Solvency and Financial Condition Report

Trust International Insurance Company (Cyprus) Ltd

TRUST
INSURANCE
CYPRUS

Report for year ended 31 December 2021

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Contents

Independent Auditor's Report

The Board of Directors of Trust International Insurance Company (Cyprus) Limited

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of Trust International Insurance Company (Cyprus) Limited (the "Company"), prepared as at 31 December 2021:

- S.02.01.02 –Balance sheet
- S.17.01.02 – Non-Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 – Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

The above QRTs are collectively referred to for the remainder of this report as "the relevant QRTs of the Solvency and Financial Condition Report".

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2021 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the Commission Delegated Regulation (EU) 2019/981, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and the 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

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

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

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Other Matter

This report, including the opinion, is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 20 April 2022

Executive Summary

Trust Cyprus was established in 1990 and provided reinsurance and management services to the Direct Insurance Companies of Nest Group. In 2003, Trust International Insurance Company (Cyprus) Ltd hereafter referred to as the **"Company"** or **"Trust"** acquired the license to exercise Insurance services in Cyprus and in August 2009 with a new Board of Directors and Management Team, the Company began its local operations.

On the 1st of January 2016 the Company implemented the Solvency II (SII) regime. Per the requirements of the SII regulation, the Company has to provide a report called the Solvency and Financial Condition Report (hereafter referred to as ***"SFCR" or "Report"***), that will be made available to the public and which will describe the business performance of the Company for the reporting year.

Company update and highlights

2021 has been a year of recovery globally, with a growth in GDP, following the negative growth of the previous year, caused by the health crisis of the covid-19 pandemic.

2021 has been another challenging year for our Company.

The Covid -19 pandemic and the continuous restrictive measures, forced the Company to continue to implement a "hybrid modus operandi" i.e. to operate both physically and online, ensuring to continue providing excellent service to its customers and agents whilst safeguarding the public health.

The Company has experienced challenges in the Collections of premiums receivable as insureds sought to extend their credit periods by requesting smaller instalments over a longer period of time, hence deviating from the credit policy of the Company.

The reduction in the economic activity in 2021, caused by the health crisis of the covid-19 pandemic, has put pressure on premium income as several companies were forced to cease or reduce their operations. Additionally, the entry in the market of on-line insurers has continued to put pressure on premiums.

The implementation of the two phases of the General Healthcare System in 2019 and 2020, continues to cause decrease in the medical insurance premiums.

At the beginning of 2021 the Company implemented eBao, its new Insurance system. This five-year project, which consumed considerable resources for the design and development, data migration, training, user acceptance testing and implementation, has been successfully completed and is expected to multiply the abilities of the Company and our agents to work on-line while at the same time to save on expenses. However, the implementation of eBao system has been a great challenge for the management and staff of the Company, and has also led to temporary increase in administrative expenses.

Amidst all the developments of 2021, Trust managed to maintain its profitability and its targeted Solvency Ratio. The growth recorded is a clear reflection of how solid the Company is. The superiority of the Company in terms of service and innovation, as well as adaptability, is also evident.

Further to the above, the recent events in Ukraine, since 24 February 2022, and mainly the conflict between Russia and Ukraine that escalated further, have led to a situation that remains highly unstable. In response to the conflict, a number of sanctions have been imposed on Russian and Belarussian entities to restrict them from having access to foreign financial markets. The EU, UK and US (amongst others) have also imposed sanctions against the Russian central bank. These measures have negatively impacted the business activity in Russia and the global economic environment and resulted in increased volatility in the financial and commodity markets. The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown. It is not possible for management to predict with any degree of certainty the impact of this uncertainty on the future operations of the Company and estimate the financial effect on the Company, however every effort is being undertaken to contain the impact on the Company from any deterioration in the Cyprus economy.

The Report

The SFCR is produced as per the requirements of articles 290 – 302 and Annex XX of the Commission Delegated Regulation (EU) 2015/35 hereafter referred to as ***"Delegated Acts"*** of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II). The articles and annexes provide directions on the content and structure of this report as follows:

Table 0-1: Content and structure of SFCR

Section heading	Article	Description of contents
1. Business and performance	293	Provides basic information on the Company and gives a summary of business performance over the reporting year.
2. System of governance	294	Provides organisational information on the Company including the structure and composition of BoD committees, responsibilities of those committees and details of the processes used to manage risks of the Company.
3. Risk profile	295	Provides qualitative and quantitative information regarding the risks that the Company faces.
4. Valuation for Solvency purposes	296	Provides values for the Company's assets and liabilities calculated in accordance with accounting rules and solvency rules, gives details on the assumptions used to calculate these valuations and provides information on the differences between them.
5. Capital management	297	Provides details on the regulatory capital requirements that the Company must hold in line with Solvency II regulations and information on the Company's excess assets not required to meet its liabilities.

The Report forms part of the SII public disclosures of the Company.

The SFCR is approved by the Board of Directors (BOD) of the Company.

Moreover, the SFCR is a public document and the Company is required to disclose this document on its official website after it has been audited and approved by the external auditors. The Company will also provide a copy of this report to the Insurance Company Control Service (ICCS).

The reference date of the report is the 31st of December 2021 hereafter referred to as the **"valuation date"**.

All quoted results are in Euros (€).

This is the fifth SFCR. The previous SFCR was produced as at the 31st of December 2020 hereafter referred to as the **"previous valuation date"**.

A summary of the Report is provided below.

- **Business Performance**

The underwriting profit of the Company as at the valuation date is as follows:

	€ '000 2021					
	Motor	**Property**	**Medical**	**Liability**	**Other**	**Total**
Gross Written premium	21,776	7,580	4,103	6,630	943	41,032
Net Earned Premium	19,349	2,533	3,558	5,724	365	31,529
Net Claims incurred	(12,217)	(233)	(1,937)	(1,413)	(51)	(15,851)
Net Commissions and Acquisition Costs	(4,649)	224	(519)	(922)	64	(5,802)
Administrative Expenses	(3,796)	(1,718)	(656)	(1,536)	(219)	(7,925)
Underwriting Profit	**(1,313)**	**806**	**446**	**1,853**	**159**	**1,951**

The investment performance of the Company as at the valuation date is as follows:

	Euros '000 2021
Interest income from Government bonds	67
Interest income from Corporate bonds	426
Dividend income from Equity shares	44
Rental income from Investment properties	1,027
Profit on sale of Equity shares	306
Profit on sale of Corporate bonds	65
Change in the fair value of investments at fair value through profit and loss (Equity shares)	43
Change in the fair value of Investment properties	33
Total income	**2,011**
Liquidity fees for deposits with Banks	(40)
Investment portfolio advisory fees	(56)
Investment portfolio custody fees	(26)
Expenses for Investment properties	(112)
Defence on rental income	(19)
Total costs	**(253)**

The Business performance of the Company is further analysed in section A of this Report.

- **System of governance**

The Company is governed by the BOD comprising six non-executive members and one executive member.

The BOD has established the following Board Committees:

- Risk Committee
- Audit Committee
- Nomination, Remuneration and Corporate Governance Committee

Moreover, the Company has established the following functions to ensure effective oversight of its operations, in accordance with the requirements of Solvency II for an Internal Control System:

- Risk Management Function
- Compliance Function
- Internal Audit Function
- Actuarial Function

To assess the fitness of the function holders and the committees, the Company has laid down its requirements in the Fit and Proper policy.

The Company has also defined its own risk management system and performs an Own Risk and Solvency Assessment (ORSA) at least once a year.

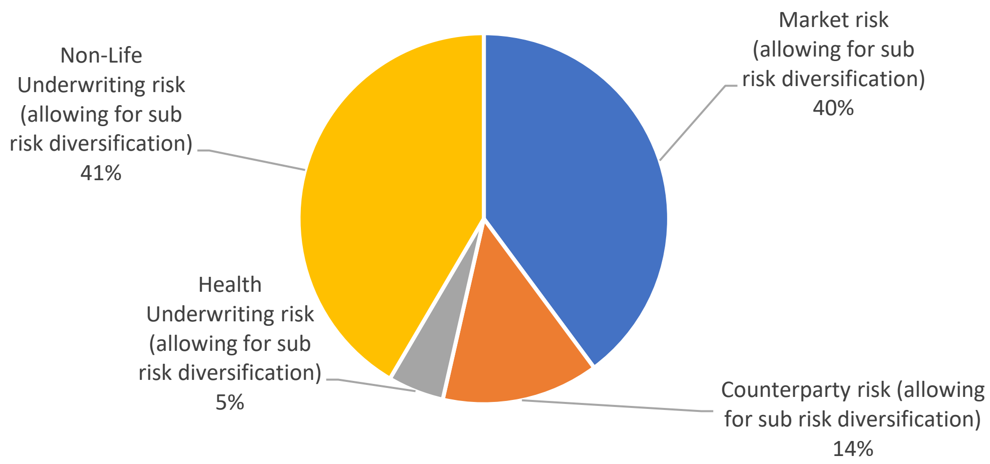
The System of governance of the Company is further analysed in section B of this Report.

- **Risk profile**

The Company assesses its risks using the standard formula of Solvency II.

The diagram that follows summarizes the risk profile of the Company as at the valuation date. Based on the type of business written and the asset exposures of the Company, it is exposed primarily to Market risk and Underwriting risk (Non-Life and Health). The Company is also exposed to Counterparty risk to a lower extent:

Figure 0-1: Company Risk profile 2021



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The Risk profile of the Company is further analysed in section C of this Report.

- **Valuation for Solvency Purposes**

As at the valuation date, the total value of Company assets is €91.1M on an IFRS basis and €84.5M on a SII basis. The total difference of €6.6M in the value of assets between the two bases is fully explained by the exclusion of "Other Intangible Assets", "Deferred Acquisition Costs" and the revaluation of the "Reinsurance Recoverables".

The table below shows the Company's liabilities as at the valuation date, both on an IFRS basis and SII basis. The starting point in calculating the SII technical provisions is the IFRS liabilities. Thereafter the IFRS liabilities are adjusted as follows:

Table 0-2: Reconciliation between SII and IFRS Liabilities 2021

Item	€'000 2021
IFRS Liabilities	**47,744**
Less Release of UPR from the use of expected loss ratios	-6,048
Less Release of prudency in the claim provision	-1,068
Plus Discounting	268
Plus Risk Margin	1,010
SII Technical provisions	**41,905**

The valuation for solvency purposes of the Company is further analysed in section D of this Report.

- **Capital management**

As at the valuation date, the Company has enough available capital to cover its Required Capital approximately by 1.6 times. Under SII, available capital is referred to as "Own Funds".

The exact coverage ratio of the Company is 157% as at the valuation date and this is analysed as follows:

Table 0-3: SCR coverage ratio 2021

		€ '000 31/12/2021	Calculation
(a)	Assets	84,532	
(b)	Liabilities	50,011	
(c)	Available capital (Own Funds)	34,521	(a) – (b)
(d)	Capital Requirements (SCR)	21,950	
(e)	Free Surplus	12,571	(c) – (d)
(f)	**Coverage ratio**	157%	**(c) / (d)**

Under SII, all insurance entities must satisfy at any point in time the requirements of having sufficient available capital to meet the Minimum Capital Requirement (MCR) to retain their licences to undertake insurance business in Cyprus. As at the valuation date, the MCR of the Company was determined to be €6.2m which means that the Company needs to have at least €6.2m of available capital (own funds) to retain its licence to undertake insurance business in Cyprus. Given the Company's available capital is at a level of €34.2m, the Company can cover its minimum capital requirement by approximately 5.5 times.

The actual minimum capital coverage ratio is 556% and this is analysed as follows:

Table 0-4: MCR coverage ratio 2021

		'000 31/12/2021	Calculation
(a)	Linear Minimum Capital Requirement	6,208	
(b)	Available capital (Own Funds)	34,521	
(c)	Solvency Capital Requirements (SCR)	21,950	
(d)	Minimum Capital Requirement cap	9,878	45% x (c)
(e)	Minimum Capital Requirement floor	5,488	25% x (c)
(f)	Minimum Capital Requirement absolute floor	3,700	Defined by Regulation
(g)	Final Minimum Capital Requirement	6,208	Max (a) , (f))
(h)	**Minimum Capital Requirement Coverage**	556%	**(b) / (g)**

The Capital management of the Company is further analysed in section E of this Report.

Annex A, shows the quantitative templates submitted to the local Regulator on behalf of the Company for the valuation date.

The following templates are shown in this Annex:

Table 0-5: Annual QRTs 2021

Code	Template name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

A. Business and Performance

This section of the report is produced as per the requirements of ***Article 293: Business and Performance***.

The section provides an analysis of the following:

- Business
- Underwriting Performance
- Investment Performance
- Performance on any other activities
- Any other information

A. Business and Performance

A.1. Business

Trust Cyprus was established in 1990 and provided reinsurance and management services to the Direct Insurance Companies of Nest Group. In 2003, Trust International Insurance Company (Cyprus) Ltd acquired the license to exercise Insurance services in Cyprus and in August 2009 with a new Board of Directors and Management Team, the Company began its local operations.

A.1.a. Name and legal form of the Company

The name of the undertaking is Trust International Insurance Company (Cyprus) Ltd. This is a privately-owned limited liability company registered as a local insurance company in 2003.

The registered office is:

284 Archbishop Makarios III Avenue
Fortuna Court Block B, 2nd floor
3105 Limassol, Cyprus

A.1.b. Supervisory Authority Responsible for Financial Supervision

The Supervisory Authority responsible for the financial supervision of the Company is the Insurance Companies Control Service (ICCS), a unit that belongs to the Cyprus Ministry of Finance.

The contact details of the unit are as follows:

Insurance Companies Control Service
P.O. Box 23364,
1682 Nicosia

Although a member of the Trust Group which belongs to the Nest Investment (Cyprus) Ltd group, the Company reports as a solo entity to the Cyprus Insurance Companies Control Service i.e. there is no Group Supervisor.

A.1.c. External Auditor of the Company

The Company's external Auditor is PwC.

The contact details of the auditor are as follows:

PwC
43 Demostheni Severi Avenue
CY-1080, Nicosia,
Cyprus

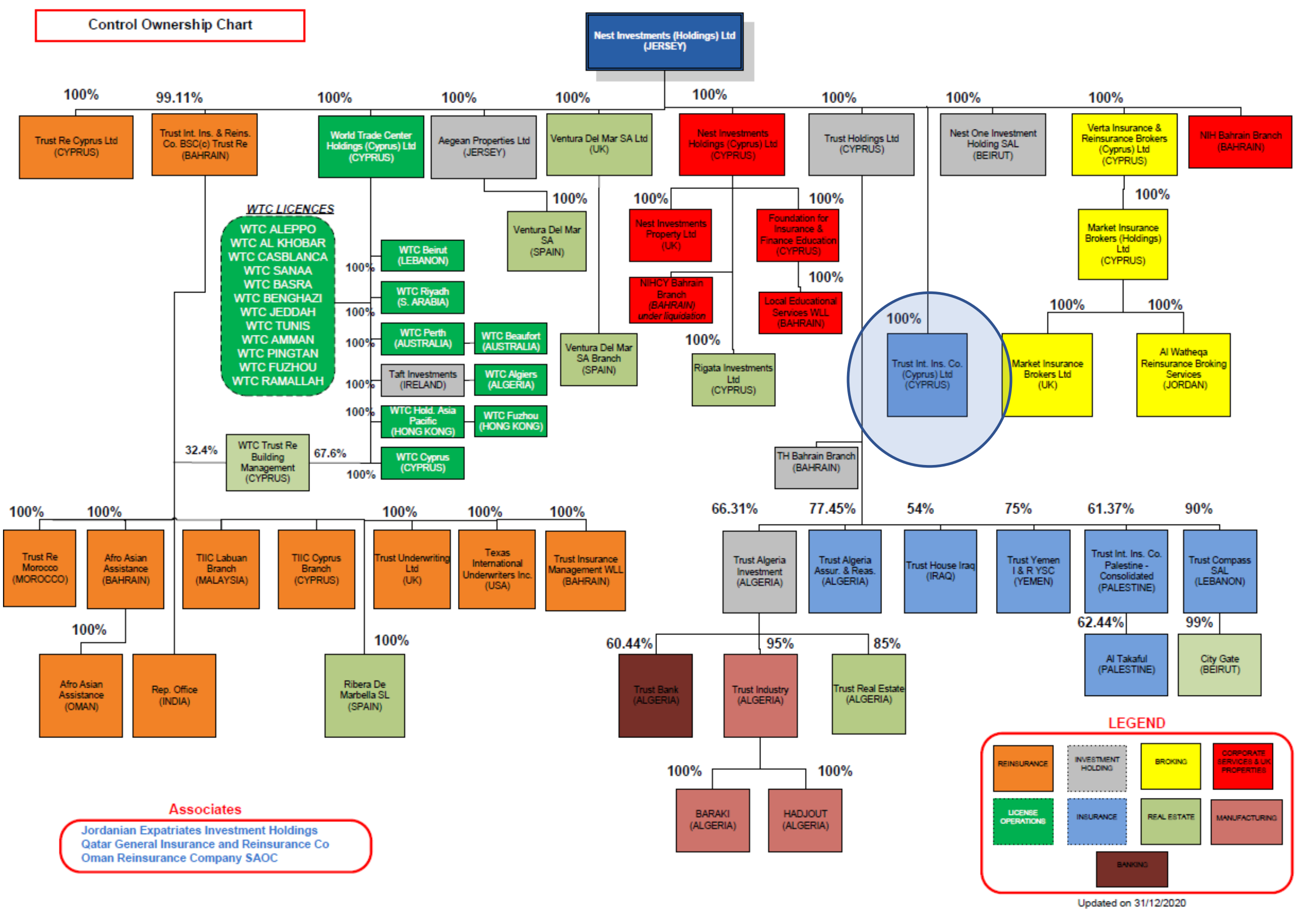
A.1.d. Description of the holders of qualifying holdings

The Company is controlled by Nest Investments (Holdings) Ltd, incorporated in Jersey, which owns 100% of the Company's shares. The Company's ultimate controlling party is Barbara Foundation. The Company's ultimate beneficial owners are Reem Abunahl, Kamel Abunahl, Hamad Abunahl and Amal Abunahl.

A.1.e. Position within the legal structure of the group

The Company is a subsidiary of Nest Investment (Holdings) Ltd. The diagram below, shows the position of the Company in the Nest Group.

