PRIME INSURANCE COMPANY LTD

SOLVENCY AND FINANCIAL CONDITION REPORT

Executive Summary

This Solvency and Financial Condition Report has been prepared for Prime Insurance Company Ltd (hereinafter “Prime” or “Company”) in accordance with all applicable laws and regulations. It refers to the financial year ended 31 December 2017.

The Company is licensed by the Cyprus Insurance Companies Control Service to underwrite the following insurance classes:

Life Business	**Non-Life Business**
Classes 1, 3 and 4	Classes 1, 3, 5, 6, 7, 8, 10, 11, 12, 13, 15, 16, 17,18

The Company is registered and operates in Cyprus. It also maintains a Branch in Greece, under the Freedom of Establishment Act.

€ '000s	YE2017	YE2016	%
Gross premiums earned	71.790	69.649	3%
Net premium earned	53.756	52.224	3%
Other Income (Reinsurance commission and Investment gain)	7.213	5.187	39%
Insurance Benefits (Life)	-12.740	-9.229	38%
Net insurance claims incurred (including reserves)	-17.953	-18.719	-4%
Total expenses	-30.223	-28.562	6%
Underwriting result	53	901	
Taxation	-378	-500	-24%
Result after taxation	-325	401	

The Company maintains a robust capital position. Its Solvency Capital Requirement amounted to €24,072 million and the eligible own funds available to cover this requirement amounted to **€26,113** million, demonstrating a margin of €2,041 million above requirements.

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Business Performance

1.1 Business

1.1.1 Name and legal form of undertaking

Prime Insurance Company Ltd

55 Dighenis Akritas & 1 Olympias corner

1070 Nicosia

Cyprus

Telephone: 0035722896000

Fax: 003572289601

Email: info@primeinsurance.eu

Private Company Limited by Shares

The Company's registration number is HE70923

1.1.2 Name and contact details of the supervisory authority

Prime Insurance Company Ltd is a Cyprus regulated entity. The contact details of its regulators are:

Superintendent of Insurance

Cyprus Insurance Companies Control Service

Ministry of Finance

P.O. Box 23364, 1682 Nicosia

Cyprus

Telephone: 0035722602990

Fax: 0035722302938

Email: insurance@mof.gov.cy

1.1.3 Name and contact details of the external auditor

KPMG Ltd

Esperidon 14, 1087, Nicosia

1.1.4 Description of the holders of qualifying holdings

The major shareholders of the Company are:

Rodardo Ltd: 97.48% (Golvenveil Ltd 85% and Michael Michaelides 15%)

Intervista AE: 1.34%

Michael Michaelides: 1.18%

1.1.5 *Material lines of business and material geographical areas where the undertaking carries out business*

Prime Insurance writes business in Cyprus and in Greece through a Branch under both Life and Non-Life classes as listed below:

Life Insurance

- Unit-linked insurance
- Other life insurance
- Health Insurance

Non-Life

- Accident and Health 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

1.1.6 *Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking*

In 2016, the Company proceeded with restructuring its shareholder fund assets, for complying with Solvency II Legislation.

1.2 Underwriting performance

1.2.1 *Qualitative and quantitative information on the undertaking's underwriting performance, at an aggregate level*

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

€ '000s	YE2017	YE2016	%
Gross premiums earned	71.790	69.649	3%
Net premium earned	53.756	52.224	3%
Other Income (Reinsurance commission and Investment gain)	7.213	5.187	39%
Insurance Benefits (Life)	-12.740	- 9.229	38%
Net insurance claims incurred (including reserves)	-17.953	-18.719	-4%
Total expenses	-30.223	-28.562	6%
Underwriting result	**53**	**901**	

1.2.2 Qualitative and quantitative information on the undertaking's underwriting performance by material line of business

€ ‘000s	YE2017	YE2017	YE2016	YE2016
	General business	Life business	General business	Life business
Net premium earned	29.647	24.109	30.628	21.596
Other Income (Reinsurance commission and Investment gain)	4.872	2.341	3.474	1.713
Insurance Benefits (Life)	-	-12.740	-	- 9.229
Net insurance claims incurred (including reserves)	-14.155	- 3.798	-15.059	- 3.660
Total expenses	-21.977	- 8.246	-21.237	- 7.325
UNDERWRITING RESULT	- 1.613	1.666	- 2.194	3.095

1.2.3 Qualitative and quantitative information on the undertaking's underwriting performance by material geographical area

€ ‘000s	YE2017	YE2017	YE2016	YE2016
	Cyprus	Greece	Cyprus	Greece
Gross premiums earned	42.844	28.946	40.658	28.991
Net premium earned	37.755	16.001	35.884	16.340
Other Income (Reinsurance commission and Investment gain)	3.023	4.190	1.350	3.837
Insurance Benefits (Life)	-12.740	-	- 9.229	-
Net insurance claims incurred (including reserves)	-11.416	- 6.537	-12.306	- 6.413
Total expenses	-15.569	-14.654	-15.015	-13.547
Underwriting result	1.053	- 1.000	684	217

1.3 Investment Performance

Investment performance remains key to our overall profitability. Our strategic asset allocation is determined following thorough investigations and asset liability modelling and aims to maximise returns subject to predefined risk tolerance limits safeguarding that no unwanted investment risk is taken on.

The Company’s investment portfolio is managed by experienced investment managers and their performance is reviewed monthly by the Company’s investment Committee.

The current prolonged low interest rate environment introduces an additional challenge to the Company and investment manager as the prices of fixed income securities are relatively expensive and secured yields are at historically low levels in the Eurozone. Inevitably in order to achieve sensible yields the investment manager is looking into lower rates issues to get the pick up through the credit spread but always within the investment grade corporate space and sovereign bonds. Each recommendation of the investment manager is investigated separately and the marginal increase in capital requirement is assessed by the Company prior to concluding any placement.

The composition of the investment portfolio as at 31.12.2017 was as follows:

Type - € '000s	Total	Life	General
Property, Plant & Equipment	2.923	-	2.923
Investment Property	8.335	2.923	5.412
Collective Investments Undertakings	14.632	1.681	12.951
Equities	21.674	18.552	3.122
Bonds	18.730	10.235	8.495
Cash and Deposits	35.579	23.822	11.757
Mortgages and Loans	1.657	1.657	-
Total	**103.530**	**58.870**	**44.660**

1.3.1 Income and expenses arising from investments by asset class,

Type - € '000s	Total	Life	General
Interest income	1.282	799	483
Dividend income	102	101	1
Rental income	38	25	13
Fair value losses on investment properties	-150	23	-173
Gain from investments at fair value through profit or loss	215	379	-164
Gain on disposal of investments	388	388	-
Impairment of subsidiary	-86	-	-86
Other income	170	-	170
Exchange differences	-59	-59	-
Total	**1.900**	**1.656**	**244**

Income arising is composed of dividends, interest, fair value changes, gains on disposal of investments, rental income received and foreign exchange differences.

1.3.2 Any gains and losses recognised directly in equity

Type - € '000s	Total	Life	General
Gain from investments Available for Sale (AFS)	104	-	104

1.4 Performance of other activities

There have been no other significant activities undertaken by the Company other than its insurance and related activities. Hence, there were no other material income or expenses incurred during the year 2017.

1.5 Any other information

There is no other material information regarding the business and performance of the Company which has not already been disclosed in the sections above.

2 System of Governance

2.1 General information on the system of governance

Prime is committed to implementing a sound governance framework that provides for the sound and prudent management of the business based on the following principles:

- Transparent organisational structure
- Strategic objectives and corporate values communicated throughout Prime
- Clear lines of responsibility and accountability throughout Prime
- BOD members and Senior Management are qualified for their positions, have a clear understanding of their role in corporate governance and are able to exercise sound independent judgment about the affairs of Prime and that fit and proper requirements are met
- There is appropriate oversight of Prime's activities through the three lines of defence model
- Effective utilisation of the work conducted by internal and external auditors, as well as other control functions, given their critical contribution to sound corporate governance
- Compensation policies and practices are consistent with Prime's ethical values, objectives, strategy and control environment

2.1.1 The structure of the Board of Directors (BoD)

The current membership of the Board is presented below:

- Mr Dimitris Contominas, Chairman, Non-Executive
- Mr Michael Michaelides, Vice Chairman, Executive CEO
- Mr Panayiotis Panayiotou, Member, Executive
- Mr Andreas Rouvas, Member, Executive
- Mrs Theoni Panagopoulou, Non-Executive, Chairwoman of Compliance (appointed on 31/05/2017)
- Mr George Christodoulou, Non-Executive (appointed on 06/10/2017)
- Mr Nicolas Papacostas, Non-Executive, Chairman of Audit & Risk (appointed on 12/10/2017)
- Mrs Eleni Xintarakou, Member, Non-Executive (resigned on 11/09/2017)
- Mrs Mantha Varela, Member, Non-Executive (resigned on 19/07/2017)

The Company is ultimately governed by the BoD comprising of a non-executive chairman, three non-executive directors and three executive directors including the Managing Director of the Company.

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

For a more effective organisation of Prime, the Board has established the below-mentioned Committees (as at 31/12/2017).

Committee	Brief Terms of Reference	Composition
Audit Committee	Ensures the operation of an effective system of internal controls within Prime and oversees the selection and remuneration of external auditor	Mr Nicolas Papacostas Mr George Christodoulou Mrs Theoni Panagopoulou
Risk	Monitors compliance initiatives including regulatory as well as voluntary and ensures codification of processes of the Company. It also considers the exposure of the Company to significant risk and ensures the overall risk profile of the Company is sound and proficient	Mrs Theoni Panagopoulou Mr Nicolas Papacostas Mr George Christodoulou
Investment Committee	Reviews and challenges the investment policy of Prime and its implementation in the business	Mr Michael Michaelides Mr Panayiotis Panayiotou Mr Andreas Rouvas
Remuneration Committee	Monitors the formation of policies related to benefits and appointments and ensures that these policies drive for an effective internal control system	Mr Dimitris Contominas Mr Michael Michaelides

2.1.2 Description of the main roles and responsibilities of key functions

– ***Internal Audit***

The Internal Audit function of the Company is administratively independent of any functions which have operational responsibilities in line with Solvency II Delegated Acts and local legislation.

