Trinity Lane Group

Solvency & Financial Condition Report

as at 30 June 2020

Contents

Glossary of Terms used in this report

ALM	Asset & Liability Management
Artex	Artex Risk Solutions (Malta) Limited
Board	Board of Directors
Company	Trinity Lane Insurance Company Limited
EIOPA	European Insurance and Occupational Pensions Authority
GBP/£	Great Britain Pound
GDPR	General Data Protection Regulation
Group	Trinity Lane Holdings Ltd
MCR	Minimum Capital Requirement
MFSA	Malta Financial Services Authority
ORSA	Own Risk and Solvency Assessment
QRTs	Quantitative Reporting Templates
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SoG	System of Governance
TLIC	Trinity Lane Insurance Company Limited
UK	United Kingdom and the Channel Islands

Directors' statement

We, the Directors, acknowledge our responsibility for preparing the Group Solvency and Financial Condition Report in all material respects in accordance with the MFSA Rules and the Solvency II Regulations.

We are satisfied that:-

a) Throughout the financial year in question, Trinity Lane Insurance Company Limited has complied in all material respects with the requirements of the MFSA rules and the Solvency II Regulations as applicable to Trinity Lane Insurance Company Limited; and

b) It is reasonable to believe that Trinity Lane Insurance Company Limited has continued to comply subsequently and will continue to do so in future.

Signed on behalf of the Board of Directors on 1 March 2021 by:

A C Dodds
Director

Duncan Heath
Director

1. Executive Summary

This solvency and financial condition report (SFCR) has been prepared based on EU Directive 2009/138/EC and Delegated Regulation (EU) 2015/35 and the Guidelines on reporting and public disclosure EIOPA-BoS-15/109. The structure of the report follows these statutory and regulatory requirements and deals with the financial period ending 30 June 2020.

Trinity Lane ("the Group") consists of Trinity Lane Holdings Limited ("TLH") and Trinity Lane Insurance Company Limited ("TLIC" or "the Company"). The Group has been captured for Group Supervision under the Solvency II Directive which came into force as on the 1 January 2016. As such this report is intended to satisfy compliance with Group Supervisory requirements under such regulation. TLIC underwrites general insurance, predominantly motor insurance and ancillary motor products.

In accordance with Malta Financial Services Authority Rules, narrative sections of this report are subject to audit review by the statutory auditors, Grant Thornton. These narrative sections relate to the following Quantitative Reporting Templates, which are also subject to audit review by Grant Thornton and are included in the Appendix:

- Group Balance Sheet (S.02.01.02)
- Group Own Funds (S.23.01.22)
- Group Solvency Capital Requirement (S.25.01.22)

This report was approved by the Board of Directors on 1 March 2021.

1.1. Group Highlights

<table>
<tr><td rowspan="2">Solvency II Ratio
181%</td><td>Solvency II Capital Requirements (SCR)
£9.89 million</td></tr>
<tr><td>Minimum Capital Requirement (MCR)
£3.65 million</td></tr>
<tr><td rowspan="2">Group Own Funds
£17.89 million</td><td>Group Own Funds to meet the SCR
£17.89 million</td></tr>
<tr><td>Group Own Funds to meet the MCR
£17.05 million</td></tr>
<tr><td>Gross Written Premium
£57.94 million</td><td>Operating result
£8.97 million</td></tr>
<tr><td>Net profit
£8.45 million</td><td>Assets Under Management
£30.03 million</td></tr>
</table>

There were three significant events that occurred during the period 1 April 2019 to 30 June 2020 that are considered in the report. These are:

1. The extension of the accounting period ending 31 March 2020 to 30 June 2020 for Trinity Lane Insurance Company Limited only;

2. The finalisation of the re-domiciliation of the Company to Gibraltar on 1 July 2020;

3. The COVID-19 pandemic.

1.2 Key Figures

Below is a summary of the changes from the previous report in as far as TLIC is concerned:

	2019/2020	***2018/2019***
	In £m except Solvency II ratio data	
Profit and Loss Account under IFRS		
Total gross written premiums	57.94	*38.78*
Underwriting result	8.97	*5.01*
Investment result	1.05	*0.58*
Profit on ordinary activities before tax	7.85	*4.06*
Solvency II Balance Sheet Data		
Total assets	66.41	*75.13*
Capital Requirement Data		
Solvency Capital Requirement	9.60	*8.53*
Solvency II ratio	151%	*221.92%*

1.3 Key Highlights

1.3.1 Business and performance

TLH received dividend income from its equity investments in its controlled subsidiary TLIC. During the period under review (up to 30 June 2020) TLIC reported a profit before taxation of £7.85 million. TLH received dividends gross of tax totalling £11.2million (2018/19:– £16.15 million)

Trinity Lane Insurance Company Limited (the Solo Undertaking) is a non-life insurance company domiciled in Malta. The Company underwrites business in the United Kingdom and the Channel Islands solely through the intermediation of insurance brokers and as at 30 June 2020 the Company was licensed to write the following classes of business.

Classes of Business

Class No.	Class
1	Accident
3	Land vehicles other than railway rolling stock
8	Fire & natural forces
9	Other damage to property
10	Motor vehicle liability
13	General Liability
16	Miscellaneous Financial Loss
18	Assistance

The Company does not underwrite reinsurance risks.

Until the previous financial year, the Company's financial year ran to 31 March each year and it reports its results in GBP. In view of its re-domiciliation to Gibraltar on 1 July 2020, the financial year of Trinity Lane Insurance Company Limited only was extended to include the three months to 30 June 2020. Therefore, the reporting period is based on 15 months and this has to be borne in mind when comparing the figures as at 31 March 2019 which covered a 12-month period.

The financial year of Trinity Lane Holding Ltd ran until 31 March 2020 which was audited by Grant Thornton for statutory purposes. A separate audit was conducted by the auditors to enable them to express an opinion and give the required assurances on this SFCR. Their audit report covers the relevant sections and Quantitative Reporting Templates as at 30 June 2020. .

The gross written premiums in 2019/2020 were £57.94m (2018/2019 - £38.78m). The underwriting result, including other operational income and expenses, shows a profit of £8.97m (2018/2019 - £5.01m). The Company continued to focus on profitable growth in revenue and customer numbers in the UK.

The income from investment for the period is a profit of £0.98m (2018/2019 - £0.26m). Part of the improvement in the total investment return is attributable to an increase in the interest earned and better results in relation to realised gains or losses on disposal/maturity of bonds that contributed to the increase in investment return for 2019/2020. The Company is not exposed to fluctuations in foreign exchange gains or losses as all the trading is carried out in Great Britain Pounds (£).

As on 30 June 2020 the Company's regulated solvency ratio stood at 151%, whilst that of the Group was 181%, both lower than would normally be expected due to aspects of the extension of the accounting period and re-domiciliation to Gibraltar.

The Company's financial position is considered to be satisfactory and there were no material changes to Trinity Lane's business profile during 2019/2020.

1.3.2 System of Governance

As is required under Solvency II, for the Group's regulatory requirements under group supervision rules, the Board is entrusted to oversee compliance with all three Pillars under the Solvency II regime. As such the Board is also responsible to ensure that appropriate governance procedures are set within the whole Group.

The Board of Directors of Trinity Lane Insurance Company Limited directs all aspects of the Company's business and sets the corporate objectives and strategy to achieve them. The Board meets on a regular basis and meetings are normally held at the registered office of the Company in Malta. The Company operates an outsourced business model and the Company's expenses reflect charges from its outsourced service providers. Day-to-day operational management is outsourced to the Company's insurance manager in Malta, Artex Risk Solutions (Malta) Limited. In addition, the Company outsources policy administration to selected insurance brokers and claims handling to Hadleigh Claims Management Ltd. In line with its overseeing responsibilities, the Board carries out regular internal reviews on the overall performance of the outsourced service providers.

The Board has ultimate responsibility for compliance with applicable legal and regulatory requirements and the Board has established a System of Governance which it is implementing in a proportional manner to ensure the sound and prudent management of the Company's business.

In addition, Trinity Lane employs a 'three line of defence' model that allows the key functions i.e. Internal Audit, Actuarial, Risk Management and Compliance, to review and independently challenge the running of the business and report findings to the Board.

There were no material changes to Trinity Lane's system of governance in as at 30 June 2020.

1.3.3 Risk Profile

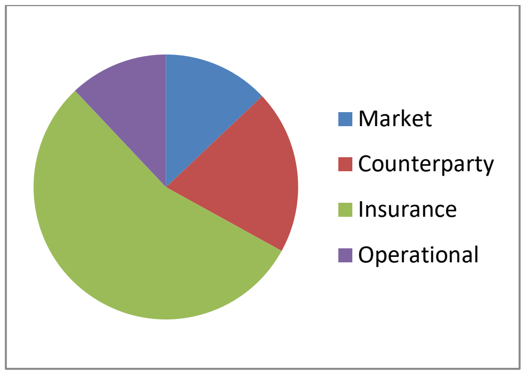
In presenting the risks below, the Board has prioritised the categorisation of risks in a manner that corresponds to the Board's current view as to the potential impact (from high to low) of risks for Trinity Lane. Material risks as at 30 June 2020 were:

Risk	Commentary
Underwriting	This comprises premium risk from underwriting future business and reserving risks from inadequate prior year reserves. The primary business focus for Trinity Lane is writing General Insurance Classes 3 and 10, Motor insurance, which consists of both short term (accidental damage) and long term (personal injury) insurance liabilities. In addition, a moderate section of the portfolio is the provision Class 18, (Assistance) Motor Breakdown.
Market	Trinity Lane is exposed to financial market risks through its core business of motor insurance and through the financing of its activities. The risk of loss arising from unexpected high frequency of severity of insurance claims also interfaces with this. Different risk management techniques are used to control and mitigate the market risks to which the Company is exposed. These techniques include: Asset & Liability Management, a disciplined investment process, reinsurance and regular monitoring of the financial risks to the economic and solvency position of the Company.
Credit	The risk of loss arising from counterparties failing to fulfil their financial obligations
Environment	Risks relating to the evolving regulatory environment. In addition to risks that bear a capital charge through the Solvency Capital Requirement calculation, Trinity Lane also considers liquidity risk, reputational risk, strategic risk and regulatory risk as well as emerging risks (under all categories) and risks arising from its relationships (financial or non-financial) with Group and other related parties. There is also an element of Operational Risk inherent in doing business in a General Insurance environment.
Operational	During the period, a risk that was also considered and closely monitored was the COVID-19 pandemic. Following the outbreak of the COVID-19 pandemic, the directors continued to actively monitor all developments taking place in the United Kingdom and the Channel Islands in order to take any immediate action to safeguard the interests of the Company as the situation continued to

	change particularly in the UK. The Company operated normally during the pandemic months. The summer season saw a sharp decline in the infection rates across the United Kingdom but cases were again on the increase towards the beginning of September 2020. These developments could have an impact on the assets of the Company especially if there is a that a prolonged period of economic slowdown.

There were no material changes to Trinity Lane's risk profile in 2019/2020.

The Group's risk profile is simply reproduced and expressed in percentages of the calculated 2019/2020 solvency capital requirement of £9.89 million as follows:



As part of the Group's regulated Own Risk and Solvency Assessment (ORSA) the Group carries out a number of stress tests on various risk scenarios, while also comparing these results with those produced under the standard formula.

No material changes to the risk profile occurred during the reference period.

1.3.4 Valuation of Assets and Liabilities

The Trinity Lane Solvency II balance sheet is prepared as of 30 June 2020. The balance sheet is prepared in compliance with the Solvency II Regulations. Assets and liabilities are valued based on the assumption that the Company will pursue its business as a going concern. Technical provisions are recognised with respect to all insurance obligations towards policyholders and beneficiaries of insurance contracts. The value of technical provisions corresponds to the current amount that the Company would have to pay if it were to transfer its insurance obligations immediately to another insurance undertaking.

1.3.5 Capital management processes

The Group recognises the importance of optimising the balance between return and risk, whilst maintaining economic and regulatory capital in accordance with the risk appetite.

The Group adheres to a Capital Management Policy approved by the Board which includes procedures to ensure that the own funds items satisfy at issue the prescribed profiling of Solvency II regulated tiering under Article 93 of Directive 2009/13/EC of capital on an ongoing basis. Such Policy includes controls on issuance of new capital instruments and sets out the approach to managing dividends and distribution.

As on 30 June 2020 the Group eligible own funds in matching the Group's SCR stood at a Solvency ratio of 181% of the required margin and this positioning is perfectly reflective of the prudence applied by the Group in ensuring sufficient reserves under own funds.

