Eurolife ERB Life Insurance S.A.

Annual Financial Report

For the year ended

31 December 2019

The information contained in these Financial Statements has been translated from the original Financial Statements that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Financial Statements, the Greek language Financial Statements will prevail over this document

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BOARD OF DIRECTORS' REPORT of Eurolife ERB Life Insurance S.A.

The Board of Directors presents their report together with the Annual Financial Statements for the year ended 31 December 2019.

Developments in the Greek Insurance Market during 2019

During the year 2019, the Greek economy resumes with a real accelerating growth showing a growth rate of 1,9% according to the Hellenic Statistical Authority (ELSTAT). Consumer confidence and overall economic climate are reinforced, whereas the cost of financing is de-escalating in the public and, gradually, in the private sector as well. Important activities, such as tourism, continue to have a positive contribution to the economic qrowth, while others, such as construction, are recovering from years of dormancy. Exports are still positive despite the relative slowdown in the international economy.

2019 was a positive year for the Greek insurance market as, after several years, there was an increase in insurance premium production of approximately 9%, exceeding €4 billion in total. This has boosted optimism about the future of private insurance in Greece as it turns out that citizens understand the value of insurance and gradually place it higher in their priorities.

All of the aforementioned conditions contributed to a favorable economic environment at the beginning of the current year while the growth rate was estimated to show further increase within the year 2020. However, this specific expectation overturned by the recent outbreak of the Coronavirus (Covid-19) initially in China and eventually in almost all of the world. At this point, it is difficult to accurately estimate the consequences of the economic activity slowdown caused by the virus' outbreak, but they will most certainly depend on the duration of the outbreak, which is now described as a pandemic.

In the Greek insurance market, according to available data[1], total insurance premium production amounted to €4.073,0 mil. in 2019 (2018: €3.918,9[1] mil.), out of which €2.096,8 mil. is attributed to general insurance business and €1.976,2 mil. to life insurance business. Compared to 2018, insurance premium production increased by about 8,7% in 2019 (2018: 1,8%) and, more specifically, the non-life insurance premiums increased by 2,0% (2018: 3,9%) and life insurance premiums by 16,9% (2018: decrease by 0,5%). Regarding the non-life insurance business, the non-motor lines of business recorded an increase of 4,7% compared to 2018, while the motor insurance business, recorded decrease of 2,5%. Regarding life insurance lines of business, life insurance policies linked with investments (unit-linked products) and deposit administration funds products grew by 15,1% and 31,8% respectively while the traditional life insurance products grew by 15,1%.

The following table presents the insurance premium production of the Greek market[1] per insurance line of business for the year 2019 and the respective variations compared to the year 2018.

Insurance premiums of the Greek market	**2019**	**%**	**Change % compared to 2018**
(amounts in € mil.)			
Life traditional	1.477	36%	15,1%
Life insurance linked to investments (Unit-linked)	257	6%	15,1%
Management of group pension funds	242	6%	31,8%
Motor vehicle liability	750	18%	-2,5%
Other non-life	1.347	34%	4,7%
Total gross written premiums	**4.073**	**100%**	**8,7%**

For yet another year, the Greek insurance market strengthened its capital adequacy. Equity of Greek insurance entities has more than doubled since 2012, overcoming €3,4 billion Moreover, significant progress has been made both in terms of corporate governance and in enhancement of transparency towards consumers.

[1] According to the premium production published by the Hellenic Association of Insurance companies ("H.A.I.C"), that includes information only for the insurance companies that are members of H.A.I.C (http:// www1.eaee.gr/paragogi-asfalistron)

In addition, the adoption of two new financial reporting standards, IFRS 17 "Insurance Contracts" (IFRS 17) and IFRS 9 "Financial Instruments" (IFRS 9) effective by 01/01/2023, will play a major role. In particular, the transition to IFRS 17 will be one of the most significant changes of the last 20 years for insurance companies, as a total revision of financial statements is required. Given the magnitude of the change, businesses are already assessing the impact of the adoption of IFRS 9 and IFRS 17 in their financial results, while at the same time they are examining both personnel and infrastructure issues in order to be able to support these new standards.

Requirements differ significantly from the existing, with direct impact on the following:

- Change in the recognition of profitability.
- Increase in the complexity of valuation methods and assumptions.
- Increase in the volume of data required.

Changes to the standard are expected to affect the Company as a whole and the impact will need to be disclosed to a wide range of internal and external stakeholders.

Financial Results Review

2019 was another successful year for Eurolife ERB Life Insurance S.A. (the "Company"), since the profitability level maintained at a high level for yet another year and further strengthening of the capital position was accomplished. Company's profit before tax amounted to €100,3 mil. in 2019 compared to €168,9 mil. in 2018.

The high performance for another year shows that the Company has the right strategic planning, passion and management team which, combined with the valuable expertise of the Fairfax International Investment Group (Fairfax Group), create strong growth prospects for the future.

Financial Figures of the Company

Key Financial Figures

	2019	2018
(amounts in € mil.)		
Gross written premiums *(IFRS)*	430,7	366,9
Gross earned premiums *(IFRS)*	429,8	366,3
Total Investment Income[1]	163,7	215,7
Total Investment Income[1] *(excluding Unit-Linked)*	141,5	216,6
Administrative Expenses *(excluding interest & other investment expenses)*	(19,0)	(18,9)
Profit Before Tax	100,3	168,9
Income Tax	(24,7)	(56,1)
Profit for the year	75,6	112,7
Total Assets	3.114,1	2.599,0
Equity *(IFRS)*	641,6	360,0
Technical Reserves, Other Insurance Provisions and Liabilities for Unit-Linked products [2]	2.306,5	2.126,9
Number of Employees at 31 December	162	148

[1] Total investment income is the sum of the Income Statement lines: Investment income, Realised gains/(losses), Fair value gains/(losses), Gains/(Losses) from joint ventures, Gains/(Losses) from derivatives.

[2] Technical Reserves, Other Insurance Provisions and Liabilities for Unit-Linked products include the Mathematical reserves, other insurance provisions and liabilities for investment and insurance Unit-Linked products.

Financial Ratios

(amounts in € mil.)	2019	2018
Return on equity after tax (ROE)	15,1%	27,4%
Return on assets before tax (ROA)	3,5%	6,5%
Profit margin before tax	23,3%	46,0%
Annualized premium equivalent (APE) (amounts in € mil.)	202,6	174,1
Administrative expense ratio	9,4%	10,9 %
Acquisition costs ratio	6,3%	5,4%

Financial Ratios Glossary

Return on equity after tax (ROE): Profit for the year divided by the average net assets of the year.

Return on assets before tax (ROA): Profit for the year before tax divided by the average total assets of the year.

Profit margin before tax: Profit before tax divided by the gross written premiums.

Annualized Premium Equivalent (APE): Calculated as the total life and non-life statutory gross written premium for periodic premium products plus 10% of statutory gross written premium for the single premium products.

Administrative expense ratio: Administrative expenses excluding interest and other related expenses divided by the annualized premium equivalent.

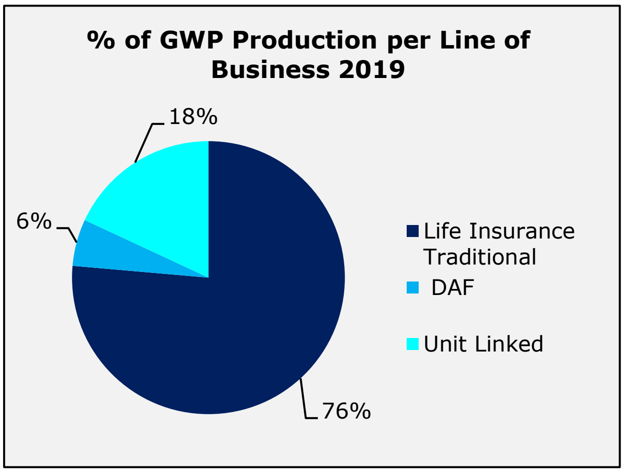
Acquisition costs ratio: Acquisition Expenses of the year divided by the gross earned premiums.

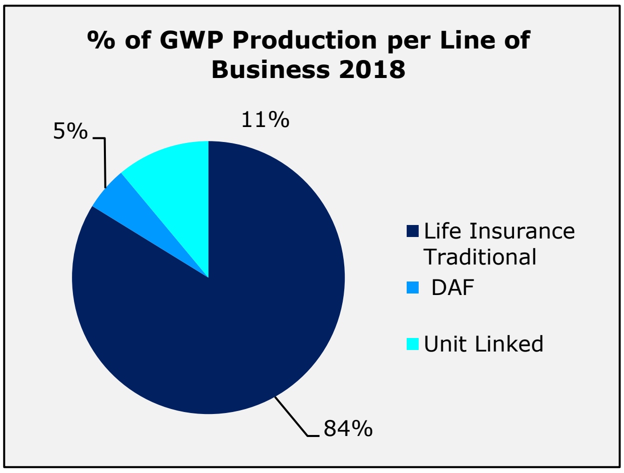
Gross written premiums

In 2019, the Company's total insurance premium production reached € 430,7 mil., showing an increase of 17,4% compared to 2018 (2018: decrease of 7,4%), having maintained the growth potential developed in the previous years as a new member of the Fairfax Group.

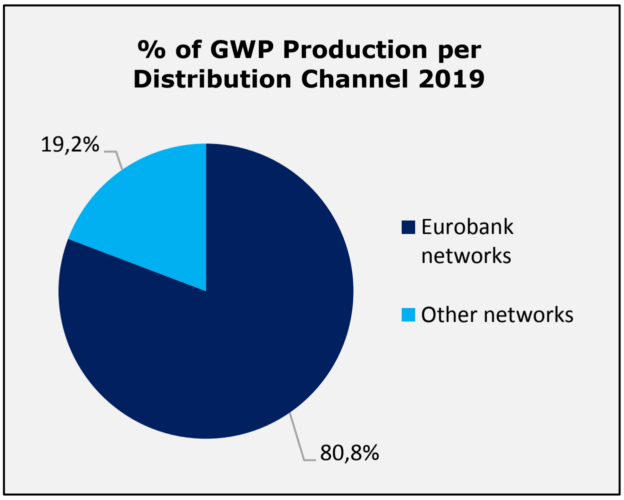
In terms of market shares the company accounted for 21,8%[1] of the total market in 2019, confirming the Company's leading position and its growth prospects.

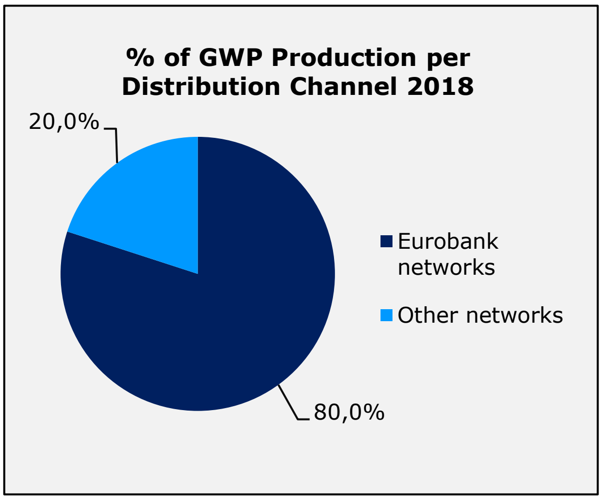
The following diagrams present the gross written premium production per line of business and per distribution channel for the year 2019 and 2018 respectively:





1 Based on the premium production published by the Hellenic Association of Insurance Companies ("HAIC"), which includes data only for insurance companies that are members of HAIC. (http:// www1.eaee.gr/paragogi-asfalistron)





Total Investment Income

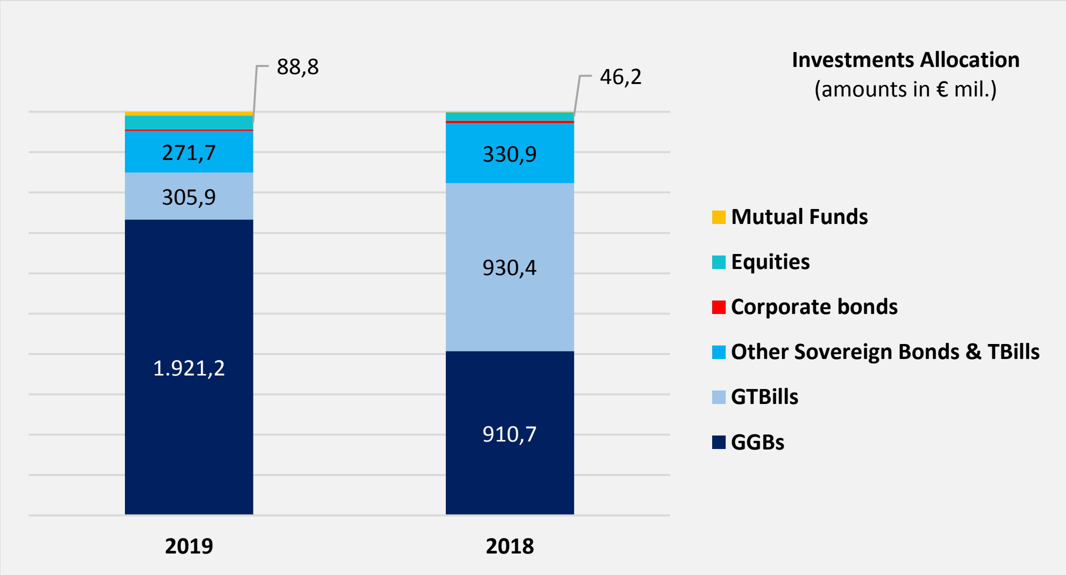
In 2019, the total investment income of the Company amounted to €163,7 mil. compared to €215,7 mil. in the previous year, presenting a decrease of 24,1%

The following tables present the analysis of the total investment income per asset class for the year 2019 and 2018, respectively:

31 December 2019 (amounts in € thousand)	Investment Income	Realised gains / (losses)	Fair value gains / (losses)	Total
Bonds	66.522	59.202	2.167	127.891
Equities	1.175	11.032	71	12.279
Mutual Funds	1	60	-	61
Deposits	1.193	-	-	1.193
Other	46	-	-	46
Total Investment Income (excluding Unit-Linked)	**68.939**	**70.293**	**2.238**	**141.470**
Unit-Linked	-	4.948	17.331	22.280
Total Investment Income	**68.939**	**75.242**	**19.569**	**163.750**

31 December 2018 (amounts in € thousand)	Investment Income	Realised gains / (losses)	Fair value gains / (losses)	Total
Bonds	65.920	147.321	767	214.009
Equities	1.620	-	(92)	1.527
Mutual Funds	-	-	-	-
Deposits	1.001	-	-	1.001
Other	34	-	-	34
Total Investment Income (excluding Unit-Linked)	**68.575**	**147.321**	**675**	**216.571**
Unit-Linked	-	397	(1.262)	(865)
Total Investment Income	**68.575**	**147.718**	**(587)**	**215.706**

The allocation of the Company's investment portfolios per asset class at 31 December 2019 and 31 December 2018 is as follows:



* *Mutual Funds: 2019: €24,5 mil. (2018: 2,6 mil.)*
** *Corporate Bonds: 2019: €10,4 mil. (2018: 15,6 mil.)*

Financial Results

Profit before tax amounted to €100,3 mil. in 2019, showing a decrease of 40,6% compared to 2018 (2018: €168,9 mil.). The decrease is mainly attributed to the increased realized gains recorded in 2018 due to the sale of Greek Government Bonds.

Moreover, the acquisition costs ratio amounted to 6,3% (2018: 5,6%).

Share capital – Equity – Main shareholders

The Company's share capital amounts to €29.134 thousand, divided into 843.000 ordinary shares with voting rights, each having a nominal value of €34,56. The total number of ordinary shares has been issued and the share capital is fully paid up. The Company is a subsidiary of Eurolife ERB Insurance Group Holdings S.A which holds 100% of its share capital.

