SOLVENCY AND FINANCIAL CONDITION REPORT AS AT 31ST DECEMBER 2021

April 2022

Table of Contents

1 Summary

1.1 Purpose of the report

The purpose of this report is to satisfy the public disclosure requirements under the harmonised EU-wide regulatory regime for Insurance Companies (Solvency II). The elements of the disclosure relate to business and performance, system of governance, risk profile, solvency valuation and capital management.

1.2 Overview of the Company

1.2.1 Business and performance

Pancyprian Insurance Ltd (“the Company” or “PIL”) was incorporated in Cyprus in 1992. It is the fourth largest general insurance company in Cyprus in terms of gross written premium (as per the IAC 2021 annual statistics). Even though it underwrites a wide range of insurance products, the company mainly focuses on Motor, Property and Liability business (comprises of 95% of its portfolio). It underwrites business across all the non-occupied areas of Cyprus. It is regulated by the Superintendent of Insurance of the Republic of Cyprus.

The following table gives a comparison of the company’s gross written premium, profit before tax and profit after tax between the current and previous year:

Year	Gross Written Premium	Technical Profit	Profit Before Tax	Profit After Tax
2020	€37.0m	€12.1m	€5.4m	€4.7m
2021	€36.3m	€12.6m	€5.2m	€4.4m

1.2.2 System of Governance

The Company has established a robust and sound system of governance enabling the prudent and effective control and management of the Company. The ultimate authority is the Board of Directors, supported by its three subcommittees (the *Investment, Risk Management and Reserves Committee*, the *Audit Committee* and the *Strategy and Transformation Committee*) and the Management of the Company. The governance structure sets out clear accountabilities and responsibilities across all the functions of the Company and in particular, the key control functions (Actuarial, Compliance, Risk Management, and Internal Audit).

The key functions are integrated within the organizational structure and involved in the decision-making process of the company ensuring that the business, capital, and risk strategies are fully aligned to achieve the strategic objectives set by the Board of Directors whilst ensuring the risk profile of the Company remains within the approved risk tolerance.

Some of the functions have been outsourced, however, rigorous checks and scrutinization are performed to ensure that outsourcing providers have the ability and capacity to deliver the required functions and activities to high levels of standards.

1.2.3 Solvency and Capital position

The Company maintains at all times sufficient own funds to cover both the solvency capital requirement and minimum capital requirement with an appropriate buffer. The Statement of Financial Position of the Company for the year ended 31 December 2021 is set out below:

	Statutory accounts	Solvency II
Total assets	€77.7m	€61.3m
Total liabilities, incl. technical provisions	€51.2m	€34.7m
Own funds	€26.5m	€26.6m

The Company enjoys a healthy solvency and capital position as demonstrated in the table below (all figures as at 31st December 2021):

Solvency capital requirement (SCR)	€12m
Minimum capital requirement (MCR)	€3.8m
Eligible own funds to cover both SCR and MCR – All Tier 1	€26.6m
Coverage Ratio	221%

The Company has a capital management process in place which interacts with the risk management Function, with key objective to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer.

The solvency capital requirement of €12m is higher than the regulatory minimum capital requirement of €3.8m and as such, the Company's own funds cover at least the solvency capital requirement of €12m. The Company is fully compliant with both the solvency capital requirement and the minimum capital requirement and has been during the reporting period.

The Company's solvency capital requirement is broadly similar to 2020 at €12m. The Company's solvency coverage ratio increased to 221% compared to 199% in 2020 due the increase of the own funds from €23.8m in 2020 to €26.6m in 2021 (driven by the Company's profitability).

1.2.4 Risk Profile

PIL is a general insurance company and as such the key risks faced are underwriting, market and credit risk. Underwriting risk is at the core of any insurance company's business model and it is a risk that is actively sought, accepted and appropriately managed. The Company also has a positive appetite for market risk, for which exposures relate mainly to Company's investment portfolio, as it is a key driver of the financial performance. Credit risk is the risk that debtors (i.e., policyholders and intermediaries owing premiums, reinsurers owning recoveries etc.) and other counterparties (issuers of securities, banking institutions) will be unable to honour their obligations, or unable to honour them in a timely manner. PIL seeks to protect itself against all risks faced by applying strong mitigation techniques, such as appropriate reinsurance arrangements and asset diversification.

The Company assesses its risk and capital requirements using the EIOPA's Solvency II Standard Formula, amongst others.

1.3 Material changes during 2021

There have been no material changes in the processes, tools, bases, methodologies, and assumptions adopted by the Company to calculate its financial and regulatory requirements, obligations and reporting.

It is noted that the Company continues to monitor the impact of the Coronavirus COVID-19 outbreak, which had been declared a pandemic on 11 March 2020 by the World Health Organization. Many governments (including the Government of Cyprus) continue to maintain measures to contain and delay the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries.

The Company has activated its business continuity plans and was fully operational. The employees were rotating working from home and from the office with no disturbance to the operations of the Company. The impact on the premium growth and claims has not been significant.

1.4 Events after the reporting date

The recent events in Ukraine from February 24, 2022, may have consequences for the Cypriot Economy, where the magnitude of the impact and the time horizon cannot yet be fully predicted, but the main concern at the moment is the uncertainty for tourism and other sectors of the economy, rising prices for fuel and other raw materials and rising inflation. The Company closely monitors the event as it develops ready to take necessary action.

2 Business and Performance

2.1 Business

2.1.1 Name and legal form of undertaking

Pancyprian Insurance Limited

66 Griva Digeni Avenue

CY - 1095 Nicosia

Cyprus

Telephone: +35722743801

Fax: +35722677154

Email: pancyprian@hellenicbank.com

Private Company Limited by Shares.

The Company's registration number is 51362.

2.1.2 Name and contact details of the supervisory authority

Superintendent of Insurance

Cyprus Insurance Companies Control Service

Ministry of Finance

P.O. Box 23364, 1682 Nicosia

Cyprus

Telephone: +35722602990

Fax: +35722302938

Email: insurance@mof.gov.cy

Name and contact details of the parent company's supervisory authority

The Central Bank of Cyprus

80 John Kennedy Avenue

1076 Nicosia

Cyprus

Telephone: +35722714100

Fax Number: +35722714959

2.1.3 Name and contact details of the external auditor

Ernst and Young Cyprus Limited

Jean Nouvel Tower, 6 Stasinos Avenue,

1060 Nicosia

Cyprus

Telephone: +35722209999

Fax: +35722209100

2.1.4 Holders of qualifying holdings

The Company's shareholders with qualifying holdings are:

- Hellenic Bank Public Company Ltd 99.96%
- Paris Voyazianos 0.04%

2.1.5 Company's position within the Group legal structure

The Company is almost exclusively owned by Hellenic Bank Public Company Ltd since 1999.

2.1.6 Material lines of business and material geographical areas

Pancyprian Insurance Ltd offers non-life insurance coverage to individuals and commercial/ corporate clients in the following classes of business:

- Motor vehicle liability insurance and other motor insurance;
- Fire and other property damage (including Burglary and CAR);
- General liability insurance (Including Employers Liability and Public Liability);
- Marine, aviation and transport; and
- Miscellaneous (including A&H).

Insurance business is written directly via the Company's branches and head office, independent intermediaries/agents and Hellenic Bank as Tied Agent (bancassurance), thus accessing a diverse customer base comprising of both retail and commercial customers.

The Company only writes business across the non-occupied areas of Cyprus.

2.1.7 Any significant business or other events

No significant business or external events that have occurred over the year ended 31 December 2021 that have had a material effect on the Company.

However, the recent events in Ukraine from February 24, 2022, may have consequences for the Cypriot Economy, which cannot yet be predicted.

2.2 Underwriting Performance

The following table presents quantitative information on the underwriting performance of the Company for the current and for the previous reporting period as per the financial statements:

Class - €'000	2021	% variance	2020
Motor vehicle liability insurance and other motor insurance	4,802	25%	3,831
Fire and other property damage	6,488	-1.3%	6,572
Marine, aviation and transport	106	-44%	189
General liability insurance	837	-42%	1,454
Miscellaneous	416	555%	75
	12,649	4.4%	12,121

Ratios	2021	2020
Loss Ratio[1]	(49.1%)	(51.2%)
Combined Ratio	(84.3%)	(84.3%)

2.3 Investment Performance

2.3.1 Income and expenses arising from investments by asset class

The table below sets out the investment portfolio composition by asset class:

€'000	2021	2020
Other Investments:		
- Cyprus Government Bonds – at FVOCI	-	473
- ETFs (Exchange Traded Funds) – at FVTPL	1.239	658
- Money Market Funds – at FVTPL	19.916	15.037
- Mutual Funds – at FVTPL	10.738	9.573

[1] **Loss ratio** = Net incurred claims/net earned premium (excl.policy fees), **Combined ratio** = (net incurred claims + expenses (incl. net acquisition costs))/net earned premium (excl.policy fees)

€'000	2021	2020
Bank Deposits - Fixed Deposits	250	1.001
Bank Deposits - Current Accounts	10.399	12.789
Investment Property	2.499	2.463
	45.040	**41.994**

The Company's Investment income and expenses are shown in the following tables:

Investment Income €'000	2021	2020
Dividends from other investments	6	13
Interest Income from Bonds	12	5
Interest Income from Banks	-	-
Rental income from investment property	74	68
Net Revaluation gain on investment property	36	73
Net revaluation gain on other investments	-	3
Net fair value gain on FVTPL investments	-	12
Share of Profit in Hire Risk Pool	89	233
	217	407

Finance Expenses €'000	2021	2020
Bank interest expenses	38	52
Interest expenses on lease liability	33	4
Bank charges	49	45
	120	102

During the year the Company incurred negative interest on certain deposits of €38k (2020: €52k), which was recognized in profit and loss as interest expense. The negative interest is a result of the practice followed by certain banks in EU. In 2022, the Company plans to diversify bank deposits to other non-interest-bearing financial investments.

