Quilter International Ireland dac Solvency and Financial Condition Report (SFCR)

(formerly Old Mutual International Ireland dac)

CONFIDENTIAL

Executive Summary

Introduction and purpose

This document provides an annual public disclosure of the solvency and financial condition of Quilter International Ireland dac ('QINTLI'/"the Company") at 31st December 2020.

This narrative report covers five broad areas:

A Business and performance

B System of governance

C Risk profile

D Valuation for solvency purposes

E Capital management

Business and performance

Background

QINTLI is an Irish regulated insurance company authorised to carry out unit-linked long term assurance business. Unit-linked means that the value of the products QINTLI sells is directly linked to the value of the underlying investments within each policy. QINTLI does not offer investment advice.

The Company is part of Quilter plc, a FTSE 250 group ("the Group"), and is authorised and regulated by the Central Bank of Ireland. Quilter plc is regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom.

On 17th February 2020 the Company was rebranded to Quilter International Ireland dac, previously it was registered as Old Mutual International Ireland dac.

Business Strategy

The strategy of the Group is to deliver a modern, integrated wealth and asset management business. The specific strategic priorities of QINTLI, aligned to the broader strategy of Quilter are summarised below:

- To be part of the market leading cross border division providing unit-linked insurance solutions into the EU, UK and selected other markets.
- To exploit new market opportunities as they arise leveraging distribution and speed to market capabilities.
- To become an integrated business:
  - leverage benefits of being part of a wider group with strong brand identity;
  - build products which leverage and complement products and services provided by other parts of the Group;
  - enhance the Group's investment proposition.
- To manage outsourcing arrangements to provide best value and leverage economies of scale of outsource partners.
- To achieve strong financial returns over the long term.
- To utilise new systems technology to develop an enhanced customer proposition and drive down costs.
- To continue to manage and enhance our customer experience through focus on operational process management.
- Govern the business in an effective and efficient manner:
  - to continue to manage and enhance our control environment in order to protect customers and the business from continually evolving threats such as cyber risks;
  - to operate a responsible business making decisions that takes account of the impact on those around us.

On 1st April 2021, Quilter Group announced the sale of Quilter International business segment which includes Quilter International Ireland dac to Utmost Group. This was the culmination of the strategic review announced in December 2020. The transaction is subject to approval by Quilter plc's shareholders, from UK and international regulators including the CBI and is expected to complete by the end of 2021 or early 2022.

Business review

The Company achieved strong client inflows in 2020 of €654.4m (2019: €479.5m), a result that was an improvement on the prior year despite the negative effects of COVID-19 on the business environment. A new French Bond offering was launched into the French market in Q3 2020.

Net client cash flow ('NCCF') was €548.1m in 2020 (2019: €375.5m). Strong NCCF has increased the assets under administration ('AuA') to €3,240.4m from €2,661.4m at the previous year end.

The Company's pre-tax IFRS profit is €1.5m in 2020 up from a profit of €0.2m in 2019. The rise in profitability can be attributed to the strong revenues and managed drop in expenses from the previous year.

Section A of this document contains further details relating to QINTLI's business and performance.

System of governance

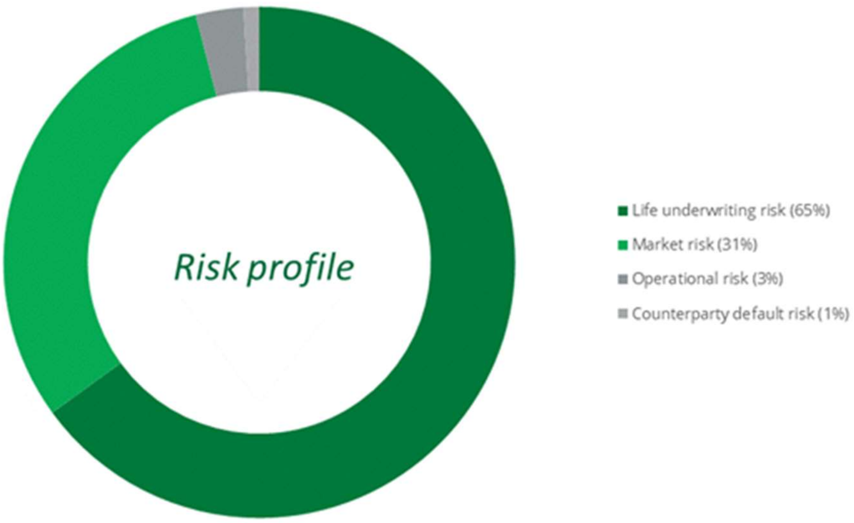
The System of Governance for QINTLI is defined by the Board and Committee governance documents (Board Instructions and Committee Terms of Reference) together with the System of Governance (including Scheme of Delegation) of the Quilter plc Board and its Committees, which provide strategic oversight to QINTLI.

Section B of this document contains further details relating to QINTLI's system of governance.

Risk Profile

At 31st December 2020 QINTLI's Solvency Capital Requirement under the Solvency II regime was €26.7m, which has increased from €21.6m at the start of the reporting period.

The pie chart below sets out the QINTLI's risk profile, in terms of Solvency Capital requirements:



QINTLI is a pure unit-linked business with no material investment guarantees. The main risk categories to which QINTLI is exposed to are market risk and life underwriting risks. These represent 96% of QINTLI's risk exposure as measured under the Solvency II regime.

Market risk is a significant risk for QINTLI since the majority of in-force business is investment business and the Company derives a significant part of its revenues related to asset values. The largest component of market risk which QINTLI is exposed to is associated with the uncertainty related to foreign exchange fluctuations. For example, where QINTLI writes business in currencies other than Euros (its reporting currency) it is exposed to foreign exchange risk as the value of the income streams from those policies fluctuate in Euro terms with the exchange rate.

Lapse risk, which is a component of life underwriting risk, is a significant risk for QINTLI because the unit-linked investment business relies on the persistency of its policies to generate future revenues.

Section C of this document contains further details relating to QINTLI's risk profile.

Valuation for solvency purposes

The QINTLI Solvency II balance sheet is constructed in line with the Solvency II rules and guidance.

On a Solvency II basis, at 31st December 2020 QINTLI's total assets were €3,275.0m and total liabilities were €3,222.2m.

Total assets on a Solvency II basis at 31st December 2020 were €70.9m lower than as reported in the statutory financial statements (IFRS basis) due to the differing valuation methodology involved under the two regimes.

The technical provisions at 31st December 2020 were €3,199.7m, which were lower by €64.6m than as reported in the statutory financial statements (IFRS basis) due to the differing valuation methodology involved under the two regimes.

Section D of this document contains further details relating to valuation for solvency purposes.

Capital management

The strategy for managing capital is to ensure sufficient capital exists within QINTLI to meet the Solvency II Solvency Capital Requirement (SCR) and Solvency II Minimum Capital Requirement (MCR), with a capital buffer to protect against unexpected adverse events.

At 31st December 2020, QINTLI's solvency coverage ratio was 197.8%.

QINTLI uses the Solvency II Standard Formula to calculate the SCR. The SCR computed at 31st December 2020 was €26.7m and the MCR was €12.0m.

QINTLI's Solvency II Own Funds value at 31st December 2020 was €52.9m, made up of Share Capital of €0.6m, Other own fund items approved by the supervisory authority (capital contributions) of €91.8m and Reconciliation Reserve of (€39.6m), all of which are Tier 1 own funds.

QINTLI carries out regular reviews of the capital requirements and solvency coverage ratio as part of capital management and risk monitoring.

Refer to Section E below for further details relating to QINTLI's capital management.

Contents

Section A
Business and performance

A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

Quilter International Ireland dac ('QINTLI')

The Company is a designated activity company incorporated in Ireland and is a wholly owned subsidiary of Old Mutual Wealth Holdings Limited ('OMWHL'), which is itself a wholly owned subsidiary of Quilter plc. QINTLI has no subsidiary undertakings.

For every company referred to above, 100% of the voting rights were held by the parent company throughout the relevant period of ownership.

Quilter plc will publish a (partial) single group SFCR for 2020, providing information on the Group as a whole and also entity-level disclosures for the Group's UK insurance undertaking (Old Mutual Wealth Life & Pensions Limited).

A.1.2 Name and contact details of the supervisory authority

Central Bank of Ireland

New Wapping Street
North Wall Quay,
Dublin 1

Group supervisors:

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

Financial Conduct Authority
12 Endeavour Square,
London
E14 5HS

A.1.3 Name and contact details of the 2020 external auditor

PricewaterhouseCoopers

One Spencer Dock
North Wall Quay
Dublin 1

A.1.4 Qualifying holdings in the undertaking

100% of the voting rights were held by the ultimate parent Quilter plc. Full details of ownership structure can be found in section A1.7 below.

A.1.5 Solvency II reporting currency

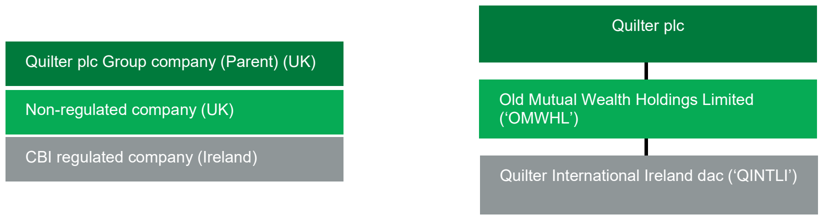
QINTLI reports on a Solvency II basis in Euros.

A.1.6 Reporting period

This report covers the financial position as at 31st December 2020. This is analysed with reference to the previous results at 31st December 2019.

A.1.7 QINTLI position within the legal structure of the Group

The corporate structure is set out below (all holdings 100% owned). This structure includes only parents and subsidiaries of QINTLI and does not represent a full Group structure.



QINTLI has no subsidiaries or branches.

A.1.8 QINTLI lines of business

QINTLI's primary markets by geographical region are UK, Sweden, Spain, Cyprus, Malta, Belgium, Luxembourg, France and BVI.

QINTLI offers eleven products as at 31st December 2020, some of which are market specific. The table below gives a summary of the in-force business (gross of reinsurance) for QINTLI at that date.

All of the products offered by QINTLI are classified within the Index-linked and unit-linked insurance line of business under Solvency II.

Product category	Number of policies / plans in force	Unit reserves (€'000)
European Executive Investment Bond (EEIB)	2,981	942,258
European Collective Investment Bond (ECIB)	624	201,572
Spanish Collective Investment Bond (SCIB)	731	182,067
European Portfolio Bond (EPB)	649	702,849
Executive Life Portfolio (ELP)	33	80,099
European Wealth Bond (EWB)	137	208,334
Swedish Executive Portfolio (SEP)	205	535,085
European Select Bond (ESB)	61	12,518
European Wealth Bond – Redemption (EWBRE)	92	166,030
European Portfolio Bond – Redemption (E06RE)	183	182,084
French Executive Portfolio (FEP)	47	11,664
Other products closed to new business	483	39,787
Total	**6,226**	**3,264,347**

A.1.8.1 European Executive Investment Bond (EEIB)

A single premium, unit-linked, contract available on single life, joint life first death, or multiple life last death bases. The EEIB offers fully flexible investment options of external investments.

The product is available in various European countries, in particular as a QROPS product through Maltese trustees.

A number of different charging structures are available. These structures have their management, establishment and surrender charges calculated on premiums paid.

On death 101% of the full surrender value of the units is payable. No additional life cover is available and no charge is made for the benefit offered.

A.1.8.2 Collective Investment Bond (ECIB)

A single premium, unit-linked, contract available on single life, joint life last death or multiple life last death bases.

The ECIB is restricted to collective investment vehicles, including but not restricted to the Company's internal funds. The restricted nature of investments makes the product suitable for Belgian and UK markets.

The charging structure is the same as that in place for the EEIB.

On death 101% of the full surrender value of the units is payable. No additional life cover is available and no charge is made for the benefit offered.

A.1.8.3 Spanish Collective Investment Bond (SCIB)

SCIB was introduced in 2010. It is a variant of the ECIB but specifically for the Spanish market as its restricted funds range is required to be compliant with Spanish regulations.

A.1.8.4 European Portfolio Bond (EPB)

This product is a lump sum or non-contractual regular premium unit-linked whole of life portfolio bond, specifically tailored for the UK market to meet RDR requirements. It is available on a single life, or joint life last death basis.

This product is a collective bond (allows a wide range of funds) but with investment restrictions that meet the UK regulatory requirements.

A number of charging structure options are offered for this product.

On death 101% of the full surrender value of the units is payable. No additional life cover is available and no charge is made for the benefit offered.

A.1.8.5 Executive Life Portfolio (ELP)

This product launched in September 2015 is a single premium, unit-linked, contract available on single life and multiple life last death bases.

On death, a benefit of 105% of the surrender value of the units held will be paid.

All other product features are as per the EEIB.

A.1.8.6 European Wealth Bond (EWB)

This contract was launched in December 2015 to a limited distribution. Further distribution channels were rolled out through 2016.

This is a variation on the EPB and specifically tailored for the UK market.

The product offers a wider potential investment universe than EPB and requires a Discretionary Asset Manager.

On death 101% of the full surrender value of the units is payable. No additional life cover is available and no charge is made for the benefit offered.

A.1.8.7 Swedish Executive Portfolio (SEP)

The SEP was launched in February 2016 and is a single premium (with the option to pay additional premiums) whole of life investment bond. The policy allows clients to access an open-architecture range of permissible assets.

The product is a variant of the EEIB, amended to cater for the Swedish “Good Market Practice” requirements.

On death 101% of the full surrender value of the units is payable. No additional life cover is available and no charge is made for the benefit offered.

A.1.8.8 European Select Bond (ESB)

The ESB was launched in February 2017 and is a single premium (with the option to pay additional premiums) whole of life investment bond. The policy allows clients access to the UK Wealth Select fund range offered by Quilter Investors, or a wider list of collective investments assets.

The product is a version of the RDR compliant EPB, directed at the mass affluent sector of the UK market.

On death 101% of the full surrender value of the units is payable. No additional life cover is available and no charge is made for the benefit offered.

A.1.8.9 European Portfolio Bond – Redemption (E06RE)

This product launched in 2019 and is a Capital Redemption bond variant of the European Portfolio Bond. It is a lump sum or non-contractual regular premium unit-linked capital redemption bond, specifically tailored for the UK market to meet RDR requirements with a term of 99 years.

This product is a collective bond (allows a wide range of funds) but with investment restrictions that meet the UK regulatory requirements.

A number of charging structure options are offered for this product.

A.1.8.10 European Wealth Bond – Redemption (EWBRE)

This product launched in 2019 and is a Capital Redemption bond variant of the existing European Wealth Bond life product, designed for clients who wish to have their investments managed by a Discretionary

It is a lump sum or non-contractual regular premium unit-linked capital redemption bond, specifically tailored for the UK market to meet RDR requirements with a term of 99 years.

This product is an open architecture bond.