On 22 December 2015, an agreement was reached between Eurobank Ergasias S.A. ("Eurobank") and Fairfax Financial Holdings Limited to sell 80% of Eurobank's participation in Eurolife ERB Insurance Group Holdings S.A. (the "Transaction"), following a competitive bidding process involving international investors. On 4 August 2016, after having acquired all required approvals by the supervisory and regulatory authorities, the transaction was completed with the sale of 80% of the share capital of Eurolife ERB Insurance Group Holdings S.A. to Costa Luxembourg Holding S.à r.l. which is based in Luxembourg.

Following the completion of the Transaction, the control of Eurolife ERB Insurance Group Holdings S.A. passed to Costa Luxembourg Holding S.à r.l., which is jointly controlled by Colonnade Finance S.à.r.l, a member of the Fairfax Financial Holdings Limited Group, and OPG Commercial Holdings (Lux) S.à.r.l.. The remaining 20% of the share capital was held by Eurobank Ergasias S.A. until the 20th of March 2020. On the 20th of March 2020, the Ministry of Development and Investments approved the demerger of Eurobank Ergasias S.A. ("Demerged Entity" or "Eurobank"), through sector's hive down and the establishment of a new company-credit institution under the corporate name "Eurobank S.A." (the "Beneficiary"). According to the Demerger Deed, the participation of the Demerged Entity in the Company is included in the transferred assets of the Beneficiary.

Equity of company for the year ended 31 December 2019 is €641,6 mil compared to €360,0 mil in 2018.

Dividend Distribution

On 23 April 2019, the Ordinary General Meeting of the Company's shareholders approved the distribution of the temporary dividend decided on 16 October 2018 of amount € 834 thousand. The distribution of the dividend resulted from the profits of the year ended 31 December 2018. The amount was paid to the shareholder in two instalments on 25 April 2019 and 22 May 2019.

On 23 September 2019, Company's Board of Directors approved a dividend distribution of €25.000 thousand to its shareholder Eurolife ERB Insurance Group Holdings S.A. The dividend was paid to the shareholder on 18 December 2019.

Subsidiaries

During 2019 the Company's subsidiary in Romania, Eurolife ERB Asigurari De Viata S.A, which started operating in 2007 and sells its insurance products through bancassurance, recognised insurance premiums of €3,7 million (2018: €5,0 million). Profit before tax for in the current year amounted to €440 thousand (2018: €840 thousand). The respective profit after tax amounted to €380 thousand (2018: €761 thousand).

In 2015 the Company acquired 100% of the share capital of the company "Diethnis Ktimatiki S.A". Diethnis Ktimatiki S.A is a real estate company and owns the building in 33-35 Panepistimiou Street and Korai Street, in Athens, where the Company's offices are located. Profit before tax for the year ended 31 December 2019 amounted to €757 thousand (2018:€ 749 thousand), whereas profit after tax was €519 thousand (2018: €502 thousand).

Investment in Joint Venture

On 19 February 2017, the Company participated as strategic investor in the share capital increase of Grivalia Hospitality S.A ("GH"), headquartered in Luxemburg. GH was established from Grivalia Properties REIC ("Grivalia") on 26 June 2015 with initial paid capital of €2mil. The objective of GH is the acquisition, development and management of hospitality real estate mainly in Greece.

More specifically, the share capital of GH increased by €58mil, €30mil out of which were paid by the Company, while the remaining €28mil were paid by Grivalia. Following the completion of the share capital increase, the share capital of GH amounts to €60 mil with an equal participation by the two shareholders.

On the same date, a relative agreement between the two shareholders was signed, which requires unanimous consent for all important decisions.

On July 27 2017, it was announced that a fund ("the New Investor") managed by the investment firm M&G Investment Management Limited, established in London, will participate in the share capital of GH through a share capital increase of €60 mil that was fully covered by the New Investor.

At completion of the transaction, the total share capital of GH amounts to €120 mil., divided into 120.000.000 shares of (amount in €) €1 per share, out of which, 25% are owned by Grivalia, 25% by the company and 50% by the New Investor.

On July 25 2018, the Company participated in the new share capital increase of GH of €60 mil. The increase was fully covered by GH's existing shareholders in proportion to their share capital. Of the €60mil, €15 mil were paid by Grivalia, €15mil were paid by the Company and €30 mil by the New Investor. Following this share capital increase, the paid in share capital of GH amounts to €180 mil to be used for the implementation of its investment plan.

Furthermore, it is noted that on 17 May 2019 the Ministry of Economy and Development approved the merger by absorption of Grivalia Properties by Eurobank and therefore from this date onwards the share of Grivalia Properties belongs to Eurobank.

The Company assessed the nature of the investment and considering that the three shareholders make all important decisions unanimously, concluded that all the conditions were met for the investment to be classified as a 'joint venture' and therefore to be accounted at cost less any impairment losses.

The total assets and labilities of the GH Group as at 31 December 2019 amount to €338.522 thousand (2018: €338.528 thousand) and €110.145 thousand (2018: €100.163 thousand), respectively. The equity of the GH Group net of the non-controlling interests amounts to €187.038 thousand (2018: €191.316 thousand).

The most significant assets of the GH Group include the own-use tangible assets which at 31 December 2019 amount to €135.813 thousand (2018: €137.316 thousand), the investment properties amount to €129.545 thousand (2018: €114.162 thousand) and its bank deposits amounting to €20.723 thousand (2018: €48.823 thousand).

Management of insurance and financial risks

Risk Management Framework

The existence of an effective risk management framework is considered by the Company a key factor for risk limitation and protection for both policyholders and shareholders. The practices and methodologies applied enhance the framework and contribute to the adoption of the supervisory authorities’ requirements.

The financial risk management framework is reviewed and continuously evolving, taking into consideration the Company’s experience, the market dynamics and its harmonization with the regulatory requirements. In this context, a Risk, Asset-Liability & Investment Management Committee has been established overseeing and leading all risk management activities of the Company in close cooperation with the Risk Management General Division.

The Risk Management system includes the governance system, the strategy that determines the risk appetite as well as the management framework supported by the methodology and the procedures about risk identification, measurement, monitoring, controlling and reporting. The risk management framework is applied by all the organizational units of the Company which fall into the 1st line of defense, the Risk Management Function, the Actuarial Function and the Function of Regulatory Compliance which fall into the 2nd line of defense as well as the Internal Audit Division which falls into the 3rd line of defense.

The Company is exposed mostly to the following types of risks: underwriting & reserving (insurance) risk, market risk, credit risk, liquidity risk, operational risk, concentration risk, strategic risk and reputational risk.

A. Insurance Risk

Insurance risk is the risk under insurance contracts related to the possibility that the insured event occurs as well as the uncertainty surrounding the resulting claim. Insurance risk manifests in the Company’s portfolio, which consists of protection and saving product categories (both individual life and company-pension business).

The Key Life Underwriting and Reserve (Insurance) risks that the Life Companies of the Company is exposed to (through the traditional Life products and DAF contracts), are set out below:

Mortality risk refers to the risk that the Company has to pay more mortality benefits than expected (as assumed in the pricing process of the product).

Longevity risk relates to future claims and benefit payments which may be different from the actual benefit payments that will become due in the future, if policyholders live longer than expected.

Lapse/cancellation risk arises from the uncertainty related to the behavior of policyholders. The long-term life insurance contracts are also significantly affected by the policyholder’s right to pay reduced future premiums and/or terminate the contract (where these rights are part of the contract terms). Policyholder behaviors can be affected by many factors external to business operations such as economic and financial market conditions.

Morbidity/disability risk refers to the risk that the Company has to pay more disability or morbidity benefits (due to disability, sickness or medical inflation) than expected as a result of increasing frequency and severity of the claims.

Expense risk arises from the fact that the timing and / or the amount of expenses incurred differs from those expected at the timing of pricing.

Catastrophe risk is realized when a low frequency, high severity event leads to a significant deviation in actual benefits and payments from the total expected. Unpredictable events may affect multiple insured risks. The extent of losses from catastrophic events is a function of the frequency and severity of each individual event. Both frequency and severity are inherently unpredictable.

Assessment and risk mitigation techniques used for insurance risks

Proper pricing, underwriting process, reinsurance, claims management, and diversification are the main risk mitigating actions for insurance risks. By offering a range of different insurance products with various product benefits and maturities, the Company reduces the likelihood that a single risk event will have a material impact on the Company’s financial condition.

The Company, in order to monitor underwriting risk, reviews its assumptions made in product pricing and profit testing process for mortality, investment returns and administration expenses, using statistical and actuarial methods. It also combines these with additional assumptions using parameters such as lapse rate, option of lump sum pension (for pension coverage) to perform liability adequacy tests.

Moreover, the Company's reinsurance arrangements serve to limit its overall risk exposure as well as to reduce the volatility of its claims and safeguard underwriting result.

B. Market Risk

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

The key market risks the Company is exposed to, are set out below:

Interest rate risk: is the risk related to the change, the fluctuation and the correlation of interest rates, the shape of yield curve and the variance between different interest rates which affect the assets and the liabilities.

Currency risk: is the risk related to the change, the fluctuation and the correlation of currency exchange rates which affect the assets and the liabilities.

Equity risk: The Company's investment portfolio is exposed to fluctuations in equity markets through its placements in equities and equity funds.

Market risk concentration: The Company is exposed to this risk by its investments of single issuers e.g. time deposits, bonds or shares.

Credit spread risk: This is the risk arising from changes in the level or volatility of credit spreads and may affect the value of assets and liabilities. The Company is exposed to this category through placements in time deposits and corporate bonds.

Assessment and risk mitigation techniques used for market risks

From a quantitative perspective, the Company continuously monitors market risk on an ongoing basis, by measures defined in the individual risk management policies at entity level. To this end, the Company:

- Has established and follows an Investment Strategy, on which the Company's investment activity is based
- Monitors the exposure of investment portfolio in each sub category of market risk and limits have been set.

In order to manage and measure market risks, the Company uses the aforementioned risk limits, applies the Value at Risk ('VaR') methodology, monitors the asset portfolio on a daily basis and performs stress tests to calculate potential losses in the event of abnormal market conditions or sensitivity analyses on a regular basis, depending on the existing portfolio structure and market conditions.

C. Credit risk

Credit risk arises from the possibility of a counterparty causing financial loss due to failure to meet its financial obligations as a result of its deteriorating financial condition. The Company is exposed to credit risk arising principally from the following assets: debt securities, reinsurance claims, insurance premiums and cash and cash equivalents.

In debt securities (captured under the scope of spread risk) credit risk is related to the inability of the issuer to meet its obligation to repay the face value of the bond at its maturity and settlement.

As far as credit risk related with **reinsurers** (captured under the scope of counterparty default risk), credit risk is related to the inability of the reinsurer to meet its financial obligation. The Company has placed several types of reinsurance arrangements, with various reinsurers, and as result is exposed to credit risk. While these agreements mitigate insurance risk, the receivables from reinsurers expose the Company to credit risk.

Regarding credit risk related to **premium** receivables (captured under the scope of counterparty default risk), credit risk is related to the inability of an intermediary to pay the insurance Company the premiums it has collected from the clients.

Finally, placements in **cash and cash equivalents** (captured under the scope of market risk concentrations) expose the Company to concentration of credit risk.

Assessment and risk mitigation techniques used for credit risk

Credit ratings are used to assess credit risk (debt issuers and reinsurers). The Company does not make its own assessment of credit risk of counterparties other than to use ratings provided by accredited rating agencies.

Reinsurance arrangements are reviewed by the Company in order to ensure an adequate level of protection and support of contracts by creditworthy reinsurers. In this context, strict principles have been set up for selection of reinsurers, who should be highly evaluated by recognized rating agencies under any circumstances.

D. Liquidity risk

Liquidity risk is the risk arising from the prospect that the Company will be unable to realize investments and other assets in order to settle its financial obligations as they become due.

Factors such as a financial crisis or a pandemic could potentially affect policyholders' behavior and could result in lack of liquidity. In such cases customers are expected to proceed with the surrender of their policies or with claims resulting both in large cash outflows for the Company. In order to address the above issues, the Company retains liquid assets and reinsurance treaties covering catastrophic pandemic risks. The Company's liquidity position is closely monitored on a daily basis.

Assessment and risk mitigation techniques used for liquidity risks

The Company's liquidity management process includes monitoring the timing correlation of cash inflows and outflows, as well as ensuring sufficient cash and cash equivalents and highly marketable financial assets that can easily be liquidated are held to meet its operational needs.

It is noted that there is a Liquidity Management Procedure Directive, which sets out the definition of cash and cash equivalents and the framework for the effective management of the Company's liquidity. A Liquidity Risk Management Policy is also applied, which ensures that the Company's short-term payable cash liabilities can be adequately covered either by the Company's cash or by financial assets that can be directly liquidated at fair value without being subject to impairment due to lack of marketability.

E. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events. It is inherent in every function and business activity of the Company. An effective system towards management of operational risk is required in order to identify, assess and quantify exposures, identify manifestations of operational risk events, determine tolerance limits and, where necessary, reduce the exposure to acceptable levels.

The Company, considering the nature, scale and complexity of its activities has established a Comprehensive Operational Risk Framework of principles and procedures, allowing for the effective identification, assessment, management, monitoring and reporting of operational risks (to which it is or may be exposed to). The framework is embedded in the decision making processes and in the corporate culture (Operational risk awareness).

The Company's Operational Risk Management Methodology consists of the Risk and Control Self-Assessment methodology (RCSA), the Fraud Risk-Assessment methodology (FRA), the Incident Management methodology (operational losses collection) and the relevant processes.

The Company's strategy, regarding long-term and short-term management of operational risk, includes:

- Establishment of the Operational Risk Framework and definition of roles, duties and responsibilities of management and personnel.
- Performance of the following activities:
    - ✓ Risk & control self-assessment (RCSA), Outsourcing Relationship Assessment (ORA) on an annual basis/or an ad hoc basis. Fraud Risk Assessment (FRA)
    - ✓ Record keeping of internal operational losses in combination with relevant events' causal analysis and collection and study of external operational risk events on an on-going basis. Collection and study of external operational risk events.
    - ✓ Establishment and monitoring of Key Risk Indicators (KRIs),
    - ✓ Introduction and documentation of operational risk management processes,
    - ✓ Development and analysis of an appropriate set of operational risk scenarios based on potential exposures to the operational risk categories

- ✓ Emerging operational risk exposures' identification, evaluation and reduction (when necessary)
- ✓ Establishment of operational risk awareness in the entire Company.

Capital Adequacy

The capital management strategy of the Company aims to ensure that the Company has adequate capitalization on an ongoing basis according to the regulatory framework Solvency II and, within these constraints, to maximize shareholders' return without exceeding the total risk tolerance limits of the Company as well as the risk appetite of the shareholders.

The calculations of the Solvency Capital Requirement (SCR), the Minimum Capital Requirement (MCR) as well as the eligible own funds of the Company are being performed on a quarterly basis and results are submitted to the Supervisor Authority. In addition, the SCR capital adequacy ratio is estimated on a daily basis, using estimates on the eligible equity and SCR, taking into account market data and real estate portfolio data. The main objective is to ensure timely information and action of the Management whenever necessary.

Additionally, the Company performs simulation exercises or sensitivity analysis with scenarios that reflect the negative impact of unexpected changes on the macroeconomic and internal environment, in order to assess the resilience of the future status of the available funds (at Greek insurance entities level).

As of 31 December 2019 and 31 December 2018, the eligible own funds of the Company exceed the Solvency Capital Required (SCR).

Labour issues

The Company's employees are the greatest asset for its success and sustainable development. As at 31 December 2019, the Company employed 162 employees. Gender and age distribution reflects the equal opportunities approach that the Company implements. In particular, the gender distribution is quite balanced with women reaching the 48% of the total employees.