Investment Expenses €'000	2021	2020
Net fair value losses on FVTPL investments	149	14
Net loss on disposal of FVTOCI investments	44	0
Net revaluation loss on investment property	0	0
Loss on sale of investment property	0	31
	193	31

2.3.2 Gains and losses recognised directly in equity

Debt investments at fair value through other comprehensive income.

These investments relate to investments in Cyprus Government Bonds, which are classified at fair value through other comprehensive income category as per IFRS 9. These assets are measured at their fair value and are subject to impairment assessment. Changes in fair values are recognized directly in equity (fair value reserve) via other comprehensive income. On derecognition of these assets, their cumulative fair value reserve is reclassified to profit or loss.

2.3.3 Investments in securitisation

The Company does not hold any investment in securitisation.

2.4 Other material income and expenses

There have been no other significant activities undertaken by the Company other than its insurance and related activities.

2.5 Any other information

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

3 System of Governance

3.1 General information on the system of governance

3.1.1 Organisational Structure

The Company is committed to implementing a sound governance framework through which objectives are set and the means of attaining these objectives and monitoring performance is determined. The Board of Directors (BoD) has the ultimate responsibility to ensure a prudent governance structure and a robust and sound risk management framework.

The Company's administrative, management and supervisory body ("AMSB") comprises by the BoD, the Executive Committee, and key control functions such as Risk Management, Actuarial, Compliance and Internal Audit.

The Executive Committee, through the General Manager has the day-to-day responsibility for the implementation of the BoD's strategy objectives and goals and reports to the BoD in the form of planned meetings or ad-hoc meetings, communications, and disclosures as required and appropriate.

The Business Units of the Company have the responsibility for the implementation of the BoD's strategy and goals in their business operations and report to the General Manager. The key control functions are administratively independent from any other operation of the Company and are directly reportable to the Board through its Committees.

The Company's corporate governance framework is based on the "three lines of defence model" which supports the implementation of a robust internal control system and is aligned with the 'four eye principle' that the Company complies with.

- *The structure of the Board of Directors (BoD)*

The membership of the Board is presented below:

- Evripides A. Polykarpou, Chairman
- Socrates Demetriou
- Christos Patsalides (appointed on 4 February 2021)
- Adamos Savvides
- Aristodemos Anastassiades
- Aristos Stylianou
- Christodoulos Hadjistavris
- Eleftherios Hadjizacharia
- Petros Arsalides
- Phivos Stasopoulos

- *Board of Directors' roles and responsibilities*

The Company is ultimately governed by the BoD comprising of a non-executive chairman, another eight non-executive directors and the executive director, who is also the General Manager of the Company.

The BoD maintains responsibility for the prudent management of the Company. It reviews and assesses the Company's strategic and business planning, solvency, as well as the Senior Management's approach to addressing risks and challenges. It reviews reports submitted by Senior Management and maintains frequent and open communication with the General Manager and Executive Committee.

For more effective operation, the BoD has established the following Committees:

- *Audit Committee*

The Audit Committee, is accountable to the BoD and shall assist the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance and for meeting its external reporting obligations, including its obligations under applicable laws and regulations and shall be directly responsible on behalf of the BoD for the oversight of the External Auditor.

- *Investments, Risk Management and Reserves Committee*

The Investments, Risk Management and Reserves Committee as an advisory Committee to the BoD assists with the formulation of the Company's overall risk strategies and policies for managing significant business risks and is responsible for overseeing the implementation of the Risk Management Framework.

- *Strategy and Transformation Committee*

The Committee monitors the implementation of the Strategic plan of the Company, updating the BoD on the progress and escalating issues faced.

Key functions' main roles and responsibilities

- *Internal Audit*

The Internal Audit is independent of any other Function with operational responsibilities, reporting to the BoD through the Audit Committee. The IAF is responsible for evaluating the adequacy and effectiveness of the internal control systems, operational Functions and any matters which would require their review.

- *Compliance*

The Compliance Function has a direct reporting line to the Board. It is independent of risk-taking Functions e.g., underwriting and claims. It is responsible for the establishment and maintenance of a proper framework and policies for the on-going and timely prevention, handling, management and monitoring of compliance risk. The Function is subject to audit by the Internal Audit Function.

- *Actuarial Function*

The Actuarial Function is responsible for the valuation of the technical provisions, expresses an opinion on the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system, amongst others. The Function is also responsible for the technical pricing of products within the scope defined by the Board of Directors. This Function is also responsible for the preparation of the Actuarial Function Report (AFR).

The Actuarial Function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice. The Function is subject to audit by the Internal Audit Function.

- *Risk Management Function (RMF)*

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual and on an aggregate level. This Function is also responsible for the preparation of the Own Risk and Solvency Assessment (ORSA) report. The Function is subject to audit by the Internal Audit Function.

3.1.2 Material changes in the system of governance over the reporting period

The following changes to the system of governance took place over the reporting period:

- The *Executive Strategy Committee* has been dissolved.
- The *Reinsurance Evaluation Committee* has been set up.

3.1.3 Remuneration policy and practices for the BoD and employees

The BoD of the Company adopts the Remuneration Policy of Hellenic Bank. The remuneration of all staff employed by the Company complies with the Group's principles:

- It is in line with the Company's strategy and promotes sound and effective risk management
- It is in line with the Code of Business Conduct and Ethics
- It is linked with the Company's structured performance appraisal system
- Ensures fair treatment, provision of equal opportunities
- It is transparent and adequately disclosed to all members of staff, maintaining the relevant data protection laws

The remuneration of the BoD and employees is not based on share options, shares or variable remuneration components and supplementary pension or early retirement schemes.

- *Material transactions with persons of influence*

The key business transactions conducted by the Company and Hellenic Bank are the following:

- Underwriting of Hellenic Bank insurance policies
- Hellenic Bank is a tied agent and as such receives commission for its services

The table below sets out the key business transactions regarding related parties:

	2021	2020
Hellenic Bank Commissions	€1,176k	€1,232k
Directors' remuneration	€286k	€232k
Key management salaries (excluding Directors' remuneration) and other short-term employee benefits	€675k	€611k

All other transactions of Directors and Senior Management with the Company are done in the ordinary course of business. All transactions are entered into on an arm's length basis.

3.2 Fit and proper requirements

3.2.1 Skills, knowledge and expertise

The Company ensures that all persons who effectively run the Company or have other key functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

They collectively possess professional qualifications, experience, and knowledge about at least:

- Insurance and financial markets;
- Preparation of business strategy, design of business plans and their implementation;
- Creating and evaluating an effective system of governance, effective procedures, supervision and controls;
- Interpretation of financial data and actuarial analysis;
- Regulatory and legal framework and requirements; and
- Accounting and auditing.

3.2.2 Fitness and propriety assessment

Fitness

In order to ensure that Senior Managers / Directors of the Company are fit, they are recruited giving due regard to interview requirements, referencing, relevant skills, personal and professional background and other checks as required and relevant to the role to be undertaken. Some of the general checks conducted include:

- Educational Background Check; and
- Professional Qualifications / Membership Check

Propriety

In order to ensure that Senior Managers / Company Directors are proper, they are subjected to a variety of checks at the commencement of their assessment, including:

- Credit checks
- Identity checks (including passport)
- Employment History
- Criminal History checks

3.3 Risk management system (including ORSA)

3.3.1 Risk management system description

Strategies, policies, and procedures

The Company has adopted Risk Management policies and procedures in order to achieve its business and financial strategy without exceeding its risk appetite.

The Risk Management strategy is clearly defined and well documented and aligned with the overall business strategy. It sets the Company's risk management objectives, key risk management principles, overall risk appetite and assignment of responsibilities for risk across all the activities of the Company.

Risk Management Cycle

The Company's Risk Management System encompasses a number of key processes and procedures which address the Company's key risks. These steps are summarised below:

Risk identification: Risks are identified and documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls.

Risk assessment: The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risk not covered by capital and the SII Standard formula.

Stress testing is conducted at least annually by the RMF as a risk assessment tool in order to assess the Company's vulnerability to possible events or future changes in economic conditions which have unfavourable effects on its performance, solvency, liquidity or reputation and its ability to withstand such changes.

Risk control and mitigation: The Company designs and implements controls to prevent or detect the occurrence of an identified risk event or to mitigate its severity. The Company's control activities are documented in the Risk Register.

Risk monitoring: The RMF has the responsibility to ensure that all material risk exposures are monitored on an on-going basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Investments, Risk Management and Reserves Committee. At least once a year, the Risk Register is formally reviewed by the RMF, and any actions deemed necessary following such review are brought to the attention of the Board.

Risk Reporting: The RMF reports to the BoD, through the Investments, Risk Management and Reserves Committee at least annually on its assessment of material risks and the management thereof, in particular the actions being taken to mitigate or control key risk exposures. It is also obliged to report the following to the BoD, in timely manner::

- Any significant changes to the overall risk profile of the Company
- Any deviations from the risk management strategy or risk appetite
- Any risk management matters in relation to strategic affairs, such as major projects and investments

3.3.2 Risk management system implementation and integration

In implementing its risk management strategy, the Company operates the 'Three Line of Defence Model' to manage its risk and control its activities. This ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels, including the BoD, Senior Management, RMF and Business Units.

