COMMERCIAL General Insurance

April 2023

COMMERCIAL GENERAL INSURANCE LTD

SOLVENCY AND FINANCIAL CONDITION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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SUMMARY

The principal activity of the Company is the carrying out of general insurance business, including interest earning investments. During the reporting year, there were no changes in the Group structure of the Company.

The escalating competitive environment prevailed in the insurance market during 2022. Nevertheless, the Company achieved positive growth in the reporting year with its Gross Written Premium (GWP) reaching €13,4 million and a total comprehensive loss was recorded, amounting to €9,7 thousands. The Company's Solvency Capital Requirement (SCR) as at 31 December 2022 stood at 159%.

The Company's negative underwriting performance is primarily attributed to the adverse claims experience of the Motor business while the increase of the profitability of the non-underwriting related income activities emanates primarily from the significantly increased positive performance of the fair value through profit or loss investments of the Company during the year.

The Company transitioned into the Solvency II Framework in 2016 and has since continuously complied with all aspects of the new regulatory regime, which places focus on a risk-based approach towards the measurement and monitoring of capital. The Company acknowledges that some risks can only be properly addressed through governance requirements and an effective system of governance is essential for its adequate management. The Risk Management Function, the Internal Audit Function as well as the Actuarial and Compliance Functions enhance the Company's system of governance and ensure that accurate management information is made available to the Board of Directors in a timely manner in order to allow for proactive and effective decision making. Furthermore, a number of internal policies introduced and implemented safeguard the objectives set and allow for the monitoring of the Company's performance.

Any material changes noted to the Company's business and performance, system of governance, risk profile, valuation of solvency and capital management over the reporting year are identified and explained in the respective sections of this Report.

The Company has integrated, as part of its business strategy, the regular assessment of its overall solvency requirements and has accordingly complied with the capital requirements in the reporting year. The Company's Board of Directors has approved appropriate policies for the overall risk management system of the Company as well as more specific policies managing the material risks it is exposed to such as underwriting, liquidity and credit risk.

The Company's strategy is focused in organic growth through the expansion of its client base, while at the same time controlling its cost base. In this respect, the Company has adopted a 3-year Business Plan which provides for the further development of the Company's business, the more efficient use of its capital assets and control of its administrative costs. The Company's efforts are focused on enhancing existing distribution channels as well as attracting new business through new associations. Moreover, the continued promotion of the new motor packages at competitive prices aims at writing new business, as well as maintaining the existing business. Taking into consideration that market conditions and the intense competition are hindering the potential of substantial organic growth, the Company is also considering the possibility of actively pursuing other suitable opportunities for further business development.

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Deloitte Limited
24 Spyrou Kyprianou Avenue
CY-1075 Nicosia, Cyprus
Mail: P.O.Box 21675
CY-1512 Nicosia, Cyprus

Tel: +357 22 360 300
Fax: +357 22 360 400
infonicosia@deloitte.com
www.deloitte.com/cy

Independent Auditor's Report

To the Board of Directors of Commercial General Insurance 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 Commercial General Insurance Limited (the "Company"), prepared as at 31 December 2022:

- 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 2022 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.

To the Members of Commercial General Insurance Limited

Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and '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.

To the Members of Commercial General Insurance Limited

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

Our report 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.

Deloitte Ltd

Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 6 April 2023

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

A.1.1 Name and Legal Form of the Company

Commercial General Insurance Ltd ('the Company', 'CGI') is incorporated in Cyprus and is a private company limited by shares. The address of its registered office is:

101 Arch. Makarios III Avenue
Commercial Union House
1071 Nicosia
Cyprus

A.1.2 Name of the Supervisory Authority

The Insurance Companies Control Service is responsible for the supervision of the Company and they can be contacted at:

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

Telephone Number: +357 22 602990
Fax Number: +357 22 302938
E-mail: insurance@mof.gov.cy
Website: http://mof.gov.cy/en/directorates-units/insurance-companies-control-service

A.1.3 Name and Contact Details of the external auditor of the Company

The external auditor of the Company is:

Andreas Andreou
Deloitte Ltd
24 Spyrou Kyprianou Avenue
1075 Nicosia
Cyprus

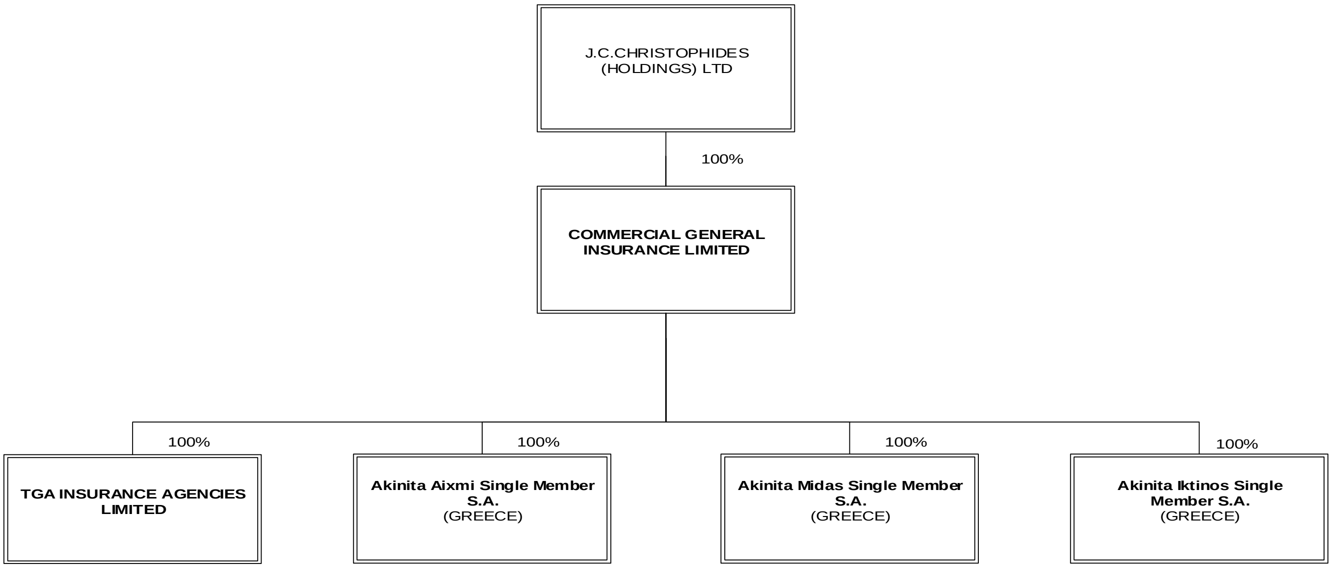
Telephone Number: +357 22 360300
Fax Number: +357 22 360400
Website: www.deloitte.com/cy

A.1.4 Holders of qualifying holdings in the Company

The Company is controlled by J.C. Christophides (Holdings) Limited incorporated in Cyprus which owns 100% of the Company's shares.

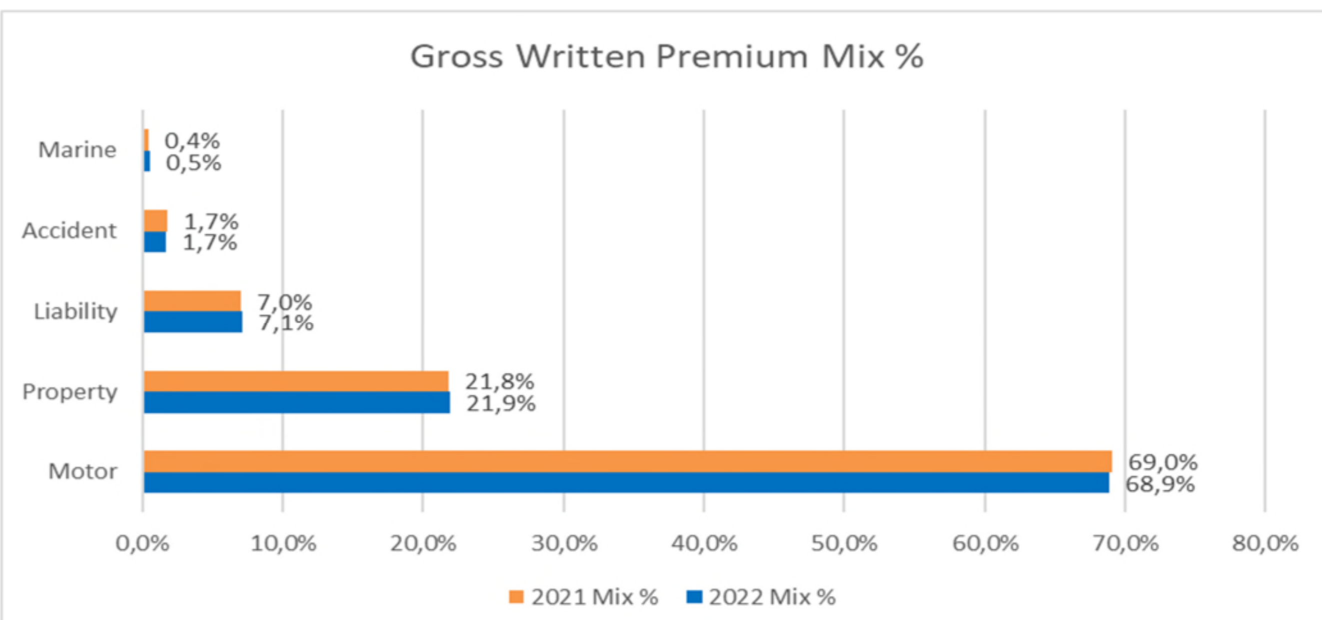
A.1.5 Position in the group structure

The Company holds 100% participation in a Cyprus based insurance agency company and 100% participation in three Greece based investment property holding companies. The whole group is controlled through the holding company of J.C. Christophides (Holdings) Limited, by the family of the late J. Cl. Christophides.



A.1.6 Material lines of business and geographical areas

The Company transacts only general insurance business, writing risks falling under the lines of business (LoB) of Motor, Property, Liability, Accident and Marine. Insured risks are situated within Cyprus only.



A.1.7 Significant events during the reporting period and up to the date of report

Dividend Distribution

During the year 2022 the Company declared an interim dividend of €270.000. The sole shareholder of the Company, J.C.Christophides (Holdings) Ltd waived its right to receive the said dividend amount of €270.000 and requested the Company to apply the said funds for an equivalent increase of the share capital of the Company in 2023. Furthermore, it requested the Company to keep the said funds until the necessary formalities for the increase of its authorised and issued share capital are processed and noted that the said funds will not bear any interest. This amount of €270.000 has been recognised as shareholders' capital contribution reserve within equity as of 31 December 2022.

Share Capital increase

On 6 April 2023, the Company proceeded with the increase of its authorised share capital from 5 000 000 shares with nominal value of €1 each to 6 000 000 shares with nominal value €1 each by the creation of 1 000 000 additional shares with nominal value of €1 each. On the same day, the Company issued 270 000 additional shares with nominal value of €1 each, thus increasing its issued share capital to 5 270 000 shares with nominal value of €1 each. Furthermore, the Company allotted the 270 000 shares to its sole shareholder, J.C.Christophides (Holdings) Ltd using the shareholders' capital contribution reserve.

COVID-19

The COVID-19 pandemic and its challenges continued into 2022. The impacts of the COVID-19 are reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022. The Company's management has assessed:

(i) whether any impairment allowances are deemed necessary for the Company's financial assets, non-financial assets (e.g., property, plant & equipment, intangible assets), and investments in subsidiaries by considering the economic situation and outlook at the end of the reporting period; and
(ii) the ability of the Company to continue as a going concern.

The Company values assets and liabilities in accordance with international accounting standards adopted by the Commission pursuant to Regulation (EC) No 1606/2002. These standards include valuation methods that are consistent with the valuation approach set out in Article 75 of the Solvency II Directive. Since the impact of the COVID-19 is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022, it's also reflected in the recognition and measurement of the assets and liabilities under Solvency II.

COVID-19 continues not to have any immediate material impact on the business operations of the Company. 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 business and economic environment. Management will continue to monitor the situation closely and will assess the developments, taking necessary actions as required.

Depending on the duration of the COVID-19 pandemic, and the continued negative impact on economic activity, the Company might experience negative results, liquidity restraints and might incur impairments on its assets in 2023. The exact impact on the Company's activities in 2023 and thereafter cannot be predicted. In the period since 31 December 2022, the Company has not recognised any significant impairment losses on its assets or incurred significant losses on its investment portfolio.

Geopolitical situation in Eastern Europe

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the war between Russia and Ukraine, following the Russian Federation's decision to proceed with the recognition of the non-government-controlled areas of the Donetsk and Luhansk oblasts of Ukraine as independent entities and the subsequent decision to send Russian troops into these areas as well as subsequently in other areas. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges.

The United States of America, European Union, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. Governments, including the Republic of Cyprus, have adopted these measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the Russia/ Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through March 2023. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The Company has no direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Although the Company does not have any direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess any possible impact based on the developments of the crisis.

The Company values assets and liabilities in accordance with international accounting standards adopted by the Commission pursuant to Regulation (EC) No 1606/2002. These standards include valuation methods that are consistent with the valuation approach set out in Article 75 of the Solvency II Directive. Since the impact of the of the conflict between Russia and Ukraine is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022, it's also reflected in the recognition and measurement of the assets and liabilities under Solvency II.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairments on its assets in 2023. The exact impact on the Company's activities in 2023 and thereafter cannot be predicted with certainty. In the period since 31 December 2022, the Company has not recognised any significant impairment losses on its assets or incurred significant losses on its investment portfolio.

Financial Markets

Recent developments in financial markets in March 2023, particularly in the United States but also in Europe to a lesser extent have been unprecedented. The failures of the banks in the United States, the California-based Silicon Valley Bank and the New York-based Signature Bank, prompted the forceful intervention of the authorities to pre-empt the risk of financial instability in the banking system. Since 10 March 2023, the US Federal Deposit Insurance Corporation (the 'FDIC') and state regulators have taken control of the two banks.

The US authorities have also taken additional measures to prevent a broader run on bank deposits. This included invoking a systemic risk clause that allowed the US authorities to guarantee all deposits in the two banks beyond the $250,000 insured cap guarantee by the FDIC. The US Federal Reserve also established a new lending facility that provides banks access to liquidity against eligible collateral but without the need to take a haircut.

In Switzerland, Credit Suisse was exposed to the same sort of concerns as global banks; Credit Suisse was bought by UBS, another Swiss bank, after a deal brokered by the Swiss government, which included liquidity assistance from the Swiss National Bank and partial losses guarantees from the government. Following the Credit Suisse deal, the Single Resolution Board, the European Banking Authority and the ECB Banking Supervision issued a statement welcoming the comprehensive set of actions taken by the Swiss authorities in order to ensure financial stability and noting that the European banking sector is resilient, with robust levels of capital and liquidity.

The Company has limited indirect exposure to the banks impacted from the recent developments, through its equity instruments in listed mutual funds and as such does not expect significant impact from indirect exposures to these banks.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. Management will continue to monitor the situation closely and will assess any possible impact based on the developments of the financial markets.

The event is considered a non-adjusting event because it did not exist at the end of the reporting period, it is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022.

There were no other material events that have occurred in the reporting period and up to the date of report and which have had a material impact on the Company.

A.2 UNDERWRITING PERFORMANCE

The Company primarily manages its business by insurance lines of business as defined in section A.1.6. Under Solvency II, the lines of business are pre-defined as per below table, showing the key performance indicators for the year ended 31 December 2022 and 2021.

For the year ended 31 December 2022:

SOLVENCY II LoB	NET WRITTEN PREMIUM €'000	NET EARNED PREMIUM €'000	CLAIMS INCURRED €'000	EXPENSES INCURRED €'000	UNDERWRITTING PERFORMANCE €'000
Motor vehicle liability	6.977	6.839	5.148	3.341	(1.650)
Fire and other damage to prope	1.126	1.110	286	564	260
Other motor	1.720	1.686	857	824	5
General liability	843	814	325	388	101
Income protection	108	95	13	48	34
Marine, aviation and transport	43	40	6	25	9
Credit and suretyship	3	3	0	1	2
Miscellaneous financial loss	4	4	4	8	(8)
GRAND TOTAL	10.824	10.591	6.639	5.199	(1.247)

For the year ended 31 December 2021:

SOLVENCY II LoB	NET WRITTEN PREMIUM €'000	NET EARNED PREMIUM €'000	CLAIMS INCURRED €'000	EXPENSES INCURRED €'000	UNDERWRITTING PERFORMANCE €'000
Motor vehicle liability	6.952	6.837	4.660	3.181	(1.004)
Fire and other damage to prop	1.101	1.107	302	546	259
Other motor	1.396	1.373	551	639	183
General liability	805	778	169	356	253
Income protection	89	94	18	43	33
Marine, aviation and transport	39	39	3	20	16
Credit and suretyship	4	5	0	2	3
Miscellaneous financial loss	4	4	4	10	(10)
GRAND TOTAL	10.390	10.237	5.707	4.797	(267)

The Company recorded negative underwriting performance, generating an underwriting loss. This performance is primarily attributed to the adverse claims experience of the Motor Business, particularly experienced under the class of private cars. The specific class represents approximately 80% of the Company's total net earned premium and its performance is vital to the outcome of the results.

Comparing actual performance for the year 2022 against the expected performance, the underwriting performance of each major component was in line with the Company's expectations apart from the Motor business due to its adverse claims experience and the fact that motor increases were not introduced as planned.

A.3 INVESTMENT PERFORMANCE

The Company's investment objective is to adequately fund the Company's technical reserves and solvency margin and to contribute to the growth of surplus for the benefit of the shareholders. In this respect, the asset categories in which the Company invests are those that are suitable for the Company's liabilities profile by nature, term and currency and for which the Company could assess, monitor and control risks.

The Company holds a diversified investment portfolio in Equities, Bonds, Collective Investments Undertakings, Holdings in related undertakings, including participations and Investment Properties.