The Company is committed to provide equal opportunities for employment and complying with the related legislation on employment opportunities. The Company rejects all forms of social exclusion and is committed to providing equal opportunities for employment, training and development to all employees, regardless of demographic, social and other characteristics and aspects, diversity or minority, and based solely on the objective assessment of competencies and other labor-related performance criteria.

Training and professional competence of our people is an important pillar for the Company. Specifically, the skills, know-how and technical specialization of the employees are evaluated and are explored in order to contribute to the success and differentiation of the Company against its peers. Through development schemes that are linked to the Company's strategy and the individual goals of each employee, the skills and the career development of the personnel are enhanced. Performance evaluation is performed through a modern tool that ensures the meritocracy, transparency and objectivity of the process.

The Company, taking into account both the competitiveness and the market trends, regularly reviews the remuneration and benefits framework for employees in order to attract, retain and motivate its human resources. The basic principles of the remuneration and benefits framework ensure the harmonization of employees' individual objectives with the Company's strategy and create long-term value for shareholders. These principles ensure that the remuneration packages are sufficient to hold and attract executives with suitable expertise and experience, ensure the internal balance between the units of the organization, avoid excessive risks and connect remuneration with the long-term evaluation of the achievements' performances.

Health and safety are one of the highest priorities of the Company in order to make work safe, improve the quality of employees' working life and prevent related risks. In this context, the Company promotes health and safety by supervising the proper implementation of the necessary measures, working conditions and compliance with the rules through an organized risk management framework. At the same time, workers are encouraged with training on fire safety and evacuation of premises. Workers' health and safety are part of corporate culture and ensured in all aspects of working life.

Social issues

The Company holds a leading position in the Greek insurance market and its mission is to support every person to live the life they want. With its experience, expertise, extensive product portfolio and partnership with Eurobank and a network of insurance partners across the country, is able to fulfill the obligations it has assumed for its policyholders.

In this position, and recognizing its work and role in Greek society, the Company is committed to return a part of the annual profit to it. In this context, it has created a corporate social responsibility program, through which it designs and implements ideas, initiatives and actions that demonstrate its commitment to support people and society to evolve and thrive.

The Eurolife ERB Group's Corporate Social Responsibility Program entitled "+prattoume" (pronounced "syn-prattoume", Greek "+πράττουμε", meaning "Acting Together"), is designed to address issues that concern Greek citizens and society today, as well as their hopes for a better and more optimistic future. In this context, it studies, plans and implements actions for:

A. The quality of Greek citizens' life and its upgrade in the post-crisis era.

B. The promotion of Greek culture and education through knowledge and learning initiatives.

C. The reinforcement of new innovative ideas that evolve Greek entrepreneurship by creating more options and greater optimism for the future.

Through this program, Eurolife ERB General Insurance aims to provide substantial benefit to society and people, encouraging them to assert and accomplish more every day. For the implementation of "+prattoume", the Company systematically collaborates with organizations operating within the country, supporting their work and developing joint activities and projects.

Corporate Social Responsibility Program actions target a large number of beneficiaries, from different age groups and regions. More specifically, the initiatives of Eurolife ERB General Insurance focuses on supporting people living in remote border and island regions, members of vulnerable social groups, children, adults and families with specific actions for each joint group, as well as economic support on social and educational institutions.

A) For the quality of life and its upgrade

Given the long-lasting financial crisis and the disappointment of Greek citizens with the conditions and situations that they have experienced, this pillar implements actions aimed at giving more optimism and improving the quality of people's lives. The Company collaborates with key organizations to jointly implement actions that respond to significant problems and difficulties that specific groups of people face today. These actions are designed and implemented with the ultimate goal of real and meaningful impact on the beneficiaries to whom they are intended.

In this context, the Company collaborates with HOPEgenesis, supporting its activities against low birth rate in Greece. Additionally it cooperates with Ethelon to implement activities in support of people who belong to socially vulnerable groups with no access to basic daily goods. Finally it supports the work of the magazine "Shedia" participating in its work of relief for homeless people.

B) Promotion of the Greek culture and education

This pillar is supported by actions to promote Greek culture and bring it to a wider audience from all over the country. The ultimate objective of the actions is to give the opportunity to as many people as possible to benefit from art and education - with a focus on residents of remote and outlying islands that do not have easy access to educational and cultural initiatives. The Company has given particular emphasis on this pillar, as its main priority is to support equal opportunities for both children and adults in learning and cultural activities. For this reason, the actions carried out are not limited to major urban centers of the country, but extended to various cities and regions of Greece.

The Company, in order to achieve its work, is collaborating with two of the country's leading cultural institutions: the Greek National Opera and the Museum of Cycladic Art.

The collaboration with the Greek National Opera includes supporting the annual artistic program (both for Central and Alternative Stage), as well as implementing free of charge roadshows for children, families and adults that are traveling in various Greek cities.

Company's collaboration with the Museum of Cycladic Art aims at supporting all activities implemented by the Museum for the promotion of the Cycladic culture.

C) For entrepreneurship and equal opportunities in business

Through this action pillar, the Company aims to support the work of organizations that promote new and innovative entrepreneurship ideas and initiatives. Believing in people's capabilities and abilities, it aims to develop partnerships that give people the opportunity to implement their business ideas and / or develop specific professional skills.

Corporate Social Responsibility Actions for 2019

The Company, under the Corporate Social Responsibility "+prattoume", participated in the following activities in 2019:

Supporting projects and activities aiming on improving people's quality of life:

- HOPEgenesis's financial support to provide medical services, examinations and controls to women in Patmos and Delphi area who are either already pregnant or want to have a child but do not have regular or direct access to hospitals and health centers. With this support, HOPEgenesis provides women in these areas with specialist medical practitioners, as well as counseling and psychological support during pregnancy and childbirth. As part of this collaboration, the Company took on the role of Founding Sponsor at the conference "The demographic crisis in Greece: A powder keg obstructing prosperity?" hosted by The Economist and HOPEgenesis.
- An awareness roadshow in Patmos, during which Eurolife and HOPEgenesis informed the women of the island about the care services they are jointly providing throughout their pregnancy.
- Implementation of the survey "The factors causing the phenomenon of low birth rate in Greece" which charts for the first time the factors that create the demographic problem in the country. The research was conducted in cooperation with HOPEgenesis and Risk & Insurance Management Laboratory of the Department of Statistics and Insurance Science of University of Piraeus.
- Organising of the Volunteer Week activities for the Company's employees in cooperation with Ethelon. During the week, the Entity's employees organized packages of basic necessities which were given on a daily basis to people belonging to socially vulnerable groups.
- Implementation of ad hoc activities along with Ethelon, to support the work of various non-profit organisations that provide assistance to various social groups, such as the financial support of ITHACA NPO, offering children's books to schools and public libraries throughout the country on behalf of Library4All NPO and buying Christmas gifts for children of "Lyreio Children's Institution" and "Hadjikonsta Foundation".
- Purchase of a solidarity subscription of the street magazine "Shedia" on behalf of each employee of the Company – this initiative enables two older beneficiaries of the magazine to work on specific days of the month at the magazine's offices, handling the shipments to the subscribers' base.
- Sponsorship of two state-of-the-art ultrasound scanners at the Anogeia Health Center, with the aim of upgrading the health services offered in the area.

Reinforcement of activities to promote culture and education, such as:

- Sponsoring Greek National Opera's annual artistic program for the period 2019-2020.
- The sponsorship of the educational tour (roadshow), "The Puppet Theater of Mastro-Pedro", held in nine theaters in Northern Greece.
- Financial support of all the activities of the Museum of Cycladic Art, which includes:
    - ✓ The annual Children's Painting Contest implemented by the museum that accepts participations from children across Greece.
    - ✓ The Weekend Workshops, a series of educational activities for children and parents carried on a weekly basis by the Museum educators.
    - ✓ The Cycladic Late Night, an event for young people and adults, during which the Museum remains open until late at night, with various parallel activities.
    - ✓ The Summer Camps, which are implemented in the summer months, with the participation of children in various cultural and educational workshops.
    - ✓ The educational museum kit, which was permanently handed over to Donoussa to be used by children.
    - ✓ Another educational museum kit, which is borrowed occasionally by different schools and municipalities in urban centers of the country and the region.

- Coverage of expenses (accommodation, transportation, insurance) for the participation of the children of the Company's employees and partners to the educational summer camps of the eduACT organization.

Support of various other social activities such as:

- The financial support of Ben Graham Center and Diaspora Project Seesox.
- The organization of an experiential training session for all employees for safe driving by the "Panos Mylonas Road Safety Institute" and the sponsorship of an insurance for the institute's transfer of equipment to a training camp in the USA.
- Sponsorship of the tourist authority Eressos.
- Offering vouchers to the 5th Primary School of Keratsini.

External Auditors

The Board of Directors, after taking into consideration the appointment of external auditors for 2020, will propose an audit firm in the upcoming Annual General Assembly Meeting. The General Assembly will decide on the selection of the Audit Firm and its fee.

Other information

Environmental issues: Due to the nature of its operations, the Company does not address environmental issues, given that it does not consume large amounts of natural resources as an insurance company, compared to the companies from other industries.

Branches: The Company does not have branches.

Own equity shares: The Company does not hold own equity shares.

Events subsequent to the Balance Sheet Date and Prospects for 2020

On 31 December 2019, the World Health Organization (WHO) was informed about the detection of limited cases of pneumonia by an unknown cause, in Wuhan, Hubei, China. On 7 January 2020, the Chinese authorities identified a new type of coronavirus (COVID-19) as the cause. Since 31 December 2019, spreading of COVID-19 has led to the emergence of numerous related events. In March 2020 WHO declared the COVID-19 pandemic. The COVID-19 pandemic is considered as a non-adjusting post balance sheet event for accounting purposes.

Financial impact at macroeconomic level

The economic impact on the international community from the outbreak of the coronavirus pandemic relates mainly to the disruption of trade and global supply chains and the risks it may pose to the global growth. A global slowdown in economic activity is expected to have adverse effects on certain industries of the Greek economy and thus on the Greek government's fiscal planning as well as on the liquidity, capital adequacy and profitability of the Greek banking and insurance sector. The Entity closely monitors the developments in the Greek macroeconomic environment and taking into account its exposure to credit risk from sovereign debt and insurance risks, examines on a daily basis the possible effects of the market fluctuations and has increased its level of readiness in order to accommodate decisions for its protection against the financial impact of the pandemic.

Business continuity

The Entity has activated specific action plan for the management of the emergency. The Crisis Management Committee systematically convenes, whenever considered necessary, in order to gradually implement and adjust a series of measures and procedures with the primary aim of ensuring the health and safety of employees and visitors to premises and the uninterrupted provision of services to the policyholders of the Entity and the claims' beneficiaries. The Entity has installed tele-working infrastructures that can be utilized by almost every employee, while working groups under the Crisis Management Committee have been set up to deal with the optimization of alternative operating models on a daily basis. It is noted that the Entity continued its operations at a satisfying level even after the implementation of the additional measure to restrict the movement of citizens taken by the Government on 23 March 2020.

Insurance products

The Entity provides a coverage (Business Interruption) in the insured risks of Fire, which has an extension (Contingent Business Interruption) that offers insurance against a pandemic / epidemic risk. The percentages of this specific coverage in terms of insurance premiums and technical provisions under Solvency II that provides insurance against pandemic / epidemic risk amounts to 0,15% and 0,03%, respectively, (data as at 31st of December 2019).

Entity's financial position and solvency

The effects of the spread of the COVID-19 pandemic have begun to penetrate into all economic activities and any long-term forecast would have a very high degree of uncertainty, resulting in an inability to accurately assess the impact on the strategic and business planning of the Entity. Taking into account the data and the best assumptions up to date regarding the portfolio of insurance risks, the Entity expects on the one hand a significant slowdown in operations both of the current year and the next two years and on the other hand a not very significant increase in claims, based on the existing exposure to individual insurance risks. Therefore, it is expected that both profitability and future own fund levels will be adversely affected.

In addition, from the first days of the crisis, the adequacy of cash reserves is monitored on a daily basis, with the primary aim of providing unhindered service to policyholders. The Entity's liquidity is adequate and is not threatened.

The widening of the risk margin observed at the beginning of the crisis and the large volatility in government bond yields affect and may negatively affect in the future the Entity's own funds and solvency ratio. At 31 March 2020, without calculating any dividend distribution, the Entity's solvency ratio (SCR coverage ratio) is estimated at around 160% by making use of the volatility adjustment. The potential impact is assessed on a daily basis, with additional scenarios on the yield curves being examined and the impact of further deteriorating market conditions being quantified.

The Board of Directors members

Alexandros Sarrigeorgiou	Chairman and CEO, Executive Member
Theodoros Kalantonis	Vice-Chairman, Non-Executive Member
Angelos Androulidakis	Independent, Non-Executive Member
Alberto Lotti	Independent, Non-Executive Member
Irena Germanoviciute	Non-Executive Member
Wade Sebastian Burton	Non-Executive Member
Nikolaos Delendas	Executive Member
Amalia Mofori	Executive Member
Vassilios Nikiforakis	Executive Member

Athens, 24 April 2020

Chairman of the B.O.D and CEO

Alexandros Sarrigeorgiou

[Translation from the original text in Greek]

Independent auditor's report

To the Shareholders of "Eurolife ERB Life Insurance S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Eurolife ERB Life Insurance S.A. (Company) which comprise the statement of financial position as of 31 December 2019, the income statement, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2019, its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018**.**

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company, in the period from 01 January 2019 during the year ended as at 31 December 2019, are disclosed in the note 33 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of liabilities arising from Individual Life Insurance Contracts</td></tr>
<tr><td>The Company’s Individual Life insurance contract liabilities, which are measured in accordance with IFRS 4, include liabilities for the estimated cost of settling benefits and claims associated with insurance contracts which amount to €1.921m representing 78% of the Company’s total liabilities.

The valuation of these liabilities is highly judgmental and requires management to make a number of assumptions that are linked to high estimation uncertainty. Small changes in the assumptions used may lead to a material impact on the valuation of these liabilities.

We focused on this area because of the significance of these amounts, the use of complex methodologies which use economic and demographic data and assumptions which are highly judgemental.

In particular the significant assumptions, which are highly sensitive to changes, are the following:
● The lapse rate, which is a significant decrement rate that drives the policies in force to gradually decrease over time, and could potentially affect the projected cash flows positively or negatively, depending on the profitability of each product.
● The annuity take-up rate, affects the company's exposure to longevity risk, and is provided only in the retirement plans. The company based on the experience of the last years’ estimates the percentage of policyholders who will choose to receive a lump sum at the beginning of their retirement.
● The yield curve used for discounting the projected cash flows, which is based on the risk-free rates curve published by the European Insurance and Occupational Pension Authority (EIOPA) adjusted to take</td><td>Our work to address the valuation of the individual life insurance contract liabilities was supported by our internal life actuarial specialists, and included the following procedures:
● We tested the underlying company data which were used in the projection of cash flows and in the experience studies that support the actuarial assumptions used.
● We compared the methodology, models and significant assumptions used against recognised actuarial practices and assessed them by applying our industry knowledge and experience.
● We performed independent model validation procedures, on a sample basis, including detailed independent recalculations on selected policies and products to ensure accuracy of the projection models.

More specifically, the significant assumptions we focused on, were the following:

Lapses
We examined the persistency studies for each distribution channel to assess whether or not they appropriately reflect the long-term lapse profile of the business, taking into account any external or internal factors that affect the policyholder behaviour. Moreover, we assessed the reasonableness of significant judgements made in setting the lapse assumptions.