The *First Line of Defence* relates to the management of risks at the points where they arise. These activities are carried out by persons who take on risks on behalf of the Company. Risk management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set by the Executive Committee, along with the other management committees and the assistance of the RMF.

The *Second Line of Defence* concerns the risk management activities that are carried out by the RMF, and the rest of the control Functions. It also refers to the risk management activities performed by the Investments, Risk Management and Reserves Committee and includes the approval and oversight of the implementation of risk policies and the establishment of systems and controls so that the overall level of risks and the relationship between risk and reward remain within acceptable levels.

The role of the RMF is to:

- Support the BoD in the determination and implementation of the risk strategy and capital planning
- Coordinate the implementation of the risk management framework
- Be the main unit for risk management responsibilities
- Report to the Senior Management
- Risk management training to the BoD, Committees, Senior Management and risk-taking Functions directly involved in the management and oversight of risk, on the contents of, and for providing guidance on their application
- Monitor the risk profile of the Company against the Company's risk appetite
- Develop internal risk methodologies and models
- Bring to the attention of the BoD any breaches of the Risk Management Framework Policy

The RMF is assisted by the Actuarial Function on the technical aspects of risk management and modelling.

The *Third line of Defence* concerns the activities of the Internal Audit Function that through its work provides an independent assurance to the BoD, on the performance and effectiveness of the risk management systems and processes within the Company.

The Company embeds the risk management system into the organisational structure and supports it by appropriate internal controls and by information systems that provide relevant, information. The risk management system then provides information that are fed into the decision-making processes by assessing the risk exposure of alternative strategies the Company is considering with respect to risk mitigation, business volumes and investments.

3.3.3 ORSA process

ORSA is a component of the overall risk management and control system of the Company. It allows the Risk Management Function to consider all the risks associated with the Company's business strategies and the required level of capital that the Company needs to set aside so as to cover such risks. ORSA policy documents all the steps, processes and procedures employed by the Risk Management Function to identify, assess, monitor, manage and report the short and long term risks the Company faces or it is likely to face and determines the own funds necessary to ensure that the Company's solvency position is adequately met at all times.

The Company follows the steps outlined below to implement its ORSA:

1. *Identify and classify risks*: The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR standard formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.
2. *Assessment and measurement of risks through different approaches incl. stress testing:* the Company collects data, quantifies, and aggregates risks using different approaches such as Value at Risk and stress testing and qualitative approaches, such as risk register assessment.
3. *Capital Allocation:* According to its risk profile, the Company determines the necessary additional capital over and above the regulatory minimum SCR.
4. *Capital planning*: Based on the capital allocation projections, the Company prepares a capital plan for the following 3 years. Such plans depend on the Company's strategic objectives and financial projections and assumptions on future economic conditions.
5. *Stress testing:* The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.
6. *Communicate and document the results:* The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.
7. *Confirm that the ORSA process is embedded in the decision making of the Company:* The Company confirms that the above procedure is not independent from the "business as usual" process of the Company. The RMF reports the key risks and any stress tests so that the BoD and the Executive Committee make decisions upon the results of these procedures.

3.4 Own Risk and Solvency Assessment

3.4.1 ORSA Integration into the organizational structure and decision-making processes

The ORSA is fully integrated into the organizational structure and decision-making processes of the Company as indicated by the roles and responsibilities of the different bodies and committees. These are described in the table below:

Responsible Body/ Function	Responsibility
Board of Directors	▪ Definition of corporate objectives and risk strategies, definition of the Company's risk profile, used as a significant input to ORSA ▪ Approval of the budget ▪ Establishment of a suitable internal control system, especially with regard to the ORSA ▪ Understanding, review, challenge and approval of the annual ORSA report
Investments, Risk Management and Reserves Committee	▪ Review and challenge of the annual ORSA report of the Company and recommendation for approval to the Board of Directors ▪ Review and challenge of the risk quantification and stress testing performed in the ORSA process

Responsible Body/ Function	Responsibility
	▪ Review and challenge the results of the Pillar 1 capital calculation and the quality of the data used
Senior Management	▪ Dissemination of information on risk strategies and procedures to the employees concerned ▪ Ensuring that there is adequate expertise and knowledge amongst the employees and officers of the Company to successfully carry out the different tasks required by ORSA ▪ Understanding the Company's ORSA
Risk Management Function	▪ Preparation of the Risk Management policies and procedures ▪ Identification and monitoring of key risks faced by the Company ▪ Establishment of methods for risk monitoring and measurement ▪ Coordination of the preparation and implementation of the ORSA ▪ Quantification and run of the stress test scenarios and analysis of the results ▪ Recommendation for capital allocation for Pillar 2 and capital projections ▪ Provision of ORSA training to senior manager and staff
Actuarial Function	▪ Responsible for producing the SII compliant technical provisions ▪ Responsible for calculating the solvency capital requirements (both current and projected) based on the solvency II standard formula ▪ Provision of technical assistance to the ORSA process owners with regards to key technical areas e.g., valuation issues, reinsurance issues, stress testing, etc.
Finance Function	▪ Preparation of financial projections in accordance with the strategic plan approved by the Board of Directors ▪ Preparation of Pillar 1 capital planning and projection of own funds based on the planning
Internal Audit Function	▪ Independent review of the ORSA as part of their review of the Risk Management Function
Compliance Function	▪ Provide support and assistance on compliance matters as appropriate ensuring adherence to the regulatory obligations ▪ Ensure the timely submission of the annual ORSA report
Other Departments	▪ Compliance and cooperation with the request for collection of data for the implementation of the ORSA and preparation of the ORSA report ▪ Participation in the risk assessment exercise and support to the RMF

Responsible Body/ Function	Responsibility
	▪ Provision of information and adoption of all risk management policies and procedures approved by the Board ▪ Provision accurate data in a timely manner ▪ Inform the control Functions (risk management, internal audit, compliance and actuarial) of any facts relevant to the performance of their roles.

The ORSA process is not independent from the "business as usual' process of the Company. As a result, the RMF reports the Company's risks and stress tests and the BoD and Management make decisions upon the results of these procedures. In addition, the Company considers the impact on its capital in its financial projections. Strategic decisions are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity over the business planning horizon. Such strategic decisions include but are not limited to:

- Expansions into new markets
- Introduction of new products
- Utilisation of additional distribution channels
- Target business volumes
- Reinsurance arrangements
- Investment decisions

3.4.2 ORSA review and approval

The ORSA report is produced at least annually. The document is submitted to the Investments, Risk Management and Reserves Committee for review and then to the BoD for final approval. The assessment is repeated immediately following any significant changes to the internal or external environment that the Company operates.

The latest annual ORSA report was submitted to the regulator in May 2021.

3.4.3 Interaction between capital management activities and risk management system

The Company uses the EIOPA standard formula to calculate the required solvency capital and to assess the overall solvency needs, on a quarterly basis. The standard formula is widely used internally as it represents the main metric for the ongoing management of risk and capital. Given the characteristics of the Company's portfolio, the Company is confident that the risk capital as calculated by the standard formula is generally at least equal to the actual underlying risk of the Company. Furthermore, the ranking of risks as quantified by the standard formula represents the expectations of the management which provides additional comfort about the merits in adopting this approach.

A three-year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements ('SCR') is produced using the standard formula. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the BoD and, where appropriate, potential management actions are noted and conclusions drawn. Senior management, taking into account the insight from the stress testing outcome, develops the

Company's long and short-term capital management plan, whilst considering the business strategy and risk tolerance. This plan includes alternatives to ensure that solvency needs can be met even under unexpectedly adverse circumstances.

3.5 Internal control system

3.5.1 *Internal control system description*

The Company's internal control process is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting and non-financial information.
- Compliance with applicable laws and regulations.
- Achievement of the Company's strategy and objectives.

Every member of the Company has a role in the system of internal control. Internal control is people-dependent and its strength dependents on people's attitude toward internal control and their attention to it:

- The BoD is responsible for setting the strategy, tone, culture and values of the Company.
- Executive Committee, Risk Management, Actuarial, and Compliance Functions design policies and procedures to ensure that an effective internal control system is established within the Company.
- The Internal Audit Function monitors the effectiveness of the internal control system.

Control Activities

Examples of control activities are set out below:

- The BoD and Executive Committee regularly review actual performance against budgets, forecasts, and prior period results.
- Executive Committee is involved in developing performance plans and targets and measures and reports results against those plans and targets.
- Heads of Business Units and Functions at all business areas review standard performance and exception reports, analyse trends, and measure results against targets on a regular basis.
- The Information Security Policy sets the appropriate framework for the effective management and protection of the Company's data against possible and potential initial and external threads.
- Key data and programs are appropriately backed up and maintained for business continuity purposes.
- Access to the systems, programs and data is controlled, the systems are maintained in a secure environment and applications are appropriately developed and maintained.

3.5.2 Description of how the compliance Function is implemented

The Compliance Function is administratively independent from other departments of the Company and possesses discretionary autonomy to create, enhance, review and modify its existing risk management or executive competencies. It is directly supervised by the Audit Committee and the BoD.

Compliance Function assists Management in the effective management of compliance risk and maintains the right of unobstructed, immediate and direct access to the Audit Committee or the BoD, whenever deemed necessary.

