SOLVENCY AND FINANCIAL CONDITION REPORT - SFCR 2024

Citadel insurance

YOUR WORLD | OUR COVER

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Executive Summary

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

Overview

Founded in 1997, Citadel Insurance p.l.c. is a composite insurance company offering customers long-term and savings, general and health insurance. 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. 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 the best interests of the Company and its shareholders, the Board is responsible for the execution of the basic roles of corporate governance namely: accountability, monitoring, strategy formulation and policy development of the Company. Pursuant to the current nature and demands of the Company's business, the Board meets regularly. It reviews and evaluates corporate strategy, major operational and financial plans, risk management policy, performance objectives and monitors implementation and corporate performance within the parameters of all relevant laws, regulations, rules and directives, and codes of best business practice.

Citadel adopts a sound system of governance in which it embraces risk management in all aspects of the running of the day-to-day business operations as laid out by the Board of Directors. This philosophy has been embodied in the very culture of the Company. The Board has delegated authority and vested accountability for the Company's day-to-day administration of the business to a senior management team headed by the Managing Director. The Board has also established a number of committees at senior managerial level and set out appropriate internal controls and procedures, particularly to monitor the Company's exposure to risk.

Business Performance

The Company Financial Statements are prepared in accordance with IFRS 17 Insurance Contracts. Whilst the adoption of IFRS 9 has had no impact on the measurement of the Company's Financial instruments, the nature and effects of the transition from IFRS 4 to IFRS 17 in 2023 has considerably changed the measurement and presentation of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features.

During the year under review Citadel Insurance p.l.c. generated an increased combined insurance revenue for life and non-life of 7.9% amounting to €19,284,707 compared to €17,865,856 in 2023. The IFRS17 insurance services results of the Company amounted to €3,750,492 (2023 restated: €2,880,041). After deducting net insurance finance and other income and expenditure, the profit before taxation stood at €333,601 (2023 €200,645).

In 2024, the Company continued to react to market conditions due to the persisting economic environment to safeguard its investments. The Company's financial assets at fair value and investment property stood at €15,869,372 (2023: €14,310,516).

Shareholders' Funds amounted to €10,549,891 at 31 December 2024 as compared to €10,404,721.

At 31 December 2024, the Company's available capital to meet the SCR of €6,113,343 (2023: €5,985,049) remained strong at a ratio of 230% (2023: 211%) giving a total of eligible own funds to meet the SCR of €14,060,188 (2023: €12,611,196). Own Funds to meet the Minimum Capital Requirement ("MCR") applicable to a composite now stands at €8,000,000. Notwithstanding this increase, the MCR stood at 176% (2023: 158%). 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.

Executive Summary (continued)

Business Performance (continued)

The Company's 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").

Citadel continues to respond to a changing business environment by closely monitoring the current challenges to ensure that the interests of all its stakeholders are safeguarded. The outlook of the Board of Directors for 2025 is of a prudent approach to meet its strategy. It believes that the Company is well aligned and resourced to respond to the complexity and regulatory challenges in our socio-economic environment. The Board is confident that the Company will continue to evolve and is well positioned to create customer and shareholders value to deliver sustainable growth.

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 Solo Solvency and Financial Condition Report ("SFCR")

The Board of Directors of Citadel Insurance p.l.c. acknowledges its responsibility for preparing the Solo 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 Malta Financial Services Authority Insurance Directives related legislation including the Solvency II Regulations as applicable to the Company; and
(b) It is reasonable to believe that, at the date of the publication of the Solo SFCR, the Company has continued to comply, and will continue to comply in the future with the applicable Solvency II requirements.

The Solo SFCR was approved by the Board of Directors ("the Board") on 6 August 2025 and was signed on its behalf by:

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Angela Tabone
Managing Director/CEO

6 August 2025

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 and solo level, with the MFSA being the supervisory authority responsible for group and solo supervision.

A.1.3 External Auditor

The external auditor of the Company for financial year ending 31 December 2024 was Forvis Mazars - Malta. The contact details of the external auditor are as follows:

The Watercourse, Level 2
Mdina Road, Zone 2, Central Business District
CBD2010 Birkirkara
Malta

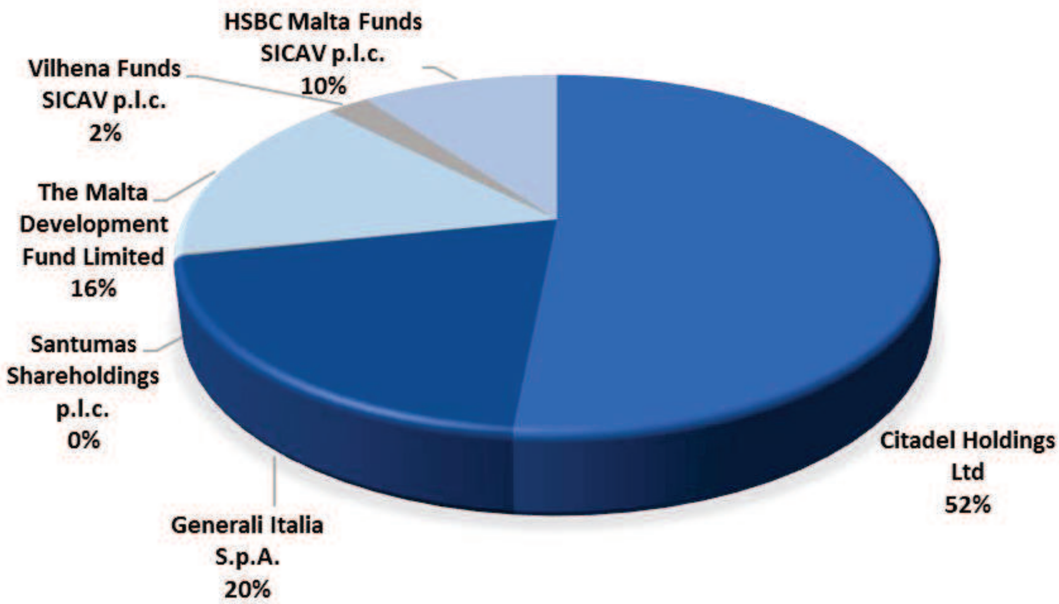
A.1.4 Ownership and Structure

Citadel p.l.c. forms part of Citadel Insurance group with Citadel Holdings Limited being the ultimate parent company of Citadel Insurance p.l.c. Citadel Holdings Limited is the main shareholder of the Company, with 51.53% ownership.