A number of charging structure options are offered for this product

A.1.8.11 French Executive Portfolio (FEP)

This product launched in 2020 and is a single premium (with the option to pay additional premiums) whole of life investment bond. The policy allows clients to access an open-architecture range of assets permissible under the French Insurance Code.

On death 101% of the policy value is payable. No additional life cover is available and no charge is made for the benefit offered.

It is a medium to long term investment product designed specifically for ex-pats living in France.

'Assurance Vie’ product features mitigate certain French succession laws.

A number of charging structure options are offered for this product.

A.1.9 Any significant business or other events over the reporting period

Sale to Utmost Group

On 1st April 2021, Quilter Group announced the sale of Quilter International business segment which includes Quilter International Ireland dac to Utmost Group. This was the culmination of the strategic review announced in December 2020. The transaction is subject to approval by Quilter plc's shareholders, from UK and international regulators including the CBI and is expected to complete by the end of 2021 or early 2022.

The Company has determined that this event is a non-adjusting subsequent event. Whilst this may in the coming financial period alter the ownership of the equity of the Company, it does not affect the financial position and results of operations as of, and for, the period to 31 December 2020. The Company's operations are as before the announcement, it continues to solicit for new client business and service existing clients. The liquidity and capital position of the entity are also not affected by the announcement. Accordingly, the financial position and results of the Company as of, and for, the year ended 31 December 2020 as a consequence of the announcement of the sale of the business to Utmost Group have not been adjusted.

Further, having assessed the likely impact of the sale of the business on their going concern assessment, the directors' view is that the going concern basis of preparation remains appropriate

COVID-19

On 11 March 2020, COVID-19 was recognised by the World Health Organisation as a global pandemic. COVID-19 has caused widespread uncertainty and has impacted global supply chains and the global economy. The Group has been adversely impacted by falls in equity market levels, adverse investor sentiment affecting revenue and increased operational risks.

The health and welfare of our employees and the support we can give to our customers and advisers in these uncertain times will always be our top priorities. COVID-19 has led to major disruption to businesses and economic activity which has resulted in volatility in global stock markets. Indicators of financial market uncertainty reached extreme levels during 2020. The changes in the markets are consistent with a marked deterioration in the outlooks for global growth.

Management has taken appropriate action to mitigate operational risks including the implementation of business continuity plans. When the scale of the COVID-19 pandemic became apparent, Quilter mobilised at pace with over 98% of colleagues from our Isle of Man and Ireland offices working from home from late March 2020. Throughout the lockdowns, we adopted an active engagement strategy to ensure colleagues were supported at this difficult time. Business contingency plans were implemented through accelerated delivery of IT and remote telephony solutions, allowing Quilter to maintain high client service levels to support advisers and customers.

QINTLI remains a strong business with sufficient capital and liquidity and will continue to meet its commitments to customers.

A.1.9.1 Product Range Changes

Other than the items discussed below there have been no other significant changes in products during the year 2020.

A.1.9.1.1 New products

QINTLI launched the French Executive Portfolio in 2020.

A.1.9.2 Company structure and changes

QINTLI is a business within the International division of Quilter plc, whose vision is to be the UK's leading wealth manager. The Group is a purpose-built, full service wealth manager. It has leading positions in one of the world's largest wealth markets, and its multi-channel proposition and investment performance are driving integrated flows and long term customer relationships. Together this has delivered attractive top-line growth and there is the opportunity for operating leverage.

The strategic priorities of the Company, aligned to the broader strategy of the Group, are to build the investment proposition, integrate and leverage benefits from being part of an integrated wealth management business and invest in the infrastructure to build a market leading platform to provide an enhanced service and proposition to customers and advisers.

Market recognition

During 2020, Quilter International won a number of awards for the quality and breadth of its proposition as well as some significant accolades recognising the excellent service delivered to customers and advisers, including:

International Investment – International Fund and Product Awards 2020

- Excellence in Estate and Trust Planning

International Adviser – Best Practice Adviser Awards 2020

- International Life Group
- International Portfolio Bond – French Executive Portfolio

- Digital Proposition

Proposition and strategy

The QINTLI business strategy is as follows:

- To be part of the market leading cross border division providing unit-linked insurance solutions into parts of the EU and selected other markets.
- To exploit new market opportunities as they arise leveraging distribution and speed to market capabilities.
- To become an integrated business:
  - leverage benefits of being part of a wider group with strong brand identity;
  - build products which leverage and complement products and services provided by other parts of the Group;
  - enhance the Group's investment proposition.
- To manage outsourcing arrangements to provide best value and leverage economies of scale of outsource partners.
- To achieve strong financial returns over the long term.
- To utilise new systems technology to develop an enhanced customer proposition and drive down costs.
- To continue to manage and enhance our customer experience through focus on operational process management.
- Govern the business in an effective and efficient manner:
  - to continue to manage and enhance our control environment in order to protect customers and the business from continually evolving threats such as cyber risks;
  - to operate a responsible business making decisions that takes account of the impact on those around us.

A.2 Underwriting performance

QINTLI writes primarily products which IFRS accounting treatment would classify as investment business as any death benefit proceeds are predominantly limited to 1% of value.

QINTLI has one product, the ELP product which incorporates additional term life cover paid for specifically within the policy. QINTLI's policy is to unbundle the premium associated with this and account for this as underwriting premium.

The underwriting performance of the Company in relation to unit-linked insurance business is shown in the table below:

€000's	31/12/2020	31/12/2019
Premiums written		
Gross	41	33
Net	41	33
Premiums Earned		
Gross	41	33
Net	41	33
Claims		
Gross	(20)	(35)
Net	(20)	(35)
Underwriting performance	**21**	**(2)**

Table A2: Underwriting Performance

A.3 Investment performance

A.3.1 Information on income and expenses arising from investments over the reporting period.

The income and expenses of the Company are shown in the table below:

€000's	31/12/2020	31/12/2019
Fee income	18,284	16,476
Change in contract liabilities, fee income receivable, and deferred fee income	(1,856)	(2,235)
Total policyholders income	**16,428**	**14,241**
Interest received	181	616
Gains and losses	(1169)	2,249
Total shareholders income	**(988)**	**2,865**
Total income	**15,440**	**17,106**
Expenses	(13,978)	(16,946)
Income less expenses	**1,462**	**160**

Table A3: Investment Performance

The income above represents the following:

Fee income

Fees charged for managing investment and insurance contracts comprise fees taken both on inception and throughout the life of the contract. All fee income is recognised as revenue on an accruals basis in line with the accounting policies of QINTLI.

Change in contract liabilities, fee income receivable and deferred fee income

Fee income, comprising fees received at inception or receivable over the income generating life of the policy are earned on day one of each policy and shown as a Fee Income Receivable ('FIR') debtor in QINTLI's statement of financial position. These fees are then deferred through the creation of a contract liability, on the statement of financial position and released to income as the services are provided. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred fees are amortised on a linear basis over the expected life of the contract. The above treatment has the effect of smoothing the income generated by each policy over the expected policy life.

Shareholders income

Income and gains represent interest received on cash and cash equivalents, gains/losses on shareholder investments and foreign exchange movements.

Expenses

Expenses represent all costs incurred by the Company, including sales, administration and finance costs. Costs directly attributable to the acquisition of new business, being commission paid to advisers and sales personnel, are deferred through the creation of a contract asset, on the statement of financial position and released to expenses as the services are provided. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred costs are amortised on a linear basis over the expected life of the contract. The above treatment has the effect of smoothing the costs of acquiring each policy over the expected policy life.

Differences to Solvency II

The above table is populated from the IFRS based financial statements. The contract liability, contract asset and fee income receivable asset are intangible items which are not recognised on a Solvency II basis, so the profit and loss release will not be reflected in the movement in Solvency II own funds.

A.3.2 Information about any gains and losses recognised directly in equity over the reporting period.

Movements in equity for the company during 2019 and 2020 were predominantly the IFRS result incurred in those years shown under A3.1 above. In 2020 equity was also impacted by a €3k increase due to share based payment transactions.

A reconciliation between the movement in equity and the Solvency II own funds are shown in Section E1.2.

A.3.3 Information about any investments in securitisation over the reporting period

QINTLI has no exposure to investments in securitisation.

A.4 Performance of other activities

During the year, there were no other activities undertaken by the Company.

A.5 Any other information

Following the successful separation from the Old Mutual Group on 25th June 2018, to form Quilter plc, the Company had to rebrand to the Quilter brand before the expiration of the right to use the Old Mutual name. This rebranding occurred for all Quilter International entities, including Quilter International Ireland dac on 17th February 2020.

Section B
System of Governance

B. System of Governance

B.1 General information on the system of governance

The system of governance is reviewed on an annual basis, or when there is a material change in the business which requires a change to the system of governance.

The Company has assessed the adequacy of its system of governance and compliance with relevant regulations and legislation and determined that there are no material gaps in compliance.

B.1.1 Structure of the Quilter plc System of Governance

Quilter plc is a premium listed company and its shares are listed on the London and Johannesburg Stock Exchanges. It complies with relevant laws, legislation and regulation including the UK Corporate Governance Code.

The system of governance is the overall framework of policies, standards and practices which are in place to meet the requirements of the sound risk-based management and applies to Quilter plc and its subsidiaries. These are set out in the Group Governance Manual ('GGM') which is reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance.

The Quilter plc board of directors is responsible for establishing an appropriate system of internal control within the Group and for reviewing its effectiveness.

This GGM explains Quilter's approach to governance and sets out the policies, standards and processes by which the Group operates, ensuring that it takes into account all relevant statutory, regulatory and governance matters affecting the Group. The GGM:

- sets out the general principles by which we conduct our business and ourselves and these can also be found in the Quilter Code of Conduct;
- sets out which activities need prior approval and which individuals or forums must be consulted to obtain such approval;
- defines requirements and responsibilities in a number of Group-wide policies;
- links to further detailed frameworks, standards and procedures specific to a Business to support compliance with Group-wide policies; and
- defines the Group's corporate governance, including Quilter plc's Board and Committee Terms of Reference and The Group's approach to subsidiary governance.

B.1.2 Quilter plc System of Governance

A summary of the Quilter plc System of Governance is set out below.

B.1.2.1 Overview

Quilter's administrative, management or supervisory body has been defined by the Group as:

- the Quilter plc Board and Board Committees;
- management forums, including the Executive Committee ("ExCo"); and
- the Business Oversight and other regulated Business boards.

The Quilter plc Board is accountable for the long term success of the Group for the benefit of its shareholders as a whole and for providing leadership within a framework of effective risk management and control. The Board is responsible for setting strategic priorities and for ensuring that the Group is suitably resourced to achieve those priorities. In doing so, the Board has regard to its responsibilities to the Group's stakeholders, including employees, shareholders, customers, suppliers and the communities in which it operates. The Board may exercise all powers conferred on it by Quilter plc's Articles of Association and the Companies Act 2006.

The governance framework provides a structure to support compliance with the Group's regulatory and UK Corporate Governance Code obligations. The Group's governance framework is approved by the Board, kept under regular review and documented in the Board Charter. The Board Corporate Governance and Nominations Committee reviews the Board Charter annually, taking into account developments in regulatory guidance and corporate governance best practice, and recommends any changes to the Board. The Board Charter can be found on quilter.com.

Role of the Quilter plc Board in respect of QINTLI

The role of the Board of Directors of Quilter plc, in respect of QINTLI, is as follows:

- To oversee the long term prosperity of the Group by providing independent input, review and constructive challenge in relation to QINTLI.

- To constructively challenge and help develop proposals on QINTLI strategy in the context of Group strategy.
- To monitor the progress of QINTLI in development and implementation of strategic plans and material policies.
- To generally oversee QINTLI to ensure maintenance of sound risk controls and governance systems, integrity of financial information, regulatory compliance and sound planning, performance and overall management, either directly or via delegation to its Committees.
- To consider and, if thought fit, approve matters escalated to it, including those escalated from the Quilter Businesses within the Group;
- To ensure Quilter Businesses comply with the Quilter Scheme of Delegation.
- Through its Corporate Governance and Nomination Committee, approve the appointment of the Chairman of Quilter Business oversight boards.

B.1.3 QINTLI Board of Directors

Members of the QINTLI Board who served during the year ended 31st December 2020 were as follows:

Name	Role
Sheelagh Malin	Chairperson
Martin Middleton	Chief Executive Officer
Joly Hemuss	Non-Executive Director
Maeve Gallagher	Independent Non-Executive Director
Michael Brady	Independent Non-Executive Director

B.1.3.1 Roles and Duties of the QINTLI Board

The roles and duties of the QINTLI Board are as follows:

- To ensure that QINTLI is run with integrity, complies with all relevant legal and regulatory obligations (e.g. meets all applicable Central Bank of Ireland requirements and applies relevant principles).
- To perform any other such duties as the Quilter plc Board may delegate to the Board.
- To hold executives to account in respect of business performance and the identification and mitigation of key risks and to support the delivery of the QINTLI Business strategy within the context of the overall Group strategy.
- To effectively manage relevant conflicts of interest arising, including the promotion of business to other parts of the Group.
- Whilst Group strategy is set by the Quilter plc Board and reliance is placed on the Boards of each Group business to oversee delivery of the strategy, input from the QINTLI Board is sought on the business level strategy.

B.1.3.2 Key Responsibilities of the QINTLI Board

The key responsibilities of the Board are set out in the Instructions for the Board of Directors of QINTLI.

A summary of the key responsibilities is set out below. This is not an exhaustive list and therefore may include additional responsibilities from time to time:

- To ensure that the Company is run with integrity, complies with all relevant legal and regulatory obligations.
- To ensure that all individuals associated with the Company maintain the appropriate regulatory clearance as applicable to the nature of their involvement.
- To ascertain that all individuals possessing regulatory clearance meet such obligations as may be required of them as dictated by the Financial Regulator.
- To review and approve Group policies and approve statements of practice for the Company in relation to adherence to the Group policy framework.
- To monitor and evaluate the performance of the Company on an ongoing basis.
- To ensure the maintenance of sound systems of internal control and risk management.
- To monitor the progress of the Company in implementing approved strategic plans.
- To approve the Company's annual report and accounts and declare any dividends.
- To consider the Company's and Group's medium and long term objectives and provide input into commercial strategy prior to the submission of the Business Plan to the Board of Directors of Quilter plc.
- To approve the Company's medium and long term objectives and commercial strategy prior to submission to the Board of Directors of Quilter plc.
- To appoint directors of the Company in accordance with the Articles of Association of the Company.
- To provide support and recommendations in respect of any matter that should be escalated to the next level of authority.
- To take into account and consider any recommendations from the Quilter plc Board.
- To ensure that the Directors of the Company receive reports and recommendations on any matters to enable them to perform of their duties and fulfil their responsibilities.
- To be responsible for the effective, prudent and ethical oversight of the entity and setting the business strategy.
- To be responsible for endorsing the appointment of people who may have a material impact on the risk profile of the Company and monitoring their appropriateness for the role on an ongoing basis.

