



***CNP ASFALISTIKI LTD  
SOLVENCY AND FINANCIAL CONDITION REPORT  
31 December 2021***

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## *Independent Auditor's Report*

To The Board of Directors of CNP Asfalistiki Limited

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

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#### *Our opinion*

We have audited the following Solvency II Quantitative Reporting Templates (“QRTs”) contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of CNP Asfalistiki Ltd (the “Company”), prepared as at 31 December 2021:

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

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

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

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#### *Basis for opinion*

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

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PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No.143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company’s directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhouseCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details



### ***Emphasis of Matter***

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

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### ***Other information***

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

Narrative sections:

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

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

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

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

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

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

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

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

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

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



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

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

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

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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



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***Other Matter***

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

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over the page.

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

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

04 April 2022

## About this Report

CNP Asfalistiki Ltd (CNP Asfalistiki, Company) is committed to maintain public transparency with regard to its business, financial performance and risks. In this document, **Solvency and Financial Condition Report (SFCR)**, the Company provides additional detailed information on our solvency and financial condition.

This Report is based upon the consolidated financial position of CNP Asfalistiki as at 31 December 2021 and it contains both quantitative and qualitative information in accordance with the Orders of the Superintendent of Insurance (Supervisor) in relation to submission of information dated February 2017 / Article 304 (1) of the Delegated Regulation (EU) 2015/35.

The information in this Report has been subject to external audit according to the Orders of the Superintendent of Insurance April 2017. The Auditors' Report is presented on page 2 and it forms an integral part of the SFCR.

The Insurance Companies Control Service, under its supervisory assessment, may require the amendment or revision of the report or the publication of additional information or the undertaking of other actions by the Company.

This Report was approved by the Company's Board of Directors (BoD) on 4th April 2022 and is in accordance with its Reporting and Disclosure Policy.

The Company's appointed auditor for the year ended 31 December 2021 was PricewaterhouseCoopers Limited (PwC).

### About Solvency II Pillar 3

The Solvency II (SII) programme is structured around three pillars: the Pillar 1 solvency and capital requirements and Pillar 2 supervisory review process complemented by Pillar 3 market discipline. The aim of the Pillar 3 is to produce disclosures that allow greater level of transparency for the Supervisor and the public on the capital adequacy, risk exposures as well as risk management and internal control processes.

CNP Asfalistiki is directly regulated and supervised on a solo basis by the Insurance Companies Control Service at the Cyprus Ministry of Finance, P.O. Box 23364 1682 Nicosia Cyprus. We also report to the sole controlling shareholder in France, CNP Assurances, being subject to financial oversight by the Autorité de Contrôle Prudentiel et de Résolution in France at 4 Place de Budapest, 75436 Paris France.

CNP Asfalistiki actively participated in the discussions between the Supervisory Authority in Cyprus and industry association for the Pillar 3 disclosure requirements.

The Company publishes comprehensive Pillar 3 Disclosures annually on the CNP Asfalistiki website, [www.cnpasfalistiki.com](http://www.cnpasfalistiki.com)

### Defined Term

**The abbreviation “€k” represents thousands of Euros and numbers are rounded to the nearest thousand.**

## Summary

### A. Activity and Results

CNP Asfalistiki is a 100% owned subsidiary of CNP Cyprus Insurance Holdings Ltd (CNP CIH), a limited liability company incorporated in Cyprus. As from October 2019, the sole shareholder of CNP CIH is CNP Assurances S.A. with a share capital of 100%, an insurance company of French interests.

The principal activity of CNP Asfalistiki is the transaction of general insurance business which includes accident and health insurance, motor insurance, marine and goods in transit insurance, fire insurance, other damage to property insurance, marine liability insurance, general liability insurance and miscellaneous insurance.

The recognition and acknowledgement the Company enjoys in the Cyprus market as the leader general insurer is a result of the professionalism, zeal and knowledge of its people who reflect and implement the Company's strategy, philosophy and risk culture.

An important factor in this success has been the use of modern technology. The Company has intensified its actions under digital transformation, providing several digital services and options to its customers, partners and insurance intermediaries for easy access to information as well as electronic means for handling their policies.

CNP Asfalistiki continued its corporate and social responsibility programme in working closely with Authorities and Institutions.

In 2021, CNP Asfalistiki continued to improve its product mix and further strengthened its agency network. The Company's Underwriting Profit reached €17.290k with the main contributors being the Motor, Property and Liability business.

Covid-19 pandemic remained the epicentre in 2021, as more waves and mutations continued to spread the virus worldwide.

With regards to the macroeconomic context during 2021, it has been another challenging year as markets continued to be affected by Covid-19 pandemic and the volatile economic activity throughout the pandemic period.

Despite the changes in the external environment, CNP Asfalistiki responded to all challenges and adapted its organisation and operation for the maximum benefit of its customers, associates, salesforce and employees enduring its relationship of trust with its stakeholders.

In 2021, the Company had a positive realised and unrealised Investment Income of €131k in comparison to the €1.758k during the previous year.

The Solvency II Own Funds (OF) also increased by 14% in comparison to the previous year, reaching €59.761k.

The key figures of the Company are presented herein below.

#### Key figures - 31 December 2021

- **€116m Investments under management**
- **€150m Total Assets**
- **€60m Net Assets**
- **€61,3m Turnover**
- **€20,4m Total Claims paid**
- **272% SII Coverage Ratio**

Solvency II Balance Sheet			
In thousands €	31/12/2021	31/12/2020	Movement
Investments	115.696	109.038	6%
Other Assets	34.097	41.722	-18%
<b>Total Assets</b>	<b>149.793</b>	<b>150.759</b>	<b>-1%</b>
Technical Provisions	68.752	75.906	-9%
Other Liabilities	21.280	22.278	-4%
<b>Total Liabilities</b>	<b>90.032</b>	<b>98.184</b>	<b>-8%</b>
Excess of assets over liabilities	59.761	52.575	14%
<b>Eligible Own Funds</b>	<b>59.761</b>	<b>52.575</b>	<b>14%</b>



## B. Corporate Governance

The main principles and procedures governing the Company's Corporate Governance System are analysed in **Section B** of the Report.

CNP Asfalistiki's organisational arrangements fulfil the Solvency II regulatory requirements via its established key functions and well documented policies and procedures.

During the reporting period, the organizational processes of the Company were adjusted to ensure the continuity and regularity of the Company's Governance System.

CNP Asfalistiki is committed to continuously improving its overall risk management and internal control system and considers that its system is suitable for the nature, complexity and size of the Company.

The Company fully complies with the provisions of Law 38(I) 2016.

## C. Risk Profile

The risk profile of CNP Asfalistiki is predominately driven by non-Life Underwriting risk and Market risk, since the solvency capital of the two risks represents the 78% of the Basic Solvency Capital Requirement (BSCR) before diversification. Given the variety of its products, the Company nevertheless benefit from a diversification between risks.

The Company is exposed to Pillar 1 risks (market, counterparty default, non-life underwriting, health underwriting and operational risk) as well as risks not fully covered by Pillar 1 such as strategic, business, liquidity, legal and compliance and reputational. For optimal risk management, the Company has adopted appropriate risk mitigation techniques per type of risk.

The Company uses the standard formula to calculate its Pillar 1 risks and in 2021 it has revisited its normal and stress scenarios. In 2021, CNP Asfalistiki has also successfully submitted to the Supervisor the Quantitative Reporting Templates (QRTs).

## D. Valuation of Assets and Liabilities

The valuation of the assets and liabilities of the SII Balance Sheet is carried out by a Valuation Policy and Reserving Policy endorsed by the Company's BoD.

The Company prepares its financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

As a principle, the Company's assets and liabilities (particularly financial instruments) are valued on a fair value basis and are then included either directly in the IFRS Statement of Financial Position or disclosed in the notes to the financial statements. For its SII Balance Sheet, the Company uses the fair value of assets and liabilities as calculated for IFRS accounting purposes, insofar as this value complies with SII asset and liability valuation principles. This ensures that a reliable SII Balance Sheet will be produced as part of an orderly, well-managed process. It also ensures consistency with the IFRS financial statements.

The Company is consistent in applying the valuation techniques unless it considers that an alternative method would result in a more appropriate measurement. Such change in methodology is reported for transparency purposes.

There are instances where, the value of certain items may be estimated using simplified approaches when those items do not represent significant exposure or when the difference with fair value as calculated under IFRS is not material.

The Company's SII gross technical provisions amounted to €68.752k at 31 December 2021.

## E. Capital Management

For the year 2021, the Company adequately covered its Solvency II Capital Requirements.

The total Solvency Capital Requirement (SCR) of the Company as at the end of 2021 came up to €21.945k with a total Minimum Capital Requirement (MCR) at €8.581k.

The SCR ratio is at the high level of 272% as at 31 December 2021 and the MCR ratio reached 693%.

At 31 December 2021, the Own Funds of the Company under IFRS amounted to €61.717k and under the SII (eligible for SCR coverage) amounted to €59.761k. The basis of consolidation for financial accounting purposes differs from that used for prudential purposes.

The Company's capital is Tier 1 except from an amount of €266k that is classified as Tier 3 resulting from a tax base (temporary) difference.

Total Capital Requirements			
In thousands €	31/12/2021	31/12/2020	Movement
Market Risk	6.747	6.988	-3%
Counterparty Default Risk	6.241	7.087	-12%
Non-Life Underwriting Risk	16.406	16.029	2%
Health Underwriting Risk	241	256	-6%
<b>Total</b>	<b>29.635</b>	<b>30.361</b>	<b>-2%</b>
<i>Diversification</i>	-6.525	-6.861	-5%
<b>BSCR</b>	<b>23.109</b>	<b>23.499</b>	<b>-2%</b>
<b>Loss Absorbing Capacity of Deferred Tax</b>	<b>-3.135</b>	<b>-2.915</b>	<b>8%</b>
Operational Risk	1.971	2.181	-10%
<b>Solvency II Capital Requirement</b>	<b>21.945</b>	<b>22.765</b>	<b>-4%</b>

In thousands €	31/12/2021	31/12/2020	Movement
Basic Own Funds	59.761	52.575	14%
Tier 1	59.495	51.920	15%
Tier 2	0	0	0%
Tier 3	266	655	-59%
Solvency II Capital Requirement SCR	21.945	22.765	-4%
Eligible own funds to meet Solvency Capital Requirement	59.761	52.575	14%
<b>Solvency Capital Requirement Ratio</b>	<b>272%</b>	<b>231%</b>	<b>18%</b>
Minimum Capital Requirement MCR	8.581	9.027	-5%
Eligible own funds to meet Minimum Capital Requirement	59.495	51.920	15%
<b>Minimum Capital Requirement Ratio</b>	<b>693%</b>	<b>575%</b>	<b>21%</b>

## A. Business and Performance

### A.1. Business

As the leading general insurer in Cyprus having the largest market share during 2021 and with a strong capital base, CNP Asfalistiki continues to become stronger offering maximum value insurance to its customers, associates and employees. With experienced and specialised employees and insurance intermediaries, CNP Asfalistiki has generated value and benefits to its customers and shareholders for more than 40 years.

CNP Asfalistiki's enduring relationship of trust with its customers is achieved via its customer-oriented philosophy, its professionalism and the knowledge as well as specialisation of its management, personnel and insurance intermediaries.

The Company's vision is to continue to lead the Non-Life Insurance market by providing a complete range of products and the best customer experience in the industry. In 2021, having the largest market share, the Company has achieved its business objectives.

The Company was incorporated on 28 April 1981, as a limited liability company by shares, with the business name "ΑΑΙΚΗ ΑΣΦΑΛΙΣΤΙΚΗ ΕΤΑΙΡΕΙΑ ΛΙΜΙΤΕΔ". Following changes in the Company's legal name, as of 19 July 2013, the Company's legal name is CNP Asfalistiki Ltd with registration number HE 15555.

CNP Asfalistiki is a 100% owned subsidiary of CNP CIH a limited company incorporated in Cyprus. Since October 2019, the sole shareholder of CNP CIH is CNP Assurances, after the agreement with the Bank of Cyprus for the takeover of the remaining capital share of 49,9%. The acquisition marked the beginning of a new era for the Company, by creating new prospects of cooperation and development. CNP Assurances is listed on the Paris Stock Exchange.

CNP Assurances' major shareholder is La Banque Postale with a share of 78,9%, following the acquisition of 16,1% stake of Group BPCE in December 2021. The ultimate beneficial owner of CNP Assurances is Caisse des Dépôts.

CNP Assurances Group is a leading provider of France's life insurance, the seventh largest life insurer in Europe and the third largest insurance company in Brazil. It was founded 170 years ago and worldwide has 36 million insureds under personal risk and protection policies and 12 million savings and pension policyholders. In 2021, the Group reported premium income of €31.7 billion and its net average technical reserves were €342 billion. 88% of CNP Assurance's financial assets are managed according to environmental, social and corporate governance.

CNP Asfalistiki's principal activity is the transaction of general insurance business which includes accident and health insurance, motor insurance, marine and goods in transit insurance, fire insurance, other damage to property insurance, marine liability insurance, general liability insurance and miscellaneous insurance.

The Company's registered office is located at 17, Akropoleos Avenue, CY-2006 Strovolos, Nicosia, Cyprus. CNP Asfalistiki operates offices in Nicosia, Limassol, Larnaca, Paphos, Paralimni and Polis Chrysochous and in Greece through its branch established in Athens.

## 2021 Highlights

**Solvency II:** CNP Asfalistiki is compliant with the Law on Insurance and Reinsurance Services and Other Related Issues of 2016 [Law 38(I) 2016] and the Insurance and Reinsurance Services and Other Related Issues Regulations of 2016. The Company's governance arrangements, policies, procedures, practices and standards are aligned in accordance with the key SII requirements.

During 2021, CNP Asfalistiki achieved to further strengthen its strong SII position with a SII capital coverage ratio increasing to 272% as at 31 December 2021 compared to 231% at the end of 2020.

**Regulatory developments:** Following the implementation of regulatory requirements over the previous years, the Company is following a continuous training program for its members of staff and insurance intermediary network in the following areas:

- Insurance Distribution Directive 2016/97 (IDD)
- Order of the Superintendent regarding the collection and attribution of insurance Premiums
- Data Privacy Directive (2016/680) and Regulation (2016/679)
- Commission Delegated Regulation EU 2019/981 of 8<sup>th</sup> March 2019
- Cyber Security Risk

**Risk Management:** The Company implements a robust business strategy and manages its risk profile to reflect its objective maintaining financial strength and strong capital position.

**Distribution channels and Customer Service:** CNP Asfalistiki channelled its products through its strong network of insurance intermediaries and its direct selling points. To better serve its customers the Company offers a modern web portal, INSUPASS as well as a Mobile Application offering direct 24/7 updates and reliable communication with customers and associates.

**Social Responsibility:** CNP Asfalistiki joins forces with Authorities and Institutions addressing a number of serious issues such as Health and Safety at workplace, Road Safety and Fire Prevention. During 2021, CNP Asfalistiki was active in several social and environmental events, and it has been actively supporting charitable events and institutions by providing assistance to vulnerable social classes of our Country.

In addition, CNP Asfalistiki alongside with CNP Cyprialife and the Cyprus Broadcasting Corporation, organized for the third consecutive year and adjusted to the pandemic protocols and regulations by the relevant authorities, the new era of "Radiomarathonios", the leading action of social sensitivity and contribution to the most vulnerable group, the children.

**COVID-19:** The introduction of the pandemic in Cyprus during March 2020, brought instant changes to the Company. Risk mitigants were implemented to safeguard the health and safety of personnel, insurance intermediaries and customers in line with the government protocols and instructions. The Company adapted fast to remote working conditions ensuring operational continuity in terms of processes and procedures.

The Covid-19 health crisis continued in 2021 with more pandemic waves hitting the globe and especially Delta and Omicron mutations since the end of 2021. However, cautious optimism prevails that normality will be restored soon as many countries are completely removing any restricting measures since the beginning of 2022.

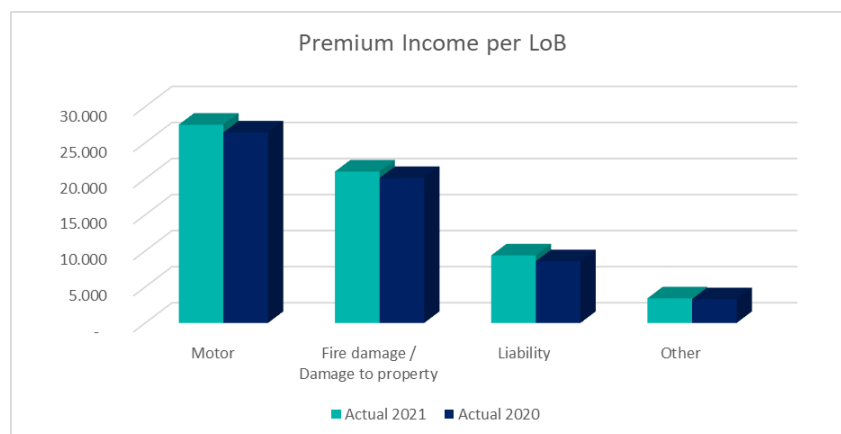
**Ukrainian Crisis:** In light of the fast-moving developments regarding the war in Ukraine, the Company monitors the situation closely and complies fully with any sanctions imposed by the European Union. The short and medium term financial risk as a result of the volatility prevailing in the capital markets, is actively monitored. The Company's liquidity position is very healthy and is not in any way affected by this crisis. The long-term impact from the Ukrainian crisis to the Cyprus economy, cannot at this stage be fully assessed but no significant impact is expected on the Company's capital or liquidity position from this crisis. The decline in the fair value of the Company's investments might impact the 2022 financial results, however any potential impact may be absorbed due to the high net asset and solvency position of the Company. The Company's SCR Coverage ratio at the date of publication of the Report is well above the minimum threshold set in the Company's risk appetite statement and is expected to remain at the same high levels throughout 2022.