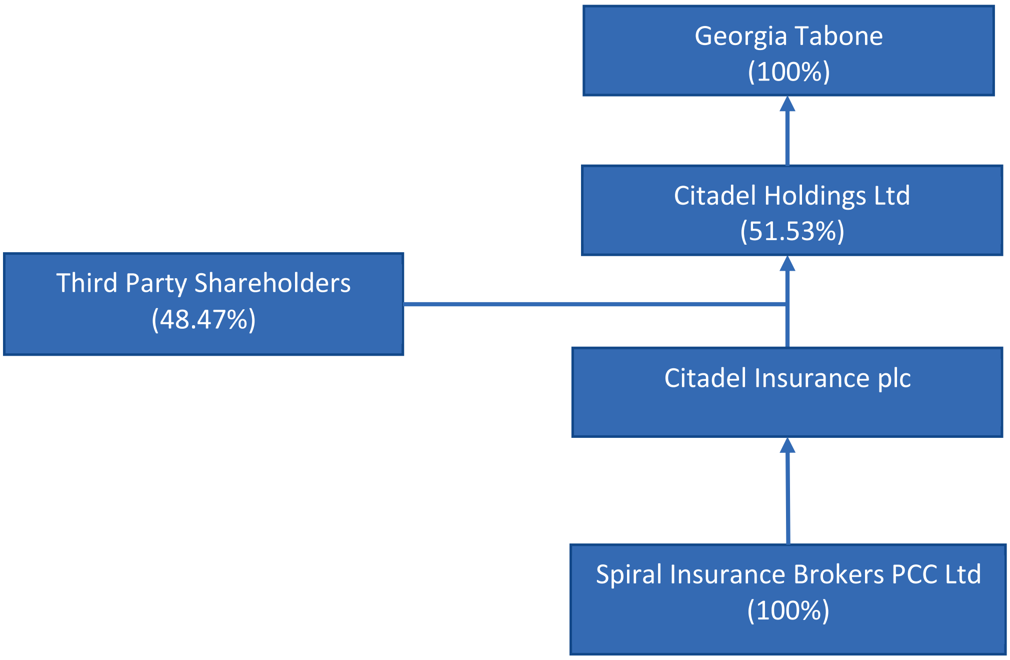
The breakdown of the remaining 48.47% is owned by other third-party shareholders as follows:

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.	2.21%
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 Citadel Insurance 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.

The Company has a distribution network of eight branches found in the following localities: Haz-Zebbug, Mellieha, Mosta, Naxxar, Paola, Ta' Xbiex, Victoria Gozo, and Zejtun. 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
- Income Protection

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.2 Underwriting Performance

The Company prepares its statutory financial statements in accordance with International Financial Reporting Standards ("IFRS") IFRS 17 Insurance Contracts, which was adopted with effect from 1 January 2023. The Financial Statements for 2024 have been prepared in accordance with the requirements of the Companies Act (Cap. 386) and the Insurance Business Act (Cap. 403) of Malta.

Insurance Revenue for the general and life insurance lines of business contributed to the technical performance for the financial year ended 31 December 2024. The Company recorded a combined Revenue of €19,284,707 compared to €17,865,856 in 2023.

A.2.1 General Business Underwriting Performance

The General Business made good progress in capturing growth opportunities for its significant core business whilst reducing cost of acquisition and overall loss ratio for all the main classes of business.

Its outcome at 31 December 2024 recorded a consistent Insurance Service Result of €2,446,595 (2023: €2,243,304). Insurance revenue stood at €16,831,316 (2023: €15,450,578); Insurance service expenses decreased by 9% to €11,511,784 (2023: €12,155,907); and net income from reinsurance contracts stood at €2,872,936 (2023: €863,365).

General Business gross written premium increased by 7.5% to €17,079,327 (2023: €15,831,899) whilst the overall loss ratio reduced to 50.46% (2023: 56.22%).

The tables below provide the breakdown of the underwriting performance for the general business of the Company for the year ended 31 December 2024 and a comparison against the results at 31 December 2023, by the Solvency II lines of business.

	Premium Written				Premium Earned			
	Gross		Net		Gross		Net	
	2024	2023	2024	2023	2024	2023	2024	2023
	€	€	€	€	€	€	€	€
Medical Expenses Insurance	2,752,964	2,485,040	550,593	497,008	2,646,797	2,376,487	529,359	475,297
Income Protection Insurance	152,969	167,928	135,112	148,359	151,682	155,331	134,444	137,654
Motor Vehicle Liability Insurance	4,786,637	4,239,701	4,507,961	4,001,104	4,623,178	4,014,880	4,344,503	3,776,283
Other Motor Insurance	4,843,080	4,622,858	4,561,118	4,362,699	4,677,694	4,377,719	4,395,732	4,117,560
Marine, Aviation and Transport Insurance	367,339	341,457	100,715	91,243	362,338	315,611	98,650	82,408
Fire and other Damage to Property Insurance	3,149,192	3,037,118	427,665	406,509	3,139,369	3,081,783	403,016	397,206
General Liability Insurance	728,821	745,822	438,064	490,329	728,888	704,584	439,288	452,267
Assistance	203,299	150,665	176,765	130,534	201,387	137,706	175,772	119,523
Miscellaneous Financial Loss	45,027	41,310	12,110	10,127	44,006	41,608	11,558	10,064

	Claims Incurred				Total Expenses Incurred	
	Gross		Net		Gross	
	2024	2023	2024	2023	2024	2023
	€	€	€	€	€	€
Medical Expenses Insurance	2,253,878	1,594,910	447,228	318,854	166,705	(200,316)
Income Protection Insurance	24,042	18,830	24,082	18,797	44,444	51,088
Motor Vehicle Liability Insurance	3,082,316	3,025,685	3,082,327	3,024,627	1,129,435	1,013,172
Other Motor Insurance	1,925,689	2,329,371	1,927,057	2,329,471	1,142,753	1,104,736
Marine, Aviation and Transport Insurance	160,621	100,307	56,328	35,167	(20,574)	(127)
Fire and other Damage to Property Insurance	672,154	1,223,065	199,739	305,700	(339,362)	(135,571)
General Liability Insurance	180,663	197,049	173,480	196,890	191,507	192,358
Assistance	68,055	57,111	68,072	57,047	52,102	39,018
Miscellaneous Financial Loss	(3,027)	2,377	(509)	347	(2,480)	(52)

A.2.2 Long Term Business Underwriting Performance

Life business continues to offer life insurance products that provide financial protection to individuals, families and businesses, in the event of the policyholder's death or other trigger events. The Company has managed to maintain its composite uniqueness in the marketplace and resilient to stiff competition from financial institutions.

Its outcome at 31 December 2024 recorded a consistent Insurance Service Result of €1,303,897 (2023: €448,735). Insurance revenue stood at €2,453,390 (2023: €2,415,276); Insurance service expenses stood at €4,445,887 (2023: €1,222,527); and net income from reinsurance contracts stood at €3,296,394 (2023: €744,014).

During 2024, certain economic factors, mainly high property inflation costs on the local market, created a ripple effect across all sectors of business. Gross Written Premiums stood at €2,658,446 (2023: €2,746,494). The lower premium was mainly a result of more surrenders and maturities compared to the same period last year.

Citadel's products distributed revisionary bonuses, par to market, to our life policyholders for the run-off guaranteed savings plans. The Company declared a bonus of 3.5% and 4.5% respectively on guaranteed products, 3% bonus on other savings plans and 2% bonus for single premium plans.