Annuity Take-up rate
We examined the annuity take-up studies, as provided by the Company, for both Regular and Single premium policies, to assess whether or not they appropriately reflect the long-term annuity take-up rate profile of the business, taking into account any external or internal factors that affect the policyholder behaviour. Moreover, we assessed</td></tr>
</table>

into consideration the current allocation and expected yields of the investment portfolio. ● The expense assumptions used to estimate the future cash flows. These assumptions are based on the Company's current expenses adjusted with the projected inflation. The Company has adopted an expense analysis model based on which the expenses are split into elastic and inelastic costs, acquisition and maintenance, and allocated to group of products. The model results are used for determining the assumptions taken into consideration for estimating the future expenses. Refer to notes 3, 4.2 and 20 of the Financial Statements for the disclosure of the related judgements and estimates.	the reasonableness of significant judgements made in setting the assumptions. ***Yield curve*** We assessed the methodology applied to determine the yield curves developed for the purpose of discounting the projected cash flows to present value. We examined the actual portfolio yields, along with the cash flow mismatches between assets and liabilities and the respective credit risk used for deriving the discounting yield curves. ***Expenses*** We examined the expense allocation to assess whether or not they appropriately reflect the long-term expense profile of the business. We assessed the reasonableness of significant judgements made in setting the assumptions, including the split between acquisition (new business), maintenance costs, and the allocation of costs to different products based on the current year's experience. Based on our procedures, we found the significant assumptions used to value individual life insurance liabilities to be reasonable. We also found that the methodologies and models used are in line with industry standards and reflect the nature and risk profile of the Company's insurance contracts. Finally, we have assessed that the Company's disclosures in the Financial Statements are in accordance with the requirements of IFRS.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise, explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We considered whether the Board of Directors report includes the disclosures required by Law 4548/2018.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the Board of Directors' report for the year ended at 31 December 2019 is consistent with the financial statements.
- The Board of Directors' report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' report that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Law 4548/2018, and for such internal control as Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
- Conclude on the appropriateness of 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 financial statements 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying financial statements is consistent with our Additional Report to the Audit Committee of the Company.

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 24 June 1999. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 21 years.

Halandri, 14 May 2020
THE CERTIFIED AUDITOR

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Konstantinos Michalatos
SOEL Reg. No. 17701

STATEMENT OF FINANCIAL POSITION

(amounts in € thousand)	Notes	31/12/2019	31/12/2018
ASSETS			
Property, plant and equipment	**5**	717	793
Right of use assets	**6**	4.079	-
Intangible assets	**7**	1.931	1.710
Deferred acquisition costs (DAC)	**8**	28.279	24.813
Investment in subsidiaries	**9**	19.419	19.419
Investment in joint ventures	**9**	45.000	45.000
Financial assets at FVTPL:			
- Financial assets held on behalf of policyholders who bear the Investment risk (Unit Linked)	**11**	172.048	116.522
- Financial assets held for trading	**12**	312.996	942.989
Available for sale financial assets	**13**	2.309.578	1.293.300
Income tax receivable		34.115	-
Insurance receivables	**14**	10.913	5.754
Other receivables	**15**	8.381	5.539
Reinsurance receivables	**16**	16.182	17.075
Cash and cash equivalents	**17**	150.463	126.069
Total assets		**3.114.100**	**2.598.983**
EQUTIY			
Share capital	**18**	29.134	29.134
Share premium	**18**	79.014	79.014
Reserves	**19**	482.884	146.112
Retained Earnings		50.564	105.744
Total equity		**641.596**	**360.004**
Technical reserves and other insurance provisions	**20**	2.306.487	2.116.211
Financial liabilities			
- Investment contract liabilities	**21**	14.504	10.652
Employee benefits	**22**	606	509
Deferred tax liabilities	**10**	107.680	33.252
Income tax liabilities		-	45.597
Lease liabilities	**6**	4.171	-
Insurance and other liabilities	**23**	39.057	32.757
Total liabilities		**2.472.504**	**2.238.978**
Total equity and liabilities		**3.114.100**	**2.598.983**

Athens, 24 April 2020

CHAIRMAN & CHIEF EXECUTIVE OFFICER	MEMBER OF THE B.O.D. AND GENERAL MANAGER OF FINANCE, STRATEGIC PLANNING & MIS	FINANCE MANAGER	CHIEF ACCOUNTANT
ALEXANDROS P. SARRIGEORGIOU	VASSILEIOS N. NIKIFORAKIS	CHRISTOS K. TZOUVELEKIS	EVANGELIA D. TZOURALI
ID AM644393	ID AM245236	LIC. No 0025315	LIC. No 0099260

The notes on pages 29 to 85 are an integral part of these financial statements.

	Notes	From 01/01 To 31/12/2019	From 01/01 To 31/12/2018
(amounts in € thousand)			
Gross written premiums		430.710	366.859
Gross change in unearned premium reserve		(873)	(602)
Gross earned premiums		**429.837**	**366.257**
Minus: Premium ceded to reinsurers		(11.391)	(12.859)
Net earned premiums	**24**	**418.446**	**353.398**
Other insurance related income	**25**	7.764	5.743
Investment income	**26**	68.939	68.575
Gains from sale of financial assets	**27**	75.242	147.718
Fair value gains / (losses) on financial assets	**28**	19.569	(587)
Other income	**29**	328	1.358
Total income		**590.287**	**576.204**
Movement in technical reserves and other insurance provisions	**30**	(187.164)	(200.654)
Claims and insurance benefits incurred	**31**	(249.357)	(165.213)
Claims and insurance benefits incurred -Reinsurers share	**31**	4.203	5.696
Total insurance provisions and claims		**(432.317)**	**(360.171)**
Acquisition expenses	**32**	(27.243)	(19.807)
Administrative expenses	**33**	(30.454)	(27.372)
Profit before tax		**100.273**	**168.854**
Income tax expense	**34**	(24.710)	(56.110)
Profit for the year		**75.564**	**112.744**

Athens, 24 April 2020

CHAIRMAN & CHIEF EXECUTIVE OFFICER	MEMBER OF THE B.O.D. AND GENERAL MANAGER OF FINANCE, STRATEGIC PLANNING & MIS	FINANCE MANAGER	CHIEF ACCOUNTANT
ALEXANDROS P. SARRIGEORGIOU	VASSILEIOS N. NIKIFORAKIS	CHRISTOS K. TZOUVELEKIS	CHIEF ACCOUNTANT
ID AM644393	ID AM245236	LIC. No 0025315	LIC. No 0099260

The notes on pages 29 to 85 are an integral part of these financial statements.

(amounts in € thousand)	Notes	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Profit for the year		**75.564**	**112.744**
Other comprehensive income:			
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:			
Available for sale financial assets			
- Change in fair value, net of tax	**19**	231.899	(127.765)
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:			
- Remeasurement of post employment benefit obligations, net of tax	**22**	(38)	12
Other comprehensive income for the year, net of tax		231.861	(127.753)
Total comprehensive income for the year, net of tax		**307.425**	**(15.009)**

Athens, 24 April 2020

CHAIRMAN & CHIEF EXECUTIVE OFFICER	MEMBER OF THE B.O.D. AND GENERAL MANAGER OF FINANCE, STRATEGIC PLANNING & MIS	FINANCE MANAGER	CHIEF ACCOUNTANT
ALEXANDROS P. SARRIGEORGIOU	VASSILEIOS N. NIKIFORAKIS	CHRISTOS K. TZOUVELEKIS	EVANGELIA D. TZOURALI
ID AM644393	ID AM245236	LIC. No 0025315	LIC. No 0099260

The notes on pages 29 to 85 are an integral part of these financial statements.

(amounts in € thousand)	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Balance at 1 January 2019	**29.134**	**79.014**	**146.112**	**105.744**	**360.004**
Profit of the year	**-**	**-**	**-**	**75.564**	**75.564**
Change in available for sale financial assets reserve, net of tax	-	-	231.899	-	231.899
Re-measurement of post-employment benefit obligations, net of tax	-	-	(38)	-	(38)
Other comprehensive income, net of tax for the year	**-**	**-**	**231.861**	**-**	**231.861**
Total comprehensive income, net of tax for the year	**-**	**-**	**231.861**	**75.564**	**307.425**
Transfer of retained earnings to reserves	-	-	104.910	(104.910)	-
Distribution of dividends to shareholders	-	-	-	(834)	(834)
Distribution of interim dividends to shareholders			-	(25.000)	(25.000)
Total transactions with shareholders	**-**	**-**	**104.910**	**(130.744)**	**(25.834)**
Balance at 31 December 2019	**29.134**	**79.014**	**482.884**	**50.564**	**641.596**

(amounts in € thousand)	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Balance at 1 January 2018	**29.134**	**79.014**	**318.563**	**35.340**	**462.051**
Profit of the year	**-**	**-**	**-**	**112.744**	**112.744**
Change in available for sale financial assets reserve, net of tax	-	-	(127.765)	-	(127.765)
Re-measurement of post-employment benefit obligations, net of tax	-	-	12	-	12
Other comprehensive income, net of tax for the year	**-**	**-**	**(127.753)**	**-**	**(127.753)**
Total comprehensive income, net of tax for the year	**-**	**-**	**(127.753)**	**112.744**	**(15.009)**
Transfer of retained earnings to reserves	-	-	3.362	(3.362)	-
Distribution of dividends to shareholders	-	-	(48.060)	(31.978)	(80.038)
Distribution of interim dividends to shareholders				(7.000)	(7.000)
Total transactions with shareholders	**-**	**-**	**(44.698)**	**(42.340)**	**(87.038)**
Balance at 31 December 2018	**29.134**	**79.014**	**146.112**	**105.744**	**360.004**

The notes on pages 29 to 85 are an integral part of these financial statements.

(amounts in € thousand)	Notes	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Cash Flows from Operating Activities			
Profit before Tax		**100.273**	**168.854**
Adjustments for non cash items :			
Depreciation of property, plant and equipment and amortisation of intangible assets	**33**	1.461	843
Change in other provisions		869	2.567
Fair value (gains) / losses on financial assets	**28**	(19.569)	587
Change in insurance reserves & deferred acquisition costs	**24,30,31,32**	187.587	189.872
Realised gains on financial assets	**27**	(75.242)	(147.718)
Interest income / expenses, dividends and other investment income	**26**	(54.543)	(43.576)
Bonds amortization and interest on deposits		(14.187)	(24.999)
Changes in Operating Assets and Liabilities :			
Purchases of financial assets		(2.228.704)	(3.048.634)
Sales of financial assets		2.216.766	3.052.659
Change in insurance receivables and other receivables		(11.626)	8.018
Change in insurance and other liabilities, investment contracts and insurance provisions		9.093	(9.918)
Interest received / paid and other investment income		38.833	29.078
Income tax paid		(99.060)	10.268
Net Cash Flow from Operating Activities		**51.951**	**187.901**
Cash Flows from Investing Activities			
Purchases of property, equipment and intangible assets	**5,7**	(1.021)	(1.315)
Increase of interest in joint ventures	**9**	-	(15.000)
Net Cash Flows from Investing Activities		**(1.021)**	**(16.315)**
Cash Flows from Financing Activities			
Principal repayment of lease liabilities		(702)	-
Dividends paid	**37**	(25.834)	(122.038)
Net Cash Flows from Financing Activities		**(26.536)**	**(122.038)**
Net increase in cash and cash equivalents		24.394	49.548
Cash and cash equivalents at the beginning of the year	**17**	126.069	76.521
Cash and Cash Equivalents at the end of the year	**17**	**150.463**	**126.069**

The notes on pages 29 to 85 are an integral part of these financial statements.

NOTE 1: GENERAL INFORMATION

Eurolife ERB Life Insurance S.A. (the "Company") has been established in Greece and operates in insurance sector providing insurance services that concern traditional life insurance contracts, products linked to investments and group pension products.

The Company's headquarters are located in Athens, 33-35 El. Venizelou (Panepistimiou) Str. & 6-10 Korai Str., P.O. 105 64 (GEMI Registration 121651960000), tel:(+30) 2109303900, www.eurolife.gr. The company operates in Greece and abroad via its Romanian subsidiary under the discreet title Eurolife ERB Asigurari De Viata S.A.

On 31 December 2019 the number of personnel was 162 (2018: 148).

The Board of Directors consists of the members below:

Name	Attribute
Alexandros Sarrigeorgiou	Chairman & CEO, Executive Member
Theodoros Kalantonis	Vice Chairman, Non-Executive Member
Angelos Androulidakis	Non-Executive, Independent Member
Alberto Lotti	Non-Executive, Independent Member
Irena Germanoviciute	Non-Executive Member
Wade Sebastian Burton	Non-Executive Member
Nikolaos Delendas	Executive Member
Amalia Mofori	Executive Member
Vassileios Nikiforakis	Executive Member

These financial statements were approved by the Company's Board of Directors on 24 April 2020 and are subject to approval by the Annual General Meeting of Shareholders.

The Company is a subsidiary of Eurolife ERB Insurance Group Holdings SA. (hereinafter referred to as "Eurolife ERB Insurance Group") which holds 100% of its share capital. Eurolife ERB Insurance Group is a subsidiary of the company Costa Luxembourg Holding S.a r.l. ("Costa"), which holds 80% of its share capital. Costa is domiciled in Luxembourg and is jointly controlled by Colonnade Finance S.à r.l., member of the Fairfax Financial Holdings Limited, and OPG Commercial Holdings (Lux) S.à r.l. The remaining 20% of the share capital was held by Eurobank Ergasias S.A. until the 20th of March 2020. On the 20th of March 2020, the Ministry of Development and Investments approved the demerger of Eurobank Ergasias S.A. ("Demerged Entity" or "Eurobank"), through sector's hive down and the establishment of a new company-credit institution under the corporate name 'Eurobank S.A.' (the "Beneficiary"). According to the Demerger Deed, the participation of the Demerged Entity in the Company is included in the transferred assets of the Beneficiary.

Activities of the Company

The Company offers a wide range of life insurance products. The Company's Life Insurance market segment is organized into two main life insurance product categories: protection and savings. The protection category comprises offerings such as whole life, term, personal accident, health, disability and credit (life/disability) insurance. The savings category comprises offerings such as annuities, unit-linked products, endowments and group pension products. The life insurance products are distributed through both Eurobank' s network and agents' sale channels as well.

NOTE 2: PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the European Union (the "EU").

The financial statements have been prepared under the historical cost convention, except for available for sale financial assets and financial assets and financial liabilities held at fair value through profit or loss (including derivative financial instruments), which have been measured at fair value.

Unless stated otherwise, the financial statements are presented in Euro (€) and the financial information presented in Euro has been rounded to the nearest thousand.

The policies set out below have been consistently applied to the years ended 31 December 2019 and 2018, respectively.

The financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

Going concern assessment

The Management of the Group systematically monitors the capital adequacy of the insurance companies in accordance with Solvency II and takes the appropriate actions to maintain a strong capital base and high quality of investment portfolios. As at 31 December 2019, the eligible own funds of the insurance companies outweigh the Solvency Capital Requirement.

2019 was the first year that Greece implemented economic policy outside of an Economic Adjustment Programme since 2010, as well as a year of a gradual transition to a period of more favorable economic conditions. In particular, the GDP growth rate for the current year stood at 1.9% according to the Hellenic Statistical Authority (H.S.A.) (2018: 1.9%). The successful course of Greece in the new post-crisis European normality involves commitments to safeguard the achievements so far, exercising prudent economic policy and continuing the implementation of structural reforms until their completion. However, the access to the international financial markets that is confirmed through the successful issue of a 15-year-bond on January 2020, is a clear indication of an improved credit rate of the Greek public and marks a sustainable growth.

However, a major challenge for the international community is the recent coronavirus (COVID 19) outbreak whose economic effect could result in weakening of the global economic activity. In case of a global slowdown in economic activity, an adverse impact on certain industries of the Greek economy and thereby on the fiscal planning of the Greek government as well as the Greek banking and insurance sectors cannot be ruled out. In detail, the potential implications of the coronavirus and the measures taken by the Company to control and assess the impact are included in the Note 38 Post balance sheet events. The Company closely monitors the developments in the Greek macroeconomic environment and taking into account its exposure to credit risk from sovereign debt and insurance risks, examines on a daily basis the possible effects of the market fluctuations and has increased its level of readiness in order to accommodate decisions for its protection against the financial impact of the epidemic.