**Going forward,** CNP Asfalistiki continues focusing on the development and growth of its business while:

- Providing an excellent and innovative service to its customers
- Maximising shareholders return and strengthening its capital position
- Remaining a responsible employer and a socially responsible company
- Complying with all relevant laws and regulations.

## A.2. Underwriting Performance

The portfolio of the Company remained relatively stable over the two years with Motor, Fire & Damage to Property and Liability being the main lines of business of the portfolio. Gross Written Premium of all main lines of business continue to increase in 2021 by 4,1%, 4,5% and 9,4% respectively due to new policies generated during the reporting period.



In 2021, CNP Asfalistiki reached an Underwriting Profit of €17.290k with the main contributors being the Motor, Property and Liability Business.

The Underwriting Profit of 2021 has increased by 4% compared to last year due to the net effect of:

- An increase in Net Earned Premium as a result of higher Gross Written Premium in Motor, Fire & Damage to Property and Liability Business.
- An increase in Net Commissions due to increased business

UNDERWRITING PERFORMANCE					
Actual 2021 In Thousands €	ALL CLASSES	MOTOR	FIRE/DAMAGE TO PROPERTY	LIABILITY	OTHER
<b>Total Gross Written Premium (incl. policy fees)</b>	<b>61.277</b>	<b>27.496</b>	<b>21.001</b>	<b>9.368</b>	<b>3.413</b>
Net Earned Premium after Policy and AA Fees	40.306	25.010	7.488	6.059	1.749
Outgoes	-23.016	-19.292	-2.168	-1.331	-225
<b>Underwriting Profit</b>	<b>17.290</b>	<b>5.718</b>	<b>5.320</b>	<b>4.728</b>	<b>1.524</b>
Admin Expenses & Other Income	-10.881	-5.466	-3.674	-1.222	-519
<b>Profit from operating activities</b>	<b>6.409</b>	<b>252</b>	<b>1.646</b>	<b>3.506</b>	<b>1.005</b>

UNDERWRITING PERFORMANCE					
Actual 2020 In Thousands €	ALL CLASSES	MOTOR	FIRE/DAMAGE TO PROPERTY	LIABILITY	OTHER
<b>Total Gross Written Premium (incl. policy fees)</b>	<b>58.363</b>	<b>26.420</b>	<b>20.096</b>	<b>8.561</b>	<b>3.286</b>
Net Earned Premium after Policy and AA Fees	39.372	24.183	7.476	5.871	1.842
Outgoes	-22.787	-17.190	-1.348	-3.670	-579
<b>Underwriting Profit</b>	<b>16.585</b>	<b>6.993</b>	<b>6.128</b>	<b>2.201</b>	<b>1.263</b>
Admin Expenses & Other Income	-10.502	-5.253	-3.555	-1.091	-603
<b>Profit from operating activities</b>	<b>6.083</b>	<b>1.740</b>	<b>2.573</b>	<b>1.110</b>	<b>660</b>

### A.3. Investment Performance

The Company's assets are managed through:

- Direct holding in bonds, equities, properties and other direct investments
- Holdings of units in mutual funds for bonds, equities, properties and other indirect investment

The Company does not hold investments in securitization.

The income and expenses arising from total Investible assets by asset class for the year ended 31 December 2021 and a comparison with the previous year are shown in the table below.

Overall, the investment return was 0,12% (2020: 1,79%).

The best performing asset classes for the year were Equity in-house as well as property.

Asset Class	Unrealised Gain/ Loss	Realised Gain/ Loss	Dividend/ Interest/ Rent	Total	Total
In Thousands €				31/12/2021	31/12/2020
Equity In-house	-62	174	0	112	-103
Bonds In-house	-705	0	494	-211	873
Bond Funds	-182	-171	152	-201	404
Property Funds	61	0	62	123	196
Money Market Funds	42	-118	0	-76	4
Cash	0	0	-9	-9	8
Property	-26	0	221	196	189
Structured Product	-5	0	14	9	16
Loans	0	0	188	188	171
<b>Total</b>	<b>-877</b>	<b>-115</b>	<b>1.123</b>	<b>131</b>	<b>1.758</b>

#### Gains and losses recognized directly in equity

The loss recognised directly in equity was €817k (2020: €737k profit) as presented in the table below by asset classes.

Asset Class	Available For Sale
In Thousands €	2021
Equity – In-house	-62
Bonds - In-house	-684
Mutual Funds Bonds	-71
<b>Total</b>	<b>-817</b>

#### Risk Mitigation

The Company follows its approved by the BoD Tactical Asset Allocation (TAA) determining the optimum asset allocation in each of the asset classes that the Company invests in. The aim is SII optimisation, reduction of concentration risk; while at the same time allowing the required liquidity in order to fulfil the operational requirements.

CNP Asfalistiki continuously monitors the performance of investments against set benchmarks as well as associated investment risks.

## B. System of Governance

### B.1. General Information on the System of Governance

CNP Asfalistiki operates clear and effective organisational arrangements, while ensuring the continuity and regularity of its operations. Well-defined and consistent lines of responsibility and oversight are maintained. The Company uses the three lines of defence model. The First Line of Defence owns the risk and is responsible for identifying, recording, reporting, managing the risks and ensuring that the right controls and assessments are in place to mitigate these risks. The Second Line of Defence sets the policy and guidelines for managing the risks and provides advice, guidance and challenge to the First Line of Defence on effective risk management. The Third Line of Defence is Internal Audit which independently ensures the Company is managing risk effectively.

CNP Asfalistiki's organisational arrangements fulfil the Solvency II regulatory requirements via its established key functions and well documented policies and procedures. Following the year-end, the organisational arrangements of the Company's key functions have been revised.

The Company's BoD and Audit and Risk Committee are kept informed on all material risk related matters and exposures.

The Remuneration Committee is also kept informed on all material risk related matters under its mandate.

The Reinsurance Committee is responsible for the oversight and approval of the Company's reinsurance program.

### Board of Directors and BoD Committees

The BoD is the ultimate authority for the management of the Company, and it maintains responsibility for prudent management. The role of the BoD is to define the strategic plan, organise and direct the affairs of CNP Asfalistiki in a manner that seeks to protect its policyholders' interests and maximise the value of the Company for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

The BoD bears the ultimate responsibility for the compliance of the Company with its legal and regulatory obligations at a national or EU level.

BoD meetings are taking place when needed but at least four times per annum and a quorum must be achieved to form decisions. In 2021, the BoD convened five times.

The Company has a strong, experienced and diverse BoD. The members of the BoD remained fit and proper according to the SII requirements. In February 2021, Mr. Nicolas Legrand resigned from his role and was specially thanked for his valuable tenure and the BoD welcomed Celine Byl, a Non-Executive Director, as a new member.

Board of Directors		
Chairperson	Non-Executive	Xavier Larnaudie - Eiffel
Member	Independent Non-Executive	Takis Klerides
Member	Independent Non-Executive	Stelios Stephanou
Member	Independent Non-Executive	Gabriel S. Ambizas
Member	Non-Executive	Thierry Desvignes
Member	Non-Executive	Nicolas Legrand (resigned in February 2021)
Member	Non-Executive	Céline Byl (appointed in February 2021)
Chief Executive Officer	Executive	Brigitte Molkhou
		Takis Phidia
Secretary		Polys Michaelides

### Audit and Risk Committee

The Audit and Risk Committee assists the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance for the Company. The Committee also assists the BoD for meeting its external financial reporting obligations, including its obligations under applicable laws, and regulations and is directly responsible

on behalf of the BoD for the selection, oversight and remuneration of the external auditor.

Additionally, it assists the BoD with the formulation of the overall risk strategies and policies for managing significant business risks; the design and implementation of the Company's Risk Management Framework; the monitoring and review of the risk exposures and it reviews, challenges and approves actuarial reserves.

The Committee convenes with such frequency as it may consider appropriate but, in any event, not less than two times a year. In 2021, the Audit and Risk Committee convened five times.

#### **Remuneration Committee**

The Remuneration Committee has primary responsibility to review and approve or make recommendations to the BoD of the Company regarding remuneration of executives and ensure compliance of the Company's remuneration policy and practices with applicable laws and governance regulations.

The Committee convenes with such frequency as circumstances dictate, but in any event not less than once a year. In 2021, the Remuneration Committee convened two times.

#### **Reinsurance Committee**

The Reinsurance Committee has primary responsibility to analyse and approve the Company's annual treaty reinsurance program and to approve the general guidelines for facultative reinsurance business.

The Committee convenes with such frequency as circumstances dictate, but in any event not less than once a year. In 2021 the Reinsurance Committee convened two times.

#### **Remuneration Disclosure**

Remuneration is governed by Collective Agreements with the employees' union ETYK.

The Company's Remuneration Policy is reviewed and maintained by the Remuneration Committee and is approved by the BoD. The Remuneration Committee is responsible for the implementation of the Remuneration Policy.

The Company's Remuneration Committee defines the remuneration practices applicable to all employees and Material Risk Takers of the Company and gives guidance for the negotiation at the renewal stage of the collective agreement.

With regard to the members of the BoD, the Remuneration and Nominations Committee which is authorised by the BoD of CNP CIH has primary responsibility to review and make recommendations regarding the remuneration of the Chief Executive Officer (CEO) and Members of the BoD.

The remuneration of the Directors is approved by the shareholders at the Annual General Meeting.



## Management

The Company's Management has the responsibility for the consistent implementation of the BoD approved strategy through setting appropriate policies for all functions and the development and embedding of the mechanisms and procedures for internal control.

The Company's Management consists of the individuals in positions that effectively run the Company.

The Company's CEO is Takis Phidia and the General Manager is Andreas C. Stylianos.

The Company's Management team during 2021 is presented below:

Name	Position
Takis Phidia	CEO
Jean Pascal Garret	Deputy CEO
Andreas C. Stylianos	General Manager
Christos Frantzis	Chief Financial Officer
Athena Shipilli – Tsingi (resigned August 2021)	Chief Risk Officer
Georgia Tsiakki (appointed March 2022)	Chief Risk Officer
Ioanna Panti	Chief Actuarial Officer
Eleni Psyllidou	Manager Human Resources
Charalambos Poyiadjis	Investment Manager
Kyriacos Olympios (resigned October 2021)	Digital Transformation Manager
Vasiliki Michael	Financial Controller
Argyris Argyrou	Manager Claims
Mary Kontou (retired December 2021)	Manager Customer Service
Kety Tapanidou (retired December 2021)	Manager Information Technology
Marios Kontopyrgos (appointed January 2022)	Manager Information Technology
Dinos Iacovou	Manager Customer Service / Regional Offices
Tonia Papadopoulou-Parpa	Manager Reinsurance
Charis Pastides	Manager Sales & Business Support
Michalis Kazis	Manager Underwriting
Panayiotis Vlamis	General Insurance Actuary

## **B.2. Fit and Proper Requirements**

CNP Asfalistiki sets standards and a Policy for the fitness and probity. The purpose of the Company's Fit & Proper Policy is to set out the corporate governance and oversight arrangements to ensure the sound and prudent management of the business as well as to ensure that the persons who effectively run the Company or hold key functions fulfil at all times the following requirements:

- Their professional qualifications, knowledge and experience are adequate to enable sound and prudent Management (fit)
- They are of good repute and integrity (proper)

The covered individuals are required to comply with the requirements and behaviours set by the Supervisory Authority and the Code of Standards under the Fit and Proper Policy.

CNP Asfalistiki also ensures that the collective knowledge, competence and experience of its BoD members, includes:

- Market knowledge
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements

### B.3. Risk Management System including ORSA

#### Risk Management

The Company has a Risk Management Function (RMF) and a dedicated Chief Risk Officer (CRO) in charge of developing and implementing the policies as well as the risk awareness culture within the Company. The RMF also provides important insights in relation to current and future risks.

After the resignation of Athena Shipilli – Tsingi in August 2021, the appointed CRO and RMF Holder is Georgia Tsiakki.

The Risk Management framework is in accordance with Part II, Chapter IV, Section 2 (Governance System) articles 45 and 46 of the Law 38(I) 2016. The Company's Risk Management Framework ensures that all risks are effectively managed and measured against a set level of risk tolerance following an Enterprise Risk Management methodology.

The Risk Management Function is independent of risk taking functions and reports to the Company's CEO. The CRO also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD and a functional reporting line to the Group RMF of CNP Assurances.

The Company's policies for the key areas of risk were revised and approved by the BoD in the year.

CNP Asfalistiki adopts the following guiding principles as a formal Policy for the management of risk:

- The governance structure and risk management framework aim to create and promote a strong risk culture that is embedded in all aspects of its activities.
- The BoD is responsible for overseeing senior management, for establishing sound business practices and strategic planning as well as for setting the risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals. In setting its risk appetite and risk tolerance level, CNP Asfalistiki takes all relevant risks into account. The BoD has the ultimate responsibility for the effective management of risk.
- The level of risks that the Company is willing to take is determined by a number of factors, including constraints imposed by regulation and supervision, intrinsic risk aversion, but also on the current financial situation and the strategic direction.
- The Company implements a consistent risk management culture and establishes sound risk governance supported by an appropriate communication policy, all of which are adapted to its size, complexity and risk profile.

- The Company is aware of its responsibilities relating to the identification and reporting of relevant risks.
- CNP Asfalistiki has an established, and independent from risk taking activities RMF in order to ensure effective risk management.
- The responsibilities for the measurement, monitoring and control of risks are clearly defined and sufficiently independent from any risk-taking activity. The internal control systems are structured in a way that guarantee the clear segregation of duties and the avoidance of conflicts of interest with respect to the taking up, approval, monitoring and control of risks.
- In consideration of the current and future needs, CNP Asfalistiki develops risk measurement systems and tools with the purpose of capturing all expected and unexpected losses, for each type of risk, under both normal and stressed market conditions.
- The Company applies high standards of transparency for the performance of its operations and communicates all the information in line with its Reporting & Disclosure Policy to the interested and affected parties.
- CNP Asfalistiki analyses new products, markets, and businesses carefully and makes sure that it possesses adequate internal tools and expertise to understand and monitor the risks associated with them.
- The governance of risk is documented and updated as appropriate.
- All outsourcing activities are in accordance with the Company's Outsourcing Policy and the risks arising from such activities are managed in accordance with its defined risk appetite and policies.

## Risk Management Framework

Risk is inherent in the Company's business activities. The Company aims through appropriate risk management, to achieve its business and financial strategy by considering internal as well as external constraints without exceeding set risk tolerances. CNP Asfalistiki uses an enterprise-wide risk management framework across all risk types which is underpinned by its risk culture.

The Company's Risk Management Framework is an embedded part of the business and fully interacts with the strategic planning and the capital management process and is the guiding framework for the implementation of the Own Risk Solvency Assessment (ORSA) process.

CNP Asfalistiki's Risk Management Framework is based on four key elements:

- Governance
- Risk Quantification and Aggregation
- Risk Control and Optimisation
- Risk Monitoring and Reporting

The Risk & Reserving Committee plays a fundamental role in the management of risk. The Committee is chaired by the Company's CEO and members are the Deputy CEO, the Company's General Manager, Chief Risk Officer, Chief Financial Officer (CFO) and the Chief Actuarial Officer (CAO).

The Committee assists with the formulation of the overall risk strategies and policies for managing significant business risks and is responsible for designing and implementing a Risk Management Framework. In addition, the Committee monitors and reviews risk exposures, reviews and challenges actuarial reserves and it advises the Audit and Risk Committee of the BoD on the approval of reserves.

## Risk Appetite

Risk Appetite is a key component for the management of risk. It describes the aggregate level and risk types that the Company is able and willing to accept in pursuing its medium to long term business objectives. Within the Company, risk appetite is managed and articulated through the Risk Appetite Statement, which is approved by the BoD on the advice of the Audit and Risk Committee.

The risk appetite is integrated within other risk management tools such as the ORSA and stress testing to ensure consistency in risk management. The Company aims to achieve an adequate balance between capital requirements and resources. The capital planning cycle is integrated within strategic planning.

CNP Asfalistiki faces a broad range of risks reflecting its responsibilities as the leader in the general insurance business in Cyprus. These risks include those resulting from responsibilities in the areas of offering insurance products to the public as well as from the day-to-day operational activities. The risks arising from the Company's responsibilities can be significant. These risks are prudently managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality staff, and public accountability.

In terms of operational issues, the Company has a low appetite for risk. The Company makes resources available to control operational risks to acceptable levels. It is recognised that it is not possible or necessarily desirable to eliminate some of the risks inherent in the activities and acceptance of some risk is often necessary to foster innovation within business practices.