The tables below provide the breakdown of the underwriting performance for the long-term business of the Company for the year ended 31 December 2024 and a comparison against the results at 31 December 2023, by the Solvency II line of business:

	Premium Written				Premium Earned			
	Gross		Net		Gross		Net	
	2024	2023	2024	2023	2024	2023	2024	2023
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Insurance with Profit Participation	264,209	282,414	246,221	259,075	264,209	282,414	246,221	259,075
Index-linked and Unit-linked Insurance	50,845	56,132	45,575	50,814	50,845	56,132	45,575	50,814
Other Life Insurance	2,343,393	2,407,948	1,284,788	1,323,011	2,343,393	2,407,948	1,284,788	1,323,011

	Claims Incurred				Total Expenses Incurred	
	Gross		Net		Gross	
	2024	2023	2024	2023	2024	2023
	Eur	Eur	Eur	Eur	Eur	Eur
Insurance with Profit Participation	683,164	557,099	682,728	482,342	100,250	91,282
Index-linked and Unit-linked Insurance	184,858	61,477	184,858	61,477	20,875	16,591
Other Life Insurance	3,777,447	373,560	228,435	119,198	607,222	604,263
	4,645,468	**992,136**	**1,096,020**	**663,016**	**728,347**	**712,136**

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 and rental income and expenses by each asset class, for the Company, at 31 December 2024, compared to 31 December 2023:

2024	Dividends	Interest	Rent	Net gains & losses	Unrealised gains & losses
	€	€	€	€	€
Government Bonds	-	98,210	-	3,950	11,393
Corporate Bonds	-	116,801	-	12,467	65,488
Equity instruments	85,595	-	-	-	327,006
Collective investments undertakings	-	-	-	(3,587)	103,735
Investment Property	-	-	57,270	-	-
Total	**85,595**	**215,012**	**57,270**	**12,830**	**507,621**

2023	Dividends	Interest	Rent	Net gains & losses	Unrealised gains & losses
	€	€	€	€	€
Government Bonds	-	69,651	-	(461)	125,045
Corporate Bonds	-	105,607	-	-	66,688
Equity instruments	68,827	-	-	-	388,597
Collective investments undertakings	-	-	-	3,377	132,910
Investment Property	-	-	9,060	-	-
Total	**68,827**	**175,259**	**9,060**	**2,916**	**713,240**

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 2024 and a comparison against the results from 31 December 2024:

	2024	2023
	€	€
Investment gains:		
Income from financial assets at fair value through profit or loss:		
• Dividend and interest income	**300,606**	244,038
• Net fair value gain/(loss)	**577,721**	725,217
Income from loans and receivables	**74,128**	60,363
	952,455	1,029,618
Investment expenses and charges:		
Net investment management and transaction charges	**(47,137)**	(32,856)
Net (loss) / investment return	**905,318**	996,762

A.3.3 Investments in Securitisation

The Company does not have any investments in securitised positions.

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

During the year under review here is no material information on the business and performance of the Company that has not been disclosed in section A.1 to A.5 above.

A.6 Events after the reporting period

There are no known events after the reporting period.

A.6.1.3 IFRS 17

The Company applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023. IFRS 17 has brough significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparatives amounts and presented a its statement of financial position on 1 January 2022.

The Company determined the transition approach for groups of insurance contracts, depending on the availability of reasonable and supportable historic information.

For Life business the Company selected the fair value approach calculated at transition date being 31 December 2021 and then values rolled forward to the start of January 2022 using a full retrospective approach.

For group life and general business, the Company applied the PAA approach as of the transition date (1 January 2022).

The Company underwrites life and non-life business due to its composite nature of its business. The adoption of IFRS 17 has resulted in significant changes to the Company's accounting policies for recognition classification and measurement of insurance contract, reinsurance contracts held and investment contracts with discretionary participation features.

Insurance contract for Life

a) with direct participation features are measured in line with the Variable Fee Approach (VFA);
b) with direct participation features are measured under the General Measurement Model (GMM);
c) without direct participation features are measured under the PAA, if selected instead of the GMM and eligibility criteria are fulfilled.

Insurance contract for non-life

For short-term insurance contracts, the Company has applied the PAA simplified approach to measure groups of contracts. All short-term insurance contracts originated by the Company, are without direct participation features.

The Company applies the PAA to the measurement of non-life insurance contracts and has reclassified its products for its individual and commercial business insurances under IFRS 4 to represent similar contract boundary in a variety of groupings similar to solvency II for mainly FOB, Assistance, Medical Expenses; General Liability, Marine, Miscellaneous and Motor. These groupings have coverage periods of one year or less and which therefore qualify for the simplified approach (on the premium allocation approach (PAA).

Reinsurance contract for Life and Non-life

The Company generally applies the same accounting policies to reinsurance contracts to the measure of a group of reinsurance contracts held as to the insurance contracts issued without the direct participation features.

IFRS 17 'Insurance contracts' requires insurance liabilities provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' and related interpretations and is effective for periods beginning on or after 1 January 2023, with earlier adoption permitted.

Contracts in scope and level of aggregation
All insurance written by the company fall within the scope of IFRS 17.

Under IFRS 17, individual insurance contracts, investment contracts with DPF and reinsurance contracts held are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of contracts, comprising of contracts subject to similar risks and managed together.

Groups of Portfolios are split based on:

a) Underwriting year;
b) Profitability – based on the nature of the products it is expected to have one profitability group per underwriting year. Profitability is characterised as:
    i. any contracts that are onerous on initial recognition,
    ii. any contracts that on initial recognition have no significant possibility of becoming onerous, and
    iii. any remaining contracts.

Contract boundaries and measurement models
The beginning of the coverage period will drive initial recognition of all contracts. The Company is not aware of any ability of the insurer to unilaterally make changes to premiums or benefits of contracts on risk. As such it is expected that de-recognition occurs at the end of the stated contract term in each case.

Under IFRS 17 all future cash flows that are within the contract boundary of group of insurance contracts are measured.

Insurance liabilities under IFRS 17 are measured in two parts:

1. A Liability for Remaining Coverage ("LRC"): which measures the expected value of claims that have not already been incurred;
2. A Liability for Incurred Claims ("LIC"): which measures the expected value of claims that have already been incurred.

The LRC of the General Measurement Model ("GMM") has 3 components:

1. The present value of best estimate future cash flows;
2. A risk adjustment for non-financial risk;
3. The Contractual Service Margin ("CSM").

Two other measurement models exist within IFRS 17:

1. The Variable Fee Approach ("VFA") – similar to the GMM but tailored to fit contracts with DPF;
2. The Premium Allocation Approach ("PAA") – a simplification of the GMM, used for shorter term contracts and with similarities to the approach of reserving unearned premium under IFRS 4

The Company products are measured with the following models:
- PAA: All non-life products, group life products;
- GMM: Level Term Assurance and Decreasing Term Assurance Products, Other endowments;
- VFA: Unit Linked Contracts.

Contracts measured applying the fair value approach

- The Company concluded that reasonable and supportable information for application of the modified retrospective approach was not available for life insurance contracts issued and therefore applied the fair value approach for those contracts at 31 December 2021. The Company uses reasonable and supportable information available at the transition date to identify groups of insurance contracts;
- Determine whether an insurance contract meets the definition of an insurance contract with direct participation features;
- Identify discretionary cash flows for insurance contracts without direct participation features; and
- Determine whether an investment contract meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17

Level of aggregation

For life insurance contracts issued prior to 31 December 2008 the Company included contracts into groups of contracts issued more than one year apart as there was no reasonable and supportable information available to make the division. All other business was included in groups where contracts were not written more than 12 months apart.

Insurance revenue

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Model and VFA, insurance revenue consists of the sum of the changes in the LRC due to the insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

- Amounts allocated to the loss component;
- Repayments of investment components;
- Amounts that relate to transaction-based taxes collected on behalf of third parties;
- Insurance acquisition expenses;
- Amounts relating to risk adjustment for non-financial risk;
- The change in the risk adjustment for non-financial risk, excluding:
- Changes that relate to future service that adjust the CSM;
- Amounts allocated to the loss component;
- The amount of CSM for the services provided in the period; and
- Other amounts, if any.

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

When applying the PAA model, the Company recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service);
- Other directly attributable insurance service expenses incurred in the period;
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue;
- Loss component of onerous groups of contracts if any recognised in the period; and
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

Income or expenses from reinsurance contracts held

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers; and
- An allocation of the premiums paid.