Through annual audits and consultations, the Internal Audit function provides assurance and advice on the adequacy and effectiveness of the Company's Internal Control System, operational functions and any matters which would require their review.

The Internal Audit function reports to the Board though the Audit Committee.

– ***Compliance***

The Compliance Function reports to the General Manager and has a direct reporting line to the Board. It is independent of risk taking functions e.g. underwriting and claims. The function is subject to audit by the Internal Audit function.

– ***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. Additionally, it is responsible to assess the pricing adequacy.

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.

– ***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, as stipulated in its Risk Appetite and Tolerance Statement.

In order 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. This function is also responsible for the preparation of the Own Risk and Solvency Assessment (ORSA) report which is submitted to the Board for approval and submission to the Regulator at least once a year.

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

There were no material changes in the system of governance over the reporting period.

2.1.4 Remuneration policy and practices for the BoD and employees

The Company has in place a remuneration policy which ensures that any remuneration is in line with the market norms in order to enable the Company to attract competent and experienced resources and ensure that any resources that it engages do not take excessive risks that could be detrimental to the Company. With regards to the awarding of any performance bonuses, at the end of each financial year the Managing Director together with the executive management propose what global amount of the Company's profits is to be distributed by way of performance bonus to the employees. The proposed amount is forwarded to the Remuneration Committee and the Board of Directors for final approval, and once this is approved the total amount is distributed to employees depending on their individual performance in the preceding year.

With regards to any commission-based remuneration, the Company ensures that all commission rates are in line with market rates and that these rates do not expose the Company to any potential risks, primarily misspelling and policy churning.

The remuneration policy is reviewed and maintained by the Remuneration Committee and is approved by the BoD. The BoD are responsible for the implementation of the remuneration policy in Prime and specifically its application to BoD.

2.1.5 Information about material transactions during the reporting period

During 2017, there were no material transactions between the Company and its shareholders or members of the BoD.

2.2 Fit and proper requirements

The following which are applicable to the persons who effectively run the undertaking or have other key functions:

2.2.1 Description of the specific requirements concerning skills, knowledge and expertise

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

Moreover, the BoD collectively possesses professional qualifications, experience and knowledge about at least:

- Insurance and financial markets
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements.

2.2.2 *Description of the undertaking's process for assessing the fitness and the propriety*

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

- Educational Background Check
- Professional Qualifications / Membership Check.

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

- Credit checks
- Identity checks
- Employment History
- Criminal History checks.

2.3 Risk management system including the own risk and solvency assessment

2.3.1 *Description of the undertaking's risk management system*

Prime has implemented an effective risk management system which is designed to ensure timely identification and assessment of existing and emerging risk exposures as well their effective management. The risk management system is comprehensively addressed in the Company's risk management policy which provides for the **risk governance**, a **risk appetite** statement and the **risk management framework**.

The risk management policy suite comprises of individual risk policies for all main categories of risk namely: Underwriting Risk, Investment and Asset Liability Risk, Credit Risk, Liquidity Risk, Concentration Risk, Operational Risk and Reinsurance. It is approved by the BoD and is reviewed at least once a year.

2.3.1.1 *Risk Appetite Statement*

Prime's vision is to create relations of mutual trust with its customers and associates and to offer products that undoubtedly provide quality of life and security.

The risk appetite statement lays down the level and nature of risks that are considered acceptable for the Company and the constraints within which it should operate in pursuing its vision.

Prime manages its risk appetite through a set of limits. The limits are set, not such that they are likely to be fully used, but rather so that limited exceptions are reported. The aggregate risk limits and the risk category limits are to be used by the RMF for the monitoring and reporting of overall risk exposure and by the BoD and Risk Committee for making decisions on the Company's risk profile.

Overall Prime sees itself as a low risk entity and risk tolerance limits have been set to reflect that.

The Company has a target of maintaining a solvency coverage ratio at all time in excess of 115%. Currently the Company does not have a solvency margin of more than 115%. The entity is in process to achieve it in year 2018.

In this context, tolerance limits are set for all risk categories to ensure that on a worst-case scenario basis, risk exposures will not lead to losses threatening this target solvency ratio.

2.3.1.2 *Risk Governance*

The risk governance of the Company forms an integral part by defining the role of each function of the Company in the Risk Management Framework. It is organised in a way that ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels.

As mentioned in previous sub-sections, the system of governance is based on the "three lines of defence model" safeguarding that risk management is embedded into the organisational structure and decision-making processes of the Company and that the risk management system is supported by appropriate internal controls and by information systems that provide relevant, accurate and reliable information.

The roles of the key functions in the Risk Management System are outlined below:

Body / Function	Roles in the risk management framework
BoD	• The responsibility for the approval and periodic review of the risk profile and risk appetite, as well as the risk strategy and the policies for managing risks, lies with the BoD, so as to ensure that the BoD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. This information reaches the BoD through the Risk Committee
Risk Committee	• Responsibility for the supervision of the risk management framework is assumed by the Risk Committee • The Risk Committee reviews on an annual basis the suite of Risk Policies of the Company and pre-approves any required changes, and subsequently forwards the updated Policy to the BoD for final approval • The Risk Committee receives frequent information on the levels of risks to which the Company is exposed, with the purpose of ensuring that the Company's risk profile remains within the established risk tolerance limits. Risk appetite and risk limits are set at a level which is commensurate with the sound operation of the Company and its strategic goals
Risk Management Function (RMF)	• Supports the BoD in the determination and implementation of the risk strategy and capital planning • Coordinates the implementation of the risk management framework and is the main unit for risk management responsibilities • Regular reporting to the Senior Management and Risk Committee • Risk management training to the BoD, Committees, Senior Management and Risk taking functions directly involved in the management and oversight of risk, on the contents of the current and other risk-specific policies, and for providing guidance on their application • Moreover, the RMF continuously reviews the compliance of the Risk Management Policy with Solvency II requirements and the appropriateness of risk strategy with Company objectives, appetite and limits, and informs the Risk Committees of any changes that may be required • Monitors the risk profile of the Company against the BoD's risk appetite • Develops internal risk methodologies and models • The RMF also brings to the attention of the Risk Committee any breaches of the Risk Management Policy • The full responsibilities of the RMF are documented in the RMF Policy
Managing Director and Senior Management with risk taking capacity	• The Company's Senior Management is responsible for the implementation of the risk strategy, as this has been approved by the BoD, and for the development of the policies, methodologies and procedures required to identify, measure,

Body / Function	Roles in the risk management framework
	monitor and control every type of risk, in accordance with the nature and complexity of the Company's operations • They also have the responsibility to apply the framework in their day to day activities
Business Units	• The individual business units under the direction of their Heads have the responsibility to know and apply the requirements of the risk strategy and Policies in their area of business
Actuarial Function	• The Actuarial function is a specialist function that advises the Senior Management of the Company on the calculation of technical provisions and capital requirements, as well as on the technical aspects of risk management and modelling
Compliance Function	• The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's risk management framework with existing and new laws and regulations
Internal Audit	• The Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee. The responsibilities of Internal Audit are governed by the Internal Audit Policy

2.3.1.3 *Risk management Processes*

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

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

b. ***Risk assessment -*** The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risk not covered by capital and using the Value at Risk (VaR) measure for risks covered by capital. Stress testing is conducted regularly by the RMF as a risk assessment tool in order to assess the Company's vulnerability to possible events or future changes in economic conditions which have unfavourable effects on its performance, solvency, liquidity or reputation and its ability to withstand such changes.

