Solvency & Financial Condition Report

2019

Citadel insurance

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Executive Summary

This section summarises the overall performance of the organisation together with the main highlights.

On 1 January 2016, EU member states implemented the Solvency II regulatory regime which replaced Solvency I. The intention of the new rules was to improve risk management and governance, consumer protection and ensure a uniform and enhanced level of policy protection across the EU. The Solvency II supervisory regime consists of three areas, known as Pillars. These are Pillar 1 – Financial Requirements; Pillar 2 – Governance and Supervision; and Pillar 3 – Reporting and Disclosure.

This is the fourth reporting period for Pillar 3 – Reporting and Disclosure for the year 2019. The Solvency and Financial Condition Report ("SFCR") is a mandatory report requirement under Solvency II Directive. It also allows for insurance companies classified as a group to submit a single Group SFCR. Under the Solvency II regime, Citadel Insurance p.l.c ("Citadel") is classified under a group structure, the holding company being Citadel Holdings Limited. In view that Citadel forms a significant entity of the Group and Citadel Holdings Limited is a pure holding company, the Group SFCR will focus on the business operations of Citadel. This report sets out aspects of the Company's business and performance, system of governance, risk profile, valuation methods used for solvency purposes and capital management. It satisfies the regulatory disclosure requirements under Article 36 of the Solvency II Directive including those under the delegated regulations.

Founded in 1997, Citadel is a composite insurance company offering customers long-term and savings, general and health insurance. It is one of only two composite companies in Malta fully engaged in a diverse selection of insurance products to protect the all-inclusive needs of its customers. Citadel operates entirely in Malta and is authorised by the Malta Financial Services Authority ("the MFSA") to carry on general business and long-term business in terms of the Insurance Business Act, 1998 (Chapter 403, Laws of Malta).

In 2016, the Company started offering health insurance products, formerly underwritten by the Company's subsidiary Citadel Health Insurance Agency. In line with its strategic objectives to provide customers a more diverse insurance product.

Citadel adopts a sound governance system and embraces risk management in all aspects of the day-to-day operations of the company as laid out by the Board of Directors. This philosophy has been embodied in the very culture of the Company.

The Company generated a combined gross written premium of €16.948,736 at 31 December 2019 (2018: €14.788.248) and a profit after tax €963,882. Our loss for the year was impacted by the persistent dampened bond market environment which adversely affected our local and international bond investments. The Company's retained earnings for 2018 stood at €1,324,984 (2017: €2,401,035). At 31 December 2019, the Group had own funds of €9,387,831 (2018: €9,573,367) and its Solvency Capital Requirement ("SCR") stood at €4,360,100 (2018: €4,398,464). At a Company level, the available capital to meet the SCR remained strong at a ratio of 216% amounting to €9,450,179. Own Funds stood at €9,349,629 to meet the Minimum Capital Requirement ("MCR") of €7,400,000, applicable to a composite; and €9,387,831 at Group level.

The Board recognises that there is a comfortable capital buffer over and above the MCR to withstand any uncertainties in the future to meet policyholder obligations.

The Group SFCR has been prepared to satisfy the requirements of Article 359 and 365 of the Commission Delegated Regulation (EU) 2015/35 ("CDR") and Articles 51 and 53 to 55 of the Solvency II Directive 2009/138/ EC ("Solvency II Directive").

Statement of Directors' Responsibility

This is a statement by the Directors of the Company clearly indicating their responsibility in relation to the Solvency & Financial Condition Report

Statement of Directors' Responsibilities in respect of the Group Solvency and Financial Condition Report ("SFCR")

The Board of Directors of Citadel Insurance p.l.c. acknowledges its responsibility for preparing the Group Solvency and Financial Condition Report ("SFCR") in all material respect in accordance with Chapter 8 of the Insurance Rules issued by the Malta Financial Services Authority ("the MFSA"), Article 293 to Article 297 of the EU Commission Delegated Regulation 2015/35 and the Guidelines on Reporting and Public Disclosure issued by the European Insurance and Occupational Pensions Authority ("EIOPA").

The Citadel Insurance p.l.c. Board of Directors is satisfied that:

(a) Throughout the financial year, the Company has complied in all material respects with the requirements of the MFSA rules and Solvency II Regulations as applicable to the Company; and
(b) It is reasonable to believe that, at the date of the publication of the Group SFCR, the Company has continued to comply, and will continue to comply in the future with the applicable Solvency II requirements.

The Group SFCR was approved by the Board of Directors ("the Board") on 10 July 2020 and was signed on 10 July 2020 its behalf by:

Angela Tabone
Managing Director/CEO

10 July 2020

A. Business and Performance

This section provides a description and structure of the company and an overview of the financial performance of the company.

A.1 The Business

A.1.1 Name and Legal Form of the Company

Citadel Insurance p.l.c. ("the Company" or "Citadel") is a public limited company registered in Malta, authorised to carry on general and long-term business of insurance. Its registered office is:

Casa Borgo
26, Market Street
Floriana FRN 1082
Malta

Citadel is a subsidiary of Citadel Holdings Limited, which is also the ultimate parent company. The registered office is:

182/183 Tower Reef Apts.
Apartment 12
Tower Road
Sliema SLM 1603
Malta

A.1.2 Supervisory Authority

The Company is authorised by the Malta Financial Services Authority ("MFSA"). The MFSA is located at:

Triq l-Imdina, Zone 1
Central Business District
Birkirkara CBD 1010

The Company forms part of an insurance group as defined under Solvency II, and therefore falls under the scope of group Solvency II reporting. The Company is required to report on a group level, with the MFSA being the supervisory authority responsible for group supervision.

A.1.3 External Auditor

The external auditor of the Group and Company for financial year commencing 1 January 2019 is Ernst and Young Limited. The contact details of the external auditor are as follows:

Regional Business Centre
Triq Achille Ferris
Msida MSD 1751

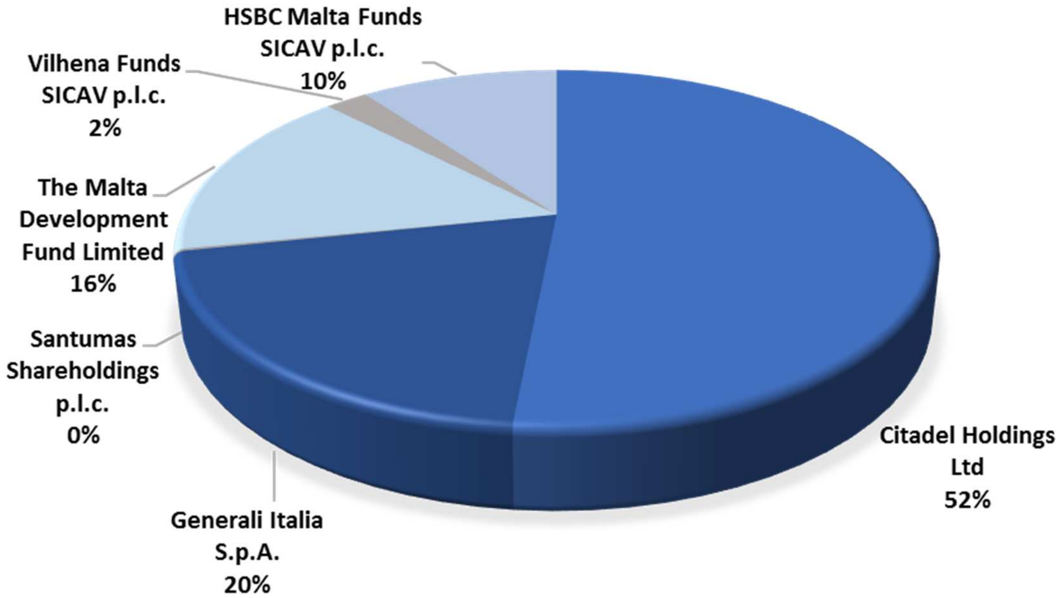
A.1.4 Ownership and Group Structure

Citadel Holdings Limited is the main shareholder of the Company, with 51.53% ownership. The registered address is Apartment 12, Tower Reef, 182/183 Tower Road, Sliema, SLM 1603.

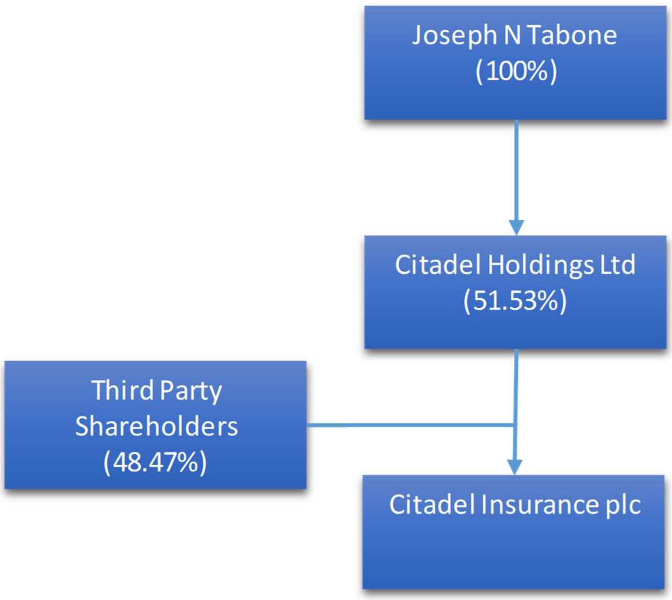
The breakdown of the remaining 48.47% is owned by other third-party shareholders as follows:

Other Shareholder	Ownership (%)
Generali Italia S.p.A.	20.16%
Santumas Shareholdings p.l.c.	0.19%
The Malta Development Fund Limited	15.84%
Vilhena Funds SICAV p.l.c.	2.20%
HSBC Malta Funds SICAV p.l.c.	10.08%

The following pie-chart illustrates the composition of the shareholding of Citadel Insurance plc.



The following is a simplified structure of the Group:



A.1.5 Principal Business Activities

The Company is authorised by the MFSA to carry on the business of insurance, governed by the Insurance Business Act, Chapter 403 of the Laws of Malta. The principal activity of the Company is to carry on both general and long-term business, in Malta and in respect of Maltese interests overseas.

During 2019 the Company had a distribution network of nine branches found in the following localities: Haz-Zebbug, Gzira, Mellieha, Mosta, Naxxar, Paola, San Gwann, Victoria Gozo, and Zejtun. MIB Insurance Agency Ltd. ("MIBIAL") acts as an agent for the Company. Business is also transacted through a number of Tied Insurance Intermediaries ("TIIs").

A.1.6 Material lines of Business and Material Geographical Areas where the Company carries out business

Citadel is authorised to carry on general business for risks situated in Malta and in respect of Maltese interests overseas, and long-term business in respect of commitments where Malta is the country of commitment.

The operations of the Company are restricted to the following classes, as described under Schedule 2 and Schedule 3 of the Insurance Business Act, Cap. 403:

- Long Term Business: Class I, Class II and Class III; and
- General Business: Classes 1 to 4, Classes 6 to 10, Classes 12 to 13 and Classes 16 to 17

The Company's main lines of business are categorised in accordance with Solvency II requirements as follows:

General Business:

- Medical Expense Insurance
- Motor Vehicle Liability Insurance
- Other Motor Insurance
- Marine (except aviation and transport Insurance)
- Fire and Other Damage to Property Insurance
- General Liability Insurance
- Assistance
- Miscellaneous Financial Loss

Long Term Business:

- Insurance with Profit Participation
- Index-Linked and Unit-Linked Insurance
- Other Life Insurance

A.1.7 Significant Events

The Company has not registered any significant events from the last reporting date.

A.1.8 Performance of Other Activities

The Company does not have any other financial or operating leasing agreements in place.

A.1.9 Information on the scope of the Group

There are no differences in the scope of the Group used for the Consolidated Audited Financial Statements and the consolidated data determined in accordance with Method 1 as set out in Article 335(1)(a) of the CDR.

A.2 Underwriting Performance

The Company prepares its statutory financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The Financial Statements for 2019 have been prepared in accordance with the requirements of the Companies Act (Cap. 386) and the Insurance Business Act (Cap. 403) of Malta.