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held. When applying the PAA model, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for its non-life insurance policies with a coverage period. Claims are discounted applying the discount rate at the time of reporting.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 six 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:

Board of Directors	
Chairperson	Mr. Michael H. Tripp (appointed 10.10.2025)
Independent Non-executive Director	Professor Ian Refalo (retired 26.5.2025)
Managing Director	Ms Angela Tabone
Independent Non-executive Director	Mr Stephen Pandolfino
Independent Non-executive Director	Mr. Stefano Ferri (appointed 12.5.2025)
Non-executive Director	Mr. Alan Alden (appointed 30.7.2024)
Independent Non-executive Director	Dr. Anne Louise Ellul Chachia Caruana
Independent Non-executive Director	Dr Joseph J Vella (dec~~r~~eased 7.2.2025)

Dr. Kevin Dingli 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 consists of four 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 independent non-executive directors, one of whom chairs the Committee, the Managing Director, and a 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 one non-executive directors, who chairs the Committee, an independent non-executive director, the Managing Director, and Risk Manager. 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 including the Risk Manager and the Compliance Officer.

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 on a regular basis 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 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.

Senior Management Team

The Team is composed of heads 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 composed of the Managing Director, the Executive Head General Business and the Head of Life. The Team meets regularly on various aspect for the ongoing business of reinsurance. 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.

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

Currently, the Board is composed of six independent non-executive directors; one non-executive director and one executive director. The Board continue to collectively retains a wealth of experience in financials, risk management, insurance, legislation, investments and management.

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 an independent 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 Risk Management Function (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. Risk ratings and rankings following risk assessments are utilized to flag key risk areas and the continuous monitoring of these key risks through the respective Key Risk Indicators (KRIs). Preventative and ex-post risk mitigation procedures and actions are then executed as and when necessary.

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, over the lifetime of the ORSA, together with 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 and make sure that there is sufficient allocated capital to cover those 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

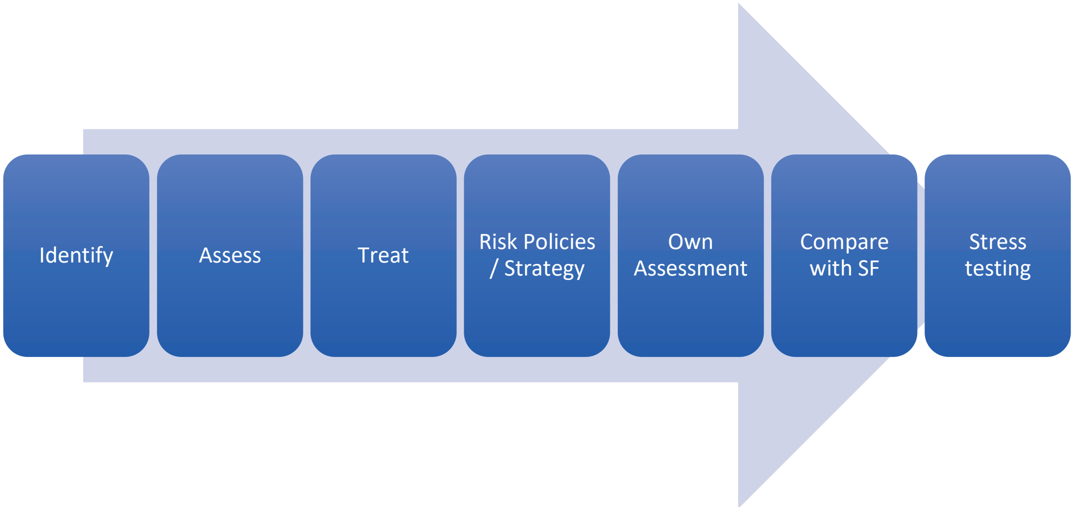
The Senior Management team, including the Managing Director, are involved in the assessment process. The actuaries provide input on the continuous compliance with the technical provisions, the reasonability of the projected solvency position, as well as the adequacy of the reinsurance program. They also provide relevant advisory input for the computation of the projected 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. BWCI 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. BWCI also 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	Jurisdiction of Service Provider
Internal Audit Function	Deloitte Risk Advisory	Malta
With Profits Actuary	Paul Warren	Cyprus
Actuarial Function - Life and Non-Life Business	BWCI Limited	Guernsey

B.12 Any other information

There is no other material information except for the changes in the Board composition 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

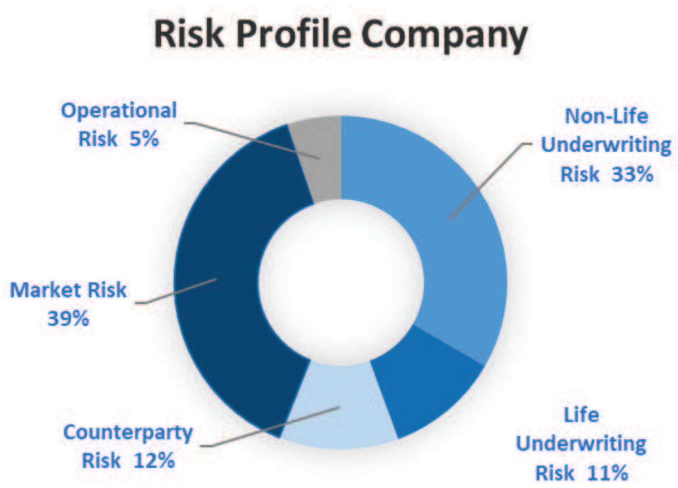
Citadel's core business is a balanced and diverse portfolio of underwriting risks associated to long-term, including unit-linked products, and general business (including short-term health). The exposure on underwriting risks coupled with market, credit, liquidity and operational risks make up the key 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 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. All risk capital charges are reduced from their gross to a net basis, by means of the effective reinsurance programmes in place.

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 are mainly, considered short-tail business, with the exception of the motor vehicle and general liability classes of business which tend to take longer to develop. 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 through adequate retention limits. There are also a number of underlying underwriting criteria (including limits of authority and referrals) and claims handling procedures in place to limit the extent of risk taking by any single individual and mishandling of claims respectively. 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 emanates from 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. Premium risk refers to the possible potential insufficiency of premiums charged to cover the ultimate cost of the risk, this is solely confined to unexpired risk. Conversely, reserve risk pertains to the uncertainty around the sufficiency of estimated technical provision amounts to cover the ultimate loss cost from expired risk. Catastrophe risk covers the potential for losses stemming from natural and man-made catastrophes from risks written over the coming 12-month period. Lapse risk captures the expected cost from the loss of profitable business, inherent to the assumed lapse shock under the delegated act.

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 (Catastrophe risk). 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 market value or future cash flows of assets and liabilities due to changes in interest rates, equity prices, credit spreads and/or exchange rates. It arises from changes to macroeconomic variables such as interest rates. Exposure to market risk is measured by assessing the impact of changes in these variables on the net assets of the company on a solvency II valuation basis.

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 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. Interest rate risk exposure also arises from adverse changes to the discounted best estimate of liabilities from changes in the term structure of interest rates. Exchange rate risk is limited to a minimal amount of the total investment portfolio denominated in foreign currencies mainly GBP and USD.

The company mitigates exposure to spread and concentration risk capital charges, by investing in high credit quality corporate bonds and sovereigns, whilst limiting its exposure to any one single-named counterparty.