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

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

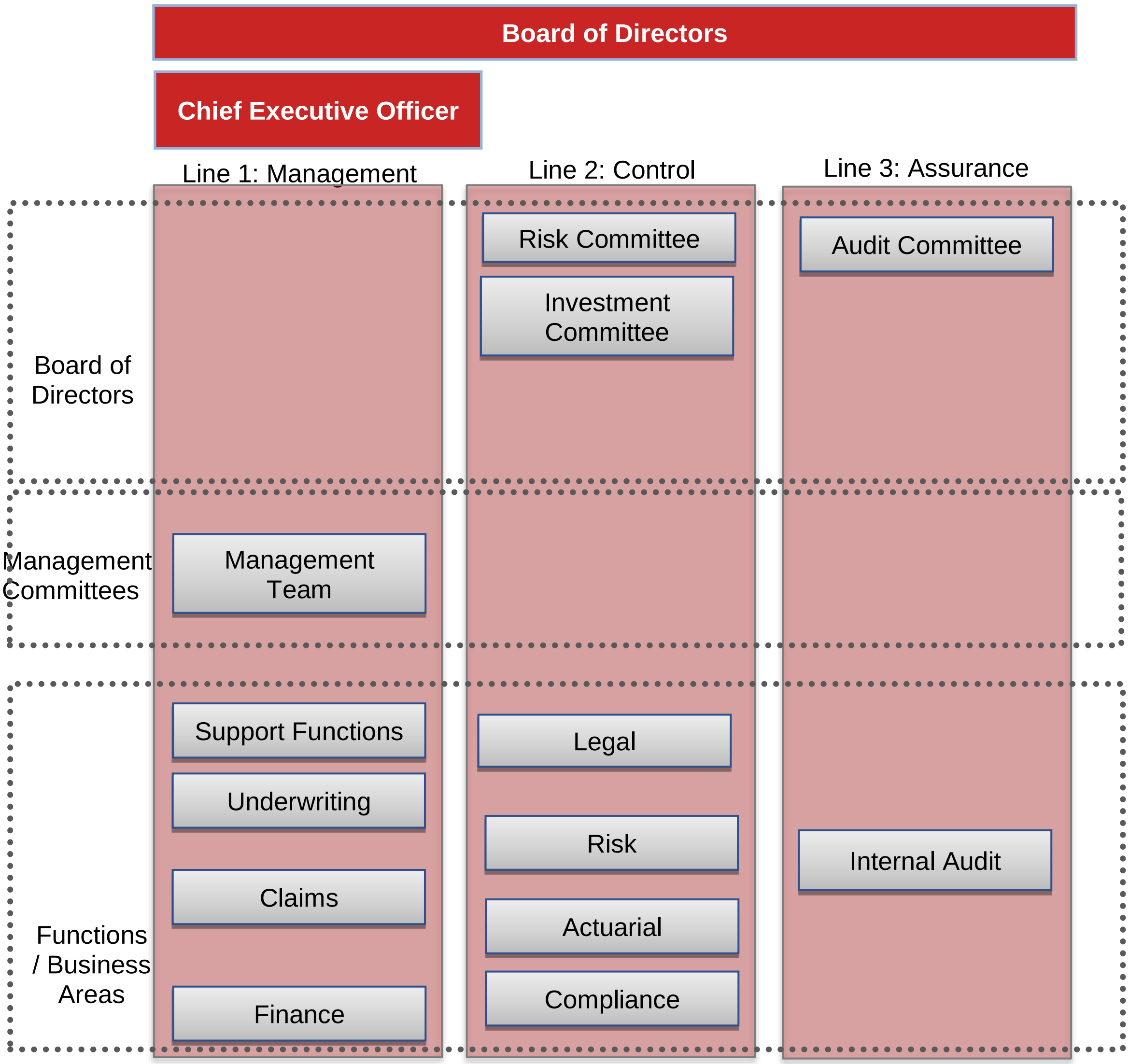
2.3.1.4 *Risk Reporting*

The Risk Management Function reports to the BoD, through the Risk Committee at least annually on its assessment of material risks and the management thereof, in particular the actions being taken to mitigate or control key risk exposures. It is also obliged to report the following to the BoD, without delay:

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

2.3.2 *Description of how the risk management system (including the risk management function) are implemented and integrated into the organisational structure and decision-making processes of the undertaking*

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



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

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

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

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

2.3.3 Process adopted to fulfil the obligation to conduct an ORSA

2.3.3.1 Description of the process undertaken by the undertaking to fulfil its obligation to conduct an ORSA as part of its risk management system

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times.

The Company follows the steps below to implement its ORSA:

a. ***Identify and classify risks*** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR standard formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.

b. ***Assessment and measurement of risks through different approaches including stress testing*** - the Company collects data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics.

c. ***Capital Allocation*** – According to its risk profile, the Company determines the necessary additional capital over and above the regulatory minimum SCR.

d. ***Capital planning*** – Based on the capital allocation projections, the Company prepares a capital plan for the following 3 years. Such plans depend on the Company's strategic objectives and financial projections and assumptions on future economic conditions.

e. ***Stress testing*** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.

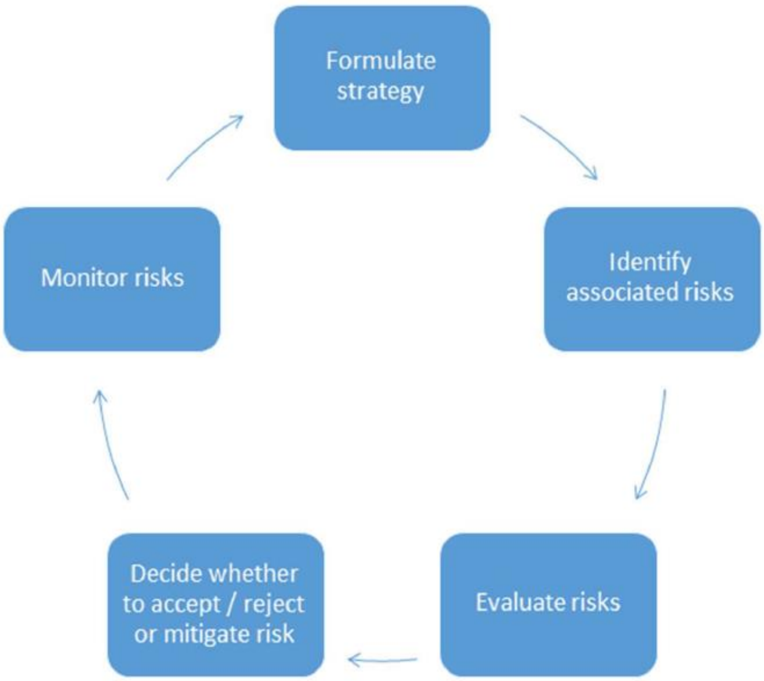
f. ***Communicate and document the results*** – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

2.3.3.2 *How the ORSA is integrated into the organisational structure and decision-making processes of the undertaking*

ORSA covers all the operations of the organisation and all business units of the Company.

The ORSA considers the Company as whole; Cyprus and Greece. The BoD is the body that bears the ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures.

The roles and responsibilities for the ORSA for each body and function of the Company (BoD, Senior Management, RMF, Actuarial function, Compliance function, Finance function, Internal Audit function, Risk taking departments) are defined in the ORSA policy of the Company.



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

- Target business volumes
- Reinsurance arrangements
- Investment decisions
- Introduction of new products
- Utilisation of additional distribution channels or direct sales.

2.3.3.3 *A statement detailing how often the ORSA is reviewed and approved by the BoD*

The Company currently intends to perform the ORSA annually. Furthermore, the assessment will be performed immediately following any significant changes to the environment that the Company operates.

These changes include, but are not limited to:

- Significant changes to the financial and political environment in which the Company operates
- Significant operational losses
- Material changes to the new business volumes
- Planned changes to the operating model of the Company
- Significant changes in the Company's risk profile.

2.3.3.4 *A statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other*

In 2017, the Company undertook a detailed risk and solvency assessment as well as a forward-looking assessment of capital requirements comprising of the year 2017-2020. These assessments encompass all material risks that the Company faces or could expect to face over its planning period.

The assessment provided confidence that the capital requirements address the material risk exposures and the available own funds provide a satisfactory buffer in safeguarding business continuity beyond the 99.5% confidence threshold.

Any risks not covered by capital are believed to be adequately mitigated through the control measures applied internal and no additional capital beyond the SCR was deemed necessary.

The BoD confirms that it has adequate capital availability for implementing its strategy.

2.4 Internal control system

2.4.1 *Description of the undertaking's internal control system*

Internal control is a process effected by Prime's Board of Directors, management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations.

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

- The Board is responsible for setting the strategy, tone, culture and values of the Company
- Management, Risk Management, Compliance and Actuarial function 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

There are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Management
- Control Activities
- Reporting
- Monitoring.

Each of these are outlined below:

2.4.1.1 *Control environment*

The control environment sets the tone of the Company, influencing the control consciousness of its people. It is the foundation for all other components of the Company's internal control system, providing discipline and structure. Control environment factors include:

- Integrity and ethical values
- Commitment to competence
- Management's philosophy and operating style
- Organisational structure
- Assignment of authority and responsibility
- HR policies and practices

2.4.1.2 *Risk Management*

The risk management system entails the identification and analysis of relevant risks which threaten the achievement of the Company's objectives, forming a basis for determining how the risks should be managed. As an integral part of its Risk Management system, the Company identifies all reasonably foreseeable material risks and assesses the frequency and severity of such risks, recording such identification and assessment in the Risk Register.

The process is overseen by the Board and Risk Management function. The risk management process is described in detailed in the Company's Risk Management Policy.

2.4.1.3 *Control Activities*

Control activities are the policies and procedures that are designed to ensure that management directives are carried out, strategies are properly implemented, and the necessary actions are taken to address material risks to the achievement of the Company's objectives. Control activities occur throughout the entire Company, at all levels and in all functions. They include a range of activities as diverse as:

- approval and authorization requirements, as required by the Company's procedure manual;
- segregation of duties, as reflected in the Company's organisational structure and in other controls outlined in the procedure manual;
- controls required by the Company's various policies, such as the Outsourcing Policy;
- verifications, reconciliations, reviews, controls over assets and other controls as identified in the procedure manual and which are primarily aimed at implementing the four-eyes principle.

The Company has appropriate documented policies, procedures, techniques, and mechanisms in place for each of its business areas (e.g. Underwriting, Claims) and control functions (Risk and Compliance). All relevant objectives and associated risks for each significant activity are identified in conjunction with conducting the risk identification process.

Up to date Company policies and procedures are distributed to all relevant personnel, who read and understand them. Management oversees the implementation of the Company's policies and procedures and ensure that control activities are properly applied. Monitoring personnel review the functioning of established control activities and remain alert for instances in which excessive control activities should be streamlined. They act timely on exceptions, implementation problems, or information that requires follow-up.

Control activities are regularly evaluated to ensure that they are still appropriate and working as intended.

2.4.1.4 *Reporting*

Financial and other information must be identified, captured and communicated in a form and timeframe that enables the management and the BoD to carry out their responsibilities. Management accounts, solvency assessments and risk reports are submitted to the BoD on a quarterly basis. Moreover, all key functions report to the Board at least once a year on their activities, the adherence to their respective Company policies together with any proposals for changes to the policy as considered necessary by the relevant function.

2.4.1.5 *Monitoring of internal controls*

The Company has established the necessary monitoring mechanisms that facilitate the understanding of the Company's situation and provide the Board with relevant information for the decision-making process. Management and monitoring personnel know their responsibilities for internal control and make control and control monitoring part of their regular operating processes.

Regular monitoring occurs during normal operations and includes on-going Management activities and actions taken by all personnel when performing their duties. It is performed continually and on a real-time basis, reacts dynamically to changing conditions and is ingrained in the Company's operations.

The effectiveness of the internal control system is monitored on a continuous basis by business areas and control owners, any deficiencies of the system are identified and rectified in a timely manner. As part of the internal control monitoring, the quality of performance over time is assessed and the findings of audits and other reviews are promptly resolved.

2.4.2 *Description of how the Compliance function is implemented*

The Compliance function ensures that compliance awareness is promoted internally and externally, and that compliance is an integral part of the corporate culture of Prime. Employees within the organisation receive adequate training on compliance and Anti-Money Laundering issues on a set periodic basis and are encouraged to identify and report all breaches as necessary so that corrective action can be immediately taken, and risks mitigated.