Figure A-1 Company position within the Group



A.1.f. Material lines of business and geographical areas

The Company offers several general insurance products including:

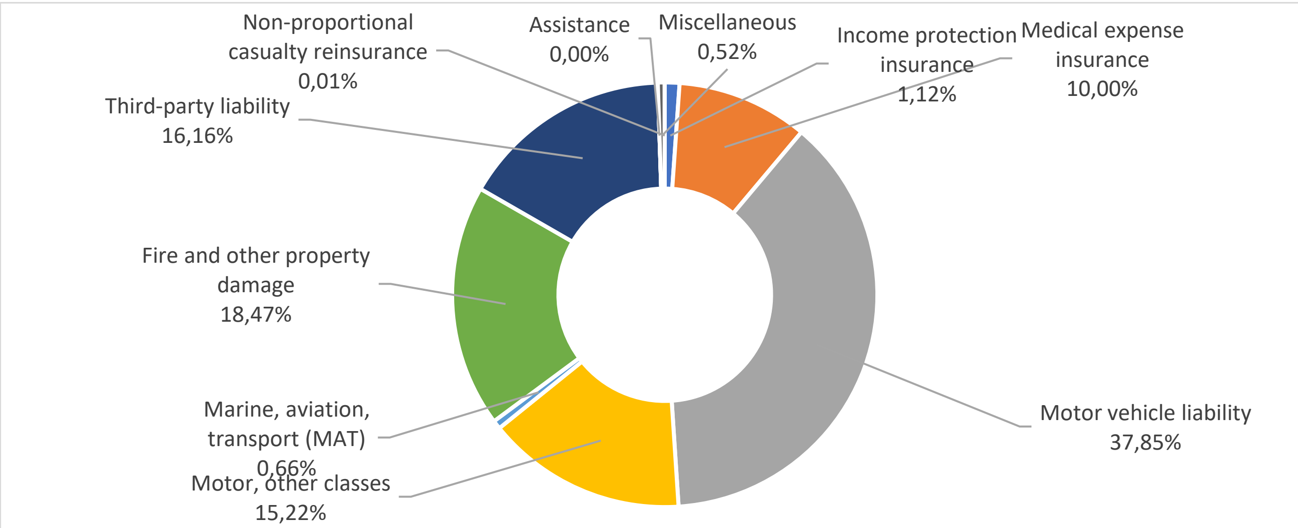
- **Motor policies** - third Party coverage as obliged by the Law is provided under the Motor Policy. Comprehensive cover is also provided and includes Own Damage Benefits, Personal Accident of the Driver and more.
- **Medical Insurance** both at an individual and group level
- **Fire Policies** provide a wide range of covers for houses, buildings, shops, factories and businesses. Perils such as fire, lighting, storm and explosion are provided.
- **Liability policies** include three types of products such as Employer's Liability, Public Liability and Professional Indemnity
- **Miscellaneous Policies** provide cover mostly for Personal Accident.
- **For Engineering Policies** cover is provided for Contractor's All Risks and Machinery Breakdown. Cover is restricted for buildings already under construction and buildings under renovation.
- **Marine policies** - Marine Hull policies provide cover for private use yachts only. Marine Cargo cover is also provided for goods in transit via sea, air or land.

The Written Premium per line of business for 2021 is provided below:

Table A-1: 2021 – Gross Written Premium

Segment	Gross €	Reinsurance €	Net €
Income protection insurance	459	233	226
Medical expense insurance	4,103	544	3,559
Motor vehicle liability	15,529	783	14,746
Motor, other classes	6,246	859	5,387
Marine, aviation, transport (MAT)	269	181	88
Fire and other property damage	7,580	4,903	2,677
Third-party liability	6,630	332	6,298
Assistance	1	13	-12
Miscellaneous	212	112	100
Non-proportional casualty reinsurance	3	0	3
Total	**41,032**	**7,960**	**33,072**

Figure A-2: 2021 – Gross Written Premium



During 2020 the written premiums (reported in the previous SFCR) were as follows:

Table A-2: 2020 – Gross Written Premium

Segment	Gross €	Reinsurance €	Net €
Income protection insurance	498	329	169
Medical expense insurance	5,123	189	4,934
Motor vehicle liability	14,993	289	14,704
Motor, other classes	5,187	672	4,515
Marine, aviation, transport (MAT)	259	188	71
Fire and other property damage	7,201	4,748	2,453
Third-party liability	5,354	258	5,096
Assistance	16	6	10
Miscellaneous	89	32	57
Non-proportional casualty reinsurance	12	0	12
Total	**38,732**	**6,710**	**32,022**

A.1.g. Significant Business or other events over the reporting period

2021 has been another challenging year for our Company.

The Covid -19 pandemic and the continuous restrictive measures, forced the Company to continue to implement a “hybrid modus operandi” i.e. to operate both physically and online, ensuring to continue providing excellent service to its customers and agents whilst safeguarding the public health.

At the beginning of 2021, the Company implemented eBao, its new Insurance system. This five-year project, which consumed considerable resources for the design and development, data migration, training, user acceptance testing and implementation, has been successfully completed and is expected to multiply the abilities of the Company and our agents to work on-line while at the same time to save on expenses. However, the implementation of eBao system has been a great challenge for the management and staff of the Company, and has also led to temporary increase in administrative expenses.

Further to the above, the recent events in Ukraine, since 24 February 2022, and mainly the conflict between Russia and Ukraine that escalated further, have led to a situation that remains highly unstable. In response to the conflict, a number of sanctions have been imposed on Russian and Belarussian entities to restrict them from having access to foreign financial markets. The EU, UK and US (amongst others) have also imposed sanctions against the Russian central bank. These measures have negatively impacted the business activity in Russia and the global economic environment and resulted in increased volatility in the financial and commodity markets. The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown. It is not possible for management to predict with any degree of certainty the impact of this uncertainty on the future operations of the Company and estimate the financial effect on the Company, however every effort is being undertaken to contain the impact on the Company from any deterioration in the Cyprus economy.

1.2. Underwriting Performance

The table below, provides an analysis of the underwriting profit of the Company as at the valuation date:

Table A-3: Underwriting profit 2021

	€ '000 2021					
	Motor	**Property**	**Medical**	**Liability**	**Other**	**Total**
Gross Written premium	21,776	7,580	4,103	6,630	943	41,032
Net Earned Premium	19,349	2,533	3,558	5,724	365	31,529
Net Claims incurred	(12,217)	(233)	(1,937)	(1,413)	(51)	(15,851)
Net Commissions and Acquisition Costs	(4,649)	224	(519)	(922)	64	(5,802)
Administrative Expenses	(3,796)	(1,718)	(656)	(1,536)	(219)	(7,925)
Underwriting Profit	**(1,313)**	**806**	**446**	**1,853**	**159**	**1,951**

The above analysis is based on the results as reported in the Company's financial statements.

The Company's written premium is €41.0m for 2021 compared to €38.7m for 2020. All lines of business have increased compared to last year, except medical business which has decreased due to the implementation of the General Healthcare System. The net claims incurred (including IBNR and claims handling reserves) amounted to €15.9m during the year compared to €14.7m during 2020. The increase is due to the lower number of motor claims in 2020 during the lockdown period. The net claims ratio has increased comparing to 2020 due to the reason explained above, the net commission ratio has remained the same and the net administration expenses ratio has increased due to higher expenses arising from the implementation of a new insurance system. As a result, the underwriting profit for the year amounted to €2.0m comparing to €3.4m for 2020.

All lines of business showed underwriting profits except motor which showed underwriting losses because of higher claims compared to last year.

The table below, provides an analysis of the underwriting profit of the Company as at the previous valuation date:

Table A-4: Underwriting profit 2020

	€ '000 2020					
	Motor	**Property**	**Medical**	**Liability**	**Other**	**Total**
Gross Written premium	20,180	7,201	5,123	5,354	874	38,732
Net Earned Premium	18,595	2,360	4,991	4,830	336	31,112
Net Claims incurred	(9,126)	(350)	(2,432)	(2,781)	(26)	(14,715)
Net Commissions and Acquisition Costs	(4,434)	188	(620)	(790)	48	(5,608)
Administrative Expenses	(3,448)	(1,742)	(685)	(1,336)	(217)	(7,428)
Underwriting Profit	**1,587**	**456**	**1,254**	**(77)**	**141**	**3,361**

A.3. Investment Performance

The Board of the Directors of the Company approves the Investment strategy of the Company. The asset categories chosen are consistent with the Company's liabilities in terms of nature, term and duration. The investment choices are also consistent with the Prudent Person Principle of SII described in section C of this report.

A.3.a. Income and expenses arising by asset class

Table A-5: Income and losses arising by asset class 2021

	Euros '000 2021
Interest income from Government bonds	67
Interest income from Corporate bonds	426
Dividend income from Equity shares	44
Rental income from Investment properties	1,027
Profit on sale of Equity shares	306
Profit on sale of Corporate bonds	65
Change in the fair value of investments at fair value through profit and loss (Equity shares)	43
Change in the fair value of Investment properties	33
Total income	**2,011**
Liquidity fees for deposits with Banks	(40)
Investment portfolio advisory fees	(56)
Investment portfolio custody fees	(26)
Expenses for Investment properties	(112)
Defence on rental income	(19)
Total costs	**(253)**

Table A-6: Income and losses arising by asset class 2020

	Euros '000 2020
Interest income from Government bonds	71
Interest income from Corporate bonds	376
Dividend income from Equity shares	19
Rental income from Investment properties	679
Profit on sale of Equity shares	148
Total income	**1,293**
Liquidity fees for deposits with Banks	(21)
Investment portfolio advisory fees	(47)
Investment portfolio custody fees	(26)
Expenses for Investment properties	(110)
Defence on rental income	(13)
Loss on sale of Corporate bonds	(142)
Change in the fair value of investments at fair value through profit and loss (Equity shares)	(47)
Change in the fair value of Investment properties	(560)

Total costs	**(966)**

A.3.b. Gains and Losses recognised directly in Equity

Table A-6: Gains and losses recognised directly in equity 2021

	Euros '000 2021
Revaluation of property (land and buildings)	75
Deferred tax liabilities on revaluation of property	13
Change in the fair value of investments available for sale (Corporate bonds, Government bonds, Equity shares)	16
Transfer to the income statement on sale of investments available for sale	(163)
Net losses	**(59)**

Table A-7: Gains and losses recognised directly in equity 2020

	Euros '000 2020
Revaluation of property (land and buildings)	89
Deferred tax liabilities on revaluation of property	(3)
Change in the fair value of investments available for sale (Corporate bonds, Government bonds, Equity shares)	(243)
Transfer to the income statement on sale of investments available for sale	29
Net losses	**(128)**

A.3.c. Investments in Securitisation

There were no investments in securitizations as at the valuation date.

A.4. Performance of other activities

The Company does not carry out any activities other than the insurance/reinsurance operations described above. Hence, there is no other material income and expenses incurred over the reporting period.

A.5. Any other information

None.

B. System of Governance

This section of the report is produced as per the requirements of ***Article 294: System of Governance.***

The section provides an analysis of the following:

- General information on the system of governance
- Fit and Proper requirements
- Risk Management system including the ORSA
- Internal Control System
- Internal Audit Function
- Actuarial Function
- Outsourcing
- Any other information

B. System of Governance

B.1. General information on the system of governance

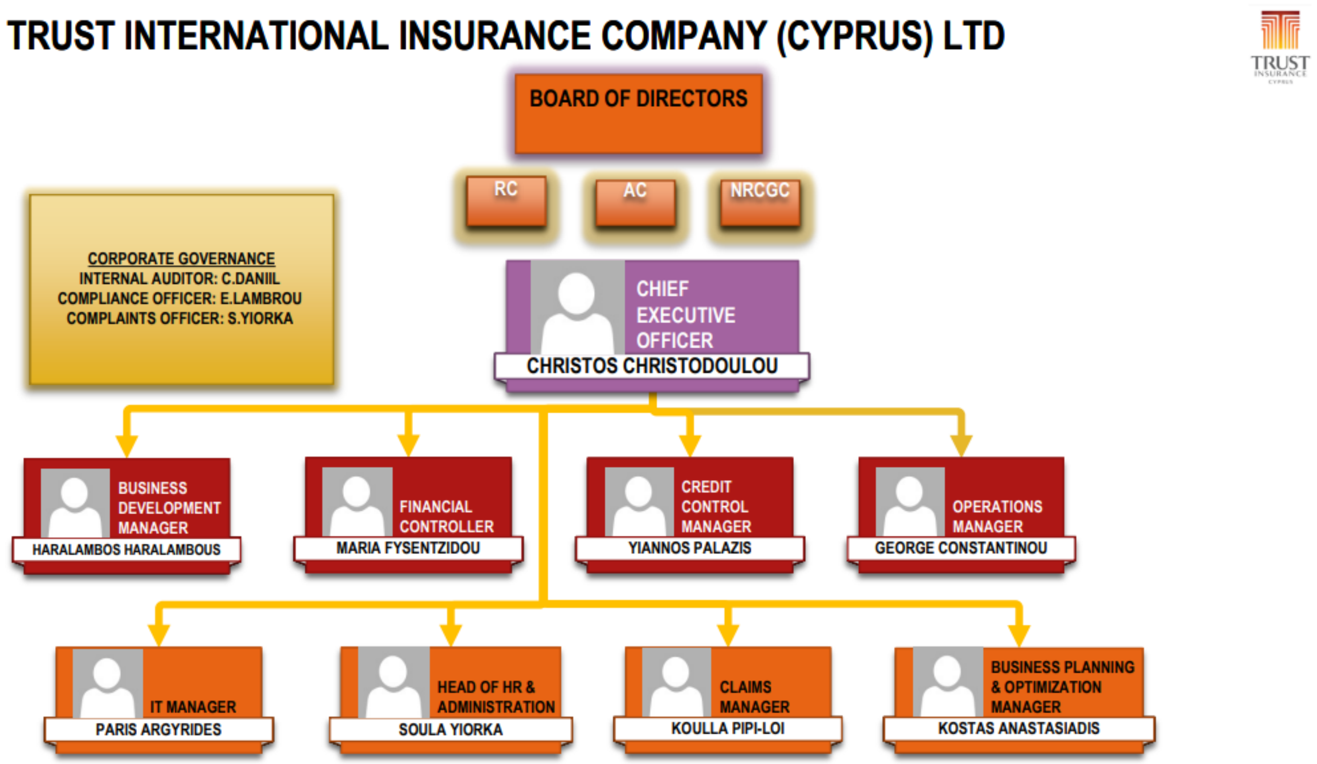
B.1.a. Structure of Administrative and Management Body

The oversight of the Company's business and its operations are provided through its governance structure. In this structure the management of risk plays a significant part. Governance starts with the Company's Board, which has the overall responsibility for the management of the Company. The governance structure provides oversight and direction to the Company.

The Risk Management framework is included in the Governance framework which supports the Company's risk culture. The Risk framework covers the Company's business and operational functions and risk areas. It sets out the risk committees, risk reporting and risk controls.

The organisational chart below summarises the Company's System of Governance currently operating for the Company:

Figure B-1: System of Governance



B.1.a.1. Board of Directors

The Board has the overall responsibility for the oversight of the management of the Company. Its role is to provide supervisory oversight of the Company within a framework of prudent and effective controls which enables each of the risks faced by the Company to be assessed and managed. The Board is responsible for promoting the long- term success of the Company whilst securing an appropriate degree of protection for policyholders.

The BOD of the Company comprises of the following members:

- Chris Georghiades – Chairman
- Kamel Abu Nahl – Deputy Chairman
- Mehran Eftekhar – Director
- Kyriacos Kazamias – Director
- Andreas Constantinides – Director
- Marios Hadjiyiannakis – Director
- Christos Christodoulou – Chief Executive Officer

B.1.a.2. Summary of roles and responsibilities of the Committees

B.1.a.2.1 Risk Committee

The Risk Committee is responsible to assist the BOD in fulfilling its oversight responsibilities for the identification, analysis, assessment and management of all the risks which the Company faces in its operation and may impact the assets and liabilities of the Company; in particular, (without limitation) to assist in identifying those risks which may at first seem unlikely or even remote. The independence and objectivity of the Risk Committee shall be maintained at all times.

The Risk Committee has the authority to conduct or authorise investigations into any matters within its scope of responsibility. It has the responsibility to:

- Appoint a Secretary (who will ordinarily be the Chief Risk Officer) to provide guidance and support to the Risk Committee and where necessary, arrange briefing for the members of the Risk Committee or BOD on new developments, laws, regulations, and best practice in the ERM procedures
- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organisation on risk issues. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation
- Seek any information it requires from employees and associated external parties; all of whom are directed to cooperate with the Risk Committee’s requests. Meet with Company officers, external auditors, or outside counsel, if necessary
- Gain access to all information in the possession of the Company or within its power to obtain and must submit its findings and reports to the BOD on a periodic or anytime basis.

B.1.a.2.2 Audit Committee

The Audit Committee (AC) is responsible to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the System of Internal Control, the Audit Process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct. The independence and objectivity of the Audit Committee shall be maintained at all times. The AC should have access to all information and submit its findings and reports to the BOD.

The AC has the authority to conduct or authorise investigations for all matters within its scope of responsibility. It has the responsibility to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by organisation
- Resolve any disagreements between Management and the Auditor regarding financial reporting
- Pre-approve all auditing and non-audit services
- Review and approve the rotation of the external Auditors every 5 years
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation
- Seek any required information from staff - all of whom are directed to cooperate with the requests - or external parties
- Meet with Company officers, external Auditors, or outside counsel
- Delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting
- The AC should receive any and all reports including feedback on those reports for work carried out by external bodies, such as the Cyprus Ministry of Finance, External Auditors, outsourced internal Auditors, etc.

B.1.a.2.3 Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee (NRCGC) is a committee of Non-Executive Directors serving as members of the BOD. The primary functions of the NRCGC are: to assess the required competencies of BOD members; review the BOD succession plans; evaluate BOD's members' performance; regularly review and make recommendations on:

- Executive remuneration and incentive policies / schemes, including salaries, bonuses and pension plans;
- Recruitment, retention and termination policies for senior management

The NRCGC has the authority to conduct or authorise investigations into any matters within its scope of responsibility. It has the responsibility to:

- Appoint a Secretary (who will ordinarily be a senior member of staff such as the Head of HR and Administration or above), to provide guidance and support to the NRCGC and where necessary, arrange briefing for the members of the NRCGC or BOD on senior appointments
- Appoint, compensate, and oversee the work of any specialised organisation who can advise on engaging and rewarding non-executive directors, executive directors and other senior staff or conduct relevant investigation
- Seek any required information from staff and associated external parties; all of whom are directed to cooperate with the NRCGC's requests. Meet with Company officers, external advisors, or outside counsel, if necessary
- Gain access to all information in the possession of the Company or within its power to obtain and submit its findings and reports to the BOD on a periodic or anytime basis

B.1.a.3. Summary of Roles and Responsibilities of the Key Functions

B.1.a.3.1 Risk Management Function

The Risk Management Function is responsible for the measurement and management and reporting of the key risks the Company faces. In order to facilitate the most effective operation and the objectivity of the Risk Management System, the Risk management function is operationally independent and reports directly to the BOD through the Risk Committee.

The RMF is responsible for coordinating all risk management activities and comprises the Risk Manager and other staff specialised in Risk Management issues. The RMF reports directly to the CEO and, through the Risk Committee, to the BOD.

The duties of the Risk Manager include:

- Assisting Senior Management and the BOD in the effective operation of the Risk Management System, in particular by discussing the results of specialist analysis and quality reviews carried out by the RMF and proposing possible solutions for addressing material system failures that may have been identified
- Maintaining a Company-wide and aggregated view on the risk profile of the Company
- Reporting details on risk exposures and advising the BOD, through the Risk Committee, on Risk Management matters in relation to strategic affairs such as corporate strategy, mergers and acquisitions and major projects and investments
- Assisting the BOD and Senior Management with capital and resource allocation decisions and facilitating Risk Assessments
- Ensuring that there are sufficient and appropriate tools and methods in place for predicting, identifying, assessing, monitoring, controlling and reporting the Company's risks
- Reviewing the section of the Pillar 3 reports that relates to the RMF, after being prepared by the RMF staff and submitting it to Finance Function of the Company for review. Further details on the contents of this section can be found in the Disclosure and Reporting Manual for Pillar 3
- Coordinates all Risk Management activities across the Company and ensures the correct implementation of Risk Policies

At the same time, the other RMF officers are responsible for:

- Designing and performing the specialised analyses and quality reviews of the Company's Risk Management System, and reporting their results to the Risk Manager
- Monitoring, on a day-to-day basis, the Risk Management System, and bringing to the attention of the Risk Manager any issues of concern
- Identifying, assessing and monitoring existing and emerging risks
- Regularly evaluating the design and operational effectiveness of the Risk Management System to identify, measure, monitor, manage and report the risks to which the Company is exposed
- Preparing the section of the Pillar 3 reports that relates to the RMF and submitting it to the Risk Manager for review, as per the Disclosure and Reporting Manual for Pillar 3
- Updating the RMF manual
- Monitoring compliance by the Company's Senior Management and staff with all established risk policies and procedures

The Function is subject to audit by the Internal Audit Function.