Both the general and life insurance lines of business contributed to the technical performance for the financial year ended 31 December 2019. The Company recorded a combined gross written premium of €16,948,736 at 31 December 2019 compared to €14,788,248 in 2018, representing an uplift of 16%.

A.2.1 General Business Underwriting Performance

The General Business made good progress in capturing growth opportunities for its significant core business.

General Business gross written premium increased by 16% to €14,520,787 (2018: €12,526,192) whilst the overall loss ratio increased by 9.28% over 2018.

The tables below provide the breakdown of the underwriting performance for the general business of the Company for the year ended 31 December 2019 and a comparison against the results as at 31 December 2018, by the Solvency II lines of business.

	Premium Written				Premium Earned			
	Gross		Net		Gross		Net	
	2019	2018	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€	€	€
Medical Expenses Insurance	2,197,506	954,209	439,501	191,360	2,114,733	771,179	422,941	139,712
Income Protection Insurance	157,090	192,371	146,690	180,516	160,134	192,289	149,647	180,520
Motor Vehicle Liability Insurance	3,514,271	3,378,168	3,349,842	3,216,645	3,368,215	3,242,083	3,203,786	3,080,560
Other Motor Insurance	3,806,861	3,522,610	3,628,743	3,354,180	3,648,645	3,380,706	3,470,526	3,212,276
Marine, Aviation and Transport Insurance	258,062	239,082	60,272	51,860	242,055	239,686	54,811	47,733
Fire and other Damage to Property Insurance	2,758,562	2,433,045	478,940	423,925	2,540,606	2,288,104	443,499	358,372
General Liability Insurance	677,466	611,415	501,569	426,817	644,029	597,178	464,838	413,579
Assistance	1,101,804	1,142,952	1,013,543	1,057,107	1,127,642	1,142,363	1,038,636	1,057,134
Miscellaneous Financial Loss	49,165	52,338	12,152	12,706	46,631	50,072	11,378	11,273

	Claims Incurred				Total Expenses Incurred	
	Gross		Net		Gross	
	2019	2018	2019	2018	2019	2018
	€	€	€	€	€	€
Medical Expenses Insurance	1,483,226	301,953	296,627	54,804	404,395	180,564
Income Protection Insurance	18,067	48,628	18,067	48,628	55,738	74,148
Motor Vehicle Liability Insurance	2,603,557	2,409,658	2,603,226	2,428,035	834,010	860,895
Other Motor Insurance	1,901,729	1,846,617	1,904,791	1,835,751	903,448	897,704
Marine, Aviation and Transport Insurance	79,845	243,278	20,307	86,933	64,951	68,678
Fire and other Damage to Property Insurance	1,397,554	611,709	349,055	183,243	767,322	702,283
General Liability Insurance	108,157	153,046	109,078	150,734	149,024	151,740
Assistance	728,694	596,007	709,286	694,564	339,816	377,360
Miscellaneous Financial Loss	53,121	(500)	1,161	(23)	14,178	15,358

A.2.2 Long Term Business Underwriting Performance

The Life business registered a consistent growth for mainly term and loan protection policies. The Company declared for the annual guaranteed policies, the minimum bonus rate of 3.5% and 4.5% per annum still applies. For the with profits portfolio in existence pre-2001, the bonus rate declared was that of 1.5%. For the with profits plans post 2017 the bonus rate declare was of 2%. Single Premium bonus rate declared for 2019 was of 1.5%.

The tables below provide the breakdown of the underwriting performance for the long-term business of the Company for the year ended 31 December 2019 and a comparison against the results as at 31 December 2018, by the Solvency II line of business:

	Premium Written				Premium Earned			
	Gross		Net		Gross		Net	
	2019	2018	2019	2018	2019	2018	2019	2018
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Insurance with Profit Participation	392,662	366,563	364,185	337,563	392,662	366,563	364,185	337,563
Index-linked and Unit-linked Insurance	74,761	87,361	62,438	74,072	74,761	87,361	62,438	74,072
Other Life Insurance	1,960,527	1,808,133	986,272	937,112	1,960,527	1,808,133	986,272	937,112

	Claims Incurred				Total Expenses Incurred	
	Gross		Net		Gross	
	2019	2018	2019	2018	2019	2018
	Eur	Eur	Eur	Eur	Eur	Eur
Insurance with Profit Participation	236,578	150,586	170,105	150,586	122,255	121,008
Index-linked and Unit-linked Insurance	368,947	154,460	364,726	154,460	39,402	34,772
Other Life Insurance	50,000	489,399	40,000	108,989	561,835	580,205

There are no significant variances when comparing premium for financial year 2019 to 2018.

The long-term business is managed separately from the general business.

A.3 Investment Performance

A.3.1 Analysis of Investment Performance

Citadel adopts a prudent investment strategy and diversifies its risk through a portfolio mix across countries, sectors and, to a lesser extent, currencies.

The following tables show the analysis of the overall investment income and expenses by each asset class, for the Company, as at 31 December 2019, compared to 31 December 2018:

2019	Dividends	Interest	Net gains & losses	Unrealised gains & losses
	€	€	€	€
Government Bonds	-	74,297	(357)	148,724
Corporate Bonds	-	110,619	23,214	138,988
Equity instruments	76,642	-	375,735	179,616
Collective investments undertakings	-	-	1,449	219,737
Total	**76,642**	**184,917**	**400,042**	**687,065**

2018	Dividends	Interest	Net gains & losses	Unrealised gains & losses
	€	€	€	€
Government Bonds	-	100,858	-	(243,861)
Corporate Bonds	-	259,862	(28,788)	2,181
Equity instruments	29,448	-	(161,553)	(742,079)
Collective investments undertakings	75,080	-	(1,006)	(136,514)
Total	**104,528**	**360,721**	**(191,346)**	**(1,120,272)**

The Company generated a net investment gain for the financial year ended 31 December 2019 of €1,356,174 (2018: net investment loss €852,767). The gain-in net investment return is mainly attributable to the upward trend in fair value movements.

The Company adopts a prudent investment strategy, which holds more than 55% of its portfolio in bonds for mainly the long-term investment portfolio.

For long term business, including unit-linked, net investment income is broadly offset by corresponding changes in liabilities, limiting the net impact on profit after tax.

A.3.2 Information on Gains and Losses Recognised Directly in Equity

The table below shows the breakdown of the Company's gains and losses recognised directly in equity for the financial year ended 31 December 2019 and a comparison against the results from 31 December 2018:

	2019	2018
Investment Gains: Income from financial assets at fair value through profit or loss:		
• Dividend and interest income	261,572	457,481
• Fair value gain	1,087,107	-
Income from loans and receivables	35,172	40,777
Net fair value losses on financial assets at fair value through profit or loss	-	(1,311,619)
Investment expenses and charges:		
Net investment management and transaction charges	(27,677)	(39,405)
Net investment return	**1,356,174**	**(852,766)**

A.3.3 Investments in Securitisation

The Company and Group do not have any investments in securitisation.

A.4 Performance of Other Activities other than Underwriting and Investment Income and Expenses

A.4.1 Other material income and expenses

During the years under consideration, there was no other material income or expenses.

A.4.2 Lease Agreements

Citadel Insurance p.l.c does not have any financial leases. The Company leases from third parties several offices and other premises.

A.5 Other material information

There is no other material information on the business and performance of the Company that has not been disclosed in section A.1 to A.4 above.

A.6 Events after the reporting period

2020 has been struck by the COVID-19 uncertainty around investment market volatility and economic recovery. Our resilient foundation and good track record on how we apply risk, coupled with high international reinsurance securities has enabled the Company to manage and withstand any adverse consequences to the pandemic.

Citadel Insurance plc still remains well capitalised in line with statutory requirements and the Company's financial position remains healthy even in the current circumstances. Taking into consideration the analysis carried out in the Own Risk and Solvency Assessment, the Company envisages that it will continue to satisfy all regulatory solvency requirements. Citadel does not consider the spread of COVID-19 will have an overall material effect on the going concern of the Company.

B. System of Governance

This section delves into the governance of the Company and provides an insight into the various committees established to assist the Board in the management of the Company.

B.1 General Information on the System of Governance

Citadel's system of governance is aligned to the requirements of Solvency II and the "Corporate Governance Guidelines for Public Interest Companies" (the "Guidelines"), issued by the MFSA in August 2006. The Company's system of governance structure recognises the control requirements of shareholders and stakeholders whilst ensuring the optimisation of the strategic potential of its business as a whole. It includes well-defined duties and responsibilities throughout the organisation including that of the Board and its Committees.

B.1.1 Role of the Board

The Board's role is to be collectively responsible for supporting the long-term success of the Company, to enhance shareholders' value including that of customers, its employees and other stakeholders. The Board drives and provides overall direction to ensure that the appropriate systems of risk governance are in place throughout the Company. The Board achieves this objective mainly by the monitoring of its sound risk management framework and internal controls.

The Board is responsible for the audit, risk and investment committees including strategy, resources, risk management, systems and controls. The Board has authority over the committees to deal with the specialised areas and remain compliant with regulatory requirements and relevant laws at all times. It sets up and monitors policies to manage effectively a code of conduct leading to best business practice. The Board delegates the day-to-day operations of the Company to the Managing Director who is assisted by senior management to meet strategy objectives.

Citadel's Board is composed of seven independent non-executive directors, including the Chairman and one executive director, the Managing Director. The Directors collectively hold the vital requisites, knowledge, judgement and experience, to provide leadership, integrity and judgment for directing the Company.

The members of the Board who served during the reference period are:

Citadel Board of Directors		
Chairperson	Mr. Joseph N Tabone	
Deputy Chairperson	Prof. Ian Refalo	
Independent Non-executive Director	Mr. Michael Warrington	Chairs Audit Committee
Independent Non-executive Director	Mr. Anthony Paris	Chairs Investment Committee
Independent Non-executive Director	Dr. Joseph J Vella	
Independent Non-executive Director	Mr. Stephen Pandolfino	
Independent Non-executive Director	Mr. Christopher J Worfolk	Chairs Risk Management Committee
Managing Director & CEO	Ms. Angela Tabone	

Dr. Philippa Taylor-East acts as Company Secretary.

B.1.2 Board Committees

The Board has established a number of Committees to assist it in fulfilling its role and responsibilities. These Board Committees have a direct reporting line to the Board of Directors and terms of reference are set-up for the specific remit of each Committee.

Audit Committee

The Committee, which fulfils the requirements of Annex II to Chapter 6 of the Insurance Rules, meets on a quarterly basis and more frequently if so requires. The Committee is appointed by the Board and currently consists of three non-executive directors. The Managing Director and other officers of the Company, while not forming part of the Committee, may be asked to attend meetings at the discretion of the Committee. The Committee is responsible for reviewing the financial reporting process, the Company's systems of internal controls, and external audit processes.

Investment Committee

The members of the Committee are appointed by the Board. The Committee is composed of two non-executive directors, one of whom chairs the Committee, the Managing Director and an independent consultant. The Committee is responsible for formulating, monitoring and reviewing the Company's investment strategy, policies and investment processes. The Committee is further responsible for identifying and managing any conflicts of interest that may arise regarding investments, irrespective of whether they arise in the Company or in the entity which manages the asset portfolio. Other officers of the Company, while not forming part of the Committee, may be invited to attend.

Risk Management Committee

The Committee is required to meet at least on a quarterly basis and its remit is to oversee the Company's risk management systems, practices and procedures to ensure effectiveness of risk identification and management, and compliance with internal guidelines and external requirements. The Committee is composed of a non-executive director, who chairs the Committee, the Managing Director, the Compliance Officer, and Head of Finance. The members of the Committee are appointed by the Board. Other officers of the Company, while not forming part of the Committee, may be required to attend meetings on the request of the Committee.

B.1.3 Internal Structures

The following internal structures have been set up to ensure effective and appropriate internal controls, systems and procedures pursuant to the nature and extent of the operations of the Company:

Claims Committee

The Committee meets twice a month and is chaired by the Managing Director. The members consist of the Executive Head for General Business, the Head of General Business Underwriting and Senior Manager of General & Motor Claims. The Terms of Reference of the Committee include the review of motor and non-motor liability claims, cases in litigation and relative reserving. Other officers of the Company, including the Head of Life may be required to attend the meetings.