The Company's established leading position in the non-life insurance market in Cyprus, allows to take a conservative approach to risks. As a result, the Company is selective about its products offerings and its investment decisions. CNP Asfalistiki's over-riding approach to risk is to safeguard the interests of its policyholders and shareholders.

The Company identifies and manages the risks on an ongoing basis. As part of this, it follows a risk strategy that is designed to ensure its continuity as a going concern, protecting earnings, maintaining sound Statement of Financial Position and solvency ratios (overall protecting its financial soundness) as well as protecting its identity and reputation.

The Company's objectives when managing capital are:

- The compliance with capital requirements imposed by the Supervisor
- To safeguard the Company's ability as a going concern so that it provides returns for shareholders and benefits to other stakeholders
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk
- To safeguard the policyholder's interests by maintaining a robust capital base

## Risk exposures

The Company's risk measurement and reporting systems are designed to help ensure that risks are comprehensively captured with all the attributes necessary to support well-founded decisions and that information is delivered in a timely manner for those risks to be successfully managed and mitigated.

CNP Asfalistiki invests resources in Information Technology (IT) systems and processes in order to maintain and improve its risk management capabilities.

The RMF manages a number of analytics supporting the rating and scoring models for different risk types.

The Company's BoD has the overall responsibility for the assumption, monitoring and management of risks. The below risks form part of the Company's Risk Register Inventory and are identified, assessed and managed.

- Investment (Market) Risk
- Counterparty Default (Credit) Risk
- Non-life Underwriting Risk
- Health Underwriting Risk
- Operational Risk
- Business (Strategic) Risk
- Liquidity Risk
- Asset – Liability Risk
- Reputational Risk
- Any other Risk the Company identifies to be exposed to

The Company's risk categories are further broken into sub-categories of risks that are precise, specific and mutually exclusive. These sub-categories are used for identifying and assessing existing and emerging risk exposures as part of the risk management process and are registered in the risk register. The aggregation of risk exposures into the above categories creates the risk profile of the Company.

## ORSA Process

The ORSA forms a core component of the Company's risk management system and comprises of all the procedures and measures adopted, with the purpose of ensuring the following:

- Appropriate identification and measurement of risks
- An appropriate level of internal capital (the capital that is considered adequate for the coverage of the risks inherent in the business model and activities of the Company, for Pillar 1 and 2 purposes. This level of capital is determined by the Company by the application of internal risk assessment methodologies) in relation to the Company's risk profile
- The application and further development of suitable risk management and internal control systems

In December 2021, the Company submitted its ORSA Report to the Supervisor. The ORSA Report explained in detail how the Company has implemented and embedded the ORSA within its business, describing its risk profile and the degree of risk appetite that the Company is willing to endure as well as the capital that it considers as adequate to be held against the risks that it is exposed to.

#### B.4. Internal Control System

For CNP Asfalistiki the Internal Control System is the aggregate of control mechanisms and procedures which covers every single activity and contributes towards the efficient and sound operation. The Internal Control System comprises of every preventative or corrective control and more specifically aims at achieving the following objectives:

- The consistent application of the operational strategy, through the efficient utilization of all available resources
- The identification and management of every possible risk which is assumed and the safeguarding of the Company's assets
- Ensuring the completeness and reliability of data and information which are necessary for the correct and up-to-date determination of the Company's financial position and the production of reliable financial statements
- Compliance with the legal framework which governs the Company's operations, including internal rules and codes of ethics
- Prevention and avoidance of any operations which could endanger the reputation and interests of the Company, its shareholders and its counterparties

The Internal Control System is effected in multiple levels within the Company across its three lines of defence organisational arrangements.

The BoD has the final responsibility for the design, implementation / application and maintenance of the Internal Control System.

In 2021, the Company strengthened its Internal Control System via implementing numerous projects with a focus on the improvement of controls.

The Internal Control department, in the 2<sup>nd</sup> organisational line of defence, is designed to provide reasonable assurance regarding the achievement of objectives for the effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The Internal Audit Function (IAF), in the 3<sup>rd</sup> organisational line of defence, assessed the appropriateness, efficiency and effectiveness of the Company's internal control environment and reported observations and recommendations to the Audit and Risk Committee.

#### Compliance

The Company has an established, permanent and effective Compliance function.

The appointed Compliance Officer and Compliance Function Holder is Mariel Ekkeshis.

CNP Asfalistiki's Compliance Function, in accordance to Part II, Chapter IV, Section 2 (Governance System) article 47 of Law 38(I) 2016 decodes new and proposed (financial services / insurance) compliance – related rules from legislative or regulatory bodies, which are relevant to business, into internal standards, procedures, and guidelines.

The Compliance Function is independent of risk-taking functions and reports to the Company's CEO. The Compliance Officer also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD and a functional reporting line to the Group Compliance Function of CNP Assurances.

The main responsibility of the Compliance Function is the establishment and application of suitable procedures for the purpose of achieving a timely and on-going compliance of the Company with the existing legal and regulatory framework. The activities and responsibilities of the Function are governed by the Compliance Charter, Compliance Policy and Compliance Manual, which are approved by the BoD and reviewed annually.

The key role of the Compliance Function is to proactively:

- Identify, assess and monitor the compliance risks faced by the Company
- Assist, support and advise line management in fulfilling its compliance responsibilities

In performing its above role, the Compliance Function has the objective to enable the Company to demonstrate to the regulatory authorities compliance with applicable regulations and thus to:

- Protect the good reputation of the Company
- Avoid disciplinary action by the regulators
- Avoid criminal sanctions

Compliance risk areas within the scope of the Compliance Function are recognised by the Company as:

- Customer Acceptance / Sanctions
- Privacy and Data Protection
- New Products and Services
- Customer Complaints and all complaints against the Company, employees and associates
- Marketing and Sales Practices
- Conflicts of Interest
- Confidentiality
- Outsourcing Services
- On-line presence and corporate communication
- Internal and External Codes of Conduct
- Regulatory Relationships
- Protection of Competition
- Insurance Legislation
- Corporate Governance
- Anti-bribery and Corruption
- Regulatory framework
- Internal and external Fraud
- Whistleblowing
- Any other risk deemed applicable

The Company's policies for the key areas of compliance (Code of Conduct, Conflict of Interest, Fit and Proper, Anti-bribery & Corruption, Gifts & Benefits, Protection of personal data, Anti-Money Laundering, Fraud Prevention) were revised and approved by the BoD in the year. The approved by the Audit and Risk Committee risk-based Compliance Plan was implemented with results being reported to the Committee. The implementation of the Plan did not reveal significant findings.

## B.5. Internal Audit

CNP Asfalistiki's IAF is currently outsourced to Deloitte Ltd. The appointed Internal Auditor is Panicos Papamichael, Partner at Deloitte Ltd.

In accordance to Part II, Chapter IV, Section 2 (Governance System) articles 47 and 48 of Law 38(I), the IAF remained independent and autonomous and provided an independent assessment of the risk framework and internal control processes.

To ensure the organisational independence of the IAF, the Internal Auditor reports significant findings and any other matters to the Audit and Risk Committee of the BoD. The Audit and Risk Committee is responsible for Internal Audit as part of its internal control structure and was ultimately responsible for the direction and approval of the scope of work performed by the internal audit team in 2021.

The IAF is independent of risk-taking functions and reports to the Company's CEO. The Internal Audit also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD and a functional reporting line to the Group IAF of CNP Assurances.

The Company's Internal Audit policy and principles are outlined in the Internal Audit Charter and the Internal Audit Manual which are approved by the Audit and Risk Committee of the BoD and reviewed at least annually for their adequacy. The Company's Charter and Manual were approved by the BoD in the year.

The IAF takes a risk-based approach in deciding its priorities. The steps in the Internal Audit Methodology are the below:

- Understand the Company's business, industry, processes, locations, and specific business objectives
- Implement the approved by the Company's Audit and Risk Committee risk-based audit plan
- To have a close collaborative relationship with the risk, actuarial, compliance and internal control departments
- Evaluate the reasonableness of management response on actions as well as quality and timeliness of management responses
- Report to the Management and the Audit and Risk Committee on identified deficiencies in control measures and of recommendations for improvement
- Submit to the Audit and Risk Committee an annual / periodic report regarding the audit activity and the progress of implementation of internal and external audit recommendations
- Inform the Audit and Risk Committee periodically about the latest developments and best practices in the field of internal auditing.

## B.6. Actuarial Function

The Actuarial Function of the Company is responsible for coordinating all actuarial activities in Part II, Chapter IV, Section 2 (Governance System) article 49 of the Cyprus Insurance and Reinsurance Business and other related matters Law of 2016 Law 38(I) 2016.

The appointed CAO, Certifying Actuary and Actuarial Function Holder is Ioanna Panti.

The Actuarial Function is independent of risk-taking functions and reports to the Company's Deputy CEO. The CAO also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD and a functional reporting line to the Group Actuarial Function of CNP Assurances.

The Actuarial Function responsibilities in the reporting year included:

- Coordination of the calculation of Technical Provisions for SII purposes and actuarial reserves under current IFRS regime.
- Ensuring the appropriateness of the methodologies and the underlying models used as well as the assumptions made in the calculation of Technical Provisions for SII purposes and actuarial reserves under current regime.
- Assessing the sufficiency and quality of the data used in the calculations. Particularly, the reliability, completeness and accuracy of the data used for this reporting period have been confirmed through the Data Quality process.
- Comparing actual claim payments made over the reporting year against last year's corresponding Best Estimate (BE) projections.
- Expressing an opinion on the overall underwriting policy.
- Expressing an opinion on the adequacy of the reinsurance arrangements.
- Contributing for and monitored the preparation of QRTs under Pillar 3.
- Contributing to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the ORSA.
- Informing the Senior Management on each quarter's SII results, assumptions, and any other topics as agreed through the relevant Company's policies.

The BoD was kept informed on all actuarial matters and exposures. The Company's Actuarial Policy and Report were approved by the BoD during 2021.

## B.7. Outsourcing

The Company has in place an Outsourcing Manual setting out the Outsourcing Policy and procedures ensuring the on-going compliance with the requirements of the Solvency II Directive with respect to the effective control and management of risks associated with the outsourced services.

The main objectives of the Manual are:

- To ensure that a consistent approach is taken to all decisions regarding the possibility of outsourcing any activities or functions
- To give adequate consideration to the risks involved
- To establish a framework for the management of outsourced services, ensuring that appropriate controls are exercised

The BoD approves any amendments to the Policy Manual and all critical or important outsourcing activities or functions. The key determinant to define a critical or important outsourcing arrangement is whether a function or activity is fundamental to the Company's ability to carry out its core business and the impact it has on the Company.

The Company outsources externally the key functions / activities of Internal Audit, IT Infrastructure, Storage and Archives, Road Assistance and Accident Care, Underwriting and Claims Authorities delegated to Issuing Agents, Fund Management/Custody and Property Administration and Procurement services.

The Company remains fully responsible for all outsourced functions and activities. The Company has included in its risk management systems and controls a process for monitoring and reviewing the quality of the service provided.



### C. Risk Profile

CNP Asfalistiki conducts an annual ORSA to determine a forward-looking assessment of the Company's capital requirements given the Company's business strategy, risk profile, risk appetite and capital plan. As part of the CNP Asfalistiki ORSA, a range of stress tests are applied to the Company's base capital plan. The ORSA is approved by the BoD, which has the ultimate responsibility for the effective management of risk and approval of the Company's risk appetite.

The ORSA is reviewed by the Supervisor in Cyprus as part of its supervisory review and evaluation process which occurs periodically.

Pillar 2 considers, in addition to the minimum regulatory capital requirements for Pillar 1 risks, any supplementary requirements for those risks as well as any requirements for risk categories not captured by Pillar 1. The risk categories to be covered under Pillar 2 depend on the specific circumstances of an insurance company and the nature and scale of its business.

CNP Asfalistiki is exposed to the Pillar 1 risks: market, counterparty default, non-life underwriting, health underwriting and operational risk calculated by the standard formula as well as risks not fully covered by Pillar 1 such as strategic, business, liquidity, legal and compliance and reputational. The type of risks to which the Company is exposed have not changed significantly over the year.

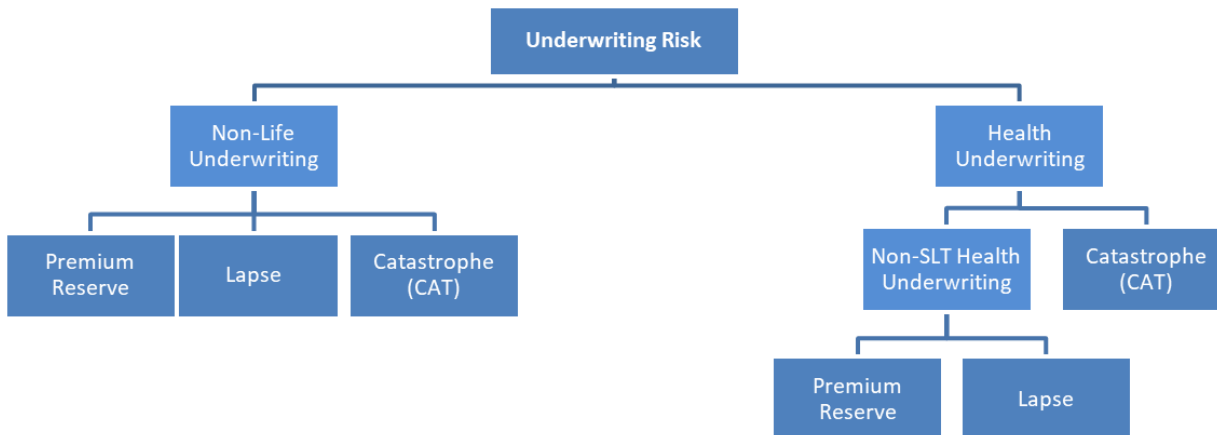
The RMF has an ongoing process in place to identify, assess and manage the Company wide risks. Appropriate reporting takes place through the agreed governance structure of the Company.

In Thousands €	EOY 2021
<b>SCR Coverage Ratio</b>	<b>272%</b>
<b>Own Funds</b>	<b>59.761</b>
<b>SCR</b>	<b>21.945</b>
Adjustment for Loss Absorbing Capacity of Deferred Tax	-3.135
SCR Operational	1.971
<b>BSCR (after diversification)</b>	<b>23.109</b>
Market SCR	6.747
Counterparty SCR	6.241
Health SCR	241
Non-life SCR	16.406

The SII capital position of CNP Asfalistiki as at the end of December 2021 increased to 272% compared to 231% as at the end of 2020, remaining at high levels. The capital position of the Company has remained resilient to stresses performed.

The BoD approves the SII coverage ratio and examines the Company's profile both from regulatory and economic capital viewpoints. The Company continues to manage its risk profile to reflect the objective of maintaining financial strength as the Cyprus market leader in general insurance.

### C.1. Underwriting Risk



CNP Asfalistiki defines Underwriting risk as the risk of loss or unfavourable change of the value of liabilities of insurance resulting from an increase in claim rate not anticipated during the pricing or during the acceptance of the risks.

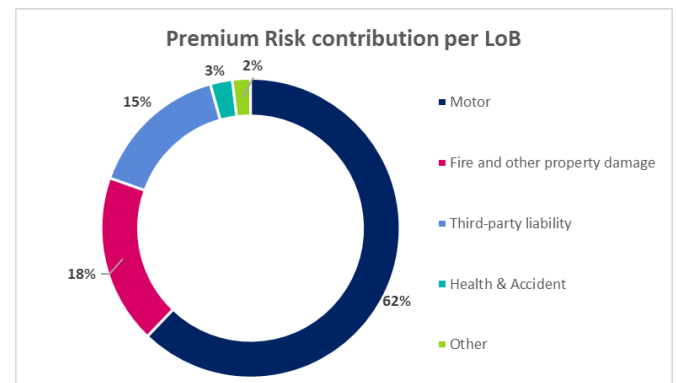
The underwriting risks quantified under Pillar 1 are Non-life and Health underwriting risks, which are the risks arising from the non-life and health insurance obligations, in relation to the perils covered as well as the processes used in the conduct of business.

The Non-life and Health underwriting risk modules take account of the uncertainty in the results of undertakings related to existing insurance and reinsurance obligations as well as to the new business expected to be written over the following 12 months.

A standardised approach in line with the European Insurance and Occupational Pensions Authority's (EIOPA) specifications was followed by the Company for calculating the SCR for non-life and health underwriting risks looking at the sub-modules shown below.

### Premium Risk

Premium risk is the risk of loss resulting from fluctuations in the timing, frequency and severity of insured events. It relates to policies to be written (including renewals) during the period and to unexpired risks on existing contracts. Premium risk includes the risk that premium provisions turn out to be insufficient to compensate or need to be increased. It also included the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the premium risk.