A.3.1 Income and expenses arising from investments

The total investment return split by asset classes and type of investment income and expenses are shown in the table below:

For the year ended 31 December 2022:

Asset Class	Gross Investment Income €'000	Investment Expenses €'000	Net Investment Income €'000	Realised Gains and Losses €'000	Unrealised Gains and Losses €'000	Total Investment Return €'000
Equities	1,0	0,0	1,0	0,0	27,0	28,0
Bonds	0,0	(13,0)	(13,0)	(24,0)	(89,0)	(126,0)
Collective Investment Undertakings	0,0	(17,0)	(17,0)	(33,0)	(93,0)	(143,0)
Holdings in related undertakings, including participations	310,0	0,0	310,0	0,0	1.121,0	1.431,0
Investment Property	0,0	(1,0)	(1,0)	0,0	(3,0)	(4,0)
Deposits other than cash equivalents	0,0	0,0	0,0	0,0	0,0	0,0
Total	311,0	(31,0)	280,0	(57,0)	963,0	1.186,0

For the year ended 31 December 2021:

Asset Class	Gross Investment Income €'000	Investment Expenses €'000	Net Investment Income €'000	Realised Gains and Losses €'000	Unrealised Gains and Losses €'000	Total Investment Return €'000
Equities	1,0	0,0	1,0	0,0	14,0	15,0
Bonds	0,0	(17,0)	(17,0)	32,0	(69,0)	(54,0)
Collective Investment Undertakings	0,0	(16,0)	(16,0)	(16,0)	17,0	(15,0)
Holdings in related undertakings, including participations	100,0	0,0	100,0	0,0	521,0	621,0
Investment Property	0,0	(1,0)	(1,0)	0,0	(9,0)	(10,0)
Deposits other than cash equivalents	0,0	0,0	0,0	0,0	0,0	0,0
Total	101,0	(34,0)	67,0	16,0	474,0	557,0

The split of Total Investment Return of €1.186,0 (2021: €557,0) thousands by components and by assets classes is mainly driven by €1.121,0 (2021: €474,0) thousands of Unrealised Gains and Losses arising primarily from the increase in the fair value of the Company's investment in subsidiaries.

A.3.2 Gains and Losses Recognised in Equity

Net unrealised gains recognised in equity for 2022 amount to €1,2 (2021: €2,0) thousands. During 2022, an amount of €70,6 (2021: €77,8) thousands has been recognised in equity being the increase in fair value of the Company's property held for own use net of deferred tax.

A.3.3 Investment in Securitisations

The Company does not invest in securitisations neither sponsors or transfers assets to, acts as the servicer for or involved in the design of such asset-backed structures.

A.4 PERFORMANCE OF OTHER ACTIVITIES

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

A.5 ANY OTHER INFORMATION

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

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

This section of the report aims to present the Company's management structure, describe the main roles and responsibilities of the key functions as well as provide an overview of how segregation of responsibilities is achieved within these bodies. The Company is committed to implementing a sound governance framework through which objectives are set and the means of attaining these objectives and monitoring performance is determined.

To achieve this, the Company operates within a set of corporate governance principles, establishes strategic objectives and a set of corporate values that are communicated throughout the Company, enforces clear lines of responsibility and accountability throughout the Company and ensures that the Board of Directors and Senior Management are qualified for their positions, have a clear understanding of their role in corporate governance, the Fit and Proper requirements are met and are able to exercise sound independent judgment about the affairs of the Company.

B.1.1 Management and Governance Structure

The Corporate Governance framework of the Company is based on the 'three lines of defence model'. The "three lines of defence" model supports the implementation of a robust internal control system, ensuring that there is sufficient control and challenge at all levels of the organisation. Each committee, function and individual are enabled to have a clear understanding of their responsibilities.

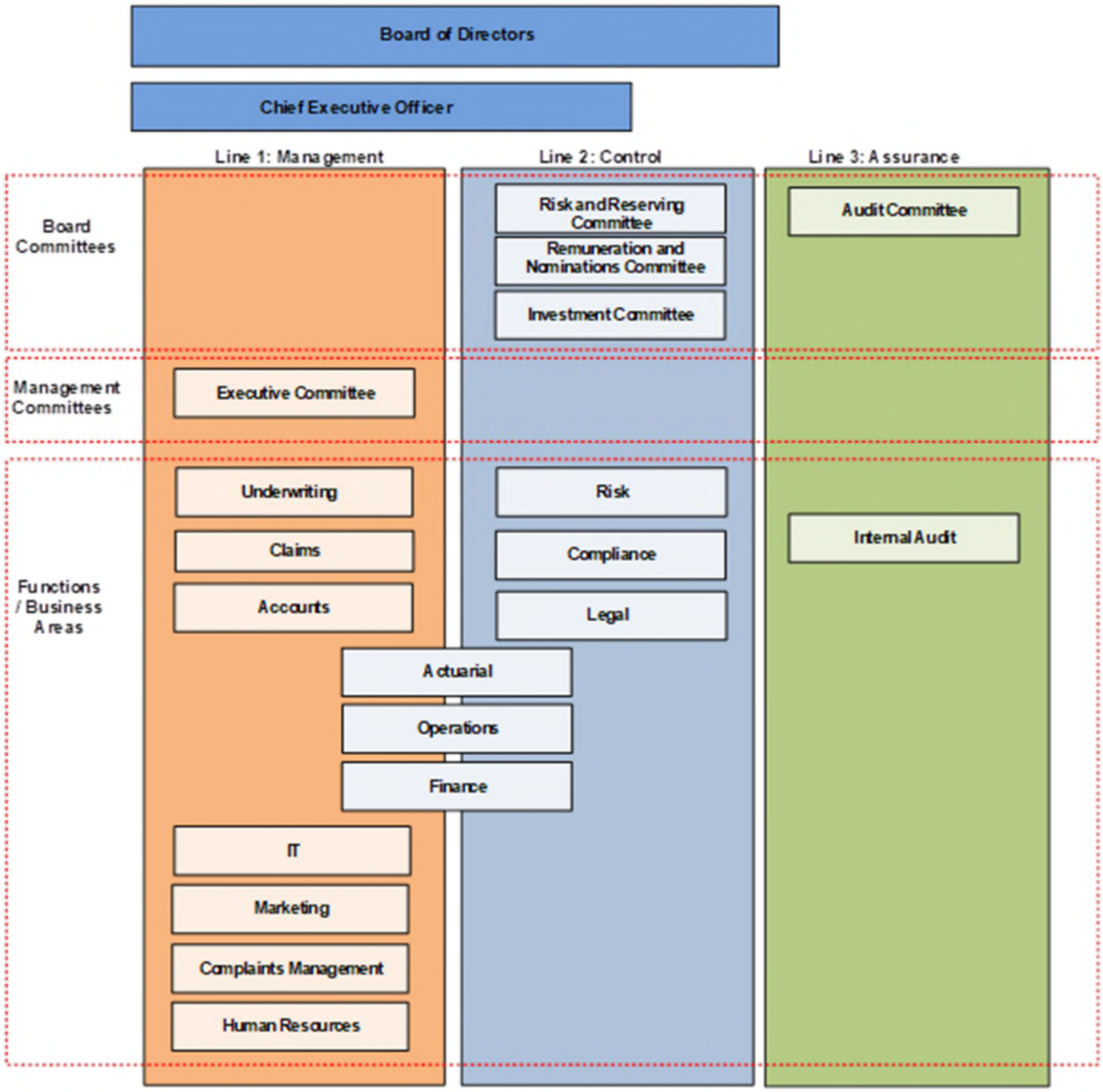
The *'first line of defence'* refers to all the business and support functions of the Company and covers the entire spectrum of its day to day business as well as the control activities carried out by business line management. The core responsibilities of the first line of defence are to execute the BoD's and Senior Management's strategy, meet business performance targets, implement policies and proactively manage risks that arise from the Company's operations. Heads of Business Units, Functions and Departments ensure that their business achieve the right balance between risk and reward, that they are working in line with established policies and procedures and that controls are set up for the identification and management of risks within their business area. These control activities are embedded into the Company's policies, systems, processes and procedures.

The '*second line of defence'* includes the oversight functions which are responsible for providing an independent and objective challenge as well as oversight over the activities of the first line of defence. These include the Risk Management, Actuarial and Compliance Functions as well as the three committees established by the BoD for the more effective organisation of the Company, as shown in diagram below.

The Risk Management Function, with the assistance of the Actuarial Function, supports the Senior Management and the BoD in deciding risk appetite measures and provides independent reporting on risks and opportunities in the Company. It reports current and emerging risks to the Company's Committees, including the Risk and Reserving Committee, the Executive Committee and the BoD, recommending and monitoring appropriate actions. It also provides risk management expertise to the business. The Compliance Function is responsible for ensuring that all actions undertaken by the Company are in compliance with all applicable laws and regulations.

The '*third line of defence'* refers to bodies that provide independent and objective assurance of the effectiveness of the Company's systems of internal control established by the first and second lines of defence. In practice, this is the Company's Internal Audit Function and ultimately the Audit Committee.

Internal Audit responsibilities focus on the development and delivery of an audit plan, with the goal of reporting objectively and impartially on any significant weaknesses and material breaches in internal controls and risk management processes.



BOARD OF DIRECTORS ('BoD')

The BoD is the ultimate authority for the management of the Company and it maintains responsibility for the prudent management of the Company. The BoD organises and directs the affairs of the Company in a manner that seeks to protect its policyholders' funds, maximise the value of the Company for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

The composition and resourcing of the BoD reflects the range of skills, knowledge and experience necessary for the BoD to be effective, including the appointments of Non-Executive Directors to provide informed challenge and independent Non-Executive Directors for providing independent external challenge and guidance. The objective in determining the BoD composition is to ensure that there is appropriate level of skills and capability.

The current membership of the Company's BoD is shown below:

Chairperson	Andreas C. Artemis
Chief Executive Officer	Constantinos P. Dekatris
Member	George M. Kourris
Member	David Crowhurst
Member	Nicos Syrimis
Member	Dr. Christodoulos Patsalides

The members of the BoD serve as the elected representatives of the current shareholders, act as advisers and counselors to the Chief Executive Officer and Senior Management and oversee the Senior Management's performance on behalf of the shareholders. In performing its overall oversight function, the BoD reviews and assesses the Company's strategic and business planning, its solvency, as well as the Senior Management's approach to addressing significant risks and challenges facing the business. As part of this function, the BoD reviews and discusses reports regularly submitted to the BoD by Senior Management with respect to financial and non-financial performance. In performing its oversight function, the BoD maintains frequent, active and open communication and discussions with the Chief Executive Officer and the Company's Executive Committee. The BoD is responsible for setting the appropriate "tone at the top" by providing appropriate organisational values, ethics and priorities and by establishing and embedding an organisational culture that supports the effective operation of the System of Governance.

COMMITTEES

EXECUTIVE COMMITTEE

The Executive Committee enables the coordination of all internal business areas and functions within the Company and implements the Company's strategic decisions. In addition, the Executive Committee is responsible for the regular review of the Company's performance, strategy, objectives, business plans and budgets and ensures that any necessary corrective action is taken.

RISK AND RESERVING COMMITTEE

The Committee, as an advisory Committee to the BoD, assists with the formulation of the Company's overall risk strategies and policies for managing significant business risks, and is responsible for designing and implementing the Company Risk Management Framework. In addition, the Committee ensures that the Company's overall system of internal control operates effectively and monitors and reviews risk exposures and breaches and monitors and approves Reserves.

REMUNERATION AND NOMINATIONS COMMITTEE

The Committee, as an advisory Committee to the BoD, assists with the formulation of the Company's overall remuneration and nominations policies for defining remuneration practices as well as senior appointments and promotions within the Company. In addition, the Committee ensures that these policies promote an effective system of internal control and makes recommendations to the BoD for improvements.

INVESTMENT COMMITTEE

The Committee, as an advisory Committee to the BoD, assists with the formulation of the Company's overall investment strategy and policy, oversees and reports on the implementation of the investment strategy and recommends any material changes to such strategy to the BoD. The Committee formulates and recommends to the BoD an overall investment policy, having regard to risk, return, and liquidity requirements and applicable laws and regulations.

AUDIT COMMITTEE

The Committee is accountable to the BoD and assists the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance is in place, monitoring the financial reporting process and meeting its external financial reporting obligations, including its obligations under applicable laws and regulations and for reviewing the internal audit process. The Committee is directly responsible on behalf of the BoD for the selection, oversight and remuneration of the external auditor.

B.1.2 Key Functions, Roles and Responsibilities

The system of governance includes the Risk Management Function, the Compliance Function, the Actuarial Function and the Internal Audit Function. All persons that perform key functions are required to meet the fit and proper requirements. The roles and responsibilities for each of these functions and their key functions holders are set out below:

RISK MANAGEMENT FUNCTION (RMF)

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The mission of the RMF is the efficient and effective management of risks in accordance with the risk appetite of the Company. To achieve its mission, the RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual and on an aggregate level.

The RMF is responsible for coordinating all risk management activities. The Head of Risk Management reports directly to the Chief Executive Officer of the Company and, through the Risk and Reserving Committee, to the BoD.

More specifically, the duties of the Head of Risk Management include, amongst others, the following:

- Assisting the 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 and Reserving 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;

- Preparing the section of the Pillar 3 reports that relates to the RMF, and submitting it to the Finance Department for review;
- Coordinating all risk management activities across the Company and ensuring the correct implementation of risk policies;
- Designing and performing the specialist analyses and quality reviews of the Company's Risk Management System;
- Monitoring, on a day-to-day basis, the Risk Management System;
- 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;
- Carrying out the maintenance of the Risk Management Manual and staying up-to-date with its contents and with all other policies and procedures that relate to the management of risk.

COMPLIANCE FUNCTION

The Compliance Function is responsible for ensuring that all actions undertaken by the Company are in compliance with 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). These include, but are not limited to, the Company's risk strategy, the individual risk Manuals that establish specific procedures for the management of each type of risk, the BoD-approved risk appetite and risk tolerance levels and limits (overall and risk-specific), the Company's code of business conduct rules and any other operating policies, procedures and strategies.

Its principal role is to identify, assess, monitor and report the compliance risk exposure of the Company. The Compliance Function also advises the Risk Management Function on the effect of new products, services and markets from a compliance point of view to ensure that the compliance risk associated with them is in line with the Company's risk appetite.

The Compliance Function is responsible to identify, as well as 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. It monitors projected revisions of legislation and any 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, at a minimum, advise Senior Management and the BoD of the Company on compliance with the Solvency II Directive and the relevant regulations and provisions. The Head of Compliance reports directly to the Chief Executive Officer of the Company and, through the Risk and Reserving Committee, to the BoD.

It is also 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 staff 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. The intended compliance activities are set out in a compliance plan that ensures that all relevant areas of the Company are appropriately covered, considering their susceptibility to compliance risk.

ACTUARIAL FUNCTION

The Actuarial function advises the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. It advises the Senior Management for premium adequacy of products within the scope defined by the BoD.

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

The Actuarial Function is responsible for coordinating all actuarial activities. The Head of the Actuarial Function reports to the Company's Chief Executive Officer and to the BoD through the Risk and Reserving Committee. He has the overall responsibility for all the actuarial matters included in the Company's policies. More specifically, the duties of the Actuarial Function include the following:

- Calculation of technical provisions;
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- Comparing best estimates against experience;
- Informing the Senior Management and the BoD of the reliability and adequacy of the calculation of technical provisions;
- Expressing an opinion on the overall underwriting policy;
- Expressing an opinion on the adequacy of reinsurance arrangements;
- Contributing to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA).

INTERNAL AUDIT FUNCTION (IAF)

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The mission of IAF is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

The scope of IAF includes examining and evaluating the policies, procedures and systems which are in place to ensure: reliability and integrity of information, compliance with policies, plans, procedures, laws and regulations; safeguarding assets; economical and efficient use of resources; and accomplishment of established objectives and goals for operations or programs. IAF may provide consulting services within the Company concerning issues related to internal controls, special investigations, and other areas of interest and concern. The IAF reports functionally to the Audit Committee.

The IAF has the following, amongst others, responsibilities:

- To prepare and implement, at least on an annual basis, a risk based audit plan;
- To evaluate the adequacy and effectiveness of the Internal Control System and other elements of the system of governance;
- 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 Internal Governance System, as well as the Company's Business Continuity Plan and perform an overall assessment of the Company's readiness in implementing the plan;
- To review and provide an independent opinion on the Own Risk and Solvency Assessment (ORSA);
- To conduct general or sample ex-post audits of the functions and transactions of the Company, to verify that regulations, operational procedures and preventative control mechanisms governing each type of transactions and the safeguarding of assets are stringently applied;
- To evaluate the efficiency of the Company's accounting and information systems, to monitor the implementation of the operational and accounting controls and of 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.

B.1.3 Material transactions during the reporting year with shareholders

There were no material transactions during the reporting year between the Company and J.C. Christophides (Holdings) Limited, the Board members and any other members of the administrative, management or supervisory body other than professional services of €137,0 (2021: €137,0) thousand and rent payable of €53,0 (2021: €53,0) thousand, both payable to J.C. Christophides (Holdings) Limited.

B.1.4 Material changes in the system of governance

There were no material changes in the system of governance that have taken place over the reporting period.

B.1.5 Remuneration Policy and practices

The Company's Remuneration Policy applies to the Company without exception. However, a focus is placed on those roles where the individual interests and those of the undertaking are more likely to raise potential conflicts. The Remuneration Policy is reviewed and maintained by the Remuneration and Nominations Committee and is approved by the BoD. The BoD is responsible for the implementation of the Remuneration Policy within the Company and specifically its application to the members of the BoD, Senior Management and key function holders and other staff whose professional activities have a material impact on the Company's risk profile.

The remuneration of employees involved in risk-taking activities such as underwriting, reinsurance ceding or investment management activities, is designed so as not to encourage unauthorised or unwanted risk-taking that exceeds the level of tolerated risk of the Company and is consistent with and promotes sound and effective risk management. It is structured and managed in a way that does not allow any possibility of manipulation. The design of the Remuneration Policy is such that it does not have an adverse effect on the long-term interests of the Company and aligns the objectives of the Company and its personnel with a view to the long term.