The Management of the Group systematically monitors the capital adequacy of the insurance companies in accordance with Solvency II and takes the appropriate actions to maintain a strong capital base and high quality of investment portfolios. As at 31 December 2019, the eligible own funds of the insurance companies outweigh the Solvency Capital Requirement.

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Group's solvency, considers that the Group's financial statements can be prepared on a going concern basis.

2.1.1 Adoption of International Financial Reporting Standards (IFRS)

New standards, amendments to standards and interpretations adopted by the Company

The following new standards, amendments to existing standards and interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the European Union (EU), are effective from 1 January 2019:

IFRS 16, Leases

Under IFRS 16, which supersedes IAS 17 and the related interpretations, the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17. The new standard provides for the recognition of a 'right-of-use-asset' and a 'lease liability', at the present value of the lease payments during the lease term that are not yet paid, in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration. Accordingly, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. Additionally, the accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

The Company adopted IFRS 16 at the date of its mandatory initial application, 1 January 2019. Regarding the method of adoption and practical expedients permitted by IFRS 16, the Company followed the below approach:

- The Company has applied the new standard using the simplified retrospective approach, according to which the comparative figures of the previous period are not restated.
- At the transition date, the Company has measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.
- For short-term leases and leases for which the underlying asset is of low value, the Company has elected to recognize the lease payments associated with those leases as an expense on a straight-line basis, as permitted by the standard.
- The Company has not elected to use the practical expedient available for lessees, not to separate non-lease components from lease components and accounts for each lease component and any associated non-lease components as a single lease component.
- The same discount rate has been applied at each category of leases with similar characteristics (leases with similar term, for similar assets and in similar economic environment).

The Company has recognized right-of-use assets and lease liabilities regarding leases of office buildings, vehicles and other equipment. After initial recognition the Company:

- measures the right-of-use assets and depreciate them using the straight-line method over the lease term; and
- measures the corresponding lease liability by increasing and reducing its carrying amount to reflect interest and lease payments made, respectively.

The application of IFRS 16 resulted in the recognition of "right of use assets" and "lease liabilities" of €4.386 thousand on 1 January 2019.

In addition, the application of IFRS 16 had no cumulative effect on the retained earnings' balance at the date of initial application.

IAS 28, Amendments - Long term interests in associates and joint ventures

The amendments clarify that entities should account for their long-term interests in an associate or joint venture - to which the equity method does not apply - based on IFRS 9. The adoption of this amendment had no impact on the Company's financial statements.

IFRIC 23, Uncertainty over income tax treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The adoption of this interpretation had no impact on the Company's financial statements.

IAS 19, Amendments - Plan amendment, curtailment or settlement

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The adoption of this amendment had no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

The amendments set out below include changes to four IFRSs.

IFRS 3 "Business combinations". The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint arrangements". The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income taxes". The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing costs". The amendments clarify a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The adoption of the amendments did not have an impact on the Company's financial statements.

New standards, amendments to standards and new interpretations not yet adopted by the Company

A number of new standards and amendments to existing standards will enter into force after 2019 as they have not yet endorsed by the European Union or the Company have not adopted them earlier than the date of their mandatory application. The standards that may be relative to the Company are as follows:

IFRS 4, Amendments - Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts

In September 2016, the International Accounting Standards Board issued an amendment to IFRS 4 "Insurance Contracts", which was intended to address the issue arising from the different (expected) dates of the application of IFRS 9 and the forthcoming new IFRS accounting standard 17 for insurance policies. The amended standard give all companies that issue insurance contracts the option either to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; or give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. This exemption is only available for entities whose activities are mainly related to insurance. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

The Company's activities are primarily related to insurance as defined by this amendment and therefore the Company meets the conditions and intends to apply the temporary exemption and therefore to apply IFRS 9 in 2021.

It is noted that the Company's liabilities that are connected with insurance activities according to IFRS 4 amounted to €1.746,6 mil., €1.932,1 mil., €2.126,9 mil. and €2.321,0 mil. as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 respectively, representing 97%, 92%, 95% and 94% of the Company's total liabilities for the respective dates of reference.

The rest of the liabilities, although not directly related to insurance provisions under IFRS 4, are mainly related to liabilities arising from insurance activity such as liabilities to reinsurers, associates, and income tax. It is noted that the Company has no activity other than insurance activities.

The Company is currently examining the impact on the financial statements of the application of IFRS 9 in 2023, which cannot be quantified at the date of these financial statements.

IFRS 9, Financial Instruments and subsequent amendments to IFRS 9 and IFRS 7 (effective on 1 January 2018, Company has the choice to defer the implementation until 1 January 2023)

In July 2014, the IASB published the final version of IFRS 9 which replaces IAS 39 'Financial Instruments'. IFRS 9 sets out revised requirements on the classification and measurements of financial assets, addresses the reporting of fair value changes in own debt when designated at fair value, replaces the existing incurred loss model used for the impairment of financial assets with an expected credit loss model and incorporates changes to hedge accounting.

IFRS 17, Insurance contracts (effective on 1 January 2023, not yet endorsed by the EU)

IFRS 17 was issued in May 2017 and replaces IFRS 4. IFRS 17 establishes the principles for the recognition, measurement and presentation of insurance policies within the scope of the Standard and the related disclosures. The purpose of the standard is to ensure that an entity provides relevant information that presents the fair value of these contracts. The new standard addresses the comparability problems created by IFRS 4 as it requires that all policies be accounted for in a consistent manner. Insurance liabilities will be measured at current values and not at historical cost. The Company is currently examining the impact of IFRS 17 on financial statements, which cannot be quantified at the date of these financial statements. The Company plans to adopt IFRS 17 on the date that it becomes mandatory.

IFRS 3, Amendments - Definition of a business (effective on 1 January 2020, not yet endorsed by EU)

New definition focuses on the output of a business on the basis of provision of goods and services to customers in contrast to previous definition that focused on returns on the basis of dividends distribution, lower total cost or other economic benefit for investors and other stakeholders. The adoption of the amendment is not expected to have impact on the Company's financial statements.

IAS 1 and IAS 8, Amendments - Definition of material (effective on 1 January 2020, not yet endorsed by EU)

The amendment states the definition of "material" and how should be used, by completing the definition with instructions stated in other IFRSs. Also, the clarifications for the definitions have been improved. The amendments ensure that the definition is used consistently in all IFRSs. The adoption of the amendment is not expected to have impact on the Company's financial statements.

IAS 1, Amendment - Classification of liabilities as short term and long term, (effective on 1 January 2022, endorsed by EU)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of the amendment is not expected to have impact on the Company's financial statements.

2.2. Foreign currency

2.2.1 Functional currency and presentation currency

The financial statements are presented in Euro, which is the functional currency of the Company

2.2.2 Transactions and balances in foreign currency

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date and exchange differences are accounted for in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedge.

Non-monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing on the date of initial recognition, except for non-monetary items denominated in foreign currencies that are stated at fair value which have been translated using the exchange rate prevailing on the date that their fair value was determined. The currency exchange differences relating to these items are treated as part of the change in fair value and they are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

2.3 Property, plant and equipment

Property, plant and equipment include leasehold improvements, furniture, computers and other equipment and vehicles and are presented at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of such assets. Costs incurred subsequent to the acquisition of a tangible asset are capitalized only if it is possible that these costs will bring additional future economic benefits to the Company and its cost can be measured reliably. Repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of property, plant and equipment, in order to reduce their acquisition cost to its residual value as follows:

Leasehold improvements:	Shorter of the lease contract term and the estimated useful life.
Computers:	4 to 7 years
Furniture and other equipment:	4 to 12 years
Vehicles:	5 to 7 years

Property, plant and equipment are periodically reviewed for impairment, and any impairment loss is recognized directly in the income statement.

The historical cost and the accumulated depreciation of property and equipment disposed are derecognized upon sale or retirement of the respective asset and any arising gain or loss is recognized in the income statement.

2.4 Intangible assets

Costs associated with the maintenance of existing software programs are recognized in the income statement as incurred. Costs payable to third parties relating to the development and implementation of new software programs are recognized as capital enhancements, added to the cost of new software programs and treated similarly. Intangible assets are presented at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are periodically reviewed for impairment and any impairment loss is recognized directly to the income statement.

Amortisation is calculated on a straight- line basis over their estimated useful lives as follows:

Software: 4 to 7 years

2.5 Financial assets and liabilities

2.5.1 Financial assets

Financial assets are classified in accordance with IAS 39 in the following categories: i) financial assets at fair value through profit or loss, ii) loans and receivables, iii) investments held to maturity and iv) investments available for sale. The categorization decision is taken by management at initial recognition of financial instruments.

i) Financial assets at fair value through profit or loss

This category includes two subcategories financial assets held for trading and those designated as investments at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of short-term sale or short-term repurchase or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-making. Derivatives instruments held for trading are also recognized in this category, unless they are designated and effective as hedging instruments.

The Company designates certain financial assets upon initial recognition as at fair value through profit or loss, when any of the following apply:

(a) eliminates or significantly reduces a measurement or recognition inconsistency, or
(b) financial assets and financial liabilities share the same risks and those risks are managed and evaluated on a fair value basis, or
(c) structured products containing embedded derivatives that could significantly change the cash flows of the host contract.

ii) Loans and receivables

Loans and receivables are non -derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that at initial recognition were designated by the Company as investments at fair value through profit or loss or as available for sale. Loans and receivables from agents and brokers included in "Other Receivables" are also classified in this category and are accounted for with the same accounting principles that apply for loans and receivables as described below.

iii) Investments held to maturity

Held to maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and for which the Company's management has the positive intention and ability to hold to maturity.

iv) Investments available for sale

Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates, exchange rates or equity prices.

2.5.2 Recognition, accounting treatment and derecognition

Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Company commits to purchase or sell the asset.

Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to the income statement.

Available for sale financial assets and financial assets at fair value through profit or loss are measured at fair value in subsequent periods as well. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method. Gains and losses from changes in fair value of the category "financial assets at fair value through profit or loss" are included in the period arising in the income statement. Gains and losses from changes in fair value of "available for sale" investment securities are recognized directly in equity, until the financial asset is derecognized or impaired, when the cumulative gain or loss previously recognized in equity is recycled to the income statement.

The accounting treatment of interest income and dividend income from financial assets is described in Note 2.20.

2.5.3 Derecognition of financial assets

A financial asset is derecognized when the contractual cash flows of the instrument expire, or the Company transfers its rights to receive those cash flows in an outright sale in which substantially all the risk and rewards of ownership have been transferred. The modification of the contractual cash flows of financial assets that does not essentially result in different financial assets will not result in the derecognition of financial assets.

2.5.4 Financial Liabilities

Financial liabilities have two subcategories; the financial liabilities held for trading and the financial liabilities designated as at fair value through profit or loss upon initial recognition. The Financial Liabilities of the Company include unit linked products and derivative financial instruments. The accounting policies of the abovementioned financial liabilities are described in notes 2.12(b) and 2.8 respectively.

2.6 Fair value measurement of financial instruments

Fair value is the price that would be received to sell a financial asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, in the most advantageous market in which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures the fair value of a financial instrument, using the official quoted market price in an active market for that instrument, when this is available. A market is considered active if the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. When there is no available official quoted price in an active market, the Company utilizes valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would consider in pricing a transaction.

The Company has elected to use mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread.

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received, unless the Company believes that the fair value at initial recognition is evidenced by a quoted price in an active market for an identical financial asset or liability, or based on a valuation technique that uses only data from observable markets.

All assets and liabilities whose fair value is measured or disclosed in the financial statements, are classified within the fair value hierarchy based on the lowest level input that is significant to the overall achievement of the measurement (see note 4.6).

2.7 Impairment of financial and non-financial assets

2.7.1 Impairment of financial assets

The Company, at each reporting date, evaluates whether there is objective evidence that a financial asset or group of financial assets, that are not carried at fair value through profit or loss, is impaired. A financial asset or group of financial assets is subject to impairment when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the expected future cash flows of the financial asset or group of financial assets and can be measured reliably.

Objective evidence of impairment of financial assets are considered by the Company the following:

- Significant financial difficulty of the issuer or obligor
- Breach of contract, such as outstanding balances or overdue interest or initial payment
- The borrower may initiate bankruptcy or other financial reorganization
- The disappearance of an active market for the asset because of financial difficulties
- Obvious evidence that there is a significant decrease in calculated cash flows from a portfolio of financial assets since the initial recognition of those assets, despite the fact that the decrease cannot be determined in separate financial statements of the portfolio, include:
    - Adverse changes in the payment status of borrowers in a portfolio, and
    - National or local economic conditions that correlate with defaults on assets portfolio.

- Significant deterioration in the internal or external degree of solvency of the borrower's financial instruments when considered with other information.

Financial assets carried at amortized cost

Impairment assessment

The Company first assesses whether objective evidence of impairment exists separately to financial assets that are individually significant. Financial assets that are not individually significant are assessed either individually or in groups. If the Company determines that there is no objective evidence of impairment for a financial asset which has been individually assessed, whether significant or not, it includes the financial asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which impairment loss continues to be recognized are not included in the collective assessment of impairment.

Impairment measurement

If there is objective evidence of impairment on financial assets carried at amortized cost, the amount of impairment loss is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The current amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a financial asset, bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined in the contract. As a practical expedient, the Company may measure impairment based on the fair value of the instrument using observable market prices.

For purposes of collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the method of evaluation of the Company, taking into account the type of asset, the business sector, geographical location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such financial assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Impairment reversal

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. The amount of the reversal is recognized in the income statement.

Available for sale financial assets

In calculating the impairment of investments in equity and debt securities recognized as available for sale, any significant or prolonged decline in the fair value of the security below its cost is taken into account. Where such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is transferred from equity to the profit or loss. Impairment losses on equity instruments recognized in the income statement are not reversed through the income statement. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event that occurred after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

2.7.2 Impairment of non-financial assets

Items that have an indefinite useful life are not subject to amortization and are tested for impairment on an annual basis. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Derivative financial instruments

Derivative financial instruments mainly include foreign exchange contracts, forward currency agreements and interest rate options contracts (written and purchased), currency and interest rate swaps and other derivative financial instruments. Derivatives are initially recognized at fair value at the date on which a derivative contract is entered into, and subsequently re-measured at fair value. Fair value is considered the market value, taking into account recent market transactions, while where there is no market value, the fair value is estimated using discounted cash flows and option pricing models. When the fair value is positive, derivatives are carried as assets while when fair value is negative as liabilities. The fair value measurement policies of financial instruments, including derivative financial instruments, are described in Notes 2.6 and 4.6.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through the profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement. The Company did not hold embedded derivatives in other financial instruments during the years 2019 and 2018.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument. Once recognized as a hedging instrument, the recognition method is determined depending on the nature of the item being hedged by that derivative.

2.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, the Company has a current legally enforceable right to offset the recognized amounts, and also intends either to settle on a net basis or to receive the receivable amount of the asset and settle the liability simultaneously.

2.10 Current and deferred taxation

(i) Current tax

Income tax payable on profits is calculated based on the applicable enacted tax law and is recognized as an expense in the period in which profits arise.

(ii) Deferred tax

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured using the tax rates expected to apply upon the period when the asset or liability will be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The main temporary differences arise from the impairment of financial assets, depreciation of property, plant and equipment, defined benefit obligations to employees due to retirement and the valuation of certain financial assets and liabilities, including derivative financial instruments.

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the recovery of all or part of the asset. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax associated with the change in fair value of available for sale investments recognized in equity, is also recognized in the statement of comprehensive income and subsequently transferred to the income statement together with the deferred gain or loss.