Asset Liability Committee

The Committee meets on a quarterly basis and its main remit is to manage financial and insurance risks in an asset-liability framework in the short, medium and long-term. The Committee is chaired by the Managing Director, Head of Finance and an independent consultant. Other officers of the Company may be required to attend.

Senior Management Team

The Team is composed of head of departments and is responsible for managing the day-to-day operations of the Company, executing the Company's business plan strategy objectives. The Team meets regularly to ensure that the operation and technical activities are in line with business targets for sustainable growth and return. The Team is responsible for managing the internal controls and risk management guidelines and to develop systems for better quality service to customers' changing needs. It is charged with the implementation of Board-approved strategies and plans.

Reinsurance Team

The Team is currently composed of the Managing Director, the Executive Head General Business, the Head of Life and the Compliance Officer. The Team is responsible for reviewing current reinsurance programmes and for the preparation of treaty renewals. The Team maintains close contact with the appointed international reinsurance broker and reinsurers.

Compliance Team

The Team is headed by the Compliance Officer who is assisted by the Compliance Assistant. The Team meets on a regular basis and is responsible to ensure that the Company is compliant with all applicable laws, rules and regulations and to prevent and resolve any compliance issues. The Compliance Officer also meets with the Chairman and Managing Director.

The Company has in place an effective system of governance which is proportionate to the nature, scale and complexity of its operations and which provides for the sound and prudent management of its business.

B.1.4 Risk Management

The Board is responsible for determining the nature and extent of the principal risk it is willing to take in achieving its strategic objectives.

Citadel has implemented Enterprise Risk Management practices throughout its business. It applies the principal of proportionality and adopts a risk-based approach according to the nature, scale and complexity of its business and strategy. The responsibility for risk is taken at all levels and based around the 'three lines of defence' model where responsibilities and ownership for risk is taken at all levels of the Company.

Three Lines of Defence
Senior Management are primarily responsible for the day-to-day risk management to identify and control their own risks under present policies and limits and comprises the first line of defence.

The Risk Management Committee acts as the second line of defence and is responsible for the risk management function to oversee the overall risk management framework. Other governance and key functions, such as compliance, actuarial and finance assist the business to manage and control specific types of risk areas.

The Internal Audit Function acts as the third line of defence. It is responsible for providing independence and objective assessment on the robustness of the Risk Management Function ("RMF") and the appropriateness and effectiveness of the controls in place as set by the first and second lines of defence. It is also responsible for reporting to the Audit Committee.

B.1.5 Key Functions

The Company has in place the four key functions established by the Solvency II Directive: the Risk Management Function, Compliance Function, Internal Audit Function and Actuarial Function. The Internal Audit Function and the Actuarial Function are outsourced to third party service providers. Descriptions of the roles and responsibilities of the key functions are presented in the sections below.

In accordance with the Solvency II Directive and the sound and prudent corporate governance of the Company, the key functions are ultimately the responsibility of the Board. The key functions have a direct reporting line to the Board, or through the Board committees giving operational independence to carry out their tasks.

B.2 Material changes to the System of Governance during the reporting period

The composition of the Board remained unchanged over the reporting period, with seven non-executive directors and one executive director, who collectively have the requisite experience and expertise to direct the Company to meet its strategic objectives. There were no resignations or appointments of Directors during 2019.

B.3 Remuneration Policy

Citadel's governance framework includes a Remuneration Policy for defining the remuneration practices of the Company designed to support the Company's risks, strategy, objectives and values. The Board of Directors has designated the Chairman, being a non-executive director, the responsibility of the Remuneration Policy. The Chairman is responsible for the regular review of the Policy and the reporting on the performance to the Board on an annual basis.

The Remuneration Policy applies to all levels of the organisation and categories of employees including Directors. It contains specific arrangements that take into consideration the roles of the members of the Board, persons responsible for the key functions, senior management, and personal undertakings activities that involve significant risk-taking and other employees. It further extends to the arrangements with any outsourced parties involved in the distribution of the Company's products.

The Remuneration Policy reflects the Company's objectives for good corporate governance as well as sustained and long-term value creation of the shareholders. The Remuneration Policy does not excessively reward short-term profits and discourages incentives to take on risks that are not in line with the Company's risk profile. This can undermine the sound and effective risk management framework, exacerbate excessive risk-taking behaviour and lead to potential conflicts of interest between the Company's representative and the protection of policyholders. Hence, the performance criteria, including non-financial performance factors such as goals and criteria relating to effective risk management practices are considered.

B.3.1 Components of Remuneration

The salary is made-up of a fixed component (salary and benefits). The fixed component represents a sufficiently high proportion of the total remuneration to avoid that the employees are overly dependent on the variable components and to allow the operation of fully flexible bonus policy. Variable components are discretionary and fully flexible as opposed to a contractual entitlement. It is based on performance and are capped at a maximum limit set by the Company.

B.3.2 Performance Criteria

Performance-based remuneration is aligned to an assessment of the strategic priorities of the Company, which promotes sound risk management, the strengthening of long-term customer relations and the value of the business. Non-financial factors are taken into consideration.

B.3.3 Supplementary pension or early retirement schemes for members of the Board

Currently the Company has no arrangements applicable to supplementary pension or early retirement scheme for members of the Board.

B.4 Material transactions with shareholders, persons who exercise a significant influence on the Company or with members of the Board, during the reporting period.

During the period under review, there were no material transactions identified with shareholders, persons who exercise a significant influence on the Company, or members of the administrative and management.

B.5 Fit and Proper Requirements

Citadel's policy on Fit and Proper Requirements ("FPR") ensures that all persons who are engaged in key functions and managerial roles hold the required skills and experience for sound and prudent management of the Company. The purpose of the Company's policy on FPR is to implement the Company's internal standards established by the policy and adherence to regulatory obligations. The fit and proper criteria include integrity, competence, experience, qualifications and the requirement to be financially sound and of good repute.

Citadel's Board collectively possess appropriate qualifications, experience and knowledge about insurance and financial markets, business strategy and business model, system of governance, financial and actuarial analysis and regulatory framework and requirements.

The Company's FPR applies to the following persons:

- Relevant personnel including persons carrying out duties within a key function other than the holder of the function, whose test falls within the ambit of regulatory requirements, persons within a critical or important function and any persons deemed by the Compliance Officer to be relevant personnel;
- Supervised personnel who support the operational and non-operational functions of the Company; and
- Natural or legal persons who apply for registration in the TII Company Register or the TII Company Register of the appointed agencies of the Company.

The policy applies to all the above-mentioned persons, both when being considered for the specific position and on an on-going basis.

The Company's fit and proper internal standards, equate the fit and proper requirements which apply to persons who are subject to the regulatory requirements. Exceptions apply in a less rigorous manner, when the requirements are not subject to the approval or otherwise by the MFSA.

B.5.1 Fit and Proper Assessment

Citadel runs certain processes to assess an individual's fitness and properness of its Board, key function holders and senior management. These assessment processes are not limited to recruitment activities for all other levels of staff across the Company. The screening process incorporates basic background checks on pre-employment internally and externally, and additional enhanced screening requirements and ongoing fitness and probity for individuals who fall within the key categories of the business, as required by Solvency II. When reviewing the information gathered, due consideration is given to the risks associated with the role and the wider risks of the business.

Due to the size and proportionality of the business, ongoing fitness and probity assessments are carried out every two years or at any earlier date as may be required by the Compliance Officer. The Compliance Officer may re-assess any regulated person or any person who is subject to regulatory assessment, at his/her discretion.

B.6 Risk Management System

Risk management is the continuous and dynamic process that aims to guide the Company to understand, evaluate and assess its risks with a view to increasing the successful achievement of its strategic objectives and reducing the likelihood of the unwanted risk.

Risk management is integral to the Company's corporate governance, business strategy and own risk and solvency assessment ("ORSA"). The framework consists of an effective program led by top management, which clearly identifies risks; risk policies, standards, roles and responsibilities for managers and other employees involved in the management of risk.

The scope of the RMF is to implement and embed a Risk Management System ("RMS"). It is responsible for the coordination of the risk management activities across the Company and its objective is to achieve a better understanding and management of risks by identifying, assessing, monitoring, managing and reporting on the Company's key risks in an effective and timely manner.

The Board is ultimately accountable and responsible to ensure that the Company complies with the requirements in relation to the systems of governance, which identify risk management as one of the key functions of the Company. The Board has designated a non-executive director with the specific responsibility to oversee the RMF.

The Risk Management Committee oversees the RMF. The Committee ensures that the Company has in place an effective RMS comprising strategies, processes and reporting procedures necessary to identify, measure, monitor and report, on a continuous basis, the risks, at an individual and at an aggregate level, to which the Company is or could be exposed, and their interdependencies.

As already described, the Company operates a 'three lines of defence' model and applies the principle of proportionality. It adopts a risk-based approach according to the nature, scale and complexity of its business model and business strategy.

The Risk Committee is responsible for the RMF and its role is to establish, implement and maintain appropriate mechanisms and activities to:

- assist the Board in overseeing Senior Management respective responsibilities on risk management processes
- identify and assessing the risks the Company faces including emerging risks;
- assess, aggregate, monitor and assist manage and/or mitigate identified risks effectively, including assessing the Company's capacity to absorb risk with due regard to the nature, probability, duration, correlation and potential severity of risks;
- evaluate the internal and external risk environment on an on-going basis in order to identify and assess potential risks as early as possible;
- conduct regular stress testing and scenario analysis on emerging risks and/or new initiatives;

One of the main monitoring tools for the RMF is the Company Risk Register. The scope of the risk register is to bring together the output of the Company's risk identification process, which reflects the size and complexity of the business and its risk policy. The Risk Register is not a static record of the significant risks faced by the Company but is rather a risk action plan that includes details of the current controls and details of action plans together with mitigating factors.

The Risk Management Committee reviews the various policies annually. The Board reviews and approves these policies, risk tolerances and trigger levels for each risk category, taking into consideration recommendations from the Risk Committee and Management. The Company has a process in place that enables it to set, review and monitor its risks in line with the Company's objectives, capital requirement, business plan and strategy.

The Board is ultimately responsible for defining both the quantitative and qualitative metrics of the risk policies, assessing short, medium and long-term horizons, requesting regular reporting on compliance, material deviation and proposed remedies.

B.7 Own Risk and Solvency Assessment

The ultimate purpose of the ORSA is to provide the Board and Senior Management with an assessment of the risks that the Company is exposed to now and in the future, and the resulting solvency requirements arising from this exposure.

The aim of the ORSA report is to ensure that the Company has robust processes in place for assessing and monitoring risks and its overall solvency needs, including the adequacy and quality of the assets required to cover the SCR, the MCR and internal (economic) capital requirements. The results of the ORSA are considered to inform and improve business decisions, business strategy and the enterprise risk management framework. The ORSA process identifies any concerns affecting the solvency of the Company.

The ORSA, which forms part of the RMS, requires the Company to properly determine its overall solvency needs.

The ORSA report includes the following main requirements:

- the ORSA of the Company's overall solvency needs, including a forward-looking assessment of the Company's capital needs covering the business planning periods;
- an assessment of the continuous compliance with Solvency II capital requirements and the requirements on technical provisions; and
- an assessment of how the Company's risk profile compares to the assumptions underlying the Solvency II Standard Formula.