The Board is ultimately responsible for the establishment of such procedures and controls in order to provide reasonable assurance that the Group is adequately capitalised in the interest of all stakeholders. The Board of Directors has also developed a Group wide medium-term capital management plan. This control is largely reflected in the Group's ORSA which factors in future year projections for the Group. The ORSA approved by the TLIC board carries forecasts that TLIC will carry on to register high solvency margin ratios in excess of those required for the medium term.

The Solvency II ratio at 30 June 2020 (Trinity Lane Insurance Company Limited) amounted to 151% (2019/2020: 222%). This is driven by:

- **Eligible Own Funds** decreased by £4.38 million to £14.54 million (2018/2019: £18.92 million) during the year. The drop in own funds is mainly due to minimum & deposit premium creditors for Excess of Loss contracts that were bound for 12 months on the 1st April 2020 being recognised in full at 30 June 2020 (rather than applying the principle pf correspondence to future premiums) and own funds therefore being reduced thereby.

- **Solvency Capital Requirement** increased by £1.07 million to £9.60 million (2018/2019: £8.53 million) mainly as a result of being unable to apply for this period the adjustment for Loss Absorbing Capacity of Deferred Tax, due to re-domiciliation to Gibraltar.

2. Business and Performance

2.1 Business - Corporate form, Regulatory Supervision and Beneficial Owners

All the details below are correct as at 30 June 2020:

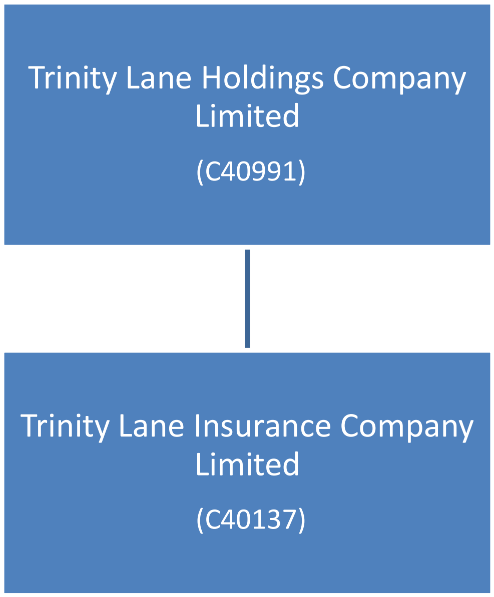
Name of the undertaking:	Trinity Lane Holdings Ltd. The company is considered by the Solvency II Directive as being an “insurance holding company” as defined by Title III, Section 1, Article 212(1)(f) of the Directive.
Address of registered office: Contact details:	The Landmark Level 1, Suite 2 Triq l-Iljun Qormi QRM3800 Malta Tel: +356 2248 9100 Fax: +356 2248 9106 E-Mail: info@artexrisk.com.mt
Legal status:	Private Company limited by shares.
Company registration number:	C40991
Name of Group supervisor:	Malta Financial Services Authority. Under Group Supervision Regulation the Group is required to report on the consolidated results for the Trinity Lane Group and for the authorised undertaking, Trinity Lane Insurance Company Limited.
Name of the external auditor: Contact details:	Grant Thornton Fort Business Centre Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta. Tel: (+356) 20931000 www.grantthornton.com.mt

Shareholders and qualifying ultimate beneficial owners holding more than 10% holding of the Group	The Group is immediately owned by: David J. Flux – 91%.
Board of Directors (as at 30 June 2020):	Saviour Briffa, Andrew Clive Dodds, David Flux, Joseph Grech, Duncan Heath.

Name of the (solo) undertaking:	Trinity Lane Insurance Company Limited
Address of registered office: Contact details:	The Landmark Level 1, Suite 2 Triq l-Iljun Qormi QRM3800 Malta Tel: +356 2248 9100 Fax: +356 2248 9106 E-Mail: info@artexrisk.com.mt
Legal status:	Private Company limited by shares.
Company registration number:	C40137
Name of the financial supervisory authority:	Malta Financial Services Authority Triq l-Imdina Zone 1, Central Business District Birkirkara CBD 1010 Malta Tel: +356 2144 1155 Fax: +356 2144 1188 www.mfsa.mt
Name of Group supervisor:	Malta Financial Services Authority.
Name of the external auditor: Contact details:	Grant Thornton Fort Business Centre Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta. Tel: (+356) 20931000 www.grantthornton.com.mt
The Company is authorised to carry out services in the following countries:	United Kingdom

Board of Directors (as at 30 June 2020):	Saviour Briffa, Andrew Clive Dodds, David Flux, Joseph Grech, Duncan Heath.

2.2 Group Structure



The Company does not operate through a branch network.

2.3 Performance - Review of the Business

The Group reported for its controlling interests in its subsidiary a consolidated profit before tax for the financial period ended 30 June 2020 of £11.20 million (31 March 2019: £8.90 million).

While sustained profitability continued to be reported, the Group registered increased consolidated results for the period under review, when considered on a proportionate basis, the period being 15 months compared to previous period 12 months. The main factor contributing to the Group's proportionate increase in profit on the previous period's results is largely due to the Solo undertaking's improved underwriting results. This result worked towards what is considered by the board of directors to be yet another good financial period working well in strengthening the Group's Balance Sheet and reserves.

The Group saw its premium underwritten by the Company grow from £38.78 million (12 months) to £57.94 million (15 months). The Company writes only motor insurance for various categories of risks and schemes including Classic and Specialist cars, Motorhomes, Telematics and other low exposure motor risks and related motor risks from selected Insurance Brokers. Personal Accident (PA) and Motor Breakdown (Assistance) schemes are also underwritten. Some covers are also provided as add-ons to the basic motor insurance policy. The Board considers that the Company operates within a single line of business and geographical area. The Company has exercised its right to passport and carry out services in the United Kingdom.

The Company mitigates its risk through a programme of Quota Share reinsurance and Excess of Loss reinsurance. This provides protection both against adverse performance from attritional losses and from larger claims.

2.3.1 Group Income Statement

The below statement, an extract from the Group's consolidated results, summarises the results for the Group after taxation and reports a consolidated profit of £8,453,640 accruing to Trinity Lane Holdings Limited shareholders for the period ended 30 June 2020.

	30 June 2020 (15 months) £	31 March 2019 (12 months) £
Balance on the technical account for general business	8,973,598	5,011,684
Net Investment Income	1,049,563	578,997
Other income net of direct expenses	1,178,321	3,308,191
Profit before tax	11,201,482	8,898,872
Tax expense	(2,747,842)	(1,422,420)
Profit for the year	8,453,640	7,476,452

The Group is also required to report on the solo undertaking and in the following extract from the financial statements the Group is reproducing TLIC's aggregated results for the period from 1 April 2019 to 30 June 2020. Salient features of the 2019/2020 statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and adopted by the EU are shown in the table below. It is to be noted that while Trinity Lane does not differentiate between "motor liability" and "other motor" business, it is required to report income and expenditure for these notional lines separately under Solvency II. Therefore, in the information presented below, the result has been apportioned between these two bases based on input by Actuaries:

	As at 30 June 2020				
	Motor vehicle liability £ '000	**Other motor £ '000**	**Misc. Financial Loss & Other classes £ '000**	**Assistance £ '000**	**Total £ '000**
Gross Earned Premiums	30,136	10,502	6,359	8,528	55,525
Reinsurers' share of earned premiums	27,238	9,080	-	-	36,318
Net earned premium	**2,898**	**1,422**	**6,359**	**8,528**	**19,207**
Gross claims	17,322	5,974	849	4,621	28,766
Reinsurers' share of claims	12,291	4,097	-	-	16,388
Net insurance claims	**5,031**	**1,877**	**849**	**4,621**	**12,378**
Net loss ratio[1]	**174%**	**132%**	**13%**	**54%**	**64%**
Total other technical income net of expenses	**1,391**				
Combined ratio[2]	**57%**				

2.4 Performance from investment activities

The Group reports on the results for investment return of the Group, and that of TLIC. The holding company does not hold an investment portfolio and thus any return that the group receives is indirectly through the investment portfolio held by TLIC. Thus the Group consolidated results do not differ from those of the Company.

The Company registered total investment income net of investment expenses for the period ended 30 June 2020 of £1,049,563. Trinity Lane invests in a diversified portfolio comprising of corporate, supranational and government bonds. In addition, the Company invests in money market instruments to ensure appropriate diversification and liquidity. The portfolio is selected to minimise investment risk and capital strain through matching the maturity of the investment instruments to the cash outflows from

[1] Net loss ratio is calculated as IFRS net claims incurred divided by net earned premiums (net of reinsurance).

[2] Combined ratio is calculated as the sum of total other technical income net of expenses and net claims incurred divided by net earned premium (net of reinsurance).

insurance liabilities. The Investment income performance over the period ended 30 June 2020 is summarised below:

Investment Income period ended 30 June 2020

	2019/2020	2018/2019
	£	£
Net gains/(losses) from investment at fair value through profit & loss	71,069	324,333
Interest income from cash at bank	39,835	48,107
Management Fees	(122,284)	(81,899)
Investment income	978,494	254,664

Whereas international markets remained volatile, during the period under review, TLIC liquidated certain investments that were being held to maturity and the entire proceeds were reinvested into other listed debt-type investments. The Group's and TLIC's Boards of Directors direction in applying the relevant prudence for protecting the stakeholders' interests results in a reasonable return under the circumstances. While there is volatility in unrealised gains, the realised result of any investment is known at the point of purchase. The Company has a very small equity portfolio and any gains or losses have been directly recognised. The Group does not hold any properties nor does it hold investments in securitisations.

2.5 Application of the "prudent person" principle to investments

As at 30 June 2020, Trinity Lane Insurance Company Limited appointed (i) BOV Asset Management Limited, (ii) Bridport & Co and (iii) J. Safra Sarasin (Gibraltar) as its asset managers. Investment Management Agreements are in place and which do not allow for investments in derivatives and collective investments schemes. These agreements specify maximum exposures to allow for diversification and minimise concentration risk. Derivatives can neither be used for hedging purposes.

The Company thus pursues a conservative investment policy, which ensures investments are limited to relatively standard and easily understood products, the performance of which the Company is able to readily monitor and manage. The investment policy balances capital preservation with investment return and sets limits with regard to the risk tolerance, credit rating, modified duration and other measures, taking into account the nature and duration of the Company's liabilities. In addition, the policy requires appropriate diversification of exposure within the portfolio.

Trinity Lane does not directly undertake any unusual or non-routine investment activities. However, should any such investments be proposed, the Investment Committee will:

- Assess the impact on the Company's risk profile, consider whether a revised ORSA is required as a result and make the necessary recommendation to the Board
- Ensure that appropriate skills are in place to manage and monitor the investment activity – either internally or within the investment manager;
- Demonstrate to the Board how the proposed investment activity will improve the portfolio as a whole.

The Company has an Investment Policy which sets out the framework to maintain a portfolio of investments which achieves an appropriate investment return for the Company in which it may set investment mandates and manage its asset/liability management activities. This includes:

- Defining the investment objectives and benchmarks including the quality of counterparty by setting a minimum credit rating
- Documenting and communicating the investment philosophy
- Specifying the requirements for asset liability management including the setting of appropriate counterparty limits to avoid excessive risk concentration
- Ensuring compliance with all regulatory requirements
- Investment in marketable instruments which are traded and valued in a regulated financial market
- Investment in assets which will enable the Company to meet the Minimum Capital Requirement and the Solvency Capital Requirement.

2.6 Any Other Information

There are no other material matters in respect to the business or performance of the Company.

3. System of Governance

3.1 General information

The focal point of Trinity Lane's SoG is its Board which directs all aspects of the business except where the Board is required, as a matter of procedure, to refer an issue to the Company's shareholders. It is the responsibility of the Board of Directors to oversee that a system of good corporate governance is in place throughout the whole Group. As required under Solvency II, the Board is entrusted to oversee compliance with all the three pillars of Solvency II together with ensuring that the appropriate governance procedures are adhered to.

3.1.1 Relations with Policyholders

The Group adheres to all regulated requirements that need to be given to the policyholder and the public in general. The Group welcomes all enquiries after having assessed the relevance and appropriateness of such enquiries. At all times such communication of information is carried responsibly by the Group so as to ensure appropriate disclosure.

Furthermore the Group adheres to a strict complaints procedure as directed by Chapter 12 of the Insurance Rule Book under the Insurance Business Act.