Hence, the remuneration structure is based on a long-term view of the Company's financial performance rather than on short-term results. The Remuneration Policy is subject to an annual and independent internal review, at least on an annual basis, with specific attention to preventing incentives for excessive risk-taking and the creation of conflicts of interest between the employees and the Company and generally not undermining sound and effective risk management. In this review, the appropriateness of the basis on which any variable component of remuneration is set, as well as its proportion, is assessed and recommendations are provided when appropriate. The results of the annual review of the Remuneration Policy and its implementation in the Company are performed by the Remuneration and Nominations Committee and the BoD.

The variable component of remuneration is based on a combination of the assessment of the individual and the collective performance, such as the performance of the business area and the overall results of the Company. The payment of the major part of a significant bonus, irrespective of the form in which it is to be paid, contains a flexible, deferred component that considers the nature and time horizon of the Company's business. The deferral period is greater or equal to three years and the period is correctly aligned with the nature of the business, its risks, and the activities of the employees in question.

In the cases where the remuneration for an employee includes fixed and variable components, these are appropriately balanced to allow the Company to operate a fully flexible bonus policy, with the ability to pay no bonus if appropriate, and allow the Company to pay employees a rate that they deem necessary for their services, given the market rate.

The measurement of individual performance is central to a sound remuneration policy. For individual performance measurement, whilst financial aspects may be one dimension of determining performance, other non-financial factors are also being considered, such as acquired skills, personal development, compliance with the Company's internal rules and procedures, compliance with the standards governing the relationship with policyholders and contribution to the performance of the whole function or business area.

Furthermore, the performance measures used reflect an adequate balance between short-term and long-term objectives, notably taking into consideration the specificities of the business, as referred to above.

B.2 FIT AND PROPER POLICY

The Company recognises its obligations to meet legal and regulatory requirements in relation to the fitness and propriety of the persons who effectively run the undertaking or hold other key functions.

An effective, well-structured and fair recruitment process enhances the Company's reputation as an employer. The Company also believes that its personnel is a source of competitive advantage and that their effective training and continuous educational development is necessary to meet future business needs in a changing and challenging environment.

The Company is committed to the principle of equal opportunities for everyone in its employment and will strive to establish and maintain a culture which facilitates individual progression and opportunity, based on ability and contribution. This section of the report provides a description of the Company's processes for assessing the fitness and propriety for persons effectively running the Company or have key functions.

Assessment of Fitness

The assessment of whether a person is 'fit':

(a) Include an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and whether these are sufficient to enable sound and prudent management;
(b) Take account of the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person;
(c) Demonstrate due skill, care, diligence and compliance with the relevant standards for the business area sector he/she has worked in.

With regards to the Company's BoD members, their collective knowledge, competence and experience includes, at a minimum, awareness of the business, economic and market environment in which the Company operates, an appropriately detailed understanding of the Company's business strategy and model, the ability to interpret the Company's financial and actuarial information and identify key issues, the ability to assess the effectiveness of the arrangements in place to deliver effective governance, oversight and controls in the business and an understanding of the regulatory framework in which the Company transacts its business. Furthermore, the assessment shall take account of the respective duties allocated to individual BoD members to ensure appropriate diversity of qualifications, knowledge and relevant experience.

All individuals must maintain their competence for the role they fulfill. The Company's HR Function is responsible for ensuring that all individuals receive appropriate training for maintaining their competence.

Assessment of Propriety

The assessment of whether a person is "proper":

(a) Considers whether he/she is of good repute and integrity, and;
(b) Includes an assessment of that person's honesty and financial soundness based on evidence regarding his/her character, personal behaviour and business conduct including any criminal, financial and supervisory aspects relevant for the purpose of the above assessment.

Other criteria include an assessment of reasons to believe from past conduct that the person may not discharge his duties in line with applicable rules, regulations and guidelines. Such reasons may arise from criminal antecedents, financial antecedents, and supervisory experience with that person or past business conduct. This does not imply that all previous infringements will automatically result in a failure to meet the requirements, but rather than these infringements are assessed on a case by case basis by the Company before an appointment and application to the Supervisory Authority is made.

Notwithstanding the above, having previous infringements does not automatically result in the person not being assessed as proper for the duties he/she is to perform. It is recognised that, while criminal, disciplinary or administrative convictions or past misconduct are significant factors, the assessment of the fitness and propriety is to be done on a case-by-case basis.

Fit and Proper Test

In order to ensure that the criteria on Fitness and Propriety are met, the Company applies the following procedures:

- By requesting and obtaining true copies of all university and professional bodies' diplomas and any other relevant documentation to validate the professional qualifications of the person in question;
- By assessing the level of previous experience relevant to the specific duties to be allocated and by also obtaining appropriate references by previous employers to determine the adequacy of such experience as well as the business conduct and integrity displayed by such person in his/her previous employment environment;
- By applying to the Police for the issuance of a clear criminal record certificate for the person in question and examine whether there are any other criminal offences currently being tried or having been tried in the past that could cast doubt on the integrity of the person and may mean that the integrity requirements are not met. Additionally, any court decisions and ongoing judicial proceedings, which may cast doubt on the repute and integrity of the person, are also considered;
- By examining whether there are any pending investigations or enforcement actions by any other regulatory or professional body for non-compliance with any relevant provisions;
- By considering the financial soundness of the person in question in order to assess if it may trigger any dishonest or unprofessional behavior which could result in an abuse of the Company's policies and procedures or give rise to a conflict of interest. To this effect, the Company additionally obtains a Solvency Certificate by the Registrar of Companies. The fact that a person may be of limited financial means does not in itself adversely affect the person's ability to satisfy the financial integrity criteria.

Recruitment Process

The following process is applicable to the posts in the Company which are identified as new or vacant and fall under the scope of the Fit and Proper requirements, as described above.

Appropriate selection procedures are used for each post. Procedures may vary, at its simplest this may involve a straight forward interview and skills testing. For more senior posts, psychometric testing, presentations to the interview panel on a chosen topic and/or a series of individual interviews on various topics may be included. The Company's HR Function is responsible for the over-seeing and co-ordination of the recruitment process.

It is the Company's policy that all candidates shortlisted have certain credentials as a condition of employment, including the verification of relevant background information. Such pre-employment screening includes the following:

(a) Criminal records check means verifying that the selected candidate does not have any undisclosed criminal history in every jurisdiction where the candidate currently resides or has resided or has been employed. Relevant criminal offences are any offence under the laws governing banking, financial, securities or insurance activity, or concerning securities markets or securities or payment instruments, including but not limited to laws on money laundering, market manipulation, or insider dealing and usury as well as any offences of dishonesty such as fraud or financial crime. Furthermore, any other offences under legislation relating to companies, bankruptcy, insolvency, or consumer protection;
(b) Educational verification means ensuring that the selected candidate possesses all education credentials listed on his/her application or otherwise cited by the candidate that qualify the individual for the position sought;

(c) Employment verification means ensuring that the selected candidate worked in the positions listed on his/her application or otherwise cited by the candidate that qualify the individual for the position sought. This verification should include dates of employment and verification of last position held;
(d) Checking the references provided by contacting previous employers or other persons of prominent position that the Company feels that their opinion may be of such value as to assist the Company to decide on the credibility, character, skills and overall business conduct of the candidate;
(e) License verification means ensuring that the selected candidate possesses all the licenses listed on his/her application or otherwise cited by the candidate that qualify the individual for the position sought and verification of any license required for the position, including verification of the status of such licenses;
(f) Right to work means ensuring that the candidate possesses all the permits required by Law to be able to remain and work in the jurisdiction.

B.3 RISK MANAGEMENT SYSTEM

The roles and responsibilities of the Risk Management Function (RMF) are described in section B.1.2 Key Functions, Roles and Responsibilities of this report. The RMF is outsourced to BJM Ltd trading as Numisma Advisory and recently the Company has employed an Actuarial and Risk Management officer.

The Company aims through appropriate risk management, to achieve the Company's business and financial strategy without exceeding set risk tolerances and by considering internal constraints, such as solvency and liquidity and external constraints set by regulators and other stakeholders.

The Company adopts the following guiding principles as a formal policy for the management of risk:

- The Company's governance structure and risk management framework aim to create and promote a strong risk culture that is embedded in all aspects of the Company's activities;
- The BoD is responsible for overseeing Senior Management and for establishing sound business practices and strategic planning;
- The BoD is responsible for setting the Company's risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals of the Company;
- The level of risks that the Company is willing to take is constrained by regulation and supervision. Risk appetite and risk tolerance depend not only on intrinsic risk aversion, but also on the current financial situation of the Company and its strategic direction;
- In setting a risk appetite and risk tolerance level, the Company takes all relevant risks into account, including those arising from off-balance sheet transactions;
- The Company implements a consistent risk culture and establishes sound risk governance supported by an appropriate communication policy, all of which must be adapted to the size and complexity of the Company and the risk profile of the Company;
- Every member of the Company must be fully aware of their responsibilities relating to the identification and reporting of relevant risks. The risk culture must extend across all of the Company's business lines and encompass all relevant risks, both financial and non-financial;
- The Company has an established, comprehensive and independent from risk taking activities RMF under the direct responsibility of the Head of RMF to ensure effective risk management which is in line with the nature, scope and complexity of its activities;
- Senior Management and staff are constantly informed of the risks inherent in the Company's operations and receive appropriate training to develop a proper understanding of the risks and to acquire the necessary skills for their identification and reporting;

- The Company ensures that the responsibilities for the measurement, monitoring and control of risks are clearly defined and sufficiently independent from any risk-taking activity. To facilitate this, the internal control systems of the Company are structured in a way that guarantee the clear segregation of duties and the avoidance of conflicts of interest with respect to the taking up, approval, monitoring and control of risks;
- In consideration of its current and future needs, the Company develops risk measurement systems and tools, as well as software applications and information management systems, with the purpose of capturing all expected and unexpected losses, for each type of risk, under both normal and stressed market conditions;
- The Company applies high standards of transparency with regards to the performance of its operations and communicates all the information it considers necessary to the interested and affected parties (policyholders, regulators, shareholders) to provide assurance with regards to its applied methodologies and practices used for the management of risk;
- New products, markets, and businesses are analysed carefully and the Company makes sure that it possesses adequate internal tools and expertise to understand and monitor the risks associated with them;
- The governance of risk is documented and updated as appropriate. The staff is informed appropriately about the risk governance arrangements. The communication of information is proportional to their needs and subject to their roles within the Company;
- The Company maintains responsibility for activities carried out by third parties and takes all necessary measures to understand the risks arising from such activities and to ensure that these risks are managed in accordance with its defined risk appetite and policies. The Company ensures that all outsourcing activity is in accordance with the Company's Outsourcing Manual;
- The risk management framework is subject to an independent review by Internal Audit.

The Company's risk management framework is an embedded part of the business and fully interacts with the strategic planning and the capital management process and is the guiding framework for the implementation of the ORSA process.

Risk Identification

Risk Identification is the process followed by the Company to identify and record all material risk exposures that arise from its activities. Risk Identification is performed for both existing and emerging risks.

Existing Risk Identification
During the annual review of the identified risks, the RMF coordinates an annual assessment of the existing risk profile of the Company with the key objective of:

- Confirming that all material sources of risk are receiving full consideration;
- Establishing whether the materiality of risks has changed since the last review process;
- Identifying new risk exposures that may have emerged from changes to external or internal factors.

Emerging Risk Identification
Senior Management, Departmental Heads, Heads of Functions and Heads of Business Units as part of their duties, are performing the necessary risk assessments to identify emerging risks. These assessments can take place with the support of the RMF. Identification of emerging risks to the business is performed during the following activities undertaken by the relevant business unit:

- Initial authorisation of any major new underwriting or investment risk exposure in relation to all transactions;
- Monitoring of counterparties for early warning signals of a deterioration in their credit standing;
- Review of the emerging risks inherent to changes to the Company's investment portfolio/strategy;

- Review of inherent risks in the approval of new products;
- Review new regulation and laws that may have an impact on business;
- Monitoring the Company's reputation.

Risk Measurement

The RMF, together with risk owners, has the responsibility to assess whether the risks in the risk universe of the Company are material e.g. their impact on capital or earnings is above the materiality threshold set by the Company.

Materiality is usually assigned based on a high level qualitative assessment of risk. Risks that appear material are being considered more carefully to measure their impact precisely using qualitative and quantitative techniques. The Company applies consistent sound principles for the development and maintenance of risk and performance measurement methodologies. These are the guiding principles of the Own Risk and Solvency Assessment (ORSA) that is the practical implementation of the measurement of the Company's risk profile.

Risk Monitoring and Reporting

The RMF has the responsibility to ensure that all material risk exposures are monitored on an ongoing basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk and Reserving Committee.

When monitoring the risk exposures against the risk appetite, the RMF produces management reports that provide information on the current risk exposures against risk appetite limits and highlight any breaches. This set of reports includes the Annual Risk Management Report to the Company's BoD, quarterly reports to the Risk and Reserving Committee and monthly reports to Senior Management.

Furthermore, the appropriate escalation process should be followed in the event of a limit or trigger breach, of any of the risk areas. This requires limit and trigger breaches to be escalated to the relevant business area managers and subsequently the Head of the RMF. Breaches of significant risk limits and triggers are reported to the Company's Risk and Reserving Committee. The results of these risk management activities and efforts are considered during the preparation of the Company's ORSA.

The frequency and timeliness of internal risk reporting to the BoD, Senior Management, relevant committees, Departmental Heads and Head of Functions should be appropriate to the nature, scale and complexity of the Company's activities, and requirements for the recipient.

The types of reports used regarding the various reporting requirements are grouped under the following two main categories:

Business and Management Reports

- Regular communication of risk exposure is reported to First Line of Defence functions. The structure and frequency of the internal reporting is driven by the limit structure applied to each business area;
- Monthly dashboard (summary report) to the Chief Executive Officer and Executive Committee on Key risk indicators and actual risk exposure against limits for all material risks;
- Semi-annual reporting to the Chief Executive Officer and Executive Committee on the actual risk exposure against risk appetite and limits. This report includes a description of the risk profile, material changes to the risk profile, policy breaches, action plans and major projects.

BoD and Committee Reports

- Semi-annual reporting to the appropriate Committees with quantitative and qualitative information regarding the Company's aggregate risk exposure and internal or external developments that may lead to the generation of potential risk exposure. The report includes the actual risk exposure against risk appetite and limits, policy breaches, action plans and major projects;
- Annual reporting to the BoD through the Risk Management Report. The report is also submitted to the Risk and Reserving Committee and the Executive Committee. The report includes the Company's risk position, with regards to risk exposure (including results of stress testing) and an assessment on the internal controls and investment risk practices;
- Ad hoc issue escalation and breach reporting: periodic reporting of risk limit breaches to Senior Management and the appropriate Committees.

Disclosure and Regulatory Reporting

The Company has in place appropriate mechanisms, systems and processes with regard to external and regulatory reporting of risk and capital management information.

Risk Mitigation

The Company maintains strong risk controls culture to ensure the mitigation of all risks in its risk universe. Controls are developed and used to safeguard the integrity of the Company's processes and systems. Additionally, the RMF evaluates and adopts appropriate risk transfer methods to mitigate its exposure to the identified risks. Such methods include mainly the purchase of reinsurance coverage. Unexpected risks exposures are also covered by own funds, in accordance with the Solvency II requirements.

OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

ORSA performance enables the Company to obtain a real and practical understanding of its risk profile, and to be in a better position when determining and monitoring its risk appetite and risk limits set. ORSA is therefore, a key component in the Company's risk management framework.

The ORSA is the responsibility of the Company and is reviewed and approved at least annually by the BoD. The Company's BoD approves and reviews the assumptions, including management actions and parameters used in the ORSA. As the ORSA forms an integral part of the business strategy and is taken into account on an ongoing basis in the strategic decisions of the Company, the BoD is actively involved in the review and challenge of the ORSA.

The ORSA is a component of the overall control system of the Company. This allows management to take into account all the risks associated with the Company's business strategies and the required level of capital that the Company needs to cover such risks.

Therefore, strategic decisions such as the introduction of new products, new pricing policy etc. are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity.

Moreover, it is important to have a forward-looking perspective with respect to risks. With changes in the risk profile of the Company translating into changes of overall solvency needs, it is imperative that the Company analyses how its risk situation may change according to external factors or its own business plans in the longer term, in order to be able to ensure that increased overall solvency needs can be satisfied if and when they arise. To this end, the Company establishes how to properly monitor and measure prospective changes in the risk situation. It also considers how these changes affect its capital position and the need for capital injection, if necessary.

The ORSA may take different levels of sophistication according to the nature, complexity and scale of the risks inherent in the business, ranging from simple stress test calculations on the material risks to the use of more advanced methodologies.

Procedures and Methodology

The Company follows the steps below to implement its ORSA:

Define the driving factors before ORSA planning - Such factors include the size and complexity of the Company e.g. whether it operates only locally, its importance to the sector, proportionality issues, internal governance issues, and regulatory requirements in relation to ORSA.

Identify and classify risks, including governance - The Company identifies the material risks in which it is exposed to. This exercise includes risks considered in the Standard Formula, as well as risks not included in the Standard Formula such as liquidity, strategic, business risks, etc. The assessment is done by allocating impact and probability of occurrence factors to the various risks. The Company assigns a materiality threshold in classifying the various risks where appropriate. Risks that are material are analysed further and the Company decides whether to take mitigating actions, transfer them, assign more capital etc. This assessment is part of the Company's risk register.

Assessment and measurement of material risks through different approaches including stress testing - The Company collects data, quantifies and aggregates risks using the Standard Formula. The Company uses this assessment of its risk profile to decide whether there is a need to assign additional capital over and above the SCR, considering the results of the various stress test and scenarios.

Capital Allocation – According to its risk profile, the Company determines the necessary additional capital over and above the SCR, if this is required.