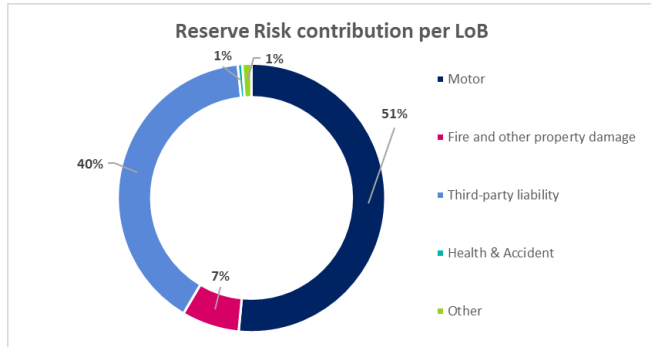
Motor forms approximately 62% of the volume premium risk. Motor is the largest line of business, in terms of sale volumes, and therefore its significant impact on premium is expected.

Fire and Liability insurance also have a significant impact on Premium risk due to their size and nature of liabilities.

Health & Accident line of business, which is the only Line of Business of the Company's portfolio that falls under Health premium Risk, forms only a relatively small part of the insurance portfolio of the Company so its Capital Requirement is considered insignificant.

**Reserve Risk**

Reserve risk is the risk of loss resulting from fluctuations in the timing and amount of claims settlements.



Motor forms approximately 51% of the Volume Reserve risk and as expected it has the highest impact on Reserve Risk.

**Lapse Risk**

Lapse risk is the risk of loss resulting from fluctuations in the frequency of policy lapses.

The Company’s policies are mainly annually renewable and thus the cancellation risk is presented in the lapse risk section where policies are cancelled through the in-force period of the policies.

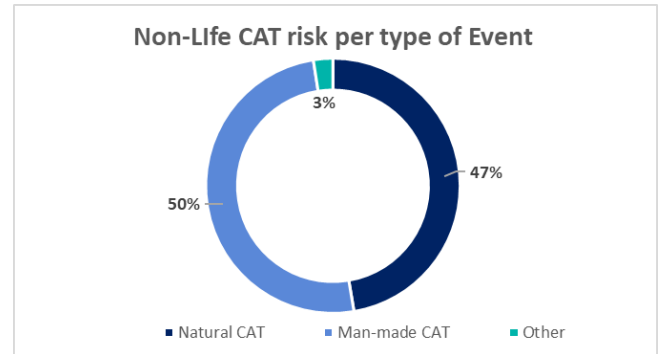
**Catastrophe Risk**

Catastrophe (CAT) risk is the risk that a single event or series of events, of major magnitude and usually over a short period, leads to a significant deviation in actual claims from the total expected claims.

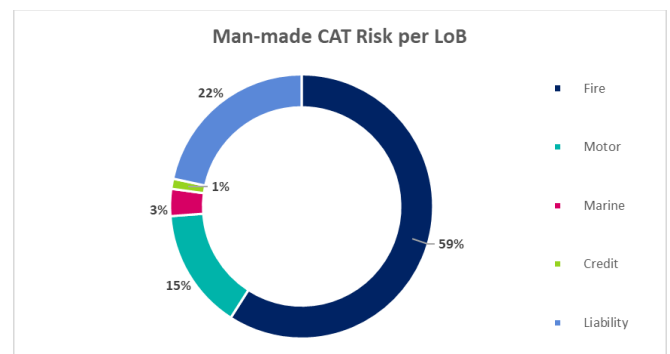
These events are broken down into natural, man-made and other catastrophe events for non-life CAT and into arena disaster, concentration scenario and pandemic scenario for health CAT.

The main components that form non-life CAT are the natural CAT risk and man-made CAT risk. For natural CAT risk, only earthquake risk applies to Cyprus and this is calculated according to EIOPA's technical specifications.

The only component of health CAT applicable for the Company is the Mass Accident risk (arena disaster).



Man-made CAT risk calculation has been performed according to EIOPA's technical specifications for each line of business that is applicable to the Company.



### Changes over the Reporting Period

There were no material changes over the period regarding the Company's portfolio of insurance products. In addition, the Covid-19 pandemic did not materially impact the underwriting risks of the Company.

Motor (including Motor Vehicle Liability and Motor Other), Fire and Liability are the main sources of business for the Company. Particularly these three categories, in terms of Gross Written Premiums, have a total contribution of 94% (Motor 44%, Fire 34% and Liability 16%). The remaining 6% includes Marine, Credit, Accident & Health and Miscellaneous.

The SCR Non- Life and SCR Health as described above for the years ended in 2021 and 2020 are shown below:

SCR Non-Life		
In Thousands €	31/12/2021	31/12/2020
<b>SCR Non-Life</b>	<b>16.406</b>	<b>16.029</b>

The SCR Non-Life has slightly increased by 2% mainly due to an increase in Lapse risk component driven by the revised Company's provisions methodology.

SCR Health		
In Thousands €	31/12/2021	31/12/2020
<b>SCR Health</b>	<b>241</b>	<b>256</b>

The SCR Health remained relatively unchanged compared to 2020 with no significant movements of the SCR Health risk components.

### Risk Mitigation

Underwriting risk is taken on in line with the Company's underwriting and pricing expertise, to provide an appropriate level of return for an acceptable level of risk.

The Company's underwriting objective is to maximize earning levels and minimize volatility of earnings, while ensuring that the Company is appropriately compensated for the risks it assumes. This objective is constrained by the Company's target solvency position and the material risks that the Company is exposed to.

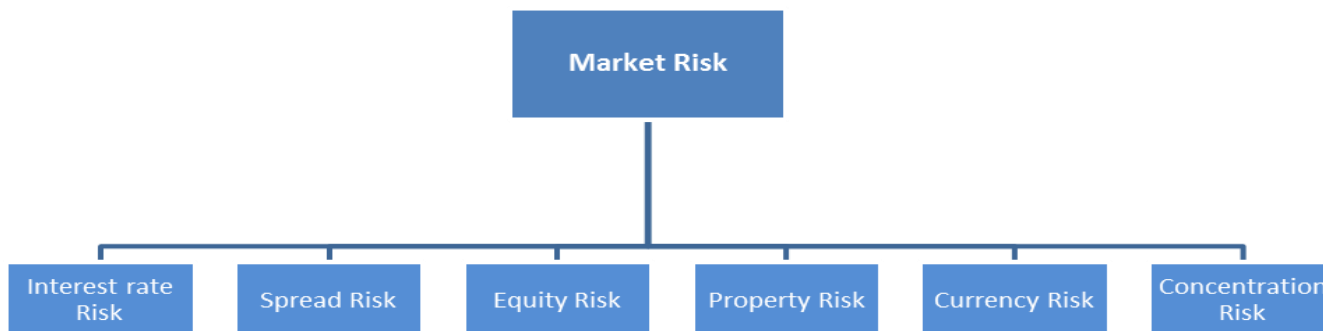
Underwriting discipline and a robust governance process is at the core of the Company's underwriting strategy. The risks arising from underwriting are managed, monitored, reported and controlled in accordance with the Company's overall governance arrangements, which follow the management and oversight of the Company's exposure to underwriting risk.

Furthermore, the Company has an established Underwriting Committee and is an advisory Committee to the Board of Directors and assists in the validation of new products, new partnerships or big clients and the assessment of significant changes in the underwriting portfolio of the Company.

In the reporting period, the Company successfully completed the renewal of its reinsurance protection.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario, a Covid-19 scenario and additional Company specific scenarios and the capital adequacy of the Company remained strong.

**C.2. Market Risk**



Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

The market risks quantified under Pillar 1 refer to fluctuations that may arise in interest rates, equities, foreign exchange rates (currency) and property as well as spread and concentration risks. Concentration risk relates to all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of a Company.

These market risk factors may affect a Company’s income and the value of its holdings in financial instruments.

The Company has followed a standardised approach in line with the EIOPA specifications for calculating the SCR for market risk looking at the sub-modules shown below.

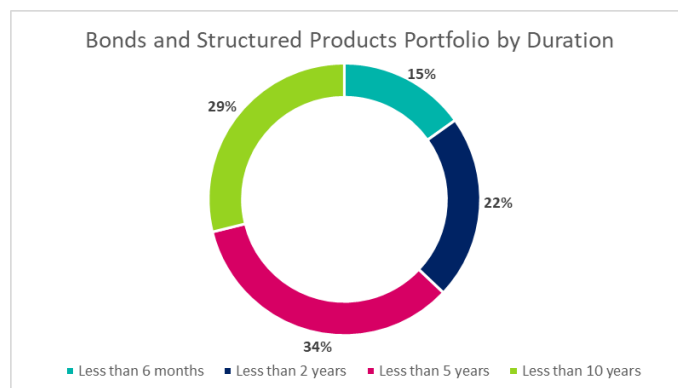
**Interest Rate Risk**

Interest Rate risk is the risk of a change in value caused by a deviation of the actual interest rates from the expected interest rates.

On the asset point of view, to calculate the Interest Rate risk the Company estimates the value for each security held separately before and after the shock as described in the standard formula. For individual securities the Company adds the implied yield increase or decrease (depending on the shock) to the actual yield of the asset in order to estimate the market value of the specific asset after the shock. For interest sensitive funds, such as bond funds or money market funds, the company uses the average duration of the fund to calculate the aftershock impact.

On the liability point of view, liabilities are recalculated using the shocked yield curves under each scenario.

The figure below shows the bond and structured products’ portfolio of the Company by duration:

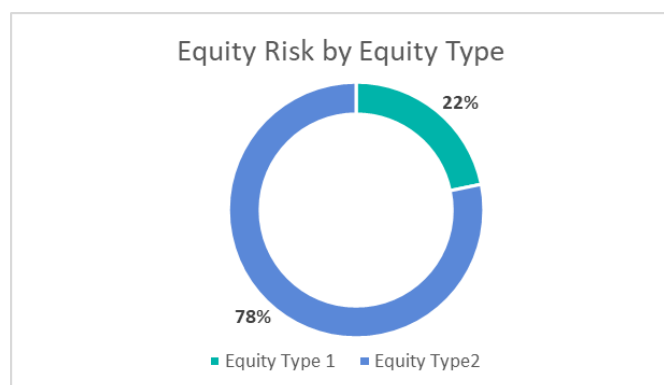


### Equity Risk

Equity risk is the risk of a change in value caused by deviations of the actual market values of equities and/or income from equities from their expected values.

For the Equity risk, the Company uses the standard formula which applies a 39% shock for Type 1 equities and 49% shock for Type 2 equities plus the systematic adjustment. Type 1 equities are the equities listed in regulated markets in countries which are members of the European Economic Area (EEA) or the Organisation for Economic Cooperation and Development (OECD). Type 2 equities are equities listed in stock exchanges in countries which are not members of the EEA or the OECD, equities which are not listed, commodities and other alternative investments.

Equity risk is the sum of Equity Type 1 and Equity Type 2 risks plus the diversification effect. The exposure by Equity type is presented below:



### Property Risk

Property risk is the risk of financial loss occurring as the result of owning a real estate investment.

For the Property Risk the Company applies a 25% shock on all assets which are exposed to property (25% decreases in price) as described in the standard formula.

### Spread Risk

Spread risk is the risk of a change in value due to a deviation of the actual market price of credit risk from the expected price of credit risk.

For the Spread Risk calculation, the Company uses:

- For individual bonds: the actual yield and rating
- For funds: the average duration and average rating of each fund which invests to assets which are exposed to spread risk such as bonds and cash.

The table below illustrates the credit rating of the bond and structured products portfolio of the Company:

Credit Rating	Percentage
AA+ to AA-	4%
A+ to A-	44%
BBB+ to BBB-	49%
BB+ to BB-	0%
B+ or lower/ Unrated	3%
<b>Total</b>	<b>100%</b>

### Currency Risk

Currency risk is the risk of a change in value caused by the fact that actual foreign currency exchange rates differ from those expected.

For the Currency risk the Company applies a 25% shock on all assets which are exposed to currency risk (the larger impact of a 25% appreciation or depreciation of the foreign currency against the local currency) as described in the standard formula.

### Concentration Risk

Concentration risk is the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and/or obligations.

For the Concentration risk the Company uses the standard formula to calculate the risk that arises from concentrated exposure to a single issuer.

The Company kept its portfolio diversified in order to avoid high concentration to a single issuer.

### Changes over the reporting period

The investment portfolio of CNP Asfalistiki is more conservative and the exposure to Covid19 sensitive asset classes is limited. Therefore, the investment performance was not affected significantly by the pandemic. During the pandemic, the Company is taking proactive measures through the daily monitoring of its investment positions.

The Company has increased its exposure to Spread risk through the acquisition of new bonds and decreased its exposure to Equity risk after the sale of some of the Company's shares.

The total exposure per risk as described above for the years ended in 2021 and 2020 is shown below:

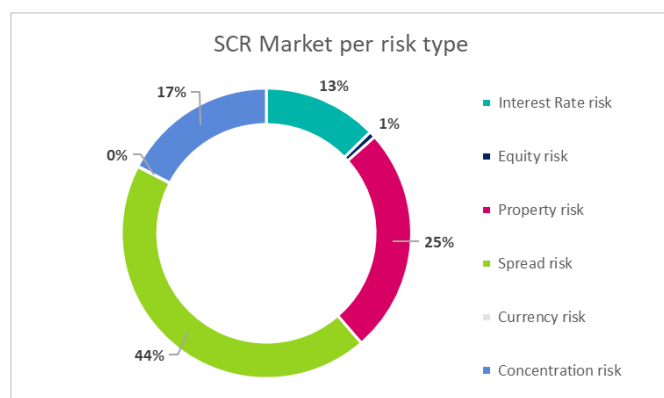
In Thousands €	Exposure	
	31/12/2021	31/12/2020
Interest Rate Risk	72.377	73.800
Spread Risk	87.643	82.618
Equity Risk Type 1	57	1.178
Equity Risk Type 2	203	521
Property Risk	10.482	10.381
Currency Risk	816	847
Concentration Risk	98.386	94.698

The SCR Market as described above for the years ended in 2021 and 2020 is shown below:

In Thousands €	SCR Market	
	31/12/2021	31/12/2020
<b>SCR Market</b>	<b>6.747</b>	<b>6.988</b>

The SCR Market Risk slightly reduced by 3% mainly due to a reduction in Concentration risk as a result of a better diversified portfolio and the great reduction in Equity risk due to the sale of some of the Company's shares.

The SCR Market per risk type as described above is shown in the figure below:



### Risk Mitigation

CNP Asfalistiki's objective for the investments is to adequately fund the Company's technical reserves and solvency margin as well as to contribute to the growth of surplus for the benefit of the shareholders. For this reason, different investment targets are set for the technical reserves and the surplus portfolio. Exposure limits are set as a percentage of the total market value of each portfolio. The investments are diversified into multiple asset classes.

Risks arising from investments are monitored and controlled through the use of risk limits and via robust governance.

The Company uses its TAA to match assets and liabilities in the best possible way allowing for the different objectives (return vs risk) and controlling the market SCRs.

Monitoring Investment Risk exposures is a joint responsibility between CNP Asfalistiki's three lines of defence in the Investment risk management framework, consisting of prudent and regular review of risk metrics and exposures. All risk monitoring is undertaken in the context of the overarching limit structure, and any limit breaches are quickly and promptly escalated to the required parties.

The BoD bears ultimate responsibility for setting the investment risk strategy and appetite and for the management of the investment risk. The Investment Committee is the BoD's delegated authority to develop and oversee the implementation of the Company's investment strategy, policies and procedures as well as for ensuring the investment decisions are made in a prudent manner and are within the BoD's risk appetite. The Committee provides challenge on investment decisions and on the risks associated with them.

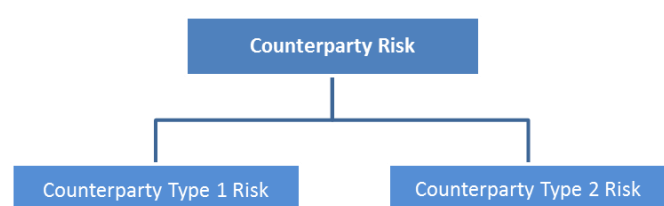
During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario, a Covid-19 scenario and additional Company specific scenarios and the capital adequacy of the Company remained strong.

### C.3. Counterparty Default Risk/Credit Risk

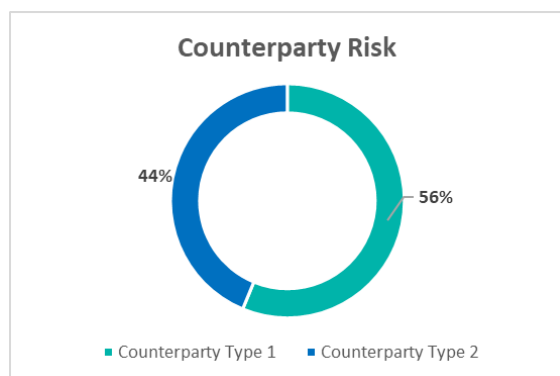
The Counterparty Default Risk is the risk to incur a possible loss due to unexpected default or deterioration in the credit standing of the counterparties and debtors of insurance and reinsurance undertakings over the following 12 months.

This type of risk can reduce the amount of future cash inflows from financial assets on hand at the reporting date.

CNP Asfalistiki follows a standardised approach in line with the EIOPA specifications for calculating the SCR for counterparty default risk.