B.1.3.3 QINTLI Board Committees

The QINTLI Board has delegated authority to two Board Committees which assist the Board in delivering its responsibilities and ensuring that there is appropriate, independent oversight of internal control and risk management.

QINTLI Risk Committee

The key responsibilities of the Risk Committee are set out below:

- Review and assess the effectiveness of the risk management framework, annual operating plans, risk management plans and regular assurance reports of QINTLI.
- Review and recommend risk appetite statements, measures and limits to the QINTLI Board and review and monitor alignment between risk appetite, strategy and business plans.
- Review, monitor and challenge QINTLI's Risk profile in terms of significant exposures, risk trends and risk concentrations relative to risk appetite.
- Review and evaluate the appropriateness of QINTLI's risk measurement systems.
- Review and report to the Board on risks, issues and losses that have significant impact to the Company.
- Monitor and review developments and prospective changes in the regulatory environment.
- Review and ensure that plans are within the risk appetite and strategy.
- Review and recommend to the Board key actions arising from the ORSA review including stress testing where relevant.
- Oversee the compliance with the policy suite.
- Review the effectiveness the Risk Governance Framework and make recommendations to the Board.
- To consider the major findings of internal investigations into whistleblowing incidents and management's response.
- Periodically to receive reports on the prevention, detection and investigation of any fraudulent activity or misconduct within QINTLI

QINTLI Audit Committee

The key responsibilities of the Audit Committee are set out below:

- To review and monitor the integrity of the Company's interim financial performance reports, annual financial statements and reports to regulator before submission to the Board.
- To consider the external auditors' independence and objectivity and the effectiveness of the audit process and oversee the external audit process.
- To monitor and review the effectiveness of the internal audit function.
- To review and approve the annual internal audit plan, ensuring that material risk areas are included and that the coverage of business processes is acceptable.
- To ensure co-ordination and cooperation between external audit, internal audit and the risk management and compliance functions.
- Together with external and internal audit, to review developments in corporate governance and best practice and consider their impact and implication for processes and structures.

B.1.4 Key functions

In identifying the Key Functions within QINTLI, consideration was given to those functions whose operation, if not properly managed and overseen, could potentially lead to significant losses being incurred or to a failure in the on-going ability of the firm to meet its obligations to policyholders.

The mandatory Key Functions are the Actuarial, Finance, Risk Management, Compliance and Internal Audit functions.

In addition, QINTLI has assessed the additional Key Functions for either effectively running the firm or a function which is of specific importance to the sound and prudent management of the firm. The Key Functions of QINTLI and the responsibilities of the Key Functions are set out in the following table, along with the regulatory control functions performed by the individuals, where relevant. Reference to QIIoM is Quilter International Isle of Man, the lead company of the Quilter International division.

Key Function	Responsibility	Role	Reports to	Control Function
Chief Executive	The CEO function has delegated authority from the Board for the day to day management of the business.	QINTLI Chief Executive Officer	QINTLI Board and CEO of QIIoM	PCF-8
Chairman of the Board	Chairing the Board, effective functioning and performance. Responsibility for leading the development of the firm's culture by the governing body as a whole.	QINTLI Chairman	QIIoM Board	PCF-3
Head of Finance	The CFO function is of specific importance to the sound and prudent management of the business by managing the financial resources and the capital and liquidity positions.	QINTLI Chief Finance Officer	QINTLI Board, Audit Committee and CFO of QIIoM	PCF-11
Chief Risk Officer	The risk function is responsible for the design of the risk framework and facilitation and oversight of its implementation.	QINTLI Chief Risk Officer	QINTLI Risk Committee and CRO of QIIoM	PCF-14
Head of Compliance with responsibility for AML/CFT	The Money Laundering Reporting Officer; oversees the identification, assessment, monitoring and management of money laundering risk.	QINTLI AML/CFT	QINTLI Risk Committee and CRO of QIIoM	PCF-15
Head of Internal Audit	The Internal Audit function owns the Internal Audit Framework, including the Internal Audit Charter. They also develop and maintain an Audit Framework & Plan.	QINTLI Head of Internal Audit	QINTLI Audit Committee and Quilter Group Chief Internal Auditor	PCF-13
Head of Actuarial Function (HOAF)	The function provides actuarial oversight for QINTLI.	QINTLI HOAF	QINTLI Board, CFO of QIIOM and HoAF of Qplc.	PCF-48

B.1.5 Remuneration policies

Introduction

The Quilter plc governance framework includes a Remuneration Policy that all subsidiaries within the Group are required to comply with. The policy has been designed to discourage risk taking outside of the Group's risk appetite, to be supportive to the Group's strategy, objectives and values and to align the interests of employees, shareholders and customers.

The policy is overseen across the Group by the Quilter Remuneration Committee ("RemCo").

The RemCo is a committee of the Quilter plc Board and consists of non-executive directors of Quilter, which enables it to exercise independent competent judgement in remuneration matters in the context of managing risk, value and capital in line with shareholders' expectations. This includes the remuneration process, structure and operation which are actively monitored as an integral part of their oversight. The RemCo met eight times in 2020.

QINTILI's Remuneration Policy is consistent with and promotes sound and effective risk management, including sustainability risk, and does not encourage risk-taking which is inconsistent with clients' risk profiles, client objectives and personal circumstances.

Sustainability Risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Risk Management incorporates both enterprise risk and investment risk. Sustainability risk applies to the investment process and forms part of the corporate risk framework.

Link between pay and performance

Remuneration is made up of fixed compensation (salary and benefits) and variable performance-related pay (short term and long-term incentives). The long-term nature of the businesses in which we operate is reflected in our remuneration structures both to protect customers and support the creation and preservation of ensuring value in the Group for the benefit of all shareholders, such as appropriate risk adjustment measures, growing the business sustainably and creating shareholder value.

Determining the bonus pool for variable pay awards

The way that the Group bonus pool is determined ensures that the outcome is aligned to specific, measurable and relevant business results in a transparent manner with full consideration of the risk performance of the Group.

The main pool structure is designed to share a portion of the value created with employees. It is funded based on performance against IFRS profit targets (excluding amortisation of intangibles and goodwill, and policyholder tax charges or credits) derived from the business plan and approved by the RemCo. Members of senior management are also subject to additional risk, customer and personal metrics that comprise an overall balanced scorecard used to determine final incentive outcomes.

The RemCo may exercise its judgement and discretion to apply a risk-based adjustment to the pool and/or individual outcome based on the effectiveness of risk culture and the risk management performance of the business. To inform the RemCo in discharging its responsibilities in this respect, an independent risk report covering both quantitative and qualitative risk measures is prepared by the Chief Risk Officer and considered by the Quilter Board Risk Committee, which provides an opinion to the RemCo.

Final senior management outcomes and the broader pool allocations are determined based on a bottom-up/target framework and reflect relative business performance where appropriate.

Each business and function distribute their final allocation to employees based on relative employee performance against a balanced set of individual objectives.

Share related awards

Share awards are subject to malus and clawback provisions, which may be applied if, in the opinion of the RemCo, any of the following circumstances apply:

A the results or accounts or consolidated accounts of any company, business or undertaking in which the participant worked or works or for which he or she was or is directly or indirectly responsible are found to have been materially incorrect or misleading;

B any company, business or undertaking in which the participant worked or works or for which he or she was or is directly or indirectly responsible subsequently makes a loss out of business written, due in whole or in part, to a failure to observe risk management policies in effect at that time;

C the participant has committed an act of gross misconduct or it is discovered that the participant's employment could have been summarily terminated;

D the participant has acted in a way which has damaged, or is likely to damage, the reputation of the Company or any Group member, or has brought, or is likely to bring, the Company or any Group member into disrepute in any way;

E any other circumstances similar in nature to those described above which the Committee justifies the application of malus; or

F in the reasonable opinion of the Committee, he or she should not have received or be entitled to receive an award.

Share Plan rules require that awards may not be hedged in any manner (such as by the participant ceding or assigning rights to a third party).

The exit conditions to be applied to share awards will be determined by the share award scheme rules.

B.2 Fit and Proper Requirements

The Fit and Proper Standards are the Group overarching principles for assessing fitness and propriety. The Standards allow Quilter plc to determine how best to achieve these. Compliance against the Fit and Proper Standards is assessed through the Letter of Representation process. The fit and proper requirements set out in this report refer to the requirements applied both to key functions and to members of the Board of Directors.

B.2.1 Overview

The approach taken within QINTLI to implement and embed a process to ensure fitness and propriety is as follows:

- A framework for ensuring compliance with the Fit & Proper Standards has been embedded, which is designed to protect the business from internal threat. This includes but is not limited to policies and standards for personnel security, code of business conduct, conflicts of interest, anti-bribery and corruption, financial crime, information privacy, and physical security.
- The roles which are Control Functions, and those which fall within the definition of key functions are identified and an assessment is performed to determine that each person in these roles fulfil the following requirements:
  - their professional qualifications, knowledge and experience is adequate to enable sound and prudent management (fit); and
  - they are of good repute and integrity, have sufficient time to perform the role and are financially sound (proper); and
  - that the qualifications, knowledge and relevant experience amongst the key function role holders within QINTLI is appropriately diverse.

B.2.2 Determining an individual's Fitness and Propriety

The approach taken to assess an individual's fitness and propriety is as follows:

- The selection process is designed to be robust and enable a rigorous assessment of the individual's professional competence, both management and technical competence, relative to the role.

- Formal independent assessment tools are performed when appointing key function role holders.
- Background checks are performed on all individuals being employed or engaged in services prior to employment/engagement being confirmed.
- Quilter business units transferring staff on a permanent or secondment basis provide evidence of completed background checks to the receiving business unit.
- The minimum background checks required for all roles are the lesser of 3 years or all employment history, validation of educational and professional qualifications disclosed, financial soundness and criminal records. Additional background checks are considered depending on the level of risk associated with the role. The checks used are proportionate to the role, the level of potential risk and availability of reliable data in the market.
- Further or updated background checks (excluding employment history) are made where an individual is promoted or transferred into a key function role.
- When reviewing the information gathered, consideration is given to the risks associated with the role in question and the wider risks for the business.
- In the event of an internal dispute regarding the Fitness & Propriety of a key function role holder an established escalation process is followed. The ultimate decision will rest with the QINTLI Board of Directors.
- Ongoing assessments of fitness and propriety are performed for each key function role holder on a regular basis.

B.3 Risk management system including own risk and solvency assessment

QINTLI has adopted the Quilter Enterprise Risk Management (ERM) system and framework. The ERM framework drives the Own Risk and Solvency Assessment (ORSA) process.

B.3.1 Own Risk and Solvency Assessment (ORSA)

The ORSA is defined as a set of underlying risk and capital management processes. These processes include:

- Defining and monitoring adherence to the risk appetite framework;
- Assessment, monitoring and reporting of material risks to achievement of the business plan;
- Assessment of the effectiveness of governance and risk management processes;
- Determination of solvency needs, including assessment of the appropriateness of the regulatory standard formula, stress and scenario testing and identification of management actions to manage solvency; and
- Reporting of the conclusions of ORSA processes.

The QINTLI Board and Risk Committee provide direction on ORSA processes and approve the ORSA report. ORSA processes are performed annually, or on an ad hoc basis following a material change in the risk profile, business strategy or solvency position of the Company.

B.3.2 Risk Management System Overview

The Group defines risk as the uncertainty that the Group faces in successfully delivering upon its strategies and objectives. This includes material internal and external events, acts or omissions that have the potential to threaten the success and survival of the Group, or the interests of other stakeholders including customers, employees and regulators.

Active and effective risk management is at the core of the Group's business and is regarded as a key competence by all of our stakeholders including regulators, customers, consultants, counterparties and shareholders. The Enterprise Risk Management Policy sets out, and provides guidance upon, the Group's approach to implementing and maintaining an adequate and effective risk management framework. This framework, alongside other policies, contributes to the system risk management and internal control as set out within the GGM.

The Enterprise Risk Management (ERM) framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way the Group seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that the Group's risk profile is understood and managed on a continuous basis within the approved risk appetite. The ERM framework forms the basis of the approach to assessing risk as part of the ORSA. Compliance with risk policies is attested to by the annual letter of representation process.

B.3.3 Risk Governance

Risk management for the group as a whole is owned by the Quilter plc Board. The QINTLI Board exercises oversight through a number of governance and management committees and through the process of review and challenge throughout the year.

The Board has delegated oversight of risk management to the Board Risk Committee ("BRC") and it is the BRC that review and approve risk reports. The approval of the full ORSA Report remains with the Board.

The GGM explains the Group's approach to governance and sets out the policies, standards and processes by which it operates, ensuring that it takes into account all relevant statutory, regulatory and governance matters affecting the Group.

B.3.4 Risk Strategy, Appetite and Policy

Quilter plc's risk appetite is the amount of risk the Group is willing to take on in the pursuit of its strategic priorities and is defined by the Quilter plc Board. Culturally, it sets the tone regarding the attitude towards risk-taking. Risk appetite also plays a central role in informing decision making across the Group and at local QINTLI level; protecting and enhancing the return on capital invested. This risk appetite approach is applied consistently across the Group.

To support the strategic decision making process Quilter plc applies risk preferences which provide guidelines for striking the appropriate balance of risk and reward when setting its business strategy.

Risk appetite predicates the identification and assessment of risks in order that either the appetite or the amount of risk identified may be determined on a timely basis. How management may subsequently choose to deal with a particular risk, whether through mitigation, by transfer, control or elimination, does frequently depend on risk appetite, although market factors may also be a factor. Quilter plc's Risk Appetite Framework supports the delivery of the Group's strategy and business plan with risk appetite playing a central role in informing decision making across the Group; protecting and enhancing the return on capital invested.

Quilter plc undertakes business in accordance with its current business and risk strategy which is supported by the principles set out below, that must be considered in deciding whether or not to pursue an opportunity.

Strategic Risk Appetite Principles

A set of Strategic Risk Appetite Principles has been set by the Quilter plc Board. These principles, set out below, provide the top-of-the-house guidance on our attitude toward key areas of risk for the Group and support the ongoing management and oversight of risk.

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Customer	Liquidity	Capital	Control Environment
"The Group will ensure fair customer outcomes"	"The Group will ensure that It has sufficient liquidity to meet its financial and funding obligations"	"The Group will hold or have access to sufficient capital to maintain own capital needs"	"The Group will at all times operate a robust control environment"

The Group's position against these principles is measured on a regular basis with the QINTLI specific elements feeding the Group position. These principles are communicated and applied to all employees through a series of more granular risk appetite statements and measures, policies and standards and key risk indicators.

Policies supporting the system of internal control

The GGM and policies form an integral part of the Group's governance and risk management framework, ensuring an appropriate system of internal control. Together they form the basis of clear delegated authorities and accountabilities; ensuring there is appropriate Board oversight and control of important decisions; and efficient and effective management of day to day business. The GGM and policies are approved and adopted by the Board.