Prepare capital planning for the next years – Based on the capital allocation projections, the Company prepares a capital plan for the following years. Such plans depend on its strategic objectives and financial projections and assumptions on future economic conditions.

Communicate and document the results – The Company presents the results of the process to Senior Management and the BoD and prepares the ORSA report.

Confirm that the ORSA process is embedded in the decision making of the Company – The Company confirms that the ORSA process is embedded in the decision making of the Company. The RMF reports the Company's risks and stress tests and the BoD and Senior Management make decisions upon the results of these procedures. In addition, the Company demonstrates that it considers the impact on its capital in its financial projections.

B.4 INTERNAL CONTROL SYSTEM

INTERNAL CONTROL FRAMEWORK

Internal Control is an important aspect of corporate governance since a system of effective internal controls is fundamental to the safe and sound management of the Company. Effective internal controls help the Company protect and enhance shareholders' value and reduce the possibility of unexpected losses or damage to its reputation. Effective internal control also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur.

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

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

COMPLIANCE FUNCTION

The roles and responsibilities of the Compliance Function are described in section B.1.2 Key Functions, Roles and Responsibilities of this report. The Company as from January 2023 is in the process of finding a suitable replacement of the Compliance Head. Till a suitable replacement is found, the Company decided to outsource the function.

With reference to the Company's operations, the Compliance Function monitored relevant and expected revisions of legislation and regulations and ensured where applicable, that appropriate training, information and advice was offered to the staff and agents of the Company.

Moreover, the Compliance Function monitored compliance with the Solvency II requirements as well as adherence to the regulatory reporting schedule to the Superintendent of Insurance. The Function also facilitated and monitored prompt communication with the Superintendent of Insurance and kept Senior Management and personnel up to date with all regulatory reporting requirements stemming from the new insurance legislation as well as other regulatory requirements.

Additionally, the Function ensured that all procedures regarding the management and handling of complaints received were observed within the prescribed timelines.

The Compliance Function has further proceeded with all relevant action in ensuring compliance with the provisions and stipulations of the Conflicts of Interest Policy as well as monitoring adherence to the Guidelines on Whistleblowing, the Code of Ethics and Conduct and the Fit and Proper Policy approved by the Company.

B.5 INTERNAL AUDIT FUNCTION (IAF)

The roles and responsibilities of the IAF have been described in section B.1.2 Key Functions, Roles and Responsibilities of this report.

The IAF is outsourced to KPMG Cyprus. The outsourcing of the IAF ensures that independence and objectivity from the activities it reviews is maintained. The IAF provides independent assurance services with due regard to the adequacy of the governance, risk management and internal control framework of the Company.

The IAF has unrestricted access to the Audit Committee, and if required, to the Chairman of the BoD and full access to all records, files or data of the Company, including management information and the minutes of decision-making bodies, physical properties, operations, IT systems and personnel of the Company relevant for the discharge of its responsibilities.

The IAF prepares the Annual Internal Audit Plan setting out the scope of work to be undertaken in a given timeframe. The long-term plan is in line with the Company's long- term strategy, which is defined in the Company's business plan.

The IAF performs routine audit visits, following the steps approved in the Audit plan, as well as surprise audit visits, which are randomly selected and mainly focus on operational audits. It can further conduct special investigations when requested by the Chief Executive Officer, the BoD or the Audit Committee.

Internal Audit reports identify any significant control weaknesses and the impact these have or could possibly have and proceed with making relevant recommendations. The follow-up process enables the IAF to monitor the progress of agreed management action plans and reports this progress to Senior Management and the Audit Committee.

B.6 ACTUARIAL FUNCTION

The roles and responsibilities of the Actuarial Function are described in section B.1.2 Key Functions, Roles and Responsibilities of this report. The Actuarial Function is outsourced to BJM Ltd trading as Numisma Advisory and the Company is in the process of recruiting an Actuarial and Risk Management officer.

The Actuarial Function ensures that technical provisions are established with respect to insurance obligations towards policyholders and beneficiaries of insurance contracts. This adheres to the following requirements:

- The value of technical provisions corresponds to the current amount the Company would have to pay if it were to transfer its insurance obligations immediately to another insurance undertaking;
- The calculation of technical provisions must make use of and be consistent with information provided by the financial markets and generally available data on underwriting risks ("market consistency");
- Technical provisions must be calculated in a prudent, reliable and objective manner;
- The technical provisions of a portfolio of insurance obligations may be negative. The calculation of technical provisions should not be subject to a floor of zero.

The Actuarial Function ensures that the methodologies and assumptions used in the calculation of the technical provisions are appropriate for the specific lines of business of the Company and for the way the business is managed, having regard to the available data.

The Actuarial Function ensures that all relevant assumptions that the calculation of technical provisions are based upon are identified. The choices of these assumptions comply with the following conditions:

- The Company must be able to explain and justify each of the assumptions used, taking into account the significance of the assumption, the uncertainty involved in the assumption as well as relevant alternative assumptions;
- The circumstances under which the assumptions would be considered false can be clearly identified;
- The assumptions are based on the characteristics of the portfolio of insurance obligations;
- The Company uses the assumptions consistently over time and within homogeneous risk groups and lines of business, without arbitrary changes;
- The assumptions adequately reflect any uncertainty underlying the cash flows.

For determining assumptions, the Company must use its own information. This includes information on claims management and expenses, where that information better reflects the characteristics of the portfolio of insurance obligations than information that is not limited to the Company or where the calculation of technical provisions in a prudent, reliable and objective manner without using that information is not possible.

The Actuarial Function, through a set of reports prepared on a regular basis, keeps all interested and involved persons informed of its activities and the findings of the analyses it carries out.

B.7 OUTSOURCING ARRANGEMENTS

This section of the report aims to provide a description of the Company's Outsourcing Policy and procedures established to ensure the on-going compliance with the requirements of the Solvency II Directive with respect to the effective control and management of risks associated with the outsourced services. The policy ensures that an outsourcing arrangement shall not diminish the Company's ability to fulfil its obligations to customers or its Regulator nor impede effective regulatory supervision. Outsourcing is the arrangement of any form between an insurance undertaking and a service provider, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance undertaking itself.

The Company has established processes for determining and documenting whether an outsourced function or activity is considered a critical or important one. Such processes are based on the criteria of whether such function or activity is essential to the operation of the Company as it would be unable to deliver or to continue to offer its services, on an on-going basis, to its policyholders and counterparties without this function or activity.

In determining whether an outsourced function or activity is critical or important the Company takes also into account any relevant information and/or listing of such functions or activities provided under the legislation or other administrative interpretations. Critical or important operational functions also include the key functions of the Company's system of governance, such as its Internal Audit, Compliance, Risk Management and Actuarial Functions. In addition, functions or activities that are fundamental to the Company's ability to carry out its core business are likely to be critical or important. A key determinant is the impact of an outsourcing arrangement on the Company.

The Company ensures that a consistent approach is taken to all decisions regarding the possibility of outsourcing of any activities or functions and considers the risks involved. It has established a framework for the management of outsourced services, ensuring that appropriate controls are exercised and that a robust procedure is adopted in selecting organisations or individuals that could perform the outsourced activity or function. Procedures have been put in place to verify the adequacy, competency and capability of the potential service providers and that their performance is appropriately monitored and reported on an ongoing basis.

During the reporting year, the following critical or important operational functions or activities have been outsourced:

Outsourced Function/ Activity	Description	Jurisdiction of Provider/Supplier
Road Assistance Services	Road assistance services are provided to all Company's Motor Policyholders for mechanical breakdown, electrical breakdown, fuel run-out, change of tyres and towing of the insured vehicle.	Cyprus
Accident Care Services	On-site visit to the scene of the accident, when a Company's Motor Policyholder is involved, investigation of the circumstances, photographs of the damaged property, collection of documents.	Cyprus
Records Storage	Records and information management. Services rendered to the Company include hard copy records management, document indexing, storage and retrieval, secured destruction of records.	Cyprus
Claims Representation Services	Appointment of claims representatives in all the countries of the EU and the EEA, for compliance with the provisions of the 4th Motor Directive and the Internal Regulations (Green Card).	Belgium Greece
General Agents / Underwriting	Insurance intermediaries with the authority to underwrite business in the name and on behalf of the Company.	Cyprus
General Agent / Settlement of Claims	Insurance intermediary with the authority to settle and pay claims in the name and on behalf of the Company.	Cyprus
Cloud Computing and Data storage	Cloud rental of hardware, software and data storage	Cyprus
Data Protection compliance	Appointment of Data Protection Officer for compliance with the provisions of the GDP regulation.	Cyprus
Internal Audit Function	Outsourcing of the function	Cyprus
Actuarial Function	Outsourcing of the function	Cyprus
Risk Management Function	Outsourcing of the function	Cyprus

ADEQUACY OF THE SYSTEM OF GOVERNANCE

The Company firmly believes that some risks can only be properly addressed though governance requirements and the establishment of an effective system of governance is essential for the adequate management of the Company. The governance structure has been designed to ensure that the Company's BoD and Senior Management are provided with the appropriate levels of oversight whilst allowing decisions to be made more quickly.

The four key functions have been established and successfully implemented whilst the various Board Committees have clearly defined responsibilities which have been delegated by the Board. All persons that perform key functions or effectively run the Company are fit and proper and have the required professional qualifications and expertise.

The Company has in place an effective risk management system comprising of strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report on a continuous basis the risks to which the Company is or could be exposed. It further has a regular practice of assessing its overall solvency needs as an integrated part of its business strategy. The Company's governance structure therefore provides an effective and adequate mechanism for the Company to anticipate and respond to potential changes in the business environment or risk profile within an appropriate period. The Company continues to align its management and governance structure to proactively respond to the business and regulatory needs.

B.8 ANY OTHER MATERIAL INFORMATION

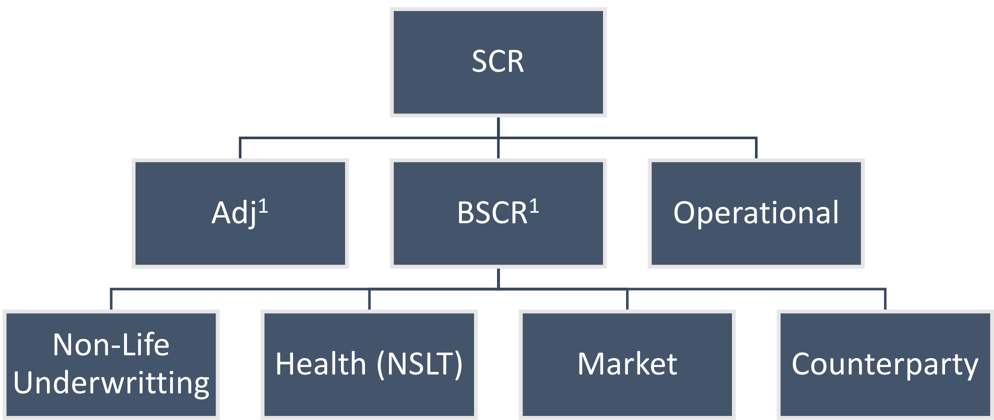
The information presented in Section B provides a true and fair view of the system of governance of the Company for the reporting year.

C. RISK PROFILE

The integrated risk management framework is designed to meet the challenges of the changing risk environment and to ensure that business growth plans are properly supported by effective risk management.

It is important to instill a strong risk culture in the Company, making risk management everyone's business. This is a core imperative of risk management. The delegation of risk management responsibilities is structured to ensure risk-reward decisions are enacted at the most appropriate level in line with business objectives, subject to robust and effective review as well as challenge processes. Strategic business decisions are taken in accordance with a board-approved risk appetite with the Risk and Reserving Committee closely monitoring risk profiles against this appetite.

The Company's Solvency Capital Requirement (SCR) is calculated using the Standard Formula. The structure of the SCR risk charges in the Standard Formula is summarised in the following diagram:



The Company's Risk Management Framework supports the identification, measurement, management, monitoring and reporting of the key risk categories the Company is exposed to, including:

- Underwriting Risk;
- Market Risk (which incorporates Liquidity Risk);
- Counterparty Default Risk;
- Operational Risk.

The Company identifies and records all material risk exposures that arise from its activities. Risks are identified and registered both formally, through the annual review of the Company's Risk Register and the ORSA process, and informally as they arise in the course of business. Risk Identification is performed for both existing and emerging risks.

[1] BSCR denotes the Basic Capital Solvency Requirement
Adj denotes loss absorbing capacity of technical provisions and deferred taxes

The RMF, together with risk owners, has the responsibility to assess whether the risks in the risk universe of the Company are material e.g. their impact on capital or earnings is above the materiality threshold set by the Company. Materiality is usually assigned based on a high level qualitative assessment of risk. Risks that appear material are being considered more carefully to measure their impact precisely using qualitative and quantitative techniques.

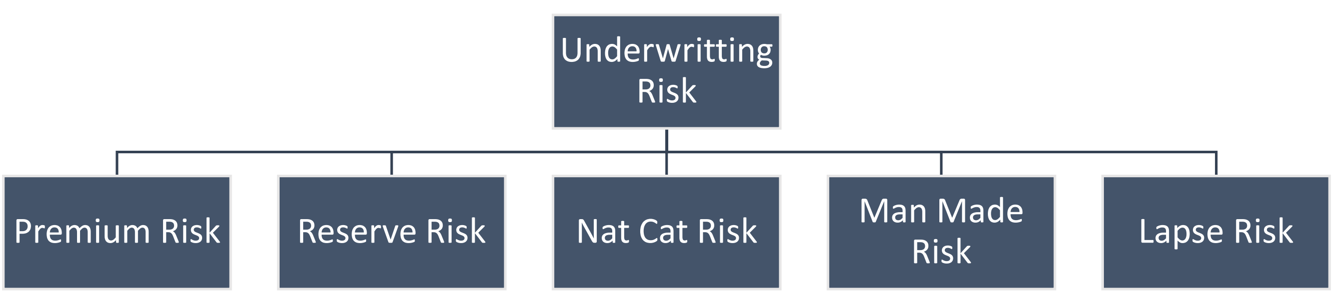
The Risk Management Function has the responsibility to ensure that all material risk exposures are monitored on an ongoing basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk and Reserving Committee. When monitoring the risk exposures against the risk appetite, the RMF produces management reports that provide information on the current risk exposures against risk appetite limits and highlight any breaches.

The Company has identified several risks that may potentially impact on the successful implementation of its business plan and ability to generate adequate future profits. Examples of risks that are considered material, based on the potential impact of each risk and on the likelihood of each risk occurring and are shown at the following table:

Type of Risk	Description
Underwriting	Inadequate Pricing Under Reserving / Adverse Reserve Development Accumulation of Risk (Natural Catastrophe, Man Made) Concentration in a particular line of Business or insurance peril
Market	Unexpected Losses in asset values, causing liquidity problems Concentration within counterparties, assets, products
Counterparty Default	Unexpected Losses from reinsurers' default Unexpected Losses from other counterparties default
Operational	Losses due to operational issues
Liquidity	Mismatches between assets and liabilities

C.1 UNDERWRITING RISK

Insurance Risk incorporates the risks the Company is exposed to arising from its insurance underwriting operations. The Company measures Underwriting Risk using the Standard Formula. Its exposure is the largest contributor to its capital requirement under the Standard Formula and its structure is shown at the diagram below.



Premium Risk
Premium risk relates to future claims and originates from claim sizes being greater than expected, differences in timing of claims payments from expected, and differences in claims frequency from those expected at the time of underwriting and pricing a risk.

Reserve Risk
Reserve risk relates to incurred claims, i.e. existing claims, (e.g. including IBNR and IBNER), and originates from claim sizes being greater than expected, differences in timing of claims payments from expected, and differences in claims frequency from those expected. Reserve Risk is influenced by changes in Claims Provisions.

Natural Catastrophe Risk
This risk relates to a single event, or series of events, of major magnitude, usually over a short period due to natural catastrophes (e.g. earthquake, hurricane, floods etc.), leading to a significant deviation in actual claims from the total expected claims. Geographical concentration leads to risk aggregation or accumulation and hence to increased exposure to natural catastrophe losses.

Man made Catastrophe Risk
This risk relates to a single event, or series of events, of major magnitude, usually over a short period due to man-made catastrophes (e.g. explosion, terrorism, etc.), leading to a significant deviation in actual claims from the total expected claims.

Lapse Risk
This risk relates to the adverse change in value of insurance liabilities caused by deviations from the actual rate of policy lapses from their expected rates.

Risk Assessment
As stated above, the Company measures Underwriting Risk using the Standard Formula. There are no material changes to the measures used to assess premium risk, reserve risk, natural catastrophe risk, man-made catastrophe risk and lapse risk during the year. The table below shows the contribution of each risk category, as a percentage to total underwriting risk capital charge, before diversification.

Risk Type	Capital Charge 2022	Capital Charge 2021
Premium & Reserve Risk	80%	81%
Non-Life Cat Risk	15%	14%
Lapse Risk	5%	5%

For Non-Life Cat Risk capital charge, approximately 37% (2021: 29%) arises from Natural catastrophes and 63% (2021: 71%) arises from man-made catastrophes.

Risk Monitoring
The Company aims to minimise the risks from underwriting activities by establishing tolerances per type of allowable exposure and aggregate limits per type of risk. These limits aim to make explicit the risk appetite of the BoD and embed it into the operations of the Company. In addition, the Company sets qualitative restrictions for the management of the underwriting.

These limits are set based on the risk appetite and the minimum regulatory requirements of the Company and are approved by the Risk and Reserving Committee. These initial risk limits are reviewed on an on-going basis to ensure effectiveness and alignment with the risk profile of the Company. The following table shows examples of tolerance levels and restrictions.