B.7.1 ORSA Review and Approval Process

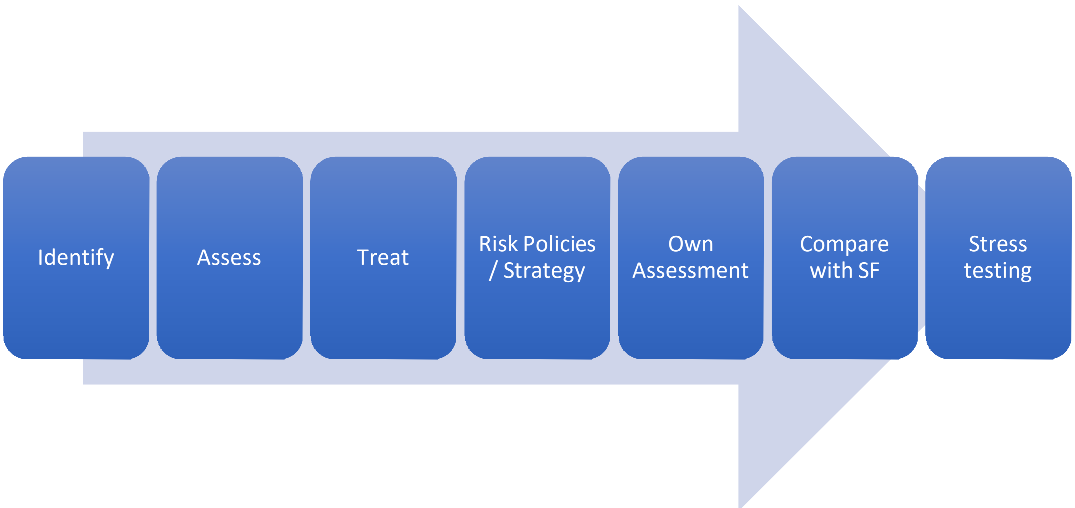
The Senior Management team, including the Managing Director, are involved in the assessment process. The actuaries provide input on the continuous compliance with the technical provisions as well as the adequacy of the reinsurance program. They also provide relevant input for the computation of the SCR and MCR.

The Board of the Company takes an active part in the ORSA, including steering how the assessment is to be performed and challenging the results. The ORSA is reviewed and approved annually by the Board.

The Board reviews and approves the results and conclusions of every assessment and retains full ownership of the process, policies, internal reports, supervisory reports and records.

B.7.2 Own Solvency needs and the Interaction between Capital and Risk Management

Under Solvency II, the Company uses the Standard Formula to calculate the required regulatory capital. The ORSA process instigates a series of circumstances in risk identification which may lead to taking agile action and changes in risk planning (contingent) and risk mitigation together with Risk Register monitoring, risk heat maps, dealing with emerging risks and monitoring of key risk indicators.



The Company evaluates the ORSA results and takes adequate consideration to assimilate its risks within its business plan and strategy process to adjust the business plan projections for variations that may have an adverse effect on future performance and capital requirements.

The risk management process ensures that risks not covered by the Standard Formula, have appropriate controls in place.

B.8 Internal Control System

Citadel has established a robust system of internal controls at all levels of the business to facilitate effective and efficient monitoring of the business operation. These controls have been set-up and embedded in system processes to underwriting claims and financials. As a result, the Company has significantly improved its reporting and compliance with laws and regulations.

The Company's internal control system incorporates the following three key areas:

- administrative and accounting procedures;
- internal control framework; and
- appropriate reporting arrangements at all levels of the Company.

The Company structure supports and facilitates effective risk management and the implementation of internal controls, continual monitoring of key risks and on-going supervision by internal and external audits to improve upon controls and regulatory reporting. It enables management to easily identify, evaluate and address significant risks to maintain control over its risk profile. The system continues to evolve with the business expanding requisites and compliance reporting requirements. Citadel's sound internal control framework for risk management enhances reliability of the financial and regulatory requirements to ensure that the Company is compliant with all the relative regulations.

B.8.1 The Compliance Function

The Compliance Function is the administrative capacity for ensuring that all the actions of the Company comply with the applicable domestic legislation and regulatory requirements. The function also ensures that the Company complies with internal strategies, policies, processes and reporting procedures.

The main role of the compliance function is to advise the Board on compliance with the domestic legislation adopted pursuant to EU Directives and Regulations and MFSA Rules. It also monitors non-insurance domestic legislation which may impact the Company's business.

B.9 Internal Audit Function

B.9.1 Implementation of the Company's Internal Audit Function

The Internal Audit Function of the Company reports to the Audit Committee and provides an independent and objective assessment on the robustness of the RMF including the effectiveness on internal controls. The Audit Committee organises internal audit assessments of the entire system of governance to ensure that all significant activities have their risks examined over a specified period. The Internal Audit Function is tasked to conduct a risk-based approach on the various aspects of the business. Annually, the Audit Committee evaluates the internal audit plan for key areas of the business and reviews reports issued by the Internal Audit Function on the significant risks, controls and governance.

B.9.2 Independence and Objectivity of the internal audit function

Since the Internal Audit Function is outsourced to a third-party service provider, independence and objectivity is ensured, and conflicts of interest are eliminated.

The Internal Audit Function is part of the Third Line of Defence, and is independent of the First and Second Lines of Defence.

The Internal Audit Function's objective is to perform an assessment of the entire system of governance and ensure that all significant areas have their activities audited at appropriate intervals. Internal audit may request other units to provide reports or opinions on the internal controls on improved performance and efficiency of controls.

The actual performance of the audits and the assessments given are the sole responsibility of the function itself, which must act on its own initiative and not be subject to external influences. On completion of each audit assessment, the relative internal audit findings and mitigation recommendations together with managements' responses are presented by the internal auditors, to the Audit Committee. Important system control recommendations effect the operational activities to ensure that timely action is taken, to improve or rectify the process under review.

B.10 Actuarial function

Citadel outsources its Actuarial Function to third party service providers. It engages Paul Warren for its With Profits Actuary and performs IFRS and Solvency II technical provisions. Mazars LLP is engaged for the general business to perform the appropriate actuarial support such as the review and calculation of reserves and technical provisions on a timely basis to ensure that both the Board and the Management receive proactive information on any material changes. As from 2019 Mazars LLP holds both the Actuarial Function for Life and Non-Life Business Insurance.

The Actuarial Function is responsible for:

- Coordinating the calculation of the technical provisions;
- Ensuring the appropriateness of the methodologies, underlying models and assumptions used;
- Assessing the sufficiency and the quality of data used;
- Comparing best estimates against experience;
- Informing the Board of the reliability and adequacy of the calculation;
- Expressing an opinion on underwriting;
- Expressing an opinion on the adequacy of reinsurance arrangements; and
- Contributing to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The Actuarial Function reports directly to the Board of Directors.

B.11 Outsourcing Policy

Citadel has an Outsourcing Policy in place, the scope of which is to lay out the Company's approach and processes for outsourcing.

The Company maintains the competence and the ability, within itself, to assess whether the service provider delivers according to contract. It established procedures to monitor and review the service provider on an on-going basis as well as to ensure that the outsourced function or activity is performed in accordance with the terms and conditions.

The Company further undertakes that outsourcing of critical or important operational functions or activities shall not lend itself to any of the following:

- Materially impairing the quality of its system of governance;
- Unduly increasing the operational risk;
- Impairing the ability of the MFSA to monitor the compliance of the Company with its obligations; and
- Undermining continuous and satisfactory service to policyholders.

The Company's outsourcing policy applies to:

- Service providers;
- Sub-service providers;
- Designated persons within the Company;
- Designated persons within the service providers; and
- Insurance intermediaries other than TIIs.

All service providers or sub-service providers, as well as their relevant employees, are to fulfil the FPR determined by the Company's Fit and Proper Policy described under Section B.5.

The following table presents details on the Company's outsourcing of critical or important operational functions or activities:

Outsourced Function	Service Provider	Jusirdiction of Service Provider
Internal Audit Function	Pricewaterhouse Coopers	Malta
With Profits Actuary	Paul Warren	Cyprus
Actuarial Function - Life and Non-Life Business	Mazars LLP	UK

B.12 Any other information

There is no other material information regarding the System of Governance that has not already been disclosed in sections B.1 to B.11 above.

C. Risk Profile

This section of the report focuses on the various risk profiles that the Company is exposed to and the various strategies in place to address or minimise these various threats.

This section details a qualitative and quantitative analysis of material risks within Citadel's risk profile, the processes used to identify and monitor these risks, and the mitigation techniques to reduce the risk exposures within the risk policies.

C.1 Material risk exposures and the corresponding risk assessments

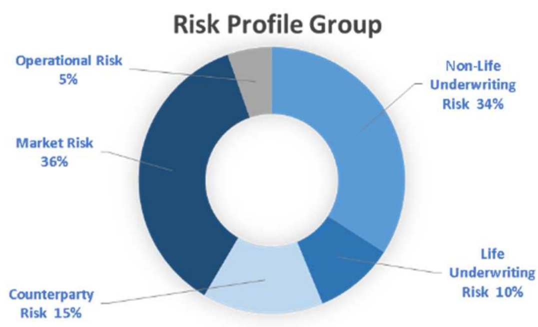
Citadel's core business is a balanced and diverse portfolio of underwriting risks associated to long-term, including unit-linked products, and general business (including short-term health). The exposure on underwriting risks coupled with market, credit, liquidity and operational risks make up the key crucial elements of the risk profile of the Company.

The Company has adopted the Solvency II Standard Formula model to assess its risks and for its SCR calculation. Given the Company's size and business profile, the Board considers the Standard Formula to be adequate to measure the SCR for the key risks to which it is currently exposed. The main risk categories of the Company are underwriting risk and market risk, which together present 80% of Citadel's risk exposure.

The risk profile for the Group and the Company is set out in the pie chart below:

Risk assessment and mitigation processing techniques apply to identify, rate and rank the risks forming part of the Company's risk profile.

The Company has developed several internal controls to manage risks in the key areas of exposure relevant to the business. Internal controls and system applications designed against inherent occurrence liability and uncertainty provide reasonable assurance that exposures are in line with the expected tolerance levels and risk policies. There were no material changes in the measurements adopted to assess the Company's risk exposures during the reporting period.



Citadel's main mitigating technique for underwriting risk is reinsurance. The Company reinsures its risk exposures through comprehensive contracts on arrangements for proportional and non-proportional reinsurance. The Company places its reinsurance with international renowned companies of a minimum rating of A. It monitors the financial condition of reinsurers on an ongoing basis. The use of reinsurance reduces the financial volatility and the capital requirement for underwriting risk apart from protecting Citadel's balance sheet against an inherent catastrophic risk.

C.1.1 Underwriting Risk

Citadel's underwriting risks refer to short, medium and long-tail risk exposures including persistency levels, various policyholder options and operational expenses. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The Company uses a variety of risk mitigation techniques for its various categories of its business, to assist it to manage and reduce exposure at all levels of the business. The mitigation processes ensure that underwriting risk is within the risk criteria based on its system of governance as approved by the Board.

C.1.2 Non-life Underwriting Risk

Non-life underwriting risk is the risk arising from insurance obligations, in relation to the perils covered which is mainly, considered as short-tail business. This risk takes account of the uncertainty in the results of undertakings related to existing and expected future premiums over a 12-month period.

Citadel monitors its day-to-day underwriting and reserving activities of its risk profile through the risk register, risk ranking, system controls and reporting. The Company has an efficient and effective reinsurance program to mitigate underwriting risk exposure for both its gross and net retention. There are also a number of underlying underwriting and claims handling control criteria. The Company ensures that rating structures, guidelines to risk accumulations and reserving disciplines are within the authority and tolerance levels of its risk polices.

The overall non-life underwriting risk charge under Solvency II capital requirements drives premium and reserve risk, catastrophe risk and lapse risk and excludes operational risk arising from internal processes in the underwriting and settling of insurance risk.

C.1.3 Life Underwriting Risk

Citadel's life underwriting risk exposure is associated with long-tail insurance business. The life underwriting risk under this category of cover is the inherent uncertainty for the occurrence of the liability and amount relating to the incident. These risks are in relation to the actual policyholder experience in relation to expected longevity of the risk for death; disability related claims; discontinuation or reduction of premium; administration expenses and accumulation of benefit claims with respect to a single event. The Company has an effective reinsurance program to mitigate underwriting risk exposures for both its gross and net retention. The life underwriting risk is influenced by the quantification of the above-mentioned underlying risk factors, for Solvency Requirements. The underwriting risk excludes operational risk arising from internal processes in administering the life business.