Management periodically evaluates its position on issues related to the tax authorities and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2.11 Employee benefits

i) Defined post employment contribution plans

The Company provides certain defined post-employment contribution plans. The annual contributions made by the Company are invested and placed in specific asset categories. If employees meet the planned requirements, they participate to the overall performance of the investment. The contributions made by the Company are recognized as an expense in the period in which they occur.

ii) Defined post-employment benefit plans

Under labor law in force, an employee remaining in service until normal retirement age is entitled to a lump sum reimbursement calculated based on years of service and salary at the date of retirement. The Company accounts for a provision based on actuarial study for staff leaving indemnities using the projected credit unit method. According to this method, the cost of staff leaving indemnities is recognized in the income statement over the period of employment based on actuarial valuations carried out every year.

The indemnity liability is calculated as the present value of expected future cash outflows using interest rates of high quality European corporate bonds, with terms to maturity approximating the terms of the relevant liability (see note 22).

Actuarial gains or losses arising from the calculation of staff leaving indemnities are recognized in other comprehensive income and cannot be recycled to profit or loss in future periods. Past service costs and interest expense are recognized immediately in the income statement.

The reimbursements payable after 12 months from the reporting date are discounted to their present value.

iii) Employee termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts to leave voluntary in return for such privileges. The Company accounts for such liabilities when it has committed to either terminate the employment of existing employees of the Company according to a detailed formal plan without possibility of withdrawal, or when it provides such benefits as an incentive for voluntary redundancy. The benefits payable after 12 months from the reporting date are discounted to present value.

iv) Bonus and benefits participation plans

Management will periodically reward employees of high performance with a bonus. Bonus benefits which require only management approval are recognized as accrued expenses. Distribution of profits to employees, which requires approval by the General Assembly, are recognized as employee benefit expenses in the year that they are approved by the shareholders of the Company.

2.12 Insurance contracts

The Company is governed by the provisions of L.4548/2018 that has amended L.2190/1920 "on societes anonymes", and the provisions of L.4364/2016 with which the European Directive for the new regulatory framework "Solvency II" was transposed into Greek Legislation.

The Company adopted IFRS 4 from 1 January 2005 with retrospective effect from 1 January 2004, when it classified the contracts to insurance and investment contracts and evaluated the adequacy of insurance reserves.

Contracts Classification

The Company issues products bearing insurance or financial risk or both. Insurance contracts are those contracts through which significant insurance risk is transferred from the policyholder to the insurance company and where the insurance company agrees to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Insurance risk is significant only if an insured event could cause the Company to pay significant additional benefits. Additional benefits refer to amounts that exceed those that would be payable if the insured risk had not occurred.

A contract that exposes the Company to financial risk without significant insurance risk is not an insurance contract. Some contracts expose the Company to financial risk in addition to significant insurance risk.

There are long-term insurance products containing discretionary profit sharing. These products entitle the holder to receive additional benefits beyond those guaranteed by the contract, the amount of which lies at the discretion of the Company in connection with the contract terms and the investment performance of the Company corresponding to the life insurance provisions.

Investment products are those that bear financial risk with no significant insurance risk.

Applying the provisions of IFRS 4, the Company separated contracts into insurance and investment contracts.

Significant insurance risk for the Company is when the amount paid in case of occurrence of a specified uncertain future event exceeds 10% of paid premiums.

(a) Life Insurance contracts

These are the contracts through which the Company insures risks associated with human life. These include covers of death, survival, life annuities, pensions, disability, accident, illness plans on an individual and group basis. Periodic premiums are recognized as revenue (earned premiums) proportionally to the insurance period and are presented before the deduction of commission, while benefits are recognized as an expense when they occur. Premiums are recognized as revenues when they become payable and are presented before deduction of commission.

Life insurance policies are classified in the following categories :

(i) Long term Life insurance policies with or without discretionary participation features

Contracts of this type are long term covering retirement, survival, mixed assurance or annuities, term insurance or Unit Linked. These contracts also include the coverages of medical expenses, hospital allowance, surgery allowance, death by accident, and disability which are provided as riders. Premiums are recognized as revenue when they become payable by the policyholder. Premiums are presented before the deduction of commissions. Benefits are recognized as expenses when incurred. When benefits are predetermined and guaranteed the liability due to the contractual benefits that are expected to occur in the future, is created for risks whose premiums have been recognized as revenue.

For the traditional life covers, the liability is defined as the expected actuarial present value of benefits minus the expected actuarial present value of the premiums required for such benefits, under the assumptions used in pricing. These assumptions relate to mortality and investments' return. The liability also consists of the profit participation reserve. In long-term contracts of single premium, additional provision is made for the future administration expenses of these contracts.

For the riders coverages the liability consists of the unearned premium reserves.

Liabilities are measured at each reporting date on the basis of each contract's assumptions used in its pricing. In case of Unit Linked coverage, where benefits are not guaranteed, the liability fair value is determined by the current unit price which reflects the fair value per unit of the asset associated with the liability, multiplied by the total units held by the policy holder at the reporting date.

This category also includes the contracts of Deposit Administration Funds (DAF). This is a group insurance through which investment management insurance (Deposit administration funds) is agreed without the policyholders bearing the investment risk but with a guaranteed minimum interest rate specified for each contract. The insurer's benefit is paid either upon the, for any reason, leaving of the insured team member from work, in accordance with the terms of each contract, or the attainment of a certain age.

Claims and expenses related to them are recorded as expenses based on the estimated obligation for claims to policyholders. These include direct and indirect costs arising from the settlement of claims and arising from events that have occurred up to the reporting date even if these have not been reported to the Company. The Company does not discount the provisions for outstanding claims other than those relating to waiver of premium coverage. Provisions for outstanding claims are estimated based on available information filed for the reported claims and based on statistical analysis for the claims that have occurred up to that date but have not been reported.

(ii) Short-term insurance contracts

This category includes individual or group contracts covering term insurance, disability, accident or illness for a short-term period. Benefits in case of an incident can be predetermined or dependent on the extent of the incident, according to the contract terms. No termination benefits and redemption exist.

For all these contracts premiums are recognized as revenue (earned premiums) proportionally to the period covered. The percentage of premiums collected for active contracts, which corresponds to risks that have not occurred, is reported as unearned premium reserve. Premiums are presented before the deduction of commissions and are gross (including the related taxes).

Claims and expenses related to them are recorded as expenses based on the estimated obligation for claims to policyholders. These include direct and indirect costs arising from the settlement of claims and arising from events that have occurred up to the reporting date even if these have not been reported to the Company. Provisions for outstanding claims are estimated based on available information filed for the reported claims and based on statistical analysis for the claims that have occurred up to that date but have not been reported.

(b) Investment contracts

Investment contracts without discretionary participation features

This category consists of contracts where the insured parties bear the financial risk (Unit Linked) with insignificant insurance risk. These contracts are financial liabilities where the fair value depends on the fair value of related financial assets. There are contracts that are associated with internal variable funds and contracts that are linked to market mutual funds.

To determine the fair value of the internal variable fund, both at inception and at each reporting date, valuation techniques are used. The valuation techniques used by the Company incorporate all factors that market participants would consider and are based on observable market input.

The fair value of a mutual fund arises based on the current selling price of the mutual fund unit. The fair value of unit-linked contracts is determined by the current unit price which reflects the fair value per unit of the asset associated with the liability, multiplied by the number of units assigned to the policyholder at the reporting date.

(c) Receivables and payables related to insurance contracts

Receivables and payables are recognized when they become due and include amounts due to and from intermediaries and policyholders. If there is objective evidence of impairment of these receivables, the Company reduces the carrying amount accordingly and recognizes the impairment loss in the income statement. The Company assesses the objective evidence of impairment using the same process adopted for loans and receivables and the impairment loss is calculated in the same manner as described in Note 2.7.

(d) Deferred acquisition costs

Commissions and other acquisition costs associated with the issuance of new life insurance contracts and renewal of existing insurance contracts are capitalized as intangible asset and classified in the account "Deferred acquisition costs". All other costs are recognized as expenses when incurred. The Deferred Acquisition Costs are amortized over the term of the contract as follows:

- For long term life insurance, except for the single premium insurance policies, the Deferred Acquisition Costs are amortized in accordance to the premiums' income using the respective assumptions used to calculate the liability for future benefits of the contract.
- For short term life insurance, the Deferred Acquisition Costs are amortized in proportion to the earned premium.

(e) Technical reserves and other insurance provisions

The Company maintains adequate reserves to cover future liabilities arising from insurance contracts. The insurance provisions are divided into the following types:

Technical provisions: Include the technical life insurance reserve which is the difference arising at the reporting date between the actuarial present value of financial obligations undertaken by the insurance entity for each life insurance contract and the actuarial present value of the net premiums due from the policyholder and payable to the insurance entity within the next years. This difference is calculated using actuarial techniques and in accordance with Greek law. For the long -term contracts of single premium an additional provision for future administration expenses of these contracts is made.

Profit participation reserve: Includes benefits intended for the policyholders, the counterparties or the beneficiaries of benefits, beyond those guaranteed by the contract, the amount of which lies at the performance of the investment assets backing insurance provisions in connection with the contract terms**.**

Provision for unearned premiums: Represent the part of written premiums covering proportionally the period from the reporting date until the end of the period for which premiums have been registered in the relevant Company' registers.

Provision for unexpired risks: Relates to the additional provision that is set up at the reporting date when it is estimated that the provision for unearned premium, net of the respective acquisition costs, is not adequate to cover the estimated future claims and expense of the corresponding insurance portfolio.

Provisions for life insurance contracts linked with investments (Unit Linked products): Relate to the provisions intended to cover the insurance benefits of the life insurance contracts linked to investments.

Provisions for outstanding claims: Relate to those made as at the reporting date for the full coverage of insurance risk liabilities that have been incurred up to the reporting date, reported or not, for which the relative amounts of insurance claims and related expenses have not been paid or the exact amount has not been determined or the extent of the liability of the insurance company is in dispute. The level of expected provision is determined based on the available information as at the reporting date such as experts' reports, medical reports, court decisions.

Benefits payable: These are the insurance benefits due to policyholders which for various reasons have not been paid until the reporting date.

The estimation of the insurance provisions is carried as at the reporting date, in accordance with the valuation principles and rules applicable to each category of insurance provision and the transitional provisions of IFRS 4 "Insurance Contracts" relating to the standard's first phase are considered.

The difference in insurance provisions (increase/decrease) compared with their previous valuation, is transferred to the income statement for the portion relating to the Company's provisions and the remaining portion is transferred as debit to reinsurers in accordance with the provisions of the reinsurance contracts.

(f) Liability Adequacy Test of insurance reserves

At each reporting date the Company performs an adequacy test of insurance reserves ("Liability Adequacy Test"), in accordance with IFRS 4, using the current estimates of future cash flows from insurance contracts and the related administration costs. In case the insurance liabilities of the Company after the performance of the liability adequacy test exceed its insurance reserves calculated under the current legislative framework minus deferred acquisition costs, the additional provision increases the reserves of the relevant lines of business and impacts the income statement for the year that the test is being conducted.

2.13 Reinsurance contracts

Reinsurance contracts entered into by the Company in order to be compensated for losses of one or more contracts issued by the Company, meet the condition of being categorized as insurance products and are classified as reinsurance contracts. Insurance contracts entered into by the Company where the counterparty is another insurer (reinsurance acceptance), are included in insurance products.

Amounts due from reinsurance contracts, are recognized as assets and classified in the account "Reinsurance receivables". "Reinsurance receivables" include reinsurers' share in insurance provisions from the reinsurance contracts that the Company has entered into. Other short-term amounts due from reinsurers (mainly relate to reinsurers' share in claims paid) are recognized as assets and classified in the account "Other receivables". The liabilities to reinsurers mainly relate to owed reinsurance premiums and are recognized as expenses on accrual basis.

Reinsurance is an important tool to manage and reduce the Company's exposure to risk of loss from insurance contracts. All reinsurance concessions are made to reinsurance companies which meet the standards set by the Company's management. When designing reinsurance programs, the Company takes into account the financial health of reinsurers, as well as the benefits and cost of reinsurance coverage to ensure that all risks have proper and adequate reinsurance protection.

The Company reviews at each reporting date whether its reinsurance assets have been impaired. If there is objective evidence that a receivable has been impaired, then the carrying value is reduced accordingly and an impairment loss is recognized in profit or loss. A receivable from a reinsurer is impaired if, and only if:

1. There is objective evidence, as a result of an event that occurred after the initial recognition of the receivable that the Company may not receive all amounts due to it under the terms of the contract, and
2. The event has a reliably measurable impact on the amounts that the company will receive from the reinsurer.

2.14 Leases

The Company participates as lessee and lessor in operating leases.

The Company as a Lessor:
Assets leased out under operating leases are included in Property, plant and equipment and are depreciated over their estimated useful lives in accordance with similar own-use tangible assets. The rental income (net of any incentives given to lessees) is recognized on a straight line basis over the lease period.

The Company as a Lessee:
The Company's new accounting policies on the adoption of IFRS 16 effective from the date of initial recognition are the following:

i) <u>Right of use asset</u>

The Company recognizes right of use asset at the commencement of the lease (the date the asset is available for use). The rights of use assets are measured at cost less accumulated depreciation and impairment and adjusted by the remeasurement of lease liabilities. The cost of rights of use assets includes the amount of lease liabilities recognized, initial directly related costs and lease payments made on or before the commencement date, reduced by the amount of discounts or other incentives. Except for the cases where the Company is relatively certain that the ownership of the leased asset will be transferred to the Company at the end of the lease contract, the recognized right of use asset is depreciated on a straight line basis over the shorter period between the useful life of the underlying asset and the lease contract. The right of use assets are subject to impairment test.

ii) Lease liabilities

At the commencement of the lease, the Company recognizes lease liabilities equal to the present value of the lease payments over the duration of the lease contracts. Payments include contractual fixed payments, reduced by any lease incentives received, variable payments depending on an index, and amounts for residual value payments expected to be paid. Leases also include the exercise price of a call option that is relatively certain to be exercised by the Company and the termination penalty payments of a lease, if the contract terms indicate with reasonable certainty that the Company will exercise the right to terminate. Variable payments that are not dependent on an index are recognized as an expense in the period in which the event occurs and the payment is made.

To calculate the present value of the payments, the Company uses the incremental borrowing cost at the commencement date of the lease if the interest implicit in the lease is not readily available. Following the commencement of the lease, the amount of lease liabilities is increased with the accrued interest expense and is reduced by the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a change in the contract, or any change in the term of the contract, in the fixed lease payments or in the assessment to purchase the asset.

iii) Short term leases

The Company applies the practical expedient for short-term leases (i.e. leases of less than or equal to 12 months from the date of commencement of the lease where there is no right to purchase the asset). Lease payments for short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

iv) Significant considerations in determining the lease term with an extension option

The Company determines the lease term as the contractual lease term, including the period covered by (a) the right to extend the lease, if it is relatively certain that the right will be exercised, or (b) the right to terminate the contract, if it is relatively certain that the right will not be exercised.

The Company has the right for some leases to extend the lease term. The Company assesses whether there is relative certainty that the right of renewal will be exercised, taking into consideration all relevant facts and circumstances creating an economic incentive. Subsequent to the lease commencement, the Company re-assesses the lease term, if there is a significant event or change in circumstances within its control and affects the exercise (or not) of the extension option (such as a change in the business strategy of the Company).

2.15 Related parties transactions

Related parties of the Company include:

(a) an entity that has control over the Company and entities that are controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;

(b) members of key management personnel of the Company, their close family members and entities that are controlled or jointly controlled by the above mentioned persons;

(c) associates and joint ventures; and

(d) related entities.

All transactions carried out with related parties are within the ordinary course of business and are conducted under pure commercial terms.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

2.17 Dividends

Dividend distribution on shares is recognized as a deduction in the Company’s equity when approved by the Company's shareholders.

Interim dividends are recognized as a deduction in the Company's equity when approved by the Board of Directors.