Risk Type	Risk Appetite Goals	Tolerance Levels/Limits and Restrictions
Overall Capital at Risk	• Sufficient regulatory solvency Underwriting activities should not pose undue risks to capital	Capital at risk should not exceed a fixed % of SCR per standard formula calculation
Earnings	• Low underwriting profit volatility	• Actual underwriting profit not to deviate adversely by more than a fixed % of business plan
Lapse Risk	• Low level of lapsations	• Lapse rates should not exceed a fixed % of policies in force
Product development /Pricing Risk	• Effective controls over pricing • Control of discounts/rebates	• The pricing policy of the Company should be based on internal actuarial analysis and on existing market practices and competition • Discounts must be recorded and reviewed periodically
Frequency and Severity Risk	• Low and steady level of frequency and severity	• Adverse deviation from business plan assumptions should be less than a fixed % • Adverse deviation from market average loss ratios per class should be less than a fixed %
Payment pattern Risk	• Low level of asset-liability mismatch risk • Satisfactory settlement rate	• Overall cash outflow period should not exceed a specific time for long-tail business • Claims settlement rate should not fall below a fixed %
Reserving process Risk	• Low appetite for reserving process risk • Sufficient controls over the reserving process	• Run off deficit not to exceed a fixed % of outstanding reserves • Claim Reserves should be based on loss adjusted reports • Reserves for recovery should be kept at a minimum
Catastrophe Risk	• Adequate reinsurance protection against CAT losses	• Capital at risk from potential catastrophe calculated per standard formula should not exceed a fixed % of SCR

Concentration

The Company has the largest exposures by premiums and by reserves to Motor Vehicle Liability Insurance and Other Motor Insurance. Approximately, 82% of the capital charge for premium and reserve risk arises from Motor Business, 11% from Third Party Liability and 7% arises from Fire and Other Property Damage.

Risk Mitigation

Risks arising from non-life underwriting are monitored and controlled using risk limits. The Company takes into consideration techniques to mitigate the relevant risks such as the use of reinsurance, claims handling authority/limits, underwriting authority limits and concentration limits. Additionally, it establishes policies and controls to ensure the sufficiency and quality of the data to be considered in the reserving processes.

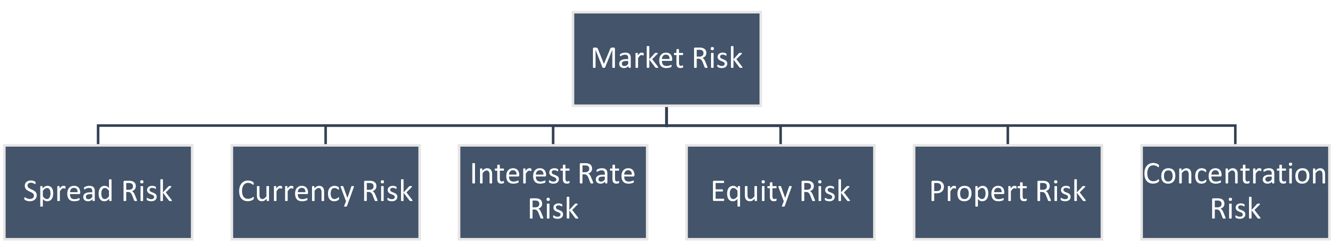
Risk mitigation techniques are undertaken in accordance with the Company's policy for Reinsurance and other risk mitigation techniques and subject to Solvency II Requirements for risk mitigation recognition being met.

Reinsurance is used to mitigate the impact of natural or man-made catastrophes, large losses or accumulations of losses on the underwriting results of the Company. The amount of cover purchased for natural catastrophe losses (earthquake) was based on results from scientific catastrophe models.

The Risk and Reserving Committee monitors the effectiveness of the risk mitigation techniques through deliverables such as the Risk Management Report. For Reserve risk, the Actuarial Function carries out Actuarial Valuation for reserve adequacy on a quarterly basis, including run-off analysis. Furthermore, reserving risk limits are reviewed for their continued effectiveness and reapproved or revised at least annually.

C.2 MARKET RISK

Market risk is the risk that the Company is affected by adverse movements in the value of its assets arising from market movements, such as credit spreads, interest rates and foreign exchange rates, equities and property.



Spread Risk

The risk relates to the potential loss due to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure

Currency Risk

The risk arises from the potential loss due to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

Interest Rate Risk

The risk arises from the potential loss due to the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

Equity Risk

The risk arises from the potential loss due to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.

Property Risk

The risk arises from the potential loss in assets, due to change in real estate prices.

Market Concentration Risk

The risk sub-module extends to assets considered in the equity, spread risk and property risk and excludes assets covered by the counterparty default risk module to avoid overlap between both elements of the standard calculation of the SCR.

Risk Assessment

As stated above, the Company measures Market Risk using the Standard Formula. The table below shows the contribution of each risk category (including the market concentration sub-risk module), as a percentage to total market risk capital charge, before diversification.

Risk Type	Capital Charge 2022	Capital Charge 2021
Property Risk	53%	53%
Concentration Risk	32%	31%
Equity Risk	12%	13%
Spread Risk	1%	2%
Interest Rate Risk	2%	1%
Currency Risk	0%	0%

The Company's exposure to Market Risk (including concentration risk sub-module) is the second largest contributor to its capital requirement under the Standard Formula. Most property risk comes from the indirect exposure to property through the Company's qualifying subsidiaries, which are no longer treated as strategic participation under equity risk but rather on a look-through basis in the standard formula under property risk. Most concentration risk comes from the concentration of subsidiaries, since their credit quality step is treated as unrated, and the Company's indirect exposure to property.

There was no material change to the measures used to assess Market Risk during the year.

Risk Monitoring

Monitoring market risk consists of prudent and regular review of both tolerance and exposure levels. 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 following table shows examples of tolerance levels and restrictions.

Risk Type	Risk Appetite Goals	Tolerance Levels/Limits and Restrictions
Overall Capital at Risk	• Sufficient solvency to meet regulatory and internal requirements • Investment activities should not pose undue risks to capital	• Capital at risk from potential investment losses should not exceed a fixed % of own funds according to SII standard formula calculation

Risk Type	Risk Appetite Goals	Tolerance Levels/Limits and Restrictions
Equity Risk	• Low level of equity risk	• Maximum permitted investment in equity or equity index is a fixed % of total investment and equity portfolio
Currency Risk	• No risk appetite for excess currency risk	• Direct exposures to assets and liabilities to be currency matched • Company's investment can only be denominated in the Company's approved currency which is the EUR
Property Risk	• Low level of property risk	• Exposure to property shall not exceed a fixed % of its overall investment portfolio
Concentration Risk	• Well-diversified investment portfolio	• Investment strategy should be sufficiently diversified across asset classes, counterparties, industry sectors and geography

Concentration

The Company holds and maintains a diversified investment portfolio in listed equities, listed bonds, mutual funds and participations in subsidiaries. The BoD and Investment Committee define and review the investment strategy of the Company considering the financial environment and macroeconomic factors, the Company's solvency position and the material risks that the Company is exposed to. The investment strategy considers multiple investment horizons (short term and long term) and forms part of the business strategy documentation of the Company.

The Company's investment objective is to adequately fund the Company's technical reserves and solvency margin and to contribute to the growth of surplus for the benefit of the shareholders. For this reason, different investment targets are set for the technical reserves and the surplus portfolio.

Exposure limits are set as a percentage of the total portfolio's market value at the time of purchase or as a monetary amount. The Company's investments are distributed into five asset classes per their composition and/or investment horizon namely Cash and Cash Equivalents, Equity, Bonds, Property and Other Alternative Investments.

Risk Mitigation

The Company manages its investment portfolio considering the nature of liabilities, in order to minimise the impact on its solvency position due to adverse market movements. Such risk mitigation is carried out considering tolerance and exposure levels, as stated earlier.

The Risk and Reserving Committee monitors the effectiveness of the risk mitigation techniques through deliverables such as the Risk Management Report. The Investment Committee reviews at least on an annual basis the list of eligible assets for investment purposes Furthermore, the RMF, the Risk and Reserving Committee, the Executive Committee and the Investment Committee, periodically review the list of risk tolerances and limits and add or remove risk mitigation techniques as appropriate.

Prudent Person Principle

In accordance with the “Prudent Person” Principle, the Company adheres to the following investment principles:

- All investment activity within the Company are driven by the size, nature and term of its liabilities and by the Company’s overall risk appetite and solvency levels;
- The overall policy objective is to adequately fund the Company’s technical reserves and solvency margin and to contribute to the growth of surplus for the benefit of the shareholders;
- The Company does not engage in speculative investments or other high risk investment activities including gains trading and short-selling;
- All investments qualify under the EU regulations and Cyprus Insurance regulations;
- The Company’s investment strategy is aligned with key risks policies on ALM and Liquidity management i.e. the Company holds assets with sufficient values and enough liquidity to meet all liabilities and enable payments as they fall due;
- Investment activities follow appropriate procedures and constraints so that the Company’s shareholders and policyholders are not exposed to undue risk;
- Investments are sufficiently diversified across asset classes and instruments;
- The Company does not invest in complex instruments or markets where the risks cannot be sufficiently understood, measured and managed by the Company’s Investment and Risk professionals;
- All credit-related issues on securities are reviewed by the RMF;
- Outsourcing of investment activities to third-party asset managers adhere to the above principles and be safeguarded though appropriate contracts and investment statement.

C.3 COUNTERPARTY DEFAULT RISK

The risk arises from the potential loss due to the unexpected default of the counterparties and debtors of the Company over the forthcoming twelve months. The Company is exposed to Counterparty Default Risk on both assets and liabilities and it is categorised into two components below:

- Type 1 exposures that include risk mitigating contracts like reinsurance arrangements, deposits with ceding and credit institutions and cash at bank;
- Type 2 exposures that include diversifiable and unrated exposures such as receivable from intermediaries, policyholder debtors etc.

Risk Assessment

As stated above, the Company measures Counterparty Default Risk using the Standard Formula. There are no material changes to the measures used to assess Counterparty Default Risk during the year. The table below shows the contribution of each risk category, as a percentage to Counterparty Default capital charge, before diversification.

Risk Type	Capital Charge 2022	Capital Charge 2021
Type 1	34%	23%
Type 2	66%	77%

The Company’s exposure to Counterparty Default Risk is the third largest contributor to its capital requirement under Standard Formula.

Risk Monitoring

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. Risks arising from credit exposure are monitored and controlled using risk limits. The following table shows examples of tolerance levels and restrictions.

Risk Type	Risk Appetite Goals	Tolerance Levels/Limits and Restrictions
Capital at Risk	• Sufficient solvency to meet regulatory requirements	• Capital at risk from potential credit losses should not exceed a fixed % of own funds according to SII standard formula calculation of credit risk
Large exposures to single counterparty or group of connected counterparties	• Limit the risk to a single or group of connected counterparties to levels that diversify the Company's credit and eliminate large exposures	• The expected loss in the event of a single counterparty default does not exceed a fixed %
Credit Ratings	• Restrictions to counterparty exposures	• Rated counterparties should have a minimum long-term rating or financial strength
Reinsurers	• Cover is placed through rated, reputable and professional reinsurers and other counterparties of risk mitigating contracts	• Cover is placed through reputable, BoD-approved, professional providers with minimum long-term rating or financial strength • The exposure to a single reinsurer should not exceed specific limits
Insurance Agents/Intermediaries	• Business is placed only through reputable insurance agents/intermediaries • Maximum credit period applies to all insurance agents/intermediaries	• A maximum credit period is given from the end of production month for all insurance agents/intermediaries • Past due exposure to insurance agents/intermediaries should not exceed a fixed % of own funds
Policyholders & Counterparties/Debtors, other than banks or reinsurers	• Diversified pool of other counterparties and minimum policyholder payment default	• No acceptance of previously defaulted policyholder or other debtor without prior approval • Monitoring of past due items and collection before past due payment exceeds a specific period

Concentration

Counterparty Default Risk concentration arises when the default of a single exposure (or group of exposures) produces large losses, which threatens the Company's solvency position. The Company's most material counterparty default risk concentration relates to type 2 exposures, which are receivables from intermediaries, policyholder debtors, etc. Amongst Type 1 exposures, the maximum exposure related to a single reinsurer is 5% (2021: 9%) of total Type 1 amount of recoverables.

Risk Mitigation
The Company takes into consideration techniques to mitigate credit default risk such as, but not limited to, the use of collateral, the netting of receivables with liabilities, etc.

These techniques are undertaken in accordance with the Company's Reinsurance and Other Risk Mitigation Techniques and subject to Solvency II Requirements for risk mitigation recognition being met. Furthermore, credit risk mitigation involves the adoption of tolerance limits and restrictions, as mentioned earlier.

The Risk and Reserving Committee monitors the effectiveness of the risk mitigation techniques through deliverables such as the Risk Management Report. Counterparty default risk limits are reviewed for their continued effectiveness and reapproved or revised at least annually.

C.4 LIQUIDITY RISK

It is the risk that the Company will be unable to realise investments and other assets to settle its financial obligations when these fall due. It arises in circumstances where the Company has insufficient liquid or readily realisable assets to meet its commitments and is forced to rely on assets that cannot be realised at short notice at a reasonable value.

Risk Assessment
Once a liquidity risk is identified and registered, the RMF undertakes the task for assessing the materiality of these risks and measuring their impact. The assessment and measurement of liquidity risks, is performed using both qualitative and quantitative methods.

This qualitative assessment refers to the high-level assessment of liquidity risks based on expert judgement, prior experience, benchmarking and the qualitative estimation of severity and impact of adverse liquidity events. It is an exercise that estimates liquidity needs based on experience, assumptions and hypothetical scenarios. This analysis assesses the quality, nature, source and availability of sources of liquidity and the uses of liquidity, contractual and behavioural factors.

The qualitative assessment of liquidity risk enables a better understanding of the risks and their potential impact. This is performed jointly by the RMF and the relevant Business Unit Owners and is recorded in the Company's Risk Register.

The quantitative assessment refers to the measurement of the liquidity risks involved using appropriate quantification techniques e.g. Pillar 1 standard formula calculation. Liquidity risk quantification takes appropriate account of risk mitigation techniques taken by the Company e.g. reinsurance, Contingency Funding Plan, etc.

Liquidity Risk is measured regarding the market values of the assets and the nominal (undiscounted) values for technical liabilities. Investment asset valuations are produced by the internal or third party asset manager and are provided monthly to the Head of Finance.

In quantifying liquidity risk the Company assesses the differences between the contractual and the behavioural nature of its liabilities. In assessing the behavioural nature of the Company's liabilities the following are considered:

- The type of insurance business;

- The history of volatility in the pattern of claims payment;
- Options available to policyholders and the circumstances in which they are likely to be exercised;
- Options available to the insurer and any incentive for the insurer to exercise them;
- Any relevant requirements to deposit collateral either with the insured (or cedants) under the terms of the Reinsurance Treaty;
- The other cash flow needs of the business.

In addition, the Company considers how the above may be altered in stressed conditions.

The Head of Finance reports any significant deficiencies against the appetite during the period to the Chief Executive Officer. In addition, the RMF reviews the quantification and monitors the exposure to liquidity risk and reports any deviations from risk appetite, depending on the severity to the Risk and Reserving Committee.

Risk Monitoring
The Company has established appropriate procedures for controlling its Liquidity Risk which allows Senior Management to review compliance with established limits and operating procedures.

The monitoring of liquidity risk exposures consists of prudent and regular review of both tolerance levels and exposure levels. All risk monitoring is undertaken in the context of the BoD's risk appetite and any breaches are quickly and promptly escalated to the required parties.

The Finance function, Departments and Business Units are responsible for monitoring their individual liquidity risk exposure and ensuring that they remain within the defined limits. The Finance function is responsible for managing cash flows daily and monitor liquidity needs against the liquid asset buffer. Surplus funds are invested in accordance with the Company's investment policies. Unexpected liquidity needs are covered by available cash in the liquid asset buffer. Liquidity needs beyond what is available in the liquid asset buffer, should arise only in extreme circumstances, during which the Company's Contingency Funding Plan is invoked.

The following table shows examples of tolerance levels and restrictions.

Risk Type	Risk Appetite Goals	Tolerance Levels/Limits and Restrictions
Liquid asset pool	• Maintain sufficient liquidity to manage its day to day operations in the short, medium and long term as well as sufficient pool of liquid assets for covering sudden liquidity demands that may arise	• A pool of liquid assets, that represents at least a fixed % of investment portfolio • The ratio of liquid assets to technical provisions and payables must not be lower than a fixed %
Extreme liquidity events	• Hold sufficient liquidity to meet all scheduled obligation under stressed conditions for a specific period	• The Company undertakes regular stress testing for liquidity risk management
Currency liquidity risk	• The Company has zero tolerance to liquidity risk that may arise from unmatched currency inflows and outflows	• Direct exposure to assets and liabilities to be currency matched.

Risk Type	Risk Appetite Goals	Tolerance Levels/Limits and Restrictions
Significant Asset / Liability mismatch	• Low tolerance to market value mismatches to its asset and liability profile that may arise under stressed conditions	• Specific ALM Risk Limits
Risks from investments to equities, bonds and other property	• Low tolerance to asset concentrations that may accentuate liquidity risks in stressed operating conditions	• Specific Investment Risk Limits
Non-payment of receivables	• Low tolerance to credit risk (non-payment or delay of payment) arising from policyholders or other debtors	• Specific Credit Risk Limits
Inability to pay claims (large and catastrophe claims)	• Low tolerance to bearing the risk for large underwriting contracts and catastrophe contracts	• Specific Underwriting Risk and Reinsurance and other Risk Mitigation Techniques Risk Limits
Other large outflow (e.g. regulatory fine, operational loss, fraud)	• Zero tolerance to fraud and operational loss	• Operational Risk Limits

Concentration
The nature of financial obligations arising from non-life insurance business is short-term. Most of the insurance related liabilities are due for payment within eight years, with the largest concentration of insurance liabilities in the first two years, with an overall duration of total liabilities of 1,22. Hence, the Company holds a significant proportion of its financial investments in liquid assets to match its liabilities. The structure of asset portfolio is the following.

Liquidity Level	2022	2021
High	35%	41%
Medium	0%	0%
Low	65%	59%
Total	100%	100%

Risk Mitigation
The Company takes into consideration various techniques to mitigate the potential impact of liquidity risks such as arranging reinsurance for large and catastrophic claims, implementation of controls for limiting mismatches in cash inflows and outflows, etc.