B.1.a.3.2 Compliance Function

The Compliance Function is responsible for the establishment and application of suitable procedures for the purpose of achieving a timely and on-going compliance of the Company with the existing legal and regulatory framework. In order to facilitate the most effective operation and the objectivity of the risk management system, the Compliance Function is operationally independent and reports directly to the BOD through the Risk Committee.

The Compliance Function is responsible to ensure that all actions undertaken by the Company are, at all times, in compliance with all applicable laws and regulations. In line with best practice, it is also responsible to take measures to monitor the compliance of the Company with internal strategies, policies, processes and reporting procedures (including agreed exposure limits and operating principles/instructions). Its principal role is to identify, assess, monitor and report the compliance risk exposure of the Company.

In order to assess the possible impact of significant changes in the legal environment that the Company operates in, as well as identify and assess the compliance risk that could arise from such changes, the Compliance Function is responsible to monitor projected revisions of legislation and plans to introduce new regulation and assess their potential impact on the Company, in addition to monitoring the relevant court decisions.

Moreover, the Compliance Function is responsible to ensure that the Company acts in accordance with all other applicable laws and regulations, whether insurance-specific or not. This includes informing Senior Management, the BOD and all affected functions of any changes in existing legislation and any new laws and regulations. Other applicable laws and regulations may address issues on intermediation, bankruptcy, sales practices, cover's commencement and termination, policy terms and conditions, data protection, discrimination, international sanctions, insurance fraud, health and safety in the workplace, etc.

Furthermore, the Compliance Function is responsible to assess the appropriateness of the Company's compliance procedures and guidelines, follow up identified deficiencies promptly and make suggestions for improvements as necessary. To assist both Management and personnel with compliance issues, the Compliance Function draws guidelines and procedures that provide support with relation to the compliance with external regulatory requirements and internal policies and procedures. In addition, it is actively involved in the product development process by providing its advice on the potential effect of new products, services and markets from a compliance point of view reviewing agreements designated for such products.

The function is subject to audit by the Internal Audit Function.

B.1.a.3.3 Internal Audit Function

The Internal Audit Function is responsible for evaluating the adequacy and effectiveness of the Internal Control System (ICS) and other elements of the system of governance. The Internal Audit function of the Company is fully independent and reports to the BOD through the AC.

More specifically the Internal Audit Function has the following responsibilities:

- To regularly monitor the performance and effectiveness of the ICS and to reliably and frequently update Senior Management on the state of affairs in respect of the audits under process, notably in terms of how correct and consistent the implementation of the policies and procedures adopted by the BOD and/or local Senior Management has been
- To conduct general or sample ex-post audits of the functions and transactions of the Company, in order to verify that all regulations, operational procedures and preventative control mechanisms governing each type of transactions and the safeguarding of assets are stringently applied, and that the Company is in compliance with the Institutional Framework governing its operation
- To evaluate compliance and the efficiency of risk control / management procedures and to estimate the potential loss (not necessarily quantify, but qualify) that the Company might incur as a result of its exposure to risk
- To evaluate the efficiency of the Company's accounting and information systems, to systematically monitor the implementation of the operational and accounting controls and the rules applied in the collection, processing, management and secure storing of data and information, to verify the reliability of accounting data and statements produced
- To evaluate the efficiency of the organizational structure and reporting lines, as well as a sound ICS in order to ensure that the segregation of duties and the business continuity operates effectively

- To prepare a report on the outsourcing of activities in accordance with the risk-based plan. There should be a list of key outsourced activated and associated risks, where the regulator and the auditor should have the right to review agreements of outsourced activities
- To evaluate the adequacy of mechanisms set by the BOD for the definition of targets and subsequently the evaluation of the extent to which the Company achieves its targets
- To carry out special investigations and special audits in situations where it is possible to relate with suspected fraud. The Internal Auditor may be asked by Senior Management or the BOD to carry out such investigations. In addition, special investigations should be performed in the case where a Unit is consolidated or in any other instance the Departments/Functions/Units are set for restructuring, expansion, undertaking new /additional tasks and in general where any Department / Function changes its procedures which may have an impact on the current controls of that Unit
- To prepare, at least on an annual basis, a risk assessment and audit plan
- To assess, at least on an annual basis, the need to operate in jurisdictions or through complex structures that reduce transparency ('know your customer principle') and report any weaknesses to the BOD
- To assess the risk management procedures (risk identification and evaluation of the existing mechanisms of identification, measurement, monitoring, analysis, correction, elimination, recording and reporting)
- To assess the data upon which the Company has calculated its Pillar 1 and Pillar 2 solvency requirements as well as the data that the actuarial function has used for the valuation of the technical provisions
- To assess the compliance procedures followed by the Company
- To assess the Internal Governance System, as well as the Company's Business Continuity and Disaster Recovery Plans and perform an overall assessment of the Company's readiness in implementing the plan
- To review and provide an independent opinion on the ORSA
- To report to the Audit Committee in relation to the following matters:

    - The responsibilities of the Internal Audit Function and/or emerging methodologies and/or compliance issues which may affect the purpose and scope of the Internal Audit work
    - Information on the status and results of the audit activities relating to the defined mission and scope of the Internal Audit Function (to the extent that these can be quantifiable through the use of Key Performance Indicators). An annual report should be prepared and submitted summarizing the Internal Audit Function operations
    - All major observations emanating from the audits carried out. Such report should be prepared on a quarterly basis and should also be submitted to the CEO

B.1.a.3.4 Actuarial Function

The Actuarial Function advises the Senior Management and the Risk Committee on the valuation of technical provisions, reinsurance adequacy, underwriting policy, capital adequacy and other matters of technical nature. The Actuarial Function reports directly to the BOD through the Risk Committee.

The Actuarial Function is responsible for coordinating all actuarial activities and comprises the Head of the Actuarial Function and other staff specialised in actuarial issues. The Head of the Actuarial Function reports to the BOD through the Risk Committee and has the overall responsibility for all the actuarial issues outlined in the Company's policies.

More specifically, 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 best estimates
- 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)

The function is subject to audit by the Internal Audit Function.

B.1.b. Changes in System of Governance

The following changes took place in the system of Governance:

- Michalis Aristides had the role of the Head of Actuarial Function and Head of Risk Management Function until 11th February 2022
- Kostas Anastasiadis has undertaken since 14th February 2022 the role of the Head of Actuarial Function and Head of Risk Management Function.

B.1.c. Remuneration Policy

Remuneration is intended to attract, retain and motivate employees to achieve the objectives of the Company, to align to its values and to operate within its risk appetite and Risk Management Framework.

Fixed Remuneration packages are offered to all staff from the Company and they include:

1. Salary
2. Annual Leave
3. Contribution to Social Insurance Fund
4. Participation in Company's Medical Scheme
5. Participation in Company's Group Life Insurance
6. Participation in Provident Fund Scheme

There is also a variable remuneration component offered by the Company to key staff members that includes:

1. Performance Related Pay - a monthly payment to staff for the over achievement of their goals and for performing better than expected.
2. Discretionary Bonus on an annual basis to members of staff who have more than 100% achievement of the individual goals and the Line Manager(s) confirms behaviours that demonstrate in practice the values of the Company.

There is no entitlement for Company options and shares to any staff member.

The Company maintains a Provident Fund Scheme as part of the fixed Remuneration package of the staff. This is a defined contribution scheme where both the employee and the Company contribute.

B.1.d. Other material transactions

None.

B.2. Fit and Proper requirements

B.2.a. Skills, knowledge and expertise requirements

The following individuals and functions fall into the scope of the Fit and Proper requirements:

- BOD (executives and non-executives)
- CEO
- Compliance Function Holder
- Actuarial Function Holder
- Risk Management Function Holder
- Internal Audit Function Holder
- Senior Managers responsible for significant business operations:
    - Financial Controller
    - Operations Manager
    - Claims Manager
    - Head of HR and Administration
    - IT Manager
    - Business Development Manager
    - Credit Control Manager
    - Business Planning and Optimization Manager

For the above identified individuals, Supervisory Authority approval is required before the appointment of the position. The BOD maintains ultimate responsibility to notify the Supervisory Authority of the key functions identified in the Company, and the individuals that are in scope of the fit and proper requirement, ensure they are fit and proper and seek approval from the Supervisor with regards to the Fitness and Propriety of the individuals stated above.

The Compliance Function has established processes for notifying the Supervisory Authority of the above, of any changes to the individuals that hold the Fit and Proper requirements and of any successors in case they no longer fulfil the Fit and Proper requirements.

The Compliance Function is committed to provide these notifications in a timely manner and with sufficient information to the Supervisory Authority for conducting an assessment.

The Compliance Function has the responsibility for monitoring the regulatory requirements on the fit and proper requirement and informs the BOD and key function holders of any changes to the information that needs to be submitted.

The above identified individuals are required to comply with the requirements set by the Supervisory Authority and the Code of Standards defined by the Company. Individuals in scope of the requirement inform the Human Resources Department if their Fitness and Propriety is adversely affected and Compliance if they believe they have breached any regulatory requirements.

B.2.b. Assessing Fitness and Propriety

In accordance with Supervisory requirements, the Company requires its BOD, Senior Management and holders of Key Functions to be Fit and Proper, to adhere to the Principles and Code of Ethics and Conduct and achieve competence.

The Company has defined and documented specific criteria to assess the Fitness and Propriety of its BOD, Senior Management and holders of Key Functions. Generic criteria exist as well as specific criteria for the role of each member. All individuals under the scope of the Fit and Proper requirement must comply with regulatory requirements, as well as the Company's requirements and policies. The following controls are performed upon appointment:

- Credit search - No Bankruptcy Certificate
- Identity check
- Sanctions Screening
- Criminal Records (DBS) check – Certificate of clean criminal record
- Educational and Professional Certificates

Individuals in scope of the Fit and Proper requirement are required to self-certify to Human Resources on an annual basis their continuing Fitness and Propriety. They should promptly inform Human Resources if they think their Fitness and Propriety has changed adversely. In case where they believe that, there was a possible breach or there will be a breach of the Code of Standards or other Regulatory Requirements, they should also inform the Compliance. In case there is no compliance with the Company's policies and Code of Standards or requirements of the regulatory regime, they may be subject to disciplinary action by the Company. In addition, they may be disciplined by the Regulator. In deciding whether an individual is responsible for a breach, the Company will consider whether the action was deliberate, or whether the behaviour was below the standard which would be reasonable in all the circumstances.

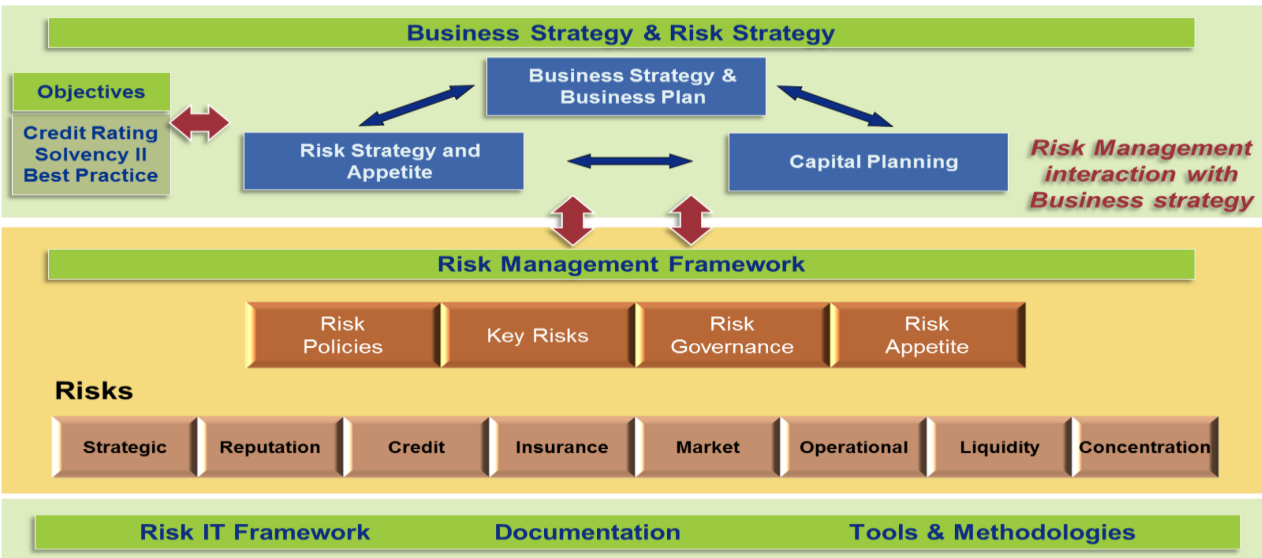
B.3. Risk Management System including the Own Risk and Solvency Assessment

B.3.a. The Risk Management System

The Company has adopted Risk Management policies and procedures in order to achieve its business and financial strategy without exceeding its risk appetite as defined by considering both internal and external limits / constraints set by its BOD, the Group, regulators and other Stakeholders.

The Company's Risk Management Framework, as illustrated below, is an embedded part of the business and fully interacts with the strategic and business planning and the Capital Management Process.

Figure B-2: The Risk Management System



As demonstrated by the risk management framework, Risk Management is embedded within the Company's strategic and operational processes, both as a standalone framework for the management of key risks and as an input in key strategic and business processes.

The Risk Management Framework establishes the mechanism and strategy through which the Company manages risk, taking into account its business objectives and vision (both short term and long term), as well as its overall risk appetite. In this way, the risk strategy sets the principles for Risk Governance, which in turn feed into the Company's organizational structure for the forming of business functions and Committees, the assignment of roles and responsibilities and the definition of lines of reporting.

The business objectives reflect minimum requirements (Regulatory Compliance such as Solvency II), international best practices, as well as long term strategic objectives (credit rating).

B.3.b. The Risk Management Process

Risk Management is a continuous process that is used in the implementation of the Company's overall strategy and allows an appropriate understanding of the nature and significance of the risks to which it is exposed, including its sensitivity to those risks and its ability to mitigate them.

The Company's Risk Management process comprises four stages:

B.3.b.1. Risk Identification

Risk Identification is the first stage in the risk management process. This is the process followed by the Company to identify and record all material risk exposures that arise from its activities. Risks are identified and registered both formally, through the periodic review of the Company's Risk Register, and informally as they arise in the course of business.

Risk identification is performed for both existing and emerging risks.

B.3.b.1.1 Risk Measurement

Once risks are identified and registered by the business areas, the business areas undertake the task of assessing the materiality of these risks and measuring their impact. Assessment and measurement of the risks is performed using both qualitative and quantitative methods.

The qualitative assessment refers to the high level assessment of risks based on expert judgment, prior experience, benchmarking and the qualitative estimation of severity and impact of adverse events. This analysis assesses the inherent and net or residual (after mitigation) risk position of the Company, based on the analysis of internal and external factors and other inputs, depending on their relevance to the risks examined and the controls in place for their mitigation. The qualitative assessment of risk enables a better understanding of the risks and their potential impact. This assessment is performed jointly by the RMF and the business units and is documented in the Company's risk register.

The quantitative assessment refers to the detailed measurement of the risks involved using appropriate quantification techniques, which are more advanced than those used in the qualitative assessment.

In order to measure the capital requirements of risks, the Company's quantification techniques focus on the Solvency II standard formula and stress testing.

B.3.b.1.2 Risk Monitoring and Reporting

Monitoring risk exposures is a joint responsibility between all three lines of defence in the Risk Management Framework, consisting of prudent and regular review of risk metrics and exposures. All risk monitoring is undertaken in the context of the overarching limit structure, and any limit breaches are quickly and promptly escalated to the required parties.

The RMF is responsible to ensure that risk exposure information is communicated to Senior Management through formal and informal reporting in a timely manner to enable informed decision making.

B.3.b.1.3 Risk Mitigating / Transfer

Risks arising from Company's activities are monitored and controlled through the use of risk limits.

The Company takes into consideration techniques to mitigate risks such as the use of reinsurance, premium rate reviews, authority/limits and concentration limits. Reinsurance is used to mitigate the risk that profits and available capital are adversely affected by natural or man-made catastrophes, large losses or accumulations of losses.

The Company's Risk Management process capabilities are supported through the following:

- Risk Management education and training of all staff and management
- Use of an internationally recognized Risk Management Software for the reporting and monitoring of risks and the performance of the Risk Control Self- Assessment (RCSA) process using approved policies for the Risk Definition Process and the Likelihood and Impact factors
- Risk Review and an overall formal review of the Risk Registers developed in one to one sessions between the risk function and the heads of departments. The Risk Review takes place regularly and the Risk Register produced is quite comprehensive and touches all the risk areas the Company is exposed to. There are continuous enhancements of the scope and level of depth of the Risk Reviews
- Sensitivity and stress testing of financial projections, major decisions, etc.