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-mitigation 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 maintaining cash balances with institutions and reinsurance counterparties bearing a good credit rating. Counterparty risk exposures are also considered to ensure concentration levels are kept within the required risk tolerances. 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 and when they fall due, as a result of insufficient marketable assets realising cash proceeds consistent with market values. 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, pandemic disease 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 a 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 sufficient credit quality;
- quoted on the Malta Stock Exchange or on international stock exchanges;
- not subordinated; and
- whose issuers are not domicile in countries included in the 'black list' of the FATF.

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

The total gross amount of the EPIFP at 31 December 2024 stood at € 6,293,899 (2023: €6,129,991).

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 2023 ORSA report.

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.5 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 basis of assets for financial reporting purposes are undertaken according to International Financial Reporting Standards ("IFRSs") as adopted by the EU. For solvency purposes, the assets are valued in line with the requirements of the Delegated Act, typically at fair value.

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.

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 amortised costs, using the effective interest rate method. These instruments are strictly held to collect their contractual cash flows, typically to maturity. 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 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 of right-of-use (ROU) assets at 31 December 2024 stood at €496,720 (2023: €495,711).

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.

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.

Reinsurance Recoverable

Reinsurance recoverables are balances which are held as collectible from reinsurers pertaining to claims recoveries and commissions receivable, net of any reinsurance premium payable. These also comprise the proportion of claims and premium provisions ceded to reinsurers. An adjustment for reinsurer default is made under the solvency II valuation basis.

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 recoverability is unlikely to be probable.

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.

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.

Intangible Assets

Under IAS 38, an intangible asset is recognised on the basis of the expected future economic benefits accruing to the entity that are attributable to the separately identifiable 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 these are non-admissible assets under Solvency II. Thus, 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 17 balance sheets

The table below shows the material differences between the Solvency II and IFRS Balance Sheet for the Company.

Assets Split by material classes of assets 31 December 2024	Solvency II	IFRS	Difference
Deferred acquisition costs	-	-	-
Intangible assets (excluding Goodwill)	-	959,805	(959,805)
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	5,439,049	5,439,049	-
Investments			
Property (other than own use and participations)	2,711,443	2,711,443	-
Participations	489,510	489,510	-
Equities	905,231	905,231	-
Bonds	7,948,462	7,860,218	88,244
Investment Funds	4,139,492	4,139,492	-
Deposits other than cash equivalents	749,785	749,785	-
Assets held for unit-linked and index-linked contracts	882,582	882,582	-
Reinsurance recoverable from:			
Non-life and health similar to non-life	1,297,555	330,199	967,356
Life & health similar to life, excluding health & index-liked & unit-linked	(3,088,714)	3,485,799	(6,574,512)
Insurance & intermediaries receivables	933,287	1,074,095	(140,808)
Reinsurance receivables	3,486,128	-	3,486,128
Receivables (trade, not insurance)	548,673	636,917	(88,244)
Cash and cash equivalents	5,763,222	5,763,222	-
Any other assets, not elsewhere shown	255,436	255,436	-
Total assets	**32,461,141**	**35,682,783**	**(3,221,642)**

In view that the Company adopts IFRS when preparing the Audited Financial Statements, there are no material differences between the Solvency II and IFRS 17 balance sheets except 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 on 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 receivable on bonds is included within their 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 recoverable under IFRS.

(e) Reinsurance recoverable
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.

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 2024.

	Best Estimate (€)						
	Premium Provisions			Claims Provisions			Risk
Line of Business	Gross	Reinsurance	Net	Gross	Reinsurance	Net	Margin
Medical Expense	46,761	204,667	(157,905)	171,229	544,348	(373,120)	12,091
Income Protection	(2,474)	(5,562)	3,088	52,305	4	52,301	2,226
Motor Vehicle Liability	1,259,602	(224,309)	1,483,911	5,692,719	47,922	5,644,797	418,079
Other Motor	710,047	(77,059)	787,105	20,540	3,332	17,208	61,837
Marine, Aviation & Transport	41,060	(120,713)	161,772	102,257	197,330	(95,073)	1,477
Fire & Other Damage to Property	141,540	(1,226,667)	1,368,207	1,154,877	2,010,822	(855,945)	5,746
General Liability	(15,893)	(36,517)	20,624	1,086,214	-	1,086,214	66,671
Assistance	(12,328)	(1,147)	(11,181)	26,585	1,834	24,751	1,309
Miscellaneous Financial Loss	978	(20,502)	21,479	(10,321)	(229)	(10,092)	47

Technical Provisions movements for 2024 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.2.1.1 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 discounted 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 the respective expired and unexpired insurance risks.

In deriving the reinsurer's share of the technical provisions, the attaching reinsurance treaty agreements are applied directly to the Gross TPs, to derive the Reinsurer's share. These are then adjusted for the reinsurer's potential default.

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, on an IFRS basis. 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/ link ratio method, Bornhuetter-Ferguson (BF) and expected loss ratio methods. The claims provision aligned to each line of business is made up of the following components:

Best Estimate IBNR

A range of actuarial techniques employed for IBNR 'best estimate' modelling. The actuarial techniques vary by nature, scale and complexity of the line of business. This year the methods used have been adapted to make explicit (rather than implicit) allowance for future inflation.

ENID (Events Not In Data) Allowance

An allowance for binary events or possible events the realisations of which, are not contained within the data set used to estimate the best estimate claims provisions is allowed for using a truncated statistical approach, within the BEL.

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 curves for the relevant currency interest rate-term structure, based on interpolated market swap rates.

Payment Pattern

Reserve payment patterns are 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 expected 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.

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;
- Simplification: 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 across origin years;
- The future rate of inflation will be a weighted average of past inflationary experience;
- The current mix of business is not expected to change

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 assumption is deemed appropriate in view of the nature and complexity of the undertaking's operations. This approach seems reasonable, and the Actuarial Function is involved in reviewing the appropriateness of the target 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 owing to the uncertainty inherent to the stochastic nature of the severity, frequency and timing of insurance losses. The Company 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 Best Estimate	Solvency II Risk Margin	IFRS	Difference
Technical provisions – non-life				
Motor vehicle insurance	7,682,907	479,917	10,077,641	(1,914,817)
Marine	143,316	1,477	191,088	(46,295)
Fire and other damage to property insurance	1,296,417	5,746	786,143	516,020
General liability insurance	1,070,320	66,671	1,167,329	(30,338)
Assistance	14,257	1,309	34,674	(19,107)
Miscellaneous financial loss	(9,343)	47	15,974	(25,270)
Technical provisions – health	267,821	14,317	722,043	(439,905)
	10,465,695	**569,484**	**12,994,892**	**(1,959,712)**

For the statutory valuation, technical provisions are calculated according to the company's IFRS Accounting Policies as described in the Financial Statements 2024~~3~~.

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 at 31 December 2024.

	Best Estimate Liability (€)			
Line of Business	**Gross**	**Reinsurance**	**Net**	**Risk Margin**
Insurance with profit participation	4,166,569	-	4,166,569	33,194
Index-linked & unit-linked insurance contracts				
Contracts without guarantee options	856,174	-	856,174	9,687
Other life insurance				
Contracts without options or guarantees	(6,281,852)	(3,088,714)	(3,193,138)	1,200,837

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 Risk Margin is calculated using risk-free rates as provided by EIOPA for discounting future cash-flows;
- 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. Lapses are not evidenced to 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	(881,252)	5,293,395	(6,174,647)
Index-linked and unit-linked insurance	865,861	657,319	208,542
Total Technical Provisions	**(15,391)**	**5,950,715**	**(5,966,105)**

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 Life 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 Company 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

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 lapses.