These techniques are undertaken in accordance with the Company's Reinsurance and Other Risk Mitigation Techniques and subject to Solvency II Requirements for risk mitigation recognition being met.

The Risk and Reserving Committee monitors the effectiveness of the risk mitigation techniques through deliverables such as the Risk Management Report. Furthermore, the Internal Audit Function undertakes independent periodic evaluation of the procedures applied for managing liquidity risk.

Expected profit in future premiums

Since there are no future premiums to be invoiced based on the provisions of the policies, there is no need to consider any cashflows from future premiums. For this reason, the expected profit included in future premiums is nill.

C.5 OPERATIONAL RISK

It is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. Examples of sources of operational risk are the following:

Business Area	Potential Risks
Processes	• Incorrect/untimely transaction capture, execution, and settlement • Under-Reserving (Intentional or Unintentional) • Under-Pricing • Compliance issues • Corporate action errors • Accounting and taxation errors
People	• Unauthorised trading • Fraud (Internal and External)
Systems	• Hardware and/or software failure • Unauthorised access to information and systems security • Telecommunications failure • Utility outage • Computer hacking or viruses
External Events	• Operational failure at suppliers or outsourced operations • Fire or natural disaster • Terrorism • Vandalism, theft, robbery

Risk Assessment

The Company measures Operational Risk using the Standard Formula. There are no material changes to the measures used to assess Operational Risk during the year. The Company's exposure to Operational Risk is the smallest contributor to its capital requirement under the Standard Formula.

Risk Monitoring

As part of the monitoring process, limits or tolerances for each category of operational risk are set and reviewed. Limits are defined through a collaborative effort from Senior Management and the RMF.

Metrics, which are commonly known as Key Risk Indicators (KRIs), provide a measure of the Company's risk profile. KRI's are measurable metrics or indicators that track exposure or loss. Anything that can perform this function may be considered a risk indicator. The indicator becomes key when it tracks an especially important exposure, or it does so especially well, or ideally both. In operational risk, KRI's are carefully selected to monitor operational risk events throughout the Company.

KRI's rely upon observable data, as opposed to estimates of future activities, to produce a timely representation of the level of risk. When combined with risk assessment and loss data gathering results, the cumulative information can provide a comprehensive profile of operational risk. Examples of preliminary KRI's are:

- Unauthorised access to key IT systems and applications;
- Malicious code or hackers' attempts to infect the Company's IT system;
- Customer complaints;
- Incidents of vandalism, theft or terrorism;
- System downtime - Critical System Unavailability and outage;
- Legal disputes regarding policy terms and conditions;
- Compliance or reporting deadlines missed.

The monitoring of operational risk exposures consists of prudent and regular review of both tolerance levels and exposure levels. The following table shows examples of tolerance levels and restrictions.

Risk Type	Risk Appetite Goals	Tolerance Levels/Limits and Restrictions
Risk of financial Loss	• Prevent undue financial losses due to weaknesses in processes, people and systems	• No single operational loss should exceed a specific amount • Aggregate operational loss should not exceed a fixed % of SCR per standard formula
Not meeting all reasonable expectations of customers and shareholders	• High service standards, meet all reasonable expectations of customers, as well as to fulfil its contractual obligations • Meet its shareholders' expectations	• Complaints received to be less than a fixed % of number of policies in-force per year • The Company aims to achieve a satisfactory ROE
Fraud, money laundering and corruption	• Low appetite for operational risk in relation to incidents of fraud, money laundering and corruption	• No risk thresholds, all incidents need to be reported immediately
Breaking laws and breaching regulatory requirements	• Always comply with applicable legislation and regulatory or other obligations	• No risk thresholds, all incidents need to be reported immediately
Physical Security	• Always ensure security of its premises and safety of employees	• No risk thresholds, all incidents need to be reported immediately

Concentration

Motor Business lines (Motor Third Party Liability and Other Motor) represent the largest concentration of operational risk, since the standard formula calculation of the relevant capital charge is based on premiums and technical provisions.

Risk Mitigation

The RMF in cooperation with the Departments, Functions and Business Units, identifies, assesses and monitors operational risks, promoting a culture that each employee is responsible for managing operational risk. Furthermore, operational risk mitigation involves the adoption of tolerance limits and restrictions, as mentioned earlier. Internal Audit Function, supported by the Audit Committee, provide independent and objective assurance on the effectiveness of operational risk management, control and governance processes.

Risk Sensitivity

Stress testing is conducted at least annually by the RMF to assess the Company's vulnerability to possible events or future changes in economic conditions which have unfavourable effects on risk capital charges and its ability to withstand such changes. The analysis and results of these tests are included in the Company's annual Own Risk and Solvency Assessment report (ORSA).

The RMF in cooperation with the Departments, Functions and Business Units, identifies the key areas on which the stress tests will be performed. The identification is performed by considering the structure of the Company's insurance portfolio and external environment factors which affect the insurance exposure of the Company.

Example of stress scenario factors that are taken into consideration for each risk separately are listed below:

- Decrease in GWP;
- Increase in claims frequency;
- Deterioration in the collection rate of outstanding premiums;
- Reduction in asset values held by the Company;

C.6 OTHER MATERIAL RISKS

The information presented in risk profile section provides a true and fair view of the risk profile of the Company during the period.

D. VALUATION FOR SOLVENCY PURPOSES

Valuation basis, methods and main assumptions

For the year ended 31 December 2022:

Solvency II Balance Sheet as at 31 December 2022, €'000	Notes	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Assets					
Deferred acquisition costs	D.1.1.	1.772,0		(1.772,0)	0,0
Intangible assets	D.1.2.	53,0		(53,0)	0,0
Property, plant & equipment held for own use	D.1.3.	2.033,0			2.033,0
Investments (other than assets held for index-linked and unit-linked contracts)	D.1.4.	15.552,0			15.552,0
Property (other than for own use)		344,0			344,0
Holdings in related undertakings, including participations		9.288,0			9.288,0
Equities		96,0			96,0
Equities - listed		96,0			96,0
Equities - unlisted		0,0			0,0
Bonds		2.504,0			2.504,0
Government Bonds		2.504,0			2.504,0
Structured notes		0,0			0,0
Collateralised securities		0,0			0,0
Collective Investments Undertakings		3.320,0			3.320,0
Deposits other than cash equivalents		0,0			0,0
Reinsurance recoverables from:	D.2.	1.315,0		(827,0)	488,0
Non-life and health similar to non-life		1.315,0		(827,0)	488,0
Non-life excluding health		1.315,0		(828,0)	487,0
Health similar to non-life		0,0		1,0	1,0
Insurance and intermediaries receivables	D.1.5.	1.969,0	338,0		2.307,0
Reinsurance receivables		0,0	0,0		0,0
Receivables (trade, not insurance)	D.1.6.	338,0	(304,0)		34,0
Cash and cash equivalents	D.1.7.	140,0	0,0		140,0
Any other assets, not elsewhere shown	D.1.8.	65,0	(34,0)		31,0
Total assets		**23.237,0**	**(0,0)**	**(2.652,0)**	**20.585,0**

Solvency II Balance Sheet as at 31 December 2022, €'000	Notes	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Liabilities					
Technical provisions – non-life	D.2.	11.888,0		(1.770,0)	10.118,0
Technical provisions – non-life (excluding health)		11.888,0		(1.799,0)	10.089,0
Best Estimate		0,0		9.695,0	9.695,0
Risk margin		0,0		394,0	394,0
Technical provisions - health (similar to non-life)		0,0		29,0	29,0
Best Estimate		0,0		29,0	29,0
Risk margin		0,0		3,0	3,0
Provisions other than technical provisions	D.1.1.	370,0		(370,0)	0,0
Deferred tax liabilities	D.3.1.	189,0			189,0
Insurance & intermediaries payables	D.3.2.	793,0			793,0
Reinsurance payables	D.3.3.	154,0			154,0
Payables (trade, not insurance)	D.3.4.	544,0			544,0
Any other liabilities, not elsewhere shown		0,0			0,0
Total liabilities		**13.398,0**	**0,0**	**(2.140,0)**	**11.798,0**
Excess of assets over liabilities		**9.299,0**	**(0,0)**	**(512,0)**	**8.787,0**

For the year ended 31 December 2021:

Solvency II Balance Sheet as at 31 December 2021, €'000	Notes	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Assets					
Deferred acquisition costs	D.1.1.	1.631,0		(1.631,0)	0,0
Intangible assets	D.1.2.	86,0		(86,0)	0,0
Property, plant & equipment held for own use	D.1.3.	1.913,0			1.913,0
Investments (other than assets held for index-linked and unit-linked contracts)	D.1.4.	15.150,0			15.150,0
Property (other than for own use)		347,0			347,0
Holdings in related undertakings, including participations		8.167,0			8.167,0
Equities		68,0			68,0
Equities - listed		68,0			68,0
Equities - unlisted		0,0			0,0
Bonds		3.257,0			3.257,0
Government Bonds		3.257,0			3.257,0
Structured notes		0,0			0,0
Collateralised securities		0,0			0,0
Collective Investments Undertakings		3.311,0			3.311,0
Deposits other than cash equivalents		0,0			0,0
Reinsurance recoverables from:	D.2.	1.367,0		(706,0)	661,0
Non-life and health similar to non-life		1.367,0		(706,0)	661,0
Non-life excluding health		1.367,0		(714,0)	653,0
Health similar to non-life		0,0		8,0	8,0
Insurance and intermediaries receivables	D.1.5.	1.953,0	368,0		2.321,0
Reinsurance receivables		0,0	0,0		0,0
Receivables (trade, not insurance)	D.1.6.	368,0	(340,0)		28,0
Cash and cash equivalents	D.1.7.	81,0	0,0		81,0
Any other assets, not elsewhere shown	D.1.8.	58,0	(28,0)		30,0
Total assets		**22.607,0**	**(0,0)**	**(2.423,0)**	**20.184,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	Notes	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Liabilities					
Technical provisions – non-life	D.2.	11.459,0		(1.222,0)	10.237,0
Technical provisions – non-life (excluding health)		11.459,0		(1.257,0)	10.202,0
Best Estimate		0,0		9.848,0	9.848,0
Risk margin		0,0		354,0	354,0
Technical provisions - health (similar to non-life)		0,0		35,0	35,0
Best Estimate		0,0		32,0	32,0
Risk margin		0,0		3,0	3,0
Provisions other than technical provisions	D.1.1.	305,0		(305,0)	0,0
Deferred tax liabilities	D.3.1.	189,0			189,0
Insurance & intermediaries payables	D.3.2.	745,0			745,0
Reinsurance payables	D.3.3.	232,0			232,0
Payables (trade, not insurance)	D.3.4.	369,0			369,0
Any other liabilities, not elsewhere shown		0,0			0,0
Total liabilities		**13.299,0**	**0,0**	**(1.527,0)**	**11.772,0**
Excess of assets over liabilities		**9.308,0**	**(0,0)**	**(896,0)**	**8.412,0**

The Company values assets and liabilities in accordance with international accounting standards adopted by the Commission pursuant to Regulation (EC) No 1606/2002. These standards include valuation methods that are consistent with the valuation approach set out in Article 75 of the Solvency II Directive. Where those standards allow for the use of more than one valuation method, the Company uses valuation methods that are consistent with Article 75 of Solvency II Directive. In accordance with Article 75 of the Solvency II Directive, the Company's assets and liabilities other than technical provisions are measured in accordance with principles of an arm's length transaction between knowledgeable willing parties using market consistent valuation methods.

D.1 ASSETS

D.1.1 Deferred Acquisition Costs

Deferred acquisition costs are defined as acquisition costs relating to contracts in force at the balance sheet date which are carried forward from one reporting period to subsequent reporting periods, relating to the unexpired periods of risks. In accordance with Article 12 of the Solvency II Delegated Acts, deferred acquisition costs are valued at nil for Solvency II purposes. All cash-flows arising from expenses that will be incurred in servicing all recognised insurance and reinsurance obligations over the lifetime should, therefore, be considered in determining the best estimate technical provisions. The relevant adjustment is made in the Solvency II Balance Sheet under technical provisions (See section D.2).

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Deferred acquisition costs	1.772,0		(1.772,0)	0,0
Provisions other than technical provisions	(370,0)		(370,0)	0,0
Net Deferred acquisition costs	**1.402,0**	**-**	**(1.402,0)**	**0,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Deferred acquisition costs	1.631,0		(1.631,0)	0,0
Provisions other than technical provisions	305,0		(305,0)	0,0
Net Deferred acquisition costs	**1.326,0**	**-**	**(1.326,0)**	**0,0**

D.1.2 Intangible Assets

Intangible assets are measured at fair value, where an active market exists. An active market is a market in which all of the following conditions exist:

- The items traded in the market are homogenous;
- Willing buyers and sellers can normally be found at any time;
- Prices are available to the public.

Intangible assets are valued at nil unless the intangible asset can be sold separately and the values can be derived using quoted prices in active markets. The Company’s intangible assets include:
- capitalised software costs which are carried at historical cost under IFRS and in the absence of an active market, these assets are measured at nil for Solvency II purposes; and
- acquired client portfolio which was recognised at cost at the date of acquisition and subsequently amortised on a straight-line over its estimated useful live under IFRS, and in the absence of an active market, this asset is measured at nil for Solvency II purposes.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Intangible assets	**53,0**	**-**	**(53,0)**	**0,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Intangible assets	**86,0**	**-**	**(86,0)**	**0,0**

D.1.3 Property, plant & equipment held for own use

Property, plant and equipment held for own use are defined as tangible assets and are measured at fair values. The Company uses an alternative valuation method for this class of assets as follows:

Land and buildings held for own use are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset and this method is used as an approximation to derive Solvency II values. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives (Land is not depreciated). The annual depreciation rates are as follows:

- Buildings[1] 3% / 4%;
- Furniture, fittings and equipment 10%;
- Computer hardware 20%;
- Motor vehicles 15%.
- Leasehold improvements 16,7%

[1]During the year the Company revised the useful life of its buildings for another 25 years. As a result, the depreciation rate for the buildings of the Company has been revised from 3% to 4%.

As of 1 January 2019, the Company adopted the IFRS16 “Leases”. Under IFRS16, leases are required to recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Under Solvency II the right-of-use assets are recognised as property, plant and equipment held for own use and are held at fair value which is deemed to be equal to the lease liability initially recognised, plus any lease prepayments, less depreciation and impairment losses.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Property, plant & equipment held for own use	**2.033,0**	**-**	**-**	**2.033,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Property, plant & equipment held for own use	**1.913,0**	**-**	**-**	**1.913,0**

D.1.4 Investments (other than assets held for index-linked and unit-linked contracts)

The Company's investments are segregated into the following categories:

- Property (other than for own use)
- Participations;
- Equities;
- Bonds;
- Collective Investment Undertakings (Investment Funds);
- Deposits other than cash equivalents.

All of the Company's investments are measured at fair value for IFRS purposes, therefore no measurement difference arises with Solvency II value. Investments are classified into the three tiers of fair value hierarchy based on the characteristics of inputs available in the marketplace. The different levels have been defined as follows:

- Level 1: Quoted market prices in active markets for the same assets
- Level 2: Quoted market prices in active markets for similar assets with adjustments to reflect differences. The adjustments reflect factors specific to the asset including the condition or location of the asset, the extent to which inputs relate to items that are comparable with the asset and the volume or level of activity in the markets within which the inputs are observed
- Level 3: Alternative valuation methods which make use of relevant market inputs including:
  - Quoted prices for identical or similar assets in markets which are not active;
  - Inputs other than quoted prices that are observable for the asset, including interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads;
  - Market-corroborated inputs, which may not be directly observable but are based on or supported by observable market data.

All of the Company's investments are classified as Level 1 with the exception of property (other than for own use) and participations which are classified as Level 3. The fair value of the property (other than for own use) is valued based on the sales comparison method while the fair values of the participations are valued either based on the fair value of their underlying assets which approximates their fair value and carrying amount at the balance sheet date or with the method of discounted cash flows, depending on the nature of the activity for each subsidiary.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Property (other than for own use)	344,0	-	-	344,0
Holdings in related undertakings, including participations	9.288,0	-	-	9.288,0
Equities	96,0	-	-	96,0
Bonds	2.504,0			2.504,0
Collective Investments Undertakings	3.320,0	-	-	3.320,0
Deposits other than cash equivalents	0,0	-	-	0,0
Investments (other than assets held for index-linked and unit-linked contracts)	**15.552,0**	**-**	**-**	**15.552,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Property (other than for own use)	347,0	-	-	347,0
Holdings in related undertakings, including participations	8.167,0	-	-	8.167,0
Equities	68,0	-	-	68,0
Bonds	3.257,0			3.257,0
Collective Investments Undertakings	3.311,0	-	-	3.311,0
Deposits other than cash equivalents	0,0	-	-	0,0
Investments (other than assets held for index-linked and unit-linked contracts)	**15.150,0**	**-**	**-**	**15.150,0**

D.1.5 Insurance and Intermediaries Receivables

Under IFRS, insurance and intermediaries receivables represent amounts due from insurance intermediaries, direct clients and inward facultative reinsurers. Balances from Cyprus Hire Risks Pool and OSEDA are reclassified from Receivables (trade, not insurance) into this category based on instructions received from the Insurance Companies Control Service. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The fair value of receivables does not differ materially from their amortised cost and are therefore considered to be held at fair value.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II value
Insurance and intermediaries receivables	**1.969,0**	**338,0**	**-**	**2.307,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II value
Insurance and intermediaries receivables	**1.953,0**	**368,0**	**-**	**2.321,0**

D.1.6 Receivables (trade, not insurance)

The receivables (trade, not insurance balances) relate to prepayments which are due within 1 year and the IFRS carrying values are taken to approximate fair values under Solvency II.

