own Funds (Unrestricted)			
Paid-up share capital	1,000,000	1,000,000	-
Reconciliation reserve	(83,536)	(169,410)	85,874
Total Available and Eligible Own Funds	**916,464**	**830,590**	**85,874**

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

The Cell's total available own funds are eligible to cover for the Cell's solvency capital requirement; however, only €413,052 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 2021 amounted to €3,791,488, comprising of paid-up share capital and a reconciliation reserve. The Group's eligible own funds covers both the MCR (1675%) and the SCR (419%) calculated using the standard formula.

Highdome PCC Limited

Highdome's available and eligible own funds as at 31 December 2021 amounted to €30,150,783, 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 2021	Core (€)	REI Cell (€)	Cell Europe (€)	VSP Cell (€)	Combined (€)
Total AOF and EOF to meet SCR	3,648,671	24,047	35,023,487	916,464	30,150,783
SCR	891,651	47,113	26,041,947	413,051	27,393,762
SCR cover:	409%	51%	134%	222%	110%
Total EOF to meet MCR	3,648,671	24,047	24,523,487	916,463	22,650,783
MCR	222,913	14,304	6,510,487	103,263	6,848,40
MCR cover:	1637%	168%	423%	888%	331%

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 €23,066 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 €3,671,737. 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 (€)	REI Cell (€)	Cell Europe (€)	VSP Cell (€)	Combined (€)
AOF (unadjusted)	3,671,737	24,047	35,023,487	916,464	**39,635,735**
Adjustment for RFF		-	(8,981,540)	(503,412)	**(9,484,952)**
Total AOF and EOF	**3,671,737**	**24,047**	**26,041,947**	**413,052**	**30,150,783**

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 (110%) and MCR (331%). 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 31 December 2021, amounted to €3,814,820. These were adjusted to €3,791,488 to reflect a reconciliation reserve of €(266) and a deficit of €(23,066) 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 31 December 2021, amounted to €14,525,491. The reconciliation reserve includes retained earnings as reported in the financial statements of €6,243,291 as well as, differences between

IFRS and Solvency II valuation of assets and liabilities that amounts to €17,610,244. The movement in capital is reconciled below:

Own Funds Reconciliation	(€)	(€)
Shareholders' Funds		14,525,491
Difference in valuation:		
Assets	(59,633,993)	
Gross Technical Provisions	86,358,518	
Other Liabilities	(9,114,281)	
Solvency II Reconciliation Reserve		17,610,244
Less adjustment for RFF		(9,484,952)
Total basic Own Funds		**22,650,783**

E.1.7 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 €34K, 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 2021 and as at 31 December 2020.

SCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Market risk	1,312,425	1,297,939	14,486
Counterparty Default risk	242,684	144,349	98,335
Diversification	(162,052)	(100,960)	(61,092)
Basic Solvency Capital Requirement	**1,393,057**	**1,341,328**	**51,729**
Loss Absorbing Capacity of Deferred Taxes	(487,570)	(469,465)	(18,105)
Total SCR	**905,487**	**871,863**	**33,624**

MCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Floor	226,372	217,966	8,406
Cap	407,469	392,338	15,131
MCR (linear)	-	-	-
MCR	**226,372**	**217,966**	**8,406**

The Group's SCR is largely made up market risk, resulting from market risk charges attributable to the receivable loan advanced to the immediate parent company.

The Group's SCR includes a LACDT benefit of €487,570; on the other hand, it does not have any deferred tax liabilities arising on its Solvency II balance sheet. The LACDT was recognised in full considering the expectations of future taxable profits, that primarily arise from cell facility fees paid in by the Cells to Highdome. The following considerations were taken into account when utilising the future taxable profits.

- Highdome Core is expected to generate circa €1.5m of profits before taxation over the upcoming 5 years, assuming it maintains its current level of activity and one new cell is setup each year.
- the Core's solvency capital requirement consists of market risk and counterparty default risk arising on its financial assets that consist of cash held at bank, an intercompany loan and a small investment held at fair value. These risks are not inherent to the cell facility fees earned by the Core.

Due to the above, LACDT for the Group will not be capped at DTL, but will be maintained at 35% of Basic SCR. 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 LACDT amount.

No significant changes to the SCR were identified during the current year for the Group.

The quantitative reporting template containing information on the SCR is 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 shown for each individual Cell and combined in the following tables. A comparison is made between the position on as at 31 December 2021 and as at 31 December 2020.