Additionally, the Compliance Function is responsible, in accordance with its monitoring and controls testing duties, for establishing, creating, modifying, enhancing any controls it deems appropriate in order to eliminate or mitigate existing and newly identified risks.

3.6 Internal Audit Function

3.6.1 Internal Audit Function implementation

The internal audit function of the Company is outsourced to the Internal Audit Unit of the Group. The BoD adopts the Internal Audit Unit Charter of the Group as an integral part of the Internal Audit Policy. The Internal Audit Function reports directly to the Audit Committee of the company. The Internal Audit Charter's purpose, among others, is to:

- define the Internal Audit Unit's (IAU) mission, authority, and responsibility;
- establish IAU's position within the Bank, including the nature of the Chief Internal Auditor's functional reporting relationship with the Board;
- authorizes access to records, personnel, and physical properties relevant to the performance of its engagements; and
- define the scope of IAU activities.

Final approval of the Internal Audit Charter resides with the Board.

3.6.2 Independence and objectivity

As stated in the Internal Audit Charter the independence of the IAU from business and operational units is fundamental to the effectiveness of the department. The IAU is independent of the company and other operational units. The Head of Internal Audit Unit reports directly to the Board of Directors through the Audit Committee. The Internal Audit Unit has direct access to the Audit Committee and its Chairperson and Executive Management, regarding matters that the Internal Audit Unit believes are significant to require immediate attention of the Audit Committee and its Chairperson and the General Manager.

3.7 Actuarial Function

The Company's Actuarial Function is the responsibility of the Actuarial Function Holder.

The duties of the Actuarial Function include:

- Coordinate the calculation of technical provisions

- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions
- Compare best estimates against experience
- Inform the Senior Management and the BoD of the reliability and adequacy of the calculation of technical provisions
- Oversee the calculation of technical provisions in cases where approximations are used in the calculation of the best estimate
- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA)
- Responsible of the technical pricing of the products within the scope defined by the Board of Directors

Each of these activities is undertaken on an at least annual basis and the outcome is reported to the Senior Management and the Board via actuarial reporting. The calculation of technical reserves and the risk modelling underlying the calculation of the solvency capital requirements are performed on a quarterly basis.

3.8 Outsourcing

3.8.1 Outsourcing policy

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

The Outsourcing Policy of the Company sets out the following:

- Roles and responsibilities
- Outsourcing requirements
  - Supervision of outsourced activities
  - Critical or important Functions or activities
  - Service provider for critical or important Functions or activities
  - Service provider for noncritical Functions
  - Internal outsourcing
  - Approval of outsourcing services
  - Written agreement requirements
  - Termination
- Risk management and internal control system
  - Risk management actions
  - Establishment of risk management
  - Contingency Plan

3.8.2 *Critical or Important operational functions outsourced*

The Company has outsourced the Risk Management, Compliance and Internal Audit Functions to Hellenic Bank and uses the consulting services of Deloitte Actuarial Services.

3.9 Adequacy of the system of governance

The system of governance is adequate to the nature, scale and complexity of the risks inherent in its business.

The Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed and evaluated; and recommendations are made to the Board regarding enhancing and developing the systems, including the outcomes from compliance monitoring programmes, root cause analysis from complaints, breaches and risk events.

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

3.10 Any other information

There is no other material information regarding the system of governance of the undertaking.

4 Risk Profile

The Company is a leading Bancassurance Company in Cyprus. Its core business is underwriting and as such underwriting risk is one of its key sources of risk. Strong risk mitigation techniques are applied though, thus significantly reducing the impact on the capital requirements.

4.1 Underwriting Risk

4.1.1 Risk assessment

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculation (discussed in more detail in section 6.2), stress and scenario testing (discussed in more detail in section 4.7), the risk register and other quantitative and qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

4.1.2 Material exposures/risks

Underwriting risk is defined as the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. PIL's mainly underwrites property, motor and liability business (95% of the total gross premiums written as at 31st Dec 2021, and 96% as at 31st Dec 2020).

The mix of business remains broadly similar to previous years, both in terms of lines of business written and also by geographical location. As such, no material changes are noted in respect of the underwriting profile.

4.1.3 Risk Concentration

PIL's book of business is generally well-diversified:

- Geographical split: risks written across Cyprus.
- Distribution channels: business written directly, via a number of agents and using bancassurance, thus accessing a diverse customer base.
- Reinsurance: PIL manages its exposure to any one risk and catastrophic events using reinsurance.

As such, no material risk concentrations have been identified.

4.1.4 Risk Mitigation

Portfolio Monitoring

The senior management of the Company:

- Receives and reviews regular reports on the gross written premium, risks written and incurred claims; and
- Regular detailed profitability analyses and reviews are undertaken both by internal employees and external consultants.

Clear delegation of underwriting and claims authorities

There is a clear delegation of underwriting and claims authorities within the Company and peer review requirements, with the most complex risks and claims requiring review and sign-off by the General Manager and the Claims Management Committee respectively. This ensures that the risks and claims are assessed by personnel of appropriate experience and expertise and the premium charged reflects the characteristics of each risk and appropriate claim provisions are put in place.

Reinsurance

The Company uses reinsurance to protect against claims volatility. Each class of business has its own reinsurance treaty and facultative reinsurance is used if a risk falls outside the reinsurance treaties and the Company's risk appetite. A detailed analysis is undertaken regularly to assess the most appropriateness of reinsurance structure in accordance to the business, capital and risk strategies of the Company. External consultants are at times engaged to review the reinsurance structure of the Company and advice on its optimisation and the Actuarial Function issues an opinion on the reinsurance arrangements on an annual basis. The credit rating and the financial condition of the key reinsurance counterparties are reviewed on a quarterly basis, so that corrective action is taken in the event of a deterioration in their financial quality.

Market and emerging risks/trends monitoring

The Company closely monitors the market and emerging risks /trends and participates in the discussion to address common market issues faced.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken and the risk mitigation techniques are adjusted accordingly.

4.1.5 Risk Sensitivity

Discussed in section 4.7.

4.1.6 *Any other material information*

No other material information

4.2 Market risk

4.2.1 Risk assessment

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculation (discussed in more detail in section 6.2), stress and scenario testing (discussed in more detail in section 4.7), the risk register and other quantitative and qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

4.2.2 Material exposures/risks

Market risk is the risk that changes in market prices will affect the fair value and/or future cash flows of financial instruments. The Company's market risk exposures mainly arise from its investments to local Cypriot banks and Collective Investment Undertakings (CIUs).

4.2.3 Risk Concentration

Some risk concentrations may arise in respect of Hellenic Bank, due to its strategic relationship with the Company. However, the Company invests in other counterparties and CIUs which enables an adequate level of diversification that may not have been possible through direct investments.

4.2.4 Risk Mitigation

Market risk is mitigated through the investment policy adopted by the Company which safeguards against exposure to risky asset classes and ensures minimum diversification limits.

Furthermore, the management of the Company reviews the market values along with the credit rating and the financial condition of the key counterparties at least quarterly, ready to take action in the event of a deterioration in the credit quality.

The Investment Management Committee reviews investment related information regularly to ensure that the portfolio is invested in line with the investment guidelines and the risk appetite of the Company. Furthermore, external financial advisors are appointed to provide independent investment advice.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken, and the risk mitigation techniques are adjusted accordingly.

4.2.5 Risk Sensitivity

Discussed in section 4.7.

4.2.6 Prudent Person Principle

The Solvency II regulations require investment of assets in accordance with the "Prudent Person Principle". In light of this, the Company has aligned its investment policy and framework with this principle.

The Company regularly reviews the financial condition of its investment counterparties and ensures that the currency and duration of assets is appropriate to the duration of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location. In particular, before investing in CIUs, due diligence is performed on the underlying fund holdings and enquiries are made on the availability of data on these holdings on a look through basis. This is to ensure that the Company is satisfied that it will be possible to properly identify, measure, monitor, manage, control and report on their underlying risk and be able to perform the required solvency capital calculations. The Company has not invested in derivatives or other inadmissible financial instruments.

4.2.7 *Any other material information*

No other material information

4.3 Credit risk

4.3.1 *Risk assessment*

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculation (discussed in more detail in section 6.2), stress and scenario testing (discussed in more detail in section 4.7), the risk register and other quantitative and qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

4.3.2 *Material exposures/risks*

The risk of loss, or of adverse change in the financial situation resulting from fluctuations in the credit standing of counterparties. The key counterparties of the Company are:

- premium counterparties: through non-payment of premium due for insurance protection;
- reinsurers: through failure to pay valid claims against a reinsurance contract held by the Company; and
- banking and financial counterparties: through issuer default and/or default of the banks holding the assets.

There have been no major changes to the reinsurance panel or the financial counterparties, the credit rating of the reinsurance counterparties and the counterparty risk appetite and as such the credit risk profile in respect of these counterparties remains unchanged.

The Company's premium debt risk has reduced following implementation of the credit collection policy.

4.3.3 *Risk Concentration*

Some risk concentrations may arise in respect of Hellenic Bank, due to its strategic relationship with the Company. However, the Company invests in other counterparties and CIUs which enables a level of diversification that may not have been possible through direct investments.

4.3.4 *Risk Mitigation*

The key risk mitigation techniques are:

- Due diligence on the financial condition of the counterparties before entering into agreement with them;
- Regular reviews of the credit rating and the financial condition of the key counterparties;
- Monitoring of premium debt balances and contract terms;

- A number of reinsurers are used (to ensure credit risk diversification) and all key reinsurance counterparties are reputable and of high financial quality (rated “A-” and higher); and
- The terms and conditions of the reinsurance contracts stipulate exit terms in the event of changes in the financial condition of the counterparties.