As per Note D.1.5., the balances receivable from Cyprus Hire Risks Pool and OSEDA are reclassified to Insurance and Intermediaries Receivables category. Prepayments were reclassified from the category Any other assets not elsewhere shown to the Receivables (trade, not insurance balances) category. These reclassifications resulted in a change of €304 (2021: €340) thousands in the value of Receivables on the Solvency II balance sheet as at 31 December 2022.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Receivables (trade, not insurance)	**338,0**	**(304,0)**	**-**	**34,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Receivables (trade, not insurance)	**368,0**	**(340,0)**	**-**	**28,0**

D.1.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand with an original maturity of three months or less. Cash and cash equivalents are considered to be held at fair value under Solvency II.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Cash and cash equivalents	**140,0**	**-**	**-**	**140,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Cash and cash equivalents	**81,0**	**-**	**-**	**81,0**

D.1.8 Any other assets, not elsewhere shown

Any other asset amount shown in Solvency II balance sheet as at 31 December 2022 and 2021 relates to receivables from Tax Authorities of the Cyprus Government which are considered to be held at fair value under Solvency II. Prepayments were reclassified from the category Any other assets not elsewhere shown to the Receivables (trade, not insurance balances) category as per Note D.1.6.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Any other assets, not elsewhere shown	**65,0**	**(34,0)**	**-**	**31,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Any other assets, not elsewhere shown	**58,0**	**(28,0)**	**-**	**30,0**

D.2 TECHNICAL PROVISIONS

DEFINITION OF TECHNICAL PROVISIONS

Solvency II requires Technical Provisions to be segmented by Solvency II lines of business. The grouping of risks considers both homogeneity of risks and sufficiency of credible data in the analysis of development pattern and the underlying volatility.

Technical Provisions is the sum of:

- *Best Estimate of Claims provisions*, which is defined as the best expected present value of all future financial obligations arising from claim events that have occurred before or at the valuation date. The provision for claims outstanding must relate to claim events that have already occurred, regardless of whether the claims arising from these events have been reported or not;
- *Best Estimate of Premiums provisions*, which is defined as the best expected present value of all future financial obligations, arising from future claim events, i.e. from claim events occurring after the valuation date. Therefore, it must relate to future claim events covered by insurance obligations falling within the contract;
- *The risk margin*, an extra capital charge, to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

Each component is calculated separately.

The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure.

BEST ESTIMATES OF CLAIMS PROVISION

The Actuarial Function calculates projected cash-flows arising from claim events that have occurred before or at the valuation date. The present value (i.e. discounting) of these future cash-flows, using an appropriate risk-free interest rate term structure (as published by EIOPA), provides the best estimate of claims provision. It is calculated separately under gross and net basis.

The calculation of the best estimate is based upon up-to-date and credible information and realistic assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods. It takes account of all the cash-flows required to settle the insurance obligations over the lifetime thereof. The methodologies are revised on a regular basis for improvement and constant adaptation to any relevant changes in the reality being assessed.

The Actuarial Function ensures that the main drivers of risk are reflected and appropriately addressed in the method underlying the calculation of best estimate of claims provision and in the assumptions made. The choice of the method to calculate the best estimate is proportionate to the nature, scale and complexity of the risks supported by the Company.

The Actuarial method currently used to calculate the ultimate cost is the Chain Ladder applied on Incurred claims, using 10 years of data. Expert judgements are applied on the selection of development factors. The data is split into sufficient homogeneous groups and allows credible statistical assessment.

As with standard actuarial techniques, large individual claims are considered separately from the remainder of the risk group if the inclusion would otherwise distort results, or if separation would be considered to produce a more reliable valuation.

For lines of business, where volumes written are very low, the valuation is currently based on the booked case estimates, making an allowance for Incurred but Not Reported Claims (IBNR reserve) and claims handling expenses.

BEST ESTIMATE OF PREMIUMS PROVISION

The Best Estimate of Premiums Provisions from recognised insurance and reinsurance contracts should be given as the expected present value of future ingoing and outgoing cashflows, being a combination of cashflows from future:

- Premiums;
- claims payments;
- claims handling expenses;
- ongoing administration expenses;
- reinsurance costs;
- cashflows from cancellations.

Just like the best estimate of claims provision, it is calculated separately under gross and net basis. The Actuarial Function calculates the relevant cashflows, based on assumptions derived from the company’s own experience for each Solvency II line of business (e.g. claims ratios, cancellation rates, expense ratios, reinsurance cost ratios etc.). These assumptions are reviewed mainly on an annual basis, unless there is justification for earlier review.

DISCOUNTING

Future cashflows are discounted, based on the yield curves provided by EIOPA, to provide the Gross and Net Best Estimate of Claims and Premiums Provision.

RISK MARGIN

The Simplification method, classified as belonging to level 3 of the hierarchical structure, prescribed by EIOPA, is used to project the future Solvency Capital Requirement ('SCR') relating to current obligations. This method assumes that the future SCR are proportional to the best estimate technical provisions for the relevant year, the proportionality factor being the ratio of the present SCR to the present best estimate technical provisions, as calculated by the Company. This simplification considers the maturity and the run-off pattern of the obligations net of reinsurance.

The calculated Risk Margin is then allocated to the Solvency II lines of business.

RECOVERABLES FROM REINSURANCE CONTRACTS

The amounts recoverable from reinsurance contracts are calculated before adjusting for the expected loss due to default of the counterparty, as the difference between the following amounts:

- The gross best estimate;
- The best estimate, calculated after the deduction of the amounts recoverable from reinsurance contract, without an adjustment for the expected loss due to default of the counterparty (unadjusted net best estimate).

This is a simplified calculation of recoverables from reinsurance contracts, based on Article 57 of the Commission Delegated Regulation (EU) 2015/35.

COUNTERPARTY DEFAULT ADJUSTMENT

The results from the calculation of the Best Estimate of Claims and Premium Provision should be adjusted to take account of expected losses due to default of the counterparty. That adjustment should be calculated separately, as the expected present value of the change in cash flows underlying the amounts recoverables from that counterparty, that would arise if the counterparty defaults, including as a result of insolvency or dispute, at a certain point in time.

A simplified calculation is used to calculate the adjustment for expected losses due to default of the counterparty (as described in Article 61 of the Commission Delegated Regulation (EU) 2015/35).

The counterparty default adjustment, as calculated for the time being, is immaterial.

LEVEL OF UNCERTAINTY

Future claims experience is dependent on the external environment, which is subject to uncertainty, including that related to legislative, social and economic change. The impact of uncertain external factors (e.g. claims frequency, severe accidents, volume of business) is considered throughout the calculation of ultimate cost.

The events of recent years (e.g. COVID-19, geopolitical events, inflation, collapse of major investment banks, etc.), have created negative environment and uncertainty which is still surrounding the local economy, particularly among the people engaged in the financial sector. The unresolved issue of liquidity in the market has reduced the trading activity and is causing an increase in outstanding collections, with adverse implications in the local Insurance Market.

Uncertainty in the best estimate reserves can also arise from model error. Model error occurs when the methodology used does not accurately reflect the development process for the line of business (i.e. misspecification of the model). For this reason, an analysis of actual against expected experience is carried on an annual basis, considering the assumptions and the methodology used and corrective steps are taken where necessary (e.g. review of the methodology or assumptions used).

To measure the uncertainty of specific reserves (for Motor Business), different models may be used to calculate the distribution of reserves. However, it is understood that these models have limitations as well and thus are used with care.

There is an inherent level of uncertainty governing the valuation as expected experience will never materialise as per the actual one. However, the level of uncertainty governing the valuation is addressed through the below:

- A thorough data quality assessment process which ascertains that the data upon which the valuation will be based is of high quality;
- A rigorous valuation process;
- Setting of appropriate assumptions ;
- Use of appropriate valuation methodologies;
- The performance of the analysis of the movement in results from the previous year-end valuation; and
- Sensitivity analysis/testing to assess the degree of uncertainty in the calculation of TPs

TECHNICAL PROVISIONS BY SOLVENCY II LINE OF BUSINESS

The table below shows the Technical Provisions of the Company (under Solvency II basis), calculated as at 31 December 2022 and 2021.

Technical Provisions as at 31st of December 2022, €'000	Gross	Net
Income Protection Insurance	29,0	28,0
Motor Vehicle Liability Insurance	6.800,0	6.711,0
Other Motor Insurance	1.295,0	1.281,0
Marine, Aviation and Transport Insurance	58,0	19,0
Fire and Other Damage to Property Insurance	777,0	452,0
General Liability Insurance	1.152,0	1.131,0
Credit and Suretyship Insurance	-	-
Miscellaneous Financial Loss	7,0	7,0
TOTAL	**10.118,0**	**9.629,0**

Technical Provisions as at 31st of December 2021, €'000	Gross	Net
Income Protection Insurance	35,0	27,0
Motor Vehicle Liability Insurance	7.283,0	7.069,0
Other Motor Insurance	1.004,0	992,0
Marine, Aviation and Transport Insurance	58,0	19,0
Fire and Other Damage to Property Insurance	869,0	491,0
General Liability Insurance	980,0	970,0
Credit and Suretyship Insurance	1,0	1,0
Miscellaneous Financial Loss	7,0	7,0
TOTAL	**10.237,0**	**9.576,0**

Motor Business made up 80% (2021: 81%) of SII gross technical provisions. In particular, Motor Vehicle Liability Insurance made up 67% (2021: 71%) and Other Motor Insurance made up 13% (2021: 10%). Fire Business made up 8% (2021: 8%) and General Liability Business made up 11% (2021: 10%). In total, 99% (2021: 99%) of the Company's technical provisions arise from these lines of business, with Motor Business being the prevailing line of business.

DIFFERENCES BETWEEN SOLVENCY II AND FINANCIAL STATEMENTS VALUATION

The material differences between the valuation of technical provisions for Solvency II purposes and those used for financial statements are as follows:

- For Solvency II purposes, the total provision for outstanding claims for each Solvency II line of business is reduced when the appropriate actuarial method demonstrates that the ultimate cost for these claims is less than the total incurred cost. Such a reduction is not included for IFRS purposes;
- The provisions for Unearned Premium Reserve (UPR) and Unexpired Risk Reserve (URR) used in financial statements do not exist for Solvency II purposes and are replaced by the best estimate of the premium provision;
- The liabilities from insurance contracts in financial statements are not discounted as opposed to those used for Solvency II purposes where future cash flows are discounted;
- The risk margin is calculated for Solvency II purposes only and is not included in financial statements.

The differences between the valuation of technical provisions for Solvency II purposes and those used in financial statements are presented in the table below:

Gross Technical Provisions as at 31st of December 2022, €'000	Solvency II	IFRS
Income Protection Insurance	29,0	69,0
Motor Vehicle Liability Insurance	6.800,0	7.268,0
Other Motor Insurance	1.295,0	1.418,0
Marine, Aviation and Transport Insurance	58,0	78,0
Fire and Other Damage to Property Insurance	777,0	1.661,0
General Liability Insurance	1.152,0	1.354,0
Credit and Suretyship Insurance	-	1,0
Miscellaneous Financial Loss	7,0	39,0
TOTAL	**10.118,0**	**11.888,0**

Gross Technical Provisions as at 31st of December 2021, €'000	Solvency II	IFRS
Income Protection Insurance	35,0	63,0
Motor Vehicle Liability Insurance	7.283,0	7.402,0
Other Motor Insurance	1.004,0	1.113,0
Marine, Aviation and Transport Insurance	58,0	73,0
Fire and Other Damage to Property Insurance	869,0	1.645,0
General Liability Insurance	980,0	1.126,0
Credit and Suretyship Insurance	1,0	1,0
Miscellaneous Financial Loss	7,0	36,0
TOTAL	**10.237,0**	**11.459,0**

Net Technical Provisions as at 31st of December 2022, €'000	Solvency II	IFRS
Income Protection Insurance	28,0	61,0
Motor Vehicle Liability Insurance	6.711,0	7.164,0
Other Motor Insurance	1.281,0	1.397,0
Marine, Aviation and Transport Insurance	19,0	31,0
Fire and Other Damage to Property Insurance	452,0	599,0
General Liability Insurance	1.131,0	1.319,0
Credit and Suretyship Insurance	-	1,0
Miscellaneous Financial Loss	7,0	2,0
TOTAL	**9.629,0**	**10.574,0**

Net Technical Provisions as at 31st of December 2021, €'000	Solvency II	IFRS
Income Protection Insurance	27,0	50,0
Motor Vehicle Liability Insurance	7.069,0	7.210,0
Other Motor Insurance	992,0	1.087,0
Marine, Aviation and Transport Insurance	19,0	29,0
Fire and Other Damage to Property Insurance	491,0	609,0
General Liability Insurance	970,0	1.103,0
Credit and Suretyship Insurance	1,0	1,0
Miscellaneous Financial Loss	7,0	2,0
TOTAL	**9.576,0**	**10.091,0**

It is noted that under the gross basis, there is significant benefit from lower technical provisions, arising mainly from Fire Business (€884,0 thousands), due to the calculation of the Best Estimate of Premium Provision. The Best Estimate of Premium Provision is calculated on a cashflow basis and under Solvency II it is required for the Company to hold the present value of these total cashflows, instead of the entire Unearned Premium Reserve (UPR). The relatively low Loss Ratio of Fire Business produces lower amount of related cashflows explaining this material difference.

However, under net basis there is no such benefit, since both technical provisions for Fire Business are fairly similar. This is because of the reinsurance arrangement, which reduces net UPR (compared to gross UPR) significantly. However, under Solvency II net calculations, there are still cashflows related to future administration expenses. These cashflows, in combination with the relatively low value of net UPR, makes the calculation of technical provisions (both under Solvency II and Financial Statement environment) fairly similar.

There is also a significant impact on the liabilities moving from IFRS to SII which is due to a discounting effect. Discounting tends to have significant impact at times when the risk-free interest rates are high. In the past couple of years risk-free rates were significantly lower than at the date of this report and so the effect from discounting is relatively high at the valuation date (€368,0 thousand). Discounting affects the liabilities of all lines of business, however, those with higher liabilities are expected to receive a greater impact.

D.3 OTHER LIABILITIES

D.3.1 Deferred tax liabilities

The Solvency II measurement principles for deferred taxes are consistent with the financial statements (IAS 12). Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Deferred tax liabilities	**189,0**	**-**	**-**	**189,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Deferred tax liabilities	**189,0**	**-**	**-**	**189,0**

D.3.2 Insurance & intermediaries payables

Insurance & intermediaries payables include amounts which are insurance-related, similar to insurance and intermediaries receivables on the asset side of the balance sheet. These amounts relate to commissions due and commissions accrued to intermediaries. These are carried at amortised cost using the effective interest method. This is considered a fair market value of this liability and the effect of movement in own credit risk on the valuation is not expected to be material, therefore no adjustment to the IFRS or Solvency II values are needed.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Insurance & intermediaries payables	**793,0**	**-**	**-**	**793,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Insurance & intermediaries payables	**745,0**	**-**	**-**	**745,0**

D.3.3 Reinsurance Payable

These liabilities are measured as the amount due, which represents the amount expected to be paid. This is considered a fair market value of this liability and the effect of movement in own credit risk on the valuation is not expected to be material, therefore no adjustment to the IFRS or Solvency II values are needed.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Reinsurance Payable	**154,0**	**-**	**-**	**154,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Reinsurance Payable	**232,0**	**-**	**-**	**232,0**

D.3.4 Payables (trade, not insurance)

Payables (trade, not insurance) include amounts which are not insurance-related, similar to receivables (trade, not insurance) on the asset side of the balance sheet. These are carried at amortised cost using the effective interest method. This is considered a fair market value of this liability and the effect of movement in own credit risk on the valuation is not expected to be material, therefore no adjustment to the IFRS or Solvency II values are needed.

As of 1 January 2019, the Company adopted IFRS 16 “Leases”. Under IFRS 16, lessees are required to recognise a right of use and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Under Solvency II, the lease liability is presented in “Payables (trade, not insurance)”.

Solvency II Balance Sheet as at 31 December 2022, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Payables (trade, not insurance)	**544,0**	**-**	**-**	**544,0**

Solvency II Balance Sheet as at 31 December 2021, €'000	IFRS Value	Reclassification Adjustment	Solvency II Valuation Adjustment	Solvency II Value
Payables (trade, not insurance)	**369,0**	**-**	**-**	**369,0**

D.4 ALTERNATIVE VALUATION METHODS

As there are no quoted market prices for the Company's property (other than own use), participations and property, plant and equipment, alternative valuation methods, as defined in the Solvency II regulations, are used to determine the fair values of these assets. The details for these alternative valuation methods are disclosed in D.1.3 Property, plant & equipment held for own use and D.1.4. Investments (other than assets held for index-linked and unit-linked contracts) separately.

D.5 OTHER MATERIAL INFORMATION

The information presented in Section D provides a true and fair view of the valuation for Solvency II purposes of the Company during the period.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

E.1.1 Objectives, Policies and Processes for managing own funds

The primary objective of Capital Management is to optimise the balance between return and risk, whilst maintaining adequate economic and regulatory capital in accordance with the Company's risk appetite and the three-year business planning horizon.

The Company has a Capital Management Policy in place which is approved annually by the BoD in relation to all matters relating to the capital level and capital structure of the Company. The capital levels, structure and quality is monitored by the Finance function and along with the Risk Management function appropriate stress scenarios and testing are performed to ensure the adequacy over the three-year business planning horizon or to substantiate any subsequent own-fund issue.

There have been no significant business or other events that have occurred in the reporting period and up to the date of report and which have had a material impact on the Company.

E.1.2 Structure, amount and quality of own funds

Under Solvency II regulation, capital is referred to as Own Funds ("OF") and the regulation distinguishes between Basic Own Funds ("BOF") and Ancillary Own Funds ("AOF"). The whole amount of the Company's OF is classified as BOF. All own-funds items currently in place, naming Ordinary Share Capital paid in and the Reconciliation Reserve are classified as Tier 1 – unrestricted, have permanent availability and subordination, and satisfy the relevant regulatory features in Levels 2 and 3 of the Solvency II regulation and the Company's Capital Management Policy.