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. Valuation differentials occurring from re-valuing the assets and liabilities from the IFRS valuation basis to their SII equivalents results in a change in the own funds of 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 17 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:

Other Liabilities	Solvency II	IFRS	Difference
Deferred tax liabilities	2,268,118	1,113,791	1,154,327
Debts owed to credit institutions	1,470,657	1,470,657	-
Insurance & intermediaries payables	2,199,651	793,551	1,406,100
Payables (trade, not insurance)	1,442,740	1,442,740	-
Subordinated liabilities in basic own funds	1,366,546	1,366,546	-
Total liabilities other than technical provisions	**8,747,711**	**6,187,284**	**2,560,426**

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.34 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 exercise wherein it projects and calculates its SCR across the lifetime of its business planning horizon 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 from its risk tolerances. 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 E.1.3.

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 Company as at the end of December 2024 comprise Tier 1 Basic Own Funds and Tier 2 Own Funds.

Basic Own Funds (€)	Classification	2024	2023	Difference
Paid Up Ordinary Share Capital	Unrestricted Tier 1	5,000,400	5,000,400	-
Reconciliaton Reserve	Unrestricted Tier 1	7,693,242	6,244,251	1,448,991
Subordinated Loans	Tier 2	1,366,546	1,366,546	-
Total		**14,060,188**	**12,611,196**	**1,448,991**

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. A minimum of 80% of the MCR and 50% of the SCR needs to be met by means of Tier I Capital.

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 at 31 December 2024 and 2023 are presented in the table below:

Reconciliation Reserve (€)	2024	2023	Difference
Excess of assets over liabilities	12,693,642	11,244,651	1,448,991
Ordinary Share Capital	5,000,400	5,000,400	-
Total	**7,693,242**	**6,244,251**	1,448,991

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 €1,366,546 (2023~~2~~: €1,366,546) and are split between shareholders' subordinated loans and bank subordinated loans as indicated in the table under section E.1.3 below.

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

The tables below represent the Company's Eligible Own Funds that are used to cover the SCR and MCR at 31 December 2024:

Eligible Own Funds	Classification	Company
Paid Up Share Capital	Unrestricted Tier 1	5,000,400
Reconciliation Reserve	Unrestricted Tier 1	7,693,242
Subordinated Loans	Tier 2	1,366,546
Minority Interest	Unrestricted Tier 1	-
Total		**14,060,188**
SCR		6,113,343
MCR		8,000,000
Total Eligible to meet the SCR		14,060,188
Total Eligible to meet the MCR		14,060,188
Ratio of Eligible Own Funds to cover SCR		230%
Ratio of Eligible Own Funds to cover MCR		176%

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:

	2024 €	2023 €
Total Equity under IFRS	10,549,892	10,404,721
Adjustments arising from Solvency II	2,143,750	839,930
Excess of Assets over Liabilities under Solvency II	12,693,642	11,244,651

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

E.1.5 Transitional Arrangements

The Company have not applied any transitional arrangements.

E.1.6 Ancillary Own funds

The 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 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 Company.

E.1.8.1 Loss Absorbing Capacity of Deferred Taxes

An adjustment pertaining to the tax-effect of the 1/200-year Solvency II stresses on the balance sheet of EUR 2,058,999 has been taken into account in deriving the company's solvency capital requirement. In the event of the realisation of the losses resulting from the SII shocks, the company would be able to offset these tax losses, against future tax liabilities arising from both the temporary differences currently recognised by way of deferred tax liabilities and also from future taxation on probable economic profits, expected over the foreseeable planning horizon.

In deriving this adjustment, the entity has assessed that the EUR 1,113,791 is justified by reversion of deferred tax liabilities and the residual EUR 945,208 is justified by reference to probable future taxable economic profits.

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 2024 is presented in the following table:

SCR & MCR at 31 December 2024 (€)	Company
SCR	6,113,343
MCR	8,000,000

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 2024:

Risk Type	Risk Charge (€) 2024 Company
Non-Life Underwriting Risk	3,676,016
Health Underwriting Risk	162,392
Life Underwriting Risk	1,276,771
Counterparty Risk	1,340,108
Market Risk	4,467,206
Diversification Benefit	(3,350,556)
Basic SCR	**7,571,937**
Operational Risk	600,405
SCR before the loss-absorbing capacity of deferred taxes	**8,172,342**
Loss-absorbing capacity of deferred taxes	(2,058,999)
SCR after the loss-absorbing capacity of deferred taxes	**6,113,343**

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 €8,000,000 as from October 2022, consisting of €4,000,000 covering the non-life business and €4,000,000 covering the long-term business.

At 31 December 2024, the Company had a surplus amounting to €6,060,188 over the MCR.

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

The table below summarises the SCR and MCR at December 2024 and December 2023:

	2024 €	2023 €
SCR	6,113,343	5,985,049
MCR	8,000,000	8,000,000

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 Company does 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.3 Other Material Information

There is no other material information regarding capital management that has not already been disclosed in Sections E.1 to E.2 above.

Appendices

Annual Quantitative Reporting Templates

S.02.01.02
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	5,439
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	16,944
Property (other than for own use)	R0080	2,711
Holdings in related undertakings, including participations	R0090	490
Equities	R0100	905
Equities - listed	R0110	905
Equities - unlisted	R0120	-
Bonds	R0130	7,948
Government Bonds	R0140	4,461
Corporate Bonds	R0150	3,488
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	4,139
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	750
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	883
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	(1,791)
Non-life and health similar to non-life	R0280	1,298
Non-life excluding health	R0290	554
Health similar to non-life	R0300	743
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	(3,089)
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	(3,089)
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	933
Reinsurance receivables	R0370	3,486
Receivables (trade, not insurance)	R0380	548,673
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	5,763
Any other assets, not elsewhere shown	R0420	255
Total assets	**R0500**	**32,461**

S.02.01.02

Balance Sheet

€000s

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	11,035
Technical provisions – non-life (excluding health)	R0520	10,753
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	10,198
Risk margin	R0550	555
Technical provisions - health (similar to non-life)	R0560	282
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	268
Risk margin	R0590	14
Technical provisions - life (excluding index-linked and unit-linked)	R0600	(881)
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	(881)
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	(2,115)
Risk margin	R0680	1,234
Technical provisions – index-linked and unit-linked	R0690	866
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	856
Risk margin	R0720	10
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	2,268
Derivatives	R0790	-
Debts owed to credit institutions	R0800	1,471
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	2,200
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	1,443
Subordinated liabilities	R0850	1,367
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	1,367
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	R0900	**19,767**
Excess of assets over liabilities	R1000	**12,694**

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	2,753	153	-	4,787	4,843	367	3,149	729	-	-	203	45					17,029
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0130													-	-	-	-	
Reinsurers' share	R0140	2,202	18	-	279	282	267	2,722	291	-	-	27	33	-	-	-	-	6,119
Net	R0200	551	135	-	4,508	4,561	101	428	438	-	-	177	12	-	-	-	-	10,910
Premiums earned																		
Gross - Direct Business	R0210	2,647	152	-	4,623	4,678	362	3,139	729	-	-	201	44					16,575
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0230													-	-	-	-	
Reinsurers' share	R0240	2,117	17	-	279	282	264	2,736	290	-	-	26	32	-	-	-	-	6,043
Net	R0300	529	134	-	4,345	4,396	99	403	439	-	-	176	12	-	-	-	-	10,532
Claims incurred																		
Gross - Direct Business	R0310	2,254	24	-	3,082	1,926	161	672	181	-	-	68	(3)					8,364
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	R0330													-	-	-	-	
Reinsurers' share	R0340	1,807	0	-	0	(1)	104	472	7	-	-	0	(3)	-	-	-	-	2,387
Net	R0400	447	24	-	3,082	1,927	56	200	173	-	-	68	(1)	-	-	-	-	5,978
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	167	44	-	1,129	1,143	(21)	(339)	192	-	-	52	(2)	-	-	-	-	2,365
Other expenses	R1200																	-
Total expenses	R1300																	2,365