The continued effectiveness of the risk mitigation techniques and controls is monitored through the risk register, which is a dynamic list of the risks the Company faces and their controls. The risk register is reviewed and updated continuously as new risks are identified and/or failures in controls.

4.3.5 Risk Sensitivity

Discussed in section 4.7.

4.3.6 *Any other material information*

No other material information

4.4 Liquidity risk

4.4.1 Risk assessment

Stress and scenario testing (discussed in more detail in section 4.6), is used to assess the Company’s liquidity in the event of severe or extreme scenarios by considering the impact of the scenarios in the earnings of the Company by financial year. There has been no material change in the tools, parameters or assumptions used since the previous year.

4.4.2 Material exposures/risks

Liquidity risk is defined as the risk that the Company is unable to realize investments and other assets (or realise them at excessive cost) in order to settle its financial obligations when they fall due.

The liquidity risk of the Company is generally very low, with the majority of assets invested in short-terms products and/or very liquid products, including cash at bank and listed securities (CIUs).

4.4.3 Risk Concentration

No material concentrations identified.

4.4.4 Risk Mitigation

The Company has developed investment guidelines (reviewed and approved by the Board) which, among others, ensure the duration and currency of the invested assets are consistent with the liabilities’ profile, prohibit investment in illiquid assets and ensure appropriate levels of counterparties and asset diversification are in place. The Company has also developed a Liquidity Contingency plan.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken, and the risk mitigation techniques are adjusted accordingly.

4.4.5 Risk Sensitivity

Discussed in section 4.7.

4.4.6 Expected profit in future premiums

There are no future premiums cash-flows within the contract boundaries of unexpired policies and therefore there is no expected profit included for future premiums.

4.4.7 Any other material information

No other material information

4.5 Operational risk

4.5.1 Risk assessment

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculation (discussed in more detail in section 6.2), stress and scenario testing (discussed in more detail in section 4.7), the risk register and other quantitative and qualitative assessments. Qualitative assessments are undertaken to track the developments within the risk profile and review the design and operational effectiveness of the control environment across the key processes. There has been no material change in the tools, parameters or assumptions used since the previous year.

4.5.2 Material exposures/risks

The key operational risks that the Company manages are the following:

- *Systems risk:* the risk of systems and IT infrastructure failure leading to errors in reporting of the data (including pricing) and impacting decision making.
- *Cyber/data security:* the risk of inadequate cyber security leading to financial loss, disruption or damage to the reputation of the Company. It includes hacking of the systems, cyber hostaging and stealing/losing of soft and hard information, amongst others.
- *Outsourcing:* the risk of outsourced services failing to provide the benefits agreed could lead to reduced profitability, inadequate business processes, regulatory fines and reputational damage.
- *Policies and Procedures:* Inadequate policies and procedures may lead to the deficiencies in the monitoring or the non-early identification of operational risks such as failures in the systems, breach of outsourcing agreements, amongst others.
- *People risks:* the risk that inability to attract and recruit employees with appropriate qualifications and competences or failure to provide appropriate training and continuous

professional development could lead to lower levels of productivity and profitability and increased levels of errors and mistakes.
- *Key persons reliance:* the risk that reliance on key individuals creates if not properly managed through adequate succession planning, appointment of trained replacements, not having robust processes in place running independently of any one person etc.
- *Unintended mis-selling:* the risk of causing detriment to customers through sale of products not suited for their needs.
- *Legal risk:* the risk of failure to properly identify and manage legal exposures.
- *Regulatory risks:* the risk of failure to comply with regulatory requirements.

4.5.3 Risk Concentration

In light of the wide range of processes, systems and people this risk covers, no material concentrations have been identified.

4.5.4 Risk Mitigation

Operational risk covers a wide range of processes, procedures and systems across the Company, thus appropriate risk mitigation techniques are applied depending on the process or system. These include but are not limited to:

- Regular Internal Audit and external consultants' reviews or the processes, systems and procedures;
- Policies and procedures are documented and available to all employees;
- Regular reviews of policies and procedures documents adherence;
- Performance management and reviews to ensure employees are satisfied with their work and perform to the best of their abilities;
- Code of Ethics and Conduct is in place;
- Regular attendance to trainings and seminars both to further develop the employees' knowledge and capabilities (reducing people's risk) and to ensure the Company keeps abreast of any regulatory or technical developments (reducing regulatory risk);
- Legal advice is sought at the earliest opportunity from specialized lawyers, when required;
- Peer review of material work and appropriate underwriting, claims and other authority limits in place;
- Purchase of own Insurance and other risk mitigation tools, where appropriate;
- Requirement to report operational losses;
- Business continuity and disaster scenario planning; and
- Standard templates/policy wordings.

The continued effectiveness of the risk mitigation techniques and controls is monitored through the risk register. The risk register is reviewed and updated continuously as new risks and/or failures in controls are identified.

4.5.5 Risk Sensitivity

Discussed in section 4.7.

4.5.6 Any other material information

No other material information.

4.6 Other material risks

No other material risks to mention.

4.7 Risk sensitivity/Stress and scenario testing (all risks)

4.7.1 Methods and assumptions

Stress and scenario testing considers the financial impact on earnings and capital of a specific event or combination of events. Defining specific events helps to understand and manage the key risks an organization faces and visualize extreme events.

The events were selected by considering the Company's exposure to internal factors, such as a change in business plan, and external factors, such as certain possible events with negative effects or a deterioration of economic conditions.

4.7.2 Outcome of stress testing and sensitivity testing

The table below sets a description of the stress scenarios undertaken by the Company, the impact of the sensitivity measured as an amount of the solvency capital requirement, and relative impact on the overall solvency coverage ratio.

		Impact on Solvency Capital requirement -€m			Impact on Solvency coverage ratio (%)		
Scenario	**Stressed Risk**	Proj Yr1	Proj Yr2	Proj Yr3	Proj Yr1	Proj Yr2	Proj Yr3
Sc1 - Lower premium income	Underwriting risk	- 0.1	- 0.2	- 0.3	0%	-2%	-4%
Sc2 - Higher lapses than anticipated	Underwriting risk	0.6	0.5	0.4	-46%	-61%	-59%
Sc3 - Rate changes greater than anticipated	Underwriting risk	0.5	0.4	0.2	-35%	-52%	-40%
Sc4 - Partial reinsurance default	Credit risk	0.2	0.0	- 0.0	-14%	-4%	11%
Sc5 - Downgrade of key foreign institutions	Credit Risk	0.2	0.3	0.4	-3%	-5%	-7%
Sc6 - Property stress	Market Risk	- 0.1	- 0.1	- 0.1	-11%	-10%	-10%
Sc7 - Downgrade of key foreign institutions	Credit risk	- 0.1	- 0.1	- 0.1	-24%	-23%	-23%

		Impact on Solvency Capital requirement -€m			Impact on Solvency coverage ratio (%)		
Scenario	**Stressed Risk**	Proj Yr1	Proj Yr2	Proj Yr3	Proj Yr1	Proj Yr2	Proj Yr3
Sc8 - Bancassurance services not possible	Strategic Risk	- 0.1	- 0.4	- 0.7	0%	-4%	-12%
Sc9 - Counterparty default, also impacting sales	Market Risk/ Credit risk/ Strategic risk	- 2.3	- 3.9	- 4.5	4%	-19%	-45%
Sc10 - Economic recession	Market Risk/ Underwriting risk	0.4	0.2	0.0	-78%	-103%	-110%
Sc11 - Covid-19 Realistic	Insurance / Credit / Market risks	- 0.4	- 0.8	- 1.1	-11%	-26%	-26%
Sc12 - Covid-19 Pessimistic	Insurance / Credit / Market risks	- 0.3	- 0.6	- 1.1	-16%	-71%	-104%

The results of the testing above indicate that the Company is sufficiently capitalized and able to withstand an extreme event.

4.8 Any other information

No other material information.

5 Valuation for solvency purposes

5.1 Assets

5.1.1 Value of assets

The Company held the following assets as at 31st December of 2021:

Asset Class (€000)	2021		2020	
	Solvency II	Statutory	Solvency II	Statutory
Goodwill and PVIF		0		298
Deferred acquisition costs		1,325		1,285
Intangible assets		187		45
Property, plant & equipment held for own use	4,973	4,973	5,532	4,902
Property (other than for own use)	2,499	2,499	1,833	2,463
Bonds	0	0	473	473
Collective Investments Undertakings	31,892	31,892	25,268	25,268
Deposits other than cash equivalents	250	250	1,001	1,001
Reinsurance recoverables from Non-Life and Health	6,622	12,165	6,486	11,866
Insurance and intermediaries' receivables	3,070	12,436	5,671	12,563
Reinsurance receivables	451	451	731	731
Cash and cash equivalents	10,399	10,399	12,789	12,789
Any other assets, not elsewhere shown	1,106	1,106	918	918
Total assets	61,261	77,683	60,702	74.602

5.1.2 *Bases, methods, and main assumptions*

The valuation principles applied to the above assets are consistent with those used in the IFRS accounts, except as disclosed in section below. The bases, methods and assumptions used for the valuation of assets, including any differences in the valuation between Solvency II and IFRS are the following:

- *Goodwill and PVIF:* They are valued at zero on a SII valuation basis. On an IFRS basis, Goodwill is measured at historical cost less impairment, and PVIF is measured at historical cost less accumulated amortization and impairment losses.
- *Deferred Acquisition Cost:* Deferred Acquisition Cost is valued at zero on a SII valuation basis.
- *Intangible Assets:* Intangible Assets are valued at zero on a SII valuation basis. On an IFRS basis, intangible assets are measured at historical cost less accumulated amortization and impairment losses.
- *Property, Plant and Equipment held for own use:* Land and Buildings are carried at fair value under the revaluation model, based on valuation by external independent valuers, less accumulated depreciation for buildings. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The value of the PPE under the Solvency II basis differs from the IFRS basis in order to allow for the risk of single name exposure (i.e. Building tower including the 8th Floor should be considered as a single name)..
- *Property (Other than for own use):* Investment property is carried at fair value under the fair value model. Therefore, the value of the investment property under Solvency II and IFRS basis is the same as it is based on their fair value.
- *Bonds and Collective Investment Undertakings:* Debt instruments (Bonds) are classified at FVOCI and are measured at their fair value at each reporting date. Fair value changes are recognised directly in equity. Equity instruments (Collective Investment Undertakings) are classified at FVTPL and are measured at their fair value at each reporting date. Fair value changes are recognised directly in profit or loss. Fair value measurement is applied both in Solvency II and IFRS basis. The value of the investments in the Company's financial statements is the same as with Solvency II basis.
- *Deposits other than Cash Equivalents:* These relate to short-term fixed deposits with banks. They are initially measured at fair value, and subsequently measured at amortized cost, equivalent to the face value plus accrued interest. Carrying amount approximates fair value. The value of the deposits in the Company's financial statements is the same as with Solvency II basis, with any difference being the accrued interest at the reporting date.
- *Reinsurance recoverables from Non-Life and Health:* These represent the reinsurer's share of the portion of gross premiums written which is to be earned in subsequent financial years, and the reinsurer's share of the outstanding claim reserves/provisions. Under IFRS, the unearned premiums reserve is calculated by apportioning premiums written over the period to which the policy relates on a time apportionment basis, while the reinsurance share of the claims reserves and is based on reinsurance treaties in place and actuarial modelling. Solvency II valuation is described in section 5.2. below.
- *Insurance and intermediaries' receivables:* Insurance and intermediaries' receivable balances represent outstanding premiums owed from policyholders and intermediaries and

loans to agents. Outstanding premiums and loans are measured initially at the fair value of the consideration receivable, and subsequently at amortised cost, less any provision for impairment. Carrying amount of the balances approximates their fair value. The value of insurance and intermediaries' receivables in the Company's financial statements is not the same as per Solvency II basis due to exclusion of future premium installments which are allowed in the calculation of technical provisions.

- *Reinsurance receivables:* Represent the amounts due from Reinsurers (debit balances) and are measured on initial recognition at the fair value of the consideration received or receivable. Subsequently, they are measured at amortised cost, less any provision for impairment. Carrying amount approximates fair value.
- *Cash and Cash Equivalents:* They represent mainly bank deposits to current accounts. They are initially measured at fair value, and subsequently measured at amortized cost, equivalent to the face value plus any accrued interest. Carrying amount approximates fair value. The value of the deposits in the Company's financial statements is the same as with Solvency II basis, with any difference relating to accrued interest at the reporting date.
- *Any other Assets not elsewhere shown:* They comprise of amounts receivable from Hire Risk Pool and other receivables. They are measured on initial recognition at the fair value of the consideration received or receivable balances. Subsequently, they are measured at amortised cost, less any provision for impairment. Carrying amount approximates fair value. The value of other assets in the Company's financial statements is the same with Solvency II basis.

5.2 Technical Provisions

5.2.1 *Technical provisions, Best Estimate and Risk Margin*

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2021 both gross and net of reinsurance (RI) recoverables by line of business.

(€'000)	Gross Claims Provision	Gross Premium Provision	RI Rec. Claims Provision	RI Rec. Premium Provision	Net Claims Provision	Net Premium Provision	Risk Margin
Medical expense	-	-	-	-	-	-	-
Income protection	123	60	65	0	58	60	14
Workers' compensation	-	-	-	-	-	-	-
Motor vehicle liability	14,689	-424	744	0	13,945	-424	641

(€'000)	Gross Claims Provision	Gross Premium Provision	RI Rec. Claims Provision	RI Rec. Premium Provision	Net Claims Provision	Net Premium Provision	Risk Margin
Other motor	870	860	0	0	870	860	122
Marine, aviation and transport	24	38	14	13	9	25	6
Fire and other damage to property	2,791	461	1,966	955	825	-494	162
General liability	6,503	379	2,560	155	3,943	224	195
Credit and suretyship	-	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-	-
Assistance	-	-	-	-	-	-	-
Miscellaneous financial loss	40	132	36	114	4	18	1
Total	25,039	1,506	5,384	1,237	19,655	268	1,141

Description of the bases, methods and main assumptions used

- *Premium Provision*

The calculation of best estimate of premium provision relates to the present value of all future cashflows arising from future events, over the remaining duration of the unexpired policies. Such cashflows mostly relate to future claims, administration expenses and reinsurance.

Premium provision is determined on a prospective basis taking into account the expected cash inflows and cash outflows as well as the time value of money. The expected cashflows were estimated by applying appropriate ratios to the premium earned at each projection month up to expiry of all in-force policies. The conditions rendering this method valid are met, namely:

- it can be expected that the combined ratio remains stable over the run-off period of premium provision
- a reliable estimate of the combined ratio can be made
- the unearned premium provision is an adequate exposure measure for estimating future claims and expenses during the unexpired risk period

For the purposes of the premium provision valuation we assumed that “Expenses” include all expense items, except acquisition costs as allocated to each line of business.

The difference between the Premium Provision and UPR less DAC represents profits (losses if negative) that are expected to emerge during the remaining duration of unexpired policies.

In accordance with SII framework, the best estimate of technical provisions must correspond to the probability weighted average of future cashflows. Some weight was therefore placed on loss scenarios with low probability but high cost which are not captured under the usual methodologies. To quantify the impact of ENIDs (Events Not in Data) is achieved through the frequency severity method. The following events have been examined:

- Natural catastrophe loss scenario: This has been applied for each line of business as calibrated in Standard Formula. Company’s net loss is limited to its net retention. The probability of occurrence was set to 0.75% which includes sufficient margins of prudence accommodating any shortfall of the standard formula.
- Other scenarios that impact premium provision: Events that expected to impact the premium provision of the company such as changes in legislation, changes in policy terms and conditions, etc. The aggregated impact of these scenarios was estimated to be in line with a tail event as implied by the standard formula for the calculation of reserve risk charge. The probability of occurrence was uplifted from 0.5% to 0.75% as a further margin of prudence.

- *Claims Provisions*

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from these events have been reported or not. Thus, the claims provisions is determined by discounting the Claims Reserves (Case by Case (OSLR) + IBNR + IBNER+ ULAE) to allow for the time value of money plus an allowance for ENIDs.

- *IBNER:* captures the expected inadequacy of case estimates of outstanding claims. The methods used to calculate this reserve is Chain Ladder on paid and incurred claims, the Loss Ratio method and the Bornhutter Ferguson method. The methods capture both IBNR and IBNER reserves. The IBNER was established by subtracting the IBNR calculation from the total reserve.
- *IBNR:* was determined by applying the Delay method (Average Cost per Claim).
- *ULAE:* Unallocated loss adjustment expense reserve (ULAE) has been used and provides the cost of processing and settling outstanding and IBNR claims. ULAE has been calculated using the Classical Paid-to-Paid ratio method. The ratio of ULAE has been estimated separately for each line of business as the ratio of calendar year paid ULAE to calendar year paid losses. This ratio was applied to the IBNR reserve and 50% of that ratio to the IBNER reserve. This reflect the assumption that 50% of the ULAE is incurred when new claims are set up and the remaining 50% is spent upon settlement.
- *ENIDs:* the scenarios that impact claim provision such as changes in legislation, latent claims, and changes in court awards. The ENIDs are quantified through a frequency severity method of a range of scenarios. The aggregate impact of these scenarios was estimated to be in line with a tail event as implied through the standard formula for the calculation of reserve risk. The probability of occurrence was uplifted from 0.5% to 0.75%.

- *Risk Margin*

The risk margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third-party undertaking would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over their lifetime thereof. The Company applies Method 2 as specified in Guideline 61 of "EIOPA Guidelines on the valuation of technical provisions" and the risk margin is allocated to the individual lines of business using the simplification outlined in Guideline 63 of the EIOPA guidelines on the valuation of technical provisions.

- *Assumptions*

The main assumptions used for solvency valuation purposes are the following:

- Expenses used for the calculation of Premium Provision include expense items, except acquisition costs as allocated to each line of business;
- Large claims transferred to a "Large Loss" pool and treated as "once large always large";
- Lapse /cancellation rates used for the Premium provision calculation have been derived on the assumption that historical experience will be representative for future lapse/cancellation rates
- The main assumption for the derivation of reinsurance cost is that the ratio of the reinsurance premium for non-proportional covers to the gross premiums will remain relatively unchanged.
- For bodily injury, a threshold of €250k has been set in order to define the triangulation method;
- 50% of ULAE applied on IBNR and 50% on IBNER and case reserves;
- 50% of ULAE is incurred when new claims set up and 50% is spent upon settlement;
- Cost-of-capital is set to 6%;
- Euro risk free curve (no volatility adjustment) as published by EIOPA has been used for discounting; and
- No discounting has been allowed for IFRS results;
- Claims reserve follows a lognormal distribution and the confidence interval range lies between the 5th and 95th percentile.