2.18 Provisions – Pending litigations

Provisions are recognized when the Company has a current legal or constructive obligation as a result of past events and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation whose amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties relating to the amount recognized as a provision. Provisions are reviewed at each reporting date and adjusted to reflect the best possible estimate. If subsequently, it is no longer probable that in order to settle the obligation an outflow of resources embodying economic benefits will be required, the provision is reversed.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits on demand and time deposits with banks, other short-term highly liquid and low risk investments, with original maturities of three months or less.

2.20 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Company and the amount can be measured reliably. Recognition of revenue from insurance contracts is described in Note 2.12. The Company’s other income streams are recognized as follows:

Asset management fees.

Revenue from asset management and other related services offered to clients by the Company are recognized in the accounting period in which the services are accrued.

Fees, primarily consisting of investment management fees arising from services rendered, are associated with the issuance and management of Unit Linked investment contracts. The Company actively manage the payments received from customers in order to invest them and provide return in accordance with the investment profile that the customer has selected upon the initial acceptance of the terms of the investment product.

These services include the management of financial assets held for trading and derivatives in order to attain the contractual returns which the Company's customers expect from their investment. Such activities create revenue recognized according to the stage of completion of contractual services. As business practice, the Company recognizes these fees by allocating them to the estimated life of the contract.

Interest income

Interest income is recognized in the income statement on an accrual basis for all interest bearing instruments using the effective interest rate method. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset.

Once a receivable has been impaired, interest income is recognized using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

Dividend income

Dividend income from financial assets is recognized in the income statement when the right to receive is approved by the shareholders.

2.21 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are accounted at cost less any impairment losses. Cost is the fair value of the consideration given, or if that cannot be determined reliably, the consideration received together with the costs directly attributable to the transaction.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions concerning the future developments and events that affect the amounts of assets and liabilities presented in the financial statements. These estimates are based on historical data and estimates of future events that are reasonable under the current circumstances. The estimates and assumptions that have a significant risk of causing substantial adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Estimate of future benefits payments and premiums arising from long term insurance contracts and related deferred acquisition costs

The determination of the liabilities under long-term insurance contracts is dependent on the estimates made by the Company.

Estimates are made for the expected number of deaths for each of the years in which the Company is exposed to insurance risk. The Company bases these estimates on the mortality tables determined by the national insurance legislation. In addition, the Company uses last ten years' experience for comparison purposes.

The main source of uncertainty of the above mentioned risks are the epidemics and wide-ranging lifestyle changes such as smoking, eating and exercise habits which could result in future mortality and morbidity being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk.

The Company covers through reinsurance contracts the mortality risk either by proportional contracts or reinsurance protection contracts from catastrophic events. Moreover, the continuous evolution of medical science and the improvement of social benefits can lead to improved longevity beyond estimated mortality table used for the calculation of obligations from contracts that are exposed to this risk (pension contracts).

Estimates are also made for future costs of maintenance and management of the current portfolio, which are based on assumptions related to the expenditure levels of the Company made upon product pricing. The discount of future figures is made using the respective minimum guaranteed technical interest rate of the products. The uncertainty arises from the risk that future returns from investments which cover the respective insurance provisions to be lower than the respective technical interest rate.

Commissions and other acquisition costs associated with the issuance of new insurance contracts and renewal of existing insurance contracts are capitalized as an intangible asset. All other costs are recognized as expenses when incurred. For long term life insurance, the Deferred Acquisition Costs are amortized over the term of the contract in accordance to the premiums' income using the respective assumptions used to calculate the liability for future benefits of the contract.

The Company make assumptions for lapses based on Company's historical statistical data per product category.

The future cash flows are discounted using yield curves constructed at the reporting date based on the yield to historical cost of investment portfolio and the forward yield curve (refer to note 4.2, note 8 and note 20).

(b) Liabilities arising from claims made under insurance contracts

The estimation of outstanding claims made under insurance contracts is also a critical accounting estimate of the Company. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. In addition to the reserve calculated on a case by case basis, the Company also makes provisions for claims handling costs. The adequacy of provisions for outstanding claims (reported or not at the reporting date) is also examined using statistical methods. When the result of the statistical methods is higher than the existing statutory provisions, the Company recognizes additional provisions (LAT) (refer to note 20).

(c) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. Additionally, for financial instruments with rare transactions and low transparency pricing, fair value is less objective and requires judgment in various levels depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting this financial instrument.

Valuation techniques used include present value methods and other models mainly based on observable inputs and to a lesser extent on unobservable inputs, in order to maintain the reliability of fair value measurement.

Valuation models are primarily used to value over the counter derivatives and securities measured at fair value. In such cases, fair value is estimated using observable input of similar financial instruments, or using models.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent to the personnel who performed the valuation methods. All models are certified before being used and adjusted so as to ensure that outputs reflect the actual data and the comparative market prices. The key assumptions and estimates considered by management when applying a valuation model include:

(a) the likelihood and expected timing of future cash flows,

(b) the selection of the appropriate discount rate based on the estimate of a market participant for the appropriate spread of the rate over the risk free rate,

(c) judgment in determining the model that will be used to calculate the fair value.

To the extent practicable, models use only observable input, however in areas such as credit risk (both own and the counterparty) management estimates are required for parameters such as volatility and correlations so as to reflect uncertainties in fair value resulting from the lack of observable market input.

Input used in valuations based on unobservable data are inherently uncertain, due to the small number or the lack of available current market data. However, in most cases there will be some historical data on which the measurement of fair value can be based and, therefore, even when unobservable inputs are used, some observable data will be used for fair value.

Valuation techniques used to calculate fair value are described in Note 4.6.

Given the uncertainty and subjectivity inherent in the fair value estimation of financial instruments, changes in management's assumptions and estimates could affect the reported fair values.

Valuation Technique of Greek Government Bonds (PSI GGBs)

The Company holds Greek Government Bonds issued at the restructuring of the Greek debt in 2012 (PSI GGBs) and which were not exchanged in 2017 with new bonds under the exchange program announced by the Hellenic Republic. Trading of PSI GGBs has low liquidation, as there is low volume of transactions in the secondary market and low trading value.

The Company, in order to assess the fair value of the PSI GGBs on 31 December 2018, used the valuation of a recognized financial data provider. This provider's valuation technique maximizes the use of observable market data such as transaction price and/or bid prices for PSI GGBs which take into consideration the performance margin of PSI GGBs required due to the lack of an active market (illiquidity premium).

In this context, the Company calculated a performance margin (implied spread) between the PSI GGBs and the New GGBs resulting from the exchange of 15 November 2017 as well as subsequent GGBs issues of the Hellenic Republic. This spread which represents the additional liquidity risk arising from the low trading volume of PSI GGBs compared to New GGBs (illiquidity premium), ranges between 25 and 55 basis points on 31 December 2019 for the medium and long term maturities of PSI GGBs (the corresponding implied spread on 31 December 2018 is between 35 and 65 basis points), a range that is considered reasonable based on the existing market conditions.

NOTE 4: INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Framework for Risk Management

The Company has established an effective risk management system, aiming to address the risks to which it is exposed and protect its policyholders and shareholders. The risk management system is based on a predetermined principles, policies and procedures framework. Due to the nature of its operations, the Company is exposed to insurance, financial risks such as credit risk, market risk and liquidity risk and operational risk. To minimize the potential adverse effects arising from these risks, the Company has established:

- a framework that reflects its risk management strategy,
- a methodology for the identification, measurement, management and reporting of all risks to which the Company is or may be exposed, and finally
- a governance structure, according to the requirements raised by the regulatory and the internally defined framework.

Within this structure, a Risk, Asset-Liability and Investment Management Committee has been established.

4.1.1 Risk, Asset - Liability and Investment Management Committee

The Risk, Asset - Liability and Investment Management Committee of the Company is a committee of the Board of Directors.

The Committee is responsible:

- to ensure and provide assurance to the BoD of Entity’s continuous compliance with Solvency II Capital Requirements;
- to develop appropriate risk strategies for all types of risks potentially affecting the Entity and its capital management in accordance with the regulatory framework in effect;
- to establish the principles and rules governing risk identification, assessment, measurement, monitoring, management and reporting of risks including assets-liability management;
- to establish an adequate system of internal controls allowing risk understanding and the integration of proper risk management policies in the decision making processes of the Entity;
- to monitor, challenge and validate the processes that govern the Solvency II capital requirement calculation and the execution of the Own Risk and Solvency Assessment exercise;
- to assist the BoD in adopting a rational and prudent investment strategy and policy;
- to evaluate investment proposals, originating from either management or external investment managers/advisors, taking into account the legal and regulatory requirements and ensuring that the Entity maintains sufficient coverage over the Solvency Coverage Ratio as dictated by the risk appetite of the BoD;
- to monitor the Entity’s compliance with the legal and regulatory framework governing its full range of operations;
- to evaluate the competence, performance, mandate and compensations of external investment managers;
- to guide the Investments Department and other areas of the business relative to investments and to ensure that sufficient resources are in place for the implementation of the committee decisions.

To assure the continuous relevance of the guidelines, objectives, financial position and capital related markets expectations as established in the Company’s investment policy, the Risk, Asset - Liability and Investment Management Committee shall review the investment policy on an annual basis.

4.1.2 Risk Management Function

The adoption and implementation of the risk management system is ensured through the existence of the Risk Management Function. The Risk Management Function’s main responsibilities are to:

- raise awareness of risks within the Entity;
- develop and adopt the appropriate methodology for management of all major risks to which the Entity is exposed or might be exposed to. This methodology concerns the identification, assessment, measurement, monitoring, mitigation and reporting of risks;
- evaluate periodically the adequacy of the aforementioned methodology;
- issue and annually review the policies per risk category, and oversee their implementation;
- depict the Entity’s risk profile and determine and monitor indicators for the early identification and management of risks;
- periodically perform stress testing and scenario analysis assessments for the major risk exposures;
- perform the ORSA process at least once a year and whenever necessary;
- validate the overall calculation of SCR and SCR coverage ratio;
- assess of risks related to new services, products and processes;
- assess of risks of new investments related to the Solvency Capital Requirement;
- establish (and annually revise) Business Continuity Policy and Business Continuity Plan;
- establish, implement and monitor projects in the area of Information Security in order to be within the Entity’s risk appetite;
- notify the Risk, Asset-Liability and Investment Management Committee of any potential deviations of risk exposures out of the approved limits, propose mitigation techniques depending on the nature of risk and monitor the implementation progress of the relevant action plans;
- aggregate data and submit reports (on regular and ad – hoc basis) so as to appropriately inform the BoD, the Risk, Asset-Liability and Investment Management and Management for the essential risk exposures and risk related issues;
- perform Risk and Control Self-Assessment (RCSA) exercises, Business Environment Assessments and Outsourcing Relationships Assessments related to operational risk exposures, and Fraud Risk Assessment (FRA) exercises concentrated in fraud risk exposures;
- establish (and annually revise) the framework for outsourcing and perform a holistic risk management program for managing operational risks related to outsourced activities;
- participate in Reinsurance Committee aiming to contribute in the development of reinsurance programme which is appropriate for the management of the risks inherent in the portfolio.

4.2 Insurance Risk

The risk inherent in any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur if the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

4.2.1 Life Insurance

The Company issues a mix of traditional life insurance contracts, unit-linked contracts, Deposit Administration Fund (DAF) contracts, life and health riders including hospitalization riders and credit life contracts. The main distribution channel for the life insurance business is through the bancassurance network amounting to 88,4% of the total business (31 December 2018: 88,2%). The Company also issues life insurance contracts through independent intermediary channels such as insurance agents and brokers.

The individual life business includes term assurance, endowment and pure endowment assurance and whole of life assurance. The Company also offers pension products in the form of deferred annuities. The Company writes unit-linked business with the premiums being invested in different funds. The Company sells both single premium and periodic premium whole of life and endowment assurances as unit-linked products. The Company's DAF business mainly consists of a group pension plan. There are also several types of rider benefits that can be attached to life insurance policies issued by the Company, the majority of which are health indemnities covering hospitalization and surgery. The Company also has a small portfolio of group health insurance business covering death, illness or disability risk. The credit life contracts business is classified as group business and consists of term life cover linked to small business loans, mortgages, credit cards, and consumer loans.

The new production for the current period from banking networks relates to savings/ pension plans of single premium of approximately 41,1% of total production (31 December 2018: 46,6%), Unit Linked products of single premium of approximately 18,9% of total production (31 December 2018: 12,0%) and insurance contracts of periodic payments (savings plan, pension plan and insurance protection of borrowers/ primary health coverage) representing 28,4% of total written premiums (31 December 2018: 29,6%).

The distribution of the portfolio in terms of written insurance premium for individual insurance, Unit Linked, group insurance, and DAF products for the current period amounts to 68,1%, 18,9%, 6,9% and 6,2%, respectively

4.2.1.1 Traditional life insurance and DAF contracts

a) Frequency and severity of claims

Traditional life insurance contracts issued by the Company include long-term or yearly renewable contracts. The Company manages the risks related to these contracts through diversification of underwritten risks and the reinsurance contracts.

The Company is exposed to the following risks for the long-term life insurance business:

- **Mortality risk**

Mortality risk is the risk that the actual number of deaths is higher than expected resulting in increased claims. The Company's most significant exposure to mortality risk is in its term life, whole life and endowment policies which are written as part of the individual life insurance and credit life business (issued through bancassurance network). The Company manages these risks through its underwriting strategy and reinsurance arrangements. The Company has excess of loss reinsurance agreements for long term life insurance contracts with death coverage with a retention limit on any single life insured.

- **Longevity risk**

Longevity risk relates to future claims and benefit payments which may be different from the actual benefit payments that will become due in the future if the policyholders live longer than expected. The Company's most significant exposure to longevity risk is in the deferred annuity portfolio. The Company manages these risks with appropriate pricing policies as well as actuarial methods and through the use of an updated mortality table that reflects lengthened life expectancies. The Company does not have in place any reinsurance for contracts that insure survival risk therefore this risk is managed through a dispersed insurance capital.

The table below presents the concentration of insured benefits across four bands of insured benefits per individual life assured. The amounts are shown gross and net of reinsurance contracts. These tables do not include annuity contracts, for which a separate analysis is reported further below.

Sum assured per life assured at 31 December 2019	**Before reinsurance**		**After reinsurance**	
	(amounts in € millions)	**%**	*(amounts in € millions)*	**%**
0-6.000	127,4	4,9	127,2	10,9
6.000-15.000	271,5	10,5	210,0	18,0
15.000-20.000	114,1	4,4	96,6	8,3
>20.000	2.083,9	80,2	735,9	62,9
Total	**2.596,9**	**100,0**	**1.169,7**	**100,0**

Sum assured per life assured at 31 December 2018	**Before reinsurance**		**After reinsurance**	
	(amounts in € millions)	**%**	*(amounts in € millions)*	**%**
0-6.000	119,6	3,0	119,5	6,7
6.000-15.000	328,5	8,1	261,5	14,7
15.000-20.000	203,9	5,1	185,4	10,4
>20.000	3.380,9	83,8	1.215,3	68,2
Total	**4.032,8**	**100,0**	**1.781,5**	**100,0**

The risk is concentrated in the higher value bands. This has not changed from last year.

The following tables for annuity insurance contracts illustrate the concentration of risk based on ten bands that group these contracts in relation to amount payable per annum as if the annuity were in payment at the year-end. The Company does not hold any reinsurance contract against the liabilities carried for these contracts.