The figure below shows the split of SCR Counterparty between the 2 types:



Type 1 exposures consist of the following:

- Risk-mitigation contracts
- Cash at bank
- Deposits with ceding undertakings, where the number of single name exposures does not exceed 15
- Commitments received by an insurance or reinsurance undertaking which have been called up but are unpaid, where the number of single name exposures does not exceed 15
- Legally binding commitments which the undertaking has provided or arranged, and which may create payment obligations depending on the credit standing or default on a counterparty

Type 2 exposures consist of all credit exposures which are not covered in the spread risk sub-module and which are not type 1 exposures, including the following:

- Receivables from intermediaries
- Policyholder debtors
- Mortgage loans
- Deposits with ceding undertakings where the number of single name exposures exceeds 15
- Commitments received by an insurance or reinsurance undertaking which have been called up but are unpaid where the number of single name exposures exceeds 15

The risk arising from uncollected debtor balances and delays in payments is closely monitored by the Company.

#### Changes over the reporting period

The total SCR Counterparty as described above for the years ended in 2021 and 2020 is shown below:

SCR Counterparty		
In Thousands €	31/12/2021	31/12/2020
<b>SCR Counterparty</b>	<b>6.241</b>	<b>7.087</b>

The Counterparty Risk has decreased by 12% over the reporting period. This was mainly due to a decrease in Counterparty Type 2 as a result of the revised Company's provisions methodology.



## Risk Mitigation

The Company has policies to limit the counterparty default risk by reviewing the credit standing of its reinsurers as well as the level of deposits in reputable financial institutions with good credit standing.

Cash exposures are diversified in order to ensure that the counterparty risk remains at acceptable low levels.

Any unrated exposures comprise of cash and bank deposits with Cyprus banking institutions that are assessed by the Investment Committee to be of adequate credit quality and no credit losses are anticipated from these placements.

Receivables are individually assessed on an ongoing basis for impairment and where deemed necessary a provision is recognised in the Company's financial statements.

A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate.

The Company's BoD is being informed on counterparty exposures and specific actions are followed up.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario, a Covid-19 scenario and additional Company specific scenarios and the capital adequacy of the Company remained strong.

## C.4. Liquidity Risk

CNP Asfalistiki defines Liquidity Risk as the risk of not being able to make payments as they become due because there are insufficient assets in cash form or that can easily be turned into cash at no excessive cost.

This risk may arise when the Company is unable to realise investments and other assets in due time to meet its obligations as well as from significant asset / liability mismatches in relation to duration, currency, nature and timing.

### Liquidity Policy and Monitoring Procedures

The Company ensures that it maintains sufficient liquid financial resources to meet its obligations as they fall due through. There is a liquidity risk appetite which requires that sufficient resources be maintained for the Company to manage its day to day operations in the short, medium and long term as well as sufficient buffer of liquid assets for covering sudden liquidity demands that may arise.

In accordance with the Company's risk appetite, the Company maintains a pool of liquid assets in bonds, cash and mutual funds that represents a predefined percentage of its total assets that is used to meet short term liquidity demands as well as a buffer for unexpected cash demands.

The Company performs Asset Liability Matching (ALM) to monitor this risk and specific thresholds and stresses are performed. The duration of the Company's liabilities is considered in the Investment decisions.

The Company's liquid assets are regularly reviewed at the Company's Asset and Liability Management Committee (ALCO) and quarterly at the Risk and Reserving Committee.

An ALM dashboard for normal and stressed market conditions is prepared in line with the Company's ALM Policy and presented quarterly to the Risk and Reserving Committee and the Audit & Risk Committee.

The Company's liquidity risk remained low as the Company's portfolio included high traded equities and bonds as well as mutual funds with fund managers offering daily liquidity and cash.

No major liquidity effect is expected while the Company remains conservative and keeps higher cash balances.

In the unlikely event of liquidation, the majority of the Company's portfolio may be fully liquidated within one week.

### **C.5. Operational Risk**

CNP Asfalistiki defines Operational risk as the risk of loss arising from inadequate or failed internal processes, or from people and systems, or from external events.

It includes legal and compliance risk, which can be defined as the risk of loss arising from non-compliance with laws and regulations, contracts, established practices or codes of conduct, but excludes strategic and reputational risks.

The Company continuously operates, validates and enhances its key operational controls arising from inadequate or ineffective internal processes, people and systems or from external events.

The regulatory environment is fast changing and imposes significant demands on the resources of the Company.

In terms of operational issues, the Company has a low appetite for risk. Resources are made available to control operational risks to acceptable levels and maintain an operational policy. Other risk mitigation actions include internal controls, insurance and business continuity plan arrangements.

#### **Internal Fraud**

CNP Asfalistiki takes all allegations of suspected fraud or corruption by its employees very seriously and responds fully and fairly as set out in the Code of Conduct.

#### **External Fraud**

CNP Asfalistiki takes all allegations of suspected fraud or corruption by people outside the Company very seriously and responds fully and fairly.

#### **Security of Property and Persons**

The Company strives to provide a highly secure environment for its people and assets by ensuring its physical security measures meet high standards.

Work Health & Safety - The Company aims to create a safe working environment for all its employees.

### **Products, Contracts and Customer Relationship**

The Company takes very seriously those incidents arising from an unintentional or negligent failure to meet a professional obligation to clients (including fiduciary and suitability requirements); as well as losses linked to the nature or design of a product.

#### **Project Management**

The Company carefully examines losses arising from failed management of projects either performed by internal resources or from external vendors / service providers.

#### **Information Technology Dysfunctions**

Information Technology risks cover both daily operations and on-going enhancements to the Company's IT systems. These include:

- Processing – Prolonged outage of core systems: The Company ensures the availability of systems which support its critical business functions thus maximum recovery times have been identified and agreed with each business area.
- Security – external or internal attacks on core systems or networks: The Company aims for strong internal control processes and the development of robust technology solutions. The Company has enhanced information security arrangements.
- On-going Development – The implementation of new technologies creates new opportunities, but also new risks. The Company carefully reviews IT system-related incidents which are generated by poor change management practices.

#### **Execution, Delivery and process management**

The Company is committed to ensuring that its information is authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements.

#### **Human Resources management**

Calibre of People: The Company relies in high quality employees to perform its functions. It aims to create an environment where employees are empowered to the full extent of their abilities.

Conduct of People: The Company expects employees to conduct themselves with a high degree of integrity, to strive for excellence in the work they perform and the outcomes they achieve, and to promote the clients' interest. The Company takes very seriously any breaches of its Code of Conduct.

## Legal & Compliance

The Company is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance are remedied as soon as practicable.

### Changes over the reporting period

CNP Asfalistiki follows a standardised approach in line with the EIOPA specifications for calculating the SCR for operational risk. This approach takes into consideration the earned premiums as well as the technical provisions of the Company which does not necessarily capture the full definition of the operational risk as stated above.

On the pandemic side, that remained a major operational challenge during the reporting period, the Company managed to adapt successfully to the forced adjustments of the pandemic crisis ensuring its business continuity.

The SCR Operational, as described above for the years ended in 2021 and 2020, is shown below:

In Thousands €	SCR Operational	
	31/12/2021	31/12/2020
<b>SCR Operational</b>	<b>1.971</b>	<b>2.181</b>

SCR Operational has decreased by 10% during 2021 due to a reduction in Gross Technical Provisions.

CNP Asfalistiki takes appropriate and timely steps to prevent and mitigate undue operational risk and financial loss due to weaknesses in processes, people and systems.

The Company aims to continuously improve further the operational risk framework and all loss events are promptly captured for appropriate action to be taken and promote internal learning.

The Company managed to adapt successfully to the rapid forced adjustments, Covid-19 pandemic had brought to its business operations.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario, a Covid-19 scenario and additional Company specific scenarios and the capital adequacy of the Company remained strong.

## C.6. Other Material Risks

### Business Risk

Business risk arises because capital is risk sensitive and may vary as business cycles and conditions fluctuate over time.

The Company examines all market conditions to which the business is exposed, and we continuously identify the key sources of risks.

### Reputational Risk

Reputational risk could arise from an adverse perception of the image of a company on the part of customers, counterparties, shareholders, media speculation and negative publicity, supervisory authorities and any other stakeholders.

This risk is not ignored by the Company and at an early stage it seeks to identify prevent, manage and constraint any threat to its brand or reputation.

### Strategic Risk

The strategic risk could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. This risk could impose material threats on the Company's current and prospective earnings.

The Company's BoD is promptly informed on all risk exposures that may arise and where needed action is taken.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario, a Covid-19 scenario and additional Company specific scenarios and the capital adequacy of the Company remained strong.

### **C.7. Other Information**

The invasion of Russian troops on Ukrainian territory which occurred on 24 February 2022, caused a context of great international instability, the outcome of which no one knows today.

For all the economic players and for the States involved in this crisis, the conflict characterizes a systemic risk which exacerbates particular risks already well identified. Depending on the duration of the conflict and its outcome, the inflationary risk could be aggravated due to a sharp increase in energy prices (oil and gas in particular), also due to a shortage of cereals. It is expected that Central banks will then try to control the inflationary risk by modulating interest rates while avoiding the trap of stagflation.

In addition, the cyber threat is expected to intensify. CNP Asfalistiki in collaboration with CNP Assurances group has been investing and working for several years to strengthen its risk management system and its resilience.

CNP Asfalistiki adopted the sanctions taken against Russian persons or entities. The Company has no significant exposure to Russia and its nationals and at this stage, no insurance policies taken out by Russian citizens that are targeted by the sanctions have been identified. The situation is constantly being monitored and evaluated in light of possible changes in the sanctions imposed.

Credit and counterparty risk has had a low impact at this stage, due to very limited direct and indirect exposure to Russia and Ukraine. The issuers most exposed to the crisis (energy companies and banks) are subject to constant monitoring, without warning at this stage.

CNP Assurances is, with its shareholder La Banque Postale, fully mobilized to face the current crisis with confidence, in the best interests of its stakeholders.

## D. Valuation for Solvency Purposes

### Valuation Principles

The Company prepares its financial statements under the IFRS. Accordingly, fair value is already calculated for many of its assets and liabilities (particularly financial instruments) and is then included either directly in the IFRS Statement of Financial Position or disclosed in the notes to the financial statements.

For its SII Balance Sheet, the Company uses the fair value of assets and liabilities as calculated for IFRS accounting purposes, insofar as this value complies with SII asset and liability valuation principles.

This ensures that a reliable SII Balance Sheet is produced as part of an orderly, well-managed process. It also ensures consistency with the IFRS financial statements.

There are instances where, the value of certain items may be estimated using simplified approaches (e.g. cost price) when those items do not represent significant exposure or when the difference with fair value as calculated under IFRS is not material. Company is consistent in applying alternative valuation techniques unless the change in method would result in a more appropriate measurement.

### Criteria for Active market Identification

SII requires entities to use values obtained from transactions carried out on active markets wherever possible.

If no active market transactions are available, a significant element of judgement will need to be used in the valuation as regards the choice of valuation methods as well as the assumptions, inputs and data to be used. Such an approach must be part of a well-managed process in order to achieve unbiased valuations.

To assess whether a market is active for SII asset and liability valuation purposes, the Company uses the same criteria as in its IFRS accounting process.

For valuations and fair value measurements under IFRS 13-Fair Value Measurement, prices obtained from transactions carried out on an active market should be used where possible. For financial instruments in particular, the Company uses the fair value hierarchy set out in IFRS 13. Instruments classified in Level 1 in the notes to the IFRS financial statements are considered as having been obtained on an active market when preparing the SII Balance Sheet.

General principles and rules for classifying items according to the IFRS 13 fair value hierarchy are summarised in the notes to the IFRS financial statements.

## D.1. Assets

### Specific Rules for asset valuation and gap between Financial Statements

#### *Deferred Acquisition Costs*

The IFRS value for Deferred Acquisition Costs is €4.141k (2020: €3.832k) whereas in SII Balance Sheet they are valued at nil value, based on the SII valuation principles (EIOPA Guidelines).

#### *Intangible Assets*

The IFRS Net Book value for Intangible Assets is €796k (2020: €642k) and relates to the costs that are directly associated with identifiable and unique computer software products owned by the Company that are expected to generate economic benefits, minus any accumulated amortisation and any accumulated impairment losses. The Company also recognises an intangible from the purchase of insurance portfolio which has Nil Net Book Value.

For SII purposes intangible assets are valued at Nil based on the SII valuation principles (EIOPA Guidelines). This is also a prudent approach followed by the Company due to the absence of any active market for these items.

#### *Deferred Tax Assets*

The Company has not recognised any Deferred tax Asset under IFRS principles.

Under SII Balance Sheet, the Company recognised an amount of €1.334k (2020: €687k) Deferred Tax Asset coming from the tax base (temporary) differences created by the differences in the valuation of assets under SII compared to the valuation of such assets under IFRS. As explained above the Intangible assets and Deferred Acquisition costs are valued at Nil based on the SII valuation principles. In addition, the Technical Reserves are valued in accordance with the SII principles and adjustments are made on the insurance and intermediaries' receivables as well as reinsurance payables as mentioned below.

#### *Insurance & intermediaries' receivables*

Insurance & intermediaries' receivables are amounts due from agents and direct customers (e.g. from issuance holders) and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment. Total IFRS amount is €16.441k (2020: €17.987k) being the net result of €16.941k (2020: €18.499k) receivable balances minus a provision for impairment of receivables of €500k (2020: €512k).

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable should be reviewed impairment.

The amount of the provision is the difference between the carrying amount and the recoverable amount. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in Statement of Comprehensive Income. When an amount is uncollectible, it is written off against the allowance account for insurance receivables. Subsequent recoveries of amounts previously written off are credited in Statement of Comprehensive Income.

The impairment of receivables policy of the Company is stated in Counterparty Default Risk above.

The new cashflow method for calculating Premium Provision, includes expected premiums on existing policies that the Company expects to receive. Therefore, as these components are already taken into account in the SII Balance Sheet, they are deducted in order to avoid double counting, reducing the amount under SII. Total SII amount is €10.706k (2020: €17.987k) being the net result of €11.206k (2020: €18.499k) receivable balances minus a provision for impairment of receivables of €500k (2020: €512k).

#### *Reinsurance receivables*

The IFRS value of reinsurance receivables is €514k (2020: €434k).

The benefits to which the Company is entitled under reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The Company evaluates their reinsurance assets on a yearly basis for impairment. If there is objective evidence that the reinsurance asset is subject to impairment, the Company reduces the carrying amount of the reinsurance asset to its

recoverable amount and recognise the impairment loss in the Statement of Comprehensive Income.

The value of the reinsurance receivables under SII does not differ from IFRS.

#### *Receivables (trade, not insurance)*

The IFRS value of Receivables is €7.037k (2020: €7.278k) and mainly comprises an intercompany Loan with a Group Company, balance with Cyprus Hire Pool and Receivables from Tax Authorities. The fair value of the Receivables under SII does not differ from IFRS ones.

Fair value may be determined on a case-by-case basis if the IFRS value is likely to differ significantly from fair value, for example due to the impact of discounting.

#### *Investment Assets*

Investment assets are valued at Fair Value for IFRS purposes. The IFRS value of the Company's total Investible Assets is €115.696k (2020: €109.038k) and is detailed below.

The value of the Investment Assets under SII does not differ from IFRS.

Asset Class In Thousands €	Market Value 31/12/2021	Market Value 31/12/2020
Equity In-house	77	1.198
Holdings in related undertakings, including participations	183	183
Bonds In-house	56.622	48.387
Bond Funds	10.148	10.497
Property Funds	5.559	5.523
Money Market Funds	9.460	8.531
Cash	15.592	16.870
Property	4.923	4.858
Structured Products	3.048	2.567
Property, Plant & Equipment	10.084	10.397
Derivatives	0	27
<b>Total</b>	<b>115.696</b>	<b>109.038</b>

The valuation method for each security depends on several factors, e.g. listed or unlisted asset, where is the asset being listed and liquidity of the asset.

#### *Equities*

The equities held by the Company are listed in regulated markets in countries which are members of the EEA or the OECD, therefore the closing price in those markets is used for valuation purposes.

#### *Bonds*

The same valuation method applies for government bonds and corporate bonds if the asset is considered liquid. For bonds which are illiquid, the Company uses yields derived from similar securities (from the same issuer) in active markets and with the use of linear interpolation the Company estimated the price of the illiquid securities.

All funds we invest in, offer daily liquidity and the price is received by the fund manager or via Bloomberg.

#### *Structured products*

The same valuation method applies for structured products excluding one security for which the price is received by the custodian quarterly.

#### *Properties*

Properties are valued by external valuator at least annually and the valuation is based on expected future cash flows.

#### *Loans*

Loans are valued by the Company using the discount method on a monthly basis.

## D.2. Technical Provisions

### Methods and Assumptions

The Company's portfolio has been analysed and classified after a segmentation process into various homogeneous risk groups for the calculation of Technical Provisions, having regard to the minimum Directive groupings.

The following risk classification has been performed:

- Motor (SII classification: Motor Vehicle Liability & Other Motor Insurance)
- Liability (SII classification: General Liability Insurance)
- Fire (SII classification: Fire and other damage to property insurance)
- Accident & Health (SII classification: Medical Expense Insurance)
- Marine (SII classification: Marine, aviation and transport Insurance)
- Miscellaneous (SII classification: Miscellaneous financial loss)
- Credit (SII classification: Credit and suretyship Insurance)

Each line of business has been grouped and analysed by cover class description. Each category shown above is further broken down into sub-categories.