The Risk Governance of the Company forms an integral part of the Risk Management Framework and is organized in a way that 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 specific responsibilities of key bodies in the risk management framework are summarized below:

Table B-1: Responsibilities of key bodies in the Risk Management Framework

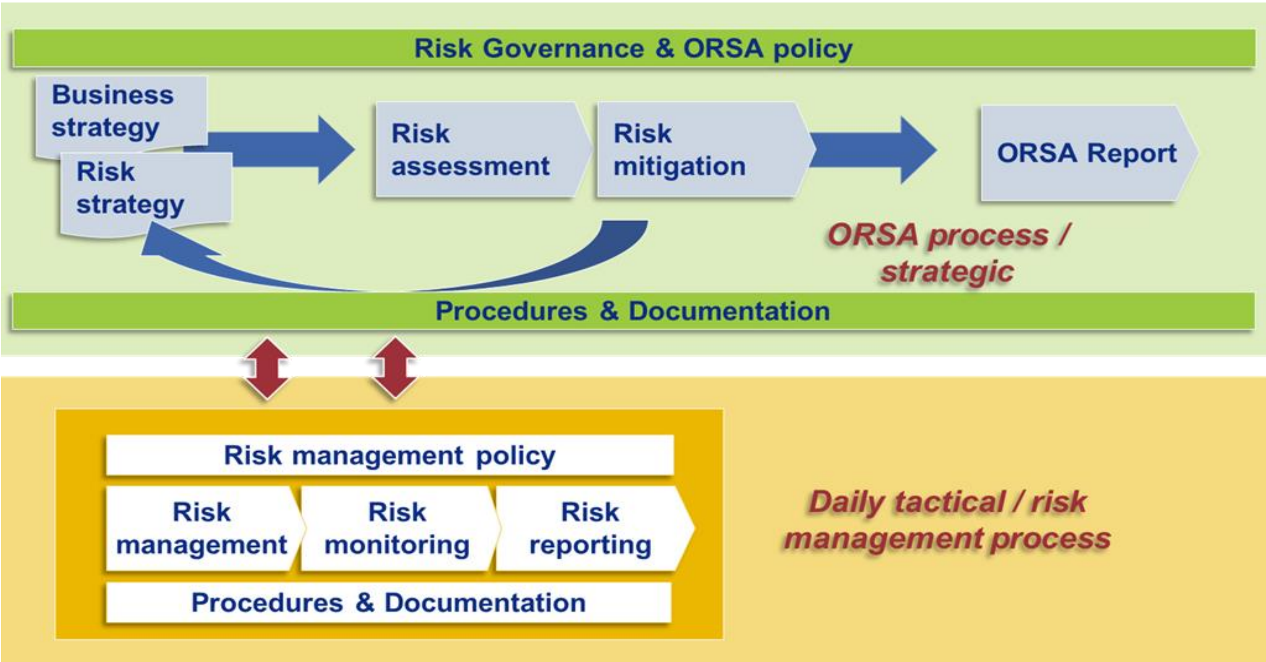
Body / Function	Roles in the Risk Management Framework
BOD	• The responsibility for the approval and periodic review of the risk profile and risk appetite, as well as the risk strategy and the policies for managing risks, lies with the BOD, so as to ensure that the BOD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. This information reaches the BOD through the Risk Committee
Risk Committee	• Responsibility for the supervision of the Risk Management Framework is assumed by the Risk Committee • The Risk Committee reviews on an annual basis the suite of Risk Manuals of the Company and pre-approves any required changes, and subsequently forwards the updated Manual to the BOD for final approval • The Risk Committee receives frequent information on the levels of risks to which the Company is exposed, with the purpose of ensuring that the Company's risk profile remains within the established risk tolerance limits. Risk appetite and risk limits are set at a level which is commensurate with the sound operation of the Company and its strategic goals
Risk Management Function	• Supports the BOD in the determination and implementation of the risk strategy and capital planning • Coordinates the implementation of the Risk Management Framework • Provides regular reporting to the Senior Management and Risk Committee • Monitors the risk profile of the Company against the BOD's Risk appetite
CEO and Senior Management with risk taking capacity	• The Company's Senior Management (i.e. CEO, Financial Controller, Operations Manager, etc.) is responsible for the implementation of the Risk strategy, as this has been approved by the BOD • They also have the responsibility to apply the framework in their day to day activities
Business Units	• The individual business units under the direction of their Managers have the responsibility to know and apply the requirements of the risk strategy and Manuals in their area of business
Actuarial Function	• The Actuarial Function is a specialized function that advises the Senior Management and the Risk Committee on the valuation of technical provisions, reinsurance adequacy and underwriting policy
Compliance Function	• The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's Risk Management Framework with existing and new Laws and Regulations
Internal Audit Function	• The Internal Audit Function undertakes independent reviews and testing of the Risk Management Framework or of specific components of the framework and reports the results to the Audit Committee

B.3.c. ORSA Process

B.3.c.1. Process conduct

The ORSA process is illustrated in the diagram below:

Figure B-3: The ORSA Process



B.3.c.2. The ORSA Integration

The ORSA covers all the operations of the organization and all business units of the Company.

The BOD is the body that bears ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures.

The roles and responsibilities for the ORSA are presented in the table below:

Table B-2: The roles and responsibilities for the ORSA

Body / Function	Responsibility
BOD	• Definition of corporate objectives and risk strategies, definition of the Company's risk profile, which will be used as a significant input to the ORSA • Approval of the budget/business plan • Establishment of a suitable ICS, especially with regards to the ORSA • Understanding, review, challenge and approval of the annual ORSA report of the Company
Risk Committee	• Review and challenge of the annual ORSA report of the Company and recommendation for approval to the BOD • Recommendation for improvements in systems, procedures and processes, and adaptation as necessary in accordance with ORSA results
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 • Understanding of the ORSA of the Company
Risk Management Function	• Preparation of the Risk Management policies • Identification and monitoring of key risks faced by the Company • Establishment of methods for risk monitoring and measurement • Calculation of all the relevant Capital Requirements and other results of the ORSA exercise • Preparation of the ORSA
Actuarial Function	• Provision of technical assistance to the ORSA process owners with regards to key technical areas e.g. valuation issues, re-insurance issues, stress testing, etc. • Calculation of the Best Estimate Liability Results to use in the ORSA • Calculation of other results required for ORSA
Finance Function	• Preparation of financial projections in accordance with the strategic plan approved by the BOD • Preparation of financial projections in accordance with the stress tests • Preparation of Pillar 1 capital planning and projection of own funds based on the planning
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 • Adoption of all risk management policies and procedures approved by the BOD

B.3.c.3. ORSA Review and Approval Frequency by the Board of Directors

The ORSA Supervisory Report is produced and approved by the BOD once a year (normally right after the closure of the 3rd quarter) following the completion and approval of the Company's Business Plan.

B.3.c.4. Determining Own Solvency Needs

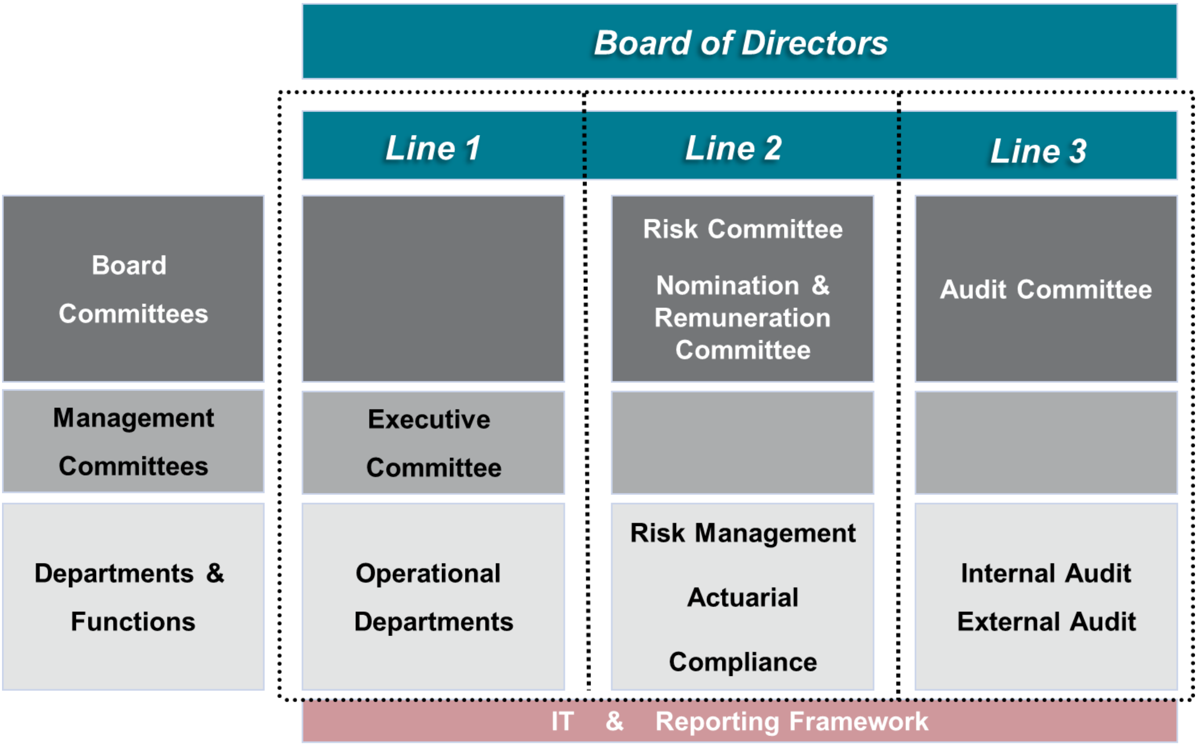
The Company assesses the appropriateness of the standard formula calculation of the SCR. This confirms that the risk profile does not materially deviate from the assumptions underlying the standard formula calculation of the SCR and provides justification for any residual deviations.

B.4. Internal Control System

B.4.a. Description of Internal Control System

The Governance Framework for the management of risks within the Company is based on the “Three lines of defence model”, as illustrated in the diagram below.

Figure B-4: Internal Control System



The three lines of defence support the implementation of a robust ICS and is aligned with the ‘four eye principle’ that the Company is required to comply with under Article 41 (1) of the Solvency II Directive, i.e. the Company is effectively run by at least two persons. The Company’s three lines of defence framework can be summarized as follows:

1. 1st Line of defence: Business operations - The 1st Line of defence relates to the management of risks at the points where they arise. Risk Management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set and approved by the Executive Management with the assistance of the Risk Management Function
2. 2nd Line of defence: Risk Control - The 2nd Line of defence concerns mainly the Risk Management activities that are carried out by the Risk Management Function, the Actuarial Function and the Compliance Function which are integrated into the organizational structure as independent functions which report directly to the Risk Committee of the BOD.
3. 3rd Line of Defence: Independent Assurance - The 3rd line of defence concerns the activities of Internal Audit that provides an independent assurance to the BOD, on the performance and effectiveness of the Risk Management Framework within the Company. The Internal Audit is integrated into the organizational structure as a fully independent function which reports directly to the Audit Committee of the BOD.

IT & Reporting Framework - The Company is continuously enhancing its IT & Reporting Framework which provides support to all three lines of defence in the performance of their activities. The Group’s Business Intelligence solution has been implemented which provides extensive Management and

Risk information to the BOD, the Management and the Operational Departments. Key information is available in real-time, directly from the operational systems and can be accessed on-line from anywhere in the world.

To assist with managing its risks, the Company is using the Group's Governance Risk and Compliance (GRC) System supported by SAP GRC. The system is one of the top ranked GRC systems internationally.

The overall oversight of the Risk Management activities is performed at BOD level (i.e. the approval of the strategic management of risk and capital). The BOD is responsible for ensuring that the implemented Risk Management Framework is suitable, effective and proportionate to the nature, scale and complexity of the risks inherent in the business. The BOD is also responsible for the approval of any periodic revision of the main strategies and business policies of the Company in terms of Risk Management.

B.4.b. Compliance Function

The Company adopts the following principles with respect to the operations of the Compliance Function:

1. The operation of the Compliance Function is assigned to a person/function who/which is independent from other significant functions of the Company and where there might be possible conflicts of interest
2. The Compliance Function has a formal status within the Company to give it appropriate standing and authority
3. The Compliance Function reports to the BOD through the Risk Committee and to the CEO
4. The Compliance Function must be able to carry out its responsibilities on its own initiative in all areas of the Company in which compliance risk exists and reports any irregularities or possible breaches without fear of retaliation or dissatisfaction from Management
5. The Compliance Function should be undertaken by a person that has the necessary qualifications, experience and professional qualities to carry out its duties

The Compliance Function staff possesses the following skills and capabilities in order to be able to perform the tasks as rigorously and appropriately as possible:

1. Familiarity with legislative structures and with the regulatory framework applicable to companies in the insurance sector, in order to be able to easily understand and interpret laws and regulations
2. Ability to apply critical thinking and challenge Company Senior Management and staff on compliance issues
3. Good communication skills, discretion and tact as they may often need to discuss issues with other Company staff and explain complicated regulations to persons who are not familiar with legal terminologies
4. Good interpersonal skills in order to develop strong relationships with Supervisory Authorities and clients
5. Integrity, a questioning mind, neutrality and independence of judgement

The roles and responsibilities of the Compliance Function have been analysed in a previous section of this report.

B.5. Internal Audit Function

B.5.a. Implementation

The roles and responsibilities of the Internal Audit Function have been analysed in a previous section of this report.

B.5.b. Independence and Objectivity

In accordance with the Solvency II Article 48 of the Insurance Law, the Internal Audit Function shall be objective and independent from any operational functions. The Internal Audit needs to be independent from the organizational activities audited and carry out its assignments with impartiality. The principle of independence entails that the Internal Audit Function should only operate under the oversight of the administrative, management or supervisory body, reporting to the Audit Committee. At the same time, it has to be ensured that the Internal Audit Function is not subject to instructions of the administrative, management or supervisory body when performing the audit and when evaluating and reporting the audit results.

Having regard to the principle of proportionality, in large undertakings and in undertakings with more complex risk profiles, the establishment of an Audit Committee is considered necessary.

Internal Audit staff is expected to apply the following Code of Ethics, based on Institute of Internal Auditors (IIA) Standards:

- Respect the confidentiality of all information received in the course of their duties
- Shall not use such information for personal gain and shall not knowingly allow any other person to use such information for personal gain
- Shall perform the responsibilities of Internal Auditor with proficiency (knowledge, skills and other competencies) and due professional care
- Shall exhibit objectivity while performing internal audit work and communicate possible threats to objectivity or independence within the normal chain of command
- Shall examine and review all the factual evidence and information prior to the release of the Reports of any Internal Audit work
- Shall not be involved in any illegal activity, or engage in acts that are discreditable and shall immediately communicate any such matters which come to his/her attention to the appropriate officer
- Shall act with high standards of conduct and professionalism at all times, in order to maintain the good image for him/herself and for the Company
- Shall not accept gifts or any other service of material amount, from a physical person or legal entity in relation to his/her duties, which may be or presumed to be bribery

To conclude, during the execution of internal audit work, the Internal Audit staff of the Company is expected to apply the following principles:

- Integrity, which establishes a trust towards the internal audit work and the Auditors' judgement
- Objectivity in gathering and evaluating of evidence and in the assessment of all relevant circumstances in forming judgements
- Confidentiality, in the use and protection of information acquired in the course of their duties
- Competency, through continuous professional development and gaining the necessary knowledge, skills and experience for their audit engagements and the continuous quality improvement of their work

B.6. Actuarial Function

As from 2020, the Actuarial Function of the Company has been setup internally and is led by the Head of the Actuarial and Risk Management Function who is a member of the Institute and Faculty of Actuaries in the UK and is an Approved Person as per the SII requirements.

The team is responsible to support the business and meet the requirements of the Actuarial Function. The Actuarial Function is responsible for coordinating all actuarial activities and comprises the Head of the Actuarial Function and other staff specialised in actuarial issues. The Head of the Actuarial Function reports to the BOD through the Risk Committee.

The function is subject to audit by the Internal Audit Function.

The roles and responsibilities of the Actuarial Functions have been analysed in a previous section of this report.

B.7. Outsourcing

B.7.a. Description of the policy

The Company considers that any activities that are fundamental to its ability to carry out its core business are likely to be critical or important.

The Company considers the following activities to be critical or important and further decides on the allocation of the relative resources:

- The pricing of insurance products
- The investment of assets or portfolio management
- Claims Handling
- Provision of data storage
- Provision of ongoing, day-to-day systems maintenance or support
- Issuing offices

When choosing a service provider for any critical or important activity, the Company ensures that:

- A detailed examination is performed to ensure that the potential service provider has the ability and capacity and any authorisation required by Law to deliver the required functions or activities satisfactorily, taking into account the Company's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with the Company impairs the needs of the outsourcing provider
- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the Company and the service provider
- The general terms and conditions of the outsourcing agreement are authorised and understood by the CEO or BOD
- The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to the same provisions on the safety and confidentiality of information relating to the Company or to its policyholders or beneficiaries, that are applicable to the Company

In addition, the Company ensures that the outsourcing of any critical or important activities does not lead to a material impairment of the quality of the Company's Governance System and further any outsourcing service provider does not lead to an increase in the Company's operational risk.

In order to get the final approval for the outsourcing service, a detailed examination is performed to allow the Company to understand the main risks that might arise from the outsourcing and identify the most suitable strategies for the mitigation/management of these risks and ensure that the service provider has the ability, capacity and any authorisation required by Law to perform the outsourced activities reliably and professionally. For this purpose, an internal assessment is performed by the Head of Operations and reviewed and approved by CEO. Additionally, approval is required by the BOD.

B.7.b. Functions and Activities Outsourced

Table B-3: Outsourced activities

Outsourced Activity	Description of outsourced service	Jurisdiction
Road Assistance	Accident care and road assistance	Cyprus
Home Assistance	Technical assistance for home services	Greece
Medical Assistance	Medical Claims handling abroad	Greece
Loss Adjusters	Loss Estimators for both motor and non-motor business	Cyprus
Data Storage	Policy documents are scanned and stored	Cyprus
Investment Advisors	Provides advice to the Investment Committee	Cyprus
Servers and Systems Maintenance	Software and hardware maintenance agreements	Cyprus, Greece
Claims Handling	Issuing offices that have an agreement with the Company to handle claims up to a certain maximum amount	Cyprus
Issuing offices	Authority to underwrite business in the name and on account of the Company	Cyprus

B.8. Any other information

B.8.a. Adequacy of the System of Governance

It is considered that the system of governance in place is effective and provides a sound and prudent management of risks faced by the Company. The Company's organisational structure supports the strategic objectives and operations of the Company and ensures that the BOD is able to take business decisions with a full appreciation of the impact on risk exposures and assess compliance with the Company's appetite.

B.8.b. Any other material information

None.

C. Risk Profile

This section of the report is produced as per the requirements of ***Article 295: Risk profile.***

As described in the Risk Management section of the report the Company employs a pre-defined risk management process that involves the following steps:

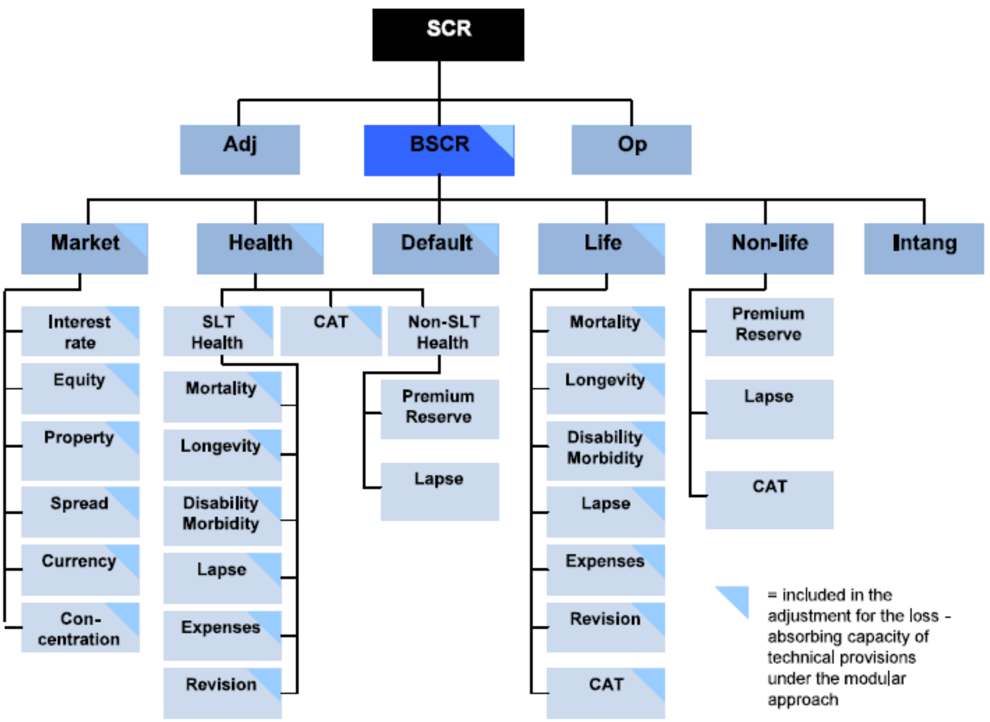
1. Risk Identification
2. Risk Measurements
3. Risk Monitoring and Reporting
4. Risk Mitigation

C. Risk Profile

As described in the Risk Management section of the Report, the Company employs a pre-defined risk management process that involves the following steps:

1. Risk Identification
2. Risk Measurements
3. Risk Monitoring and Reporting
4. Risk Mitigation

Risks are identified and registered both formally, through the periodic review of the Company's risk register, and informally as they arise in the course of business. To measure the capital requirements of risks the Company's quantification techniques focus on the Solvency II standard formula including stress testing:



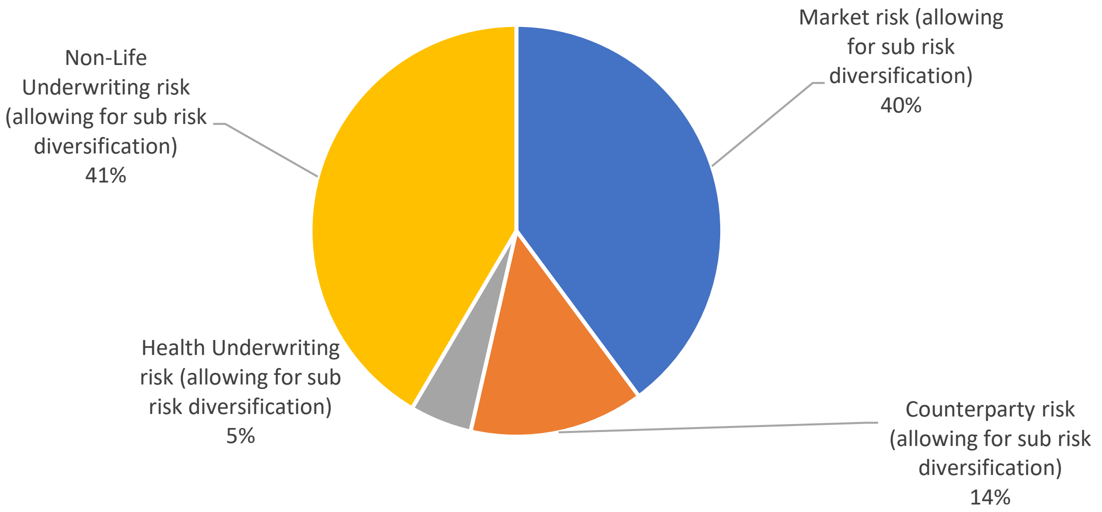
It is confirmed that the standard model adequately represents the risk profile of the Company and no internal model is required given the nature, scale and complexity of the risks of the Company.