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	-	264	51	2,343	-	-	-	-	2,658
Reinsurers' share	R1420	-	18	5	1,059	-	-	-	-	1,082
Net	R1500	-	246	46	1,285	-	-	-	-	1,577
Premiums earned										
Gross	R1510	-	264	51	2,343	-	-	-	-	2,658
Reinsurers' share	R1520	-	18	5	1,059	-	-	-	-	1,082
Net	R1600	-	246	46	1,285	-	-	-	-	1,577
Claims incurred										
Gross	R1610	-	683	185	3,777	-	-	-	-	4,645
Reinsurers' share	R1620	-	0	-	3,549	-	-	-	-	3,549
Net	R1700	-	683	185	228	-	-	-	-	1,096
Changes in other technical provisions										
Gross	R1710	-	-	-	-	-	-	-	-	-
Reinsurers' share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-	-	-
Expenses incurred	R1900	-	100	21	607	-	-	-	-	728
Other expenses	R2500									-
Total expenses	R2600									728

S.12.01.02
Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance				Accepted reinsurance					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Life and annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations	Total (Life other than health insurance, incl. Unit-Linked)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150
		€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Technical provisions calculated as a whole	R0010														
Technical provisions calculated as a sum of BE and RM															
Best estimate															
Gross Best Estimate	R0030	4,167	-	856	-	-	(6,282)	-	-	-	-	-	-	-	(1,259)
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040	-	-	-	-	-	(3,089)	-	-	-	-	-	-	-	(3,089)
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050	-	-	-	-	-	(3,089)	-	-	-	-	-	-	-	(3,089)
Recoverables from SPV before adjustment for expected losses	R0060														
Recoverables from Finite Re before adjustment for expected losses	R0070	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-	-	-	-	-	(3,089)	-	-	-	-	-	-	-	(3,089)
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	4,167	-	856	-	-	(3,193)	-	-	-	-	-	-	-	1,830
Risk Margin	R0100	33	10	-	-	1,201	-	-	-	-	-	-	-	-	1,244
Technical provisions - total	R0200	4,200	866	-	-	(5,081)	-	-	-	-	-	-	-	-	(15)
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210	4,200	866	-	-	(1,992)	-	-	-	-	-	-	-	-	3,073
Best Estimate of products with a surrender option	R0220	4,167	856	-	-	(6,282)	-	-	-	-	-	-	-	-	(1,259)
Gross BE for Cash flow															
Cash out-flows															
Future guaranteed and discretionary benefits	R0230	-	1,114	-	-	9,264	-	-	-	-	-	-	-	-	16,964
Future guaranteed benefits	R0240	6,586	-	-	-	-	-	-	-	-	-	-	-	-	-
Future discretionary benefits	R0250	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future expenses and other cash out-flows	R0260	318	28	-	-	6,904	-	-	-	-	-	-	-	-	7,250
Cash in-flows															
Future premiums	R0270	2,729	286	-	-	21,210	-	-	-	-	-	-	-	-	24,225
Other cash in-flows	R0280	8	-	-	-	1,252	-	-	-	-	-	-	-	-	1,260
Surrender value	R0300	3,948	922	-	-	-	-	-	-	-	-	-	-	-	4,871

S.17.01.02
Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
		€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross - Total	R0060	47	(2)	-	1,260	710	41	142	(16)	-	-	(12)	1	-	-	-	-	2,169
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	205	(6)	-	(224)	(77)	(121)	(1,227)	(37)	-	-	(1)	(21)	-	-	-	-	(1,508)
Net Best Estimate of Premium Provisions	R0150	(158)	3	-	1,484	787	162	1,368	21	-	-	(11)	21	-	-	-	-	3,677
Claims provisions																		
Gross - Total	R0160	171	52	-	5,693	21	102	1,155	1,086	-	-	27	(10)	-	-	-	-	8,296
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	544	0	-	48	3	197	2,011	0	-	-	2	(0)	-	-	-	-	2,805
Net Best Estimate of Claims Provisions	R0250	(373)	52	-	5,645	17	(95)	(856)	1,086	-	-	25	(10)	-	-	-	-	5,491
Total Best estimate - gross	R0260	218	50	-	6,952	731	143	1,296	1,070	-	-	14	(9)	-	-	-	-	10,466
Total Best estimate - net	R0270	(531)	55	-	7,129	804	67	512	1,107	-	-	14	11	-	-	-	-	9,168
Risk margin	R0280	12	2	-	418	62	1	6	67	-	-	1	0	-	-	-	-	569
Amount of the transitional on Technical Provisions																		
TP as a whole	R0290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	R0320	230	52	-	7,370	792	145	1,302	1,137	-	-	16	(9)	-	-	-	-	11,035
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	749	(6)	-	(176)	(74)	77	784	(37)	-	-	1	(21)	-	-	-	-	1,298
Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	R0340	(519)	58	-	7,547	866	68	518	1,174	-	-	15	11	-	-	-	-	9,738

S.19.01
Non-Life Insurance Claims Information

Total Non-Life Business

Accident Year / Underwriting Year	Z0020	Accident Year [AY]

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											162
N-9	R0160	1,962	2,463	159	165	81,881	7	(34)	14	68,960	1	
N-8	R0170	2,108	2,032	244	80	61	7	5,237	25	(3)		
N-7	R0180	2,329	2,439	238	94	85	37	66,024	2			
N-6	R0190	2,684	2,875	237	39	123	31	130				
N-5	R0200	4,578	3,094	336	91	52	(1)					
N-4	R0210	3,183	4,099	301	135	(23)						
N-3	R0220	3,555	2,603	312	(91)							
N-2	R0230	3,757	3,167	373								
N-1	R0240	3,971	3,290									
N	R0250	4,571										

Development year

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	162	162
	R0160	1	4,888
	R0170	(3)	4,559
	R0180	2	5,290
	R0190	130	6,119
	R0200	(1)	8,149
	R0210	-23	7,694
	R0220	(91)	6,378
	R0230	373	7,298
	R0240	3,290	7,261
	R0250	4,571	4,571
Total	R0260	8,411	62,369

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											777
N-9	R0160										200	
N-8	R0170									95		
N-7	R0180								62			
N-6	R0190							32				
N-5	R0200						59					
N-4	R0210					179						
N-3	R0220				425							
N-2	R0230			758								
N-1	R0240		864									
N	R0250	4,258										

		Year end (discounted data)
		C0360
	R0100	750
	R0160	194
	R0170	96
	R0180	61
	R0190	36
	R0200	60
	R0210	178
	R0220	415
	R0230	751
	R0240	886
	R0250	3,990
Total	R0260	7,417