Categories used for reporting Motor business are as per the SII official classification as shown in the QRTs of the Appendices.

For the above risk classification, further subgroups have been created (where appropriate) varying by claim amount (e.g. separately for smaller and larger claims).

### Technical Provisions

SII requires undertakings to set up technical provisions which correspond to the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking. The value of technical provisions is equal to the sum of a BE and a risk margin.

Undertakings should segment their (re)insurance obligations into homogeneous risk groups, and as a minimum by line of business, when calculating technical provisions.

The BE is calculated gross, without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles (SPVs). Those amounts are calculated separately.

The actuarial and statistical methods to calculate technical provisions are proportionate to the nature, scale and complexity of the risks supported by the undertaking.

The Company does not make use of any transitional measures nor volatility adjustment.

### Best Estimate of Technical Provisions

For Non-Life and Health Non-Similar to Life Techniques (NSLT) insurance obligations, Non-life techniques are used. The BE of Technical provision of liabilities is the result of the present value of expected cash flows, based on non-life actuarial best practice.

For each non-life business, the amount of BE is estimated as the sum of:

- Premium provisions (cash flow projections related to claim events occurring after the valuation date and during the remaining in-force period of the policies)
- Claim provisions (cash flow projections related to claim events having occurred before or at the valuations date-whether the claims arising from these events have been reported or not)

#### *Premium Provisions*

A new cashflow method has been adopted during the reporting period for calculating premium provision. The Best Estimate of Premium Provisions is calculated as the expected present value of future in- and outgoing cashflows, being a combination of:

- Future premium receivables
- Cashflows resulting from future claims events
- Cashflows arising from claims management expenses
- Cashflows arising from other expenses

The previous method used was based on an estimate of the combined loss ratio of the line of business in question that allowed for future claims, expenses, reinsurance cost for excess of loss policies and commissions.

#### *Claims Provisions*

This is the sum of the total discounted indicated claims reserves and the Claims Handling Expense Reserve (CHE).

The derivation of the CHE provision was based on loss reserving actuarial techniques and the Company's expense analysis.



The above methodology is used for the Cyprus portfolio. However, due to materiality issues, for the Greek portfolio a simplified methodology is used where the discounted actual outstanding claims for the year are used as the claims provisions.

#### *Best Estimate of Reinsurance Recoverable*

Actuarial valuations for Gross and Net BEs are performed separately, and the difference of the two is taken as the BE of Reinsurance Recoverable. Reinsurance Recoverable indicate the amounts payable by reinsurers less the amounts paid to the reinsurers.

Expected losses due to default of the counterparty have been taken into account with the BE of Reinsurance Recoverable calculation by estimating a Counterparty Default Adjustment.

#### **Description of Model**

In this section the model used to project the amount of claims is described. This is produced based on claims incurred, claims paid so far as well as historical data.

A data preparation triangulation exercise takes place followed by several data checks.

When selecting an average of the historical claim amounts and count experience, a combination of up to six years is generally (but not necessarily) used as the basis of the calculation. This is compared to the averages over different time periods before the selection of the final pattern. The selected age-to-age ratios are in most cases 'volume weighted', and so more credibility is given, other things being equal, to years with more claims. Actual selection varies between lines of business and due care is given on erratic data sets, in particular 'large' claims data sets.

Variations of loss developing and, credibility weighted methods are utilised for the estimation of ultimate losses as follows:

- Loss Development Method using paid and incurred claims data
- Bornhuetter-Ferguson Method using paid and incurred claims data and earned premiums as exposure measure.

For the End Of Year (EOY) 2021, results were based mostly on the Bornhuetter-Ferguson method with the two methods producing very similar results for older accident years.

#### **Assumptions**

##### **Economic Assumptions**

The Euro risk free rate curves with no volatility adjustment as at 31/12/2021 were used for discounting.

Inflation is allowed for in the CHE calculation and is determined based on expectations regarding Cyprus inflation. Inflation is not explicitly allowed in the remaining part of BE Claims provision. However, it is implicitly included through the development factors chosen as that are based on claims data which already reflect any changes in inflation through the years.

##### **Liabilities Assumptions**

###### *Loss Development Factors and Loss ratios*

Loss Development factors and loss ratios were based on the Company's history.

###### *Cancellation Rates*

Cancellation rates per class of business are determined using the actual data over recent years to allow for changes affecting policyholders' behaviour.

###### *Expenses*

Expenses are based on actual 2021 experience broken down and allocated by line of business.

A combination of general allocation methods and principles is used.

##### **Other main Assumptions**

###### *Tax Assumptions*

No tax assumptions are taken into account when determining the BE of Technical Provisions.

###### *Material Assumptions Changes*

Changes in expenses, cancellation rates and loss ratios of the Company for each line of business have been taken into account in the calculation of reserves to allow for 2021 actual experience. In addition, new yield curves have been used to reflect the economic conditions as at the end of December 2021.

## Risk Margin Calculation

The risk margin is a part of technical provisions in order to ensure that the value of technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations.

The risk margin should be calculated by determining the cost of providing an amount of eligible OF equal to the SCR necessary to support the insurance and reinsurance obligations over the lifetime thereof.

In order to calculate the Risk Margin, the calculations of the projected SCR of the Company in each point in time is required. Due to the complexity of the Risk Margin definition and calculation, a simplified method is used based on EIOPA technical specifications. A simplification using the overall SCR for each future year (level 3 of the hierarchy as defined in the relevant technical specifications) is used.

For this simplification, the SCR of the year and the projected BE of liabilities for each future year are used in the Risk Margin calculation.

## Gap with Financial Statements

The IFRS reserves of the Company are made up by:

- **Unearned Premium Reserve (UPR):** It is the amount set aside from premiums written before the Statement of Financial Position date to cover claims expected to incur after that date. The amount is obtained directly from the Company's system.
- **Pure Outstanding claims:** It is the amount of outstanding claims as obtained from the Company's system.
- **Incurred But Not Reported (IBNR) Reserve:** IBNR Reserve comprises of Pure IBNR and Incurred But Not Enough Reported (IBNeR).
  - Pure IBNR Reserve is a reserve to provide for claims in respect of claim events that have occurred before the accounting date but still to be reported to the insurer by that date.
  - IBNeR Reserve reflects expected changes (increases and decreases) in estimated for reported claims only.
- **Claims Handling Expense Provision** as explained above.
- **Additional Unexpired Risk Reserve (AURR)** (if any): It is the reserve held in excess of the UPR, to allow for any expectation that the UPR will be insufficient to cover the cost of claims and expenses incurred during the period of unexpired risk.

The main differences between IFRS Reserves vs SII Technical Provisions are:

- The IFRS Claims Reserves take into account the Pure Outstanding Claims together with the CHE and the undiscounted (rounded figure of) IBNR. However, the corresponding value under SII is calculated by assuming the future payment pattern that these elements will follow, for each line of business (and homogeneous risk group), forming a stream of future cash flows. These future cash flows are then discounted using the assumed risk-free interest rate and the result of this is the BE Claim Provision.
- The SII BE Premium Provision is calculated using the cashflow method explained under the premium provision assumptions.
- The IFRS Reserves do not take into account a Risk Margin.
- SII Technical Provisions do not take into account AURR.

The table below shows a numerical comparison of the SII Technical Provisions and IFRS Reserves due to the different methodologies and assumptions used.

In Thousands €	Gross IFRS Reserve	Gross SII Technical Provisions	Gross IFRS Reserve	Gross SII Technical Provisions
	31/12/2021		31/12/2020	
Motor	35.294	32.090	32.939	33.790
Fire and other property damage	18.772	11.880	18.057	14.587
General Liability	22.495	20.891	23.643	24.288
Other	4.708	3.891	3.617	3.241
<b>TOTAL</b>	<b>81.268</b>	<b>68.752</b>	<b>78.256</b>	<b>75.906</b>

The total Gross IFRS Reserves are 18% higher than the SII Technical Provisions. IFRS Technical Provisions are higher than SII Technical Provisions due to more prudent basis used under IFRS calculation.

The most important difference is due to the calculation of BE Premium Provision which is calculated using the cashflow method, while the corresponding IFRS Reserve is the whole amount of UPR.

## Main Results

### Technical Provisions

Technical provisions of liabilities are defined as the sum of BE of Liabilities and Risk margin.

The values of the Technical Provisions of liabilities (Gross of Reinsurance) as at the EOY 2021 and 2020 were presented in the previous table.

Motor insurance, including motor vehicle liability and other motor, forms 47% of the total Technical Provisions. This is expected since the Motor insurance product is the largest source of business for the Company.

General liability insurance and Fire and other damage to property insurance follow with 30% and 17% contribution to the total Technical Provisions respectively.

A further split of the Gross Technical Provisions into Gross BEs and Risk Margin is shown below.

### Gross Best Estimate

As mentioned above, the Gross BE is defined as the sum of Gross BE of Premium Provision and the Gross BE of Claims Provision.

The values of the BE (Gross of Reinsurance) as at the EOY 2021 are presented below based on SII lines of business.

In Thousands €	Gross BE Premium Provision	Gross BE Claims Provision	Total Gross BE 2021
Motor	8.170	22.560	30.731
Fire and other property damage	3.748	7.472	11.220
General Liability	1.977	18.051	20.028
Other	737	2.973	3.710
<b>TOTAL</b>	<b>14.632</b>	<b>51.056</b>	<b>65.688</b>

As expected, Motor insurance, including both Motor Vehicle Liability and Other Motor, has the largest contribution to BE with 47% of the total BE.

General liability insurance and Fire and other damage to property insurance follow with 30% and 17% contribution to the total BE respectively.

### Risk Margin

For the Risk Margin calculation, the SCR of the year and the projected BEs of liabilities for each future year are being used.

The values of the Risk Margin as at the EOY 2021 and 2020 are presented below based on SII lines of business.

In Thousands €	Risk Margin	
	31/12/2021	31/12/2020
Motor	1.360	1.329
Fire and other property damage	660	760
General Liability	863	948
Other	181	176
<b>TOTAL</b>	<b>3.064</b>	<b>3.213</b>

Motor insurance, including both Motor vehicle liability and Other Motor, has the largest contribution to the Risk Margin with 44% of the total Risk Margin.

General liability insurance and Fire and other damage to property insurance follow with 28% and 22% contribution to the total Risk Margin respectively.

Risk Margin as at 31 December 2021 has been decreased by 5% compared to Risk Margin as at 31 December 2020.

### Reinsurance Recoverable

Reinsurance Recoverable is defined as the difference of the Gross and Net BE.

The values of the Reinsurance Recoverable as at the EOY 2021 and 2020 are presented below:

In Thousands €	Reinsurance Recoverable BE	
	31/12/2021	31/12/2020
Motor	1.833	1.601
Fire and other property damage	7.170	8.339
General Liability	2.310	3.053
Other	2.765	1.719
<b>TOTAL</b>	<b>14.078</b>	<b>14.712</b>

As already mentioned above, Motor (including both Motor vehicle liability and Other motor), General Liability and Fire insurance form the larger part of the Gross BE of liabilities. Similarly, these categories form the larger part of Reinsurance Recoverable BE. In addition to these categories, Reinsurance Recoverable of Miscellaneous financial loss insurance is also significant which appears under "Other" line of business.

### D.3. Other Liabilities

#### Specific Rules for valuation and gap between Financial Statements

##### *Deferred Tax Liabilities*

The Company has a Deferred tax Liability under IFRS principles amounting to €13k (2020: €32k) deriving from the revaluation gain of investment property.

Deferred Tax Liability under SII is €1.068k. The amount differs compared to IFRS value following the adjustments to IFRS reserves to Technical provisions and Reinsurer's Payables.

##### *Reinsurance Payables*

The IFRS value of reinsurance payables is €6.679k (2020: €6.662k).

The reinsurance payables are mainly premiums payable for reinsurance contracts and are recognised as expenses on an accrual basis.

The value of the reinsurance payables under SII is lower, at €4.859k, and this year's change results from the change in the calculation of Premium Provision.

##### *Payables (trade, not insurance)*

The IFRS value of Payables is €15.327k (2020: €15.585k) and mainly comprises accrued expenses and obligations to pay for services that have been acquired in the ordinary course of business from suppliers.

The value of Payables under SII does not differ from IFRS. The Company considers that this IFRS value does not differ significantly from the economic value of the liabilities, since amounts payable are due in the short term (less than one year). The economic value of current liabilities is not therefore calculated.

The economic value of these liabilities may be determined on a case-by-case basis if the IFRS value is likely to differ significantly from the fair value, for example due to the impact of discounting.

## E. Capital Management

### E.1. Own Funds

#### Objectives, Policy and Procedures

The Company has a simple share capital structure. It is a wholly owned subsidiary of CNP CIH which is owned 100% by CNP Assurances S.A. since October 2019.

The excess of Capital over Liabilities (OF) of the Company under IFRS amounts to €61.717k (2020: €57.382k) and consist of:

- Share capital and Share premium. The share capital is comprised of issued and fully paid ordinary shares. The share premium is the difference between the fair value of the consideration receivable for the issue of share and the nominal value of shares. Share premium cannot be used for dividend distribution.
- Retained earnings which is the cumulative net income not distributed to its shareholders as dividend.
- Other Reserves, not distributable as dividends.

The Excess of assets over liabilities under SII amounts to €59.761k (2020: €52.575k). The difference compared to IFRS figure is due to the differences in the valuation of:

- Intangible assets
- Deferred Acquisition costs which are valued at Nil based on the SII valuation principles
- The calculation of Technical Reserves which is calculated based on SII principles
- The tax base (temporary) differences created, affecting the Deferred Tax amount due to adjustments

The capital management plan (management of OF) is defined as a result of the strategic planning exercise, and is part of the overall framework set by this exercise, in terms of dividend payments, capital increase, etc. It takes into account the Solvency projections from the work carried out as part of the strategic planning.

It can be adjusted upon the occurrence of a major event on markets (stress situation in equities, bonds, real estate, etc.), or affecting CNP Asfalistiki (acquisition, business disposal, other event). If the situation requires the full or partial review of the strategic planning exercise, this is revised accordingly.

Based on Company's financial projections as stated in the approved by the BoD 5 Year Business Plan, the CAO performs the SII calculations to ascertain whether the capital levels are adequate to enable the Company to continue as a going concern.

The Finance function is responsible for preparing the Company's Business Plan, which is then approved by the BoD. The financial projections of the Company are based on the strategic plan and targets set by the Company for the planning horizon, in conjunction and taking into consideration, the external and internal environment that the Company operates in.

The budget is used as an input to the capital planning. Capital planning includes projections of internal capital requirements (Pillar 1 and 2) and OF over the planning period. These projections are calculated based on the projected Statement of Financial Position structure of the Company, reasonable assumptions, parameters, correlations or levels of confidence decided by the Risk & Reserving Committee.

Projected capital requirements are compared with OF so that the Company is able to observe whether the forecasted available OF of the Company will be adequate to cover any future strategic actions that the Management intends to take.

Prospective changes in the Company's risk profile and how they affect its current and projected level of solvency requirements are considered during the capital planning process. The quality and profile of the Company's OF over the planning period is also taken into consideration.

The capital is a tool that is used by the Company, amongst other issues, for the definition of early warning indicators, continuous contact with shareholders as well as a contingency capital plan. If the level of capital maintained is not adequate, then the Company considers increasing the capital to cover these risks or strengthen its internal processes so that the probability of incurring unexpected losses in the future is minimized.

The appropriate level of additional capital or the application of any set of controls is clearly stated and justified through the use of the stress scenarios performed mathematical/statistical models or warranted expert judgment.

The procedure described above is continuously monitored and relevant parties within the Company are regularly informed about the outcome of the various calculations performed at each step of the procedure. Information is also provided to the RMF to quantify and assess the risks that the Company faces.

## Structure, Amount and Quality of Own Funds

### Basic Own Funds

The OF of the Company under IFRS amount to €61.717k (2020: €57.832k) and under the SII amounts to €59.761k (2020: €52.575k). As explained in the introduction, the basis of consolidation for financial accounting purposes differs from that used for SII purposes.

The table below illustrates the split of Basic OF under IFRS and SII as at the end of the year ended 31 December 2021 compared to the year ended 31 December 2020.

<i>In Thousands €</i>	2021		2020	
	SII Balance Sheet Value	IFRS Statement of Financial Position Value	SII Balance Sheet Value	IFRS Statement of Financial Position Value
Ordinary Share Capital	13.692	13.692	13.692	13.692
Additional paid-in capital	21.988	21.988	21.988	21.988
Fair Value Reserves	0	1.147	0	1.964
Retained Earnings	0	24.890	0	19.738
Net Deferred Tax Asset	266	0	655	0
Reconciliation reserve	23.815	0	16.240	0
<b>Total Basic Own Funds</b>	<b>59.761</b>	<b>61.717</b>	<b>52.575</b>	<b>57.382</b>

### Adjustments linked to tiering

The Company recognised an amount of €266k (2020: €655k) Deferred Tax Asset coming from the tax base (temporary) differences created by the differences in the valuation of assets under SII compared to the valuation of such assets under IFRS. In accordance with SII guidelines this asset is listed as Tier 3.