Highdome Combined

SCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement
Market risk	12,379,691	7,263,903	5,115,788
Counterparty Default risk	815,022	2,031,663	(1,216,641)
Health underwriting risk	21,400	32,008	(10,608)
Non-life underwriting risk	35,977,418	35,102,428	874,990
Diversification	(7,895,841)	(5,759,500)	(2,136,341)
Basic Solvency Capital Requirement	**41,297,690**	**38,670,502**	**2,627,188**
Operational risk	665,284	677,495	(12,211)
Loss Absorbing Capacity of Deferred Taxes	(14,569,212)	(13,546,565)	(1,022,647)
Total SCR	**27,393,762**	**25,801,432**	**1,592,330**

MCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Floor	6,848,440	6,450,358	398,082
Cap	12,327,193	11,610,645	716,548
MCR (linear)	2,650,464	2,320,058	330,406
Absolute Floor	3,700,000	3,700,000	-
MCR	**6,848,440**	**6,450,358**	**398,082**

The increase in solvency capital requirement of €1,592,330 mainly results from the market 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 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 21 (€)	31 Dec 20 (€)	Movement (€)
Market risk	1,298,004	1,297,939	65
Counterparty Default risk	225,266	139,259	86,007
Diversification	(151,499)	(97,641)	(53,858)
Basic Solvency Capital Requirement	**1,371,771**	**1,339,557**	**32,214**
Loss Absorbing Capacity of Deferred Taxes	(480,120)	(468,845)	(11,275)
Total SCR	**891,651**	**870,712**	**20,939**

MCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Floor	222,913	217,678	5,235
Cap	401,243	391,821	9,422
MCR (linear)	-	-	-
MCR	**222,913**	**217,678**	5,235

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.

The Core's SCR includes a LACDT benefit of €480,120; on the other hand, the Core does not have any deferred tax liabilities arising on its Solvency II balance sheet. The LACDT 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 21 (€)	31 Dec 20 (€)	Movement (€)
Market risk	10,892,140	5,817,434	5,074,706
Counterparty Default risk	514,474	1,669,451	(1,154,977)
Non-life underwriting risk	35,018,308	33,940,821	1,077,487
Diversification	(6,969,690)	(4,700,990)	(2,268,700)
Basic Solvency Capital Requirement	**39,455,231**	**36,726,716**	**2,728,515**
Operational risk	609,302	638,198	(28,896)
Loss Absorbing Capacity of Deferred Taxes	(14,022,587)	(13,077,720)	(944,867)
Total SCR	**26,041,947**	**24,287,194**	**1,754,753**

MCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Floor	6,510,487	6,071,798	438,689
Cap	11,718,876	10,929,237	789,639
MCR (linear)	2,597,693	2,287,462	310,231
MCR	**6,510,487**	**6,071,798**	438,689

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.

Movement in Cell Europe's SCR for the year primarily arises because of increase of €5m in intra-group investments, hence a higher market risk by around €5m whilst on the other hand a lower counterparty default risk as less cash is held in its bank account as at the end of the year.

As at 31st December 2021, Cell Europe's LACDT, calculated at the effective local and best estimate tax rate of 35%, amounted to €14,022,587. These deferred taxes are justified first and mostly, by the reversion of deferred tax liabilities €9,468,234 and secondly by reference to probable future taxable profits. The Cell utilised the remaining LACDT of €4,554,353 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 to a much lower extent in Spain. An instantaneous shock loss in the non-life underwriting risk sub module could arise from a sudden economic downturn 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 in Portugal and 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 in terms of business and geographic areas, with a strong knowledge in areas like retail, financial services, technology, shopping centres and telecommunications.
- Sonae Group is also financially, very strong. Based on the latest publicly available data, as at 30th September 2021, Sonae SGPS had a consolidated net asset position of €3,008m.

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 LACDT amount.

Highdome REI Cell

SCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Market risk	-	-	-
Counterparty Default risk	22,078	62,997	(40,919)
Health underwriting risk	21,081	31,363	(10,282)
Non-life underwriting risk	18,964	14,676	4,288
Diversification	(18,044)	(24,893)	6,849
Basic Solvency Capital Requirement	**44,079**	**84,143**	**(40,064)**
Operational risk	3,034	2,837	197
Loss Absorbing Capacity of Deferred Taxes	-	-	-
Total SCR	**47,113**	**86,980**	**(39,867)**

MCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement (€)
Floor	11,778	21,745	(9,967)
Cap	21,200	39,141	(17,941)
MCR (linear)	14,304	13,387	917
MCR (combined)	**14,304**	**21,745**	**(7,441)**