3.1.2 Relations with Shareholders

Recognising the importance of keeping open communication with shareholders, the level of disclosure with these important stakeholders within the Group is in excess of statutory requirements under the Companies Act. An Annual General Meeting for shareholders of Trinity Lane Holdings Limited is held each year and, besides the statutory business of the Annual General Meeting as laid down in the memorandum and articles of the Company, information on group performance is presented routinely to both the Group's Board of Directors and the Company's Board of Directors.

The Trinity Lane Holdings Limited Board convenes twice a year and where the major shareholding is also represented. As a minimum, the TLIC Board meets quarterly and where the major shareholding is also represented. This structure ensures that directors of the Company are kept aware of the priorities of the shareholders. The Board of Directors of Trinity Lane Holdings Limited who are appointed by the shareholders in accordance with the Company's Memorandum and Articles are:

- Saviour Briffa
- Andrew C. Dodds
- David J. Flux
- Joseph Grech
- Duncan R. Heath

3.1.3 Group System of Governance

As explained Trinity Lane Holdings Limited is captured as an insurance holding company under the Solvency II Directive and within its corporate structure owns 100% of the shares of Trinity Lane Insurance Company Limited, a public interest company. For this reason the Group has adopted the MFSA's principles of good corporate governance for Public Interest Companies. The Group adheres to the rules set under the MFSA's Insurance Rulebook Chapter 6, System of Governance, a regulation set up under the Insurance Business Act (Cap 403) and is accordingly guided by them

3.1.4 Trinity Lane Insurance Company Limited

As at 30 June 2020, the Board comprised two non-executive directors and three executive directors. The Chairman of the meeting of the Board of Directors is a non-executive director appointed at every meeting. The Board is responsible for

- Approving the corporate objectives and setting the strategy to achieve them.
- As far as reasonably possible, ensure that the Company conduct its affairs in an ethical, legal and responsible manner.
- Set and oversee an effective internal control framework that includes well-functioning Risk Management, Actuarial, Internal Audit and Compliance functions as well as an appropriate financial and accounting framework.
- Determine policies on key areas such as risk, reserving, compliance, internal audit, outsourcing business continuity, accounting and fitness and probity.
- Set risk appetite and overall risk tolerance limits.
- Monitor and assess compliance with Trinity Lane's polices and principles.
- External reporting.

The Company's Board of Directors retains ultimate responsibility for the governance of the Company and takes a risk based approach to the system of governance it expects to be implemented, depending on the complexity, nature, size of the business and whether it is subject to regulation. The level of reporting required is also proportional to these factors.

The Board has set up two sub-committees to provide direct oversight over the operations of the Company which are the Finance & Investments Committee and the Risk Management Committee. Both Committees operate under Board approved Terms of Reference. The functions that would have been assigned to an Underwriting Committee and Audit Committee are performed by the Board of Directors as a whole.

The Board of Directors meets quarterly, or more often if required, and is charged with the strategic management of the Company. As at the reporting date, the Board members were as follows:

- Saviour Briffa
- Andrew C. Dodds
- David J. Flux
- Joseph Grech
- Duncan R. Heath

3.1.4.1 Risk Management Committee

The Board Risk Management Committee assists the Board in fulfilling its responsibility for oversight of the adequacy and effectiveness of risk governance and its capital models, in particular the risk profile relative to the risk appetite determined by the Board. This Committee is also responsible for advising the Board on the overall current and future overall risk profile.

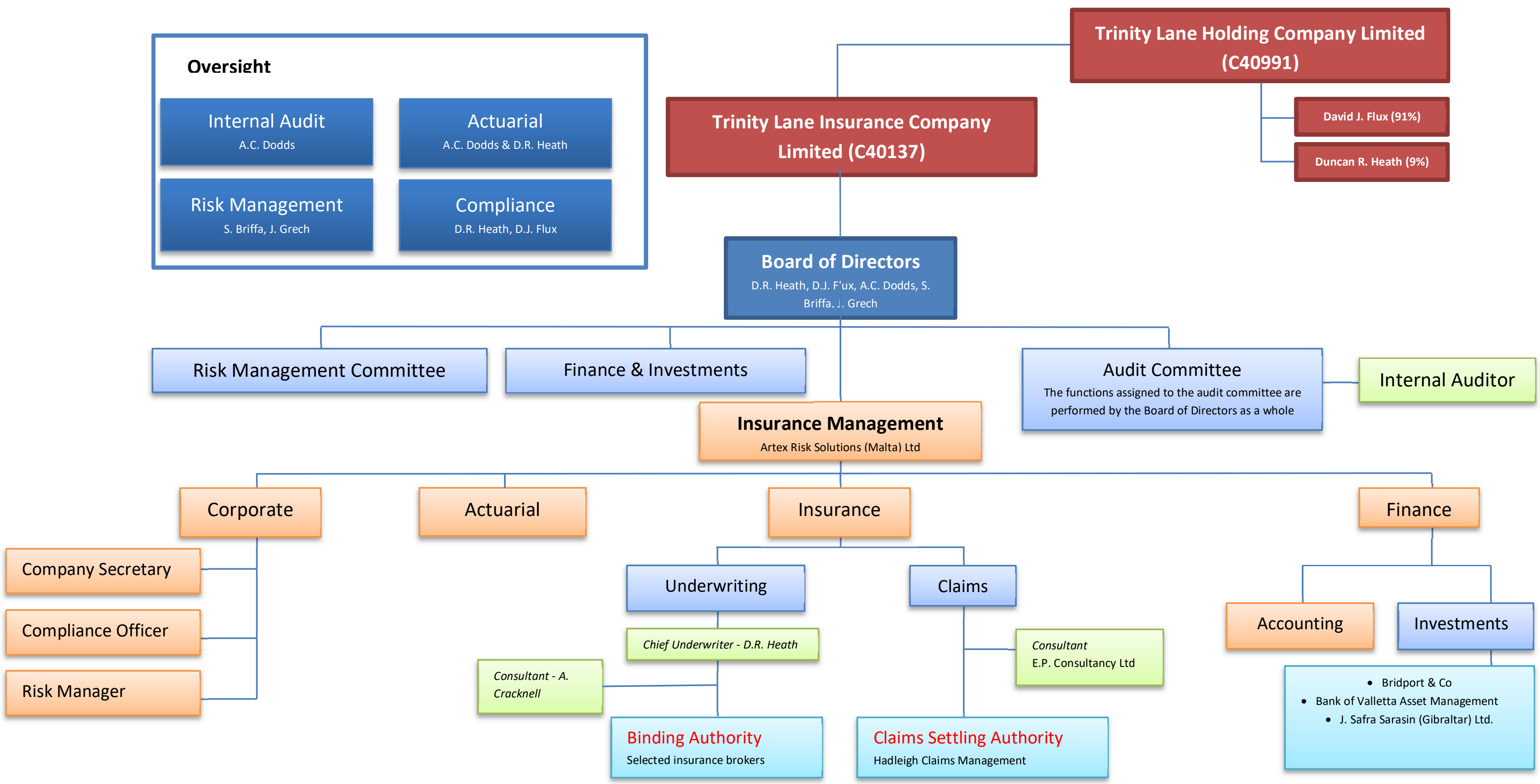
3.1.4.2 Finance & Investments Committee

The Finance & Investments Committee is responsible for identifying, developing, and recommending appropriate investment strategies to the Board.

3.1.4.3 Audit Committee

The functions assigned to the Audit Committee are performed by the Board of Directors as a whole. One of the non-executive directors acts as Chairman of the Board of Directors when such Board acts as the audit committee. This Committee keeps under review the effectiveness of the Company's financial reporting and internal control policies.

3.2 Roles, Responsibilities, and Reporting Lines



3.3 Material changes

There were no material changes to the SoG during 2019/2020.

3.4 Remuneration policy and practices

The Company does not have any employees and its directors are remunerated on a flat fee basis. Directors' remuneration is approved by shareholders. The Company has applied the principle of proportionality to requirements regarding policy on remuneration and the remuneration committee. The Company does not have a policy in respect of remuneration, and does not have a remuneration committee.

3.5 Related Party Transactions

During the year the Company entered into various transactions which are subject to common control. All transactions are conducted within the normal course of business.

3.6 Fit and proper requirements

The Company has in place a fit and proper policy which guides its thinking and practice. The principles upon which the policy has been designed have been taken from the MFSA guidance notes and from Solvency II System of Governance guidelines.

As part of the "Fit & Proper" policy, various checks and procedures are carried out before appointing an individual or a company to a key position or to a position involving oversight of key functions. The Company recognises the value of the fit and proper requirements in that a company is run in a fit and proper manner, by fit and proper directors and other individuals holding key functions or roles. Thus the Company will benefit from the knowledge and experience brought to the Company and is more likely to be successful. In addition, the risks associated with a badly run business (largely regulatory, financial or reputational risks) will be diminished.

There is no definition for 'fit and proper', however the term includes - amongst other considerations - the concepts of honesty, solvency and competence. The basic elements of the fit and proper assessment are:

- Honesty, integrity and reputation (e.g. treating customer fairly, proper respect of legal, regulatory and professional obligations, prudent approach to business)

- Competence, ability to conduct business and organisation (e.g. adherence to 'four-eyes' principle, having a robust corporate governance structure, declaration of conflicts of interest, Directors having appropriate skills, knowledge and experience)

- Financial position (e.g. ensuring the Company has sufficient financial resources to meet commitments on a continuous basis, and is robust enough to withstand business risks)

The Company ensures that any candidates for a position on a Board or for other key functions or roles shall be assessed to ensure that they fulfil fit and proper requirements. This includes reviewing the CV of the potential candidate, an in-depth interview, obtaining references (both personal and professional), and carrying out due diligence checks. Due diligence checks include verification of identification and address, as well as searches on due diligence databases. The candidate is also asked to declare any interests so that the relevant Board can review whether they conflict with the Company's interests. All conflicts of Interest identified are recorded on a log and reviewed at each board meeting.

3.7 Risk Management System including ORSA

The Board of Directors of the Group approved and adopted a Risk Management Policy and this Section outlines key elements of the Group's Risk Management Framework that are of particular relevance.

The Group has adopted a proportionate risk management framework that consists of the following:

- Risk appetite statement
- Risk management policy
- Risk register
- Own Risk and Solvency Assessment policy
- Risk reporting

As a minimum, the Company has a Risk Register which the Board reviews and considers regularly. The Company has also determined its risk appetite which is supported by a Risk Appetite Matrix, approved by the Board, which seeks to set out in practical terms how the Company measures whether its performance remains within the approved appetite for risk.

The Group's Risk Management Policy describes the framework and principles for risk management and internal controls in place. For the purposes of regulatory compliance with Solvency II implementation guidelines, the Risk Management Policy formalises the strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks faced by the Company. Moreover, the Risk Management Policy incorporates different sub-policies as defined in MFSA guidelines. The Policy also makes reference to the procedure adopted by the Company for the identification, analysis, evaluation, management, monitoring and reporting of the Company's risks.

The Risk Function of the Company is outsourced to Artex Risk Solutions (Malta) Limited ("Artex") which liaises with the Directors responsible for the oversight of the Risk Management Function on at least a quarterly basis to review the overall risk profile and the Risk Register as part of the Enterprise Wide Risk Management system.

The Risk Register records the description of all identified risks including emerging risks, their grading in terms of likelihood of occurrence and seriousness of impact on the achievement of the Company's objectives (not all risks have financial consequences). It is a tool which provides a clear description to the Board of the current main risks faced by the Company. The Company's Risk Register is categorised according to different risk categories and in line with the different Risk Management sub-policies.

Once reviewed, the updated Risk Register is presented to the Board of Directors for review and adoption. The Board of Directors considers the adequacy of the controls in place and the financial impact of the risk occurring. The Board also has responsibility for overseeing the implementation of any additional controls that might be deemed necessary. In this way, the Board is kept updated and informed as to the risks faced by the business, and through the Key Risk Indicators, the current level of exposure to each risk.

The Company produces an Own Risk Solvency Assessment ("ORSA") at least once in each calendar year. Additional ORSAs may be produced in response to material changes to risks faced by the Company and specific triggers outlined in the ORSA Policy. The ORSA is the process by which the Board is able to monitor the risks to the business, and may assess the impact of those risks on the capital adequacy of the business. The Board uses the ORSA to make decisions regarding future business decisions and to ensure that any risk remaining after controls have been applied is within the parameters expressed in the Company's risk appetite statement.