Risk Management Culture

Undoubtedly the most important element to risk management is a good culture of risk informed decision making. The Group believes that a good risk culture enables effective management of risk. Risk management is linked to performance and development, as well as to Quilter plc's remuneration and reward schemes. An open and transparent working environment which encourages the Group's people to embrace risk management is critical to the achievement of strategic priorities.

B.3.5 Risk Identification and Assessment

Risks to delivery of the strategy and the business plan are identified through the strategic target setting process and business planning process. Risks to business processes are identified through the regular refresh of the Risk and Control Self-Assessment process, designed to improve the understanding and control of operational risks.

Risks and controls are assessed on a quarterly basis by first line management. Where controls are considered to be inadequate or ineffective, management actions are agreed to improve the level of control.

B.3.6 Risk Management, Monitoring and Assurance

Risks are owned and managed on a day to day basis by first line risk owners. The second line Risk function provides advice to support the first line in managing risks.

Risk mitigation strategy planning is performed for some risks to ensure that risk mitigation plans are in place. An example of risk mitigation planning is the development of business continuity plans, which are defined at a functional level.

Corporate insurance is in place to mitigate some high impact, low frequency risks.

B.3.7 Risk Reporting and Escalation

Risk reporting is performed by the Risk function. Risk reports are provided to the Board Risk Committee at least on a quarterly basis, senior management on a monthly basis.

Risk events with a financial impact of over £5,000 and risk events which have a significant non-financial impact such as impacts on customers and regulatory breaches are recorded by the function within which the risk event arose.

Risk events remain open until any management actions to manage the impacts or address the events have been performed.

First line management escalate risks and risk events in line with escalation guidelines which are defined by the Risk function.

B.4 Internal Control System

A company's system of internal control has a key role in the management of risks that are significant to the fulfilment of its business objectives.

The GGM helps the Quilter plc Board to fulfil its internal control obligations by demonstrating the existence of and compliance with internal policies and other control mechanisms such as approvals processes.

B.4.1 Internal Control System

Quilter's principles of internal control are:

- Clearly defined delegated authorities – The Group is managed in accordance with the authorities delegated by the Quilter Board.
- Lines of responsibility – Each Business and function should have clearly defined lines of responsibility and delegated authority.
- Robust recording and reporting – Transactions are appropriately recorded to permit the preparation and reporting of reliable financial statements.
- Financial reporting control procedures and systems – The internal control system should include control procedures and systems which are regularly reviewed.
- Protection of assets – The Group's assets are appropriately safeguarded.
- Financial crime (fraud and money laundering) – Financial crime is prevented or detected.
- Risk management – The risks to which the Group is exposed are identified and managed.

The implementation and maintenance of the internal control system in each Business is the responsibility of senior management within the Business. At Group level, this responsibility rests with the Group Function executives.

B.4.2 Compliance Function

The Compliance Function is implemented under the direction of the Head of Compliance (PCF-15) of QINTLI. The role and responsibilities of the Compliance Function are as follows:

- To provide advice to the QINTLI Board and to the first line of defence on compliance with laws and regulations;
- To provide advice to the QINTLI Board and to the first line of defence on changes to laws and regulations and their potential impacts on QINTLI;
- To monitor the adequacy and effectiveness of controls relating to compliance with regulatory compliance activities;
- To oversee compliance against the Quilter plc policy framework and the GOM;
- To agree the compliance monitoring plan in full on an annual basis, with changes agreed quarterly, with the QINTLI Board; and
- To report to the Board on a quarterly basis on the outcome of compliance reviews, in line with the compliance monitoring plan.

B.5 Internal Audit Function

B.5.1 Implementation of the Internal Audit Function

The Internal Audit function for QINTLI is outsourced to Quilter Group Internal Audit (GIA) via the outsource agreement with Quilter International Business Services ("QIBS"). The appointed Head of Internal Audit for QINTLI (PCF-13), part of the GIA function, reports to the QINTLI Audit Committee in relation to all audit matters for QINTLI. GIA supports the Board and Executive Management of Quilter plc ("Quilter") in providing independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps Quilter accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The scope of GIA's activities extends to all businesses owned, controlled and governed by Quilter, including any joint ventures, in all jurisdictions. This includes QINTLI.

GIA is responsible for determining the audit universe and performing its own assessment of risks to determine a risk-based annual audit plan.

GIA, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all of the organisations records, physical properties and personnel pertinent to carrying out an engagement. All employees are required to assist GIA in fulfilling its roles and responsibilities.

B.5.2 Independence of the Internal Audit Function

GIA receives its authority from the Quilter Board Audit Committee, which is a committee of the Quilter plc Board established to, among other things, review and approve the Group Internal Audit Charter, review and approve the annual audit plan and subsequent material revisions, review the output of audit work, and to evaluate the adequacy and effectiveness of the Group's financial, operating, compliance, and risk management controls.

To provide for the independence of GIA, the Chief Internal Auditor is accountable to the Quilter Board Audit Committee Chair, reports administratively to the Quilter Chief Financial Officer and has access to the Chairman of the Quilter plc Board. Financial independence is provided by the Quilter Audit Committee approving a budget to allow GIA to meet the requirements of the Charter. GIA is functionally independent from the activities audited and the day-today internal control processes of the organisation. Where consulting services are delivered, GIA will manage any perceived or actual conflict of interest.

B.6 Actuarial Function

The Actuarial Function ensures that the methodologies, models and assumptions used in the assessment of technical provisions and capital requirements are robust and applied consistently and in proportion to the nature, scale and complexity of QINTLI.

Responsibilities of the Actuarial Function include:

- To ensure that methodologies and models for the valuation of technical provisions and capital requirements are appropriate;
- To oversee the sufficiency and quality of data used in the valuation of technical provisions and capital requirements;
- To review and challenge experience analyses in respect of risk factors and proposed best estimate assumptions;
- To review and challenge the valuation of technical provisions including application of approximations;
- To review and challenge Solvency Capital Requirement and Minimum Capital Requirement results;
- To express an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements.

QINTLI has appointed a Head of Actuarial Function (HOAF). The HOAF has overall responsibility for the actuarial function activities in relation to QINTLI and presents various Solvency II and Central Bank of Ireland mandated reports to the board on an annual basis or as required.

B.7 Outsourcing

B.7.1 Outsourcing Policy

The Third Party Risk Management Policy and Standards suite defines the framework that the Group and all of its subsidiaries must use to manage and monitor all outsourced services. This document suite addresses, through a series of mandated requirements, the risks inherent in the selection, transition to, and use of third parties in all outsourced activities. Specific focus is made within these documents on the outsourced engagements that could be defined as 'Material' or 'Critical or Important'. These relationships are singled out as those that have the potential and ability to materially impact Group or subsidiary operations, its services and its obligations to its customers or its ability to meets its ongoing regulatory obligations.

By following Quilter's Policies and Standards the risk of implementing inadequate service or failure of an outsourced service provider is effectively mitigated through the following controls:

- A formalised approach, including a transparent selection and management process and due diligence process, to outsourcing services;
- Governance and oversight structures, practices and processes, with clear roles and responsibilities for oversight, monitoring and management of risks related to all outsourced services;
- Regular assessment whether the supplier maintains an effective internal control environment and continues to have a resilient business; and
- Processes and practises to ensure that outsource arrangements comply with all applicable regulatory requirements.

B.7.2 Outsourced services

The Company has assessed whether the outsourced activities are 'Critical or Important' on the basis of the activities being outsourced and dependency on these arrangements for that service. The assessment reviews whether these activities are essential to the operation of the firm and whether the Group would be able to deliver its services to policyholders without this outsourced activity operating.

The risks that may occur through transitioning to an outsourced service are reviewed along with the risks inherent in the service. In each instance processes and controls are established to mitigate the risks from the arrangement. Accountable executives are identified and a robust ongoing governance structure is implemented to ensure that the service continues to adhere to the principles outlined in the Third Party Management Policy and Standards suite.

The primary outsource service provider to the Company is its internal group service company Quilter International Business Services Ltd. This company provides many critical and important services both directly and by chain outsource to fellow group companies and to external parties. The outsource to QIBS is governed by a detailed SLA and monitored in detail quarterly with extensive KPI’s.

B.8 Any other information

There are no other material aspects of the system of governance which are not covered in the above sections.

Section C
Risk Profile

C. Risk Profile

This section sets out the key risks to which QINTLI is exposed, measures used to assess these risks, any risk mitigation techniques used, including any material changes over the reporting period.

QINTLI is a pure unit-linked business with no material investment guarantees, which sells its policies internationally. About 70% of QINTLI's premiums are denominated in GBP whereas the reporting currency is Euros.

QINTLI risk exposures relate primarily to uncertainty over future revenues and expenses. For example:

1. Adverse movement in GBP/Euro exchange rates. In the event of adverse movement in GBP/Euro exchange rates (i.e. GBP depreciates against Euro), the value of GBP based revenues (e.g. premium-related income links directly with the currency of the premium) will fall in Euro terms.

2. In the event of a fall in equity markets, the value of AuA falls which has a negative impact on fund based future surplus.

3. The occurrence of a mass lapse event will reduce the funds under management which will reduce the fund based future surplus.
4. Cost of outsourced intra-group services become uncompetitive and inhibit QINTLI's ability to write profitable business.

QINTLI's own funds mainly represent the Company's available liquid capital and present value of future surplus less risk margin. Liquid own funds are held in bank deposits and money market investments.

The pie chart below sets out the risk profile and each of the key risks is covered in the following sections.

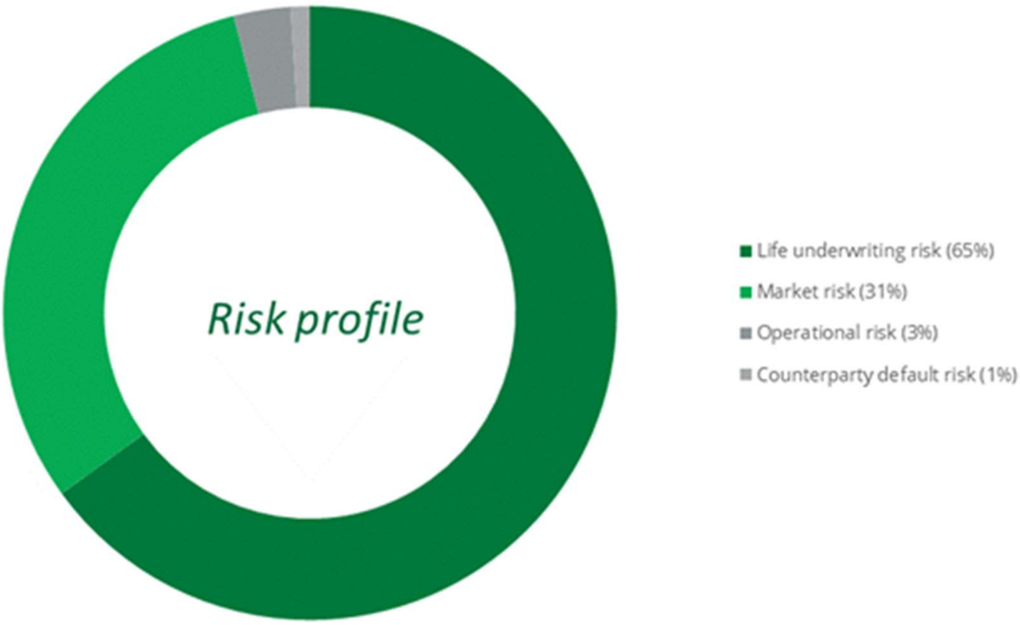

Chart C1: Summary of undiversified SCR

Risk profile drivers

The main risk categories to which QINTLI is exposed are market risk and life underwriting risks. These represent 96% of QINTLI's risk exposure. Refer to Table C1 below for details.

Market risk is a significant risk for QINTLI since the majority of in-force business is investment business and a large part of the Company's revenues are related to the asset values.

Expense risk which is a component of life underwriting risk is a significant risk for QINTLI because of the risk of future maintenance expenses exceeding the levels assumed within the Solvency II balance sheet which would in turn reduce future revenues. Lapse risk which is a component of life underwriting risk is a significant risk for QINTLI because the unit-linked investment business relies on persistency of policies to generate future revenues.

Further details on the specific risk drivers are provided in following sections.

Measures used to assess risks

QINTLI has adopted the Standard Formula measure specified in the Solvency II regulation to assess the risks within the Company, which is represented in terms of Solvency Capital Requirement (SCR).

Based on the Standard Formula QINTLI has a SCR of €26.7m at 31st December 2020.

Change in the risk profile over the period to 31st December 2020

The table below provides details of QINTLI's risk profile in terms of SCR capital. It also highlights the change in the risk profile over the valuation period.

€000's	Capital Requirement Based on Diversified Risk*		Change in the SCR
	31/12/2020	**31/12/2019**	
Market Risk SCR Module	9,866	7,638	2,228
Life Underwriting Risk SCR Module	21,307	16,492	4,815
Operational Risk SCR Module	1,003	1,630	(627)
Counterparty Default Risk SCR Module	333	422	(89)
Diversification (Inter-module)	(5,782)	(4,588)	(1,195)
Solvency Capital Requirement	26,727	21,595	5,132
Diversification Benefit	18%	18%	

Table C1: SCR - Changes in SCR - 2020 v/s 2019

*After intra-module diversification applied

The main driver to the change in the size of SCR relates to an increase in the life lapse risk driven by the year-end basis review, the persistency of policies in recent years' experience and the business volumes and values over the year.

The currency risk within the market risk module has also increased due to the growing book, additional risk from the transaction account interest adjustment, impacts of the year-end basis review and EUR depreciation against GBP over the year.

The SCR of €26.7m at 31st December 2020 is after adjustment for diversification.

Before allowing for the diversification effect, the sum of the standalone risk SCR at 31st December 2020 is €38.8m. The relative contribution of each risk is determined before allowing for the impact of diversification between risks. The table below provides a summary of inter-module and intra-module diversification benefit.

€000's	**2020**	**2019**	**Change**
Solvency Capital Requirement (Before Diversification)	38,845	32,196	6,709
less Market Risk Intra Module Diversification	(2,215)	(2,968)	753
less Life Underwriting Risk Intra Module Diversification	(4,111) (10)	(2,979) (7)	(1,132) (3)
less Inter Module Diversification	(5,782)	(4,588)	(1,195)
plus Allowance for DTL Offset	-	-	-
Solvency Capital Requirement	26,727	21,595	5,132

As QINTLI has no Deferred Tax Liability in the base balance sheet, the allowance for DTL offset (loss absorbency of deferred tax) is nil.

C.1 Underwriting risk

The underwriting module of the SCR includes the following underwriting risks:

Lapse (Persistency) Risk

A significant risk since a significant portion of business is not subject to surrender penalties and so increases in surrender rates will result in reductions in future revenues on investment business.

Life Expense Risk

This represents the risk that future maintenance expenses exceed the levels assumed within the Solvency II balance sheet.