There have been no material changes in the assumptions made in the calculation of the technical provisions over the reporting period.

5.2.2 *Uncertainty in the technical provisions*

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. Uncertainties exist in the most critical assumptions used for the calculation of Technical provisions. The most critical assumption in the calculation of the claims provision and premium provision is the assumed development for the liability claims and claim ratio respectively, where the Company monitors the experience of claims on a frequent basis and revises the assumed development and claim ratio accordingly where necessary, to reflect the most recent experience and reduce the level of uncertainty.

The highest uncertainty in the outstanding claim reserves exists within the liability classes. Specifically, Motor BI capped to €250k the methodology for the latest accident year has changed to Incurred Chain Ladder method from the Expected Loss Ratio method. This change was deemed necessary since the claim experience of the last accident year has been restored to pre-covid and the Incurred Chain Ladder method was deemed most appropriate similar to previous accident years. The expected impact in the IBNER is estimated to €45k.

5.2.3 *Material differences in the bases, methods and main assumptions*

For the Motor BI capped €250k the methodology for the last accident year (2021) has changed to the Incurred Chain Ladder method from the Expected Loss ratio. The expected impact in the IBNER is estimated to be €45k.

No other material changes in valuation methods compared to the previous valuation occurred.

5.2.4 *Matching*

The Company has not used the matching adjustment referred to in Article 77d of Directive 2009/138/EC.

5.2.5 *Volatility adjustment*

The Company has not used the volatility adjustment referred to in Article 77d of Directive 2009/138/EC.

5.2.6 *Transitional risk-free interest rate-term structure*

The Company has not used the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.

5.2.7 *Transitional deductions*

The Company has not used any of the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

5.2.8 *Recoverables and Material assumption changes*

Reinsurance Recoverables relate to the amounts recoverable from reinsurance contracts and are calculated separately. The methodologies described above apply on both gross and net bases. In order to estimate gross reserves, any inflow related to the existence of reinsurance is not taken into account. In order to estimate the net reserves, the projections allow also for any cashflows related to reinsurance (RI premium, RI claims, RI commissions). A reduction of reinsurance recoverables is also made to allow for expected losses due to the default of a reinsurance counterparty. The probability of default is derived from that used in the counterparty default risk under the standard formula depending on the credit quality of each reinsurer.

No material assumption changes have been applied during the reporting period for the calculation of technical provisions.

5.3 Valuation of other liabilities

5.3.1 Value of other liabilities

The Company held the following liabilities as at 31st December of 2021 and 2020:

Liabilities (€000)	2021		2020	
	Solvency II	Statutory	Solvency II	Statutory
Technical provisions – non-life	27,686	42,978	29,820	41,845
Technical provisions – non-life (excluding health)	27,490		29,556	
Best Estimate	26,363		28,388	
Risk margin	1,127		1,172	
Technical provisions - health (similar to non-life)	196		261	
Best Estimate	182		246	
Risk margin	14		15	
Deferred Commission from RI		1,231		1,405
Deferred tax liabilities	440	429	180	416
Debts owed to credit institutions	1	1	0.3	0.3
Insurance & intermediaries payables	1,919	1,919	1,838	1,838
Reinsurance payables	2,679	2,679	3,409	3,409
Any other liabilities, not elsewhere shown	1,980	1,980	1,697	1,697
Total liabilities	34,705	51,216	36,945	50,610

5.3.2 *Material differences in the bases, methods and main assumptions*

- *Technical Provisions:* IFRS valuation takes into account the estimated cost, allocated and unallocated, of claims incurred but not settled of claims incurred but not yet reported to the company as at the reporting date. The technical provision calculations are based on a number of generally acceptable actuarial methods, including the Chain Ladder, Loss Ratio, Bornhuetter-Ferguson, Delay (average cost per claim) and Classical Paid-to-Paid ratio methods. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. Solvency II valuation is described in section 5.2. above.

- *Deferred Commission from reinsurance:* Deferred commission income from reinsurance is valued at zero on a SII valuation basis.
- *Deferred Tax Liability:* It relates primarily to temporary differences arising on the measurement of non-financial assets (PPE) held by the Company, between tax and IFRS purposes. The calculation is based on the current tax rates in Cyprus. The value of the deferred tax liability in the Company's financial statements is the same with Solvency II basis.
- *Insurance & intermediaries' payables:* They relate to outstanding agents' commissions due, premiums received in advance and motor insurers' fund liabilities. They are initially measured at the fair value of the consideration payable and are subsequently measured at amortized cost. The carrying amount of the payables approximates their fair values. The value of the payables in the Company's financial statements is the same with Solvency II basis.
- *Reinsurance payables:* Represent the amounts due to Reinsurers (credit balances) and are measured on initial recognition at the fair value of the consideration paid or payable and are subsequently measured at amortized cost. Carrying amount approximates fair value.
- *Any other liabilities, not elsewhere shown:* Other liabilities include accrued expenses, taxes payable, other liabilities and other creditors balances due. The value of these other liabilities in the Company's financial statements is the same with Solvency II basis.

5.4 Any other information

No other material information regarding the valuation of assets and liabilities for solvency purposes.

6 Capital Management

6.1 Own Funds

6.1.1 Objectives, policies and processes employed for managing its own funds

The objective of capital management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, at least quarterly, during which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

6.1.2 Own funds description

The following table shows the structure of own funds as at 31 December 2021 and 31 December 2020:

Own funds (€'000s)	December 2021	December 2020
Ordinary share capital (gross of own shares)	6,751	6,751
Share premium account related to ordinary share capital	2,878	2,878
Reconciliation reserve	16,927	14,126
Total Basic Own funds	26,556	23,755

6.1.3 Eligible amount of own funds to cover SCR (by tier)

The Company's own funds are all tier 1 unrestricted and available to cover the SCR.

6.1.4 Eligible amount of own funds to cover MCR (by tier)

The Company's own funds are all tier 1 unrestricted and available to cover the MCR.

6.1.5 IFRS and Solvency II balance sheets

The key material differences between the IFRS and Solvency II balance sheets are mainly attributed to the following:

- Goodwill, PVIF and other intangible assets are valued at zero on a SII valuation basis
- DAC and Deferred Reinsurance Commissions are valued at zero on a SII valuation basis
- The Risk Margin is only allowed for in the Solvency II Technical Provisions.
- The differences between the Gross and Net of Reinsurance Technical Provisions under the Solvency II and the IFRS valuation arises mainly from the fact that under the Solvency II valuation contrary to IFRS there is:
    - Recognition of anticipated profits on unearned premiums (UPR is replaced by Premium Provision)

- Removal of prudency margins
- Allowance for negative reserves

6.1.6 *Own funds subjected to transitional arrangements*

No own funds are subjected to transitional arrangement.

6.1.7 *Ancillary own funds*

No ancillary own funds.

6.1.8 *Items deducted from own funds*

No items are deducted from own funds.

6.1.9 *Availability and transferability restrictions of own funds*

No restrictions in the availability and transferability of own funds.

6.1.10 *Deferred tax assets*

The Company does not currently calculate any amount of deferred tax assets in its Solvency II balance sheet.

6.2 Solvency Capital Requirement and Minimum Capital Requirement

6.2.1 *Amounts of SCR and MCR*

The Solvency Capital Requirement (SCR) of the Company as at 31st December 2021 is €11.9m and the Minimum Capital Requirement is €3.8m. Therefore, the Company keeps the SCR in its books as capital charge. The SCR has been submitted to the supervisory authorities and the Company awaits for their feedback.

6.2.2 *Amount of SCR split by risk modules*

The following table shows the SCR split by risk modules:

Solvency Capital Requirement	€'m
Market risk	2.2
Counterparty default risk	4.6
Life Underwriting risks	0
Health underwriting risk	0.5

Solvency Capital Requirement	€'m
Non-Life underwriting risk	8.3
Diversification effects	-3.4
Intangible asset risk	0
Basic SCR	12.2
Operational risk	1.2
Adjustments	-1.3
SCR	12.0
MCR	3.8

6.2.3 *Simplifications/specific parameters*

The Company uses EIOPA's Solvency I/I Standard Formula. It does not use Company specific parameters and does not use simplified calculations in its calculation.

6.2.4 Information on the inputs used to calculate the MCR

Line of business	Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Income protection insurance and proportional reinsurance	€0.1m	€0.3m
Motor vehicle liability insurance and proportional reinsurance	€13.4m	€11.5m
Other motor insurance and proportional reinsurance	€1.7m	€3.6m
Marine, aviation and transport insurance and proportional reinsurance	€0m	€0.1m
Fire and other damage to property insurance and proportional reinsurance	€0.3m	€5.8m
General liability insurance and proportional reinsurance	€4.1m	€1.8m
Miscellaneous financial loss insurance and proportional reinsurance	€0.0m	€0.0m

6.2.5 *Material changes to the SCR and MCR*

The 2021YE SCR and the MCR are broadly similar to the 2020YE SCR and MCR respectively. No material changes have been noted to the Company's key risk drivers compared to last year's figures.

6.2.6 Loss-absorbing capacity adjustment and deferred tax assets

The loss absorbing capacity of deferred taxes is calculated as the sum of the deferred tax liability as presented in the Solvency II Balance Sheet and of a proportion of the temporary differences between the valuation for tax purposes and the Solvency II valuation (applying a tax rate on this difference of 10.0%, as opposed to the 12.5% income tax rate of Cyprus thus leaving a prudency margin of 2.5%).