S.23.01.01
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	5,000	5,000		-	
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	-		-	-	-
Surplus funds	R0070	-	-			
Non-available surplus funds at group level	R0080	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	7,693	7,693			
Subordinated liabilities	R0140	1,367		-	1,367	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other items approved by supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	14,060	12,694	-	1,367	-
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	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	14,060	12,694	-	1,367	-
Total available own funds to meet the MCR	R0510	14,060	12,694	-	1,367	
Total eligible own funds to meet the SCR	R0540	14,060	12,694	-	1,367	-
Total eligible own funds to meet the MCR	R0550	14,060	12,694	-	1,367	
SCR	R0580	6,113				
MCR	R0600	8,000				
Ratio of Eligible own funds to SCR	R0620	230%				
Ratio of Eligible own funds to MCR	R0640	176%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	12,694
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	5,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	7,693
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	6,294
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	6,294

S.25.01.21
SCR for undertakings using the Standard Formula

		Gross solvency capital requirement
		C0110
		€000s
Market risk	R0010	4,467
Counterparty default risk	R0020	1,340
Life underwriting risk	R0030	1,277
Health underwriting risk	R0040	162
Non-life underwriting risk	R0050	3,676
Diversification	R0060	(3,351)
Intangible asset risk	R0070	-
Basic Solvency Capital Requirement	R0100	7,572

		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	-
Operational risk	R0130	600
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	(2,059)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	6,113
Capital add-ons already set	R0210	
Solvency capital requirement for undertakings under consolidated method	R0220	6,113
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	-

Loss - absorbing capacity of deferred taxes

		LAC DT
		C0130
		€000s
LAC DT	R0640	(2,059)
LAC DT justified by reversion of deferred tax liabilities	R0650	(1,114)
LAC DT justified by reference to probable future taxable economic profit	R0660	(945)
LAC DT justified by carry back, current year	R0670	-
LAC DT justified by carry back, future years	R0680	-
Maximum LAC DT	R0690	(2,595)

S.28.02.01
Minimum Capital Requirement - Both life and non-life insurance activity

MCR components

		Non-life activities
		MCR(NL, NL) Result
		C0010
		€000s
Linear formula component for non-life insurance and reinsurance obligations	R0010	1,770

Background information

		Non-life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040
		€000s	€000s
Medical expense insurance and proportional reinsurance	R0020	-	551
Income protection insurance and proportional reinsurance	R0030	55	135
Motor vehicle liability insurance and proportional reinsurance	R0050	7,129	4,508
Other motor insurance and proportional reinsurance	R0060	804	4,561
Marine, aviation and transport insurance and proportional reinsurance	R0070	67	101
Fire and other damage to property insurance and proportional reinsurance	R0080	512	428
General liability insurance and proportional reinsurance	R0090	1,107	438
Assistance and proportional reinsurance	R0120	14	177
Miscellaneous financial loss insurance and proportional reinsurance	R0130	11	12

Linear formula component for life insurance and reinsurance obligations

		Life activities
		MCR(L, L) Result
		C0080
		€000s
Linear formula component for life insurance and reinsurance obligations	R0200	341

Total capital at risk for all life (re)insurance obligations

		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0110	C0120
		€000s	€000s
Obligations with profit participation - guaranteed benefits	R0210	4,167	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	856	
Other life (re)insurance and health (re)insurance obligations	R0240	(3,193)	
Total capital at risk for all life (re)insurance obligations	R0250		257,943

Overall MCR calculation

		C0130
		€000s
Linear MCR	R0300	2,111
SCR	R0310	6,113
MCR cap	R0320	2,751
MCR floor	R0330	1,528
Combined MCR	R0340	2,111
Absolute floor of the MCR	R0350	8,000
Minimum Capital Requirement	R0400	8,000

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		C0140	C0150
		€000s	€000s
Notional linear MCR	R0500	1,770	341
Notional SCR excluding add-on (annual or latest calculation)	R0510	5,127	987
Notional MCR cap	R0520	2,307	444
Notional MCR floor	R0530	1,282	247
Notional Combined MCR	R0540	1,770	341
Absolute floor of the notional MCR	R0550	4,000	4,000
Notional MCR	R0560	4,000	4,000

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Report of the approved auditor of Citadel Insurance p.l.c. ("the Undertaking") pursuant to paragraph 8.10.2 and Annex V of Chapter 8 of the Insurance Rules issued under the Act: Report on the Audit of the relevant information and relevant templates of the Solvency and Financial Condition Report ("SFCR")

We have audited the following quantitative reporting templates prepared by the Undertaking:

- S.02.01.02, S.17.01.02, S.23.01.01, S.25.01.21, S.28.01.01 as at 31 December 2024

(the "relevant templates of the SFCR")

The relevant templates of the SFCR have been prepared by the Undertaking in accordance with the Insurance Business Act (Cap. 403), regulations and Insurance Rules issued thereunder, the Commission Delegated Regulation and the European Commission Implementing Regulation (EU) 2015/2452, (hereafter referred to as "the relevant legislation").

Respective responsibilities of Directors and Auditors

The Board of Directors shall be responsible for the preparation of the SFCR in accordance with the financial reporting provisions contained in the relevant legislation referred to above. In terms of section 8.9 of Chapter 8 of the Insurance Rules, the Board of Directors are responsible for having in place appropriate systems and structures to meet the Undertaking's public disclosure requirements in relation to the SFCR and for the approval of the SFCR.

The Board of Directors are also responsible to have the necessary internal control to enable the preparation of the SFCR which is free from material misstatement, whether due to fraud or error. The Board of Directors are responsible for overseeing the Undertaking's financial reporting process.

The Board of Directors shall be satisfied that, throughout the financial year in question, the Undertaking has complied in all material respects with the requirements of the relevant legislation as applicable to the Undertaking. The Board of Directors shall be required to sign a Declaration Form, in accordance with paragraph 8.6.2 of Chapter 8 of the Insurance Rules and Annex IV to the said Chapter, for submission with the SFCR to the competent authority.

Our responsibility as approved auditors is to audit and express an opinion on the information that an authorised undertaking shall disclose pursuant to Article 296 and 297 of the Commission Delegated Regulation (hereafter referred to as the "relevant information") and on the relevant templates of the SFCR, in terms of paragraphs 8.10.2 of Chapter 8 of the Insurance Rules and Annex V to the said Chapter, confirming that the said information and templates, which are subject to the audit, have been prepared in all material respects in accordance with the relevant legislation. Such audit is to be made in accordance with the paragraph 810.2 and Annex V of Chapter 8 of the Insurance Rules and with International Standards on Auditing.

Scope of the SFCR Audit

An audit involves obtaining evidence about the amounts and disclosures in the relevant information and relevant templates of the SFCR, sufficient to give reasonable assurance that the relevant information and templates are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the relevant information and templates of the SFCR.

Report of the approved auditor of Citadel Insurance p.l.c. ("the Undertaking") pursuant to paragraph 8.10.2 and Annex V of Chapter 8 of the Insurance Rules issued under the Act: Report on the Audit of the relevant information and relevant templates of the Solvency and Financial Condition Report ("SFCR") (continued)

Scope of the SFCR Audit (continued)

If we become aware of any apparent material misstatements or inconsistencies in the information, we consider the implications for our report.

Opinion

In our opinion, the information in the relevant information and the relevant templates of the Solvency and Financial Condition Report of the Undertaking for the year ended 31 December 2024 is properly prepared, in all material respects, in accordance with the relevant legislation.

Paul Giglio (Partner) for and on behalf of

Forvis Mazars

Certified Public Accountants

Office address:

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8 August 2025

SOLVENCY AND FINANCIAL CONDITION REPORT - SFCR 2024

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