The process of producing the ORSA is a cyclical one. The inputs include:

- Board's policies
- The Board strategy for the business
- Output from the standard model Pillar 1 process
- Actuarial function output
- The Company's Enterprise Wide Risk Management system

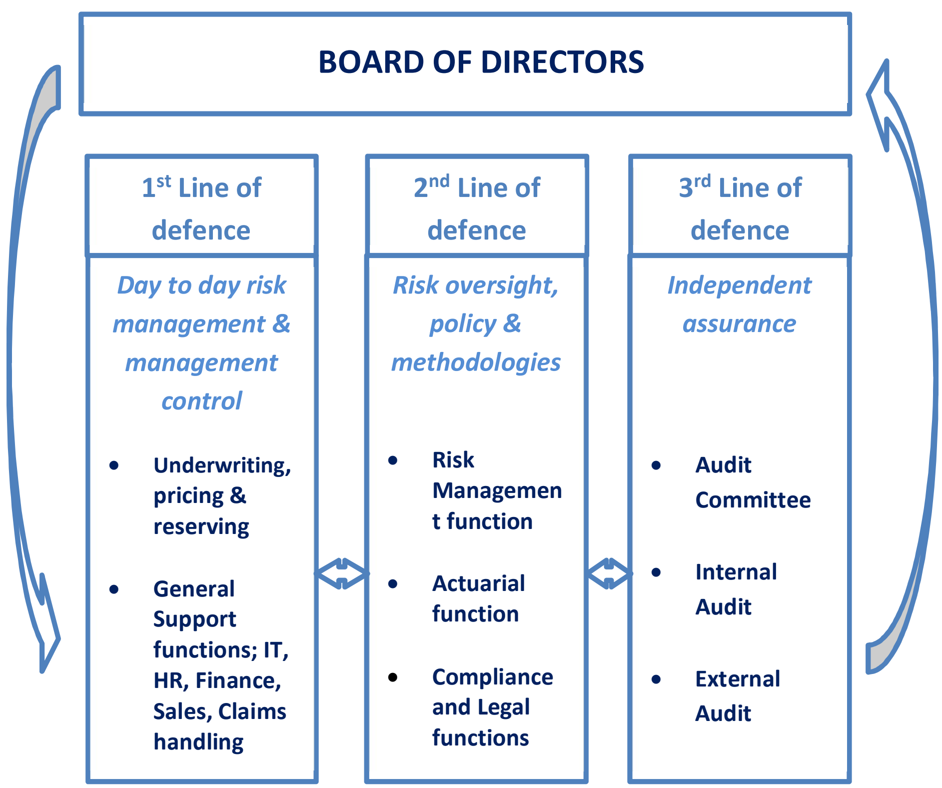
The ORSA is then produced by Artex in conjunction with the Actuarial and Risk Management function. The ORSA is presented to the Board for comment and review; and once finalised to the Board of Directors for their consideration and approval. The result of the Board's consideration forms the basis for the future strategy of the business, which forms the basis for the following year's ORSA.

3.7.1 Risk Management Roles and Responsibilities

The Directors with oversight of the Risk Management Function are responsible for the function and effectiveness of the Risk Framework, supported by the Board. The risk management task is outsourced to Artex and the function holders are also responsible for the outsourced relationship, including monitoring the scope of work, service levels and for challenging the results. The key function holders and the Board review, monitor and update as required, all the components of the Framework as necessary, and oversee the ORSA process. However, the Board collectively is responsible for the implementation of the Framework components.

The Risk Management Framework is applied proportionately to the risk presented by the Company.

As previously outlined, the Group adopts the three lines of defence approach which is considered as best practice. This model allows key functions i.e. Compliance, Risk Management, Internal Audit and Actuarial Functions to review and independently challenge the running of the business and report findings to the Board.



As a first line of defence, all individuals are responsible for the management of risks in their respective areas. Risk owners and management have ownership, responsibility and accountability for assessing, controlling and mitigating risks together with maintaining effective internal controls. Risk management responsibilities are accordingly incorporated in the accountabilities of the individuals concerned. The second line of defence facilitates and monitors the implementation of effective risk management practices by operational management and risk owners. As a third line of defence, the internal audit function, through a risk based approach, provides independent assurance to the organisation's board and senior management, on how effectively the organisation assesses and manages its risks, including the manner in which the first and second lines of defence operate.

Moreover, the Group also adopts the four-eye principle whereby significant decisions are required to be supported by at least two persons having major decision-taking powers. Sufficient segregation of duties is required to be maintained to ensure persons performing tasks are not also responsible for monitoring and controlling the adequacy of this performance. Where such is not possible then any potential conflicts of interest are managed appropriately to safeguard proper decision-taking or task execution.

3.7.2 Risk reporting

The Risk Register is reviewed by the Risk Management Committee at least quarterly and at each Board meeting a report is presented about the deliberations of the Committee. New or emerging risks identified may be reported to the Board by any of the Directors, or key function or role holders, for consideration and possible addition to the Register. Any areas requiring particular attention are presented to the Board for further discussion and determination of what action requires to be taken in order to adhere to the Company's risk appetite and tolerance.

The risk management system covers the risks included in the calculation of the Solvency Capital Requirement as well as the risks which are not or not fully included in the calculation thereof. The risk-management system covers (at least) the following areas:

1. Underwriting and reserving risks
2. Asset-liability management / Market risk
3. Investment risk management
4. Liquidity risk management
5. Concentration risk management
6. Operational risk management
7. Insurance risk mitigation techniques
8. Other risks such as Regulatory/Legal risks and Strategic risk

3.7.3 Risk appetite

The Group takes and manages risks to achieve its objectives. The Board has set a risk appetite statement that broadly describes the types and amounts of risk we are willing to take in pursuit of these objectives.

The objectives include achieving target performance and maximising shareholder value, preserving a level of solvency that would support the Group in challenging environments, maintaining adequate liquidity to satisfy obligations as they come due, and protecting all aspects of the Group's value, including its brand and reputation.

Underlying the Group's risk appetite are risk tolerances, high-level quantitative measures and qualitative assertions for the maximum risk allowed, set at corporate level and in line with the needs of stakeholders. At the highest level, they are intended to assure maximising the likelihood of delivering on the mission, strategy and objectives.

Risk Appetite is cascaded down into more detailed expressions of appetite or limits applicable to each business function and risk category including each risk described in the Risk Register. This facilitates risk-taking decisions at all levels. It is pertinent to mention that the overall risk appetite of TLICL is low.

3.7.4 Own Risk Solvency Assessment ('ORSA') Policy

The Company is responsible for completing an Own Risk Solvency Assessment ('ORSA'). The ORSA's main purpose is to ensure that the Company assesses all the risks inherent to the business and determines the corresponding capital needs, or identifies other means needed to mitigate these risks.

It particularly considers situations in which the Company faces adverse conditions ('stressed scenarios'), and the capital needs and mitigation measures necessary in these scenarios, to ensure that the business is prepared for, and robust enough to weather, adverse conditions without detriment to stakeholders. ORSA is not a one-off exercise or a single report; rather, it forms a fundamental part of TLIC risk management system.

While the Risk Register focuses on risks from a bottom-up viewpoint, the ORSA takes a top-down approach, linking business objectives, business risks, business planning and capital planning. The results of the ORSA also feed back into the risk management process, ensuring that all risks identified are incorporated into the assessment, management, monitoring and reporting cycle.

The Board also uses the output of the ORSA to review the overall risk profile, and whether the profile exceeds or approaches the risk tolerance limits set by the Board. If this is the case, the Board will decide whether to amend the risk tolerance limit to one which is more appropriate, or whether the risk of exceeding limits should be mitigated with further capital. When determining appropriate stress or scenario testing to be applied, the Board takes the approach of considering 'worst plausible case' possible and also reverse stress tests.

The ORSA shall be completed using actual results not more than six months old, and the most recent business plan available, to make it as accurate as possible. The key inputs for the ORSA process are:

- Risk management process (including the risk register)
- The business planning cycle
- The audited accounts and the Solvency Capital Requirements calculation

The Board carries out the ORSA at least annually on the basis that solvency needs and capital position are not volatile, and the business' risk profile is stable. However, it will also carry out an automatic re-performance of the ORSA arising under the following circumstances:

- A new line of business is under consideration.
- A material change in the Scheme of Operations is being proposed (e.g. change to the investment profile).
- Major changes in the risk tolerance limits or reinsurance arrangements.
- Major changes to the premium levels.
- Free Capital, being the excess of Own Funds above the higher of the ORSA or SCR after application of the Eligibility limits laid out in Article 98 of the Directive, falls to a level which is less than 50% of the higher of the ORSA or SCR in which case monthly re-assessments will be performed.
- The MFSA requests a recalculation of the ORSA.
- There is a material default in an asset class (e.g. bank failure; reinsurer failure or investment default).

3.8. Internal Control System

The internal controls environment is an integral part of the Group's Risk Management. It encompasses controls relating to key processes and aims to ensure compliance with current law and regulations as well as operational efficiency. The ultimate responsibility for the internal controls environment lies with the Board of Directors. However, all people involved with the operations of the Group and Company play a key role in maintaining and improving the control system as part of its first line of defence. In the Group's second line of defence, the internal controls, risk management and compliance functions are supported, facilitated and reviewed by the Risk Management Committee. As per defined roles & responsibilities, the Group's third line of defence includes the key function of the internal audit that provides the required independent assurance and challenge across all business functions in respect of integrity and effectiveness of the risk management framework and its internal controls.

Given the size of the Group, and bearing in mind the proportionality principle, the internal control system is simple and straightforward in line with the nature, scale and complexity of the business. The Board is responsible for the Internal Control System. As a minimum, the Company has sound reporting and accounting procedures to enable the Board to adequately monitor the business. The Company is subject to statutory audit which independently reviews the internal control systems.

The individual Directors have been charged with an oversight function which oversees internal controls, including drafting and implementing policies and procedures, and monitoring against compliance with them. This includes the actuarial, internal audit, risk management and compliance functions.

3.8.1 Actuarial Function

The role of the Actuarial Function is to provide the Board with an independent perspective on key insurance aspects of the Company's operations. This will ensure that the Board is fully informed of matters that may impact the business. The Actuarial Function was outsourced to Mazars LLP operating from Gibraltar.

The Company's actuarial function is the responsibility of the key function holders, who report directly to the Board. The key function holder is also responsible for overseeing this outsourced relationship including monitoring the scope of work, service levels and challenging the results.

The actuarial function is responsible for:

a) Coordinating the calculation of technical provisions.
b) Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.
c) Assessing the sufficiency and quality of the data used in the calculation of technical provisions.
d) Comparing best estimates against experience.
e) Informing the Board of the reliability and adequacy of the calculation of technical provisions.
f) Overseeing the calculation of technical provisions where there is insufficient data of appropriate quality to apply a reliable actuarial method.
g) Expressing an opinion on the overall underwriting policy.

h) Expressing an opinion on the adequacy of reinsurance arrangements.
i) 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, and to the ORSA.

Each of these activities is undertaken at least annually and the outcomes reported to the Board in an internal actuarial report.

3.8.2 Internal Audit Function

As part of the system of internal controls, the Company has outsourced its Internal Audit function to an independent external certified public accountant with a practising certificate in auditing. The Internal Auditor carries out reviews in accordance with an Internal Audit Plan adopted by the Board and looks into whatever matters the internal auditor feels requires review, and any matters referred to him by the Board in its capacity as an Audit Committee.

Internal Audit is an objective and independent activity, whose role is to help management achieve the Company's objectives by constantly improving the effectiveness of the Company's operations. It is responsible for evaluating management's approach to risk management and governance, with particular emphasis on systems of internal control. It investigates the manner in which the Company's processes and controls operate in order to assess their effectiveness in ensuring compliance with strategy and policies. The Internal Auditor prepares an annual internal audit plan in accordance with business priorities and risk areas. The extent and frequency of the audits included within the plan are also risk-based, depending on various factors such as results of previous audits, relative risk associated with the activity, materiality, and adequacy of systems of internal control. It will also consider the output of external audit, liaising with any independent parties as necessary.

The plan includes specific coverage of the key operational areas of the business. In particular, it will consider:

- Governance and business planning
- Underwriting and policy administration
- Claims handling and reserving
- Investment
- Finance/Accounting
- IT

Internal Audit produces a three-year plan to ensure that all relevant areas are covered within an appropriately determined timeframe, taking into account the relevant risks and uses this plan as the basis for the detailed annual plan. Internal Audit carries out its examination at least once annually and as requested on an ad hoc basis on any additional areas. Throughout the year, performance against the annual plan is monitored by the Board and any significant deviations are considered by the Board as required.