Monitoring risk exposures is undertaken in the context of the overarching limit structure, and any limit breaches are quickly and promptly escalated to the required parties.

Risks arising from Company activities are monitored and controlled through the use of risk limits. The Company takes into consideration techniques to mitigate risks such as the use of reinsurance, premium rate reviews, authority/limits and concentration limits. Reinsurance is used to mitigate the risk that profits and available capital are adversely affected by natural or man-made catastrophes, large losses or accumulations of losses.
Based on the type of business the Company writes and its asset exposures it is exposed primarily to Market Risk and Underwriting Risk (Non-Life and Health) and to a lower extent to Counterparty Risk.

The diagram that follows summarizes the undiversified risk profile of the Company as at the valuation date:

Figure C-1: Company Risk profile 2021



The table below shows a comparison between the risk profile of the Company for years 2021 and 2020:

Table C-1: Company Risk Profile 2021 v/s 2020

Risk allocation	**% 31/12/2021**	**% 31/12/2020**
Market risk (allowing for sub risk diversification)	**40%**	44%
Counterparty risk (allowing for sub risk diversification)	**14%**	15%
Health Underwriting risk (allowing for sub risk diversification)	**5%**	5%
Non-Life Underwriting risk (allowing for sub risk diversification)	**41%**	36%

The allocation of the risk capital into the above categories for years 2020 and 2021 shows that the Company risk profile has remained broadly the same with an increase in the non-life underwriting risk and a corresponding decrease in market risk due to changes in investment strategy.

The assessment of the capital requirements to cover these risks is analysed in Section E of this Report. In the subsequent Sections of part C of this Report, the exposure of the Company to:

- Underwriting Risk
- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk

is analysed separately in relation to:

- Risk Assessment
- Risk Concentration

- Risk Mitigation

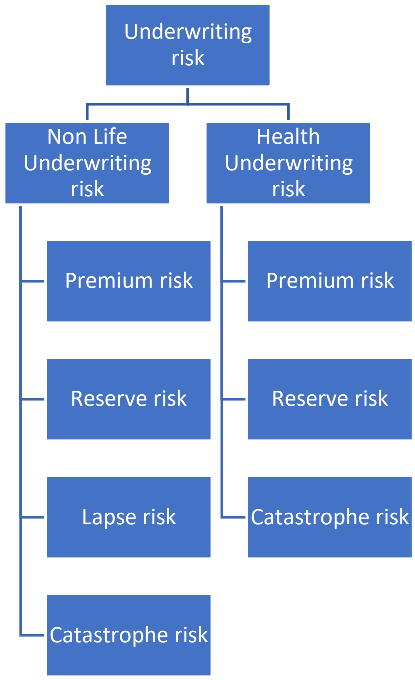
Risk Sensitivity of other material risks in analysed in a separate section at the end of Section C.

C.1. Underwriting Risk

Based on the type of business the Company writes, it is exposed to Non-Life Underwriting risk and Health Underwriting risk.

The Company assesses these risks using the standard formula of Solvency II dealing with underwriting risk:

Figure C-2: Underwriting Risk Model

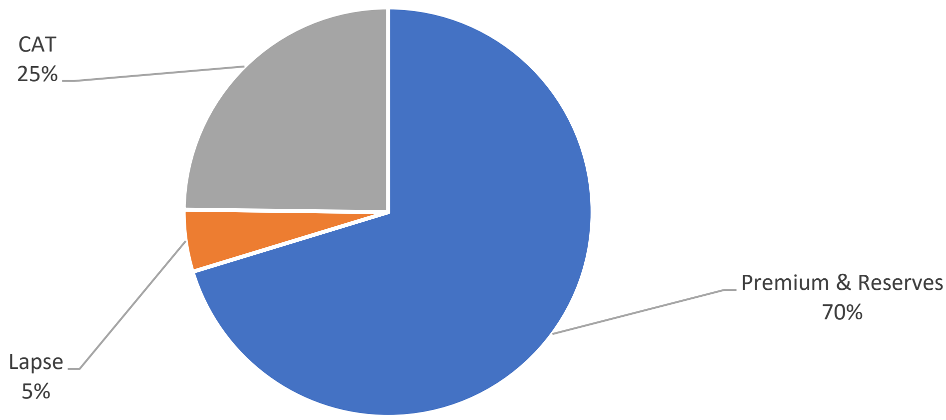


This includes an assessment of the risks resulting from:

- **Premium and Reserve Risk:** a random change in the volume of premiums and reserves of the Company:
    - **Premium Risk:** arises from the failure of pricing, product or strategy. It is the risk that the planned loss and expense ratios for future accident years materialise differently from expected. It includes the risk of losses due to the potential timing, frequency and severity of covered loss events differing from that assumed at the time of underwriting and pricing a risk. It arises during market and/or investment cycles where there is pressure on pricing margins, which results in being unable to charge an appropriate price without undermining its market position.
    - **Reserve Risk:** arises if the eventual reserve requirement is greater than that currently held. It represents the difference between the actual versus expected variability in the timing or amount of loss costs.
- **Lapse risk (on applicable for non-health business)**: a 40% lapse shock on the Company policies.
- **Catastrophe risk:** Natural and manmade extreme / exceptional events which arise from the failure to manage risk aggregation or accumulation that may result in an increased exposure to natural or manmade catastrophe losses.

Within the Non-Life Underwriting risk, the allocation of risk capital is shown in the chart that follows:

Figure C-3: Non-Life Underwriting Risk allocation of Risk Capital 2021



Insurance risk concentration occurs due to the concentration of an insurance operation in a particular industry or insurance peril. It may also occur as a result of a correlation between individual insured perils.

The major risk contributor in the Non-Life Underwriting Risk is the Premium and Reserves part of the module which is driven by the level of reserves and the premium written. This means that the lines that are driving the capital requirements and hence the risk concentrations are the lines in which the company writes a lot of business and these are:

- Motor Business
- Fire and Theft
- Third Party Liability

The table that follows provides a comparison of the Non-Life Underwriting risk profile of the Company for years 2021 and 2020:

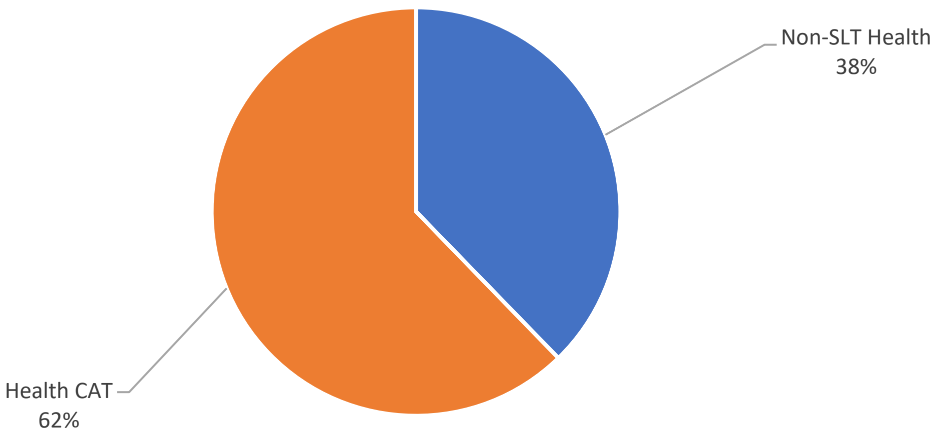
Figure C-4: Non-Life Underwriting Risk allocation of Risk Capital 2021 v/s 2020

Risk allocation	% 31/12/2021	% 31/12/2020
Premium & Reserves	**70%**	83%
Lapse	**5%**	6%
CAT	**25%**	11%

The allocation of the risk capital into the above categories for years 2020 and 2021 shows that there is an increase in Cat Risk due to increased exposure in Earthquake Catastrophe event.

Within the Health Underwriting Risk the allocation of the capital requirements is as follows:

Figure C-5: Health Underwriting Risk allocation of Risk capital 2021



The business driving these capital requirements is the medical business.

The table that follows provides a comparison of the Health Underwriting Risk profile of the Company for years 2021 and 2020:

Figure C-6: Health Underwriting Risk allocation of Risk Capital 2021 v/s 2020

Risk allocation	% 31/12/2021	% 31/12/2020
Non-SLT Health	**38%**	46%
Health CAT	**62%**	54%

To manage the underwriting risks the Company is monitoring and controlling the risks it is undertaking by performing a number of activities:

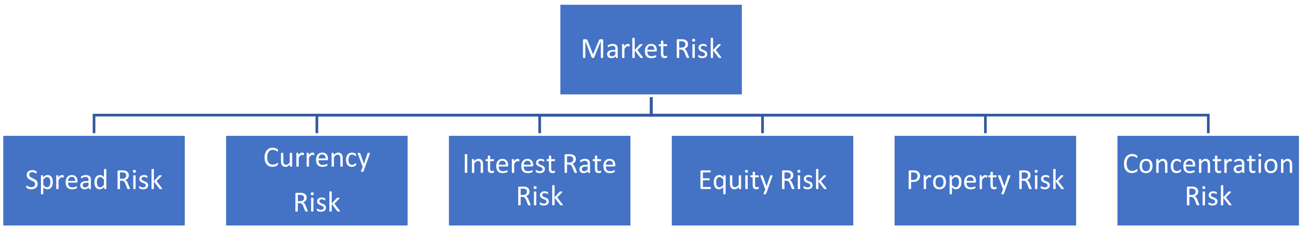
- Setting strict pricing guidelines relevant to each line of business
- Employing strict approval and underwriting authorities
- Employing underwriting guidelines, procedures & authority matrices
- Monitoring of accumulations by cresta zone, geographic locations etc.
- Reviewing of the coverage provided for natural catastrophes
- Pricing risk through the purchase of reinsurance
- Portfolio reinsurance
- Creating reports to review claims
- SLAs with loss adjusters
- Running a claims committee to review claims
- Running an underwriting committee to review large risks
- Strategic plans to control volume of business

The Risk Committee actively monitors the effectiveness of the Risk Mitigation techniques through processes and deliverables including the Risk Register, Stress and Scenario Tests and Risk Indicator Reporting.

C.2. Market Risk

Market risk is the risk that the Company is adversely affected by movements in the fair value of its financial assets arising from market movements, such as credit spreads, interest rates and foreign exchange rates or other price risks.

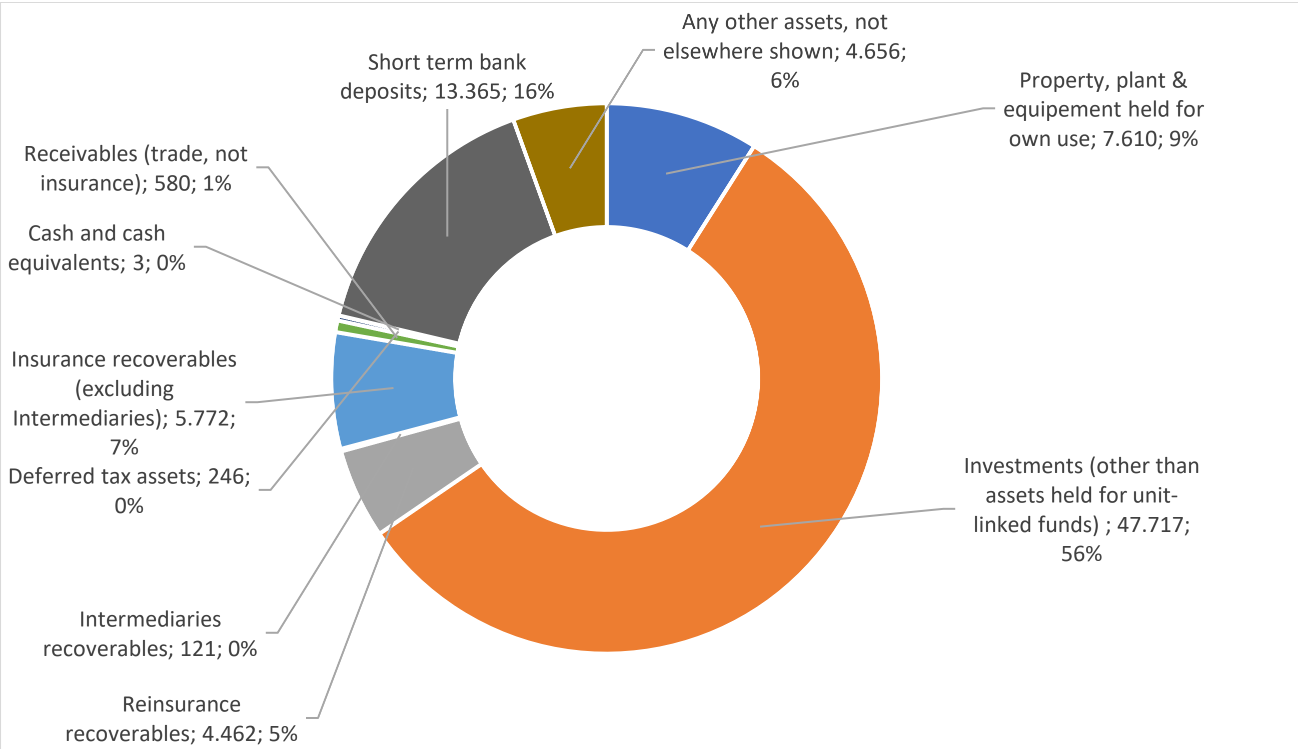
The Company assesses Market Risk using the standard formula part of Solvency II dealing with Market Risk:



Based on the type of assets the Company invests in, it is exposed to Market Risk. The total Company asset exposure is €84.5M on a SII basis.

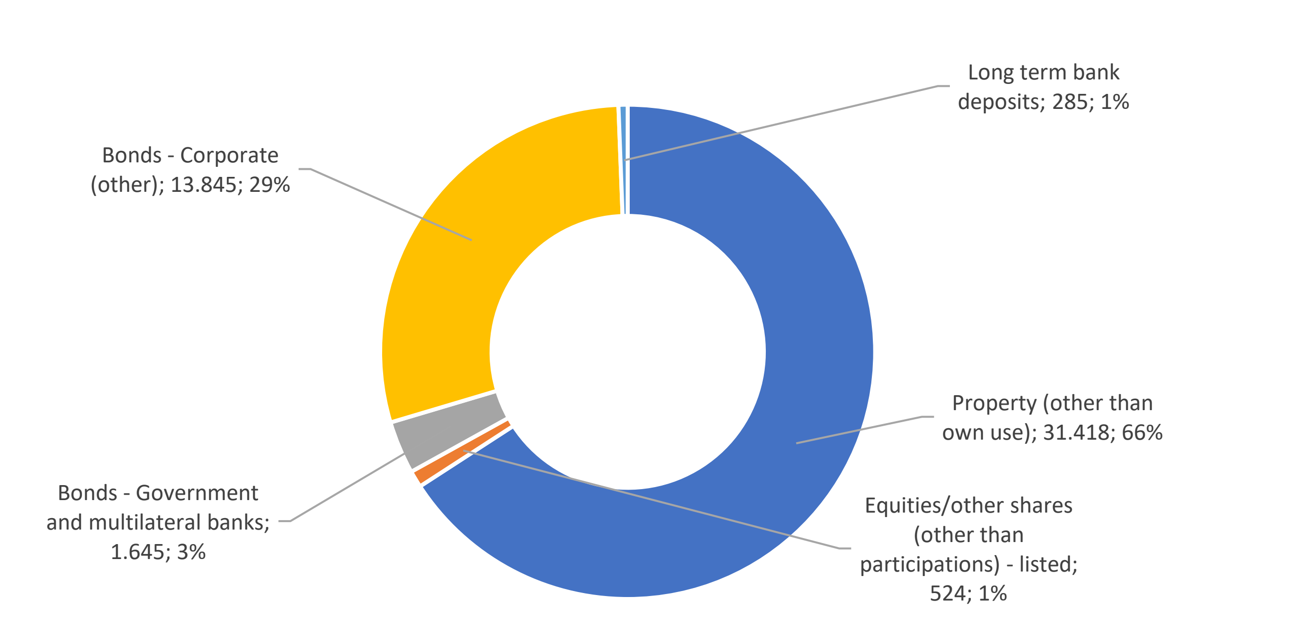
This is allocated as follows (all monetary figures are in million euros):

Figure C-7: Asset Portfolio 2021



Investments (Other than Unit Linked) make up the 56% of the total assets and is analysed as follows:

Figure C-8: Analysis of Investments (Other than Unit Linked) 2021

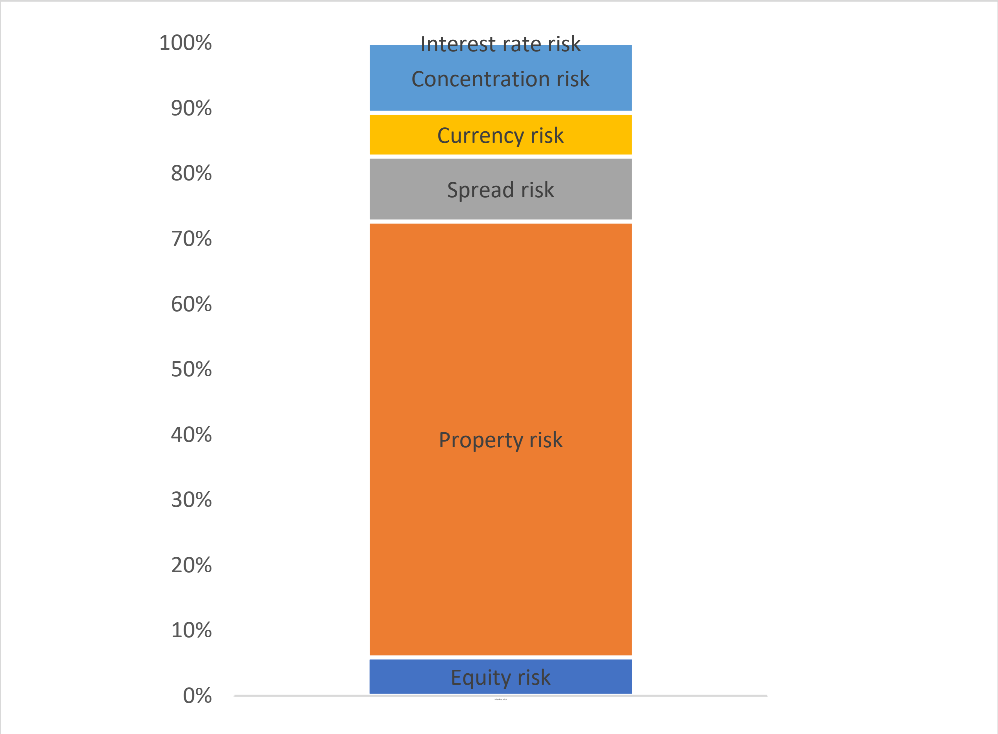


To assess Market Risk the Company is using the standard model of Solvency II. This includes an assessment of the capital requirements resulting from:

- Spread Risk - financial loss due to the increase in the spread that an asset trades relative to a comparable government bond
- Currency Risk - financial loss due to the change in value of currency exchange rates
- Interest Rate Risk - financial loss arising due to changes in the level of interest rates
- Equity Risk - financial loss due to changes in prices of equities, mutual funds and equity-linked capital market instruments
- Property Risk - financial loss arising due to changes in real estate prices
- Concentration Risk - financial loss arising due to the concertation of assets in a particular asset class and / or Counterparty

The major sub risks within Market Risk is Spread risk and Property risk:

Figure C-9: Market Risk Profile 2021



The Company is exposed to spread risk through its exposures in Bonds and Term deposits.