### SII OF as at 31/12/2021 and 31/12/2020

The table below illustrates separate for each tier information about the OF at the year-ended 31 December 2021 compared to the year-ended 31 December 2020 together with the eligible amounts of OF to cover SCR and MCR.

The majority of the Company's OF consists of Tier 1 funds. The only change, compared to last reporting period, was to include the amount of Net Deferred Tax Asset in Tier 3.

The eligibility of OF is calculated according to EIOPA's Technical Specifications. As per EIOPA's instructions, Tier 3 items are excluded from the eligible OF to cover the MCR and therefore the corresponding amount is slightly decreased

<i>In Thousands €</i>	2021				2020			
	Total	Tier 1 - unrestricted	Tier 2	Tier 3	Total	Tier 1 - unrestricted	Tier 2	Tier 3
Ordinary Share Capital	13.692	13.692	0	0	<b>13.692</b>	13.692	0	0
Additional paid-in capital	21.988	21.988	0	0	<b>21.988</b>	21.988	0	0
Net Deferred Tax Asset	266	0	0	266	<b>655</b>	0	0	655
Reconciliation reserve	23.815	23.815	0	0	<b>16.240</b>	16.240	0	0
Total Basic OF	59.761	59.495	0	266	<b>52.575</b>	51.920	0	655
<b>Eligible OF to meet the SCR</b>	<b>59.761</b>	<b>59.495</b>	<b>0</b>	<b>266</b>	<b>52.575</b>	<b>51.920</b>	<b>0</b>	<b>655</b>
<b>Eligible OF to meet the MCR</b>	<b>59.495</b>	<b>59.495</b>	<b>0</b>	<b>0</b>	<b>51.920</b>	<b>51.920</b>	<b>0</b>	<b>0</b>

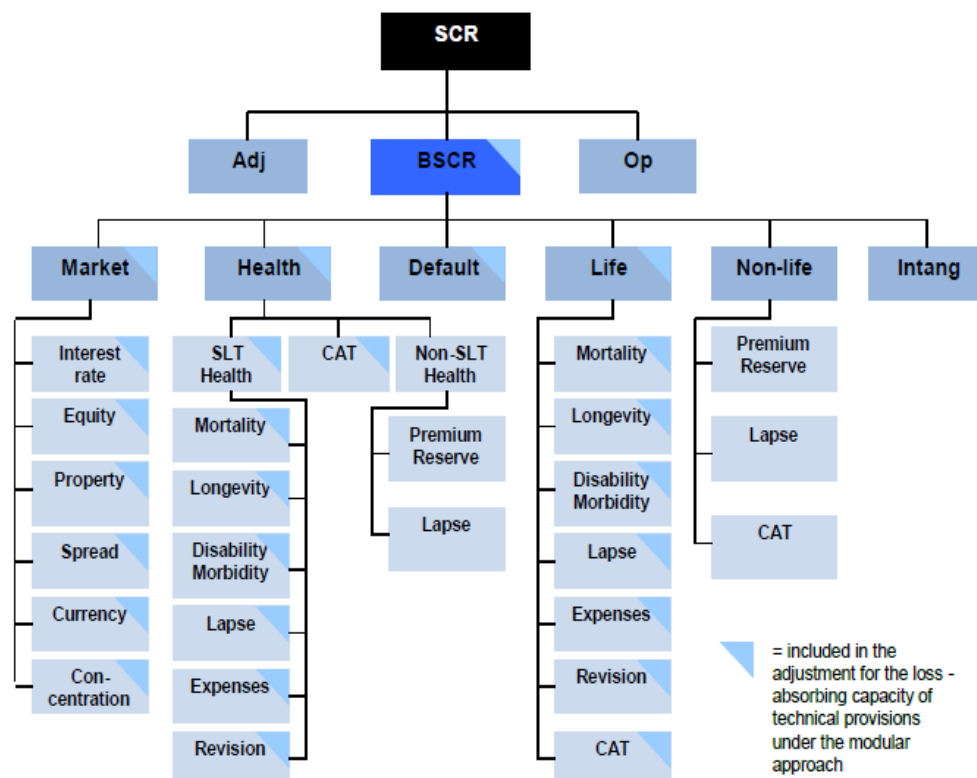
## E.2. Solvency Capital Requirement and Minimum Capital Requirement

### Solvency Capital Requirement valuation method

The overall SCR is calculated using the standard formula as described in the technical specifications.

The Company's SCR is composed by:

- The BSCR
- The Operational SCR and
- Allowing for any adjustment for the risk absorbing effect of technical provisions and deferred taxes



Each SCR module is calculated based on the technical specifications of EIOPA.

The basic idea for the SCR calculation is to look at the values of assets and liabilities using the SII calculation methods before and after each shock. The SCR is defined as below:

$$SCR = \max \left\{ \left[ \begin{array}{l} (\text{Market Value of Assets Central} - \text{Market Value of Assets Shock}) - \\ (\text{Best Estimate of Liabilities Central} - \text{Best Estimate of Liabilities Shock}) \end{array} \right], 0 \right\}$$

## Solvency Capital Valuation Principles

### Granularity of Calculations

The only simplification that the Company uses for the SCR calculations is for the calculation of Market Risk for Undertakings for Collective Investments in Transferable Securities (UCITs) funds.

As per the EIOPA guidelines, if the Company’s exposure to Collective Investments and other investments packaged as funds exceed a certain threshold (20% of the total value of the assets of the insurance or reinsurance undertaking), the SCR shall be calculated on the basis of each of the underlying assets of collective investment undertakings and other investments packaged as funds (look-through approach).

The Company’s UCITs exposure is below the maximum threshold; therefore, no look-through approach for the calculations of the SCR is performed. The Company uses the information that is given by the fund managers in order to identify the type of risk and the SCR impact. The information given may be:

- Asset Class: an equity fund is included in the equity risk and concentration while a bond fund is included in the interest, spread and concentration risk.
- Average duration and average rating: the average duration and rating of an interest sensitive fund is used to calculate the interest risk and the spread risk.
- Fund Type: an equity fund that is invested in EU or OECD countries is shocked by 39% while funds which invest to other countries or hedge funds are shocked by 49%.

### Loss Absorption of Deferred taxes

The Company is taking into account an adjustment regarding the Loss Absorbing Capacity of Deferred taxes amounting to €3.135k (2020: €2.915k).

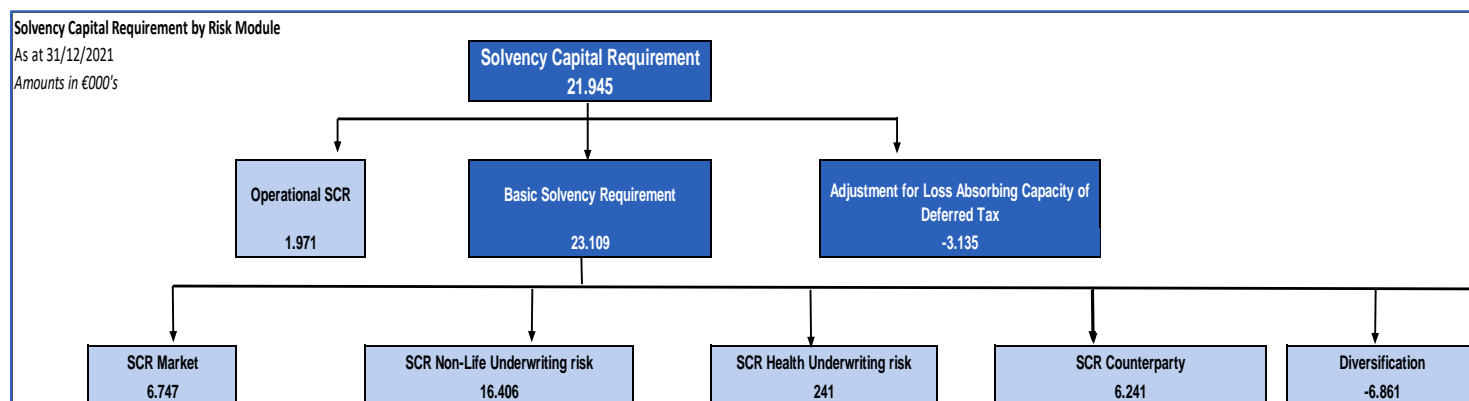
### SCR and MCR as at 31/12/2021

The total SCR of the Company as at the end of 2021 was €21.945k (2020: €22.765k) with a total MCR of €8.581k (2020: €9.027k). These amounts are subject to supervisory assessment.

#### SCR as at 31/12/2021

The SCR of the Company is calculated based on the standard formula provided by the SII Guidelines.

The analysis of 2021 SCR by risk module is indicated below.





The SCR of the Company consists of the BSCR of €23.109, the Operational SCR of €1.971k and the Loss Absorbing Capacity of Deferred Taxes of -€3.135k.

The BSCR the combination of SCR Market, SCR Non-Life, SCR Health Underwriting risk and SCR Counterparty risk after allowing for diversification between and within those risk modules.

The main risk driver is the SCR Non-life Underwriting risk of €16.406k due to the nature of the Company's business followed by the SCR Market risk of €6.747k.

The most significant component of Non-life Underwriting risk is the Premium & Reserve risk which forms 75% (before diversification) of this risk module. Premium & Reserve risk is of particular importance since it is the risk of loss of the premiums earned by the Company or any adverse changes in the value of the insurance liabilities of the Company. Non-life CAT risk contributes 16% (before diversification) to the total Non-Life Underwriting risk. This particular risk refers to the loss related to extreme or exceptional events.

SCR has been decreased by 4% during the reporting period compared to previous reporting period. This decrease is mainly due to the decrease in SCR Counterparty risk and to a lesser extent in a decrease in SCR Market and SCR Operational, which is partially offset by the increase in SCR Non-Life risk.

Particularly, SCR Counterparty risk has been decreased by €846k mainly as a result of a reduction in Counterparty Type 2 risk.

SCR Operational has decreased by €210k due to lower Technical Provisions and SCR Market by €241k due to reduction in Concentration.

In addition, SCR Non-life risk is increased by €377k mainly due to the increase in Non-life Premium & Reserve risk.

In Thousands €	2021	2020	Percentage Change
<b>Solvency Capital Requirement</b>	<b>21.945</b>	<b>22.765</b>	<b>-4%</b>
<b>Basic Solvency Capital Requirement</b>	<b>23.109</b>	<b>23.499</b>	<b>-2%</b>
<b>Adjustment for Loss Absorbing Capacity of Deferred taxes</b>	<b>-3.135</b>	<b>-2.915</b>	<b>8%</b>
<b>SCR Operational</b>	1.971	2.181	-10%
<b>SCR Market</b>	6.747	6.988	-3%
<b>SCR Non-Life</b>	16.406	16.029	2%
<b>SCR Health</b>	241	256	-6%
<b>SCR Counterparty</b>	6.241	7.087	-12%

*MCR as at 31/12/2021*

The MCR calculation is derived as the maximum value between the absolute value MCR and the combined MCR. The absolute MCR based on SII regulation comes up to €3.700k. As the combined MCR is higher than the absolute value, the MCR of the Company equals the combined MCR of €8.581k.

The combined MCR is derived as the lower of MCR cap (45% of SCR) and of the highest of MCR floor (25% of SCR) and MCR linear. The MCR linear is derived in terms of the non-life business. For this calculation the Best Estimates of liabilities net of reinsurance recoverable and the written premium over the last 12 months per line of business are required.

In Thousands €	2021	2020
Linear MCR	8.581	9.027
SCR	21.945	22.765
MCR cap	9.875	10.244
MCR floor	5.486	5.691
Combined MCR	8.581	9.027
Absolute floor of the MCR	3.700	3.700
<b>Minimum Capital Requirement</b>	<b>8.581</b>	<b>9.027</b>

**Appendix I - Abbreviations**

The following abbreviated terms are used throughout this Report.

<b>A</b>	
ALCO	Asset and Liability Management Committee
ALM	Asset Liability Matching
AURR	Additional Unexpired Risk Reserve
<b>B</b>	
BE	Best Estimate
BoC	Bank of Cyprus Public Company Ltd
BSCR	Basic Solvency Capital Requirement
<b>C</b>	
CAO	Chief Actuarial Officer
CAT	Catastrophe
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHE	Claims Handling Expense
CNP Asfalistiki / Company	CNP Asfalistiki Ltd
CNP CIH	CNP Cyprus Insurance Holdings Ltd
CRO	Chief Risk Officer
<b>D</b>	
Directive	Solvency II Directive
<b>E</b>	
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EOY	End of year
EU	European Union
<b>I</b>	
IAF	Internal Audit Function
IBNeR	Incurred But Not enough Reported
IBNR	Incurred But Not Reported
IFRS	International Financial Reporting Standards
IT	Information Technology
<b>M</b>	
MCR	Minimum Capital Requirement
<b>N</b>	
NSLT	Non-Similar to Life Techniques
<b>O</b>	
OECD	Organisation for Economic Cooperation and Development
OF	Own Funds
ORSA	Own Risk Solvency Assessment
<b>P</b>	
PWC	PriceWaterhouse Coopers Limited
<b>Q</b>	
QRTs	Quantitative Reporting Templates
<b>R</b>	
RMF	Risk Management Function

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<b>S</b>	
SCR	Solvency II Capital Requirement
SFCR	Solvency and Financial Condition Report
SII	Solvency II
SPV	Special Purpose Vehicle
Supervisor	Insurance Companies Control Service/ Superintendent of Insurance
<b>T</b>	
TAA	Tactical Asset Allocation
<b>U</b>	
UCITs	Undertaking FACPRs for Collective Investments in Transferable Securities
UPR	Unearned Premium Reserve

**Appendix II - QRTs**
**S.02.01.02**
**Balance sheet**

	Solvency II value
	C0010
<b>Assets</b>	
Intangible assets	R0030 0
Deferred tax assets	R0040 1.333.956
Pension benefit surplus	R0050 0
Property, plant & equipment held for own use	R0060 10.083.901
Investments (other than assets held for index-linked and unit-linked contracts)	R0070 94.616.253
Property (other than for own use)	R0080 4.923.000
Holdings in related undertakings, including participations	R0090 183.000
Equities	R0100 77.032
Equities - listed	R0110 56.614
Equities - unlisted	R0120 20.418
Bonds	R0130 59.669.687
Government Bonds	R0140 17.494.316
Corporate Bonds	R0150 39.127.630
Structured notes	R0160 3.047.741
Collateralised securities	R0170 0
Collective Investments Undertakings	R0180 25.166.619
Derivatives	R0190 0
Deposits other than cash equivalents	R0200 4.596.915
Other investments	R0210 0
Assets held for index-linked and unit-linked contracts	R0220 0
Loans and mortgages	R0230 0
Loans on policies	R0240 0
Loans and mortgages to individuals	R0250 0
Other loans and mortgages	R0260 0
Reinsurance recoverables from:	R0270 14.078.474
Non-life and health similar to non-life	R0280 14.078.474
Non-life excluding health	R0290 13.633.391
Health similar to non-life	R0300 445.083
Life and health similar to life, excluding health and index-linked and unit-linked	R0310 0
Health similar to life	R0320 0
Life excluding health and index-linked and unit-linked	R0330 0
Life index-linked and unit-linked	R0340 0
Deposits to cedants	R0350 0
Insurance and intermediaries receivables	R0360 10.706.379
Reinsurance receivables	R0370 514.491
Receivables (trade, not insurance)	R0380 7.036.626
Own shares (held directly)	R0390 0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400 0
Cash and cash equivalents	R0410 10.995.571
Any other assets, not elsewhere shown	R0420 427.433
<b>Total assets</b>	<b>R0500 149.793.083</b>

	Solvency II value
	C0010
<b>Liabilities</b>	
Technical provisions – non-life	<b>R0510</b> 68.751.851
Technical provisions – non-life (excluding health)	<b>R0520</b> 67.731.365
TP calculated as a whole	<b>R0530</b> 0
Best Estimate	<b>R0540</b> 64.707.641
Risk margin	<b>R0550</b> 3.023.724
Technical provisions - health (similar to non-life)	<b>R0560</b> 1.020.487
TP calculated as a whole	<b>R0570</b> 0
Best Estimate	<b>R0580</b> 980.386
Risk margin	<b>R0590</b> 40.101
Technical provisions - life (excluding index-linked and unit-linked)	<b>R0600</b> 0
Technical provisions - health (similar to life)	<b>R0610</b> 0
TP calculated as a whole	<b>R0620</b> 0
Best Estimate	<b>R0630</b> 0
Risk margin	<b>R0640</b> 0
Technical provisions – life (excluding health and index-linked and unit-linked)	<b>R0650</b> 0
TP calculated as a whole	<b>R0660</b> 0
Best Estimate	<b>R0670</b> 0
Risk margin	<b>R0680</b> 0
Technical provisions – index-linked and unit-linked	<b>R0690</b> 0
TP calculated as a whole	<b>R0700</b> 0
Best Estimate	<b>R0710</b> 0
Risk margin	<b>R0720</b> 0
Contingent liabilities	<b>R0740</b> 0
Provisions other than technical provisions	<b>R0750</b> 0
Pension benefit obligations	<b>R0760</b> 0
Deposits from reinsurers	<b>R0770</b> 0
Deferred tax liabilities	<b>R0780</b> 1.067.578
Derivatives	<b>R0790</b> 26.421
Debts owed to credit institutions	<b>R0800</b> 0
Financial liabilities other than debts owed to credit institutions	<b>R0810</b> 0
Insurance & intermediaries payables	<b>R0820</b> 0
Reinsurance payables	<b>R0830</b> 4.858.568
Payables (trade, not insurance)	<b>R0840</b> 15.327.438
Subordinated liabilities	<b>R0850</b> 0
Subordinated liabilities not in BOF	<b>R0860</b> 0
Subordinated liabilities in BOF	<b>R0870</b> 0
Any other liabilities, not elsewhere shown	<b>R0880</b> 0
<b>Total liabilities</b>	<b>R0900</b> 90.031.855
<b>Excess of assets over liabilities</b>	<b>R1000</b> 59.761.228