An audit report is prepared and issued by the Internal Auditor following the conclusion of each audit, including any management responses. These reports are presented to the Board at the next meeting or sooner if matters arising require immediate attention. A log of all internal audit recommendations raised during individual audits is collated and the status of action points is monitored to completion by the Board.

An annual review of internal audit activity is reported to the Board. This includes a review of performance against the annual audit plan and review of the audit recommendations log.

The internal auditor has the required skill set and experience to carry out the role and is not involved in any operational aspects of the business. This ensures that the function is independent, objective, impartial and not subject to influence from the Board or management.

Moreover, the Internal Auditor has the authority to review all areas of the Company and its business and is therefore entitled to have full and unrestricted access to all information, records, property, personnel and activities. Staff and management (even if not staff of the Company) have a duty to make all requested information available promptly and to assist with any enquiries.

The Board will approve the audit plan and is free to request additional areas to be reviewed by internal audit. In addition the Board receives and reviews the reports produced by the function. However, the Board does not otherwise seek to instruct or influence the Internal Auditor.

3.8.3 Risk Management Function

See Section 3.7 Risk Management System including ORSA above.

3.8.4 Compliance Function

The Compliance Function is an integral and significant element of Trinity Lane's business, responsible for ensuring the Company complies with all relevant rules, regulations, guidance and legislation with regard to both Malta and UK requirements as applicable. The compliance function also reports to the Board on any relevant changes in the legal environment in which the Company operates.

The Company outsources its Compliance function to its insurance manager Artex, with a named Compliance Officer having overall responsibility. There is a compliance monitoring programme in place to ensure that the Company fulfils all its legislative and regulatory requirements, and adheres to its policies and procedures. This is completed by the Compliance Officer on a quarterly basis and forms part of the compliance report presented to the Board at every meeting. While the provision of compliance services has been outsourced, this remains under the oversight of the Board, in particular the function holders, and the Board retains full responsibility.

The Compliance Officer is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficacy. The Compliance Officer reports to the key function holders and Board at each meeting and will provide advice to the business when requested. It is acknowledged that these two roles need to be carefully balanced as the different approaches required by the proactive 'trusted advisor' and the more reactive 'independent watchdog' of the business may be at odds. If any conflict of interest should arise, the Compliance Officer shall follow the Company's Conflicts of Interest Policy.

The Compliance Function also liaises with regulatory bodies and authorities and provides updates on changes in legislation and regulatory requirements.

The Board supports the compliance function and shall make available such resources as is necessary, and provide access to all relevant documentation and information from the business, for the Compliance Function to fulfil its aims.

3.9 Outsourcing

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the Company. The third party to whom an activity is outsourced is a 'service provider'.

Outsourcing of critical or important functions (key operational activities) is subject to particular oversight and approval by the MFSA. Critical or important functions are fundamental activities of the firm, without which it would be unable to deliver its services to policyholders. Examples of such activities include pricing insurance products, investment management, claims handling, actuarial assessments and risk management. Any outsourcing agreement which could materially impact the performance or materially increase operational risk for the Group would also be classified as material function.

The Board ensures that an outsourcing arrangement shall not diminish the company's ability to fulfil its obligations to customers or the MFSA, nor impede effective supervision by the MFSA. Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the company's processes, and the final responsibility for customers, shall not be outsourced.

All the Company's outsourcing relationships are governed by written contracts that clearly describe all aspects of the outsourcing arrangements, including the rights and responsibilities of all parties. When entering into an outsourcing agreement, besides assessing the service capability and financial viability of the service provider, the Board also considers the governance, risk management and internal controls together with the provider's ability to comply with the laws and regulations.

As at 30 June 2020 and as disclosed above, the Internal Audit, Actuarial, Risk Management and the Compliance functions have been outsourced as shown below. Policy Administration and Claims function together with the Asset Management function have also been outsourced as below;

Function	Service Provider	Jurisdiction located
Internal Audit	Mr M. Paris	Malta
Actuarial	Mazars LLP	Gibraltar
Risk Management	Artex Risk Solutions (Malta) Ltd	Malta
Compliance	Artex Risk Solutions (Malta) Ltd	Malta
Policy Administration	A. Flux Insurance Services	United Kingdom
Claims	Hadleigh Claims Management Ltd	United Kingdom
Sales and Distribution	Selected insurance brokers	United Kingdom
Asset Management	(i) BOV Asset Management Limited (ii) Bridport & Co. (iii) J. Safra Sarasin (Gibraltar) Ltd	(i) Malta (ii) Jersey (iii) Gibraltar

3.10 Adequacy of the System of Governance

The Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and recommendations are made to the Board regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis from complaints, breaches and risk events, and incremental development as the systems mature. It also considers relevant industry advice and guidelines, implementing these as appropriate for the size and complexity of the Company.

Internal audits and external audits provide independent evaluation of Company's system of governance. Recommendations from these audits are considered by the Board and implemented proportionate to the business risks.

3.11 Any other Material Information

Trinity Lane Holdings Ltd and Trinity Lane Insurance Company Limited follow all requirements of Directive 2009/138/EC (Solvency II Directive) and the Commission Delegated Regulation (EU) 2015/35. All governance structures in place as defined under this section also apply the principle of proportionality related to its business' nature, scale and complexity of the risks attaching to its operations.

There is no other material information to report as at 30 June 2020.

4. Risk Profile

4.1 Overview

This section describes the main risks to which the Company is exposed through its business. Trinity Lane takes and manages risks to achieve its objectives. Risk is accepted as a potential cost of being open for new business, and servicing existing business. The cost of controlling all risks to a "minimal" level could easily outweigh any benefits derived from reducing the cost of risk events. The Group does accept some volatility in operational profit in order to generate profits over the long term. Trinity Lane's risk management framework sets out the type and level of risk which the Company is willing to accept in the achievement of its strategic objectives. This framework provides both qualitative and quantitative measures and limits, which are taken into account in making key business decision.

Insurance is a transaction whereby a client pays a premium to an insurer to ensure coverage in the event of an insured loss. Premiums collected by the insurer are used to settle the claims filed by its policyholders, as well as its own operating costs. By pooling risks among policyholders, the insurance industry protects them at a reasonable cost. Risk assessment is a key element allowing the insurer to price its risk correctly (the premium), to pool it and to optimise its own operating and administrative costs. Trinity Lane's expertise lies in its ability to assess or transfer individual risk. In this context, the Company has developed consistent and comprehensive tools to measure and control its main risks as detailed in the sections below.

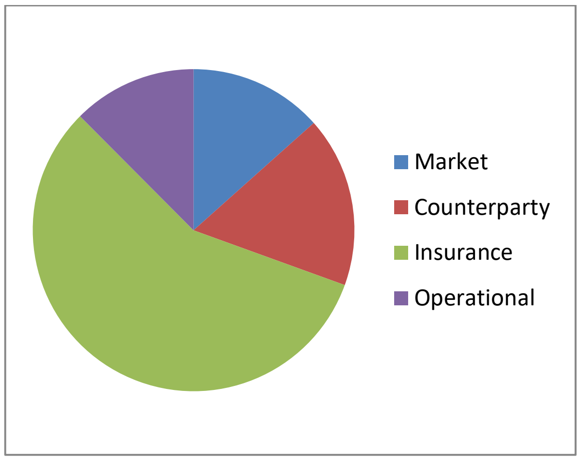
Risk Appetite is the expression of the level of risk to be pursued (tendency to take risk), the maximum level of risk to be tolerated in pursuit of the Group's objectives (tendency to exercise control) and the level of risk that is unacceptable, as defined by the Board of Directors. Risk appetite reflects the Group's willingness to take on risk as derived from its capacity to bear risk and the philosophy and attitude toward risk taking. The Group's philosophy, guiding principles and approach to Enterprise Risk Management is described in its Risk Management Policy. Its objectives include achieving target performance and maximising shareholder value, preserving a level of solvency that would support the Group in challenging environments, maintaining adequate liquidity to satisfy obligations as they come due, and protecting all aspects of the Group's value, including its brand and reputation.

Underlying the Group's risk appetite are risk tolerances, high-level quantitative measures and qualitative assertions for the maximum risk allowed, set at corporate level and in line with the needs of its stakeholders. At the highest level, they are intended to assure that the undertakings maximise the likelihood of delivering on set missions, strategies and objectives. To the extent sensibly possible, the framework is based on quantitative risk measures. Qualitative risk measures are also used as applicable for risks that are difficult and not practical to quantify.

The Company's appetite is for the business to focus mainly on motor risks together with a small volume of ancillary, motor-related risks. All business is currently underwritten in the UK.

With regard to investments, Trinity Lane pursues a strategy which is focussed on capital preservation, thus adopting a careful and conservative investment policy.

The Company's risk profile at 30 June 2020 is set out in the table below:



4.2 Underwriting Risk

Underwriting risk arises from the risk of loss from changes in insurance liabilities. This can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the timing, frequency and severity of insured events. The risk therefore is the potential loss of economic capital arising from unexpectedly high frequency of insurance claims and/or unexpectedly high severity of insurance claims.

Trinity Lane is responsible for managing its insurance risks linked to underwriting, pricing and reserving. It is also responsible for taking appropriate action in response to changes in insurance cycles and to the political and economic environments in which it operates. In the context of the business underwritten, Trinity Lane distributes all its business through intermediaries in a highly competitive industry. Furthermore, the motor market has recently been subject to numerous regulatory and legislative changes and is highly sensitive to the economic environment, the behaviour of policyholders and actions of other service providers to the industry, such as claimant lawyers and claims management companies. The Company manages underwriting risks through regular review of performance information, encompassing loss ratios, frequency, and cost of claims by products and distribution channels.

The following are the key underwriting risks that have been identified:

- Risks priced too low, resulting in unprofitable business being written
- Undesirable market segments targeted, resulting in unprofitable business being written Inappropriate reinsurance strategy, resulting in insufficient protection or excessive cost Under-reserving for claims, resulting in deteriorating performance and inappropriate decision making
- Catastrophic events exposing the Company to a significant increase in claims frequency and severity
- Lack of product research and testing
- Fraudulent claims which are undetected, resulting in excessive claims cost
- Increase in the cost of claims, resulting in financial loss

Underwriting risk is identified and assessed using management information provided by intermediaries, including gross written premiums, claims reserves, loss ratios, and complaints data. Intermediary reviews are also carried out according to a risk based schedule, to review adherence to contractual requirements including the limited delegated underwriting authority parameters; the outcome of these reviews is also part of the Company's assessment of underwriting risk. There has been no change to this methodology over the reporting period.

This information is reviewed by the Board and used in decision making to manage and mitigate underwriting risk, ensuring it is consistent with the Company's risk appetite. The Board reviews underwriting reports on a quarterly basis at its meetings.

4.2.1 Material Risk Concentrations

The key underwriting risk for Trinity Lane is geographical concentration – all of its business is written in the United Kingdom and the Channel Islands so it does not have international geographical diversity and is exposed to UK government decisions, such as, for example, the change in the Ogden discount rate in 2017. Nevertheless, its insurance portfolio is geographically dispersed within the country, and it displays significant diversity within its product set.

The majority of the Company's business comprises motor insurance, therefore leading to some risk concentration due to exposure to market factors. In fact, the Company has an exposure of a cumulative nature arising from a single event or chain of events. However, within this class of business, Trinity Lane writes a variety of different categories of risks, including classic and specialist cars. The Company also writes a book of motor breakdown insurance. In addition, with regard to distribution, through 2019/2020 the number of intermediaries was increased further.

4.2.2 Risk Mitigations

Insurance risks for motor business are controlled through four major processes, namely:

- Risk controls on new and existing products that complement underwriting rules and product profitability analyses;
- Optimising of reinsurance strategies in order to limit the peak exposures of the Company thereby protecting its solvency by reducing volatility;
- Reviewing technical reserves. Trinity Lane uses historic claims data to predict future claims reserves, based on claims still outstanding as at the end of the month and year. This is demonstrated by a stable claims profile over a number of years, making claims and reserves predictable
- Monitoring emerging risks.

Trinity Lane mitigated underwriting risk through the purchase of reinsurance protection and the implementation of appropriate controls. The Company purchases Excess of Loss reinsurance to protect against the impact of large claims. In addition, the Company has in place Quota Share reinsurance arrangements to mitigate the impact of lower value, attritional losses. The Company also has a documented underwriting strategy.