The role of the Compliance function includes:

a. advising the Board of Directors on compliance with any legislation, regulations and any other applicable laws, in so far as they apply to the Company,

b. the assessment of possible impact as regards changes in the legal environment on the Company,

c. the identification and assessment of any compliance/regulatory risks,

d. providing the Board of Directors with regular reports on the progress of the compliance plan, and any other matters which need to be brought to the attention of the Board of Directors.

Prime has a compliance plan and a compliance policy in place. The compliance policy delineates the responsibilities of the Board of Directors together with the delegated responsibilities of the resources within the Compliance department and more specifically the responsibilities of the Compliance function. The compliance policy is reviewed every year by the Board of Directors, and if required, it is updated to ensure that it remains relevant to the Company and in line with the regulation. On the other hand, the annual compliance plan is drawn up every year by the Compliance function and is approved by the Board of Directors.

2.5 Internal audit function

The Company's Internal Audit Policy establishes and maintains an Internal Audit function, the objectives of which are:

a. to independently examine and evaluate the functioning and effectiveness of the internal controls and all other elements of the system of governance;

b. to assess compliance with internal strategies, policies, processes and reporting procedures.

The Internal Audit function reports to the Board through the Audit Committee. The Internal Audit function has an unrestricted right to obtain information relevant to the discharge of its responsibilities. This entails the prompt provision of all necessary information, the availability of all essential documentation and the ability to look into all activities and processes of the Company. To this effect, the Internal Audit function has full, free and unrestricted access to all the personnel of the Company who shall, in turn, ensure that the Internal Audit function obtains the necessary information about, and has the necessary access to, the Company's outsourced functions.

2.6 Actuarial function

The Actuarial function is a critical function for Prime given the nature of its product suite and its operations. It is subject to the fit and proper criteria and according to the relevant legislation it should at all times be carried out by persons who are fit and proper to carry out the duties outlined below, in an objective manner and free from any undue influences. The Actuarial function is executed by a Fellow of the Institute of Actuaries who fulfils all above criteria.

The Actuarial function reports to the Chief Executive Officer and to the BoD and is subject to the audit of the Internal Audit function regarding the adequacy and effectiveness of its procedures. The operating procedures of the function are described in detail in the Actuarial Function Manual.

The role of the Actuarial function is to establish and maintain appropriate procedures, processes and systems sufficient to allow the Company to reasonably estimate its insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised professional standards. In this context, the Actuarial function coordinates the assessment and validation of internal data to determine the level of compliance with recognised standards for data quality and, if necessary, recommends improvements.

Furthermore, the Actuarial function is involved in the profit testing process of new products assessing them for profitability, capital intensiveness, risk profile, system compatibility and marketability. It also contributes to financial modelling in relation to risk management activities and the ORSA in particular.

The activities of the Actuarial function during 2017 were as follows:

- Carried out the calculation of technical provisions on a quarterly basis in accordance with all relevant regulatory requirements,
- Submitted reports in relation to the above calculations to the BoD,
- Assessment of data quality,
- Expressed opinion on adequacy of Reinsurance Arrangements and participated in the discussions with the Reinsurers for the renewal of treaties,
- Expressed opinion on the Company's underwriting policy,
- Worked closely with the management and addressed areas of its expertise in relation to the Company's ongoing operations,
- Attended one meeting of the Audit Committee and actively participated in discussions around the Company's restructuring plan and its strategy going forward,
- Carried out investigations to the Company's experience in terms of claims, lapses, expenses and new business volumes.

2.7 Outsourcing

The criteria for the selection of service providers and the process for their appointment is laid down in the Company's outsourcing policy which is approved by the BoD and reviewed once a year. In particular, the outsourcing policy states that when choosing a service provider for any critical or important functions or activities Prime ensures that:

- The potential service provider has the ability and capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, taking into account the undertaking's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with Prime impairs the needs of the outsourcing undertaking

- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the undertaking and the service provider
- The general terms and conditions of the outsourcing agreement are authorised and understood by the Managing Director. The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to provisions on the safety and confidentiality of information relating to Prime or to its policyholders or beneficiaries

In order to ensure against an undue increase in Operational Risk, when outsourcing critical or important functions or activities the Company shall:

- Verify that the service provider has adequate financial resources to take on the additional tasks Prime plans to transfer and to properly and reliably discharge its duties towards Prime and that the staff of the service provider is chosen on the basis of criteria that give reasonable assurance that they are sufficiently qualified and reliable,
- Make sure the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and has periodic testing of backup facilities where that is necessary having regard to the function, service or activity outsourced.

Furthermore, the Policy lays down the minimum required contents of an outsourcing agreement safeguarding the quality of service provided, protecting the interests of Prime, ensuring that conflicts of interest are avoided and that the service provider cooperates with internal or external auditors as well as the Cyprus Superintendent of Insurance.

During 2017, the company appointed Maria Michaelides (Lux Actuaries & Consultants (Cyprus) Ltd) as the Risk Management Function Holder. Furthermore, external consultants have been engaged for various projects particularly in relation to Pillar I requirements and Investment Management but none of these falls under the scope of outsourcing.

2.8 Adequacy of the system of governance

The system of governance has been designed to ensure that the management is able to provide the appropriate levels of oversight whilst allowing decisions to be made more quickly and ensuring that the Company's employees are empowered to make decisions at the right levels of the Company.

The Company continues to align its management and governance structure to proactively respond to the business and regulatory needs.

The BoD has the overall responsibility for setting the Company's strategy and to safeguard that the strategy does not expose the Company to any unwanted levels of risk as defines in its risk appetite statement.

The Committees at BoD level have clearly defined terms of reference are empowered to make decisions within their limits of authority thereby allowing the Company to adapt to changes in an agile and flexible manner.

Once the strategy and the business plan are agreed the executive management are delegated with the responsibility to implement it and to operate within these constraints. The organisation of Prime is such that enables the implementation of the BoD strategy in an effective manner whilst adequate oversight is taking place through the second line of defence functions.

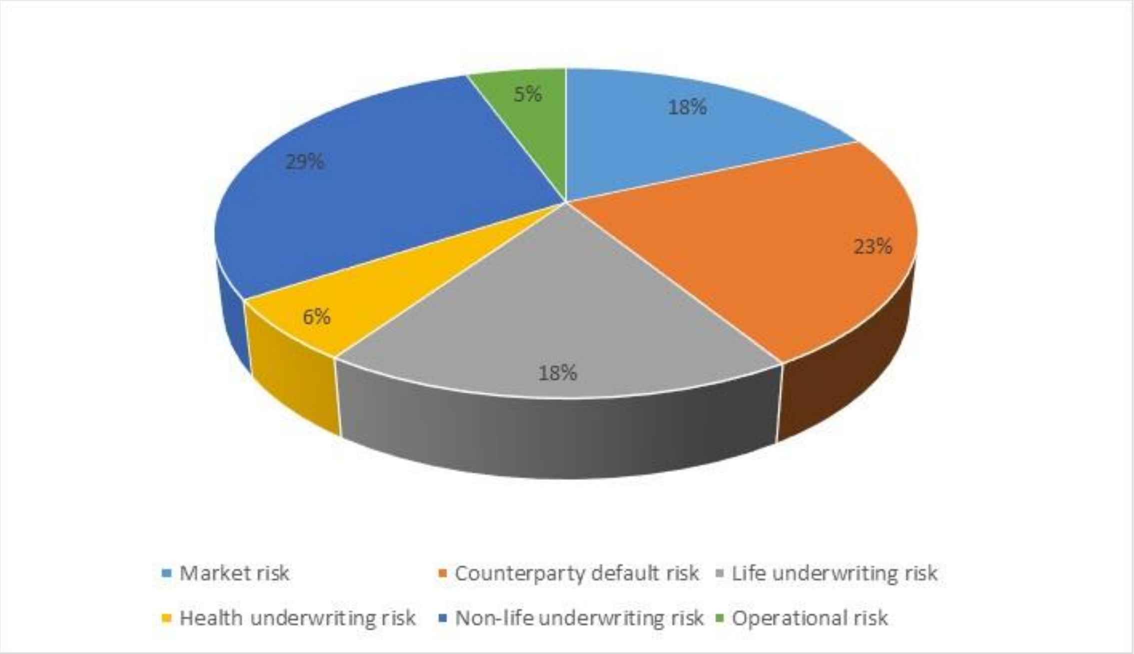
The risk management system is integrated into the strategy and the business planning process and is generally embedded in the decision-making processes of the Company. This ensures that the strategy results in an acceptable risk profile. It also facilitates awareness of the risk exposures of the Company and provides early warning signals for the management to take corrective action and ensure sufficient and smooth emergence of profits.

Nonetheless, the Company aims to continuously improve its governance system by ensuring that it is regularly reviewed, evaluated and enhanced.

3 Risk Profile

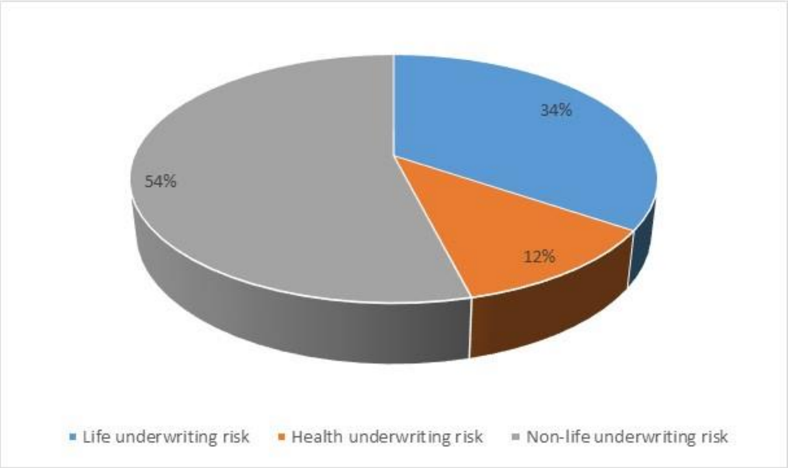
Prime measures quantifiable risks through the 99.5% Value at risk using the Solvency II standard formula (SCR). The Company aims to hold sufficient capital at all times to protect itself from losses occurring due to such risks.