C.1.1 Underwriting risk as at 31st December 2020

QINTLI's underwriting risk profile is derived from the standard formula 1-in-200 year 'underwriting' events **before allowing** for the impact of diversification.

As at 31st December 2020 the SCR for this module is €21.3m with intra-module diversification of 16.2% (i.e. allowance for diversification between underwriting risks).

The pie chart below sets out the drivers of the €21.3m underwriting risk for QINTLI:

- Most of the exposure to underwriting risk is from life expense risk. This accounts for 50% of the exposure in this module.
- Lapse risk accounts for 46% of the exposure for QINTLI in this module.

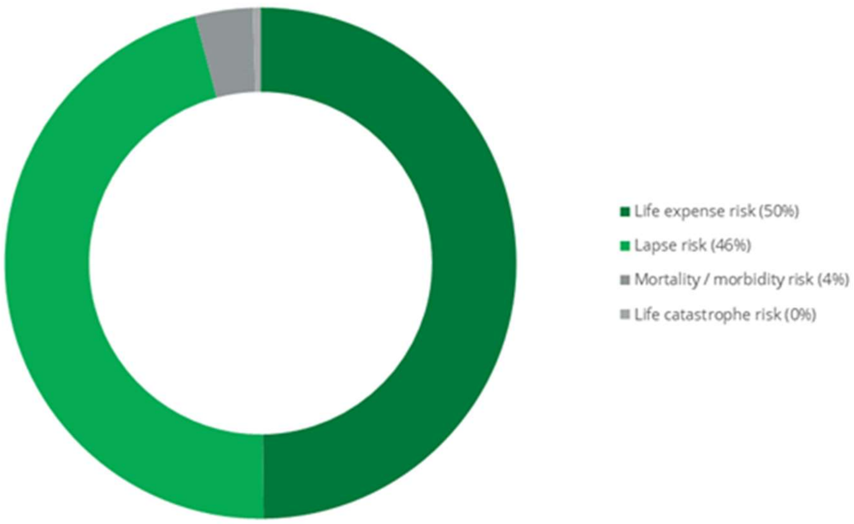

Chart C1.1: Summary of undiversified Life Underwriting Risk SCR

C.1.2 Change in the underwriting risk over the period ended 31st December 2020

The table below considers the change in the underwriting risk over the period ended 31st December 2020 in the diversified underwriting risks.

€000's	Life Underwriting Risk Capital Requirement Based on Diversified Risk*		Change in the SCR
	31/12/2020	31/12/2019	
Mortality risk	179	163	16
Lapse risk	9,935	5,403	4,532
Life expense risk	11,156	10,896	260
Life catastrophe risk	37	30	7
Life Underwriting Risk SCR	21,307	16,492	4,815

Table C.1.2: Underwriting Risk SCR - 2020 v/s 2019
*After intra-module diversification applied

The life underwriting risk SCR has increased over the year. The main changes in the risk profile for the underwriting risk module is the increase in the lapse risk.

The persistency (lapse) risk has increased over the year due to the growth in new business, growth in value of the book and revised methodology regarding expense overruns due to a mass lapse. The allowance for transaction account interest has also increased lapse risk, as has the mix of business towards products without surrender penalties which would offer some protection of revenues in a lapse scenario.

The expense risk has increased in line with the increase in the business volumes over the year, though has been dampened by the year-end expense review impacts.

C.1.3 Risk mitigation & risk concentration

Risk mitigation

QINTLI manages / mitigates each of the following risks as described below:

Lapse risk

Lapse risk is a feature of QINTLI's business and is managed through focus on customer service, conduct and reputation.

Some of the products carry surrender penalties, which help to reduce the lapse risk.

Life expense risk

Expense risk is managed through tight budget control and discipline, balanced against the need to ensure sufficient resources to achieve the strategic aims.

Expense levels are monitored monthly against budgets and forecasts. An activity-based costing process is used to allocate costs relating to processes and activities to individual product lines.

Some product structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels. This review may result in changes in charge levels.

Risk concentration

There are no material concentrations of lapse, mortality and expense risks.

C.2 Market risk

Market risk arises primarily through potential reductions in future fee revenues and hence reduction in own funds. This could arise due to falls in the value of assets underlying unit-linked funds, as a result of changes in equity, bond and property values, interest rates and foreign currency exchange rates.

C.2.1 Market risk at 31st December 2020

QINTLI's market risk profile is derived from the standard formula 1-in-200 year worse case market events **before allowing** for the impact of diversification.

As at 31st December 2020 the SCR for this module is €9.9m after intra-module diversification of 18.3% (i.e. allowance for diversification between market risks).

The pie chart below sets out the drivers of the €9.9m market risk for QINTLI. Further detail on the material drivers is in Section C1.2.

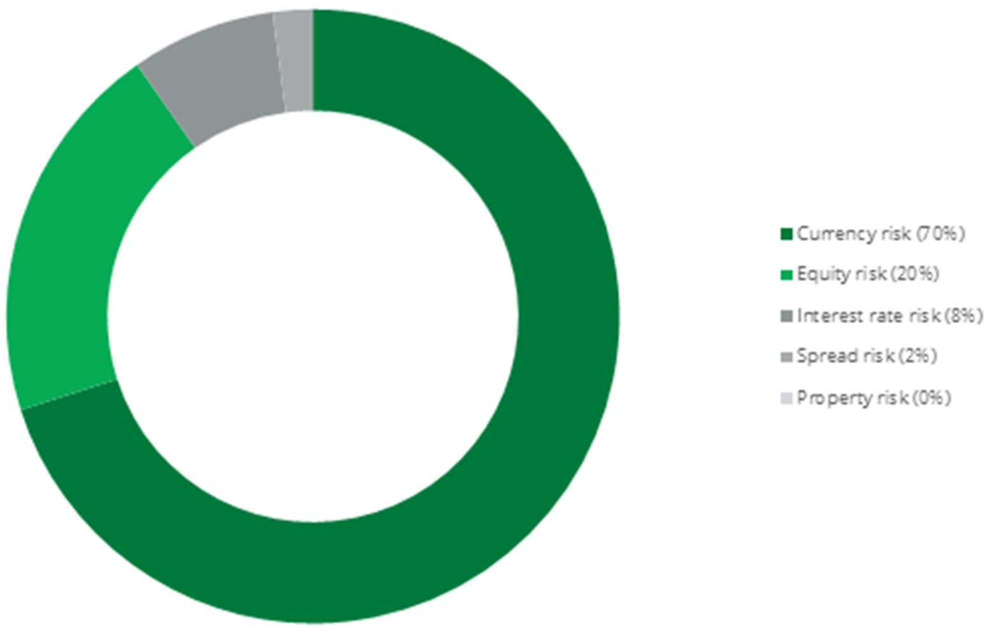

Chart C2.1: Summary of undiversified Market Risk SCR

C.2.2 Change in the market risk over the period to 31st December 2020

The table below considers the change in the market risk over the period to 31st December 2020 in the diversified market risks.

€000's	Market Risk Capital Requirement Based on Diversified Risk*		Change in the SCR
	31/12/2020	**31/12/2019**	
Interest rate risk	405	942	(537)
Equity risk	1,288	1,391	(103)
Property risk	-	-	-
Spread risk	119	154	(35)
Currency risk	8,054	5,151	2,903
Market Risk SCR	9,866	7,638	2,228

Table C2.2: Market Risk SCR - 2020 v/s 2019
*After intra-module diversification applied

The SCR has increased mainly due to the increase in currency risk over the period but offset by reductions in the interest rate risk and equity risk.

The main changes in the risk profile for the market risk module are as follows:

Currency Risk

The capital requirement for currency risk reflects the potential loss of future revenue resulting from adverse movement in currency markets which reduce the Euro value of future revenues.

For QINTLI, a large part of the future revenue is expected to be denominated in GBP as these revenues are linked to the currency of the premiums. Any future depreciation of GBP against Euro will reduce the future revenues in Euro terms.

The capital requirement for currency risk has increased in 2020, primarily due to the growth in business. The additional risk from the transaction account interest adjustment and the depreciation of the Euro against GBP have also had an impact. The reduction in expenses has given rise to higher currency risk. As most of the expenses are incurred in GBP due to the recharge arrangements, this cash outflow has an impact of reducing the currency risk for the company, so the reduction in expenses has dampened some of this impact.

Interest Rate Risk

A portion of future revenues are denominated in fixed monetary terms. Hence when interest rates increase, the value of these future revenues reduces. Therefore QINTLI is exposed to rise in interest rates.

The interest rate risk module has switched from interest rate up to interest rate down biting due to the transaction account interest adjustment, which underpins most of the reduction in the risk.

Equity Risk

The capital requirement for equity risk reflects the potential loss of future revenue resulting from returns on equity assets falling below the levels assumed in the best estimate projection. Equity assets are mostly held indirectly through collective investments.

The impact of loss of future revenue under a 1-in-200 year equity stress for QINTLI of €1.3m at 31st December 2020 is based on full measure equity stress of 39% or 49% depending on the type of equity plus equity dampener i.e. not allowing for any equity transitional arrangements.

Equity risk has decreased slightly over the period.

Equity risk is to a certain extent mitigated through the premium based floor charging feature in the portfolio bond business.

C.2.3 Prudent person principle & investment of assets

All company assets are invested in a manner to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

QINIT's unit-linked policyholders are responsible for selecting the funds where their premiums are invested.

The Quilter Investment Committee and the Quilter International Investment Operations Committee oversee the investment of customer funds to facilitate funds being invested prudently and to meet the reasonable expectations of customers.

The allocation of shareholder assets is managed in line with the Treasury Statement of Practice and local Investment policy, which set out the permitted instruments, liquidity limits, concentration limits and counterparty credit rating limits. QINTLI's shareholder assets are invested in high credit rated money market investments and bank deposits. QINTLI has no appetite for direct investment risk.

QINTLI has no direct derivatives investments.

QINTLI complies with the Solvency II requirements relating to Prudent Person Principle[1]. [1]

C.2.4 Risk mitigation

QINTLI seeks secondary market risk through asset-based fees and mitigates it through diversity and breadth of proposition designed to cater for a wide range of economic conditions.

The majority of QINTLI's business uses charges that have a premium based floor, which helps to mitigate some of the equity risk exposure.

QINTLI has a financial reinsurance arrangement which has both the reinsurance advance (claims) and repayments (premiums) primarily in GBP, though since the beginning of 2017 also has USD for USD denominated policies only. This foreign exchange exposure through reinsurance financing helps to mitigate part of the currency risk on fee income.

QINTLI does not currently mitigate the market risks through employing costly techniques such as financial instruments or hedging strategies.

[1] Article 132 of the Solvency II directive – Prudent Person Principle

C.2.5 Risk concentration

The open architecture nature of most of QINTLI's products facilitates a well-diversified overall linked investment portfolio. The market risk concentration on policyholder assets is therefore minimal.

Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and permitted money market funds. The market risk concentration on shareholders asset is therefore minimal also.

C.3 Credit risk

Credit risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations to that company. QINTLI is subject to a range of reasonably minor credit risk exposures. The material risks relate to the risk of default by banks and other financial institutions in respect of company deposits.

C.3.1 Credit risk at 31st December 2020

QINTLI's credit risk profile is derived from the standard formula 1-in-200 year credit event.

As at 31st December 2020 the exposure for this module is €0.33m with intra-module diversification of 3% (i.e. allowance for diversification between counterparty risks).

C.3.2 Change in the credit risk over the period ended 31st December 2020

The credit risk has decreased by €0.09m compared to credit risk at 31st December 2019.

QINTLI has a low risk tolerance for credit and counterparty risk. QINTLI aims to limit credit risk by investing company assets only in money market funds and deposits with institutions with strong credit ratings.

C.3.3 Prudent person principle & investment of assets

Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and permitted money market funds.

A development has been made to improve the accuracy of the SCR calculation by enhancing the asset data to identify the constitution of the money market fund investments. With this development the ratings of the investments within the money market funds are identified, instead of just identifying the ratings of the individual funds. The table below provides the % exposure by ratings:

Long Term Rating	Percentage Exposure
AAA	0.0%
AA	11.7%
A	73.6%
BBB	0.7%
Unrated	14.0%

Table C.3.3: Counterparties & exposure

C.3.4 Risk mitigation & risk concentration

Risk mitigation

QINTLI seeks to mitigate its exposure to credit and counterparty risks. QINTLI mitigates the risk by ensuring it engages with appropriately robust counterparties, adhering to its Treasury standards and overseeing credit and counterparty exposures through the Quilter Capital Management Forum.

The credit risk exposures of the Company are monitored regularly to ensure that counterparties remain creditworthy and to ensure that concentrations of exposure are kept within accepted limits.

There is no exposure to European sovereign debt within QINTLI's shareholder investments.

Risk of default in respect of the investment of shareholder assets is controlled by:

- Setting minimum credit rating requirements for counterparties;
- Setting restrictions relating to longer term (greater than 90 day) deposits;
- Setting limits for individual counterparties and counterparty concentrations; and
- Reviewing limits annually and monitoring exposures regularly.

Legal contracts are maintained where the Company enters into credit transactions with counterparties.

Risk concentration

The Company has no significant concentrations of credit risk exposure.

C.4 Liquidity risk

Liquidity risk is the risk that a company, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

QINTLI is exposed to some liquidity risks, however liquidity risk scenario testing is performed in order to assess the material liquidity risk exposures.

The Group maintains a Contingency Funding Plan which sets out the potential funding sources and processes for providing liquidity to the legal entities in the event that liquidity support is required. Furthermore QINTLI has in place a short term loan agreement with its parent company in order to ensure liquidity is available if required at short notice.

C.4.1 Risk mitigation & risk concentration

Liquidity risk can arise as a result of significant switches of policyholder funds over a short timeframe or one very large switch. In some cases, switches of policyholder funds are paid by the Company before settlement is received from the market on the sale of policyholder assets. This risk is managed by maintaining liquid capital resources to meet the value of switches which may reasonably be expected in stressed conditions and by regularly monitoring forecast and actual cash flows.

Liquidity risk also arises on payment of up front commission to brokers. QINTLI has a financial reinsurance treaty which finances these payments where required however some short term liquidity risk remains due to the lag between commission payment and receipt of reinsurance proceeds.

C.4.2 Expected profit included in future premiums (EPIFP)

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II 'boundary of the contract'. QINTLI has concluded that long contract boundary conditions apply to regular premium products as these products provide meaningful protection benefits.

On this basis, the total EPIFP for QINTLI is nil at 31st December 2020.

C.5 Operational risk

C.5.1 Operational risk exposures

Operational risk is the risk that failure of people, processes, systems or external events results in financial loss, damage to the brand/reputation, adverse regulatory intervention or government or regulatory fine. The most material operational risks for QINTLI are:

- Risk of regulatory compliance breach or the retrospective application of changes in regulation, resulting in the need to compensate customers;
- Risk of misrepresentation within product literature or illustrations leading to complaints and potential legal action;
- Execution risk in respect of strategic change and changes in regulations;
- Risk of process failure in respect of customer administration, customer investment, fund management, tax and financial management processes;
- Risk of IT instability, which could lead to interruptions to operations and outages impacting customers; and
- Risk of internal or external financial crime, including data security risks and risk of cyber-attack.