In addition, Trinity Lane further mitigates underwriting risk through the following:

- Monthly review of performance information
- Systematic audits of individual risks to ensure pricing is within agreed parameters
- Regular audits of intermediaries
- Regular audits of the claims handler
- Regular updates of the risk register, including reporting of any risk events
- Stress testing of loss ratios as part of the ORSA process

It has to be borne in mind that the underwritten insurance policies are relatively short term (mainly annual products), so Trinity Lane has the ability to increase premiums or decide not to renew certain policies and if necessary cancel insurance policies to ensure that the remaining policyholders continue to be protected and that Trinity Lane maintains its required solvency levels.

4.3 Market / Investment Risk

The Group is exposed to market risk. Market risk arises from changes in the income generated by investments or from changes in the value of such investments and includes:

- Interest rate risk
- Spread risk
- Equity risk
- Currency risk
- Property risk
- Concentration risk

Trinity Lane pursues a conservative investment policy, focused on the preservation of capital. This policy covers the level of security, quality, profitability, diversity and availability which the undertaking is aiming to achieve in relation to the whole portfolio of investments. As a result, the Company has no significant investments in equities, no investment in property and because its assets and liabilities are all in GBP, there is no need to hedge for currency risk. Any activity whatsoever outside of the accepted parameters needs specific investment Committee/Board approval.

In addition, the Company uses the services of carefully selected and experienced asset managers who operate under an approved investment policy and within agreed guidelines. As well as setting limits with regard to the type of investments and the rating of counterparties, the policy sets a benchmark return and imposes limits on exposure to single counterparties. The Finance & Investments Committee meets on a regular basis to assess the performance of the portfolio and recommend any changes which may need to be made.

The banking and custodian functions are carried out by reputable entities and the agreements in place are considered to be adequate to safeguard the undertaking from failure of the custodians.

The main market risks to which the Company is exposed to are:

- Loss in the value of investments or categories of investments due to market factors
- Inappropriate investment guidelines which do not meet the Company's requirements

4.3.1 Material Risk Concentrations

Trinity Lane has in place a diversified investment portfolio and is therefore not exposed to any material market risk concentration.

4.3.2 Risk Mitigations

The Group mitigates exposures to market risk by implementing controls for interest rate risk, equity risk, property risk, spread risk and currency risk. The Group is largely exposed to market risk through TLIC.

Trinity Lane mitigates market risk through the following mechanisms:

- Regular review of investment performance and submission of regular investment reports
- Custodian agreements
- Use of more than one asset manager
- Investment policy and guidelines with agreed limits
- Diversification within the investment portfolio

4.3.3 Prudent person Principle

See Section 2.5 above.

4.3 Credit Risk

The Group is exposed to credit risk, which is the risk of loss due to a counterparty being unable to pay amounts in full when they become due. The following are the areas where credit risk is identified:

(i) reinsurers' share of insurance technical provisions;
(ii) amounts due from reinsurers in respect of claims already paid;
(iii) amounts due from insurance contract holders;
(iv) amounts due from insurance intermediaries; and
(v) investments and cash and cash equivalents.

Exposure	**2019/2020 £**	***2018/2019 £***
Cash at bank	11,977,976	11,923,705
Debtors arising from insurance operations	297,889	243,917

In respect of the balance due from insurance operations, the debt arises mainly from premium funds which have been paid by policyholders over to the intermediary. These credit terms are considered to be standard practice in the insurance industry in terms of the relationship between an insurer and an intermediary. Regulated intermediaries are required to keep premium funds in a separate client money account, which is not mixed with the intermediary's cash funds.

While reinsurance is used to manage insurance risk, this does not discharge the Company's liability as a primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered by the directors on an ongoing basis by reviewing their financial strength within the terms of their credit ratings.

The Group is also exposed to credit risk for its investments and its cash at bank. The Group's cash is placed with quality financial institutions. Credit risk in respect of investments is not considered by the directors to be significant in view of the credit standing of the issuers.

The Investment Committee takes account of the credit risk inherent in the Group's investment portfolio by adopting similar cautious practices primarily through the use of asset managers tasked with identifying investment opportunities and monitoring portfolio performance. The investment instruments acquired are highly rated by the internationally-renowned credit rating agencies like Moody's and Standard and Poor's. The investment policy adopted by the Board is that of directing most of the funds available for investment to A-rated securities and deposits. There are certain instances whereby the investment committee may opt for placing these funds in B-rated securities only once the circumstances of such an opportunity are fully assessed and are beneficial to the performance of the investment portfolio.

Credit risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded.

4.3.1 Material Risk Concentrations

Trinity Lane's credit risk exposures during the year were diversified as set out below:

- Funds were held with more than one banking counterparty
- Reinsurance exposure is diversified between more than one counterparty
- The bond portfolio is diversified between counterparties
- The Company uses two principal (and a number of smaller) intermediaries in distributing its products

4.3.2 Risk Mitigations

The Company mitigates credit risk through a number of mechanisms, namely:

- Ensuring distribution is via multiple intermediaries
- Carrying out periodic audits of brokers
- Monitoring of receivables by the insurance manager
- Establishing and monitoring credit terms for brokers
- Using an experienced reinsurance broker

- Ensuring reinsurance counterparties are appropriately rated
- Monitoring reinsurance recoveries
- Ensuring banking counterparties are appropriately rated
- No derivatives or other risk mitigation techniques have been used in relation to credit risk.

4.4 Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay the obligations when they are due. This risk arises mainly from the Company's obligations to meet its financial liabilities, which comprise of insurance creditors, technical provisions and other payables. The Company has adopted a prudent Liquidity Risk Management policy in order to ensure that sufficient cash and committed credit facilities are maintained. This will as far as reasonably possible, will ensure the availability of an adequate amount of funding to meet the Company's obligation when they fall due.

Liquidity risk is assessed and monitored by Artex on behalf of the Company on a day-to-day basis, ensuring that there are sufficient funds available to meet both immediate and foreseeable cash flow requirements. This is done by reviewing balances in bank accounts and investments against expected requirements, bearing in mind maturities of investments and notice periods for withdrawals. Moreover, investments and cash are reviewed by the Board on a quarterly basis. The Board may set guidelines for the management of liquidity in the Investment Policy. As part of good Corporate Governance, the Investment Policy is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Liquidity risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded. The Company is exposed to very low levels of liquidity risk, which is fully mitigated by holding funds in cash or liquid money market instruments only.

4.5 Operational Risk

Operational risk refers to the risk of loss arising from inadequate/failed internal processes, from personnel and systems or from external events. The Company is exposed to a low level of operational risk, being an insurance undertaking that outsources its operational functions to an insurance manager, Artex.

Operational Risk is the most difficult risk to quantify; indeed. EIOPA recognises this and the standard formula in effect quantifies Operational Risk as simply 3% of projected premium. For the ORSA, the limited scale of the Group makes reference to historic operational risk events inadequate for the purposes of projecting forward Economic

Capital Requirements due to insufficiency in numbers of such events. In order to better quantify the risk in relation to Trinity Lane's profile, reference is instead made to the anticipated worst scenario for each risk after key controls i.e. the residual risk for a subjectively determined 1 in 200 year event.

This risk is mitigated by Artex having a comprehensive Business Continuity Plan in place. This plan is regularly reviewed and updated to ensure that it remains up-to-date. The Company is also exposed to a low level of crime risk, which is mitigated through the operational procedures Artex has in place around the finance function (e.g. two authorisers on payments) which are reviewed as part of the Company's external audit.

Operational risk is identified, assessed and monitored by the Board, and recorded on the Risk Register. Mitigating measures are also recorded on the Risk Register and are monitored on a risk based frequency. Should the residual (post-control/mitigation) risk assessment score increase, and at least annually, the Board will consider if the controls for that risk should be improved or augmented.

There have been no material changes to the operational risks the Company is exposed to over the reporting period.

4.5.1 Key operational risks

Key operational risks are:

1) Material service provider risk whereby a material service provider fails to meet its contractual obligations or goes into liquidation.

   This is mitigated by having an Outsourcing Policy which includes the requirement that contracts must be in place with all material service providers, that appropriate risk assessment and due diligence must be conducted before entering into a new outsourcing arrangement, that service providers' stability and performance are monitored regularly, and that contingencies must be considered. It is also mitigated by using a range of service providers along the service chain to avoid reliance on any single provider; the exception to this is the use of an insurance manager. Contagion risk is unlikely amongst material service providers, and therefore the stress test is if any one service provider fails. The only scenario which would have a material impact on the business is if the insurance manager could not operate in the medium to long term.

2) Regulatory & legal risk.

   This risk is mitigated by having sound corporate governance and internal controls, and a strong compliance culture.

Regulatory risk includes but is not limited to:

- Complaints handling
- Reporting to MFSA
- Criminal activity
- Compliance with Solvency II requirements
- Impact of foreign regulations

Internal controls are regularly monitored through the compliance monitoring programme and are also subject to internal audit. Regulatory compliance is reviewed quarterly. The outcome of the compliance monitoring programme, and the breaches and complaints logs, are presented to and reviewed by the Board each quarter. If any recurrent issues are identified, then changes of or additions to existing controls will be considered to resolve the root cause. The Company has Directors' & Officers insurance in place.

3) Reputation risk.

A legal or regulatory breach, poor customer service, or market/jurisdiction failures could give the Company a bad reputation, affecting its ability to write business or form new business relationships.

Mitigation of a legal or regulatory breach is described above. Poor customer service is mitigated by ensuring that all intermediaries are regulated in their jurisdiction, by complaints monitoring, and by carrying out intermediary reviews. It is not possible to mitigate against the effect of market/jurisdiction failures.

4) Financial crime risk.

The Company may be used as a vehicle for financial crime, or suffer directly from financial crime. Increased claims cost because of fraudulent claims affects the Company's profitability and potentially its solvency.

This risk is largely mitigated by having robust internal controls and corporate governance, including adhering to the 'four-eyes principle'. Internal controls are regularly monitored through the compliance monitoring programme and are also subject to internal audit. The outcome of the compliance monitoring programme, and the breaches log, are presented to and reviewed by the Board each quarter. Should any recurrent issues be identified, additional or changes to existing controls will be considered to resolve the root cause. Adherence to delegated authority limits are reviewed as described above under "Underwriting Risk".

5) Other Operational risks

As operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events, there are other risks that have been identified by the Group in the Risk Register and the following items are considered as material contributors to such risk:

- **Market Environment** - include possible recession in the UK or world economy, more aggressive competition and other changes in the insurance business environment including new entrants, changing distribution models or loss of intermediaries
- **Lack of Innovation** - Failure to positively and effectively change in a way that adds value, leading to missed opportunities, loss of market share and/or higher costs than necessary.
- **Key infrastructure** - Failure or loss of key infrastructure other than IT, Telecommunication or Power outage.
- **BCP Failure** - Failure of Disaster Recovery Plan or Business Continuity Plan whether due to a narrow scope, lack of testing or otherwise ineffectiveness
- **Data Quality** - Inaccurate, incomplete or inappropriate data in data collection, processing or reporting.
- **Loss of Physical Data** - includes loss of physical individual files or archived documents and larger losses of physical files due to events such as fire, flooding, damp, vermin or malicious damage
- **Loss of Electronic Data** - loss of live database or backups whether due to internal error, program error, sabotage or viruses
- **Data Fraud/Leakage** – Data theft, breaches or leakages. This risk is under review in light of GDPR and increased fines or potential liabilities in the event of any data breaches particularly in respect of overseas risks.
- **External Financial Fraud** - Primarily includes claim fraud but also other types of external financial fraud such as that that could arise through suppliers.
- **IT/Communication Outage**
- **Downtime of operating banks** – considerable downtime can result in disruption for the Company.

The Company has identified risk mitigation for each and every operational risk described above. All risk controls are detailed in the risk register which is regularly reviewed by the Risk Management Committee and Board.

4.6 Other Material Risks

4.6.1 Brexit

The UK voted to leave the EU in June 2016 and the process for exit commenced in March 2017. Brexit presented the Company with the risk that it will be unable to passport into the United Kingdom from Malta and therefore potentially unable to continue these lines of business. The terms of the exit and arrangements for continued trade with the EU are still not known at the time of writing this report, which makes the risk very difficult to assess and respond to at this time, including stress testing.

In view that uncertainty persisted; the Board continued monitoring the situation very closely and implemented contingency arrangements in order to continue writing business in the United Kingdom. In fact, the Company had submitted an application to the Gibraltar Financial Services Commission (GFSC) for re-domiciliation to Gibraltar. As the process with the GFSC developed, steps were taken to begin the re-domiciliation process from Malta. Once the GFSC and MFSA confirmed that the Company would be able to operate from Gibraltar and the Malta Business Registry confirmed that the Company was in a position to re-domicile, the process was concluded on 1 July 2020. On this date the Company began to operate from Gibraltar. Trinity Lane Holding Ltd remained domiciled in Malta.