In addition to capital, the Company manages all risks through its processes and procedures and its internal control framework and by monitoring exposures and benchmarking those against its risk appetite.



The Company's risk profile is mainly driven by its insurance operations. Underwriting risk forms around 53% of the total risk portfolio of Prime. The rest of the risk exposure arises from credit risk (in relation to premium receivables from brokers, reinsurance recoverables and cash at bank) and market risk (in relation to the investments of the Company). Finally, the exposure to operational risk is also assessed through qualitative analyses mentioned in subsequent sections.

3.1 Underwriting Risk



3.1.1 Description of the risk

Prime currently ranks its overall residual exposure to underwriting risk as a medium risk exposure.

The underwriting risk of Prime has three main categories which are listed below in order of magnitude:

- Non-life underwriting risk
- Life underwriting risk
- Health underwriting risk

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

The components of the underwriting risk of Prime by risk category are shown in the table below.

Non-Life Underwriting risk	
Premium and Reserve risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements*
Catastrophe risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events*
Lapse Risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders*
Life underwriting risk	
Lapse risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders*
Life expense risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts*
Mortality risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities*
Life catastrophe	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events*
Disability-morbidity risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates*
Health underwriting risk	
Premium and Reserve risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and*

	severity of insured events, and in the timing and amount of claim settlements
catastrophe risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events*
Lapse Risk	*the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders*

3.1.2 Description of the measures used to assess the risk

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

3.1.3 Risk Concentration

No material underwriting risk concentrations have been identified. This is because of:

- The Company writes both life and non-life insurance business. This enables Prime to diversify between different sources of insurance risk.
- The life insurance portfolio enjoys high levels of diversification with respect to age, gender, smoker status, socio- economic class, level of life insurance cover, type of insurance cover and degree of underwriting applied at inception of the cover.
- With respect to the non-life insurance portfolio, the Company underwrites mainly annual policies, and therefore has the ability to rate risks individually and to impose conditions in accordance with the risk under consideration. The underwriting strategy is to diversify the type of insurance risk accepted and within each line of business to obtain a sufficiently large population of risk to reduce the variability of the expected outcome.
- Reinsurance: The Company manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to the Company is generally limited to its retention.
- Underwriting business both in Cyprus and in Greece, enables geographical diversification within the underwriting risk.

3.1.4 Risk Mitigation

The main risk mitigation technique that Prime employs is reinsurance. Reinsurance protection is in place substantially for the lines of business deemed necessary.

Risks arising from underwriting activities are managed through Prime's underwriting strategy, internal risk limits and underwriting guidelines that are in place to enforce appropriate risk selection criteria and are also reinforced by internal controls.

Product approval process, premium rate reviews and internal underwriting authority and limits are also in place to further mitigate Underwriting Risk exposures.

Prime does not allow, under any circumstances, the underwriting of high-risk or complex products, of which risks cannot be fully understood, measured and/or managed.

Finally, to further mitigate Underwriting Risk, the Company also undertakes an actuarial evaluation of Technical Provisions and the adequacy of premium pricing rates.

3.1.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests to feed into the ORSA. This ensures that potential adverse scenarios are considered, and negative outcomes can be adequately mitigated either through controls implemented, through timely remedial actions or through the commitment of additional capital.

The following table summarises the stress test performed in relation to underwriting risk as reported in the 2017 ORSA Report.

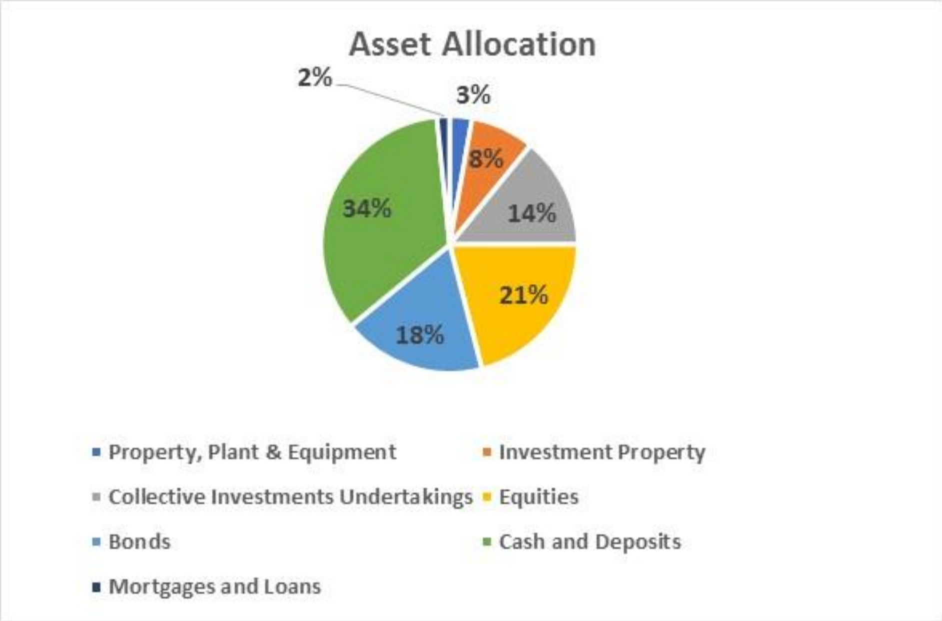
Stress 1:	10% reduction of life insurance portfolio
Stress 2:	10% reduction in New Business of non-life insurance for Cyprus
Stress 3:	10% reduction in New Business of non-life insurance for Greece
Stress 4:	10% increase in the loss ratio of non-life insurance Cyprus
Stress 5:	10% increase in the loss ratio of non-life insurance Cyprus
Stress 6:	10% higher mortality/morbidity of in the life insurance portfolio

The most material stress of the above was Stress 1 which was the only stress under which the solvency position was marginally breached. The Company demonstrated resilience to the rest of the scenarios.

3.2 Market risk

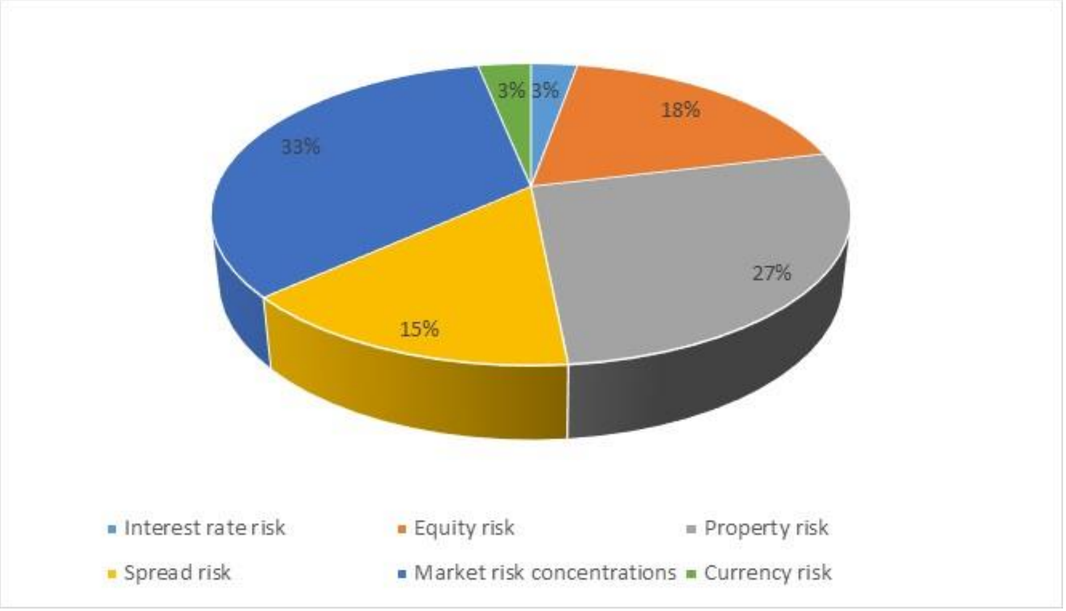
3.2.1 Description of the risk

The Company is exposed to market (Investment) risk through its asset portfolio and in particular from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company.



As at 31 December 2017, Prime's investment assets include property, equity, bonds, cash and deposits. Investments are subject to credit risk (including counterparty default risk, spread risk and concentration risk) and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms both on the asset and on the liability side as the value of technical provisions depends on market conditions:

- Interest rate risk: *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 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 sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate*
- Currency risk: *the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates*



The primary sources of market risk are equity risk and property risks arising from exposure to the respective asset classes. The overall current market risk exposure is considered to be medium.

3.2.2 Description of the measures used to assess the risk

Prime measures its market risk using the standard formula for the calculation of SCR. The measurement is done separately for the sub-categories mentioned above. Then the aggregate market risk measure allows for diversification between its components.

3.2.3 Risk Concentration

A significant portion of Prime's assets are held through collective investment vehicles. These enable higher levels of diversification which may not have been possible with direct holdings.

The investment portfolio of Prime is well diversified with no single name exposure holding more than 5% of the total asset portfolio with the only exception being a strategic equity participation of the Company and exposure to Greek government bonds which as at 31.12.2017 formed 8% of the total investment portfolio each.

3.2.4 Risk Mitigation

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

The Investment Committee reviews investment related information regularly to ensure that the portfolio is invested in line with the investment guidelines and the risk appetite of the Company.

3.2.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests to feed into the ORSA. This ensures that potential adverse scenarios are considered, and negative outcomes can be adequately mitigated either through controls implemented, through timely remedial actions or through the commitment of additional capital.

With regards to market risk, Prime assessed the potential scenario of a 10% fall in the market value of Greek government bonds. The Company's solvency position was not breached under this position.

3.2.6 Prudent Person Principle

The Solvency II regulation requires investment of assets in accordance to the "Prudent Person Principle". Considering this, the Company has aligned its investment policy with this principle.