The Company adopts a number of risk mitigation processes and techniques to reduce its exposure to underwriting risk. It applies reinsurance solutions to reduce risk for potential losses and accumulated exposure. Expense risk is managed by the monitoring of controls, actuarial assessments and performance reviews. The Company has a number of strategies to monitor persistency risk, which may have a volatile outlook for the underlying performance linked to lower interest rates for longevity linked to the guaranteed products.

C.1.4 Market Risk

Market risk can be described as the risk of change in fair value or future cash flows of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates. It arises from the level of volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables, such as stock prices, interest rates, real estate prices and exchange rates.

The capital charge for market risk is made up of interest rate risk, equity risk, property risk, currency (FX) risk, spread risk and concentration risk.

The Company is exposed to cash flow interest rate risk on cash deposits and borrowings carrying a floating interest rate and to fair value interest rate risk on debt instruments carrying a fixed interest rate and re-measured at fair value. Interest rate risk does not apply to investments in equities. Exchange rate risk is limited to a minimal amount of the total investment portfolio denominated in foreign currency mainly GBP and USD.

In order to mitigate investment risk, the Company adopts a prudent parameterized investment risk strategy that is tightly monitored by the Investment Committee. The Investment Committee regularly reviews the investment performance to ensure compliance with the respective strategy and the level of risk remains within tolerance levels according to the risk policies.

C.1.5 Credit Risk

The counterparty risk reflects possible losses due to unexpected default, or deterioration in the credit standing, of counterparties and debtors of undertakings over the forthcoming twelve months. The scope of the counterparty default risk includes, but is not limited to:

- cash at bank
- risk-mitigating contracts, such as reinsurance arrangements
- securitisations and derivatives
- receivables from intermediaries
- other credit exposures

Citadel has a low risk tolerance for credit and counterparty risks. The Company limits its credit risk by investing its assets in securities of institutions of good credit rating. Counterparty risk exposures are also considered to ensure concentration levels are kept within the risk policies. The Company does not envisage any changes to its current material risk concentrations over the business-planning period.

C.1.6 Liquidity Risk

Liquidity is the risk of not being able to make payments as they fall due, as a result of insufficient assets in cash form although solvent. The relatively illiquid nature of insurance liabilities may be a potential source of additional investment return, by allowing the Company to invest in higher yielding, but less liquid assets.

Citadel has an asset liability framework and Committee that monitors short, medium and long-term obligations to ensure sufficient liquidity. The Company has a liquidity policy and framework in place which monitors cash levels and other key elements on an ongoing basis. Citadel retains adequate liquid assets to cover its commitments as and when they fall due. Furthermore, the reinsurance arrangements support their respective liability commitments to complement the Company's liquidity positions.

C.1.7 Operational Risk

Operational risk is the risk of direct or indirect loss, arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment. Operational risk may also be affected by emerging risks, such as, new technologies cyber risk and regulatory environment changes.

Citadel has developed its own risk assessments for each business unit and uses tools to effectively monitor and catalogue risks identified which could have an adverse effect on the Company's operational risk profile. The underlying risk factors have significant bearing on the operational risk of the Company. These are mainly but not limited to:

- Performance and conduct risk: A non-positive customer experience in relation to the quality and service of the policy duration.
- Reputational risk: The exposure for an act or omission of disclosure resulting in the loss of reputation or trust in the Company. Reputational risk is the failure of controls in compliance and other operational risks aligned to customer service.

Citadel manages this risk exposure by on-going monitoring of its internal controls and systems. Its core values ensure that good governance is paramount to meet customer service and product expectations and that the Company complies with related legal and regulatory requirements. There were no material changes with respect to the Company's risk exposures over the reporting period.

C.2 Investment of Assets in accordance with the Prudent Person Principle

The Company invests its assets in a manner to ensure the quality of security, performance and its convertibility into cash for its life and non-life portfolio of investments.

The Investment Committee takes investment decisions based on Prudent Person Principle in the interests of policyholders and shareholders. The Committee manages the investments through an investment policy approved by the Board. The strategy allows instruments, within the tolerance levels, that can be identifiable, measured and monitored. The Committee ensures that the assets of the Company are held with a Custodian of good repute.

In particular, the Company invests in a prudent manner, in securities:

- in countries with a stable outlook;
- which are sufficiently liquid;
- of high and good quality;
- quoted on the Malta Stock Exchange or on international stock exchanges;
- not subordinated; and
- not in government securities in countries included in the 'black list' of the FATF.

C.3 Expected profit included in future premiums ("EPIFP")

The total amount of the EPIFP as at 31 December 2019 € 2,003,471 (2018: stood at €1,1140,789.

C.4 Risk Sensitivity

Citadel performs the ORSA on an annual basis. This process forms an integral part of the risk management systems to determine its overall solvency needs. The Company identifies a number of stress scenarios to test for the volatility of key risk areas of the business to manage its capital more efficiently. Scenario testing also takes into account potential severe or extreme events, which could arise over the business plan period that could lead to significant cash and capital strain relative to the forecast. The major stressors for the individual non-life and life business together with stress scenarios incorporating the two portfolios include, underwriting, claims experience, reinsurance efficiencies, assets tests, reverse stress amongst others.

The Company's risk profile did not materially change since the 2019 ORSA report. Furthermore, given that variances between the Company and the Group SCR are insignificant, no stress tests were deemed necessary for the Group.

C.5 Other Material Information

There is no other material information regarding the risk profile which has not already been disclosed within Sections C.1 to C.4 above.

D. Valuation for Solvency Purposes

This section provides insight into the assets and liabilities of the organisation.

D.1 Valuation of Assets

The valuation and measurement bases of assets under the International Financial Reporting Standards ("IFRS") and the main assumptions used to value Citadel's assets also apply for the purposes of group reporting for Citadel Holdings Limited. Citadel Holdings Limited applies the same valuation criteria for IFRS purposes as those for Citadel.

D.1.1 Financial Assets

These assets are classified as investment assets at fair value through profit or loss, whereas loans and receivables have fixed and determinable values. The purpose for which the investment was purchased determines the classification of the instrument. As the assets are reported on a fair value basis for IFRS and Solvency II, no further adjustments except for the accrued interest received are required for Solvency II purposes.

There are no differences between the recognition and valuation basis for the investment assets, no changes have been made to investment assets under group reporting. The Group has not made any assumptions and judgments with regards to these investment assets.

Investments

The financial assets which are held for trading purposes are designated as so, upon initial recognition. These include investment in equities, corporate and government bonds, and funds other than assets held for unit-linked investments. After initial recognition, financial instruments are measured at their fair value, through profit or loss. The fair value is based on quoted bid prices provided by third party data providers as at the valuation date.

Assets held for index-linked and unit-linked contracts

The fair value of these assets is arrived at using external pricing services received from the respective fund managers.

Loans and receivables

The assets are measured at amortization costs, using the effective interest method. Gains and losses recognized in profit or loss when the financial asset is derecognized or impaired and through the amortization process. The carrying amount of loans and receivables approximate their fair value due to the short term maturities of these assets.

D.1.2 Other Assets

Property and Equipment for Own Use

The Company's property and equipment are held for own use and includes property and vehicles leased from third parties. The leases have been valued in accordance to IFRS 16 – Leases. This standard came into effected from 01 January 2019 and the carrying value as 31 December 2019 was €561K

Land and buildings comprise the offices occupied by the Company. Following initial recognition at cost, the Company's property for own use is revalued at least on a triennial basis. Surplus and/or deficit arising on revaluation is taken to revaluation reserve and excess charged to the income statement. All other property, plant & equipment are stated at historical cost net of accumulated depreciation and impairment losses.

There are no differences between the recognition and valuation basis for the property and equipment for own use and there have been no changes to the recognition and valuation bases for property and equipment for own use over the reporting period.

For the purpose of Group Solvency reporting, no assumptions and judgments were made with regards to the property and equipment for own use.

Investment Property

The Company's investment properties are held for leasing purposes

Following initial recognition at cost, the Company's investment property is revalued on an annual basis. Surplus and/or deficit arising on revaluation is taken to profit or loss.

There are no differences between the recognition and valuation basis for the investment property.

For the purpose of Group Solvency reporting, no assumptions and judgments were made with regards to the investment property.

Reinsurance Recoverable

Reinsurance recoverable is the cost which is recovered from reinsurers.

For Solvency II purposes, the calculation is the same as for the best estimate liability as included under Section D.2.

Receivables

The receivables of the Company are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Appropriate allowances for estimated irrecoverable amounts are recognised through profit or loss except on evidence that the asset is impaired.

There are no differences between the recognition and valuation basis for the receivables and there have been no changes to the recognition and valuation bases for receivables over the reporting period.

For the purpose of Group reporting, no assumptions and judgments were made to receivables.

Cash and cash equivalents

Cash and cash equivalents of the Company comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the statement of cash flows.

There are no differences between the recognition and valuation basis for the cash and cash equivalents and there have been no changes to the recognition and valuation bases for the cash and cash equivalents over the reporting period.

For Group reporting, no assumptions and judgments were made to cash and cash equivalents.

Intangible Assets

Under IFRS, an intangible asset is recognised on the expected future economic benefits that is attributable to the asset and that the cost of the asset can be measured reliably.

The Company assesses whether the useful life of intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss, over the estimated usefulness of the asset. Intangible assets are derecognised on disposal or when no future expected economic value is deemed to be realised. Gains or losses arising from derecognised assets are included in profit or loss in the period.

The Company is not able to show that there is equivalent market value for these assets in the active markets and so have zero value under Solvency II. Intangible assets are excluded for Solvency II calculation purposes.

Deferred Acquisition Costs
Acquisition costs comprise direct and indirect costs arising from entering into general insurance contracts. Acquisition cost is accrued over an equivalent period of the underlying premium. Deferred acquisition costs which are stated net of deferred reinsurers' commission, represent those acquisition costs incurred in respect of unearned premiums existing at the end of the reporting period.

The deferred acquisition costs have zero value under Solvency II and are therefore not included in the Solvency II balance sheet.

Off Balance Sheet Items
The Company does not have any off-balance sheet assets.

D.1.3 Differences between the Solvency II and IFRS balance sheets

The table below shows the material differences between the Solvency II and IFRS Balance Sheet for the Group. The material differences have already been highlighted above, whereas the minor difference refer to Group unrelated transactions.

Group

Assets Split by material classes of assets 31 December 2019	**Solvency II**	**IFRS**	**Difference**
Deferred acquisition costs	-	873,397	(873,397)
Intangible assets (excluding Goodwill)	-	352,452	(352,452)
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	4,597,416	4,597,416	-
Investments			
Property (other than own use and participations)	2,415,000	2,415,000	-
Participations	-	-	-
Equities	1,791,874	1,791,874	-
Bonds	7,190,721	7,089,365	101,355
Investment Funds	2,098,568	2,098,568	-
Deposits other than cash equivalents	1,000,000	1,000,000	-
Assets held for unit-linked and index-linked contracts	1,212,230	1,212,230	-
Reinsurance recoverable from:			
Non-life and health similar to non-life	1,051,812	2,845,676	(1,793,864)
Life & health similar to life, excluding health & index-liked & unit-linked	(3,163,014)	1,186,219	(4,349,233)
Insurance & intermediaries receivables	1,895,787	3,262,958	- 1,367,172
Reinsurance receivables	236,066	-	236,066
Receivables (trade, not insurance)	274,397	375,752	(101,355)
Cash and cash equivalents	6,790,874	6,790,874	-
Any other assets, not elsewhere shown	138,316	138,316	-
Total assets	**27,530,046**	**36,030,098**	**(8,500,052)**

Company

Assets Split by material classes of assets 31 December 2019	**Solvency II**	**IFRS**	**Difference**
Deferred acquisition costs	-	873,397	(873,397)
Intangible assets (excluding Goodwill)	-	513,420	(513,420)
Deferred tax assets	13,730	-	13,729.80
Property, plant & equipment held for own use	4,595,702	4,595,702	-
Investments			
Property (other than own use and participations)	2,415,000	2,415,000	-
Participations	299,999	299,999	-
Equities	1,791,874	1,791,874	-
Bonds	7,190,721	7,089,365	101,355
Investment Funds	2,098,568	2,098,568	-
Deposits other than cash equivalents	1,000,000	1,000,000	-
Assets held for unit-linked and index-linked contracts	1,212,230	1,212,230	-
Reinsurance recoverable from:			
Non-life and health similar to non-life	1,051,812	2,845,676	(1,793,864)
Life & health similar to life, excluding health & index-liked & unit-linked	(3,163,014)	1,186,219	(4,349,233)
Insurance & intermediaries receivables	1,895,787	3,262,958	- 1,367,172
Reinsurance receivables	236,066	-	236,066
Receivables (trade, not insurance)	288,413	389,768	(101,355)
Cash and cash equivalents	6,703,780	6,703,780	-
Any other assets, not elsewhere shown	135,606	135,606	-
Total assets	**27,766,273**	**36,413,563**	**(8,647,290)**

In view that the Group and Company adopt IFRS when preparing the AFS, there are no material differences between the Solvency II and IFRS balance sheets with the exception of the following items:

(a) Intangible assets:
The intangible assets have a zero value under Solvency II as they cannot be sold separately contrary to that under IFRS whereby these assets are shown at cost less any amortisation.