C.5.2 Measurement of operational risks

Operational risks are assessed through scenario based risk assessments utilising internal risk event data, external operational loss data, Risk and Control Self-Assessments and expert judgement provided by first line subject matter experts. Operational risk assessments are then modelled within an operational risk modelling system in order to assess the potential loss in plausible but extreme conditions.

C.5.3 Risk mitigation

QINTLI accepts that a certain level of operational loss is inevitable.

QINTLI expects some degree of exposure to fraud/financial crime and information security/cyber risks due to the nature of the business. QINTLI mitigates exposure to this risk through process and system controls, and insurance. QINTLI monitors its operational loss through loss reporting and assessment of the underlying control environment, and ensuring strong governance structures and organisational models are in place to support the strategic initiatives.

QINTLI's approach to managing different categories of operational risk is as follows:

Outsourcing risk: QINTLI, through its Group outsource partner, seeks to develop partnerships with IT suppliers and outsource partners to deliver long term cost efficiencies and sustainability of the operating model. The outsourcing risk is mitigated through a robust supplier relationship framework, with additional external assurance where required.

Customer outcomes: QINTLI aims to focus its business strategy on providing its customers with the means to achieve prosperity by understanding their needs and identifying where QINTLI can grow its business to provide opportunities to meet these needs.

Governance structures and risk culture: QINTLI seeks to govern the business in a manner appropriate to the nature, size and complexity of QINTLI, avoiding situations where it can fall materially short of expected standards. QINTLI mitigates the risk by the governance structures in place, and embedding the operating model expectations and minimum standards throughout QINTLI's businesses. QINTLI will review the governance model periodically to ensure it remains appropriate to the nature, size and complexity of QINTLI.

IT infrastructure: QINTLI seeks to ensure sufficient investment in its outsource partner's infrastructure to ensure the ongoing resilience of its platforms and its critical systems. QINTLI avoids situations where it is unable to meet the demands of the business through under-investment in its IT.

C.5.4 Treatment of operational risks within the capital assessment

Under the regulatory formula for the calculation of the Solvency Capital Requirement the operational risk capital requirement is determined as a percentage of prior year maintenance expenses and renewal commission. This is a broad proxy for the actual operational risk exposures of the Company.

As at 31st December 2020 the exposure for this module is €1.0m. This has decreased by €0.6m from 31st December 2019.

The operational risk charge is added on to the Basic SCR following the prescribed guidance for the standard formula.

There is no allowance for diversification with other risk modules.

C.6 Other material risks

There are no other material risks to be disclosed.

C.7 Any other information

C.7.1 Risk sensitivities

Stress tests

QINTLI carries out stress tests of its solvency ratios to market movements in order to understand the market risk sensitivities. The typical stress tests carried out include equity market fall by 10% and 25%, equity market rise by 10% and 25%, interest rate structure shifts by 1% and -1%. Other stress tests such as mass lapse of 10% and future expense assumption rise by 10% are also carried out.

Scenario tests

Scenario testing is a key process within the latest ORSA conducted in 2020.

These scenarios are constructed to test the potential severe or extreme events which could arise over the business plan period that could lead to significant cash and capital strain relative to the forecast. QINTLI is required to withstand these extreme events by allowing for cash and capital plans and management actions which may be required to manage the potential impacts over the plan period.

The 2020 ORSA scenario testing report concludes that the business is resilient to severe but plausible adverse scenarios, continuing to generate profits over each of the scenarios tested, although QINTLI is dependent upon the financing reinsurance arrangement to cover the initial commission costs of writing new business and so if the financing reinsurance arrangement was withdrawn QINTLI would need an alternative source of liquidity financing.

Section D
Valuation for Solvency Purposes

D. Valuation for Solvency Purposes

Solvency II assets and liabilities have been calculated in accordance with the valuation principles set out in Articles 75 to 86 of Directive 2009/138/EC.

Summary Balance Sheet **€000's**	Solvency II 31/12/2020	IFRS 31/12/2020
Assets		
Investments (other than assets held for index-linked and unit-linked funds)	5,589	128
Assets held for index linked and unit-linked funds	3,240,306	3,240,297
Loans on policies	95	95
Reinsurance recoverables	(9,900)	8,302
Contract costs	-	52,681
Insurance and intermediaries receivables	-	42,172
Receivables (trade, not insurance)	34,490	34,494
Cash and cash equivalents	4,453	9,919
Total assets	**3,275,032**	**3,388,088**
Liabilities		
Policyholder liabilities / technical provisions	3,199,704	3,264,347
Contract liabilities	-	62,235
Provisions other than technical provisions	494	494
Insurance and intermediaries payables	8,489	8,489
Reinsurance payables	-	17,502
Payables (trade, not insurance)	13,477	13,477
Total liabilities	**3,222,164**	**3,366,544**
Net assets	**52,868**	**21,542**

Table D1: Summary Balance Sheet

Summary Balance Sheet €000's	Solvency II 31/12/2019	IFRS 31/12/2019
Assets		
Investments (other than assets held for index-linked and unit-linked funds)	5,732	177
Assets held for index linked and unit-linked funds	2,661,180	2,661,180
Loans on policies	1,622	1,622
Reinsurance recoverables	(11,203)	8,226
Contract costs	-	50,026
Insurance and intermediaries receivables	89	42,990
Reinsurance receivables	-	-
Receivables (trade, not insurance)	2,566	2,608
Cash and cash equivalents	2,426	7,938
Total assets	2,662,411	2,774,767
Liabilities		
Policyholder liabilities / technical provisions	2,607,895	2,662,037
Contract liabilities	-	59,135
Provisions other than technical provisions	1,168	1,168
Insurance and intermediaries payables	5,557	24,029
Reinsurance payables	376	376
Payables (trade, not insurance)	8,032	8,032
Total liabilities	2,623,029	2,754,777
Net assets	39,382	19,990

Table D1: Summary Balance Sheet

Note : IFRS presentation of Insurance Receivables includes €89k shown in Trade Receivables in the Annual Financial Statements.

The bases, methods and main assumptions used for the valuation of QINTLI's assets, technical provisions and other liabilities are consistent with the Solvency II rules and guidance.

D.1 Assets

The valuation of assets under International Financial Reporting Standards (IFRS) is based on the following fair value hierarchy. In practice the valuation hierarchy under Solvency II is similar, hence there are no valuation differences between the two bases.

i. Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets;

ii. Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable;

iii. Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

Therefore, mark to model valuation techniques are only used where quoted prices for identical assets and liabilities in active markets are not available. For QINTLI all assets are valued using Level 1, except:

1. Reinsurance recoverables relating to future reinsurance cash flows are valued using the valuation model and are therefore Level 3.
2. An amount within Assets held for Unit-Linked contracts (€46.5m) which have market prices up to date but have observable pricing frequencies in excess of weekly. These assets are classed as level 2.
3. Private company share holdings (€14.6m), and assets which are priced at market price but the age of the unit price is beyond its normal pricing frequency (€11.3m) are all classed as level 3.

Summary of assets for QINTLI

€000's **Assets**	**Solvency II value 31/12/2020**	**IFRS value 31/12/2020**	**Difference**
Investments (other than assets held for index-linked and unit-linked funds)	5,589	128	5,461
Assets held for index-linked and unit-linked funds	3,240,306	3,240,297	9
Loans on policies	95	95	-
Reinsurance recoverables	(9,900)	8,302	(18,200)
Contract costs	-	52,681	(52,681)
Insurance and intermediaries receivables	-	42,172	(42,172)
Receivables (trade, not insurance)	34,490	34,494	(4)
Cash and cash equivalents	4,453	9,919	(5,466)
Market Value Assets / Total Assets	**3,275,033**	**3,388,088**	**(113,053)**

Table D1.1: Summary of Assets

Investments and securities include unlisted pooled investments and money market funds, other short-term deposits with an original maturity of three months or less.

Unlisted pooled investments and money market funds are measured at fair value for Solvency II reporting and the valuation method follows the above mentioned hierarchy i.e., where quoted prices in active markets are not available valuation techniques are used. The valuation techniques used include discounted cash flow method, EBITDA multiple, adjusted net asset value, price earnings ratios and third party or fund manager valuation. Under IFRS, such assets are carried at their fair values.

Other short-term deposits classified as Cash and cash equivalents under IFRS are included within Investments under Solvency II, valued at amortised cost subject to an adjustment for credit losses under the expected loss accounting model. The carrying amount of these assets approximates to their fair value.

D.1.1 Assets held for index-linked and unit-linked funds

Assets held for index-linked and unit-linked funds are stated under IFRS as 'fair value through profit or loss' with any resultant gain or loss recognised in the income statement.

The valuation bases at the reporting date were as follows:

- Fixed interest and index-linked securities are valued at quoted bid prices;
- Equities and investment trusts are valued at quoted bid prices;
- Unit trusts are valued at quoted bid prices;
- Open Ended Investment Company (OEIC) assets are single priced funds and are valued at the quoted net asset value per share.

The assets are valued under Solvency II on the same basis.

D.1.2 Reinsurance Recoverables

Contracts with reinsurers are classified as either ceded reinsurance or financial assets and liabilities. Ceded reinsurance contracts include arrangements where regular risk premiums are paid by the Company to the reinsurer and an agreed share of claims are paid by the reinsurer to the Company; these arrangements are in respect of underlying policies that are classified under Solvency II as insurance contracts.

The value of the benefits that the Company is entitled to under the ceded reinsurance arrangements are reported as "Reinsurance Recoverables" under Solvency II. This is calculated as the difference between the insurance contract liability assuming no reinsurance arrangement exists (the 'gross basis') and the liability with explicit allowance for all cash flows relating to the reinsurance arrangement (the 'net basis').

QINTLI has Reinsurance Recoverables of (€9.9m) at 31st December 2020 (2019: (€11.2m)). This includes intra-Group reinsurance recoverable of €8.3m and financial reinsurance, also with a Group company, of (€18.2m).

The bases, methods and main assumptions used for the valuation of reinsurance recoverables is the same as that used for valuation of technical provisions detailed in Section D2.

D.1.3 Contract costs and Deferred acquisition costs

Contract costs and Deferred acquisition costs, as they were known prior to IFRS 15 'Revenue from Contracts with Customers' coming into effect on 1st January 2019, are excluded from the Solvency II balance sheet.

Under IFRS, these assets comprise costs directly attributable to the sale of contracts, and these are deferred over the period of that contract. Deferral of acquisition costs is limited to the extent that they are deemed recoverable from available future margins.

D.1.4 Insurance & intermediaries receivables, reinsurance receivables and receivables (trade, not insurance).

Other receivables are non-interest bearing policyholder side receivables, so the risk is borne by the policyholders and are stated at their amortised cost adjusted for credit losses under the expected loss accounting model, which approximates to fair value.

Fee income receivable (FIR) of €42.2m (2019: €42.9m) included in the statutory accounts under 'Insurance and intermediaries receivables' is not relevant to the Solvency II balance sheet.

The valuation basis of all remaining receivables applies equally to both IFRS and Solvency II.

D.1.5 Cash and cash equivalents

Cash and cash equivalents under IFRS comprise cash balances, money market funds and other short-term deposits with an original maturity of three months or less. Cash and cash equivalents held within money market funds are classified as 'fair value through profit or loss'. All other cash and cash equivalents are classified as at amortised cost and are subject to an adjustment for credit losses under the expected loss accounting model. The carrying amount of these assets approximates to their fair value.

At 31st December 2020, there are no differences in valuation bases between IFRS and Solvency II, however under Solvency II money market funds and other short-term deposits are classified as Investments.

D.2 Technical Provisions

QINTLI only has unit-linked business and therefore has a single line of business; Index-linked and unit-linked insurance.

The value of the technical provisions corresponds to the amount that would have to be paid to transfer the insurance obligations immediately to another insurance undertaking. This value is calculated in line with Solvency II requirements as the sum of the best estimate liability and risk margin.

€000's **Technical Provisions**	31/12/2020	31/12/2019	Change
Technical provisions – index-linked and unit-linked	3,199,704	2,607,895	591,809
Technical Provisions – Calculated as a Whole	3,264,347	2,662,037	602,311
Best Estimate	(78,127)	(64,710)	(13,417)
Risk margin	13,485	10,569	2,916
Total Technical Provisions	**3,199,704**	**2,607,895**	**591,809**

Table D2: Summary of Technical Provisions

The technical provisions – calculated as a whole represent the policyholder unit liability as at 31st December 2020, should all policyholders choose to surrender their policies.

The best estimate liabilities represent the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model. This equals to future product charges (income) less future expenses less future claims in excess of unit reserves.

The risk margin is determined as the present value of the cost of non-hedgeable capital (at 6% p.a.) needed for the full run-off of the liabilities, discounted using the prescribed term-dependent risk free rates.

D.2.1 Bases, methods and main assumptions used for technical provisions valuation

The assumptions and methodology for the best estimate liability and risk margin are set out in the following sections.

D.2.1.1 Methodology applied in deriving the technical provisions

D.2.1.1.1 Best estimate valuation methodology

QINTLI calculates the best estimate liability for all policies in-force at the valuation date. Hence the best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for surrender or transfer payments, income withdrawal, maintenance expenses, fund based fees and other policy charges. The underlying assumptions are based on the best estimate for the future, which is largely based on the current business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the risk discount rates are set at the prescribed Solvency II risk-free interest rates.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax other than policyholder tax. The value of shareholder tax is calculated separately but consistently with the cash flow gross of taxes and is included within the deferred tax liability line.

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II 'boundary of the contract'. QINTLI has concluded that long contract boundary conditions apply to regular premium products as these products provide meaningful protection benefits.

For reinsurance recoverables, the same contract boundary conditions apply.

D.2.1.2 Methodology applied in deriving the risk margin

The risk margin is determined as the present value of the cost of the non-hedgeable solvency capital requirement (at 6% p.a.) needed for the full run-off of in-force liabilities, discounted using the prescribed Solvency II term-dependent risk free rates.

QINTLI only has unit-linked business and hence all market risks are considered to be hedgeable. All other standalone SCRs are projected forward individually using the appropriate risk drivers. Diversification benefits between the standalone risks are allowed for each future projection period.

D.2.1.3 Key assumptions in deriving the technical provisions

This section covers key assumptions used to derive the best estimate liabilities.

D.2.1.3.1 Relevant risk free rate applied in deriving the technical provisions

QINTLI used the prescribed Solvency II risk-free interest rate curve for the valuation of its technical provision at 31st December 2020. The unit fund growth rates (gross of investment charges) and the risk discount rates are set equal to the prescribed Solvency II rates.