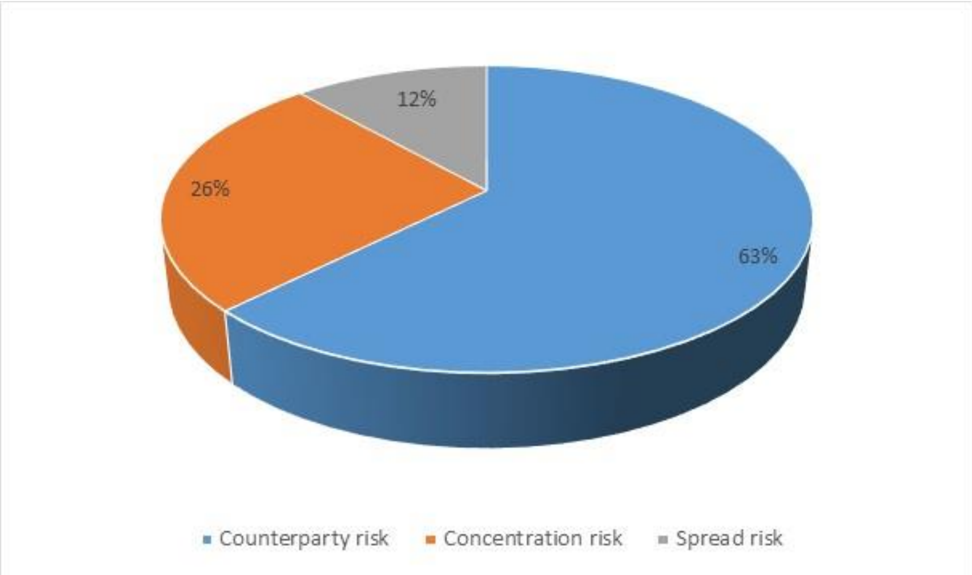
The Company regularly reviews the financial condition of its investment counterparties and ensures that the currency, nature and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location. The Company has not invested in derivatives or inadmissible financial instruments.

3.3 Credit risk

3.3.1 Description of the risk

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. Prime is exposed to credit risk arising from the following exposures:

- Cash at bank
- Bonds and deposits
- Reinsurance recoverables
- Premium receivables



Credit risk as measured through the SCR is composed of counterparty default risk by **63%**, concentration **26%** and spread risk by **12%**. Credit risk forms almost 40% of the total undiversified SCR.

The overall credit risk exposure is considered to be high. The main driver of credit risk are the overdue balances from intermediaries and policyholders.

3.3.2 Description of the measures used to assess the risk

Prime measures its credit risk using the standard formula for the calculation of SCR. The measurement is done separately for the sub-categories mentioned above.

3.3.3 Risk Concentration

Prime has exposure to several different local and Greek banks. Nonetheless there is some concentration as the balances are not evenly spread across the different banks. Concentration also arises from single name exposures which are unrated and hence there is greater uncertainty as to their creditworthiness.

3.3.4 Risk Mitigation

Credit risk is mitigated by closely monitoring the credit rating and the financial condition of all key counterparties. These are reviewed at least quarterly and management is ready to take action in the event of a deterioration in the credit quality.

Furthermore, the Company has implemented a process for the timely collection of premiums as they fall due thus mitigating the risk of accumulating overdue balances. In addition, the Company has intensified efforts to collect overdue balances and has secured collaterals in several cases which help minimise the risk of default of debtors.

3.3.5 Risk Sensitivity

The Company has not performed any risk sensitivity tests for credit risk as its current exposures are subject to the highest possible shocks under the standard formula since:

1. Bank exposures are of the credit quality CCC or unrated. Any further deterioration would not lead to higher capital requirement.
2. Premium receivables which are more than 3-months overdue obtain under the standard formula a capital charge of 90% on their value.

Furthermore, the provisions set aside for bad debtors are considered very prudent and unlikely to fall short of any defaults in the future.

3.4 Liquidity risk

3.4.1 Description of the risk

Liquidity risk refers to the risk that Prime will be unable to realise investments and other assets in order to settle their financial obligations when they fall due. Given that a significant proportion of the investment assets of Prime are highly realisable due to either being liquid (cash at bank) or due to being highly tradable (listed securities), the Company’s exposure to liquidity risk is considered very low.

3.4.2 Description of the measures used to assess the risk

Prime’s liquidity requirements are assessed monthly in order to meet the Company’s stated liquidity objectives. A projection is performed each month from the accounts department to assess whether all obligations due will be met by the expected cash inflows mainly from premiums due.

3.4.3 Risk Concentration

Sources of cash inflows and cash out flows (premium receivables, claims, expenses etc.) are diversified and to a certain extent independent.

3.4.4 Risk Mitigation

The Company maintains a pool of liquid assets which exceed its short-term liquidity demands. Moreover, Prime has in place a contingency liquidity plan to manage and co-ordinate the actions required to mitigate the effects of a liquidity problem across Prime.

3.4.5 Risk Sensitivity

Given that liquidity is not a material risk for the Company, no specific risk sensitivity is performed.

3.4.6 Expected profit in future premiums

With respect to non-life insurance, no allowance is made in the best estimate liabilities for expected profit in future premiums as these are outside contract boundaries.

Regarding the life portfolio, the total amount of the expected profit included in future premiums as calculated in accordance with Article 260(2) is € 8,085. The methodology used in the derivation of this figure is in line with the relevant guidance issued by EIOPA.

3.5 Operational risk

3.5.1 Description of the risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions in the course of conducting the Company's business, including but not limited to, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance. The Company has the exposure to the following types of operational risk:

Business Disruption & Systems Failure	Interruption of business activity due to system or communication failures
Financial Integrity & Reporting	Disclosure of materially incorrect or untimely information
External Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an external party
Internal Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an internal party
Process Risks	Failure to execute or process transactions timely and accurately with clients and other counterparties
Clients, Products and Business Practices	Lack of productivity and poor customer service

The overall exposure to operational risk is classified as low.

3.5.2 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculations and qualitative assessments. Qualitative assessments are undertaken to track the developments within the risk profile and review the design and operational effectiveness of the control environment across the key processes.

There have been no material changes in the tools, parameters or assumptions used since the previous year.

3.5.3 Risk Concentration

Currently there are no material operational risk concentrations.

3.5.4 Risk Mitigation

The Company addresses its operational risk through:

- The Company's business continuity plan which ensures continuity and regularity in the performance of activities
- The regular Internal Audit
- Its internal control system
- The peer review of material work
- The enforcement of appropriate underwriting, claims and other authority limits
- Insurance against property damage that could cause business disruption

3.5.5 Risk Sensitivity

Due to the complexity of the operational risk, no explicit sensitivities have been performed for the particular risk. Nonetheless, even if the operational risk as at 31.12.2017 increases by 50%, the solvency position of the Company will not be breached.

4 Valuation for solvency purposes

All assets and liabilities listed in the table below are valued in accordance with the Solvency II Principle and are compared to their IFRS valuation. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuations methods occurred during the year under review.

The Company does not have any off-balance sheet assets or liabilities.

4.1 Assets

4.1.1 Value of assets

Assets	Solvency II 2017	IFRS Valuation 2017
Deferred acquisition costs	0	3.929
Other intangible assets	0	904
Deferred tax assets	334	334
Property, plant & equipment held for own use	1.913	2.019
Investments (other than assets held for unit-linked funds)	42.526	43.035
Assets held for unit-linked funds	51.898	51.898
Reinsurance recoverables	8.639	15.333
Insurance & intermediaries receivables	12.143	12.409
Receivables (trade, not insurance)	3.935	4.352
Cash and cash equivalents	6.068	6.068
Total Assets	127.456	140.281

4.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

Investments

The fair value of quoted financial assets is based on quoted market prices at the end of the reporting period. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Reinsurance Assets

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurers' share of technical provisions or receivables from reinsurers (unless netted off against amounts payable to reinsurers). These assets consist of short term balances due from reinsurers (classified within receivables), as well as receivables (classified as reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Properties

Investment properties are initially measured at cost including related transaction costs. Investment properties are subsequently carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

4.1.3 IFRS vs Solvency II

Differences exist for Reinsurance Recoverables and for Deferred Acquisition Cost assets described in detail below:

Reinsurance recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. On a Solvency II valuation these are valued on a best estimate basis.

Deferred Acquisition Cost (DAC)

There is no concept of Deferred Acquisition Costs in Solvency II. The premium provision only allows for future expense cash flows. For the in-force policies, initial expenses such as up-front commission have occurred in the past and thus they are not to be allowed in the premium provision.

Other intangible assets

Relate software which is of nil value under Solvency II

4.2 Technical Provisions

4.2.1 Value of Technical Provisions

4.2.1.1 Non-Life Technical Provisions

The Technical provisions are defined as the probability-weighted average of future cashflows, discounted to take into account the time value of money considering all possible future scenarios. Technical provisions are grouped into the following key components:

- Claims Provisions: Best Estimate of provisions relating to the earned exposure
- Premium Provisions: Best Estimate of provisions that relate to the unearned exposure
- Risk Margin: Additional provision to bring the best estimate to the level required to transfer the insurance obligations to a third party

The above figures are shown both gross of reinsurance (RI) and also the share of the reinsurer.

€'000	Claims Provision		Premium Provision		Risk Margin
Line Of Business	Gross BE	RI Recoverable	Gross BE	RI Recoverable	
Motor vehicle liability	25.137	6.406	6.690	1.165	1.192
Fire and other damage	847	499	652	134	56
General liability	332	159	239	102	21
Medical expenses	1.974	832	2.124	674	123
Workers' compensation	1.043	11	157	-8	36
Marine, aviation and transport	33	26	54	32	3
Motor, other classes	595	86	1.461	278	77
Total	29.961	8.019	11.377	2.377	1.508

4.2.1.2 *Life and Unit-Linked Technical Provisions*

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2017 both gross and net of reinsurance recoverables by line of business.