On the other hand, property risk arises from the Company's exposure to properties in Nicosia and Limassol. A sizeable part of the property risk comes from the Head office of the Company.

The table that follows provides a comparison of the Market risk profile of the Company for years 2021 and 2020:

Figure C-10:Market Risk allocation of Risk Capital 2021 v/s 2020

Risk allocation	% 31/12/2021	% 31/12/2020
Interest rate risk	0%	3%
Equity risk	6%	8%
Property risk	67%	54%
Spread risk	10%	22%
Currency risk	7%	6%
Concentration risk	11%	7%

To manage market risk the Company invests in assets appropriate to the term, nature and currency of its liabilities such that to maximize investment returns. It also manages Market risks by:

- Employing a well-defined investment strategy
- Monitoring of the asset portfolio to avoid asset concentrations
- Monitoring the solvency position prior to agreeing any changes in the assets
- Any material changes to the assets have to be approved by the BOD

The Company monitors the effectiveness of the Risk Mitigation techniques documented risk taking authorities, defined risk limits and minimum standards.

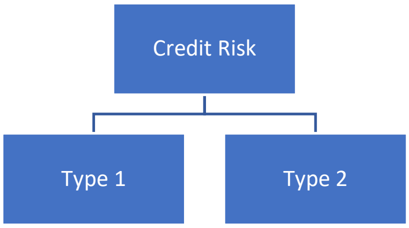
The BOD of the Company approves the Company's Risk Appetite which sets out the risk appetite for Market Risk.

The Company's investment management policy also ensures the Company's compliance with the Prudent Person Principle as per Article 132 of the Directive 2009/138/EC.

C.3. Credit Risk

Counterparty Default Risk (Credit Risk) is defined as the change in the value of assets and liabilities caused by unexpected default or deterioration in the credit standing of independent counterparties and debtors.

The Company assesses Credit Risk using the standard formula part of Solvency II dealing with Credit Risk:



This involves an assessment of Credit Risk on both asset and liability side of its balance sheet.

Credit Risk is categorized as:

- Type 1 - involves exposures to counterparties that are non-diversifiable and usually rated e.g. reinsurance arrangements, cash at bank etc.
- Type 2 - involves diversifiable and unrated exposures e.g. receivable from intermediaries, policyholder etc.

The Company is exposed to Credit Risk through its deposits in Banks and the reinsurance treaties that it maintains. These are classified Type 1 exposures. As at the valuation date Type 1 exposures are primarily driven by the exposures of the Company to its reinsurers.

The Type 1 Credit Risk exposures are primarily mitigated through diversification of the credit institutions e.g. Banks and the Reinsurance providers. Moreover, the choice of the Counterparty is based on its credit rating and any decisions on this have to be approved by the BOD of the Company. Reinsurance selection is also based on:

- Financial analysis for selecting reinsurance program
- Participate in the reinsurance selection process
- Financial analysis for selecting reinsurance program

The Company is also exposed to Credit Risk through its investments in related Companies of the Group and its receivables from policyholders and intermediaries. These are the so-called Type 2 exposures.

The Type 2 Credit Risk exposures are mitigated through internal procedure that ensures the minimization of the period that any receivables remain outstanding. Credit Risk of Premium receivables is also managed through:

1. Credit Policy & Procedures
2. Monitoring of outstanding premiums
3. Credit Control Report
4. Problematic debts
5. Update the Collections Procedure
6. Credit Control Committee
7. Credit Scoring System

C.4. Liquidity Risk

Liquidity Risk arises through the possible inability of the Company to meet its obligations as they fall due. These obligations are predominantly the payment of claims from the covered business.

This type of risk is not explicitly assessed by the standard formula of SII. Hence to assess Liquidity Risk the Company is performing its own qualitative assessment through the ORSA. The goal of the Company is to maintain sufficient liquidity to manage its day to day operations in the short, medium and long term as well as sufficient buffer of liquid assets for covering sudden liquidity demands that may arise.

Moreover, the Company's liquid assets are regularly reviewed and it is ensured that the value of the liquid asset buffer is stable under normal and stressed market conditions.

C.5. Operational Risk

Operational Risk is the risk of loss arising in the Company from its people, processes, systems or the external environment which is a natural consequence of its business operations.

Operational Risks are assessed by the Company through the standard model of SII. This involves assessing Operational Risk through assessing the Company earned premium, provisions and expenses.

Over and above, the Company has in place an Enterprise Risk Management Framework to systematically perform internal assessment of its risks of people, processes, systems or the external environment affecting the business.

Indicative list of Operational Risks together with mitigating actions for the Company include:

Table C-2: Operational risks 2021

Risk Name	Risk Description	Control Activities
Failure of building facilities	Risk of disruption to business activities due to failure of building facilities (power, lights, air-conditioning, security, etc.) or unavailability of building	Ensure that the Business Continuity Plan (BCP) is active and tested. Disaster Recovery is completed by IT and it is a major requirement of the BCP.
Risk of a potential crisis event	Risk of a potential crisis event (e.g. reputational, financial, economic, political, etc.)	Preparation and Implementation of Crisis Management Plan.
		Disaster Recovery Plan in place.
Communication risks between claims & U/W	Risk of lack of communication between claims department and underwriting in order to share its experiences regarding the claims e.g. for renewing group contracts, for sharing its experiences of non-approved claims, for sharing experiences for bad policyholders, etc.	Claims department notifies the Underwriting department on a need basis depending on the severity of the claim in order to provide future underwriting suggestions and actions.
		Meetings are performed on a need basis between the Operations and the Claims department in order to: (1) monitor the performance of the portfolio (2) decide on large policies/group contracts.
		Agreement of Service Level Agreements (SLAs) between claims and underwriting department for the submission of necessary information.
E&O in the procedures of the Finance Department	Risk of Errors and Omissions in the procedures of the Finance Department	Approved Department Manual and check list documents the procedures that must be followed.
		Authorization matrix with doer-reviewer for each journal type is followed.
		Regular review and approval of departmental Manual and authorisation matrix.
Lack of compliance with HR Policies	Risk of employees not complying with company HR Policies leading to compliance, reputational, business and other issues	HR Manual and HR Employee Handbook. HR Manual has been approved by external lawyer and Board of Directors. Employee policies and regulations handbook is part of the HR manual and is submitted to employees upon their employment.
		Induction and orientation program of a duration of 5 days for any new employee in the Head office. Regarding the employees of branches, the induction and orientation program has a duration of 10 days.

		Discussion meetings with Senior Managers to design any updates to the HR policies and procedures.
		Time Attendance Handbook is provided to new employees upon their recruitment.
		Rules & Regulations handbook is provided to any new employee regarding the HO premises use.
		The General Data Protection Regulation document is submitted to employees upon their recruitment.
Health and Safety risks to people	Health and Safety risks at work or abroad including medical situations, emergencies, civil unrest, political reasons	Health and Safety Policy and Manual in place.
		Emergency and Evacuation Procedures Manual in place with testing and training taking place.
		Medical examinations are performed as per recruitment procedure.
Investment outside risk appetite	Risk of investment in asset categories outside the approved risk appetite of the company. The result could be losses as a result of market movements in sectors or assets we are not very familiar with.	Functional/Executive Investment Committee in place.
		Authority and Approval Guidelines in place.
		Preparation of regular investment reports in comparison with the investment policy submitted to Investment Committee.
		Formalization of Investment policy in line with Solvency II.
		An agreement with an Investment Consultant is in place.
Network Failure	Inability to connect to the network due to MPLS (IP VPN) failure and/or due to failure of the router or the communication line	2 different internet service providers for connectivity redundancy with wireless data option.
		Redundant firewall, redundant switches backup UPS that prevent downtime. Load balancer switches to operate connection in case of failure.
		Power Generator in place, up and running in 10 seconds. Every 6 months there is a test process in place. Full load test including maintenance done once a year. Monthly testing and check from supplier.
Recruitment of low quality agents	Risk of recruitment of low quality agents, leading to reputational damage, underwriting losses, credit losses, etc.	Documented recruitment procedure including recruitment proposal form. Final approval for agents' recruitment from Business Development Manager and CEO.
		Involvement of Credit Control Manager and Operation Manager during the selection process of agents.
Inappropriate insurance policy Terms and Conditions (T&Cs)	Risk of inappropriate policy terms and conditions which may expose the Company to the risk of: Claims which were not priced in the premium rate, claims which were not considered as exposed to at the time of underwriting, claims which are excluded from the reinsurance cover, heterogenous exposure portfolio, terms and conditions not in line with applicable laws and regulations	All policy terms and conditions and any changes are reviewed and approved by the Operations Manager and the legal department. Terms and conditions are reviewed for consistency with the reinsurance arrangements.
		Non-standard terms and conditions are approved by the Operations Manager and are reviewed by the legal department.
		Terms and conditions codes are included for each policy in the Company's insurance system to ensure consistency upon policy issuance.
		All terms and conditions and special terms wordings to be incorporated in the insurance system. This will be in place following the full implementation of the new system.
		System premium automation for non-motor. It exists for motor policies only. This will be implemented in the new insurance system.
Failure to follow approved Internal Audit (IA) plan	Failure to follow IA plan as approved by the Internal Audit Committee due to time and resource constraints	Audit Committee reviews progress of the IA plan implementation.
		Quarterly status progress of the IA yearly plan is reported to the Audit Committee.

Inefficient procurement procedure	Risk of inefficient procurement procedures due to errors, omissions or fraud	Quotes for new items/activities taken from 2-3 suppliers.
		Approval by CEO.
		Documentation of procurement procedure is incorporated in Marketing Procedures.
		Use of standard form for approval by CEO regarding the selection of any supplier, which contains details of quotes taken and selection criteria in addition to Marketing officer recommendation.

C.6. Other Material Risks

The information provided in this section of the Report provide a fair view of the risk profile of the Company as at the valuation date. There is a number of other risks that the Company is facing, and these are appropriately managed.

The Company has also performed the following stress tests as reported in the Company's 2021 ORSA report:

Table C-3: Stress tests 2021

Scenario	Details
Market Risk	
Property Stress	Reduction of the market value of the Company's property assets
Sovereign & Corporate Bonds	Deterioration of credit spreads of sovereign and corporate bonds with the resulting impact on their market value
Equity Stress	Reduction of the market value of equities
Credit Risk	
Default of main local Bank	Default of the main local Bank of the Company by total exposure (current accounts, term deposits, equities, etc.)
Default of top 5 direct customers	Default of the top 5 direct customers of the Company by premium volume
Default of most important intermediary	Default of most important intermediary
Default of top reinsurer	Default of the top reinsurer of the Company by total exposure
Deterioration of credit standing of reinsurers	Deterioration of the credit standing of all of the Company reinsurers
Insurance Risk	
Loss Ratio increase	Deterioration of the Loss Ratio of the Company
Reserve deficiencies	Increase of technical provisions due to various reasons (increase in inflation expectations, court inflation, legal costs inflation, etc.)
Man-made catastrophes	Impact of man-made catastrophes
Natural Catastrophes	Impact of natural catastrophes
Strategic/Reputational Risk	
Written Premium reduction	Failure to meet business plan premiums
Policy cancellations	Impact of mass policy cancellations
Liquidity Risk	
Large Claim payment	Impact of large claims on the liquidity of the Company
Accumulation of claims due to single event	Impact of accumulation of claims on the liquidity of the Company
Policy cancellations	Impact of policy cancellations on the liquidity of the Company

C.7. Any other information

None.

D. Valuation for Solvency Purposes

This section of the report is produced as per the requirements of ***Article 296: Valuation for Solvency Purposes.***

The section provides an analysis of the following:

- Assets
- Technical Provisions
- Other Liabilities
- Alternative Methods for Valuation
- Any other information

D. Valuation for Solvency Purposes

D.1. Assets

D.1.a. Valuation of Assets

D.1.a.1. Summary of the Valuation of Assets

As at the valuation date, the total value of Company assets is €91.1M on an IFRS basis and €84.5M on a SII basis. The total difference of €6.6M is analysed in a subsequent section of this report.

The table that follows shows the valuation of the Company assets under an IFRS and Solvency II basis as at the valuation date:

Table D-1: Assets valuation: IFRS and Solvency II 2021

Assets	€ '000 IFRS 31/12/2021	€ '000 SII 31/12/2021	Difference
Goodwill	**0**	**0**	**0**
Other intangible assets	**1,620**	**0**	**1,620**
Property, plant & equipment held for own use	**7,610**	**7,610**	**0**
Investments (other than assets held for unit-linked funds)	**47,717**	**47,717**	**0**
Reinsurance recoverables	**6,089**	**4,462**	**1,627**
Intermediaries recoverables	**121**	**121**	**0**
Insurance recoverables (excluding Intermediaries)	**5,772**	**5,772**	**0**
Deferred acquisition costs	**3,367**	**0**	**3,367**
Receivables (trade, not insurance)	**580**	**580**	**0**
Deferred tax assets	**246**	**246**	**0**
Cash and cash equivalents	**3**	**3**	**0**
Short term bank deposits	**13,365**	**13,365**	**0**
Any other assets, not elsewhere shown	**4,656**	**4,656**	**0**
Total assets (excluding other financial sector assets of groups)	**91,146**	**84,532**	**6,614**

D.1.a.2. Bases, Methods and Assumptions

The Company recognizes and values its assets in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Cyprus Companies Law, and adjusts the valuation of certain assets in accordance with Solvency II methodologies.

The management of the Company is required to make estimates and assumptions that affect the reported amounts of assets. The following bases, methods and assumptions are used for valuation of each of the following material classes of assets:

4.1.1.2.1 Intangible Assets

Intangible Assets are measured at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on cost on a straight-line basis over the estimated useful life of the assets, of five years for computer software and for recruitment bonuses. At each reporting date the carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. When the carrying values exceed the estimated recoverable amount, intangible assets are written down to their recoverable amount.

The Intangible assets are valued at zero for Solvency II purposes because they cannot be sold separately and because there is no quoted market price in an active market for the same or similar intangible assets.

4.1.1.2.2 Property, Plant and Equipment

Owner-occupied property is property held by the Company for use in the supply of services or for administrative purposes.

Owner-occupied property is initially measured at cost and subsequently measured at fair value. Valuations are carried out annually by independent qualified valuers using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

On disposal of freehold land and buildings, the relevant revaluation reserve balance is transferred to retained earnings.

The buildings are depreciated at an annual rate of 2%.

Equipment is measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on cost at a straight-line basis over its estimated useful life, using the following annual rates:

Table D-2: Depreciation

Item	Depreciation
Furniture and office equipment	10%/ 20%
Computer equipment	20%
Motor vehicles	15%
Leasehold improvements	25%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

4.1.1.2.3 Investment Property

The investment properties, principally comprising land, shops and offices, are held for long term rental yields and are not occupied by the Company. All properties are shown at valuation carried out by independent professionally qualified valuers at 31 December 2021 in accordance with IFRS 13. Fair value of the properties is determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. Certain properties, are shown at fair value determined by using the income capitalisation method.

4.1.1.2.4 Investments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The subsequent measurement of Financial Assets depends on their classification as follows:

1. Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. These investments are initially recorded at fair value. Subsequent to initial recognition, they are measured at fair value. Changes in fair value are recorded in the income statement. The structured notes (unlisted structured products) and the equity shares in Bank of Cyprus (which were acquired as a result of the conversion of the Bank's deposits in accordance with the relevant decrees of the Central Bank) and Societe Generale (which were acquired as a result of the redemption of a structured product) are included in this category.

2. Available-for-sale (AFS) financial investments: AFS investments include equity investments and debt instruments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt instruments classified as AFS are non-derivatives that are either designated in this category if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term or not classified in any of the other categories.

   After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (OCI) and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement. The government bonds, the corporate bonds and the listed equity shares (other than the equity shares in Bank of Cyprus and Societe Generale) are included in this category.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or in the absence of a principal market, in the most advantageous market for the asset; the principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All the investments of the Company are valued at Level 1.

4.1.1.2.5 Deposits other than cash equivalents

Deposits other than cash equivalents consist of cash at banks in term deposits with an original maturity of zero to three months from the date of acquisition.

4.1.1.2.6 Reinsurance Recoverables

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.
Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

The impairment loss is recorded in the income statement.

The Reinsurance recoverables are valued at a different basis for Solvency II purposes as explained further in the section below.

4.1.1.2.7 Insurance Premium Receivables

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

4.1.1.2.8 Deferred Acquisition Costs

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Deferred Acquisition Costs (DAC) for general insurance and health products are amortised over the period in which the related revenues are earned.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the income statement. DAC are derecognised when the related contracts are either settled or disposed of.

The Deferred Acquisition Costs are valued at zero for Solvency II purposes because they are released as future profits from the premium reserves.

4.1.1.2.9 Short term Bank Deposits

Short term bank deposits consist of cash at banks in current accounts.

4.1.1.2.10 Other assets (Other debtors and prepayments)

This category includes receivables from related companies, prepayments and deposits, amounts receivable from Insurance pools and cash in hand other than notes and coins. Other debtors and prepayments represent balances that are repayable during the normal course of the Company's operations and are interest-free.

D.1.b. Assets: Valuation for Solvency purposes v/s Valuation in Financial Statements

All assets on the Solvency II Balance Sheet are valued on the same basis as in the financial statements.