As at 2021YE, the Solvency Capital Requirement has been adjusted by €1.3m.

6.3 Duration-based equity risk sub-module option

The duration-based equity risk sub-module is not used by the Company for the calculation of its Solvency Capital requirements.

6.4 Internal model

An internal model is not used by the Company for the calculation of its Solvency Capital requirements and its Minimum Capital requirements.

6.5 Non-compliance with the MCR and non-compliance with the SCR

The Company complied with the SCR and MCR during the 2021.

6.6 Any other information

There is no other material information regarding the capital management of the undertaking during the year 2021.

7 Appendix – Quantitative Reporting Templates

7.1 S.02.01.02 - Balance Sheet

		Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	4,973
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	34,641
Property (other than for own use)	R0080	2,499
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	31,892
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	250
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	6,622
Non-life and health similar to non-life	R0280	6,622
Non-life excluding health	R0290	6,557
Health similar to non-life	R0300	65
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	3,070
Reinsurance receivables	R0370	451
Receivables (trade, not insurance)	R0380	0
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	10,399
Any other assets, not elsewhere shown	R0420	1,106
Total assets	R0500	61,261

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	27,686
Technical provisions – non-life (excluding health)	R0520	27,490
TP calculated as a whole	R0530	0
Best Estimate	R0540	26,363
Risk margin	R0550	1,127
Technical provisions - health (similar to non-life)	R0560	196
TP calculated as a whole	R0570	0
Best Estimate	R0580	182
Risk margin	R0590	14
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	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	440
Derivatives	R0790	0
Debts owed to credit institutions	R0800	1
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	1,919
Reinsurance payables	R0830	2,679
Payables (trade, not insurance)	R0840	0
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	1,980
Total liabilities	R0900	34,705
Excess of assets over liabilities	R1000	26,556

7.2 S.05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								Total
		Medical expense insurance	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0120	C0200
Premiums written										
Gross - Direct Business	**R0110**	0	849	11,776	3,925	185	17,557	3,189	713	38,194
Gross - Proportional reinsurance accepted	**R0120**	0	0	26	9	1	566	3	0	604
Gross - Non-proportional reinsurance accepted	**R0130**									0
Reinsurers' share	**R0140**	0	600	453	151	107	12,120	1,387	706	15,526
Net	**R0200**	0	249	11,348	3,783	79	6,003	1,805	7	23,272
Premiums earned										
Gross - Direct Business	**R0210**	0	932	11,608	3,869	202	17,677	3,335	596	38,220
Gross - Proportional reinsurance accepted	**R0220**	0	0	26	9	1	532	3	0	571
Gross - Non-proportional reinsurance accepted	**R0230**									0
Reinsurers' share	**R0240**	0	582	450	150	121	12,269	1,532	591	15,694
Net	**R0300**	0	349	11,185	3,728	82	5,941	1,806	5	23,096
Claims incurred										
Gross - Direct Business	**R0310**	0	117	6,376	2,125	8	2,972	1,110	-3	12,706
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**									0
Reinsurers' share	**R0340**	0	94	144	48	9	1,685	254	0	2,233
Net	**R0400**	0	23	6,232	2,077	-1	1,287	856	-3	10,473
Changes in other technical provisions										
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**									0
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	0	190	4,502	1,501	61	410	731	42	7,437
Other expenses	**R1200**									0
Total expenses	**R1300**									7,437

7.3 S.17.01.02 – Non-Life technical provisions

		Direct business and accepted proportional reinsurance												
		Medical expense insurance	Income protectioninsurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0180
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0050**	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM														
Best estimate														
Premium provisions														
Gross	**R0060**	0	60	0	-424	860	38	461	379	0	0	0	132	1,506
Total recoverable from reinsurance/SPV and Finite Re after the	**R0140**	0	0	0	0	0	13	955	155	0	0	0	114	1,237
Net Best Estimate of Premium Provisions	**R0150**	0	60	0	-424	860	25	-494	224	0	0	0	18	268
Claims provisions														
Gross	**R0160**	0	123	0	14,689	870	24	2,791	6,503	0	0	0	40	25,039
Total recoverable from reinsurance/SPV and Finite Re after the	**R0240**	0	65	0	744	0	14	1,966	2,560	0	0	0	36	5,384
Net Best Estimate of Claims Provisions	**R0250**	0	58	0	13,945	870	9	825	3,943	0	0	0	4	19,655
Total Best estimate - gross	**R0260**	0	182	0	14,266	1,730	62	3,252	6,881	0	0	0	172	26,545
Total Best estimate - net	**R0270**	0	117	0	13,522	1,730	35	331	4,167	0	0	0	22	19,923
Risk margin	**R0280**	0	14	0	641	122	6	162	195	0	0	0	1	1,141
Amount of the transitional on Technical Provisions														
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total														
Technical provisions - total	**R0320**	0	196	0	14,907	1,852	68	3,413	7,077	0	0	0	173	27,686
Recoverable from reinsurance contract/SPV and Finite Re after the	**R0330**	0	65	0	744	0	27	2,921	2,715	0	0	0	150	6,622
Technical provisions minus recoverables from reinsurance/SPV and	**R0340**	0	131	0	14,163	1,852	40	493	4,362	0	0	0	23	21,064

7.4 S.19.01.21 – Non-Life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Accident year / Underwriting year	Z0020	Accident year [AY]

Gross Claims Paid (non-cumulative)

(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											135	R0100	135	135
N-9	R0160	9,020	4,335	304	248	339	2,065	142	132	-5	150		R0160	150	16,732
N-8	R0170	7,181	2,194	213	200	185	142	168	124	89			R0170	89	10,496
N-7	R0180	5,784	2,232	266	71	52	4	10	65				R0180	65	8,484
N-6	R0190	5,571	2,306	138	856	83	5	13					R0190	13	8,972
N-5	R0200	5,341	2,571	465	139	67	98						R0200	98	8,681
N-4	R0210	5,744	3,003	449	184	64							R0210	64	9,443
N-3	R0220	6,542	4,618	643	441								R0220	441	12,244
N-2	R0230	6,209	4,147	709									R0230	709	11,065
N-1	R0240	6,161	3,032										R0240	3,032	9,192
N	R0250	6,785											R0250	6,785	6,785
												Total	R0260	11,581	102,229

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											1,981	R0100	1,989
N-9	R0160	0	0	0	0	0	0	976	641	490	596		R0160	599
N-8	R0170	0	0	0	0	0	1,108	831	685	564			R0170	566
N-7	R0180	0	0	0	0	1,499	1,310	1,110	733				R0180	735
N-6	R0190	0	0	0	1,735	1,431	1,239	1,287					R0190	1,292
N-5	R0200	0	0	2,131	1,468	1,224	1,281						R0200	1,286
N-4	R0210	0	3,115	3,339	2,827	1,433							R0210	1,439
N-3	R0220	7,267	4,111	3,590	3,393								R0220	3,407
N-2	R0230	8,093	3,884	3,779									R0230	3,794
N-1	R0240	6,335	3,860										R0240	3,875
N	R0250	6,034											R0250	6,057
												Total	R0260	25,039

7.5 S.23.01.01 – Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	6,751	6,751		0	
Share premium account related to ordinary share capital	**R0030**	2,878	2,878		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	16,927	16,927			
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**	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not	**R0220**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	26,556	26,556	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and	**R0310**	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	
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**	26,556	26,556	0	0	0
Total available own funds to meet the MCR	**R0510**	26,556	26,556	0	0	
Total eligible own funds to meet the SCR	**R0540**	26,556	26,556	0	0	0
Total eligible own funds to meet the MCR	**R0550**	26,556	26,556	0	0	
SCR	**R0580**	11,990				
MCR	**R0600**	3,828				
Ratio of Eligible own funds to SCR	**R0620**	2.2148				
Ratio of Eligible own funds to MCR	**R0640**	6.9378				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	26,556
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	9,629
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	16,927
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

7.6 S.25.01.21 – Solvency Capital Requirement

for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	2,177		
Counterparty default risk	R0020	4,580		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	520		
Non-life underwriting risk	R0050	8,279		
Diversification	R0060	-3,382		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	12,173		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,164
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-1,347
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	11,990
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	11,990
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

		Yes/No
Approach to tax rate		C0109
Approach based on average tax rate	R0590	1 - Yes

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
DTA	R0600	
DTA carry forward	R0610	
DTA due to deductible temporary differences	R0620	
DTL	R0630	
LAC DT	R0640	-1,347
LAC DT justified by reversion of deferred tax liabilities	R0650	0
LAC DT justified by reference to probable future taxable economic profit	R0660	-1,347
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	0

7.7 S.28.01.01 – Minimum Capital Requirement

only life or non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	3,827,737

		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 expenses insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	117,489	257,279
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	13,521,613	11,496,649
Other motor insurance and proportional reinsurance	R0060	1,729,722	3,630,521
Marine, aviation and transport insurance and proportional reinsurance	R0070	34,636	86,569
Fire and other damage to property insurance and proportional reinsurance	R0080	330,841	5,844,019
General liability insurance and proportional reinsurance	R0090	4,166,685	1,826,669
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	21,955	6,585
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0

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

Overall MCR calculation		C0070
Linear MCR	R0300	3,827,737
SCR	R0310	11,939,032
MCR cap	R0320	5,372,565
MCR floor	R0330	2,984,758
Combined MCR	R0340	3,827,737
Absolute floor of the MCR	R0350	3,700

		C0070
Minimum Capital Requirement	R0400	3,827,737