No significant movements registered for REI Cell. The LACDT of this Cell for the year ending 31 December 2021, 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 21 (€)	31 Dec 20 (€)	Movement (€)
Market risk	4,825	2,001	2,824
Counterparty Default risk	41,043	51,479	(10,436)
Non-life underwriting risk	403,313	391,415	11,898
Diversification	(22,573)	(24,832)	2,259
Basic Solvency Capital Requirement	**426,608**	**420,063**	**6,545**
Operational risk	52,948	32,465	20,483
Loss Absorbing Capacity of Deferred Taxes	(66,505)	-	(66,505)
Total SCR	**413,051**	**452,528**	**(39,477)**

MCR	31 Dec 21 (€)	31 Dec 20 (€)	Movement
Floor	103,263	113,132	(9,869)
Cap	185,873	203,637	(17,764)
MCR (linear)	38,467	19,210	19,257
MCR (combined)	**103,263**	**113,132**	(9,869)

The LACDT of this Cell for the year ending 31 December 2021, was capped at deferred tax liabilities arising on its solvency II balance sheet.

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	12,194,969	184,722	12,379,691
Counterparty Default risk	802,861	12,161	815,022
Health underwriting risk	21,081	319	21,400
Non-life underwriting risk	35,440,585	536,833	35,977,418
Diversification	(7,778,025)	(117,816)	(7,895,841)
Basic Solvency Capital Requirement	**40,681,471**	**616,219**	**41,297,690**
Adjustment due to RFF	616,219	(616,219)	-
Operational risk	665,284	-	665,284
Loss Absorbing Capacity of Deferred Taxes	(14,569,212)	-	(14,569,212)
Total SCR	**27,393,762**	**-**	**27,393,762**

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 2022. It is expected that future premium will continue increasing at a steady rate in the 2022 and claims are not anticipated to be materially affected. Market risk is also not expecting to materially fluctuate; however, this risk is linked to the intragroup loans to Sonae Group Companies.

The conflict between Russia and Ukraine that has developed in Europe in the last couple of weeks, in February 2022, will also have an impact on the global economy which is still recovering from COVID-19 at least in the short-term. Even though Highdome does not operate in any of these countries, there is a significant element of uncertainty as to how this situation will develop and its potential impact on Highdome's business and SCR.

The Company considers that the pandemic and the conflict between the two European countries will not have a significant impact on future claims. As the situation in Europe 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**	1,823
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	1,823
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**	289
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**	1,789
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	3,911

Annex I
S.02.01.02
Balance sheet

Liabilities		**Solvency II value**
		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**	86
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	10
Total liabilities	**R0900**	96
Excess of assets over liabilities	**R1000**	3,815

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	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	216	216			
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					
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					
Total basic own funds after deductions	R0290	3,791	3,791			
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					

Annex I
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
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	3,791	3,791			
Total available own funds to meet the minimum consolidated group SCR	R0530	3,791	3,791			
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	3,791	3,791			
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	3,791	3,791			
Minimum consolidated Group SCR	R0610	226				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	1674.89%				
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	3,791	3,791			
Group SCR	R0680	905				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	418.72%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	3,815
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	23
Other non available own funds	R0750	
Reconciliation reserve before deduction for participations in other financial sector	R0760	216
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	1,312		
Counterparty default risk	R0020	243		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-162		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	1,393		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-488
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	905
Capital add-on already set	R0210	
Solvency capital requirement	R0220	905
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	226
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	905

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		10000.00%	100	10000.00%	full participation	2		1		1
MT	213800KR746T1ZL3QD62	LEI	HighDome PCC Limited	2	Limited Liability Company	2	Malta Financial Services Authority					2	100.00%	1		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**	8,008
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**	7,999
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	16,871
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	16,871
Reinsurance recoverables from:	**R0270**	-1,726
Non-life and health similar to non-life	**R0280**	-1,726
Non-life excluding health	**R0290**	-1,722
Health similar to non-life	**R0300**	-5
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**	61
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	201
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**	10,125
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	33,540

Annex I
S.02.01.02
Balance sheet

Liabilities		**Solvency II value** **C0010**
Technical provisions – non-life	**R0510**	-15,331
Technical provisions – non-life (excluding health)	**R0520**	-15,435
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	-20,788
Risk margin	**R0550**	5,353
Technical provisions - health (similar to non-life)	**R0560**	104
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	101
Risk margin	**R0590**	3
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**	9,535
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	385
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	6,816
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	1,405
Excess of assets over liabilities	**R1000**	32,136

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**		31										22,554					22,585
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**		26										946					972
Net	**R0200**		5										21,608					21,613
Premiums earned																		
Gross - Direct Business	**R0210**		31										21,526					21,557
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**		26										912					938
Net	**R0300**		5										20,614					20,619
Claims incurred																		
Gross - Direct Business	**R0310**		-6										7,716					7,710
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**		-5										128					123
Net	**R0400**		-1										7,588					7,587
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**		1										3,406					3,407
Other expenses	**R1200**																	
Total expenses	**R1300**																	3,407