4.6.2 COVID-19 pandemic

The directors have recognised the possible consequences arising from the COVID-19 pandemic in the United Kingdom and the Channel Islands. Whilst the situation remains extremely fluid and future events may have an adverse effect on the company’s profitability in the medium to longer term, the outlook remains cautiously optimistic.

Immediately following the outbreak, all outsourced service providers implemented their business continuity plans and the Company remained offering its services without any/very limited disruption. These business continuity plans remained in force

COVID-19 is an unprecedented event for the insurance sector. With a lengthy lockdown in place, many drivers are no longer on the road using their vehicles. The knock-on effect of this is that there has been a significant reduction in the number of motor insurance claims. During 2020, we began to see the spread of a new strain of coronavirus, with confirmed cases in almost every country in the world. Further new strains were identified in 2021. This virus has caused disruption to businesses and economic activity which has precipitated substantial daily fluctuations in global stock and bond markets. Although not directly impacting the business of the Company, the situation remains extremely fluid and future events may have an adverse effect on the company's profitability in the medium to longer term, the outlook remains cautiously optimistic.

The above information regarding the impact of COVID-19 outbreak on the business environment relevant to the Company is accurate at the time of writing but as a result of on-going discussions and developments, may not reflect the situation at the time of reading.

4.6.3 Currency

The Company is exposed to one currency, the GBP. All investments are held in GBP and all liabilities are also in GBP. Therefore there is no exposure to currency risk to the Company. Losses or gains due to foreign exchange transactions are reported to the Board through the quarterly management accounts. Although the currency risk has fluctuated considerably over the reporting period due to the economic conditions in the EU and the UK, this has not had any material impact on the Company.

4.6.4 Interest rate

Interest rate risk arises as a result of the impact of interest yield curves on future payments to be made in respect of claims and receipts from the Company's investments. The interest yield curves in the UK have decreased in the reporting period which reflects the decreases in base rates applied by the Bank of England. The decline in interest yield curves has continued to date as a result of continuing economic uncertainty resulting from Brexit.

The Board considers that the Company's exposure to interest rates is low viewing the nature of the underlying investments and that because of the nature of the insurance product, the Company is not exposed heavily to discount rates applied to claims settlement projections being impacted by interest yield curves. Interest rate risk is assessed and monitored by the Board.

The Company considers the prudent person principle (see 2.5 Application of the "prudent person" principle to investments) in considering the investment assets and how they match to the expected payment profile of the Company's technical liabilities.

4.6.5 Spread

Spread risk is the sensitivity of the values of investments in respect of the Company, to changes in the level or in the volatility of credit spreads. As credit spreads will typically be narrower for well rated counterparties, the Company specifies minimum credit quality limits to the range of short-dated assets specified in its Investment Policy.

The Investment Policy is reviewed at least annually, while being monitored on an ongoing basis, to ensure that the mitigating guidelines in place remain appropriate for the Company and the risk environment in which it operates.

The Board reviews the investment portfolio and assesses a value-at-risk (VaR) given the duration and rating of the underlying assets, based on the expected loss with a 99.5% level of confidence. This is therefore considered the likely loss in the portfolio in a 1-in-200 year event. This assessment is undertaken in conjunction with the Company's asset managers.

Investment market risk is also identified, assessed and monitored through the Risk Register on which key market risks are recorded.

4.6.6 Cyber Risk

Trinity Lane recognises through its risk management procedures the growing threat for cyber risk, that risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems.

The Group considers a cyber-incident as being an adverse event (or threat of an adverse event) in a computer system.

These adverse events include the following categories:

- Compromise of Confidentiality
- Compromise of Integrity
- Denial of Resources (Availability)
- Intrusion
- Misuse
- Damage
- Hoaxes

5. Valuation for Solvency Purposes

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as modified by Article 174 of the Malta Companies Act, 1995 and in accordance with the requirements of the said Act and the requirements of the Malta Insurance Business Act, 1998. Financial assets are recognised at fair value through profit or loss.

Assets and liabilities under Solvency II are valued in accordance with the Solvency II Directive and the Commission Delegated Regulation 2015/35. Article 75 of Directive 2009/138/EC requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the risk-based approach of Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the asset or the liability.

The Group is required to report on such valuations for both Trinity Lane Holdings Ltd and Trinity Lane Insurance Company Limited.

5.1 Total Assets

As at 30 June 2020, the Group held the following main assets:

	Consolidated Results £	Solvency II Value £	Commentary
Deferred tax asset	79,206	839,910	See 1 below
Investments	30,028,907	29,055,530	See 2 below
Current tax asset/Other Receivables	2,273,411	2,408,190	
Reinsurers' share of technical provisions	49,424,374	24,298,402	See 4 below
Deferred acquisition costs	1,577,726	-	
Amounts due from related parties	4,862,850	-	
Debtors arising out of direct insurance operations	297,889	-	See 3 below
Cash and cash equivalents	11,977,976	13,278,462	See 5 below
Prepayment and accrued income	427,043	-	
Total	**100,949,382**	**69,880,493**	

The valuation principles applied to these assets are consistent with those used in the Statutory accounts (IFRS), notably:

1. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

2. Financial assets and financial liabilities are recognised when the Group and Company become a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. All financial assets except for those at fair value through profit or loss are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Held to maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in profit or loss. All of the financial investments for the company have been looked through to identify the underlying exposures.

3. Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the profit and loss account.

4. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract. Balances due from reinsurance companies at the end of the reporting date are reported under 'reinsurers' share of technical provisions'. Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the company will receive from the reinsurer. The impairment loss, if any, is recorded in the profit and loss account.

5. Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Other short-term investments with a maturity of more than 90 days until

one (1) year from the date of acquisition are presented as 'other financial assets' in the balance sheet. Short-term financial assets are not included as cash and cash equivalents in the statement of cash flows.

5.2 Total Liabilities

As at 30 June 2020, the Group had the following liabilities:

	Consolidated Results £	Solvency II Value £	Commentary
Technical provisions	61,182,320	46,101,894	See Section 5.3 below
Creditors arising out of direct insurance operations	447,898	-	
Creditors arising out of reinsurance operations	9,166,198	-	
Current tax liability	2,728,335	-	
Other creditors	1,607,781	-	
Accruals	1,107,702	5,891,718	
Total	**76,240,234**	**51,993,612**	

5.3 Technical provisions

The technical provisions comprise the best estimate of liabilities and risk margin according to articles 75 to 86 of the Solvency II Directive. The best estimate liability reflects a realistic estimate of future claims based on past experience with adjustments for expected deviations in the future.

The IFRS Accounts of the Company include provisions for claims incurred based on earned premiums which consider all reasonably foreseeable best estimates. This includes reserves for claims incurred plus a provision for claims incurred but not yet reported (IBNR). An overview of the technical provisions for the year ended 30 June 2020 is as follows:

	Statutory accounts £	Solvency II value £	Explanation of differences
Technical provisions – non-life	61,182,320	46,101,894	See below
Best estimate		45,147,292	
Risk Margin		954,602	

In its calculation of an estimate of the liability, the company uses a combination of estimation techniques. The loss ratio estimate based on historical experience provides a reasonable expectation of the final settlement of claims and is considered to be an important assumption in such estimation techniques. Such estimate is based on the use of historical claim information and expected claims. However, actual results may differ from expectations and the directors consider that a change of +/- 2.5% (2019: +/- 2.5%) in the loss ratio might be possible. The impact on the above technical provision for IBNR and on profit or loss would be +/- GBP788,716 (2019: GBP 873,029). The technical provisions are largely based on case-by-case estimated supplemented with additional provisions for IBNR and unexpired risks in those instances where the ultimate cost determined by estimation techniques is higher.

The main assumptions in the reserving exercise relate to the nature of the underlying insured values. The inherent uncertainty in insurance claims makes it likely that historical data will not be wholly predictive of the actual future emergence and development of claims. A substantial measure of judgement is involved in both establishing the individual claims provisions and in interpreting past claims experience as part of the process of establishing the total claims provision.

The risk margin is added to the best estimate liability. This margin is calculated in accordance with Article 37 of the Commission Delegated Regulation (EU) 2015/35 whereby an additional margin is added to the best estimate liability to ensure that the technical provisions as a whole are equivalent to the amount that an insurance undertaking would be expected to require in order to take over the insurance obligations.

The key areas of uncertainty around technical provisions are as follows:

1. Estimation of outstanding loss reserves ("OSLR") – while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty.

2. Estimation of the losses relating to claims which have been incurred but not reported ("IBNR") – this is generally subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of reserving.

3. Estimation of claims arising on business which has not yet expired ("unexpired risks") – this is uncertain as the claims have not yet been incurred, but are expected to be incurred on the business which the Company has written.

4. Market environment – changes in the market environment increase the inherent uncertainty affecting the business, in particular, claims inflation.

5. Events not in data (‘ENID loading’) – estimating a provision for events not in data is subject to considerable uncertainty as the events being reserved have not been observed.

6. Run-off expenses – the estimation of the change in expense base for run off of the Company is inherently uncertain due to the estimations around the period of the run off, base costs and inflation.

7. Risk margin – the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run off. This therefore shares the same uncertainties of the run off expenses provision considered above, as well as the inherent uncertainties around forecasting future solvency capital requirements.

The Company manages the risks around these uncertainties via the following actions:

1. Ongoing monitoring of claims, including regular reviews of claims handling functions.

2. Internal controls through the Board and actuarial function which monitor claims development.

3. Regular actuarial reviews.

5.4 Difference between Solvency II and IFRS

In line with Article 314(1)(b) and Article 375(1) of the Commission Delegated Regulations, insurance undertakings are required to submit to the MFSA, separately for each material class of assets and liabilities, a qualitative explanation of the main differences between the figures reported in the opening valuation of assets and liabilities drawn up in accordance with the valuation principles set out in Articles 75 to 86 of Directive 2009/138/EC and those calculated under IFRS.

1) The figures of the technical provisions reported under the Solvency II regime were calculated as per the requirements of IFRS but applying the following factors:

    a) Claims Provision: Claims Outstanding + IBNR
        i) Any implicit or explicit margins were removed so as to eliminate any element of prudence.
        ii) Future claims handling expenses that will be incurred in servicing existing insurance obligations were taken into consideration.
        iii) Reserves are discounted to allow for when the claims will be paid.

    b) Premium Provision: Unearned Premium Reserve

i) A loss ratio is applied to estimate the total undiscounted claims. That is claims which can result from future premiums (unearned element).

ii) Future claims handling expenses that will be incurred in servicing future insurance obligations were taken into consideration.

iii) Reserves are discounted to allow for when the claims will be paid.

c) Risk Margin

i) A risk margin is applied to cover the amount needed to transfer the obligations to another insurance undertaking.

2) In 5.1 above, the "Cash at bank" under Solvency II amounting to £13.28 million includes an amount of £1.3 million which under the IFRS heading are included as part of the investments. This amount covers those amounts invested that due to the CIC code under Solvency II would need to be classified as cash rather than as part of the investments.

5.5 Transitional adjustments

The Company has not used any transitional adjustments with regard to the matching adjustment, volatility adjustment, transitional risk free interest rate term structure or transitional deduction.

5.6 Changes over the period

There have been no changes in the assumptions made since the previous period, other than the fact that this is the first time technical provisions have been reported under both an IFRS and a Solvency II basis.

5.7 Other disclosures

The Group financial statements are prepared in accordance with IFRS as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386).

In relation to the Group Solvency II balance sheet, specific valuation rules are defined in Solvency II for several balance sheet items that differ from the rules and possibilities in IFRS.

	Consolidated Results £	**Solvency II value £**
Total assets	100,949,382	69,880,494
Total liabilities, including technical provisions	76,240,234	51,993,612
Own Funds	24,709,148	17,886,882

5.8 Alternative methods for valuation

No other alternative methods for valuation are used.

5.9 Any Other Information

Not applicable for the Company.

6. Capital Management

The objective in managing Trinity Lane's own funds is to ensure that Tier 1 capital meets the minimum regulatory capital requirement, that sufficient liquidity is available for the payment of claims and for the Company to meet its legal obligations as they fall due. The Company undertakes an Own Risk and Solvency Assessment ("ORSA") exercise at least annually, or when otherwise required as detailed in the ORSA policy such as a change in the risk profile of the Company. The ORSA exercise incorporates the business planning process which is typically considered over a three-year time horizon.