The composition of the Company's available OF as at 31 December 2022 and 2021 is provided below:

Own Funds as at 31 December 2022, €'000	**Tier 1- Unrestricted**	**Tier 1 - Restricted**	**Tier 2**	**Tier 3**	**Total**
Basic Own Funds					
Ordinary Share Capital	5.000,0	-	-	-	5.000,0
Shareholders' Capital Contribution Reserve	270,0	-	-	-	270,0
Reconciliation Reserve	3.517,0	-	-	-	3.517,0
Total Basic Own Funds	**8.787,0**	**-**	**-**	**-**	**8.787,0**
Ancillary Own Funds	**-**	**-**	**-**	**-**	**-**
Total Own Funds	**8.787,0**	**-**	**-**	**-**	**8.787,0**

During the year 2022 the Company declared an interim dividend of €270.000. The sole shareholder of the Company, J.C.Christophides (Holdings) Ltd waived their right to receive the said dividend and requested the Company to apply the said funds for an equivalent increase of the share capital of the Company in 2023. Furthermore, it requested the Company to keep the said funds until the necessary formalities for the increase of its authorised and issued share capital are processed and noted that the said funds will not bear any interest.

Own Funds as at 31 December 2021, €'000	Tier 1- Unrestricted	Tier 1 - Restricted	Tier 2	Tier 3	Total
Basic Own Funds					
Ordinary Share Capital	5.000,0	-	-	-	5.000,0
Reconciliation Reserve	3.412,0	-	-	-	3.412,0
Total Basic Own Funds	**8.412,0**	**-**	**-**	**-**	**8.412,0**
Ancillary Own Funds	**-**	**-**	**-**	**-**	**-**
Total Own Funds	**8.412,0**	**-**	**-**	**-**	**8.412,0**

E.1.3 Eligible Own Funds to meet Solvency Capital Requirement

The classification into tiers is relevant to the determination of Eligible OF. These are the OF that are eligible for covering the regulatory capital requirements – the Solvency Capital Requirement (“SCR”). The SCR reflects a level of Eligible OF that enables the Company to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. The Company’s Eligible OF to meet the SCR are €8.787,0 (2021: €8.412,0) thousands as per E.1.2.

E.1.4 Eligible Own Funds to meet Minimum Capital Requirement

The classification into tiers is relevant to the determination of Eligible OF. These are the OF that are eligible for covering the regulatory capital requirements – the Minimum Capital Requirement (“MCR”). The MCR ensures a minimum level below which the amount of resources should not fall. It is calculated in accordance with the standard formula, which is subject to a defined floor and cap based on the risk-based SCR. The Company’s Eligible OF to meet the MCR are €8.787,0 (2021: €8.412,0) thousands as per E.1.2.

E.1.5 Material differences between Equity in Financial Statements and the Excess of Assets over Liabilities

Capital resources are calculated differently under Solvency II and IFRS resulting from differences in the classification and valuation of certain items under Solvency II definitions compared to IFRS as described in Section D. The Company’s OF position is different from the equity stated in its financial statements due to the valuation differences of items of assets and liabilities which have been valued on a different basis for Solvency II reporting purposes compared with IFRS as stated in Section D.

Excess of assets over liabilities - attribution of valuation differences as at 31 December 2022, €'000	Total
Difference in the valuation of assets (See D.1)	(1.825,0)
Difference in the valuation of technical provisions (See D.2)	(943,0)
Difference in the valuation of other liabilities (See. D.1 and D.3)	(370,0)
Total of reserves and retained earnings from financial statements	4.029,0
Reserves from financial statements adjusted for Solvency II valuation differences	**3.517,0**
Ordinary share capital	**5.000,0**
Shareholders’ capital contribution reserve	**270,0**
Excess of assets over liabilities (Own Funds)	**8.787,0**

Excess of assets over liabilities - attribution of valuation differences as at 31 December 2021, €'000	**Total**
Difference in the valuation of assets (See D.1)	(1.717,0)
Difference in the valuation of technical provisions (See D.2)	(516,0)
Difference in the valuation of other liabilities (See. D.1 and D.3)	(305,0)
Total of reserves and retained earnings from financial statements	4.308,0
Reserves from financial statements adjusted for Solvency II valuation differences	**3.412,0**
Ordinary share capital	**5.000,0**
Excess of assets over liabilities (Own Funds)	**8.412,0**

E.1.6 Own Funds subject to transitional arrangements

The Company does not have any OF items subject to transitional arrangements

E.1.7 Ancillary Own Funds

The Company does not have any AOF since as per E.1.2. all of its OF are classified as BOF.

E.1.8 Deductions and Restrictions affecting Own Funds

There were no deductions or restrictions affecting the availability and transferability of OF within the Company.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

This section of the report aims to provide a comprehensive view to assess the adequacy of the Company's capital in line with the regulatory requirements.

E.2.1 Amounts of Solvency Capital Requirement and Minimum Capital Requirement

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 consisting of non-life, market, health and counterparty default risks with associated sub-modules. These are aggregated in the Standard Formula using correlation matrices, both at the sub- module and the main module level. An intangible asset module is then added (uncorrelated) to give the Basic SCR. 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 required SCR of the Company as at 31 December 2022 as calculated using the said Standard Formula is €5.513,3 (2021: €5.200,4) thousands.

The Company uses the Standard Formula to calculate its MCR. The amount of the MCR of the Company as at 31 December 2022 and 2021 as calculated using the said Standard Formula is €4.000,0 thousands and €3.700,0 thousands respectively.

E.2.2 Amount of Solvency Capital Requirement split by risk module

The table below provides the split of the Company's SCR into the various risk modules defined by the Standard Formula:

Net Solvency Capital Requirement for each Risk Module as at 31 December, €'000	**2022**	**2021**
Market risk	2.595,0	2.315,4
Counterparty default risk	544,1	584,2
Life underwriting risk	-	-
Health underwriting risk	322,2	318,3
Non-life underwriting risk	3.406,3	3.262,0
Diversification	(1.746,9)	(1.656,6)
Intangible asset risk	-	-
Basic Solvency Capital Requirement	5.120,7	4.823,3
Operational Risk	392,6	377,1
Solvency Capital Requirement	**5.513,3**	**5.200,4**

E.2.3 Simplified calculations used in the Standard Formula

As described in Section D.2., the Company used simplification methods to calculate the Risk Margin, the Recoverable from Reinsurance contracts and the Counterparty Default Adjustment, which all relate to the risk module of Non-life underwriting risk.

E.2.4 Undertaking Specific Parameters

The Company did not use any Undertaking Specific Parameters in its Standard Formula SCR calculation.

E.2.5 Capital add-on and Undertaking Specific Parameters

The Company did not include any capital add-on and did not use any Undertaking Specific Parameters.

E.2.6 Amount of Capital add-on and impact of using Undertaking Specific Parameters

The Company did not include any capital add-on and did not use any Undertaking Specific Parameters.

E.2.7 Information on the inputs used to calculate the Minimum Capital Requirement

The non-life MCR is based on factors applied to net written premiums amounts in the previous 12 months and the net best estimate technical provisions both split by Solvency II class of business. The table below provides the inputs used for the calculation of MCR in the Standard Formula:

Calculation of MCR (inputs) as at 31 December 2022, €'000	Net (of reinsurance) best estimate	Net (of reinsurance) written premiums in the last 12 months
Income protection insurance and proportional reinsurance	24,8	108,1
Motor vehicle liability insurance and proportional reinsurance	6.452,3	6.976,7
Other motor insurance and proportional reinsurance	1.232,8	1.720,0
Marine, aviation and transport insurance and proportional reinsurance	17,1	42,5
Fire and other damage to property insurance and proportional reinsurance	419,6	1.126,4
General liability insurance and proportional reinsurance	1.079,5	842,8
Credit and suretyship insurance and proportional reinsurance	0,2	3,0
Miscellaneous financial loss insurance and proportional reinsurance	6,7	4,5

Calculation of MCR (inputs) as at 31 December 2021, €'000	Net (of reinsurance) best estimate	Net (of reinsurance) written premiums in the last 12 months
Income protection insurance and proportional reinsurance	24,8	89,4
Motor vehicle liability insurance and proportional reinsurance	6.827,9	6.951,9
Other motor insurance and proportional reinsurance	956,3	1.396,1
Marine, aviation and transport insurance and proportional reinsurance	16,6	38,5
Fire and other damage to property insurance and proportional reinsurance	460,8	1.100,5
General liability insurance and proportional reinsurance	926,4	804,8
Credit and suretyship insurance and proportional reinsurance	0,2	4,1
Miscellaneous financial loss insurance and proportional reinsurance	6,6	4,3

E.2.8 Material Change of Solvency Capital Requirement and Minimum Capital Requirement

There were no material changes in the SCR and the MCR over the reporting period other than the increased Market Risk and Non-Life Underwriting Risk capital requirements due to the increased fair value of the Company's subsidiaries and the non applicability of free reinstatement in 2023 CAT reinsurance arrangement respectively.

E.3 USE OF DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF SCR

The Company did not make use of the duration-based equity risk sub-module in the reporting during the reporting period.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company uses the Standard Formula to calculate the SCR and therefore no differences exist.

E.5 NON-COMPLIANCE

During the reporting period, there were no instances of non-compliance with the Solvency II capital requirements. In addition, the Company held Own Funds in excess of both the SCR and MCR requirements over the reporting period.

E.6 OTHER MATERIAL INFORMATION

On 6 April 2023, the Company proceeded with the increase of its authorised share capital from 5 000 000 shares with nominal value of €1 each to 6 000 000 shares with nominal value €1 each by the creation of 1 000 000 additional shares with nominal value of €1 each. On the same day, the Company issued 270 000 additional shares with nominal value of €1 each, thus increasing its issued share capital to 5 270 000 shares with nominal value of €1 each. Furthermore, the Company allotted the 270 000 shares to its sole shareholder, J.C.Christophides (Holdings) Ltd using the shareholders' capital contribution reserve.

The information presented in Section E provides a true and fair view of the capital management for Solvency II purposes of the Company during the period.

PUBLIC QRTS (ALL AMOUNTS EXPRESSED IN €)

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	2.033
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	15.553
R0080	*Property (other than for own use)*	344
R0090	*Holdings in related undertakings, including participations*	9.288
R0100	*Equities*	96
R0110	*Equities - listed*	96
R0120	*Equities - unlisted*	
R0130	*Bonds*	2.504
R0140	*Government Bonds*	2.504
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	3.320
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	488
R0280	*Non-life and health similar to non-life*	488
R0290	*Non-life excluding health*	487
R0300	*Health similar to non-life*	1
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	2.307
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	34
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	140
R0420	Any other assets, not elsewhere shown	29
R0500	**Total assets**	20.585

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	10.118
R0520	*Technical provisions - non-life (excluding health)*	10.089
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	9.695
R0550	*Risk margin*	393
R0560	*Technical provisions - health (similar to non-life)*	29
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	26
R0590	*Risk margin*	3
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	189
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	793
R0830	Reinsurance payables	154
R0840	Payables (trade, not insurance)	544
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	11.798
R1000	**Excess of assets over liabilities**	8.787

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

	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	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																	
R0110 Gross - Direct Business		124		7.248	1.787	89	2.617	898	3			19					12.785
R0120 Gross - Proportional reinsurance accepted		0		170	42	5	313	50	0			57					636
R0130 Gross - Non-proportional reinsurance accepted																	0
R0140 Reinsurers' share		16		441	109	52	1.803	105	0			71					2.597
R0200 Net		108		6.977	1.720	43	1.126	843	3			5					10.824
Premiums earned																	
R0210 Gross - Direct Business		110		7.080	1.745	84	2.534	863	3			18					12.437
R0220 Gross - Proportional reinsurance accepted		0		177	44	5	319	50	0			55					650
R0230 Gross - Non-proportional reinsurance accepted																	0
R0240 Reinsurers' share		15		418	103	49	1.743	98	0			69					2.496
R0300 Net		95		6.838	1.686	40	1.110	814	3			4					10.591
Claims incurred																	
R0310 Gross - Direct Business		6		4.418	751	1	280	251	0			0					5.707
R0320 Gross - Proportional reinsurance accepted		0		86	15	0	49	25	0			0					175
R0330 Gross - Non-proportional reinsurance accepted																	0
R0340 Reinsurers' share		-1		14	2	0	203	15	0			0					233
R0400 Net		7		4.491	763	1	126	261	0			0					5.649
Changes in other technical provisions																	
R0410 Gross - Direct Business		0		-110	0	0	0	0	0			0					-110
R0420 Gross - Proportional reinsurance accepted		0		0	0	0	0	0	0			0					0
R0430 Gross - Non-proportional reinsurance accepted																	0
R0440 Reinsurers' share																	0
R0500 Net		0		-110	0	0	0	0	0			0					-110
R0550 **Expenses incurred**		55		3.901	904	30	723	452	1			13					6.079
R1200 **Other expenses**																	
R1300 **Total expenses**																	6.079

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Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	12.785						12.785
R0120	Gross - Proportional reinsurance accepted	636						636
R0130	Gross - Non-proportional reinsurance accepted	0						0
R0140	Reinsurers' share	2.597						2.597
R0200	Net	10.824						10.824
	Premiums earned							
R0210	Gross - Direct Business	12.437						12.437
R0220	Gross - Proportional reinsurance accepted	650						650
R0230	Gross - Non-proportional reinsurance accepted	0						0
R0240	Reinsurers' share	2.496						2.496
R0300	Net	10.591						10.591
	Claims incurred							
R0310	Gross - Direct Business	5.707						5.707
R0320	Gross - Proportional reinsurance accepted	175						175
R0330	Gross - Non-proportional reinsurance accepted	0						0
R0340	Reinsurers' share	233						233
R0400	Net	5.649						5.649
	Changes in other technical provisions							
R0410	Gross - Direct Business	-110						-110
R0420	Gross - Proportional reinsurance accepted	0						0
R0430	Gross - Non-proportional reinsurance accepted	0						0
R0440	Reinsurers' share	0						0
R0500	Net	-110						-110
R0550	**Expenses incurred**	6.079						6.079
R1200	**Other expenses**							
R1300	**Total expenses**							6.079

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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
R0010	**Technical provisions calculated as a whole**		0		0	0	0	0	0	0			0					0
R0050	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																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross		22		2.797	699	5	433	191	0			7					4.154
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		1		32	8	1	93	6	0			0					142
R0150	**Net Best Estimate of Premium Provisions**		21		2.764	691	4	340	185	0			7					4.012
	Claims provisions																	
R0160	Gross		4		3.745	548	51	311	909	0			0					5.568
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0		57	6	38	232	14	0			0					347
R0250	**Net Best Estimate of Claims Provisions**		4		3.688	542	13	79	895	0			0					5.221
R0260	**Total best estimate - gross**		26		6.542	1.247	56	744	1.099	0			7					9.721
R0270	**Total best estimate - net**		25		6.452	1.233	17	420	1.079	0			7					9.233
R0280	**Risk margin**		3		258	48	3	33	51	0			0					396
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**		29		6.800	1.295	58	777	1.151	0			7					10.118
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**		1		89	14	39	325	20	0			0					488
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**		28		6.711	1.281	20	452	1.131	0			7					9.629

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Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											401	401	401
R0160	2013	2.515	883	88	76	62	9	37	24	14	2		2	3.710
R0170	2014	2.400	1.058	210	197	7	17	17	20	28			28	3.951
R0180	2015	2.352	866	144	125	8	8	62	3				3	3.569
R0190	2016	3.086	1.024	197	261	457	126	20					20	5.172
R0200	2017	2.359	1.016	112	90	97	15						15	3.688
R0210	2018	2.571	1.307	136	52	233							233	4.300
R0220	2019	2.868	972	132	84								84	4.056
R0230	2020	2.197	1.240	344									344	3.781
R0240	2021	2.825	1.445										1.445	4.270
R0250	2022	3.311											3.311	3.311
R0260												Total	5.885	40.211

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											651	622
R0160	2013	0	0	0	0	276	255	200	164	135	135		128
R0170	2014	0	0	0	211	155	162	143	121	110			105
R0180	2015	0	0	217	117	130	109	40	39				37
R0190	2016	0	1.152	1.216	882	618	455	561					538
R0200	2017	1.712	645	547	333	282	281						272
R0210	2018	1.974	546	384	373	194							185
R0220	2019	1.946	801	590	497								475
R0230	2020	1.798	632	229									219
R0240	2021	2.183	745										714
R0250	2022	2.368											2.272
R0260												Total	5.568

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	5.000	5.000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	270	270		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	3.517	3.517			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	8.787	8.787	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	8.787	8.787	0	0	0
R0510	Total available own funds to meet the MCR	8.787	8.787	0	0	
R0540	Total eligible own funds to meet the SCR	8.787	8.787	0	0	0
R0550	Total eligible own funds to meet the MCR	8.787	8.787	0	0	
R0580	**SCR**	5.513				
R0600	**MCR**	4.000				
R0620	**Ratio of Eligible own funds to SCR**	159,38%				
R0640	**Ratio of Eligible own funds to MCR**	219,67%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	8.787
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	5.270
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	3.517
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	2.595		
R0020	Counterparty default risk	544		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	322		
R0050	Non-life underwriting risk	3.406		
R0060	Diversification	-1.747		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	5.121		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	393
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	5.513
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	5.513
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

		LAC DT
	Calculation of loss absorbing capacity of deferred taxes	C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

USP Key

For life underwriting risk:
1- Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1- Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

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
R0010	MCR_{NL} Result	1.794

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	25	108
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	6.452	6.977
R0060	Other motor insurance and proportional reinsurance	1.233	1.720
R0070	Marine, aviation and transport insurance and proportional reinsurance	17	43
R0080	Fire and other damage to property insurance and proportional reinsurance	420	1.126
R0090	General liability insurance and proportional reinsurance	1.079	843
R0100	Credit and suretyship insurance and proportional reinsurance	0	3
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	7	5
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	1.794
R0310	SCR	5.513
R0320	MCR cap	2.481
R0330	MCR floor	1.378
R0340	Combined MCR	1.794
R0350	Absolute floor of the MCR	4.000
R0400	**Minimum Capital Requirement**	4.000