(b) Deferred acquisition costs:
The deferred acquisition costs have a zero value under Solvency II as they cannot be sold separately. Under IFRS these include all direct and indirect costs arising from entering into general insurance contracts. The costs are accrued over the corresponding period of the underlying business is written and charged to the corresponding accounting.

(c) Investments
Under IFRS all investments in the balance sheet are recognised at fair value through the profit and loss. Any accrued interest is recognised with Receivables (Trade). Under Solvency II the accrued interest on the bonds is included with the fair value.

(d) Reinsurance receivables
While there are no differences in the reinsurance receivable amounts under Solvency II and IFRS, this amount is allocated under reinsurance recoverables under IFRS.

(e) Reinsurance recoverables
Please refer to section D.2.1.5 for an explanation on the differences between Solvency II and IFRS.

D.2 Valuation of Technical Provisions

This section includes detail on the valuation of the technical provisions of Citadel for Solvency II purposes. It details the value of technical provisions, including the amount of best estimates and risk margin for each line of business. It also describes the bases, method and main assumptions used for the valuation of the best estimates and risk margin for general and life business under Solvency II requirements.

The technical provisions of the Group consist of the technical provisions of Citadel only.

D.2.1 Technical Provisions Valuation for the General Business

The table below provides the breakdown of the technical provisions for the general lines of business as at 31 December 2019.

	Best Estimate (€)						
	Premium Provisions			Claims Provisions			Risk
Line of Business	Gross	Reinsurance	Net	Gross	Reinsurance	Net	Margin
Medical Expense	220,746	(33)	220,778	218,782	465,008	(246,225)	30,379
Income Protection	12,689	(4,739)	17,428	52,838	1	52,837	5,392
Motor Vehicle Liability	1,046,583	(5,579)	1,052,162	3,867,376	215,541	3,651,835	369,372
Other Motor	841,730	(49,039)	890,769	428,519	984	427,535	44,738
Marine, Aviation & Transport	65,533	3,061	62,472	111,978	23,209	88,769	13,698
Fire & Other Damage to Property	(199,047)	(235,081)	36,035	1,314,440	559,199	755,241	60,708
General Liability	(1,357)	(14,971)	13,615	745,717	-	745,717	34,487
Assistance	237,770	(24,519)	262,290	543,033	79,728	463,305	23,156
Miscellaneous Financial Loss	(10,604)	(6,003)	(4,602)	57,344	45,046	12,297	1,984

D.2.1.1 Methodology used in the calculation of the Best Estimate of Technical Provisions for the General Business

The methodology that has been used to calculate the technical provisions is in line with the CDR. The technical provisions are the sum of the Best Estimate of Liabilities ("BEL") and the Risk Margin ("RM"). The BEL for general business is made up of the Claims Provisions and Premium Provisions. No simplifications have been used in the calculation of the BEL for the general business.

The Actuarial Function ensures that the technical provisions are considered appropriate for the nature, scale and complexity of various insurance risks.

Claims Provisions

Claims provisions cover future cash flows on earned premium business.

Claims provisions for IFRS are calculated using the assessment for individual cases reported and statistical analysis of the claims incurred but not reported. Citadel does not discount its liabilities for unpaid claims. The provisions for unpaid claims are reviewed on an on-going basis to ensure adequacy.

The claims provision for the general business under Solvency II is calculated using a range of standard actuarial techniques including the chain ladder, Bornhuetter-Ferguson and average cost per claim methods. The claims provision aligned to each line of business is made up of the following components:

Best IBNR

The claims provisions includes both claims outstanding and settlement. However, to arrive at a more realistic provision a 'best estimate' is modelled by our Actuary for claims incurred but not yet reported (IBNR). The actuarial techniques vary by nature, scale and complexity of the line of business.

Unallocated Loss Adjustment Expenses (ULAE)

Includes operational overheads as captured through the business planning expense allocations.

Discounting

All future year cash flows discounted to present value using prescribed EIOPA risk-free discount curve for relevant currency interest rate-term structure, based on swap rates.

Payment Pattern

Patterns are derived using historical payment patterns derived from historic claims data.

Alternative approaches are used to test for rare occurrences when projecting claims reserves in order to build a more comprehensive understanding of key drivers of reserve development.

Premium Provisions

Premium provisions cover future cash flows on unearned premium or bound business.

Best estimate of future claims is estimated by applying forecasted loss ratios to unearned premiums.

The approach used for other elements such as discounting, payment patterns, and reinsurer default measurement is similar to that used for claims provisions.

Technical Provisions movements over 2019 nearly solely reflect the impact of changes to the claims reserves. Methodology of reserving has been generally consistent with some changes to specific years within some classes but this has only been done in some isolated cases. The differences in estimates reflect, where significant, movements in claims data which may have been out of line with prior estimations. Over the years, the methodology used has been consistent for both the best estimate of liabilities and the risk margin.

D.2.1.2 Methodology used in the calculation of the Risk Margin for the General Business

The following risks are projected within the Risk Margin:

Underwriting risk across all business lines, counterparty default risk, operational risk and catastrophe risk.

Simplication: The whole SCR is used for each future year and for each risk sub-module. The SCR will proportionally decrease in line with the run-off pattern of net claims paid. The assumptions on which the risk profile, linked to the obligations, is considered unchanged over the years. This corresponds to simplification number 3 within the EIOPA Guidelines. At each annual point, the sections of the SCR used to calculate the risk margin are multiplied by the 6% cost of capital in Solvency II Guidelines and then discounted using the prescribed yield curve.

Discount rate and discounting: The projected charges are discounted by the term structure of the relevant currency yield curve as at the valuation date. The yield curves by currency are published by EIOPA and disclosed on the EIOPA website.

D.2.1.3 Key Assumptions and Expert Judgement used in the Valuation of Technical Provisions for General Business

Claims Provisions

Cash flow patterns are derived from historic claims payments at a class of business level. Future claims payments could accelerate or decelerate from this. At present, it is reasonable to assume that past experience will be a guide to the future.

The main assumptions when using the standard actuarial techniques for reserving take into consideration that:

- There is stability in the reporting and development patterns over time.
- The future rate of inflation will be the average past experience;
- The shape/ mix of business does not change; Reinsurance arrangements have not altered (for net calculations).

Premium Provisions

It is assumed that the reporting year accident date loss ratio from the claims reserving exercise is appropriate to assess claims experience on unearned premium.

The loss ratio is also not adjusted for any potential differences in mix between the earned and unearned business. This is due to the preference to maintain a simplistic calculation. This approach seems reasonable, and the Actuarial Function is involved in reviewing the appropriateness of the loss ratios in the business plan.

D.2.1.4 Level of Uncertainty in the Valuation of Technical Provisions for General Business

There is inherent uncertainty in general insurance. The Group underwrites a range of risks under a cautious underwriting policy. In particular, it includes exposure to bodily injury liability and larger claims. The reinsurance programme together with the available capital resource mitigates the risk that ultimate claims costs exceed the best estimate.

D.2.1.5 Material Differences between Solvency II and IFRS Valuations for General Business

Line of Business	Solvency II		IFRS	Difference
	Best Estimate	Risk Margin		
Technical provisions – non-life				
Motor vehicle insurance	6,184,207	414,110	7,416,009	(817,692)
Marine	177,511	13,698	129,819	61,390
Fire and other damage to property insurance	1,115,394	60,708	2,609,013	(1,432,911)
General liability insurance	744,360	34,487	938,168	(159,321)
Assistance	780,803	23,156	591,068	212,892
Miscellaneous financial loss	46,739	1,984	76,263	(27,539)
Technical provisions – health	505,055	35,771	878,763	(337,936)
	9,554,069	**583,915**	**12,639,102**	**(2,501,117)**

Technical provisions – non-life - for Solvency II valuation, the liabilities have been valued in line with current EIOPA Guidelines. This has been done on a best estimate basis, using namely the chain ladder method, the Bornhuetter-Ferguson method and the average cost per claim method across all lines of business. The most material lines of business are Motor Third-Party Liability (“MTPL”), Motor Other Damage (“MOD”) and Fire. The MTPL projection of claims is based upon a chain ladder method on incurred data owing to the longer tail of these liabilities. MOD and Fire claims were projected using a chain ladder method based on paid claims. These lines of business are shorter tailed and the data is more developed, therefore suitable to use.

For the statutory valuation, the outstanding claims are based on the individual assessment of claims reported which are adjusted as and when further information is received. This methodology is applied across all lines of business.

D.2.1.6 Other Relevant Information

Citadel does not make use of the following:

- Matching Adjustment to the EIOPA risk-free interest rates;
- Volatility Adjustment to the EIOPA risk-free interest rates;
- Transitional Risk-Free Interest Rate-Term Structure;
- Transitional deduction.

D.2.1.7 Recoverable from Reinsurance Contracts and Special Purpose Vehicles

The reinsurance coverage in place varies by class of business. Types of coverage include a Proportional and an Excess of Loss liability arrangements together with various Excess of Loss treaties for single or aggregate risks to the Company’s net liabilities. Reinsurance recoverables are projected consistently with the gross position in the actuarial analysis. For the Excess of Loss contracts where specific large losses are expected to have an impact, each loss and its recoveries is examined individually.

Citadel does not have in place any Special Purpose Vehicles.

D.2.1.8 Material changes in the relevant assumptions made in the calculation of Technical Provisions for the General Business

There were no material changes in the relevant assumptions made in the calculation of technical provisions during the reporting period.

D.2.1.9 Off-Balance Sheet Items

There are no off-balance sheet liabilities.

D.2.2 Technical Provisions Valuation for the Long-term Business

The table below provides the breakdown of the technical provisions for the long-term business by Solvency II lines of business as at 31 December 2019

	Best Estimate Liability (€)			
Line of Business	**Gross**	**Reinsurance**	**Net**	**Risk Margin**
Insurance with profit participation	5,331,784	-	5,331,784	38,289
Index-linked & unit-linked insurance contracts				
Contracts without guarantee options	1,032,791	-	1,032,791	11,038
Other life insurance				
Contracts without options or guarantees	(5,145,018)	(3,163,014)	(1,982,003)	1,442,493

D.2.2.1 Methodology used in the calculation of the Best Estimate of Technical Provisions for the Long-Term Business

The methodology that has been used to calculate the technical provisions is in line with the CDR. The technical provisions are the sum of the BEL and the RM.

All individual policies are projected on a policy-by-policy basis allowing for renewal expenses, additional expense reserve and potential shortfalls in future income. All cash flows are projected, both income and outgo but there is no inclusion of interest earnings. Cash flows are grouped into benefit outgo, premiums received, assumed expenses incurred and other income. Other income relates to policy fees receivable and only applies to pure protection products at present.

D.2.2.2 Methodology used in the calculation of the Risk Margin for the Long-Term Business

The risk margin is an addition to the BEL. It is intended to increase the technical provisions to the amount that would have to be paid to another company in order to take over and meet the insurance obligations. It represents the theoretical compensation for the risk of future experience being worse than the best estimate assumptions, and for the cost of holding regulatory capital against this.