The only differences in the values of assets between the two bases are:

- the exclusion of:
    - Other Intangible Assets and
    - Deferred Acquisition Costs
- the revaluation of the "Reinsurance Recoverable"

In relation to the evaluation of the Reinsurance recoverable, the SII value (€4.5m) is lower than the IFRS value (€6.1m). The analysis of the difference as this arises from the Technical Provision is shown below:

Table D-3: SII v/s IFRS Reinsurance Asset 2021

Technical Reserves (Reinsurance)	€'000 IFRS 2021	€'000 SII 2021	€'000 Difference
Best Estimate	**6,089**	**4,462**	**-1,627**
Premium reserves	**2,207**	**764**	**-1,444**
Unearned Premium Reserve	2,207	2,207	0
Unexpired Risk Reserve	0	0	0
future losses/profits	0	-1,449	-1,449
discounting	0	5	5
Claims reserves	**3,882**	**3,722**	**-160**
undiscounted	3,882	3,699	-183
discounting	0	23	23
Risk Margin	**0**	**0**	**0**
Reins. default adjustment	**0**	**-23**	**-23**
TOTAL	**6,089**	**4,462**	**-1,627**

The table that follows shows a summary of the reconciliation between the IFRS reinsurance asset and the SII reinsurance asset:

Table D-4: Reconciliation between SII and IFRS Reinsurance Asset

Item	2021 €'000
IFRS Reinsurance Asset	**6,089**
Less release of reinsurance share of UPR	-1,444
Less reinsurance share of prudency in Claim provisions	-183
Plus Discounting	23
Less Reinsurance Default Adjustment	-23
SII Reinsurance Asset	**4,462**

D.2. Technical Provisions

D.2.a. Valuation of Technical Provisions

Solvency II requires the Company to set up technical provisions on a fair value basis; that is the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking.

Moreover, technical provisions are calculated separately for each homogeneous risk group to achieve an accurate valuation of technical provisions. For this purpose, the Company segments it's (re)insurance obligations into homogeneous risk groups, and as a minimum by line of business. These homogenous groups are defined by the SII regulation and the company fully complies with the suggested segmentation.

D.2.a.1. Summary of Valuation of Technical Provisions

Technical Provisions (TP) are taken as the sum of Best Estimate Liability (BEL) and Risk Margin (RM). The total technical provision as at the valuation date for the Company is €41.9m. This is broken down into a BEL of €40.9m and a RM €1.0m.

All the BEL figures are gross.

The technical provision results as at the valuation date for the relevant SII segments are shown in the table that follows, separately for Direct, Inwards proportional reinsurance and inwards non-proportional reinsurance:

Table D-5: Technical provisions for homogenous Risk groups

Type	SII Segment	Gross BEL 31/12/2021 €'000	RM 31/12/2021 €'000	Gross TP 31/12/2021 €'000
Direct	Income protection insurance	433	11	444
Direct	Medical expense insurance	1,074	27	1,101
Direct	Motor vehicle liability	21,144	522	21,666
Direct	Motor, other classes	5,552	137	5,689
Direct	Marine, aviation, transport (MAT)	127	3	130
Direct	Fire and other property damage	4,180	103	4,283
Direct	Third-party liability	8,318	206	8,524
Direct	Assistance	0	0	0
Direct	Miscellaneous	57	1	58
Inwards Proportional	Income protection insurance	0	0	0
Inwards Proportional	Marine, aviation, transport (MAT)	0	0	0
Inwards Proportional	Fire and other property damage	10	0	10
Inwards non Proportional	Non-proportional casualty reinsurance	0	0	0
Total		**40,895**	**1,010**	**41,905**

D.2.a.2. Bases, Methods and Assumptions

As described above technical provisions are taken as the sum of Best Estimate Liability (BEL) and Risk Margin (RM). These items are further explained below:

1. Best Estimate Liability (BEL)

The BEL calculation corresponds to the probability weighted average of future cash-flows taking account of the time value of money. This is as defined in the SII technical specifications.

The cash flows that make up the BEL components as at the valuation date is the total of the following items:

- Claim reserves - the cash-flow projections relate to claim events having occurred before or at the valuation date – whether the claims arising from these events have been reported or not (i.e. all incurred but not settled claims). The cash-flow projections comprise all future claim payments as well as claims administration expenses arising from these events. Historical experience was used to project the Ultimate Future Cost of claims by employing a number of actuarial approaches e.g. Claims Development Factor Method modelling,

- Premium Reserves - the cash-flow projections relate to claim events occurring after the valuation date and during the remaining in-force period (coverage period) of the policies held by the undertaking (recognised policies). The cash-flow projections comprise all future claim payments and claims administration expenses arising from these events, cash-flows arising from the ongoing administration of the in-force policies and expected future premiums stemming from recognised policies falling within the contract boundary.

The time value of money is allowed by discounting using the risk-free yield curve for Euros (€) published by EIOPA.

1. Risk Margin (RM)

The risk margin is calculated by projecting the solvency capital requirement (SCR) for the run-off of existing business for 'non-hedgeable' risks. A prescribed cost of capital charge of 6% is applied and the result is then discounted at the risk-free rate to determine the risk margin.

The value of the RM is calculated in total and is then allocated to the lines of business (SII segments) based on the BEL requirement of each line.

D.2.b. Uncertainty in Technical Provisions

In calculating the TPs uncertainly can arise from the following:

1. Outstanding Claims Reserve – while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty.
2. "IBNR" – this is generally subject to a greater degree of uncertainty than say Outstanding Claims Reserve since the nature of the claims is not known at the time of reserving.
3. URR - this is uncertain as the claims have not yet been incurred, but are expected to be incurred on the business which the Company has written.
4. Risk margin – the risk margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run off.

D.2.c. Liabilities: Valuation for Solvency purposes vs Valuation in Financial Statements

The tables that follow show a comparison between the liabilities as calculated for IFRS and SII purposes:

Table D-6: SII v/s IFRS Gross liabilities 2021

Liabilities	€'000 IFRS 31/12/2021	€ '000 SII 31/12/2021
Gross technical provisions – non-life (excluding health)	**47,743**	**40,360**
TP calculated as a whole (Best estimate + Risk margin)	47,743	0
Best Estimate	0	39,387
Risk margin	0	972
Gross technical provisions - health (similar to non-life)	**0**	**1,545**
TP calculated as a whole (Best estimate + Risk margin)	0	0
Best Estimate	0	1,508
Risk margin	0	37
Total	**47,743**	**41,905**

Table D-7: SII v/s IFRS Gross Liabilities 2021

Technical Reserves (Gross)	€'000 IFRS 2021	€'000 SII 2021	€'000 Difference
Best Estimate	**47,743**	**40,895**	**6,848**
Premium reserves	**16,543**	**10,571**	**5,972**
Unearned Premium Reserve	16,543	16,543	0
Unexpired Risk Reserve	0	0	0
future losses/profits	0	-6,048	6,048
discounting	0	77	-77
Claims reserves	**31,200**	**30,324**	**877**
undiscounted	31,200	30,133	1,068
discounting	0	191	-191
Risk Margin	0	1,010	-1,010
Reins. default adjustment	0	0	0
TOTAL	**47,743**	**41,905**	**5,839**

The table below shows that at the valuation date the IFRS liabilities amount to €47,7M and the SII liabilities amount to €41,9M.

Breaking down the Best estimate liabilities into their subsequent parts the technical provisions can also be represented as follows:

Table D-8: SII v/s IFRS Gross Liabilities 2021

Technical Reserves (Gross)	€'000 IFRS 31/12/2021	€'000 SII 31/12/2021	€'000 Difference
Total provision after the valuation date	16,543	10,571	**5,972**
Future Claims	[redacted]	8,261	[redacted]
Admin expenses	[redacted]	1,406	[redacted]
Claims management expenses	[redacted]	827	[redacted]
Unearned Premium Reserve	16,543	[redacted]	[redacted]
Discounting	[redacted]	77	**-77**
Total provision prior to the valuation date	31,200	30,324	**877**
O/S claims	26,311	26,311	**0**
IBNR	4,168	3,195	**973**
Claim Expenses	721	627	**94**
Discounting	[redacted]	191	**-191**
Risk Margin	[redacted]	1,010	**-1,010**
Total Technical provisions	**47,743**	**41,905**	**5,839**

The €5,839K difference is accounted as follows:

Table D-9: Reconciliation between SII and IFRS liabilities 2021

Item	€'000 2021
IFRS Liabilities	**47,744**
Less Release of UPR from the use of expected loss ratios	-8,282
Plus allowances for future expenses	2,233
Less Release of prudency in the Incurred But not Reported provisions	-973
Less Release of prudency in the claim settlement costs	-94
Plus Discounting	268
Plus Risk Margin	1,010
SII Technical provisions	**41,905**

The starting point in calculating the SII technical provisions is the IFRS liabilities. Thereafter the IFRS liabilities are adjusted as follows:

1. Expected loss ratios are used to calculate the expected losses from unearned business. These are derived utilizing the actuarial best estimate ultimate loss ratio assumptions with adjustments made to allow for future expected inflation. This accounts to a release of €8,282K from the premium reserves.
2. An explicit allowance for future expenses is made. This accounts to an increase in the provision by €2,233K
3. The prudency built in the Incurred But not Reported (IBNR) reserves is removed. This accounts to a decrease of €973K in the claim reserves

4. The prudency build in the claim settlement costs is removed. This accounts to a decrease of €94K in the claim reserves
5. No discount rate is used under IFRS whereas under Solvency II the Company must discount liabilities at the risk-free rate. This accounts for €268K increase in the liabilities.
6. The IFRS methodology for the valuation of technical provisions does not include the Solvency II concepts of the risk margin or transitional measures. The Risk Margin has an increasing effect on the IFRS liabilities of €1010K.

D.2.d. Transitional measures: Matching Adjustment

Given the nature of the Company liabilities the valuation of technical provisions for solvency purposes does not use the matching adjustment.

D.2.e. Transitional Measures: Volatility Adjustment

The valuation of technical provisions for solvency purposes does not use the volatility adjustment.

D.2.f. Transitional measures: Risk Free Interest Rate

The Company does not use the transitional measures on interest rates.

D.2.g. Transitional measures: Impact

Not applicable.

D.2.h. Recoveries from reinsurance and special purpose vehicles

D.2.h.1. Recoveries

The Company does not use any special purpose vehicles.

The Company reinsures its business through proportional and excess of loss reinsurance arrangements. This reduces the technical provision by lowering the BEL and consequently reducing the Capital Requirements, through building the reinsurance recoveries as an asset.

The table below shows a summary of the reinsurance recoveries on various segments written by the Company:

Table D-10: Gross and Net BEL 2021

Type	Segment	€ '000 SII Gross BEL 31/12/2021	€ '000 SII Net BEL 31/12/2021	€ '000 SII Reinsurance BEL 31/12/2021
Direct	Income protection insurance	433	151	282
Direct	Medical expense insurance	1,074	852	222
Direct	Motor vehicle liability	21,144	20,233	911
Direct	Motor, other classes	5,552	5,462	90
Direct	Marine, aviation, transport (MAT)	127	48	79
Direct	Fire and other property damage	4,180	1,451	2,729
Direct	Third-party liability	8,318	8,177	141
Direct	Assistance	0	0	0
Direct	Miscellaneous	57	30	27
InProp	Income protection insurance	0	0	0
InProp	Marine, aviation, transport (MAT)	0	0	0
InProp	Fire and other property damage	10	6	4
InNonProp	Non-proportional casualty reinsurance	0	0	0
Total		**40,895**	**36,410**	**4,485**

The total reinsurance BEL includes €23K for Reinsurance default adjustments. If this were to be subtracted from the Reinsurance BEL the total would have been €4,462K rather than €4,485K which ties back to the Reinsurance assets in the balance sheet.

It should be noted that reinsurance will decrease the capital requirements of the Company through its mitigating effect on underwriting risk including catastrophe events. However, reinsurance will also increase the capital requirements of the Company by absorbing capital to allow for the credit risk of the reinsurer through the counterparty default risk module of the standard formula. This has been analyzed in the Risk profile section of the Report.

D.3. Other Liabilities

D.3.a. Valuation of Other Liabilities

D.3.a.1. Summary of the valuation of Other Liabilities

The table that follows analyses the valuation of the liabilities booked by the Company that related to liabilities other than technical provisions.

Table D-11: Summary of the valuation of Other liabilities 2021

Liabilities	€ '000 IFRS 31/12/2021	€ 000 SII 31/12/2021	Difference
Cash deposits from reinsurers	1,274	1,274	0
(Re)insurance accounts payable	2,329	2,329	0
Deferred tax liabilities	198	198	0
Provisions other than technical provisions	906	151	755
Payables (trade, not insurance)	843	843	0
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	3,311	3,311	0
Total liabilities (excluding other financial sector liabilities of groups)	**8,861**	**8,106**	**755**

D.3.a.2. Bases, methods and assumptions

The Company recognizes and values its other liabilities in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Cyprus Companies Law, and adjusts the valuation of certain liabilities in accordance with Solvency II methodologies.

The management of the Company is required to make estimates and assumptions that affect the reported amounts of liabilities. The following bases, methods and assumptions are used for valuation of each of the following material classes of other liabilities.

4.3.1.2.1 Cash Deposits from Reinsurers

This category includes payables to reinsurers for premium reserve retained. They are repayable during the normal course of the Company's operations and bear interest rate according to the terms of each treaty.

4.3.1.2.2 Provisions other than Technical Provisions

This category includes amounts payable to Group Insurance pools and deferred acquisition income. They are repayable during the normal course of the Company's operations and are interest-free.

The Deferred acquisition income is valued at zero for Solvency II purposes because it is released as future profits from the premium reserves.

D.3.a.3. Trade Payables (Other creditors and accrued expenses)

This category includes other creditors and accrued expenses which do not relate to insurance operations as well as employee contributions payable to the government. They represent balances that are repayable during the normal course of the Company's operations and are interest-free.

D.3.a.4. Insurance and intermediaries payables

This category includes commissions payable to intermediaries in relation to insurance operations. They represent balances that are repayable during the normal course of the Company's operations and are interest-free.

D.3.a.5. Other Liabilities

This category includes other creditors and accrued expenses which relate to insurance operations as well as payables to claimants and Motor Insurers Fund. They represent balances that are repayable during the normal course of the Company's operations and are interest-free.

4.3.2. Other Liabilities: Valuation for Solvency Purposes v/s Valuation Financial Statements

All other liabilities on the Solvency II balance sheet are valued on the same basis as in the financial statements.

The only difference in the values of other liabilities between the two bases is the exclusion from Solvency II of deferred acquisition income of €0.75m from "Provisions other than technical provisions".

4.4. Alternative methods for valuation

The Company does not use any other methods of valuation.

4.5. Any other material information

Going Concern

The Company's management has assessed the ability of the Company to continue as a going concern. The satisfactory results of the Company for the year, do not raise any material uncertainty on the ability of the Company to continue as a going concern.

The future effects of the COVID-19 pandemic and of the above measures on the Cyprus economy, and consequently on the future financial performance, cash flows and financial position of the Company, are difficult to predict and management's current expectations and estimates could differ from actual results. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current economic environment.

Further to the above, the recent events in Ukraine, since 24 February 2022, and mainly the conflict between Russia and Ukraine that escalated further, have led to a situation that remains highly unstable. In response to the conflict, a number of sanctions have been imposed on Russian and Belarussian entities to restrict them from having access to foreign financial markets, including removing access of several Russian banks to the international SWIFT system. The EU, UK and US (amongst others) have also imposed sanctions against the Russian central bank, restricting the access of the Russian state to foreign currency reserves, and introduced further asset freezes against designated individuals/entities and sectoral sanctions. These measures have negatively impacted the business activity in Russia and the global economic environment and resulted in increased volatility in the financial and commodity markets.

The Company's investment exposure to Russia, Belarus and Ukraine is negligible and represents less than 1% of its total assets. The conflict in Ukraine has however resulted in increased risk aversion and volatility in the global financial markets and it is anticipated that this will impact to some extent on investment values. The Company's management is closely monitoring the developments in the financial markets and where necessary takes investment actions as appropriate.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown. It is not possible for management to predict with any degree of certainty the impact of this uncertainty on the future operations of the Company and estimate the financial effect on the Company.

The management have a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future, and in particular in relation to the Covid-19 pandemic and the conflict between Russia and Ukraine. The ratio of eligible own funds to solvency capital requirement of 157% as at 31 December 2021 is well above the legal capital requirement. Furthermore, the Company has continuing profitability and increasing cash flow position for the past years. Thus, the management continue to adopt the going concern basis of accounting in preparing the annual financial statements for the foreseeable future.

E. Capital Management

This section of the report is produced as per the requirements of ***Article 297: Capital Management.***

The section provides an analysis of the following:

- Own Funds
- SCR and MCR
- Use of the duration-based equity risk sub-module in the calculation of the SCR
- Differences between the standard formula and any internal model used
- Non-compliance with the MCR and non-compliance with the SCR
- Any other information

E. Capital Management

E.1. Own Funds

E.1.a. Own Funds Management

Capital management focuses on ensuring that there is sufficient coverage of both the regulatory capital requirements (MCR and SCR) as well as the economic capital targets set. The Company sets out target capital parameters and strategy to be maintained over a three-year business planning horizon. The intention of the plan is to ensure the Company meets regulatory capital requirements and other business expectations whilst also optimizing capital efficiency.

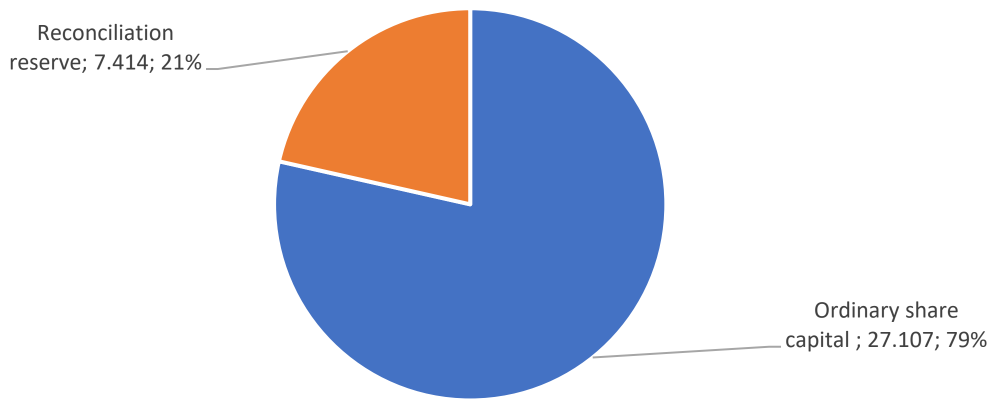
- The Solvency Capital Level must be 105% of all capital requirements at all times and over the business plan period
- The Solvency Capital Level must be 125% of the Pillar 1 Capital Requirement at all times and over the business plan period

E.1.b. Structure, Amount and Quality of Owned Funds

The total amount of Own Funds as at the valuation date is €34,5m compared to €34,1m in 2020.

The total amount of eligible own funds is classified as Tier 1 (unrestricted) capital as it is made up of Ordinary share capital (gross of own shares) and Reconciliation reserve. The illustration that follows shows the breakdown of the Own Funds into Ordinary shares and the reconciliation reserve as at the valuation date:

Figure E-1: Analysis of basic own funds for 2021



E.1.c. Basic Own Funds to cover the SCR

The total amount of Own Funds as at the valuation date is €34,5m, and is classified as Tier 1 (unrestricted) capital as which means that all the amount of available capital can be used to support the SCR.

E.1.d. Basic Own Funds to cover the MCR

The total amount of Own Funds as at the valuation date is €34,5m and is classified as Tier 1 (unrestricted) capital as which means that all the amount of available capital can be used to support the MCR.

E.1.e. Differences between equity in financial statements and excess of assets over liabilities as calculated for solvency purposes

The difference is fully explained by the Reconciliation reserve.

E.1.f. Basic own-fund item subject to transitional arrangements

There were no basic own-fund items that are subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC

E.1.g. Ancillary Own Funds

There were no ancillary Own-fund items

E.1.h. Deductions from Own Funds

There were not deductions from Own Funds.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.a. SCR and MCR Results

The SCR of the Company as at the valuation date was €22m. The MCR of the Company as at the valuation date was €6.2m.