QINTLI's best estimate liabilities are quite sensitive to the changes in risk-free interest rate curves. This is because the impacts of changes in the unit growth rates do not offset the risk discount rates due to the impact of annual management charges being premium-based for most portfolio bonds.

D.2.1.3.2 Lapses

The persistency assumptions determine how long the business is expected to remain on the book. Hence it is an important driver for the future expected profits within the technical provision calculation.

Methodology

Lapse assumptions are based on historical observed experience and it is a weighted average of the historical experience. It is set by policy duration.

Key changes to assumptions for the year ended 31st December 2020

The lapse assumption has been reviewed in line with the most recent experience. Overall there is a small increase in surrender rates across products. Adjustments were made to the experience analysis to remove positive experience over the first Covid-19 lockdown as this is not thought to be indicative of the long-term rates expected.

D.2.1.3.3 Expenses

QINTLI is a growing book of business. Although it is showing a strong growth in terms of business volumes, it has not reached its critical mass in order to cover its expense base. Hence QINTLI expects an expense overrun for the next year and has set the per policy expense assumption such that they are a higher level for the first year before falling to a long term rate, allowing for future inflation. The assumption has been retained that 5% of the total maintenance expenses are driven by the size of the funds under management, which has been reflected in the best estimate expense assumptions.

Methodology

The per-policy expense assumptions are set at a level sufficient to cover the future expenses in the business plan. The business plan covers the years 2021 to 2023 inclusive. For 2021 the future per policy maintenance expense is set as the budgeted future expenses in the business plan divided by projected policy counts. For years 2022 onwards the future expense assumptions are found by inflating, using the normal inflation assumption.

The projected policy counts used to calculate the per policy maintenance expenses are based on the observed quarterly average increase in business volumes over the prior twelve-month period.

D.2.1.3.4 Expense Inflation Assumption

Most of the QINTLI expenses are incurred in GBP. Expense per policy assumption is projected to move in line with anticipated inflation rates for QINTLI business, or the projected changes in the funds under management for expenses that are driven by the size of the funds under management. There has been little change in the anticipated future inflation rates as at 31st December 2020.

The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves. The main cost base of QINTLI is made up of salaries, which generally inflate at a slightly higher rate than the RPI rates. Therefore, the QINTLI business expense inflation assumption is set to a include percentage addition to the projected RPI rates. This percentage addition, taking into account the expected future relationship between RPI inflation and earnings growth, has been set at 0.5%.

The projection of the funds under management is driven by the unit growth rate assumption which is set as the risk free interest rates less investment charges, and the anticipated changes in the business volumes.

D.2.1.3.5 Retained Rebates

Historically the rebate assumptions for QINTLI were linked to the assumptions of QIIoM due to its limited data. We have assessed the appropriateness of this approach by comparing the QINTLI rebate rate against that of QIIoM for its main portfolio bond product. given the growing effect of RDR on QINTLI rebate experience and the growth of the book, it is considered appropriate to set the QINTLI rebate assumptions based on own experience. Further consideration was given on the likely impact of Covid on Ireland's rebate experience, and whether any adjustments similar to those for persistency were required on the rebate data. On the side of caution it was concluded that no adjustment is required.

D.2.2 Uncertainty associated with the value of technical provisions

QINTLI is a unit-linked business and as such there is, in absolute terms, little uncertainty for the value assigned to the technical provisions with the value of the unit-linked liability being equal and opposite to the assets held.

Despite the fact that a large part of the technical provisions is unit-linked liability, the own funds for QINTLI, €52.9m at 31st December 2020 is largely dependent on the best estimate assumptions used to calculate the best estimate liability.

Excluding unit funds the uncertainty present in the technical provisions is driven from:

G Economic uncertainty on future income from unit funds.

H Assumptions used to model future cash flows (as set out in Section D2.1.3). These assumptions are set based on current experience on a best estimate basis.

The valuation uncertainty will mainly affect the non-linked best estimate element of technical provisions with a second order effect on risk margin for QINTLI.

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in capital and risk management of the business.

D.2.3 Differences between Solvency II & IFRS bases, methods and assumptions

The table below provides the breakdown of the technical provisions for Solvency II basis and IFRS basis.

€000's Liabilities	31/12/2020	31/12/2019	Change
Net IFRS Policyholder Liabilities	**3,264,347**	**2,662,037**	**602,311**
Adjustment for Solvency II	(78,127)	(64,710)	(13,417)
Gross BEL (Solvency II Liabilities to Policyholders)	**3,186,220**	**2,597,326**	**588,893**
Add Risk Margin	13,485	10,569	2,916
Solvency II Technical Provisions	**3,199,704**	**2,607,895**	**591,809**

Table D2.3: Summary of Technical Provisions (Solvency II v/s IFRS)

QINTLI's statutory accounts are prepared on an IFRS basis. The IFRS value of net policyholder liabilities is €3,264.3m which is based on the value of unit reserves (including reinsured unit-reserves).

The differences in value of technical provisions in moving from IFRS basis to Solvency II basis is as follows:

Adjustment for Solvency II - The adjustment for Solvency II includes allowance for future profits, for unit-linked business under Solvency II, compared to IFRS basis, reduces the technical provisions for QINTLI by €78.1m.

Addition of Risk Margin - The addition of the risk margin under Solvency II basis increases the technical provisions by €13.5m, compared to the IFRS basis.

D.2.4 Use of transitionals deduction, matching adjustment, volatility adjustment and transitional on interest rate

QINTLI does not use transitionals deduction, matching adjustment, volatility adjustment and transitional on interest rate.

D.2.5 Reinsurance Recoverables

Reinsurance recoverables are calculated on the same basis as gross best estimate liabilities, described above. Reinsurance recoverables are reported as an asset on the balance sheet.

Further details are provided in Section D1.3.

D.3 Other Liabilities

€000's Liabilities	Solvency II value 31/12/2020	IFRS value 31/12/2020	Difference
Provisions other than technical provisions	494	494	-
Insurance & intermediaries payables	8,489	8,489	-
Reinsurance payable	-	17,502	(17,502)
Payables (trade, not insurance)	13,477	13,477	-
Contract liabilities	-	62,235	(62,235)
Total other liabilities	**22,460**	**102,196**	**(79,737)**

Table D3: Other Liabilities - Solvency II v/s IFRS

The table above sets out the value of other liabilities. This section covers a description of the bases, methods and main assumptions used for their valuation for solvency purposes compared to the approach taken in their valuation in the financial statements.

D.3.1 Specific items

For many of the liabilities that are not technical provisions the treatment between measures (i.e. solvency basis compared to the financial statements) is identical in conformity with International Financial Reporting Standards.

'Insurance & intermediaries payables', and 'Payables (trade, not insurance)' are non interest-bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value for both IFRS and Solvency II.

There are two items of other liabilities where the treatment differs between the bases:

- €17.5m (2019: €18.5m) allowed for in the statutory accounts within 'Insurance and intermediaries payables'. This relates to financing reinsurance balances which, due to insignificant transfer of risk inherent in the contract, is treated as a payable under IFRS. Under Solvency II this balance is included as a negative reinsurance recoverable and valued as described in Section D1.6.
- €62.2m (2019: €59.1m) allowed for in the statutory accounts for 'Any other liabilities, not elsewhere shown'. This represents deferred future income (Contract liabilities, or Deferred fee income, as they were known prior to IFRS 15 'Revenue from Contracts with Customers' coming into effect on 1st January 2019) which is part of the statutory accounts but not relevant to the Solvency II balance sheet.

D.4 Alternative methods for valuation

QINTLI's valuation of assets and liabilities are described in the above sections. No other alternative methods of valuation are used.

D.5 Any other information

This section provides any other material information regarding the valuation of assets and liabilities for solvency purposes.

D.5.1 Future management actions

The calculations assume the ability of the company to inflate future administration fees charged to the client, in line with the product terms and conditions. This management action has been approved by the Board.

Interest income is earned on policyholder transaction account cash. This had previously not been recognised within the technical provisions. It is now assumed to earn interest in line with the relevant currency risk free curve and the cash balances are assumed to run off over time. The interest rate is floored at zero and capped at 3%. This management action has been approved by the Board.

D.5.2 Assumptions about policyholders' behaviour

No assumptions are made on dynamic policyholders' behaviour as the technical provisions are modelled deterministically.

Section E
Capital Management

E. Capital Management

E.1 Own funds

E.1.1 Management of capital over the reporting period

QINTLI Capital Management Strategy

QINTLI is a regulated entity within the Quilter plc Group. The strategy for managing capital across the Group has been to ensure sufficient capital exists within each regulated entity to meet the relevant regulatory capital requirements for that entity together with a capital buffer to protect against unexpected adverse events. The target capital requirement for each regulated entity consists of the regulatory capital requirement plus the capital buffer.

Any surplus capital above the target capital requirement is paid as a dividend from the regulated entity and then ultimately to Quilter plc, subject to the availability of distributable reserves and the medium term capital requirements of the business. When assessing the medium term capital requirements of the business the capital position of the individual entities and the Group are projected over a 3 year period, taking into consideration future projected profits, restrictions on the movement of capital and cash, and known or anticipated changes in the capital requirements of the business.

The target solvency range ensures that the company remains solvent under a number of selected stress scenarios over the 3-year planning period (after allowing for any management actions).

QINTLI paid no dividend in 2020.

The actual capital position for each operating entity within the Group is monitored through the CMF (Capital Management Forum), local boards and the Quilter Wealth Management Limited Board Risk Committee.

The CMF is responsible for reviewing and monitoring the adequacy of capital within the Quilter business units and meets on a monthly basis. Examples of areas that would typically be considered by the CMF include reviewing the solvency position relative to the solvency target range, monitoring credit risk exposures and reviewing capital plans over the business planning period. The CMF is not a formal board committee but operates in line with the authority delegated to the Quilter Finance Director.

The QINTLI board of directors monitors the current and projected capital position of the Company on a quarterly basis and has the ultimate authority to declare dividends or request a capital injection from the parent holding company (subject to approval from the board of the holding company). This frequency of monitoring ensures that any necessary capital injections are understood and planned for well in advance of being required which ensures the Company remains above its target solvency levels.

The capital position of QINTLI is also monitored on a regular basis by the QINTLI CFO. The capital position is based on a combination of actual and estimated information (based on appropriate drivers such as market levels and new business volumes). This provides an early warning system that will detect any unexpected deterioration in the solvency position of the Company. Should such a deterioration be detected a sub-committee of the board will be convened to consider whether any additional capital injections are necessary.

E.1.2 Analysis of change (Own funds, SCR and MCR)

The table below summarises the change, by tier, of the Own Funds, SCR and MCR for QINTLI.

	31/12/2020		31/12/2019		Change	
€000's	**Solvency II**	**IFRS**	**Solvency II**	**IFRS**	**Solvency II**	**IFRS**
Assets	3,275,032	3,388,086	2,662,411	2,774,767	612,623	571,149
Liabilities	3,222,164	3,366,544	2,623,029	2,754,777	599,135	569,596
Excess Funds	**52,868**	**21,543**	**39,382**	**19,990**	**13,486**	**1,553**
Basic Own Funds Basic Own Funds adjustments Ancillary Own Funds	52,868		39,382		13,486	
Available Own Funds	**52,868**		**39,382**		**13,486**	
Classified Own Funds Tier 1 Tier 2 Tier 3	52,868		39,382		13,486	
Solvency capital requirement	**26,727**		**21,595**		**5,132**	
Eligible Own Funds	**52,868**		**39,382**		**13,486**	
Classified Own Funds Tier 1 Tier 2 Tier 3	52,868		39,382		13,486	
Surplus (Deficit)	**26,141**		**17,787**		**8,354**	
Eligible Own Funds as % of SCR	**197.8%**		**182.4%**			
MCR	**12,027**		**9,718**		**2,309**	
Eligible Own Funds as % of MCR	**439.6%**		**405.2%**			

Table E1.2: Own Funds and Surplus

The Solvency II own funds at 31st December 2020 are €52.9m, made up of €0.6m of share capital, €91.8m of items approved by the supervisory authority as basic own funds and (€39.6m) of reconciliation reserve, all of which are Tier 1 own funds.

The Own Funds at 31st December 2019 were €39.4m, thus there was an increase of €13.5m in 2020. This is mainly due to strong new business growth and the positive impact of year-end assumption and methodology updates.

The SCR at 31st December 2020 is €26.7m. The SCR at 31st December 2019 was €21.6m.

At 31st December 2020, QINTLI has a solvency coverage ratio of 198% compared to a coverage ratio of 182% at 31st December 2019.

QINTLI has retained sufficient capital to cover both the MCR and SCR over the period analysed and is therefore compliant with the SCR & MCR requirements. The opening and closing coverage ratios are given in the table E1.2.

E.1.2.1 Analysis of change from IFRS equity to Basic Own Funds

€000's	31/12/2020	31/12/2019	Change
IFRS equity	**21,543**	**19,990**	**1,553**
Difference due to Technical Provisions	64,643	54,133	10,510
Difference due to Reinsurance Valuation	(700)	(950)	249
Difference due to Contract Costs, Fee Income Receivable and Contract Liabilities	(32,617)	(33,791)	1,175
Basic Own Funds	**52,868**	**39,382**	**13,486**
Eligibility Deductions	-	-	-
Eligible Own Funds	**52,868**	**39,382**	**13,486**

Table E1.2.1: IFRS equity to Basic Own funds

The table above covers the quantitative differences between equity as shown in QINTLI's financial statements and the excess of assets over liabilities as calculated for solvency purposes. Specifically these are:

- The addition of future anticipated profits in the solvency basis not included in the financial reporting basis. The addition of the risk margin (detailed in section D2.3) as this is a Solvency II requirement and not relevant for IFRS.
- Difference in reinsurance valuation between the IFRS and Solvency II basis.
- Contract costs and Contract liabilities are not included in the Basic Own Funds.

E.1.2.2 Other items applied to own funds

QINTLI is not using transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC.

QINTLI is not holding any ancillary own funds.

QINTLI is not deducting any items from own funds.

E.1.2.3 Reconciliation Reserves

The table below shows the Own Funds are made up of Share Capital of €0.6m, Reconciliation Reserve of (€39.2m) and Other items approved by supervisory authority of €91.8m.

€000's	31/12/2020	31/12/2019	Change
Share Capital	635	635	_
Reconciliation Reserve	(39,558)	(53,044)	13,486
Other items approved by supervisory authority as basic own funds	91,791	91,791	_
Available Own Funds	**52,868**	**39,382**	**13,486**

Table E1.2.3: Analysis of Available Own funds

The Reconciliation Reserve equals the total excess of assets over liabilities, net of Share Capital and Other items approved by supervisory authority as basic own funds (being historical capital injections).

E.2 Solvency Capital Requirements and Minimum Capital Requirement

This section provides information on SCR and MCR over the reporting period.