The Risk Margin is calculated using the following simplification approach:

- The SCR is calculated at the valuation date and is the sum of lapse, expense, interest, mortality, disability, catastrophe and operational risks.
- The Loss Absorbing Capacity of Technical Provisions is set to 0.
- The future SCR is assumed to move in line with total technical reserves. This results in quite large increases in SCR for a number of years as the reducing amount of protection insurance (an asset)

falls away, and reserve increases are therefore large. This assumption can be considered conservative and probably overestimates future SCRs given the current portfolio mix.

- The total Risk Margin is calculated using $RM = \sum_{t\geq 0} CoC \cdot SCR_{ip}(t)/(1 + r_{t+1})^{t+1}$. The risk-free rates as at 31 December 2018 used to discount all future cash-flows are provided by EIOPA.
- The total Risk Margin is allocated to the core product groups based partly on a proportional approach but allocates most of the mortality and catastrophic risk to pure protection products.

D.2.2.3 Key Assumptions and Expert Judgement used in the Valuation of Technical Provisions for Long Term Business

The basis of the assumptions is to use best estimates based on experience where credible or appropriate.

For both IFRS and Solvency II, the mortality and morbidity rates are assumed at just below the net of percentage rates currently reinsured. The actual experience studies over recent years show a lower rate of mortality than the applicable percentage of the reinsurance rate.

Risk free discount rates provided by EIOPA for the relevant time period are used in the calculations.

D.2.2.4 Level of Uncertainty in the Valuation of Technical Provisions for Long Term Business

There is a low level of uncertainty associated with the technical provisions. The guarantees are fully projected and discounted using risk free rates supplied by EIOPA. Shocks to these discount rates are covered by the interest margin in the SCR. Mortality and morbidity experience are lower than assumed and the value of future expenses exceeds what is required if the Company continues to grow. Lapsation does not have a large impact although a major lapse of protection policies would impact the expense assumption. Again, the SCR covers a major hit on expenses.

D.2.2.5 Material Differences between Solvency II and IFRS Valuations for Long Term Business

Technical Provisions	Solvency II	IFRS	Difference
Insurance with profit participation other life insurance	1,667,548	6,796,255	(5,128,707)
Index-linked and unit-linked insurance	1,043,829	1,212,130	(168,301)
Total Technical Provisions	**2,711,378**	**8,008,386**	**(5,297,008)**

With-profit – The IFRS amount includes all contingency and guarantee reserves. However, the IFRS amount allows for a rate of return on assets that are actually supporting this liability. The EIOPA discount rates are considerably lower than this rate of return that the Company expects to make on its assets. In addition, the liabilities are considerably longer in term than the assets so discounting at much lower rates does have a large impact.

Unit-linked – Under IFRS, the minimum surrender value is held plus a reserve amount, known as the sterling reserve. This reserve ensures no policy is used to subsidize another policy in terms of future cash flows. This rule does not apply under Solvency II, so the reserve is zero. In addition, the effect of future positive cash flows means the reserve held can be slightly lower than the surrender value under Solvency II.

Other Insurance – There is a major change between IFRS and Solvency II valuation. Under IFRS, each policy is reserved for individually and no policy is held as an asset (that is no negative reserves). Under Solvency II, negative reserves are allowed.

D.2.2.6 Other Relevant Information

Citadel does not make use of the following:

- Matching Adjustment to the EIOPA risk-free interest rates
- Volatility Adjustment to the EIOPA risk-free interest rates
- Transitional Risk-Free Interest Rate-Term Structure
- Transitional deduction.

D.2.2.7 Recoverable from Reinsurance Contracts and Special Purpose Vehicles

Citadel has in place reinsurance arrangements with reputable highly rated reinsurance companies. The treaties cover adequately the Company from catastrophic scenarios. The relatively low retention level in its reinsurance agreements contributes towards the Company maintaining its Underwriting & Reserving SCR within the stated risk policy limits. The reinsurers have credit ratings of at least A- and are within the Company's risk polices with respect to counterparty credit risk. In conclusion, the Company's reinsurance agreements satisfy its reinsurance strategy.

The Group does not have in place any Special Purpose Vehicles.

D.2.2.8 Material changes in the relevant assumptions made in the calculation of Technical Provisions for Long Term Business

There were no material changes in the relevant assumptions made in the calculation of technical provisions during the reporting period other than in the EIOPA interest rate.

D.2.2.9 Future Management Actions and Policyholder Behaviour

D.2.2.9.1 Assumptions about Future Management Actions

D.2.2.9.2 Assumptions about Policyholder Behaviour

Past experience lapse rates have been projected forward so we assume policyholders will lapse at the same rate in future although the company has a more robust policy in force to reduce the incidence of lapsation. We are also aware that customers will require an improved level of communication and service in future in line with modern technologies. These issues are being addressed.

D.2.2.10 Off-Balance Sheet Items

There are no off-balance sheet liabilities.

D.3 Valuation of Other Liabilities

D.3.1 Other Liabilities excluding Technical Provisions

The other liabilities of the Company other than technical provisions consist of the following items:

Deferred Tax Liability

The deferred tax liability in the Solvency II Balance Sheet arises on the conversion of the Balance Sheet from IFRS basis to Solvency II. The changes incurred to the asset and liability figures resulted in a change in the own funds of the Group and the Company under Solvency II. The deferred tax liability under Solvency II is calculated as follows: IFRS Deferred Tax Liability + (Tax Rate * [Own Funds under SII – Own Funds under IFRS]).

Payables

Payables are classified with liabilities and are stated at their nominal value unless the effect of discounting is material, in which case payables are measured at amortised cost using the effective interest method. The payables comprise the following items:

(a) Insurance and intermediary payables;
(b) Payables (trade, not insurance); and
(c) Debts owed to credit institutions

Bank overdraft

Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

There are no differences between the recognition and valuation basis for the other liabilities and there have been no changes to the recognition and valuation bases for the other liabilities over the reporting period.

No estimations, assumptions and judgements were made over the reporting period.

D.3.2 Material differences between Solvency II and IFRS Valuations

The material differences between the Solvency II and IFRS balance sheet with regards to the other liabilities excluding technical provisions are summarized in the table below:

Group

Other Liabilities	Solvency II	IFRS	Difference
Deferred tax liabilities	650,848	608,239	42,609
Debts owed to credit institutions	1,711,825	1,711,825	-
Insurance & intermediaries payables	2,498,035	3,321,702	(823,667)
Payables (trade, not insurance)	432,145	432,145	-
Subordinated liabilities in basic own funds	1,215,018	1,215,018	-
Total liabilities other than technical provisions	**6,507,871**	**7,288,929**	**(781,058)**

Company

Other Liabilities	Solvency II	IFRS	Difference
Deferred tax liabilities	401,948	179,684	222,264
Debts owed to credit institutions	1,333,682	1,333,682	-
Insurance & intermediaries payables	2,509,491	2,071,890	437,601
Payables (trade, not insurance)	752,365	752,365	-
Subordinated liabilities in basic own funds	1,580,550	1,580,550	-
Total liabilities other than technical provisions	**6,578,036**	**5,918,171**	**659,865**

The deferred tax liability in the Solvency II balance sheet arises on the conversion of the balance sheet from IFRS to Solvency II basis. Any adjustments made to the IFRS balance sheet for the purpose of Solvency II reporting should be considered for related deferred tax adjustments. These adjustments represent valuation changes between the IFRS and Solvency II basis, which will ultimately result in an impact on the Company's profit or loss account.

D.4 Other Material Information

There is no other material information that has not been disclosed in Section D.1 to D.4 above.

E. Capital Management

This section provides an analysis of the Company's capital management in relation to own funds and the various capital requirements as prescribed by Solvency II.

E.1 Own Funds

E.1.1 Objectives of capital management

Citadel's fundamental objective is to manage and maintain a sound capital base to support business risk profile to preserve shareholder value, customer trust and loyalty. In particular, Citadel ensures that it manages its capital within the regulatory requirements of Solvency II.

The Company has established a Capital Management Policy together with a Liquidity/Funding Contingency Plan to achieve its objectives over its business-planning period. The Board is responsible to ensure that solvency is maintained at all times.

Each year the Company performs an ORSA wherein it projects and forward calculates its SCR to ensure availability and eligibility of capital within the risk policy threshold and regulatory requirements over its business plan period.

The Company has adopted the Standard Formula approach for the calculation of the SCR and the MCR. The following sections of this report show that the Company will have sufficient capital throughout the business-planning period.

Citadel monitors its capital management framework on an on-going basis. In this way, it is able to monitor any potential deviations of its risk profile. The SCR is reviewed regularly to ensure that the Company remains comfortably above its solvency capital requirement targets.

There have been no material changes to the objectives, policies and processes for managing the own funds of the Company during the reporting period.

E.1.2 Structure of Own Funds

The own funds of the Company are made up of the excess assets over liabilities as shown on the Balance Sheet in Section D.

Under the previous regulatory requirements, the Company was obliged to take out sub-ordinate loan to cover the high value of reinsurance assets not allowable under Solvency I requirement calculation. Under Solvency II the Company is no longer required to hold "Tier 2" subordinate capital (below).

The Own Funds of the Group and the Company as at the end of December 2018 comprise Tier 1 Basic Own Funds and Tier 2 Own Funds.

Group

Basic Own Funds (€)	Classification	2019	2018	Difference
Paid Up Ordinary Share Capital	Unrestricted Tier 1	21,897	21,897	-
Reconciliaton Reserve	Unrestricted Tier 1	4,405,800	4,697,043	(291,243)
Subordinated Loans	Tier 2	1,215,018	1,215,018	-
Minority Interests	Unrestricted Tier 1	3,745,116	3,639,408	105,708
Total		**9,387,831**	**9,573,367**	**(185,536)**

Company

Basic Own Funds (€)	Classification	2019	2018	Difference
Paid Up Ordinary Share Capital	Unrestricted Tier 1	5,000,400	5,000,400	-
Reconciliaton Reserve	Unrestricted Tier 1	2,869,229	3,090,033	(220,804)
Subordinated Loans	Tier 2	1,580,550	1,580,550	-
Total		**9,450,179**	**9,670,983**	**(220,804)**

The Company has an authorized share capital of €7,200,000, of which €5,000,400 has been issued and fully paid up.

E.1.2.1 Analysis of Tier 1

The Tier 1 Own Funds are unrestricted and eligible to meet both the SCR and the MCR.

The Company's ordinary share capital is classified as Tier 1 Basic Own Funds under Solvency II. Since the last reporting year there were no changes in the paid-up ordinary share capital.

The reconciliation reserves are made up of the excess of assets over liabilities less the ordinary share capital and can be recognised as Tier 1 Basic Own Funds under the Solvency II Directive.

The components that make up the reconciliation reserves as at 31 December 2019 and 2018 are presented in the table below:

Group

Reconciliation Reserve (€)	2019	2018	Difference
Excess of assets over liabilities	8,172,813	8,358,349	(185,536)
Ordinary Share Capital	21,897	21,897	-
Minority Interests	3,745,116	3,639,408	105,708
Total	**4,405,800**	**4,697,043**	(291,243)

Company

Reconciliation Reserve (€)	2019	2018	Difference
Excess of assets over liabilities	7,869,629	8,090,433	(220,804)
Ordinary Share Capital	5,000,400	5,000,400	-
Total	**2,869,229**	**3,090,033**	(220,804)

E.1.2.2 Analysis of Tier 2

The subordinated loans of the Company form part of the Tier 2 Basic Own Funds and meet the requirements of the CDR.

Tier 2 capital of up to 50% of the SCR is eligible to meet the SCR and up to 20% of the absolute MCR is eligible to meet the MCR.

The subordinated loans amount to €1,580,550 (2018: €1,580,550) for the Company and €1,215,018 (2018: €1,215,,018) for the Group and are split between shareholders' subordinated loans and bank subordinated loans as indicated in the table under section E.1.3 below for solo and group reporting.