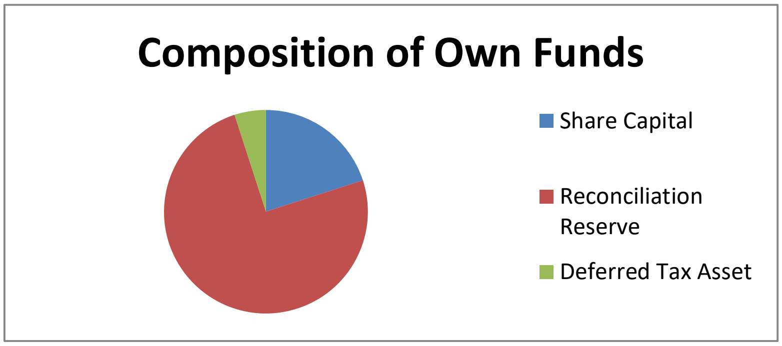
6.1 Own funds

One of the core objectives of the Group strategy is to maintain financial strength. Capital is a resource that supports the risk bearing capacity of the Company, forming a foundation for the Company's long-term viability and the trust of its customers. Trinity Lane maintains a formal capital management policy, and capital management planning is embedded within the main planning process, with a time horizon of three years.

The Company applies an integrated risk capital framework, taking into account appetite and capital allocation across the company. Capital management protects Trinity Lane's Own Funds in line with the Company's Risk Strategy and Appetite. Both risk considerations and Own Funds needs are integrated into management processes through the attribution of risk and allocation of Own Funds to the business. The Group classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses. Only Tier 1 and Tier 2 Own Funds are eligible to meet the MCR so Tier 3 Own Funds have been excluded from the MCR coverage ratio.

Group's own funds as at 30 June 2020 are as follows.

Own Funds item	Tier	£	%
Share Capital	1	3,500,000	20
Reconciliation Reserve	1	13,546,971	75
Deferred tax assets	3	839,910	5
		17,886,881	**100**



Only the Company's tier 1 own funds may be used towards meeting the Minimum Capital Requirement.

There were no material changes over the reporting period with regards to objectives, policies and processes employed by Trinity Lane for managing its Own Funds.

During the period under review, a capital contribution of £7,283,158 (2019: GBP10,494,908) was made by TLH in TLIC. This forms part of the equity of TLIC.

6.2 Capital management processes and interaction with the risk management function

A Solvency II capital model provided by an external firm is run periodically to obtain the solvency capital requirement under the standard formula.

The Company also continues to work towards improving its processes relating to the corporate governance requirements of Pillar II, which includes the development of its ORSA document (where the Company's capital management processes are included).

6.3 Objectives and planning horizon

The Company expects its current capital surplus over the Solvency II capital requirement to increase moderately over the next three years due to no significant or material changes to the company's risk profile or business model. It is anticipated that the surplus will then be maintained at a level of approximately 20% of the minimum requirement.

6.4 Differences in Own Funds between Solvency II and IFRS

The difference in the valuation of own funds as shown in the Financial Statements compared to the Solvency II valuation is due to the valuation differences in the underlying assets and liabilities. A deferred tax asset of £839,910 in the Solvency II balance sheet arises because there are differences between the value ascribed to an asset or a liability for tax purposes, and its value in accordance to the Solvency II principles.

6.5 Solvency Capital Requirement

The SCR of the Group as at 30 June 2020 was £9.89 million. The final amount of the SCR in respect of the Group remains subject to supervisory assessment. Own funds available to meet the SCR are £17.89million, resulting in coverage of 180.80%.

The SCR of the Group is made up as follows:

1. The Group is exposed to market risks derived predominately from the assets held by the Group to meet insurance liabilities although exposures to shocks in interest rates and currency rates also consider the exposure from underwriting risks.

Market Risk	£
Interest rate risk	642,554
Equity risk	50,489
Spread risk	1,323,471
Concentration risk	236,533
Less diversification	(728,849)
Market Risk Total	**1,524,198**

2. The Group is exposed to counterparty risks in the form of cash deposits (type 1) and receivables from intermediaries, policyholders and other debtors (type 2).

Counterparty Risk	£
Type 1 risk	2,087,231
Type 2 risk	361,229
Less diversification	(78,234)
Counterparty Risk Total	**2,370,226**

3. The Group is exposed to non-life underwriting risk as a result of the insurance policies Trinity Lane Insurance Company Limited sells. The risks are based on volatility around earned premiums and claims reserves, and to catastrophe events to which the Company may be exposed.

Non-life Underwriting Risk	£
Premium and Reserve risk	5,409,167
Catastrophe risk	2,076,764
Lapse risk	1,625,759
Less diversification	(2,643,931)
Non-life Underwriting Risk Total	**6,467,759**

4. The final solvency capital requirement of the Group is the aggregation of the market, counterparty and non-life underwriting risks, less a credit for diversification, and then

an additional charge to represent the operational risks faced by the Company and the Group.

Solvency Capital Requirement	£
Market risk	1,524,198
Counterparty risk	2,370,226
Non-life underwriting risk	6,467,759
Less diversification	(1,886,422)
Basic SCR	**8,475,761**
Operational risks	1,417,203
Loss absorbing capacity of deferred tax	-
Solvency Capital Requirement	**9,892,964**

The Group has not utilised simplified calculations in applying the standard model and there has been no use of undertaking specific parameters in the non-life underwriting risk calculations.

6.6 Minimum Capital Requirement

The MCR of Trinity Lane Insurance Company Limited as at 30 June 2020 was £3,652,618 (31 March 2019 was £3,288,301). Own funds available to meet the MCR are £17,046,971 (31 March 2019 was £18,923,341) resulting in coverage of 467% (31 March 2019 - 575.47%).

The inputs used to calculate the MCR of the Company are as follows:

	Net best estimate technical provisions £ '000	**Net written premiums in the last 12 months £'000**
Motor vehicle liability	15,878	1,903
Other motor	1,825	1,009
Assistance	2,531	7,806
Miscellaneous financial loss	614	5,435
Linear MCR	3,652	
SCR	9,597	
MCR cap	4,319	
MCR floor	2,399	
Combined MCR	3,653	
Absolute floor of the MCR	3,187	
Minimum Capital Requirement	3,653	

6.7 Non-compliance with Minimum Capital Requirement or Solvency Capital Requirement

The Company has maintained sufficient capital to meet its minimum capital requirement throughout the period covered by this report.

6.8 Any Other Information

The directors do not consider that there is any further information which should be disclosed regarding the capital management of the Company.

7. Auditor's Report

To the Directors of Trinity Lane Holding Company Limited ('the Company') pursuant to Rule 8.10.2 and Rule 8.11.1 of the Insurance Rules issued under the Insurance Business Act, Cap. 403

Report on the Audit of the relevant elements of the Group Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by Trinity Lane Holding Company Limited as at 30 June 2020:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of Trinity Lane Holding Company Limited as at 30 June 2020, **('the Narrative Disclosures subject to audit');** and

- Group templates S02.01.02, S23.01.22, S25.01.22 (**'the Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Group Solvency and Financial Condition Report'.

We are not required to audit, nor have we audited, and as a consequence do not, express an opinion on the Other Information which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group Solvency and Financial Condition Report;

- Solo templates S17.01.02, S28.01.01;

- the written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report (**'the Responsibility Statement'**).

In our opinion, the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report of Group Solvency and Financial Condition Report is prepared, in all material respects, in accordance with the financial reporting provisions of the Insurance Rules issued under the Insurance Business Act, Cap. 403, the Commission Delegated Regulation and the Commission Implementing Regulation 2015/2452.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), including ISA 800 and ISA 805. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the

International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to audits we conduct in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and the 'Capital Management' sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the Insurance Rules issued under the Insurance Business Act, Cap. 403 and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Malta Financial Services Authority. As a result, the Group Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group Solvency and Financial Condition Report does not cover the Other Information and, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Group Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Group Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the Insurance Rules issued under the Insurance Business Act, Cap. 403 and Solvency II regulations. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the Insurance Rules issued under the Insurance Business Act, Cap. 403 and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Group Solvency and Financial Condition Report.

This report is made solely to the Company’s directors, as a body, in accordance with rule 8.10 (2) of the Insurance Rules issued under the Insurance Business Act, Cap. 403. Our audit work has been undertaken so that we might state to the Company’s directors those matters we are required by the rules to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our audit work, for this report, or for the opinions we have formed.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Group Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Group Solvency and Financial Condition Report, including the disclosures, and whether the Group Solvency and Financial Condition Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mark Bugeja (Partner) for and on behalf of
Grant Thornton
Fort Business Centre,
Triq L-Intornjatur, Zone 1,
Central Business District,
Birkirkara, CBD 1050,
Malta

1 March 2021

8. Quantitative Reporting Templates

8.1 Group Balance Sheet

S.02.01.02

		Solvency II value
Assets		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	840
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	29,056
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	229
Equities - listed	R0110	229
Equities - unlisted	R0120	
Bonds	R0130	28,788
Government Bonds	R0140	2,550
Corporate Bonds	R0150	26,238
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	38
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	24,298
Non-life and health similar to non-life	R0280	24,298
Non-life excluding health	R0290	24,298
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	2,408
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet	R0400	
Cash and cash equivalents	R0410	13,278
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	69,880

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	46,102
Technical provisions – non-life (excluding health)	R0520	46,102
TP calculated as a whole	R0530	
Best Estimate	R0540	45,147
Risk margin	R0550	955
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	5,892
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	51,994
Excess of assets over liabilities	R1000	17,887

8.2 Group Own Funds

S.23.01.22

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	3,500	3,500			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	13,547	13,547			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	840				840
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					

Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**					
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**					
Deductions for participations where there is non-availability of information (Article 229)	**R0250**					
Deduction for participations included by using D&A when a combination of methods is used	**R0260**					
Total of non-available own fund items	**R0270**					
Total deductions	**R0280**					
Total basic own funds after deductions	**R0290**	17,887	17,047			840
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Non available ancillary own funds at group level	**R0380**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Own funds of other financial sectors						
Reconciliation reserve	**R0410**					
Institutions for occupational retirement provision	**R0420**					
Non regulated entities carrying out financial activities	**R0430**					
Total own funds of other financial sectors	**R0440**					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**					
Own funds aggregated when using the D&A and a combination of method net of IGT	**R0460**					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	17,887	17,047			840
Total available own funds to meet the minimum consolidated group SCR	**R0530**	17,047	17,047			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	17,887	17,047			840
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	17,047	17,047			

Minimum consolidated Group SCR	**R0610**	3,653				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	466.71%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	17,887	17,047			840
Group SCR	**R0680**	9,893				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	180.80%				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	17,887				
Own shares (included as assets on the balance sheet)	**R0710**					
Forseeable dividends, distributions and charges	**R0720**					
Other basic own fund items	**R0730**	4,340				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**					
Other non available own funds	**R0750**					
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	13,547				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		-			
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		-			
Total EPIFP	**R0790**		-			

8.3 Group Overall SCR calculation- for undertakings on Standard Formula

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula				
-		**Gross solvency capital requirement**	**USP**	**Simplifications**
		C0110	**C0090**	**C0120**
Market risk	**R0010**	1,524		
Counterparty default risk	**R0020**	2,370		
Life underwriting risk	**R0030**			
Health underwriting risk	**R0040**			
Non-life underwriting risk	**R0050**	6,468		
Diversification	**R0060**	-1,886		
Intangible asset risk	**R0070**			
Basic Solvency Capital Requirement	**R0100**	8,476		
Calculation of Solvency Capital Requirement		**C0100**		
Operational risk	**R0130**	1,417		
Loss-absorbing capacity of technical provisions	**R0140**			
Loss-absorbing capacity of deferred taxes	**R0150**			
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**			
Solvency capital requirement excluding capital add-on	**R0200**	9,893		
Capital add-on already set	**R0210**			
Solvency capital requirement	**R0220**	9,893		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	**R0400**			
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**			

Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**			
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**			
Minimum consolidated group solvency capital requirement	**R0470**	3,653		
Information on other entities				
Capital requirement for other financial sectors (Non-insurance capital requirements)	**R0500**			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	**R0510**			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	**R0520**			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	**R0530**			
Capital requirement for non-controlled participation requirements	**R0540**			
Capital requirement for residual undertakings	**R0550**			
Overall SCR				
SCR for undertakings included via D and A	**R0560**			
Solvency capital requirement	**R0570**	9,893		