Table E-1: SCR and MCR results 2020 and 2021

Capital	€ '000 31/12/2021	€ '000 31/12/2020
Solvency Capital requirement	21,950	20,767
Minimum Capital Requirement	6,208	5,571

E.2.b. SCR Split by Risk Modules

The Company applies the standard formula. The underlying Company risks have been described in section C of this Report. The valuation methodologies for the Assets and the Liabilities have been described in section D of this Report.

In this section, the capital requirements assessed under the standard formula of SII are provided.

The SCR is the amount of funds that the Company is required to hold in line with the Solvency II Directive. The SCR calculation is a formula-based figure calibrated to ensure that all quantifiable risks are taken into account.

The assessment of the SCR using the standard formula approach is based on a modular approach separately assessing each applicable risk. These are then aggregated in the standard formula using correlation matrices, both at the submodule and the main module level. An intangible asset module is then added (uncorrelated) to give the BSCR. The operational risk component and adjustments for risk absorbing effect of future profit sharing and deferred taxes are then allowed for, to give the overall SCR.

The coverage ratio of the Company as at the valuation date is 157% compared to 164% in 2020. This is summarized below:

Table E-2: Coverage ratio for 2020 and 2021

	€ '000 31/12/2021	€ '000 31/12/2020
BSCR	20,723	19,640
Operational Risk	1,227	1,127
SCR	21,950	20,767
Available Capital	34,521	34,066
Surplus	12,571	13,298
Coverage	**157%**	**164%**

The SCR for each risk module is also analyzed separately as per below:

Table E-3: SCR split by risk modules and sub Risk Modules for 2021 and 2020

	€ '000 2021	€ '000 2020
Market risk (allowing for sub risk diversification)	**11,314**	**11,943**
Interest rate risk	0	490
Equity risk	833	1,239
Property risk	9,472	8,345
Spread risk	1,408	3,461
Currency risk	941	939
Concentration risk	1,512	1,089
Counterparty risk (allowing for sub risk diversification)	**3,895**	**4,014**
Type 1	3,004	2,978
Type 2	1,097	1,264
Health Underwriting risk (allowing for sub risk diversification)	**1,391**	**1,457**
SLT Health (similar to life technique) underwriting risk	0	0
Non-SLT Health	656	838
Health CAT	1,073	1,001
Non-Life Underwriting risk (allowing for sub risk diversification)	**11,794**	**9,642**
Premium & Reserves	10,313	9,220
Lapse	827	663
CAT	3,642	1,277
Total Capital Required (allowing for sub risk diversification)	**28,393**	**27,056**
Diversification benefit between risk modules	**7,670**	**7,416**
BSCR	**20,723**	**19,640**
Operational Risk	**1,227**	**1,127**
SCR	**21,950**	**20,767**
Available Capital	**34,521**	**34,066**
Total capital (per SII balance sheet)	84,532	77,145
Less Total technical provisions	41,905	37,051
Less Other Liabilities	8,106	6,029
Surplus	**12,571**	**13,298**
Coverage	***157%***	***164%***

E.2.c. Simplified Calculations

The Company is not making any simplified calculations.

E.2.d. Undertaking- specific parameters

The Company is not using undertaking- specific parameters pursuant to Article 104(7) of Directive 2009/138/EC.

E.2.e. Use of the third subparagraph of Article 51(2) of Directive 2009/138/EC;

Not applicable.

E.2.f. Impact of any undertaking-specific parameters

Not applicable.

E.2.g. Information on the inputs used by the undertaking to calculate the MCR

Table E-4: MCR coverage ratio for 2020 and 2021

	Euros '000 31/12/2021	Euros '000 31/12/2020
Linear MCR	6,208	5,571
SCR	21,950	20,767
MCR cap (45% of SCR)	9,878	9,345
MCR floor (25% of SCR)	5,488	5,192
MCR absolute floor	3,700	3,700
MCR	6,208	5,571
Coverage	**556%**	**611%**

E.2.h. Any material changes to the SCR and MCR over the reporting period

Not applicable.

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

The Company did not use the duration-based equity risk sub-module for the calculation of its Solvency Capital Requirement.

E.4. Differences between the Standard Formula and any internal model used

The Company used the standard formula for its solvency assessment i.e. did not use an internal model for the calculation of the Solvency Capital Requirement.

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

There was no breach of the Minimum Capital Requirements or Solvency Capital Requirements during the reporting period as the company available capital was higher than both the SCR and the MCR.

E.6. Any other information

There were changes in the parameters and methodologies in the SII standard formula as required by EIOPA through their Commission Delegated Regulation 2019/981 issued on 8/3/2019.All the changes were adopted by the Company and implemented as required by the local and international regulation. The changes had a very minor impact on the Solvency position of the Company.

Annex A. Quantitative Reporting Templates

Annex A – Quantitative Reporting Templates

This Annex lists the annual quantitative templates submitted to the local Regulator on behalf of the Company for the valuation date.

The following templates are reproduced in this annex:

Table 0-1: QRTs required

Code	Template name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

S.02.01.02 - Balance Sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	246,062
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	7,609,981
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	47,716,850
Property (other than for own use)	R0080	31,418,000
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	523,896
Equities - listed	R0110	523,896
Equities - unlisted	R0120	0
Bonds	R0130	15,490,164
Government Bonds	R0140	1,645,497
Corporate Bonds	R0150	13,844,667
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	0
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	284,790
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	4,462,073
Non-life and health similar to non-life	R0280	4,462,073
Non-life excluding health	R0290	3,960,228
Health similar to non-life	R0300	501,845
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	5,892,854
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	579,847
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	13,368,242
Any other assets, not elsewhere shown	R0420	4,655,878
Total assets	R0500	84,531,787

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	41,904,820
Technical provisions – non-life (excluding health)	R0520	40,359,808
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	39,387,445
Risk margin	R0550	972,363
Technical provisions - health (similar to non-life)	R0560	1,545,012
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	1,507,789
Risk margin	R0590	37,223
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions 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
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	151,131
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	1,273,846
Deferred tax liabilities	R0780	197,982
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	1,743,738
Reinsurance payables	R0830	585,471
Payables (trade, not insurance)	R0840	842,633
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	3,311,324
Total liabilities	R0900	50,010,945
Excess of assets over liabilities	R1000	34,520,842

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

Annex I
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)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	4,102,850	458,356	0	15,529,295	6,246,391	269,109	7,503,189	6,629,833	0	0	1,158	212,450					40,952,631
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	0	77,126	0	0	0	0	0					77,126
Gross - Non-proportional reinsurance accepted	**R0130**													0	2,634	0	0	2,634
Reinsurers' share	**R0140**	544,202	232,687	0	783,105	859,022	181,040	4,902,753	332,307	0	0	13,000	112,712	0	0	0	0	7,960,828
Net	**R0200**	3,558,648	225,669	0	14,746,190	5,387,369	88,069	2,677,562	6,297,526	0	0	-11,842	99,738	0	2,634	0	0	33,071,563
Premiums earned																		
Gross - Direct Business	**R0210**	4,102,354	484,262	0	15,317,898	5,665,315	252,741	7,359,811	6,018,039	0	0	3,695	168,117					39,372,232
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	0	85,201	0	0	0	0	0					85,201
Gross - Non-proportional reinsurance accepted	**R0230**													0	5,008	0	0	5,008
Reinsurers' share	**R0240**	544,202	276,179	0	783,105	851,611	172,338	4,911,586	294,450	0	0	13,000	86,883	0	0	0	0	7,933,354
Net	**R0300**	3,558,152	208,083	0	14,534,793	4,813,704	80,403	2,533,426	5,723,589	0	0	-9,305	81,234	0	5,008	0	0	31,529,087
Claims incurred																		
Gross - Direct Business	**R0310**	2,521,276	280,480	0	8,940,391	3,071,330	90,015	684,002	1,343,654	0	0	0	27,553					16,958,701
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	85,894	0	0	0	0	0					85,894
Gross - Non-proportional reinsurance accepted	**R0330**													0	0	0	0	0
Reinsurers' share	**R0340**	583,865	262,307	0	-70,252	-14,564	62,962	528,333	-53,437	0	0	0	18,274	0	0	0	0	1,317,488
Net	**R0400**	1,937,411	18,173	0	9,010,643	3,085,894	27,053	241,563	1,397,091	0	0	0	9,279	0	0	0	0	15,727,107
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non- proportional reinsurance accepted	**R0430**													0	0	0	0	0
Reinsurers' share	**R0440**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	1,214,184	145,316	0	6,371,645	2,422,081	100,425	3,161,173	2,552,849	0	0	963	81,944	0	0	0	0	16,050,580
Other expenses	**R1200**																	0
Total expenses	**R1300**																	16,050,580

S.05.02.01 - Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		BH					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	40,952,631	0					40,952,631
Gross - Proportional reinsurance accepted	**R0120**	0	77,126					77,126
Gross - Non-proportional reinsurance accepted	**R0130**	0	2,634					2,634
Reinsurers' share	**R0140**	7,886,562	74,266					7,960,828
Net	**R0200**	33,066,069	5,494					33,071,563
Premiums earned								
Gross - Direct Business	**R0210**	39,372,232	0					39,372,232
Gross - Proportional reinsurance accepted	**R0220**	0	85,201					85,201
Gross - Non-proportional reinsurance accepted	**R0230**	0	5,008					5,008
Reinsurers' share	**R0240**	7,852,633	80,721					7,933,354
Net	**R0300**	31,519,599	9,488					31,529,087
Claims incurred								
Gross - Direct Business	**R0310**	16,958,701	0					16,958,701
Gross - Proportional reinsurance accepted	**R0320**	0	85,894					85,894
Gross - Non-proportional reinsurance accepted	**R0330**	0	0					0
Reinsurers' share	**R0340**	1,260,633	56,855					1,317,488
Net	**R0400**	15,698,068	29,039					15,727,107
Changes in other technical provisions								
Gross - Direct Business	**R0410**	0	0					0
Gross - Proportional reinsurance accepted	**R0420**	0	0					0
Gross - Non- proportional reinsurance accepted	**R0430**	0	0					0
Reinsurers' share	**R0440**	0	0					0
Net	**R0500**	0	0					0
Expenses incurred	**R0550**	16,050,580	0					16,050,580
Other expenses	**R1200**							0
Total expenses	**R1300**							16,050,580

S.17.01.02 - Non-Life Technical Provisions

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**	255,656.00	133,076.00	0.00	5,009,619.00	2,456,476.00	33,660.00	1,351,161.00	1,312,835.00	0.00	0.00	90.00	18,313.00	0.00	154.00	0.00	0.00	10,571,040.00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-8,366.00	72,825.00	0.00	135,608.00	-85,014.00	14,524.00	566,801.00	58,610.00	0.00	0.00	10.00	4,624.00	0.00	0.00	0.00	0.00	759,622.00
Net Best Estimate of Premium Provisions	**R0150**	264,022.00	60,251.00	0.00	4,874,011.00	2,541,490.00	19,136.00	784,360.00	1,254,225.00	0.00	0.00	80.00	13,689.00	0.00	154.00	0.00	0.00	9,811,418.00
Claims provisions																		
Gross	**R0160**	818,704.00	300,353.00	0.00	16,134,775.00	3,095,430.00	92,976.00	2,838,423.00	7,005,311.00	0.00	0.00	0.00	38,222.00	0.00	0.00	0.00	0.00	30,324,194.00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	228,907.00	208,479.00	0.00	770,772.00	174,541.00	63,753.00	2,152,160.00	82,093.00	0.00	0.00	0.00	21,746.00	0.00	0.00	0.00	0.00	3,702,451.00
Net Best Estimate of Claims Provisions	**R0250**	589,797.00	91,874.00	0.00	15,364,003.00	2,920,889.00	29,223.00	686,263.00	6,923,218.00	0.00	0.00	0.00	16,476.00	0.00	0.00	0.00	0.00	26,621,743.00
Total Best estimate - gross	**R0260**	1,074,360.00	433,429.00	0.00	21,144,394.00	5,551,906.00	126,636.00	4,189,584.00	8,318,146.00	0.00	0.00	90.00	56,535.00	0.00	154.00	0.00	0.00	40,895,234.00
Total Best estimate - net	**R0270**	853,819.00	152,125.00	0.00	20,238,014.00	5,462,379.00	48,359.00	1,470,623.00	8,177,443.00	0.00	0.00	80.00	30,165.00	0.00	154.00	0.00	0.00	36,433,161.00
Risk margin	**R0280**	26,523.00	10,700.00	0.00	521,994.00	137,061.00	3,126.00	103,429.00	205,351.00	0.00	0.00	2.00	1,396.00	0.00	4.00	0.00	0.00	1,009,586.00
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Best estimate	**R0300**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Risk margin	**R0310**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technical provisions - total																		
Technical provisions - total	**R0320**	1,100,883.00	444,129.00	0.00	21,666,388.00	5,688,967.00	129,762.00	4,293,013.00	8,523,497.00	0.00	0.00	92.00	57,931.00	0.00	158.00	0.00	0.00	41,904,820.00
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	220,541.00	281,304.00	0.00	906,380.00	89,527.00	78,277.00	2,718,961.00	140,703.00	0.00	0.00	10.00	26,370.00	0.00	0.00	0.00	0.00	4,462,073.00
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	880,342.00	162,825.00	0.00	20,760,008.00	5,599,440.00	51,485.00	1,574,052.00	8,382,794.00	0.00	0.00	82.00	31,561.00	0.00	158.00	0.00	0.00	37,442,747.00

S.19.01.21 - Non-Life insurance claims

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	1

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

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											-1,700
N-9	R0160	3,762,716	1,544,527	403,592	26,175	53,317	127,369	162,049	339,439	35,135	-609	
N-8	R0170	4,933,839	2,098,062	240,840	267,224	117,537	215,582	201,907	68,433	399,092		
N-7	R0180	5,583,603	2,566,090	329,230	83,529	214,738	380,787	386,645	131,159			
N-6	R0190	6,254,429	2,118,620	462,469	261,760	237,057	730,077	49,016				
N-5	R0200	7,173,723	2,648,595	437,305	273,475	176,827	222,903					
N-4	R0210	8,608,402	3,286,876	404,570	299,286	278,489						
N-3	R0220	8,664,127	5,508,814	736,826	455,759							
N-2	R0230	10,194,226	3,889,611	1,165,569								
N-1	R0240	8,060,655	3,099,481									
N	R0250	7,689,352										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	-1,700	-1,700
	R0160	-609	6,453,710
	R0170	399,092	8,542,516
	R0180	131,159	9,675,781
	R0190	49,016	10,113,428
	R0200	222,903	10,932,828
	R0210	278,489	12,877,623
	R0220	455,759	15,365,526
	R0230	1,165,569	15,249,406
	R0240	3,099,481	11,160,136
	R0250	7,689,352	7,689,352
Total	R0260	13,488,511	108,058,606

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10&+**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											107,112
N-9	**R0160**										459,703.00	
N-8	**R0170**									1,133,926.00		
N-7	**R0180**								3,121,534.00			
N-6	**R0190**							1,383,208.00				
N-5	**R0200**						2,088,354.00					
N-4	**R0210**					2,824,935.00						
N-3	**R0220**				2,441,979.00							
N-2	**R0230**			2,536,529.00								
N-1	**R0240**		3,663,501.00									
N	**R0250**	10,372,451.00										

		Year end (discounted data)
		C0360
	R0100	107,799.00
	R0160	462,626.00
	R0170	1,141,197.00
	R0180	3,141,133.00
	R0190	1,392,066.00
	R0200	2,101,692.00
	R0210	2,842,742.00
	R0220	2,457,392.00
	R0230	2,552,617.00
	R0240	3,686,693.00
	R0250	10,438,237.00
Total	**R0260**	30,324,194

S.23.01.01 - Own Funds

Annex I
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	27,107,000	27,107,000		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	7,413,842	7,413,842			
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 and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	
Total basic own funds after deductions	R0290	34,520,842	34,520,842	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 mutual - type undertakings, callable on demand	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	34,520,842	34,520,842	0	0	0
Total available own funds to meet the MCR	R0510	34,520,842	34,520,842	0	0	
Total eligible own funds to meet the SCR	R0540	34,520,842	34,520,842	0	0	0
Total eligible own funds to meet the MCR	R0550	34,520,842	34,520,842	0	0	
SCR	R0580	21,950,249				
MCR	R0600	6,208,460				
Ratio of Eligible own funds to SCR	R0620	157.269%				
Ratio of Eligible own funds to MCR	R0640	556.029%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	34,520,842	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	0	
Other basic own fund items	R0730	27,107,000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0	
Reconciliation reserve	R0760	7,413,842	
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	

S.25.01.21 - SCR – for undertakings on Standard Formula

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	11,313,869		
Counterparty default risk	**R0020**	3,894,611		
Life underwriting risk	**R0030**	0		
Health underwriting risk	**R0040**	1,390,574		
Non-life underwriting risk	**R0050**	11,793,953		
Diversification	**R0060**	-7,669,616		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	20,723,391		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,226,858
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency Capital Requirement excluding capital add-on	**R0200**	21,950,249
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	21,950,249
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

Approach to tax rate		**C0109**
Approach based on average tax rate	**R0590**	Not applicable

Calculation of loss absorbing capacity of deferred taxes		**LAC DT**
		C0130
LAC DT	**R0640**	
LAC DT justified by reversion of deferred tax liabilities	**R0650**	
LAC DT justified by reference to probable future taxable economic profit	**R0660**	
LAC DT justified by carry back, current year	**R0670**	
LAC DT justified by carry back, future years	**R0680**	
Maximum LAC DT	**R0690**	

S.28.01.01 - MCR – only life or non-life insurance or reinsurance activity

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	6,208,460.00

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**	853,819.00	3,558,648.00
Income protection insurance and proportional reinsurance	**R0030**	152,125.00	225,669.00
Workers' compensation insurance and proportional reinsurance	**R0040**	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	**R0050**	20,238,014.00	14,746,190.00
Other motor insurance and proportional reinsurance	**R0060**	5,462,379.00	5,387,369.00
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	48,359.00	88,069.00
Fire and other damage to property insurance and proportional reinsurance	**R0080**	1,470,623.00	2,677,562.00
General liability insurance and proportional reinsurance	**R0090**	8,177,443.00	6,297,526.00
Credit and suretyship insurance and proportional reinsurance	**R0100**	0.00	0.00
Legal expenses insurance and proportional reinsurance	**R0110**	0.00	0.00
Assistance and proportional reinsurance	**R0120**	80.00	0.00
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	30,165.00	99,738.00
Non-proportional health reinsurance	**R0140**	0.00	0.00
Non-proportional casualty reinsurance	**R0150**	154.00	2,634.00
Non-proportional marine, aviation and transport reinsurance	**R0160**	0.00	0.00
Non-proportional property reinsurance	**R0170**	0.00	0.00

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} 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**	0	
Obligations with profit participation - future discretionary benefits	**R0220**	0	
Index-linked and unit-linked insurance obligations	**R0230**	0	
Other life (re)insurance and health (re)insurance obligations	**R0240**	0	
Total capital at risk for all life (re)insurance obligations	**R0250**		0

Overall MCR calculation

		C0070
Linear MCR	**R0300**	6,208,460
SCR	**R0310**	21,950,249
MCR cap	**R0320**	9,877,612
MCR floor	**R0330**	5,487,562
Combined MCR	**R0340**	6,208,460
Absolute floor of the MCR	**R0350**	3,700,000
Minimum Capital Requirement	**R0400**	6,208,460

End of report