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)								
		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
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
<b>Premiums written</b>										
Gross - Direct Business	R0110	1.398.786	0	0	20.071.859	7.423.838	606.189	21.000.965	9.367.861	87.315
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	352.493	0	0	861.628	318.684	77.250	13.449.788	3.102.544	58.537
Net	R0200	1.046.293	0	0	19.210.231	7.105.154	528.939	7.551.176	6.265.317	28.778
<b>Premiums earned</b>										
Gross - Direct Business	R0210	1.387.318	0	0	19.660.742	7.271.781	617.426	20.517.190	8.896.931	84.827
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	364.213	0	0	855.240	316.322	79.621	13.029.081	2.837.574	56.730
Net	R0300	1.023.105	0	0	18.805.502	6.955.459	537.805	7.488.109	6.059.357	28.097
<b>Claims incurred</b>										
Gross - Direct Business	R0310	598.465	0	0	13.643.022	720.278	46.178	3.821.655	1.187.461	-36.311
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	453.970	0	0	235.194	14.202	-533	1.761.854	234.746	-5.008
Net	R0400	144.495	0	0	13.407.828	706.075	46.710	2.059.801	952.714	-31.303
<b>Changes in other technical provisions</b>										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0
<b>Expenses incurred</b>	R0550	502.765	0	0	8.819.665	3.262.068	161.751	4.030.491	2.018.513	7.296
<b>Other expenses</b>	R1200									
<b>Total expenses</b>	R1300									

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	
<b>Premiums written</b>									
Gross - Direct Business	R0110	0	0	1.320.452					61.277.266
Gross - Proportional reinsurance accepted	R0120	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0	0
Reinsurers' share	R0140	0	0	1.158.634	0	0	0	0	19.379.560
Net	R0200	0	0	161.818	0	0	0	0	41.897.706
<b>Premiums earned</b>									
Gross - Direct Business	R0210	0	0	1.157.555					59.593.770
Gross - Proportional reinsurance accepted	R0220	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	0
Reinsurers' share	R0240	0	0	997.160	0	0	0	0	18.535.941
Net	R0300	0	0	160.395	0	0	0	0	41.057.830
<b>Claims incurred</b>									
Gross - Direct Business	R0310	0	0	1.775.778					21.756.525
Gross - Proportional reinsurance accepted	R0320	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0	0
Reinsurers' share	R0340	0	0	1.720.053	0	0	0	0	4.414.478
Net	R0400	0	0	55.726	0	0	0	0	17.342.047
<b>Changes in other technical provisions</b>									
Gross - Direct Business	R0410	0	0	0					0
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non- proportional reinsurance accepted	R0430				0	0	0	0	0
Reinsurers'share	R0440	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0
<b>Expenses incurred</b>	R0550	0	0	-98.396	0	0	0	0	18.704.152
<b>Other expenses</b>	R1200								0
<b>Total expenses</b>	R1300								18.704.152



**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
	<b>R0010</b>							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
<b>Premiums written</b>								
Gross - Direct Business	<b>R0110</b>	61.277.266						61.277.266
Gross - Proportional reinsurance accepted	<b>R0120</b>	0						0
Gross - Non-proportional reinsurance accepted	<b>R0130</b>	0						0
Reinsurers' share	<b>R0140</b>	19.379.560						19.379.560
Net	<b>R0200</b>	41.897.706						41.897.706
<b>Premiums earned</b>								
Gross - Direct Business	<b>R0210</b>	59.593.770						59.593.770
Gross - Proportional reinsurance accepted	<b>R0220</b>	0						0
Gross - Non-proportional reinsurance accepted	<b>R0230</b>	0						0
Reinsurers' share	<b>R0240</b>	18.535.941						18.535.941
Net	<b>R0300</b>	41.057.830						41.057.830
<b>Claims incurred</b>								
Gross - Direct Business	<b>R0310</b>	21.756.525						21.756.525
Gross - Proportional reinsurance accepted	<b>R0320</b>	0						0
Gross - Non-proportional reinsurance accepted	<b>R0330</b>	0						0
Reinsurers' share	<b>R0340</b>	4.414.478						4.414.478
Net	<b>R0400</b>	17.342.047						17.342.047
<b>Changes in other technical provisions</b>								
Gross - Direct Business	<b>R0410</b>	0						0
Gross - Proportional reinsurance accepted	<b>R0420</b>	0						0
Gross - Non- proportional reinsurance accepted	<b>R0430</b>	0						0
Reinsurers' share	<b>R0440</b>	0						0
Net	<b>R0500</b>	0						0
<b>Expenses incurred</b>	<b>R0550</b>	18.704.152						18.704.152
<b>Other expenses</b>	<b>R1200</b>							0
<b>Total expenses</b>	<b>R1300</b>							18.704.152

**S.17.01.02**  
**Non-life Technical Provisions**

**Technical provisions calculated as a whole**  
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

**Technical provisions calculated as a sum of BE and RM**

**Best estimate**  
Premium provisions  
Gross  
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
Net Best Estimate of Premium Provisions

**Claims provisions**  
Gross  
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
Net Best Estimate of Claims Provisions

**Total Best estimate - gross**

**Total Best estimate - net**

**Risk margin**

**Amount of the transitional on Technical Provisions**  
Technical Provisions calculated as a whole  
Best estimate  
Risk margin

**Technical provisions - total**  
Technical provisions - total  
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total  
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

Direct business and accepted 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
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
<b>R0010</b>	0			0	0	0	0	0	0
<b>R0050</b>	0			0	0	0	0	0	0
<b>R0060</b>	340.590			6.181.047	1.988.789	85.233	3.748.303	1.977.495	34.936
<b>R0140</b>	30.093			54.643	83.971	457	2.521.003	387.716	34.138
<b>R0150</b>	310.496			6.126.404	1.904.818	84.775	1.227.300	1.589.779	797
<b>R0160</b>	639.796			21.048.468	1.512.228	268.189	7.471.548	18.050.552	248.909
<b>R0240</b>	414.989			1.664.221	30.468	17.176	4.649.383	1.922.319	129.162
<b>R0250</b>	224.807			19.384.247	1.481.760	251.013	2.822.165	16.128.233	119.747
<b>R0260</b>	980.386			27.229.515	3.501.016	353.422	11.219.851	20.028.047	283.845
<b>R0270</b>	535.303			25.510.651	3.386.577	335.789	4.049.465	17.718.012	120.544
<b>R0280</b>	40.101			1.105.871	253.875	36.420	659.757	862.570	14.074
<b>R0290</b>									
<b>R0300</b>									
<b>R0310</b>									
<b>R0320</b>	1.020.487			28.335.386	3.754.891	389.842	11.879.608	20.890.617	297.919
<b>R0330</b>	445.083			1.718.864	114.439	17.633	7.170.387	2.310.035	163.301
<b>R0340</b>	575.404			26.616.522	3.640.452	372.209	4.709.222	18.580.582	134.618

**Technical provisions calculated as a whole**  
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

**Technical provisions calculated as a sum of BE and RM**

**Best estimate**  
 Premium provisions  
 Gross  
 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
 Net Best Estimate of Premium Provisions

**Claims provisions**  
 Gross  
 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
 Net Best Estimate of Claims Provisions

**Total Best estimate - gross**  
**Total Best estimate - net**

**Risk margin**

**Amount of the transitional on Technical Provisions**  
 Technical Provisions calculated as a whole  
 Best estimate  
 Risk margin

**Technical provisions - total**  
 Technical provisions - total  
 Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total  
 Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
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	
C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010		0					0
R0050		0					0
R0060		275.719					14.632.111
R0140		395.897					3.507.918
R0150		-120.178					11.124.193
R0160		1.816.225					51.055.915
R0240		1.742.837					10.570.556
R0250		73.389					40.485.360
R0260		2.091.944					65.688.027
R0270		-46.789					51.609.552
R0280		91.157					3.063.825
R0290							
R0300							
R0310							
R0320		2.183.102					68.751.851
R0330		2.138.733					14.078.474
R0340		44.368					54.673.377

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	<b>Z0010</b>	1
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Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year											In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +			
Prior	<b>R0100</b>												<b>C0170</b>	<b>C0180</b>
N-9	<b>R0160</b>	12.356.028	5.604.994	1.558.965	793.293	753.883	77.022	3.921.088	713.817	261.380	476.917	<b>R0100</b>	924.768	924.768
N-8	<b>R0170</b>	9.798.317	5.671.381	1.195.921	728.264	161.922	127.660	88.627	68.878	145.799		<b>R0160</b>	476.917	26.517.388
N-7	<b>R0180</b>	10.894.197	8.222.356	3.168.840	378.822	247.474	316.290	259.570	22.204			<b>R0170</b>	145.799	17.986.769
N-6	<b>R0190</b>	10.414.443	4.274.023	1.011.680	757.760	319.320	79.494	278.716				<b>R0180</b>	22.204	23.509.753
N-5	<b>R0200</b>	10.152.714	5.091.327	1.978.467	832.997	215.858	231.004					<b>R0190</b>	278.716	17.135.436
N-4	<b>R0210</b>	9.739.728	5.907.719	922.562	877.873	198.145						<b>R0200</b>	231.004	18.502.367
N-3	<b>R0220</b>	12.241.457	6.303.549	1.275.380	1.165.041							<b>R0210</b>	198.145	17.646.026
N-2	<b>R0230</b>	11.299.931	6.796.088	1.339.287								<b>R0220</b>	1.165.041	20.985.426
N-1	<b>R0240</b>	8.645.750	6.065.543									<b>R0230</b>	1.339.287	19.435.306
N	<b>R0250</b>	9.596.345										<b>R0240</b>	6.065.543	14.711.293
<b>Total</b>	<b>R0260</b>											<b>R0250</b>	9.596.345	9.596.345
												<b>R0260</b>	20.443.769	186.950.877



**Gross undiscounted Best Estimate Claims**

**Provisions**

(absolute amount)

	Year	Development year										Year end (discounted data)		
		0	1	2	3	4	5	6	7	8	9	10 & +	C0360	
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		
Prior	R0100											6.133.630	R0100	6.245.996
N-9	R0160					3.555.500	3.504.586	3.065.885	2.310.922	2.054.327	1.434.114		R0160	1.442.847
N-8	R0170				3.323.842	2.044.330	1.761.739	1.659.351	1.578.216	1.290.350			R0170	1.299.169
N-7	R0180			5.325.423	3.675.097	2.668.468	2.363.511	2.099.194	2.080.539				R0180	2.093.841
N-6	R0190		7.507.810	6.088.961	4.997.723	4.119.597	3.571.458	3.274.126					R0190	3.295.263
N-5	R0200	14.208.759	8.537.905	6.235.677	4.997.194	4.278.488	3.958.097						R0200	3.982.458
N-4	R0210	16.496.242	5.800.850	3.965.569	2.887.558	2.488.232							R0210	2.502.045
N-3	R0220	17.163.583	7.437.694	5.260.791	3.660.299								R0220	3.679.764
N-2	R0230	15.406.886	7.232.467	4.845.639									R0230	4.868.804
N-1	R0240	13.451.676	6.262.061										R0240	6.295.439
	R0250	15.270.348											R0250	15.350.292
	<b>Total</b>												R0260	51.055.915

**S.23.01.01**
**Own funds**
**Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35**

Ordinary share capital (gross of own shares)	R0010	13.691.970	13.691.970		
Share premium account related to ordinary share capital	R0030	21.988.030	21.988.030		
Initial 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	23.814.849	23.814.849		
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160	266.378			266.378
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	0			
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**Deductions**

Deductions for participations in financial and credit institutions	R0230				
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**Total basic own funds after deductions**

	R0290	59.761.228	59.494.849		266.378
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**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**
**Available and eligible own funds**

Total available own funds to meet the SCR	R0500	59.761.228	59.494.849		266.378
Total available own funds to meet the MCR	R0510	59.494.849	59.494.849		
Total eligible own funds to meet the SCR	R0540	59.761.228	59.494.849	0	266.378
Total eligible own funds to meet the MCR	R0550	59.494.849	59.494.849	0	

**SCR**
**MCR**
**Ratio of Eligible own funds to SCR**
**Ratio of Eligible own funds to MCR**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	13.691.970	13.691.970			
R0030	21.988.030	21.988.030			
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	23.814.849	23.814.849			
R0140					
R0160	266.378				266.378
R0180					
R0220	0				
R0230					
R0290	59.761.228	59.494.849			266.378
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	59.761.228	59.494.849			266.378
R0510	59.494.849	59.494.849			
R0540	59.761.228	59.494.849	0	0	266.378
R0550	59.494.849	59.494.849	0	0	
R0580	21.944.888				
R0600	8.581.049				
R0620	272%				
R0640	693%				

**Reconciliation reserve**

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds

**Reconciliation reserve**
**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non- life business

**Total Expected profits included in future premiums (EPIFP)**

	C0060	
<b>R0700</b>	59.761.228	
<b>R0710</b>		
<b>R0720</b>		
<b>R0730</b>	35.946.378	
<b>R0740</b>	0	
<b>R0760</b>	23.814.849	
<b>R0770</b>	0	
<b>R0780</b>	0	
<b>R0790</b>	0	

**S.25.01.21**

**Solvency Capital Requirement - for undertakings on Standard Formula**

Market risk  
 Counterparty default risk  
 Life underwriting risk  
 Health underwriting risk  
 Non-life underwriting risk  
 Diversification  
 Intangible asset risk  
**Basic Solvency Capital Requirement**

**Calculation of Solvency Capital Requirement**

Operational risk  
 Loss-absorbing capacity of technical provisions  
 Loss-absorbing capacity of deferred taxes  
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

**Solvency capital requirement excluding capital add-on**

Capital add-on already set

**Solvency capital requirement**

**Other information on SCR**

Capital requirement for duration-based equity risk sub-module  
 Total amount of Notional Solvency Capital Requirement for remaining part  
 Total amount of Notional Solvency Capital Requirements for ring fenced funds  
 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios  
 Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0100
<b>R0010</b>	6.746.631		
<b>R0020</b>	6.241.443		
<b>R0030</b>	0	None	
<b>R0040</b>	240.609	None	
<b>R0050</b>	16.405.825	None	
<b>R0060</b>	-6.525.277		
<b>R0070</b>	0		
<b>R0100</b>	23.109.231		
	<b>C0100</b>		
<b>R0130</b>	1.970.641		
<b>R0140</b>	0		
<b>R0150</b>	-3.134.984		
<b>R0160</b>	0		
<b>R0200</b>	21.944.888		
<b>R0210</b>	0		
<b>R0220</b>	21.944.888		
<b>R0400</b>	0		
<b>R0410</b>	0		
<b>R0420</b>	0		
<b>R0430</b>	0		
<b>R0440</b>	0		



## Annex I

## S.28.01.01

**Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity**
**Linear formula component for non-life insurance and reinsurance obligations**

MCR <sub>NL</sub> Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010	8.581.049		
Medical expense insurance and proportional reinsurance	R0020	535.303	535.303	10.046.293
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050	25.510.651	25.510.651	19.210.231
Other motor insurance and proportional reinsurance	R0060	3.386.577	3.386.577	7.105.154
Marine, aviation and transport insurance and proportional reinsurance	R0070	335.789	335.789	528.939
Fire and other damage to property insurance and proportional reinsurance	R0080	4.049.46	4.049.46	7.551.176
General liability insurance and proportional reinsurance	R0090	17.718.012	17.718.012	6.265.317
Credit and suretyship insurance and proportional reinsurance	R0100	120.544	120.544	28.778
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0	161.818
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

**Linear formula component for life insurance and reinsurance obligations**

MCR <sub>L</sub> Result	C0040		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	R0200	0		
Obligations with profit participation - guaranteed benefits	R0210	0	0	
Obligations with profit participation - future discretionary benefits	R0220	0	0	
Index-linked and unit-linked insurance obligations	R0230	0	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	0	
Total capital at risk for all life (re)insurance obligations	R0250			0

**Overall MCR calculation**

	C0070	
Linear MCR	R0300	8.581.049
SCR	R0310	21.944.888
MCR cap	R0320	9.875.200
MCR floor	R0330	5.486.222
Combined MCR	R0340	8.581.049
Absolute floor of the MCR	R0350	3.700.000
<b>Minimum Capital Requirement</b>	R0400	8.581.049

The numbers presented in QRTs are rounded to the nearest integer.