€'000 LINE OF BUSINESS	GROSS BEST ESTIMATE	REINSURANCE RECOVERABLE	RISK MARGIN
Unit-linked insurance	44.026	-1.897	1.959
Other life insurance	-5.154	139	1.529
Total	**38.872**	**-1.758**	**3.488**

4.2.2 Description of the bases, methods and main assumptions used

4.2.2.1 *Non-Life Insurance*

Claims provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. Thus, the components of the Claims Provision are the outstanding case estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the Unallocated Loss Adjustment Expenses (ULAE). Under Solvency II, the reserves are discounted to allow for the time value of money using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

The payment pattern of the reserves, for each line of business (LoB), has been derived using the historical payment pattern, as observed in the Paid Claims triangles.

The expense ratio for claims handling was estimated at 5% of claims for Greece and Cyprus respectively.

Premium provision

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

The expected claims ratio was set at 5-77% depending on the product and the expense ratio at 8% and 11% for Greece and Cyprus respectively.

4.2.2.2 *Unit-Linked Insurance*

For the Unit-Linked Business the best estimate liability (BEL) set up has been derived from the value of the units allocated to the policies that were in force on the valuation date and the present value of the expected future cashflows related to these policies. The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.3 *Other Life Insurance*

The BEL for Other Life Insurance is calculated as the expected present value of all future cashflows arising in relation to other life insurance policies (premiums, expenses, claims etc.). The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.4 *Risk Margin*

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over their lifetime thereof. This rate, called the Cost-of-Capital, is prescribed at 6%, as published by EIOPA.

4.2.2.5 *Reinsurance Recoverables*

Reinsurance Recoverables represent the difference between Gross and Net provisions.

- For the Claim Provision, the reinsurance recoverables were determined as the reinsurers' share on the current outstanding case by case reserves.
- For the Premium Provision, we have assumed zero reinsurance recoverables for classes with non-proportional reinsurance.
- For the Other Life BEL, all cashflows related to the current reinsurance treaties have been projected over the lifetime of the insurance policies. Their net present value represents the reinsurance recoverables.

Reduction of the reinsurance recoverables to allow for expected losses due to the default of counterparty has been also applied.

4.2.2.6 *Discounting*

The euro risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting. As expected, the impact of discounting was very small due to the short-term nature of the business and the prevailing low interest rates.

4.2.3 Description of the level of uncertainty associated with the value of technical provisions

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. Additional comfort on the appropriateness of the Technical provisions is provided through the use of independent external advisors who perform reviews of the results via a parallel valuation.

4.2.4 Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS.

The following table shows how the value of the IFRS Technical Provisions (Reserves) change under the valuation for solvency purposes on a net of reinsurance basis.

NET TECHNICAL Provisions (€'000s)		
Line Of Business	Solvency II	IFRS
Non-life excl health	**28.503**	**31.876**
Health	**3.949**	**1.417**
Life excl UL	**-3.765**	**8.436**
Life other	**47.882**	**51.898**

The main valuation principles of Solvency II leading to differences from reserves shown in the Financial Statements are:

- Prudence margins are removed from the assumption basis and there is a shift to a best estimate approach and replaced by risk margin provisions for Solvency II purposes.
- Allowance for time value of money through the discounting of future cash flows (which under IFRS is not applied to non-life reserves).
- Allowance is possible for negative IBNER where it is expected that there will be a favourable development of case-by-case reserves.

- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under Solvency I this is disallowed, and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve (AURR) is mandatory only where it is positive but not when it is negative.
- There is no concept of risk margin under the current IFRS valuation.
- Allowance is made in the reinsurance recoverables for the for expected non-payment due to default or dispute.
- Removal of zeroization of negative reserves and allowance of future profits, result in further reduction of the net technical provisions.

4.2.5 Statement on whether the volatility adjustment referred to in Article 77d of Directive 2009/138/EC is used

4.2.6 Statement on whether the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is applied

4.2.7 Statement on whether the transitional deduction referred to in Article 308d of Directive 2009/138/EC is applied

The Company has not used any of the following:

- Volatility adjustment referred to in Article 77d of Directive 2009/138/EC,
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC,
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

4.3 Valuation of other liabilities

4.3.1 Value of other liabilities

Liabilities	Solvency II 2017	IFRS Valuation 2017
Provisions other than technical provisions	256	256
Reinsurance payables	10.098	9.911
Payables (trade, not insurance)	3.487	4.376
Any other liabilities, not elsewhere shown	1.942	1.708
Total Liabilities	**15.783**	**16.251**

4.3.2 Description of the bases, methods and main assumptions used for their valuation for solvency purposes

Insurance payables

This balance is calculated in accordance with the terms and conditions of the contract with the intermediary/policyholder – no adjustments or judgements are made for valuation purposes. There is a high degree of certainty over the economic outflow due to the relatively short timeframe between the commission liabilities arising and the intermediary receiving payment from the Company.

Reinsurance payables

As at 31 December 2017, the balance owed to reinsurers was €10m. This balance is in respect of reinsurance agreements that were in force at the reporting date, aggregated based on their comparable nature, function, risk and materiality.

Payables (trade, not insurance)

Payables (trade, not insurance) relate to balances owed in respect of other services received by the Company; no estimation methods, adjustments for future value or valuation judgements are required for these balances.

Any other liabilities, not elsewhere shown

Any other liabilities not elsewhere shown relate to current tax liabilities of €1,5m; no estimation methods, adjustments for future value or valuation judgements are required for these balances.

4.3.3 Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS

As shown in section 4.3.1 there are no differences on the liability side apart from the technical provisions which are explain in detail in section 4.2.

5 Capital Management

5.1 Own Funds

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

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

5.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at 31 December 2017 as well as at 31 December 2016.

OWN FUNDS € '000S	DEC-17	DEC-16
Ordinary share capital (gross of own shares)	21.951	21.951
Share premium account related to ordinary share capital	3.157	3.157
Reconciliation reserve	671	-33
Deferred Tax Assets	334	331
Total Basic Own Funds	**26.113**	**25.406**

The current structure of own funds as shown above is composed only of capital classified as Tier 1 - Unrestricted.

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

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

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

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

5.1.5 IFRS Equity vs Own Funds

The following summary table shows the comparisons and movement in the IFRS and Solvency II valuation of assets, liabilities and own funds.

	Solvency II €'000s	IFRS €'000s	Movement €'000s
Total Assets	127.456	140.281	-12.825
Total Liabilities	101.343	125.898	+24.555
Total Own Funds	26.113	14.383	+11.730

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

– Deferred Acquisition Cost (DAC) is not included under Solvency II

– Differences in gross technical provisions and reinsurance recoverables (as explained in the previous section)

5.1.6 *Ancillary own funds*

The Company had no ancillary own funds as at 31.12.2017.

5.1.7 *Description of any item deducted from own funds*

5.1.8 *Brief description of any significant restriction affecting the availability and transferability of own funds within the undertaking*

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 *Amounts of SCR and MCR*

As at 31 December 2017 the **SCR** of the Company was calculated at **€24,072K** and the **MCR** at **€9,082K**.

5.2.2 *Amount of SCR split by risk modules*

The following table shows the SCR split by risk modules:

SOLVENCY CAPITAL REQUIREMENT	€'000s
Market risk	6.573
Counterparty default risk	8.266
Life Underwriting risks	6.629
Health underwriting risk	2.221
Non-Life underwriting risk	10.371
Sum of risk components	**34.061**
Diversification effects	-11.970
Diversified risk	**22.090**
Intangible asset risk	0
Basic SCR	22.090
Operational risk	1.982
Adjustments	0
SCR	**24.072**

5.2.3 *Simplifications*

Simplifications have been used for the

- calculation of catastrophe risk for life insurance
- calculation of risk margin

5.2.4 *Undertaking-specific parameters*

The Company has not used undertaking-specific parameters for any of the parameters of the standard formula.

5.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are presented in the table below:

Notional non-life and life MCR calculation	**Non-life activities**	**Life activities**
	C0140	**C0150**
Notional linear MCR	**5.382**	**705**
Notional SCR excluding add-on (annual or latest calculation)	**21.285**	**2.788**
Notional MCR cap	**9.578**	**1.254**
Notional MCR floor	**5.321**	**697**
Notional Combined MCR	**5.382**	**705**
Absolute floor of the notional MCR	**2.500**	**3.700**
Notional MCR	**5.382**	**3.700**

The total MCR for both activities (Life + Non-Life) is equal to **€9,082K**.

5.2.6 Any material change to the SCR and to the MCR over the reporting period, and the reasons for any such change

As shown below, only market risk has changed significantly

	2017	2016	Δ
Market risk	6.573	5.567	1.006
Counterparty default risk	8.266	8.675	-409
Life Underwriting risks	6.629	6.408	221
Health underwriting risk	2.221	2.049	172
Non-Life underwriting risk	10.371	10.299	72
Sum of risk components	**34.061**	**32.998**	**1.063**
Diversification effects	-11.970	-11.399	-571
Diversified risk	**22.090**	**21.599**	**491**
Intangible asset risk	0	0	0
Basic SCR	22.090	21.599	491
Operational risk	1.982	1.928	54
Adjustments	0	0	0
SCR	**24.072**	**23.527**	**545**

The change is mainly due increased concentrations.

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

5.3.1 Non-compliance with the MCR

The Company has always been compliant with the MCR.

5.3.2 Non-compliance with SCR

Own funds have continually been above SCR throughout 2017.