E.1.3 Eligible amount of Own Funds to cover the SCR and MCR

The tables below represent the Group and Company's Eligible Own Funds that are used to cover the SCR and MCR as at 31 December 2019

Eligible Own Funds	Classification	Company	Group
Paid Up Share Capital	Unrestricted Tier 1	5,000,400	21,897
Reconciliation Reserve	Unrestricted Tier 1	2,869,229	4,405,800
Subordinated Loans	Tier 2	1,580,550	1,215,018
Minority Interest	Unrestricted Tier 1	-	3,745,116
Total		**9,450,179**	**9,387,831**
SCR		4,380,500	4,360,100
MCR		7,400,000	7,400,000
Total Eligible to meet the SCR		9,450,179	9,387,831
Total Eligible to meet the MCR		9,349,629	9,387,831
Ratio of Eligible Own Funds to cover SCR		216%	215%
Ratio of Eligible Own Funds to cover MCR		126%	127%

E.1.4 Material differences between Equity as shown under the Financial Statements and Excess of Assets over Liabilities under Solvency II

The table below provides the breakdown of the total equity in the IFRS Annual Financial Statements and the excess of assets over liabilities under Solvency II:

Group

	2019 €	2018 €
Total Equity under IFRS	8,093,682	7,841,094
Adjustments arising from Solvency II	79,131	517,255
Excess of Assets over Liabilities under Solvency II	8,172,813	8,358,349

The differences between the IFRS and Solvency II balance sheet are explained in Section D.

Company

	2018 €	2017 €
Total Equity under IFRS	7,677,657	8,427,985
Adjustments arising from Solvency II	412,776	1,079,003
Excess of Assets over Liabilities under Solvency II	8,090,433	9,506,989

E.1.5 Transitional Arrangements
The Group and Company have not applied any transitional arrangements.

E.1.6 Ancillary Own funds
The Group and Company do not currently have any ancillary own fund items.

E.1.7 Restrictions affecting the availability and transferability of Own Funds
The Company does not deduct any items from its own funds and has no restrictions on the availability and transferability of its own funds.

E.1.8 Principal Loss Absorbency Mechanism
Article 71 (1) (e) of the CDR states that the Principal Loss Absorbency Mechanism and trigger points should apply to the following own fund items:

(i) Paid-in subordinated mutual member accounts;
(ii) Paid-in preference shares and the related share premium account; and
(iii) Paid-in subordinated liabilities.

Since the Group and Company do not have any of the own funds mentioned in the list above, the Principle Loss Absorbency Mechanism and trigger points, do not apply to the Group and Company.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amounts of SCR and MCR at the end of the reporting period
The Company's SCR and MCR as at 31 December 2019 is presented in the following table:

SCR & MCR at 31 December 2019 (€)	Company	Group
SCR	4,380,500	4,360,100
MCR	7,400,000	7,400,000

No balances relating to the final amount of the SCR and MCR are currently under supervisory assessment. The final amount of the SCR remains subject to supervisory assessment.

E.2.2 Solvency Capital Requirement split by risk modules

The Company makes use of the Standard Formula when calculating its solvency capital requirements. The formula takes a modular approach, meaning that individual exposure to each risk category is assessed and then aggregated together.

The table below represents a breakdown of the SCR as at 31 December 2019:

Risk Type	Risk Charge (€) 2019	
	Company	Group
Non-Life Underwriting Risk	3,080,100	3,080,100
Health Underwriting Risk	137,212	137,212
Life Underwriting Risk	917,398	917,398
Counterparty Risk	1,380,629	1,388,096
Market Risk	3,460,686	3,413,924
Diversification Benefit	(2,745,712)	(2,737,800)
Basic SCR	**6,230,314**	**6,198,930**
Operational Risk	508,917	508,917
SCR before the loss-absorbing capacity of deferred taxes	**6,739,230**	**6,707,847**
Loss-absorbing capacity of deferred taxes	(2,358,731)	(2,347,746)
SCR after the loss-absorbing capacity of deferred taxes	**4,380,500**	**4,360,100**

E.2.3 Minimum Capital Requirement

The MCR is calculated using the method prescribed by the CDR. The calculation of the MCR combines a linear formula with a floor of 25% and a cap of 45% of the SCR calculated using the Standard Formula. The inputs used in this calculation are detailed below:

Non-life business component:

a) Net technical provisions, excluding the risk margin, for each line of business;
b) Net premium written in the last 12 months, for each line of business; and
c) SCR.

Long term business component:

a) With-profit obligations relating to the guaranteed benefits;
b) Index and unit-linked obligations;
c) Obligations relating to other long-term business;
d) Total capital at risk for all life insurance obligations, after allowing for reinsurance; and
e) SCR.

The Best Estimate Liability for non-linked products is set to a minimum of zero to avoid reducing the MCR, in line with the CDR.

Citadel is a composite insurer selling both life and non-life products; therefore, the Absolute Minimum Capital Requirement is €7,400,000, consisting of €3,700,000 covering the non-life business and €3,700,000 covering the long-term business.

At 31 December 2019, the Company had a surplus amounting to € 1,949,629 over the MCR.

E.2.4 Changes to the SCR and MCR during the reporting period

The table below summarises the SCR and MCR as at December 2017 and December 2018:

Company:

	2019 €	2018 €
SCR	4,380,500	4,419,501
MCR	7,400,000	7,400,000

Group:

	2019 €	2018 €
SCR	4,360,100	4,398,464
MCR	7,400,000	7,400,000

The table above shows that there has been no material change to the SCR and MCR over the reporting period.

E.2.5 Other Relevant Information

The Company does not make use of an internal model, of undertaking specific parameters or simplified calculations to calculate the SCR. No matching adjustment is applied to the relevant risk-free interest term structure.

Aside from the SCR and MCR ratios presented in S.23.01.01, the Group and Company do not disclose any other ratios.

The Company is not required to hold any regulatory capital add-ons. It does not make use of the duration-based equity risk sub-module in the calculation of the SCR as set out in Article 304 of the Solvency II Directive.

E.4 Other Material Information

There is no other material information regarding capital management that has not already been disclosed in Sections E.1 to E.3 above.

Appendices

Annual Qualitative Reporting Templates

S.02.01 – Balance Sheet

€000s

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	4,597
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	14,496
Property (other than for own use)	R0080	2,415
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	1,792
Equities - listed	R0110	1,792
Equities - unlisted	R0120	-
Bonds	R0130	7,191
Government Bonds	R0140	3,409
Corporate Bonds	R0150	3,782
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	2,099
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	1,000
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	1,212
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	-2,111
Non-life and health similar to non-life	R0280	1,052
Non-life excluding health	R0290	592
Health similar to non-life	R0300	460
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-3,163
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-3,163
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	1,896
Reinsurance receivables	R0370	236
Receivables (trade, not insurance)	R0380	274
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	6,791
Any other assets, not elsewhere shown	R0420	138
Total assets	**R0500**	**27,530**

€000s

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	10,138
Technical provisions – non-life (excluding health)	R0520	9,597
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	9,049
Risk margin	R0550	548
Technical provisions - health (similar to non-life)	R0560	541
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	505
Risk margin	R0590	36
Technical provisions - life (excluding index-linked and unit-linked)	R0600	1,668
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	1,668
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	187
Risk margin	R0680	1,481
Technical provisions – index-linked and unit-linked	R0690	1,044
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	1,033
Risk margin	R0720	11
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	651
Derivatives	R0790	-
Debts owed to credit institutions	R0800	1,712
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	2,498
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	432
Subordinated liabilities	R0850	1,215
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	1,215
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	R0900	**19,357**
Excess of assets over liabilities	R1000	**8,173**

S.05.01 – 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: accepted non-proportional reinsurance				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
		€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Premiums written																		
Gross - Direct Business	R0110	2,198	157	-	3,514	3,807	258	2,759	677	-	-	1,102	49					14,521
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0130													-	-	-	-	-
Reinsurers' share	R0140	1,758	10	-	164	178	198	2,280	176	-	-	88	37	-	-	-	-	4,890
Net	R0200	440	147	-	3,350	3,629	60	479	502	-	-	1,014	12	-	-	-	-	9,631
Premiums earned																		
Gross - Direct Business	R0210	2,115	160	-	3,368	3,649	242	2,541	644	-	-	1,128	47					13,893
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0230													-	-	-	-	-
Reinsurers' share	R0240	1,692	10	-	164	178	187	2,097	179	-	-	89	35	-	-	-	-	4,633
Net	R0300	423	150	-	3,204	3,471	55	443	465	-	-	1,039	11	-	-	-	-	9,260
Claims incurred																		
Gross - Direct Business	R0310	1,483	18	-	2,604	1,902	80	1,398	108	-	-	729	53					8,374
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0330													-	-	-	-	-
Reinsurers' share	R0340	1,187	-	-	0	-3	60	1,048	-1	-	-	19	52	-	-	-	-	2,362
Net	R0400	297	18	-	2,603	1,905	20	349	109	-	-	709	1	-	-	-	-	6,012
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	404	56	-	834	903	65	767	149	-	-	340	14	-	-	-	-	3,533
Other expenses	R1200																	-
Total expenses	R1300																	3,533

S.05.01 – 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 insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
		€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Premiums written										
Gross	**R1410**	-	393	75	1,961	-	-	-	-	2,428
Reinsurers' share	**R1420**	-	28	12	974	-	-	-	-	1,015
Net	**R1500**	-	364	62	986	-	-	-	-	1,413
Premiums earned										
Gross	**R1510**	-	393	75	1,961	-	-	-	-	2,428
Reinsurers' share	**R1520**	-	28	12	974	-	-	-	-	1,015
Net	**R1600**	-	364	62	986	-	-	-	-	1,413
Claims incurred										
Gross	**R1610**	-	237	369	50	-	-	-	-	656
Reinsurers' share	**R1620**	-	66	4	10	-	-	-	-	81
Net	**R1700**	-	170	365	40	-	-	-	-	575
Changes in other technical provisions										
Gross	**R1710**	-	-	-	-	-	-	-	-	-
Reinsurers' share	**R1720**	-	-	-	-	-	-	-	-	-
Net	**R1800**	-	-	-	-	-	-	-	-	-
Expenses incurred	**R1900**	-	122	39	562	-	-	-	-	723
Other expenses	**R2500**									-
Total expenses	**R2600**									723

S.23.01 – Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
		€000s	€000s	€000s	€000s	€000s
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	22	22		-	
Non-available called but not paid in ordinary share capital at group level	R0020	-	-		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial 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	4,406	4,406			
Subordinated liabilities	R0140	1,215		-	1,215	-
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	3,745	3,745	-	-	-
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	9,388	8,173	-	1,215	-
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	-			-	-
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	-			-	-
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						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	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 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	9,388	8,173	-	1,215	-
Total available own funds to meet the minimum consolidated group SCR	R0530	9,388	8,173	-	1,215	
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	9,388	8,173	-	1,215	-
Total eligible own funds to meet the minimum consolidated group SCR	R0570	9,388	8,173	-	1,215	
Minimum consolidated Group SCR	R0610	4,360				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	215%				
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	9,388	8,173	-	1,215	-
Group SCR	R0680	4,360				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	215%				

Reconciliation reserve		
Excess of assets over liabilities	R0700	8,173
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	3,767
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Other non available own funds	R0750	-
Reconciliation reserve	R0760	4,406
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	2,003
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	2,003

S.25.01 – SCR for undertakings using the Standard Formula

		Gross solvency capital requirement
		C0110
		€000s
Market risk	R0010	3,414
Counterparty default risk	R0020	1,388
Life underwriting risk	R0030	917
Health underwriting risk	R0040	137
Non-life underwriting risk	R0050	3,080
Diversification	R0060	(2,738)
Intangible asset risk	R0070	-
Basic Solvency Capital Requirement	R0100	6,199

		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	-
Operational risk	R0130	509
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(2,348)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	4,360
Capital add-ons already set	R0210	-
Solvency capital requirement for undertakings under consolidated method	R0220	4,360
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	-
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	-
Net future discretionary benefits	R0460	-
Minimum consolidated group solvency capital requirement	R0470	4,360
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	58
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	222
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	4,360