E.2.1 Detail on the capital requirements for QINTLI

€000's	Standard Formula or Internal Model	31/12/2020	31/12/2019	Change
Available Own Funds		**52,868**	**39,382**	**13,486**
Solvency capital requirement		**26,727**	**21,595**	**5,132**
Market risk SCR Module	Standard Formula	9,866	7,638	2,228
Life underwriting risk SCR Module	Standard Formula	21,307	16,492	4,815
Operational risk SCR Module	Standard Formula	1,003	1,630	(627)
Counterparty default risk SCR Module	Standard Formula	333	422	(89)
Diversification		(5,782)	(4,588)	(1,195)
Allowance for Deferred Tax Liability offset		-	-	
Solvency capital requirement				
Supervisory Capital Add-on		-	-	-
Minimum Capital Requirement		**12,027**	**9,718**	**2,309**
Surplus		**26,141**	**17,787**	**8,354**
Eligible Own Funds as % of SCR		**198%**	**182%**	

Table E2.1: Summary of SCR, MCR for QINTLI

QINTLI uses the Standard Formula specified by EIOPA to calculate the SCR. Therefore, at 31st December 2020 QINTLI is using the standard parameters and procedures specified by EIOPA for calculating the SCR.

QINTLI is not using the duration-based equity risk sub-module.

QINTLI does not use an internal model for the purpose of Solvency II reporting.

Also, at 31st December 2020 QINTLI is not required to hold capital add-ons in excess of SCR.

E.2.2 Calculation of MCR

The MCR is calculated using a formulaic approach subject to an overall minimum of €22.4m and a maximum of 45% of SCR.

The approach to calculate the MCR, in addition to the above inputs, requires calculation of the linear formula component of MCR (MCR_{linear}) which is equal to MCR subject to not breaching the minimum and maximum limits defined above. This is calculated by applying factors to the technical provisions without risk margin but net of reinsurance.

As QINTLI doesn't have exposure to non-life insurance business, the formula requires only the following inputs:

MCR_{linear} = 0.007 x Index-linked and unit-linked insurance obligations

+ 0.021 x Other life (re)insurance and health obligations

+ 0.0007 x Capital at risk for all life (re)insurance obligations

E.2.3 Explanation for material changes to SCR and MC

Changes to MCR

At 31st December 2020 the MCR increased by €2.3m in relation to the last year, as it is observed in Table E2.1.

MCR is driven by the size of technical provisions and SCR. Hence it has changed in line with movement of technical provisions and SCR.

Changes to SCR

At 31st December 2020 the SCR increased by €5.1m in relation to the last year, as it is observed in Table E2.1.

The market risk SCR has moved from €7.6m at 31st December 2019 to €9.9m at 31st December 2020, an increase of €2.2m. The main reasons explaining this change are provided in section C1.2.

The life underwriting risk SCR was €16.5m at 31st December 2019 and it was €21.3m at 31st December 2020, an increase of €4.8m. Further details are provided in section C2.2.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

According to Directive 2009/138/EC Article 304, duration based equity risk SCR is calibrated using a Value-at-Risk measure, over a time period, which is consistent with the typical holding period of equity investments for the undertaking. This typically applies to retirement businesses that have equity holding that matches the duration of their liabilities. Given QINTLI offers only unit-linked assurance business, this is not applicable.

E.4 Differences between the standard formula and any internal model used

QINTLI uses the standard formula and therefore has no differences to note.

E.5 Non-compliance with the Minimum Capital Requirement and Non-compliance with the Solvency Capital Requirement

QINTLI has remained compliant with the Minimum Capital Requirement and Solvency Capital Requirement.

E.6 Any other information

All material information relating to QINTLI’s capital management has been provided in above sections.

Section F
Appendices

F. Appendices

F.1 Quantitative Reporting Templates (QRT) – Public Disclosure

This appendix contains the following Quantitative Reporting Templates applicable to QINTLI at 31st December 2020, as required under Solvency II regulations. Any QRTs required by the regulations that are excluded from this list are not relevant to QINTLI:

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business
3. S.05.02.01 Premiums, claims and expenses by country
4. S.12.01.02 Life and Health SLT Technical Provisions
5. S.23.01.01 Own funds
6. S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula
7. S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

All figures are presented in €000's with the exception of ratios that are in percentages.

F.1.1 QRT S.02.01.02 Balance Sheet

Annex I S.02.01.02 Balance sheet		Solvency II value
		C0010
Assets		
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	0
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	5,589
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	0
Government Bonds	**R0140**	0
Corporate Bonds	**R0150**	0
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	5,012
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	577
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	3,240,306
Loans and mortgages	**R0230**	94
Loans on policies	**R0240**	94
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	-9,900
Reinsurers share of long-term business policyholder liabilities intragroup	**R0280**	-9,900
Non-life excluding health	**R0290**	0
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	0
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	34,490
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	4,453
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	3,275,032

Annex I S.02.01.02 Balance sheet		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	0
Technical provisions – non-life (excluding health)	**R0520**	0
TP calculated as a whole	**R0530**	0
Best Estimate	**R0540**	0
Risk margin	**R0550**	0
Technical provisions - health (similar to non-life)	**R0560**	0
TP calculated as a whole	**R0570**	0
Best Estimate	**R0580**	0
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	0
Technical provisions - health (similar to life)	**R0610**	0
TP calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	0
TP calculated as a whole	**R0660**	0
Best Estimate	**R0670**	0
Risk margin	**R0680**	0
Technical provisions – index-linked and unit-linked	**R0690**	3,199,704
TP calculated as a whole	**R0700**	3,264,347
Best Estimate	**R0710**	-78,127
Risk margin	**R0720**	13,485
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	494
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	0
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	8489
Reinsurance payables	**R0830**	0
Payables (trade, not insurance)	**R0840**	13,477
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	0
Total liabilities	**R0900**	3,222,164

F.1.2 QRT S.05.01.02 Premiums, claims and expenses by line of business

Annex I S.05.02.01 Premiums, claims and expenses by country		**Line of Business for: life insurance obligations**						**Life reinsurance obligations**		**Total**
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**	0	0	654,541	0	0	0	0	0	654,541
Reinsurers' share	**R1420**	0	0	61	0	0	0	0	0	61
Net	**R1500**	0	0	654,480	0	0	0	0	0	654,480
Premiums earned										
Gross	**R1510**	0	0	654,541	0	0	0	0	0	654,541
Reinsurers' share	**R1520**	0	0	61	0	0	0	0	0	61
Net	**R1600**	0	0	654,480	0	0	0	0	0	654,480
Claims incurred										
Gross	**R1610**	0	0	106,544	0	0	0	0	0	106,544
Reinsurers' share	**R1620**	0	0	220	0	0	0	0	0	220
Net	**R1700**	0	0	106,324	0	0	0	0	0	106,324
Changes in other technical provisions										
Gross	**R1710**	0	0	602,311	0	0	0	0	0	602,311
Reinsurers' share	**R1720**	0	0	76	0	0	0	0	0	76
Net	**R1800**	0	0	602,235	0	0	0	0	0	602,235
Expenses incurred	**R1900**	0	0	13,214	0	0	0	0	0	13,214
Other expenses	**R2500**	0	0	0	0	0	0	0	0	0
Total expenses	**R2600**	0	0	13,214	0	0	0	0	0	13,214

F.1.3 QRT S.05.02.01 Premiums, claims and expenses by country

Annex I S.05.02.01 Premiums, claims and expenses by country		**Home Country**	**Top 5 countries (by amount of gross premiums written) - life obligations**					**Total Top 5 and home country**
		C0150	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
	R1400		**COGB**	**COMT**	**COSE**	**COBE**	**COES**	
		C0220	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**
Premiums written								
Gross	**R1410**	0	353,161	72,808	100,034	14,389	46,312	586,704
Reinsurers' share	**R1420**	0	0	0	0	3	0	3-
Net	**R1500**	0	353,161	72,808	100,034	14,386	46,312	586,701
Premiums earned								
Gross	**R1510**	0	353,161	72,808	100,034	14,389	46,312	586,704
Reinsurers' share	**R1520**	0	0	0	0	3	0	3
Net	**R1600**	0	353,161	72,808	100,034	14,386	46,312	586,701
Claims incurred								
Gross	**R1610**	0	33,548	22,682	17,164	4,,464	8,852	86,710
Reinsurers' share	**R1620**	0	19	0	0	0	0	19
Net	**R1700**	0	33,529	22,682	17,164	4,464	8,852	82,691
Changes in other technical provisions								
Gross	**R1710**	0	-322,924	-45,554	-128,510	-12,415	-39,962	-549,365
Reinsurers' share	**R1720**	0	-6	0	0	-46	-4	-56
Net	**R1800**	0	-322,918	-45,554	-128,510	--12,369	-39,958	-549,309
Expenses incurred	**R1900**	5	2,983	4,699	648	767	1,376	10,478
Other expenses	**R2500**							0
Total expenses	**R2600**							10,478

F.1.4 QRT S.12.01.02 Life and Health SLT Technical Provisions

Annex I S.12.01.02 Life and Health SLT Technical Provisions		Insurance with profit participation	**Index-linked and unit-linked insurance**			**Other life insurance**			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	-	3,264,347			-			-	-	3,264,347
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	-	(8,302)			-			-	-	(8,302)
Technical provisions calculated as a sum of BE and RM											
Best estimate											
Gross Best Estimate	**R0030**	-		-	(78,127)		-	-	-	-	(78,127)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-		-	(18,202)		-	-	-	-	(18,202)
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	-		-	(59,925)		-	-	-	-	(59,925)
Risk Margin	**R0100**	-	13,485			-			-	-	13,485
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-
Best estimate	**R0120**	-		-	-		-	-	-	-	-
Risk Margin	**R0130**	-	-			-			-	-	-
Technical provisions - total	**R0200**	-	3,199,704			-			-	-	3,199,704

Health insurance (direct business)			

Annex I S.12.01.02 Life and Health SLT Technical Provisions

			Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Gross Best Estimate	**R0030**		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		-	-	-	-	
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**R0090**		-	-	-	-	-
Risk Margin	**R0100**	-			-	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**						
Best estimate	**R0120**						
Risk Margin	**R0130**						
Technical provisions - total	**R0200**	-			-	-	-

F.1.5 QRT S.23.01.01 Own funds

Annex I S.23.01.01 Own funds Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		**Total**	**Tier 1 - unrestricted**	**Tier 1 - restricted**	**Tier 2**	**Tier 3**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	635	635		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0				
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	-39,558	-39,558			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	91,791	91,791	0	0	0
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**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	
Total basic own funds after deductions	**R0290**	52,868	52,868	0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0

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Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	0
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	0
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	0
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	52,868	52,868	0	0	0
Total available own funds to meet the MCR	**R0510**	52,868	52,868	0	0	
Total eligible own funds to meet the SCR	**R0540**	52,868	52,868	0	0	0
Total eligible own funds to meet the MCR	**R0550**	52,868	52,868	0	0	
SCR	**R0580**	26,727				
MCR	**R0600**	12,027				
Ratio of Eligible own funds to SCR	**R0620**	197.8%				
Ratio of Eligible own funds to MCR	**R0640**	439.6%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	52,868	
Own shares (held directly and indirectly)	**R0710**	0	
Foreseeable dividends, distributions and charges	**R0720**	0	
Other basic own fund items	**R0730**	92,426	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0	
Reconciliation reserve	**R0760**	-39,558	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	0	
Total Expected profits included in future premiums (EPIFP)	**R0790**	0	

F.1.6 QRT S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula

Annex I S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula		**Gross solvency capital requirement**	**USP**	**Simplifications**
		C0110	**C0090**	**C0100**
Market risk	**R0010**	9,866		
Counterparty default risk	**R0020**	333		
Life underwriting risk	**R0030**	21,307	0	0
Health underwriting risk	**R0040**	0	0	0
Non-life underwriting risk	**R0050**	0	0	0
Diversification	**R0060**	-5,782		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	25,724		

Calculation of Solvency Capital Requirement		**C0100**		
Operational risk	**R0130**	1,003		
Loss-absorbing capacity of technical provisions	**R0140**	0		
Loss-absorbing capacity of deferred taxes	**R0150**	0		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0		
Solvency capital requirement excluding capital add-on	**R0200**	26,727		
Capital add-on already set	**R0210**	0		
Solvency capital requirement	**R0220**	26,727		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	**R0400**	0		
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0		
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0		
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0		

F.1.7 QRT S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Annex I S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligation

		C0010
MCRNL Result	R0010	0

				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
				C0020	C0030
Medical expense insurance and proportional reinsurance			R0020	0	0
Income protection insurance and proportional reinsurance			R0030	0	0
Workers' compensation insurance and proportional reinsurance			R0040	0	0
Motor vehicle liability insurance and proportional reinsurance			R0050	0	0
Other motor insurance and proportional reinsurance			R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance			R0070	0	0
Fire and other damage to property insurance and proportional reinsurance			R0080	0	0
General liability insurance and proportional reinsurance			R0090	0	0
Credit and suretyship insurance and proportional reinsurance			R0100	0	0
Legal expenses insurance and proportional reinsurance			R0110	0	0
Assistance and proportional reinsurance			R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance			R0130	0	0
Non-proportional health reinsurance			R0140	0	0
Non-proportional casualty reinsurance			R0150	0	0
Non-proportional marine, aviation and transport reinsurance			R0160	0	0
Non-proportional property reinsurance			R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	22,435

				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
				C0050	C0060
Obligations with profit participation - guaranteed benefits			R0210	0	
Obligations with profit participation - future discretionary benefits			R0220	0	
Index-linked and unit-linked insurance obligations			R0230	3,196,120	
Other life (re)insurance and health (re)insurance obligations			R0240	0	
Total capital at risk for all life (re)insurance obligations			R0250		89,176

Overall MCR calculation

		C0070
Linear MCR	R0300	22,435
SCR	R0310	26,727
MCR cap	R0320	12,027
MCR floor	R0330	6,682
Combined MCR	R0340	12,027
Absolute floor of the MCR	R0350	3,700
		C0070
Minimum Capital Requirement	R0400	12,027

F.2 Glossary

Term	Definition
AML	Anti-Money Laundering
AuA	Assets under Administration
BVI	British Virgin Islands
CBI	Central Bank of Ireland
CFT	Combating the Financing of Terrorism
EBITDA	Earnings before interest, tax and amortisation
ECaR	Economic Capital at Risk
EPIFP	Expected profit included in future premiums
ERM	Enterprise Risk Management
HOAF	Head Of Actuarial Function
GIA	Group Internal Audit
GGM	Group Governance Manual
GOM	Group Operating Manual
IFRS	International Financial Reporting Standards
MCR	Minimum Capital Requirement under Solvency II
NCCF	Net Client Cash Flow
QINTLI	Quilter International Ireland dac
QIIoM	Quilter International Isle of Man Limited
QWHL	Quilter Wealth Holdings Limited
ORSA	Own Risk and Solvency Assessment
QROPS	Qualifying Recognised Overseas Pension Scheme
RDR	Retail Distribution Review
RemCom	Remuneration Committee
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SII	Solvency II

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