Appendices

Appendix A: Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	334
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	1.913
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	42.526
Property (other than for own use)	**R0080**	5.412
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	8.396
Equities - listed	**R0110**	3.122
Equities - unlisted	**R0120**	5.274
Bonds	**R0130**	13.153
Government Bonds	**R0140**	8.311
Corporate Bonds	**R0150**	4.842
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	9.358
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	6.207
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	51.898
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	8.639
Non-life and health similar to non-life	**R0280**	10.396
Non-life excluding health	**R0290**	8.887
Health similar to non-life	**R0300**	1.510
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	139
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	139
Life index-linked and unit-linked	**R0340**	-1.897
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	12.143
Reinsurance receivables	**R0370**	
Receivables (trade, not insurance)	**R0380**	3.935
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet	**R0400**	
Cash and cash equivalents	**R0410**	6.068
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	127.456

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	42.848
Technical provisions – non-life (excluding health)	**R0520**	37.390
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	36.040
Risk margin	**R0550**	1.350
Technical provisions - health (similar to non-life)	**R0560**	5.458
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	5.299
Risk margin	**R0590**	160
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-3.625
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-3.625
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	-5.154
Risk margin	**R0680**	1.529
Technical provisions – index-linked and unit-linked	**R0690**	45.985
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	44.026
Risk margin	**R0720**	1.959
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	256
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	10.098
Payables (trade, not insurance)	**R0840**	3.839
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	1.942
Total liabilities	**R0900**	101.343
Excess of assets over liabilities	**R1000**	26.113

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	12.525		655	26.227	10.081	314	3.815	973									54.590
Gross - Proportional reinsurance accepted	**R0120**																	
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**	3.086		15	9.688	2.150	248	2.098	608									17.893
Net	**R0200**	9.439		640	16.538	7.932	65	1.717	365									36.697
Premiums earned																		
Gross - Direct Business	**R0210**	12.122		631	24.943	9.748	307	3.944	935									52.631
Gross - Proportional reinsurance accepted	**R0220**																	
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**	2.956		15	8.879	1.997	243	2.218	572									16.880
Net	**R0300**	9.166		616	16.064	7.751	64	1.727	363									35.751
Claims incurred																		
Gross - Direct Business	**R0310**	6.820		356	17.911		17	926	109									26.138
Gross - Proportional reinsurance accepted	**R0320**																	
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**	2.466		48	5.839		15	547	68									8.984
Net	**R0400**	4.353		308	12.071		2	378	41									17.154
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**	4.977		298	16.280		107	1.892	360									23.914
Other expenses	**R1200**																	
Total expenses	**R1300**																	23.914

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations	Health reinsurance	Life-reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**			18.312	846					19.158
Reinsurers' share	**R1420**			1.151						1.151
Net	**R1500**			17.161	846					18.007
Premiums earned										
Gross	**R1510**			18.312	847					19.158
Reinsurers' share	**R1520**			1.151						1.151
Net	**R1600**			17.161	847					18.007
Claims incurred										
Gross	**R1610**			10.776	484					11.260
Reinsurers' share	**R1620**			175	46					220
Net	**R1700**			10.601	439					11.040
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**			3.303	2.353					5.656
Other expenses	**R2500**									
Total expenses	**R2600**									5.656

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		GR					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	23.380	31.210					54.590
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	3.937	13.956					17.893
Net	R0200	19.443	17.254					36.697
Premiums earned								
Gross - Direct Business	R0210	23.685	28.946					52.631
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	3.936	12.944					16.880
Net	R0300	19.750	16.002					35.751
Claims incurred								
Gross - Direct Business	R0310	12.504	13.634					26.138
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	1.887	7.097					8.984
Net	R0400	10.617	6.537					17.154
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers'share	R0440							
Net	R0500							
Expenses incurred	R0550	9.931	13.983					23.914
Other expenses	R1200							
Total expenses	R1300							23.914

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	19.158						19.158
Reinsurers' share	R1420	1.151						1.151
Net	R1500	18.007						18.007
Premiums earned								
Gross	R1510	19.158						19.158
Reinsurers' share	R1520	1.151						1.151
Net	R1600	18.007						18.007
Claims incurred								
Gross	R1610	1.074						1.074
Reinsurers' share	R1620	275						275
Net	R1700	799						799
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900	5.656						5.656
Other expenses	R2500							
Total expenses	R2600							5.656

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**																
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**			27.916	16.110		-5.154				38.872						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**			-1.232	-664		139				-1.757						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			29.149	16.774		-5.294				40.629						
Risk Margin	**R0100**		1.959			1.529					3.488						
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**		45.985			-3.625					42.360						

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**	2.124		157	6.690	1.461	54	652	239									11.377
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	674		-8	1.165	278	32	134	102									2.377
Net Best Estimate of Premium Provisions	**R0150**	1.449		165	5.525	1.184	22	519	137									9.000
Claims provisions																		
Gross	**R0160**	1.974		1.043	25.137	595	33	847	332									29.961
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	832		11	6.406	86	26	499	159									8.019
Net Best Estimate of Claims Provisions	**R0250**	1.143		1.032	18.731	509	7	348	173									21.943
Total Best estimate - gross	**R0260**	4.098		1.200	31.826	2.056	88	1.499	571									41.339
Total Best estimate - net	**R0270**	2.592		1.197	24.256	1.692	29	866	310									30.943
Risk margin	**R0280**	123		36	1.192	77	3	56	21									1.509
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**	4.222		1.236	33.018	2.133	91	1.555	593									42.848
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	1.506		3	7.571	364	59	633	261									10.396
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	2.715		1.233	25.447	1.769	32	922	332									32.452

Annex I
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Non-life Insurance Claims Information

Total Non-Life Business

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

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

		Development year										
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											92
2008	**R0160**	2.845	995	195	62	240	116	72	355	28	23	
2009	**R0170**	3.325	1.328	131	110	92	65	7	44	69		
2010	**R0180**	6.167	2.470	524	1.419	295	502	275	273			
2011	**R0190**	7.429	3.010	495	673	352	171	168				
2012	**R0200**	6.348	2.969	982	476	364	135					
2013	**R0210**	7.133	2.395	486	479	251						
2014	**R0220**	7.619	3.651	702	854							
2015	**R0230**	8.634	3.341	15								
2016	**R0240**	10.888	4.501									
2017	**R0250**	16.420										

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100	92	18.193
	R0160	23	4.929
	R0170	69	5.173
	R0180	273	11.924
	R0190	168	12.299
	R0200	135	11.273
	R0210	251	10.743
	R0220	854	12.826
	R0230	15	11.989
	R0240	4.501	15.390
	R0250	16.420	16.420
Total	**R0260**	22.800	131.159

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											
2008	**R0160**	2.943	1.601	1.187	1.126	1.061	910	774	487	487	532	
2009	**R0170**	2.916	1.052	671	619	379	244	241	173	71		
2010	**R0180**	6.322	3.942	3.418	2.190	1.343	973	831	629			
2011	**R0190**	7.012	3.469	2.749	2.111	1.092	814	611				
2012	**R0200**	6.508	3.741	3.288	2.313	1.771	1.629					
2013	**R0210**	5.598	3.243	2.404	1.644	1.332						
2014	**R0220**	8.648	4.610	3.779	2.992							
2015	**R0230**	7.791	4.017	2.994								
2016	**R0240**	10.069	5.580									
2017	**R0250**	13.401										

		Year end (discounted data)
		C0360
	R0100	144
	R0160	533
	R0170	74
	R0180	630
	R0190	612
	R0200	1.647
	R0210	1.339
	R0220	2.999
	R0230	2.995
	R0240	5.586
	R0250	13.401
Total	**R0260**	29.961

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	21.951	21.951			
Share premium account related to ordinary share capital	R0030	3.157	3.157			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	671	671			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	334				334
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	26.113	25.778			334
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	26.113	25.778			334
Total available own funds to meet the MCR	R0510	25.778	25.778			
Total eligible own funds to meet the SCR	R0540	26.113	25.778			334
Total eligible own funds to meet the MCR	R0550	25.778	25.778			
SCR	R0580	24.072				
MCR	R0600	9.082				
Ratio of Eligible own funds to SCR	R0620	108%				
Ratio of Eligible own funds to MCR	R0640	284%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	26.113	
Own shares (held directly and indirectly)	R0710		
Foreseeable dividends, distributions and charges	R0720		
Other basic own fund items	R0730	25.442	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	R0760	671	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	8.085	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780		
Total Expected profits included in future premiums (EPIFP)	R0790	8.085	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	6.573		
Counterparty default risk	R0020	8.266		
Life underwriting risk	R0030	6.629		
Health underwriting risk	R0040	2.221		
Non-life underwriting risk	R0050	10.371		
Diversification	R0060	-11.970		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	22.090		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1.982
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	24.072
Capital add-on already set	R0210	
Solvency capital requirement	R0220	24.072
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
S.28.02.01
Minimum capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	5.382	

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	2.592	9.439		
Income protection insurance and proportional reinsurance	R0030				
Workers' compensation insurance and proportional reinsurance	R0040	1.197	640		
Motor vehicle liability insurance and proportional reinsurance	R0050	24.256	16.538		
Other motor insurance and proportional reinsurance	R0060	1.692	7.932		
Marine, aviation and transport insurance and proportional reinsurance	R0070	29	65		
Fire and other damage to property insurance and proportional reinsurance	R0080	866	1.717		
General liability insurance and proportional reinsurance	R0090	310	365		
Credit and suretyship insurance and proportional reinsurance	R0100				
Legal expenses insurance and proportional reinsurance	R0110				
Assistance and proportional reinsurance	R0120				
Miscellaneous financial loss insurance and proportional reinsurance	R0130				
Non-proportional health reinsurance	R0140				
Non-proportional casualty reinsurance	R0150				
Non-proportional marine, aviation and transport reinsurance	R0160				
Non-proportional property reinsurance	R0170				

		Non-life activities	Life activities
		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200		705

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210				
Obligations with profit participation - future discretionary benefits	R0220				
Index-linked and unit-linked insurance obligations	R0230			45.923	
Other life (re)insurance and health (re)insurance obligations	R0240				
Total capital at risk for all life (re)insurance obligations	R0250				547.746

Overall MCR calculation

		C0130
Linear MCR	R0300	6.087
SCR	R0310	24.072
MCR cap	R0320	10.833
MCR floor	R0330	6.018
Combined MCR	R0340	6.087
Absolute floor of the MCR	R0350	6.200
		C0130
Minimum Capital Requirement	R0400	6.200

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	5.382	705
Notional SCR excluding add-on (annual or latest calculation)	R0510	21.285	2.788
Notional MCR cap	R0520	9.578	1.254
Notional MCR floor	R0530	5.321	697
Notional Combined MCR	R0540	5.382	705
Absolute floor of the notional MCR	R0550	2.500	3.700
Notional MCR	R0560	5.382	3.700