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		1,293	268	21,024			22,585
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		972					972
Net	R0200		321	268	21,024			21,613
Premiums earned								
Gross - Direct Business	R0210		1,247	4,040	16,270			21,557
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		938					938
Net	R0300		309	4,040	16,270			20,619
Claims incurred								
Gross - Direct Business	R0310		164	1,369	6,177			7,710
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		123					123
Net	R0400		41	1,369	6,177			7,587
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		116	654	2,638			3,407
Other expenses	R1200							
Total expenses	R1300							3,407

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	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**		61										-21,107					-21,046
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**		-7										-893					-900
Net Best Estimate of Premium Provisions	**R0150**		67										-20,213					-20,146
Claims provisions																		
Gross	**R0160**		41										319					360
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**		2										-828					-826
Net Best Estimate of Claims Provisions	**R0250**		38										1,147					1,186
Total Best estimate - gross	**R0260**		101										-20,788					-20,687
Total Best estimate - net	**R0270**		106										-19,066					-18,960
Risk margin	**R0280**		3										5,353					5,356
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**		104										-15,435					-15,331
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**		-5										-1,722					-1,726
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**		108										-13,713					-13,605

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)

	Year		1	2	3	4	5	6	7	8	9	10 & +
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											
2012	**R0160**											
2013	**R0170**											
2014	**R0180**											
2015	**R0190**											
2016	**R0200**											
2017	**R0210**	190	236	3	0							
2018	**R0220**	1,705	610	6	3							
2019	**R0230**	3,725	899	10								
2020	**R0240**	5,492	1,073									
2021	**R0250**	5,972										

Development year

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100		
	R0160		
	R0170		
	R0180		
	R0190		
	R0200		
	R0210		429
	R0220	3	2,324
	R0230	10	4,635
	R0240	1,073	6,565
	R0250	5,972	5,972
Total	**R0260**	7,058	19,925

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**											
2012	**R0160**											
2013	**R0170**											
2014	**R0180**											
2015	**R0190**											
2016	**R0200**											
2017	**R0210**	350										
2018	**R0220**	356										
2019	**R0230**	435		6								
2020	**R0240**	1,054	26									
2021	**R0250**	326										

		Year end (discounted data)
		C0360
	R0100	
	R0160	
	R0170	
	R0180	
	R0190	
	R0200	
	R0210	
	R0220	
	R0230	8
	R0240	26
	R0250	325
Total	**R0260**	360

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**	8,282	8,282			
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**	14,369	14,369			
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**	22,651	22,651			
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**	30,151	22,651		7,500	
Total available own funds to meet the MCR	**R0510**	22,651	22,651			
Total eligible own funds to meet the SCR	**R0540**	30,151	22,651		7,500	
Total eligible own funds to meet the MCR	**R0550**	22,651	22,651			
SCR	**R0580**	27,394				
MCR	**R0600**	6,848				
Ratio of Eligible own funds to SCR	**R0620**	110.06%				

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ratio of Eligible own funds to MCR	**R0640**	330.74%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	32,136	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	8,282	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	9,485	
Reconciliation reserve	**R0760**	14,369	
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**	12,380		
Counterparty default risk	**R0020**	815		
Life underwriting risk	**R0030**			
Health underwriting risk	**R0040**	21		
Non-life underwriting risk	**R0050**	35,977		
Diversification	**R0060**	-7,896		
Intangible asset risk	**R0070**			
Basic Solvency Capital Requirement	**R0100**	41,298		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	665
Loss-absorbing capacity of technical provisions	**R0140**	
Loss-absorbing capacity of deferred taxes	**R0150**	-14,569
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	27,394
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	27,394
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**	892
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	26,502
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

		Yes/No
Approach to tax rate		**C0109**
Approach based on average tax rate	**R0590**	2 - No

		LAC DT
Calculation of loss absorbing capacity of deferred taxes		**C0130**
LAC DT	**R0640**	-14,569
LAC DT justified by reversion of deferred tax liabilities	**R0650**	-9,535
LAC DT justified by reference to probable future taxable economic profit	**R0660**	-5,034
LAC DT justified by carry back, current year	**R0670**	
LAC DT justified by carry back, future years	**R0680**	
Maximum LAC DT	**R0690**	

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**	2,650

		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**	106	5
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**		
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**		21,608
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**	2,650
SCR	**R0310**	27,394
MCR cap	**R0320**	12,327
MCR floor	**R0330**	6,848
Combined MCR	**R0340**	6,848
Absolute floor of the MCR	**R0350**	3,700
		C0070
Minimum Capital Requirement	**R0400**	6,848