Annuity payable per contract as at 31 December 2019	**Total annuities payable**	
	(amounts in € millions)	%
0-500	8,3	14
500-1.000	12,9	21
1.000-2.000	13,9	23
2.000-3.000	7,2	12
3.000-4.000	4,7	8
4.000-5.000	4,2	7
5.000-6.000	2,0	3
6.000-8.000	2,7	4
8.000-10.000	2,0	3
>10.000	3,5	6
Total	**61,3**	**100**

Annuity payable per contract as at 31 December 2018	Total annuities payable	
	(amounts in € millions)	%
0-500	10,3	15
500-1.000	14,5	22
1.000-2.000	14,9	22
2.000-3.000	7,5	11
3.000-4.000	4,8	7
4.000-5.000	4,3	7
5.000-6.000	2,1	3
6.000-8.000	2,6	4
8.000-10.000	2,1	3
>10.000	3,3	5
Total	**66,5**	**100**

- **Lapse/ Cancellation Risk**

Insurance risk for long-term life insurance contracts is also affected by the policyholders' right to pay reduced or no future premiums and to terminate the contract completely. As a result, the amount of insurance risk is also subject to policyholder behavior which may have an impact on future claims payment patterns. Policyholder behaviors and patterns can be influenced by many factors, including economic and financial market conditions. For instance, if an insurance product contains a guaranteed minimum benefit (as in traditional life insurance products), financial market conditions will determine whether that guarantee is "in the money", "out of the money" or "at the money", depending on whether the guaranteed amount is higher, lower or equal to the value of the underlying funds. This in turn may influence the policyholder's decision on whether to maintain the policy.

- **Expense risk**

A failure to accurately estimate inflation and factor it into the Company's product pricing, expenses and liability valuations could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

b) Sources of uncertainty in the estimation of future benefit payments and premium income

Uncertainty in the estimation of future benefit payments and premium income for long-term life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and change in policyholders' behavior. The Company uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Company over the last 10 years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

c) Process used to decide on assumptions

Upon product initiation, the Company makes assumptions on mortality, investment returns, and administration expenses for long-term life insurance contracts. Also, a margin is added to reduce the uncertainty. These assumptions are "locked" over the life of the contract and used for the calculation of the technical reserve. Furthermore, throughout the life of the contract, the Company reviews these assumptions using statistical and actuarial methods and combines these with additional assumptions using parameters such as lapse rate, option of lump sum pension (for pension coverage) to perform liability adequacy tests.

The main parameters taken into account upon the implementation of liability adequacy tests for the traditional life insurance portfolio are as follows:

- **Mortality:** The estimation of parameters applied is based on percentages provided by mortality tables as defined by the Greek legislation taking also into account the Company's experience of insured policyholders.
- **Lapse and surrender rates:** In the long-term life insurances, the contract is cancelled in case of non-payment of the premium. However, if the insurance has acquired the right for surrender the contract is not canceled and the insurance becomes free of further premium payments under the same terms and conditions as the original life insurance, but with reduced annuities. The policy holder shall have the right to request surrender of life insurance with partial return of the mathematical reserve at the time of the surrender application. The policy year in which the contract acquires the right of surrender and the surrender value are specified in the relevant tables of the contract. The lapse and surrenders percentages are estimated per company of similar products, taking into account

the Company's experience during the last ten years. The study for lapses and surrenders is updated on an annual basis. From time to time, the Company may need to update its assumptions and actuarial and risk models to reflect actual experience and other new information. Changes to assumptions and these models could result in a review of, and subsequent changes to, the insurance product pricing, which could have a material adverse effect on the Company's business, results of operations and prospects. The impact of changes in assumptions for the Company would be reflected over the remaining life of the policies through the earnings.

- **Expenses:** The future estimates are based on the current (at the reporting date) expenses of the Company for the maintenance and management of the insurance portfolio and they are readjusted for every future year, with the estimated price inflation. The Company has adopted an expense model through which the expenses are characterized as recurring and non-recurring, acquisition and management, and then they are allocated into groups of products. The output of this model is used to determine the assumptions made in the estimation of future expenses.

- **Percentage of pension surrenders at retirement:** This right is granted only to pension plans. Based on the experience of the last 10 years, the Company estimates the percentage of insured people who will select to receive a lump sum at the beginning of their retirement.
- **Discount Rates:** The estimation of liabilities' adequacy is based on future cash flows of revenues and expenses of the Company, including the reinsurance share. Future cash flows are discounted at the end of each reporting period using interest rates curves, which are based on the risk-free rates curve published by the European supervisory authority for occupational pensions and insurance ("EIOPA"), and take into consideration the current allocation and expected yields of the investment portfolio.

The liability adequacy test conducted for the life traditional insurance products of the Greek life insurance subsidiary, at the end of the current year resulted in additional reserves of €26,9 mil. (31 December 2018: €71,2 mil.).

Furthermore, the parameters taken into account upon implementation of liability adequacy tests for the DAF portfolio are as follows:

- **Mortality:** The estimation of parameters applied is based on percentages provided by mortality tables as defined by the Greek legislation taking also into account the Company's experience of insured policyholders.
- **Lapse and surrender rates:** In the long-term life insurances, the contract is cancelled in case of non-payment of the premium, while the policyholder is given the option to terminate the contract. The lapse and surrenders percentages are estimated per group of similar products, taking into account the Company's experience.

- **Expenses:** The future estimates reflect the current (at the reporting date) expenses of the Company for the maintenance of the insurance portfolio and they are readjusted, for every future year, with the estimated price inflation.

The liability adequacy test for the Deposit Administration Funds (DAF) at the end of the current year resulted in additional reserves of €38,5 mil. (31 December 2018: the additional reserves were €7,5 mil.).

d) Sensitivity analysis

The following tables present the sensitivity of the adequacy of the reserves to the movements in the assumptions used in the estimation of insurance liabilities for the traditional life insurance portfolio.

- Lapse and surrender rates: The increase of lapse and surrender rates by 10,0% compared to the current estimates would result in an increase in adequacy of reserves by €4,0 mil (31 December 2018: €4,6 mil), while the decrease of lapse and surrender rates by 10,0% compared to the current estimates would result in a decrease by €4,2 mil (31 December 2018: €4,8 mil)

- Expenses: The increase of administrative expenses by 10,0% compared to current estimates would result in a decrease in the adequacy of reserves by €6,5 mil (31 December 2018: €6,0 mil) while the decrease of administrative expenses by 10,0% compared to the current estimates would result in an increase by €6,5 mil (31 December 2018: €6,0 mil)
- Percentage of pension surrenders at retirement: A decrease in percentage of policyholders exercising the surrender option upon retirement by 10,0% compared to the current estimates would result in a decrease in the adequacy of reserves by €12,1 mil (31 December 2018: €15,9 mil).

- Interest rates increase: An increase in the yield interest rates and in the discount rates by 0,5% would result in an increase in the adequacy of reserves by €23,5 mil (31 December 2018: €56,8 mil).

- Interest rates decrease: A decrease in the yield interest rates and in the discount rates by 0,5% would result in a decrease in the adequacy of reserves by €60,5 mil (31 December 2018: €60,0 mil).

31 December 2019	**Change**	**Impact on the adequacy of insurance reserves**
(amounts in € millions)		
Increase in lapses and surrenders rates	+10%	4,0
Decrease in lapses and surrenders rates	-10%	(4,2)
Increase in administrative expenses	+10%	(6,5)
Decrease in administrative expenses	-10%	6,5
Decrease in surrenders upon retirement	-10%	(12,1)
Increase in interest rates	+0,5%	23,5
Decrease in interest rates	-0,5%	(60,5)

31 December 2018	**Change**	**Impact on the adequacy of insurance reserves**
(amounts in € millions)		
Increase in lapses and surrenders rates	+10%	4,6
Decrease in lapses and surrenders rates	-10%	(4,8)
Increase in administrative expenses	+10%	(6,0)
Decrease in administrative expenses	-10%	6,0
Decrease in surrenders upon retirement	-10%	(15,9)
Increase in interest rates	+0,5%	56,8
Decrease in interest rates	-0,5%	(60,0)

In addition, the tables below present the sensitivity of the adequacy of reserves to the movements in the assumptions used in the estimation of insurance liabilities for the DAF portfolio.

- Lapse and surrender rates: The increase of lapse-surrender rates by 10,0% compared to the current estimates would result in an increase in the adequacy of reserves by €327 thousand (31 December 2018: €163 thousand) while a decrease of 10,0% would result in a decrease in the adequacy of the reserve by €333 thousand (31 December 2018: €173 thousand).

- Expenses: The increase of administrative expenses by 10,0% compared to current estimates would result in a decrease in the adequacy of reserves by €1.156 thousand (31 December 2018: €520 thousand) while a decrease of 10,0% would result in an increase in the adequacy of reserves by €1.156 thousand.

- Interest rates increase: An increase in the yield interest rates and in the discount rates by 0,5% would result in an increase in the adequacy of reserves by €11.479 thousand (31 December 2018: €2.558 thousand).

- Interest rates decrease: A decrease in the yield interest rates and in the discount rates by 0,5% would result in a decrease in the adequacy of reserves by €15.805 thousand (31 December 2018: € 4.693 thousand)

31 December 2019	Change	Impact on the adequacy of insurance reserves
(amounts in € thousand)		
Increase in lapses and surrenders rates	+10%	327
Decrease in lapses and surrenders rates	-10%	(333)
Increase in administrative expenses	+10%	(1.156)
Decrease in administrative expenses	-10%	1.156
Increase in interest rates	+0,5%	11.479
Decrease in interest rates	-0,5%	(15.805)

31 December 2018	Change	Impact on the adequacy of insurance reserves
(amounts in € thousand)		
Increase in lapses and surrenders rates	+10%	(163)
Decrease in lapses and surrenders rates	-10%	173
Increase in administrative expenses	+10%	(520)
Increase in interest rates	+0,5%	2.558
Decrease in interest rates	-0,5%	(4.693)

e) Guaranteed annuity options

Insurance risk in pension contracts with guaranteed annuity option depends on the number of policyholders who will choose the pension instead of a lump sum at maturity. This will strongly depend on the investment and economic environment prevailing at the time of selection.

It is noted that the percentage of total policyholders who received annuity instead of a lump sum at maturity during the current period is 0,97% (31 December 2018: 0,55%).

The lower the current interest rates of investments compared to the technical rate of guaranteed pensions are, the more likely it is for policyholders to opt for pension. The continuous improvement of longevity that will be reflected in the current pricing will also increase the number of policyholders who will choose pension and will increase the Company's exposure to insurance risk arising from these portfolios.

4.2.1.2 Rider Covers attached to life insurance contract

a) Frequency and severity of claims

Riders are issued for individual and group policies and relate to indemnities covering medical expenses, hospital allowance, surgery allowance, death by accident, and disability. The Company issues riders for long and short term contracts. For the majority of the riders' portfolio, the Company is exposed to morbidity risk.

Morbidity risk is the risk of increase in the frequency and severity of the claims due to disability, sickness or medical inflation.

The Company's most significant exposure to morbidity risk for group contracts relate to credit life business. As far as the individual contracts are concerned, the morbidity risk relates mainly to hospitalization covers that compensates inpatient medical expenses.

For the group insurance contracts, the risk is influenced by the sector in which the policyholder is employed. The risk of death and disability is therefore differentiated according to the sector. The excessive concentration risk in a specific sector will increase the probability of mortality, disability or morbidity of employees in the specific sector. The Company seeks to manage this risk through the underwriting process, claims' management and reinsurance agreements. For group contracts, the Company retains the right of re-pricing risks upon renewal or not proceeding with the renewal. Additionally, the Company has entered into a proportional reinsurance contract.

For the individual health covers the risk differentiates depending on the age and the gender of the insured and it is influenced by a number of independent factors affecting the health of the insured such as changes in the lifestyle (smoking), environmental pollution, etc. Especially for hospitalization covers, the level of the claim's paid amount is also influenced by the medical inflation. In order to mitigate the morbidity risk for the individual riders' portfolio covering inpatient medical expenses (hospitalization covers), the Company has established exemptions for the claim amounting to €500, €1.000, €1.500, €2.000, €3.000 or €6.000 as well as the percentage of participation of the policyholder to the claim.

In addition, the Company covers the risk for all health cover (disability, hospital allowance, surgery allowance, medical expenses) through a proportional reinsurance agreement.

b) Sources of uncertainty in the estimation of future benefit payments and premium income

The main uncertainty in estimating future payments for Hospitalization programs is to assess the morbidity and medical inflation of the forthcoming years. The effect of continuous development in medical science, especially in the prevention area, as well as major changes in lifestyle such as smoking, is the reason of uncertainty in morbidity estimates.

For all rider coverages, the reserves for outstanding claims consist of the reported losses estimated on a case by case basis, unallocated loss adjustment expenses and an additional reserve resulting from the statistical method of assessing the adequacy of the reserves.

The Company monitors the loss ratios and regularly analyses its experience of the severity and frequency of losses.

For certain rider benefits, the Company uses the expertise of the reinsurers due to the absence of sufficient statistical data.

c) Process used to decide on assumptions

The Company assesses the profitability for hospitalization riders on an annual basis through the use of various technical parameters such as mortality, morbidity, loss ratio, medical claims inflation, lapse in coverage, annual increase in premiums and administrative expenses. Based on this assessment performed, the Company retains the right of re-pricing risks upon renewal.

The Company assesses the adequacy of the premium based on the prior year experience. Parameter measures of the experience are the claim loss ratios (gross and net), combined loss ratios, and severity and frequency of the claims occurred. According to the outcome of the comparison of the premium versus the experience measures, the Company exercises the right to re-price the risks upon renewal.

4.3 Financial risks

Financial risk management is an integral part of the Company's risk management framework on a daily basis. Management, aiming to maintain the stability and continuity of its operations, places high priority on the goal of implementing and continuously improving an effective risk management framework to minimize potential negative effects on the Company's financial results.

The Company systematically monitors the following risks resulting from the use of financial instruments: credit risk, market risk and liquidity risk.

4.3.1 Credit risk

The Company's credit risk relates to the counterparty risk of default that may arise and cause financial loss to the Company by failing to meet its financial obligations due to the deterioration of its financial position. The Company manages individual exposures per category as well as credit risk concentrations.

Credit risk concentration

The main counterparties, to which the Company is exposed to concentration risk, are reinsurers and issuers of securities. Within the framework of risk management, credit rating standards are specified for counterparties as well as limits for concentration risk.

There was no exposure in excess of the Company's limits for counterparties as of 31 December 2019 and 2018.

The maximum exposure to credit risk consists mainly of on-balance sheet exposures. There are also off-balance sheet exposures, which are not considered material and are primarily related to collateral, such as letters of credit. These collaterals are used to protect the Company from the underlying credit exposures mainly related to other receivables.

The maximum exposure to credit risk before collateral held or other credit enhancements is the following:

Maximum exposure	31/12/2019	31/12/2018
(amounts in € thousand)		
Financial assets at FVTPL:		
- Financial assets where the policyholders bear the investment risk (Unit Linked)	172.048	116.522
- Financial assets held for trading	312.996	942.989
Available for sale financial assets	2.309.578	1.293.300
Insurance receivables	10.913	5.754
Other receivables	8.381	5.539
Reinsurance receivables	16.182	17.075
Cash and cash equivalents	150.463	126.069
Total assets bearing credit risk	**2.980.560**	**2.507.247**

There is no credit risk associated with unit-linked contracts for the Company, since it is the policyholders who bear the credit, market and liquidity risk related to these investments.

As at 31 December 2019, the Company has no exposure to credit risk arising from derivative financial instruments.

The main areas in which the Company is exposed to credit risk are:

Credit risk related to debt securities :

Credit risk arising from debt securities relates to the inability of the issuer to meet its obligation to repay the face value of the bond at its maturity and settlement. In the context of the Company's Financial Risk Management Framework, credit ratings assigned by independent certified external rating agencies are used as a primary criterion for the evaluation of the credit risk entailed in investments in debt securities. The Company initially uses the Fitch credit ratings and if there are no recent data available, then the Standard & Poor’s or Moody’s credit ratings are used.

The Company’s assets portfolio mainly consists of debt securities and as a result the exposure to credit risk from issuers is considered significant.

The following table shows the credit risk exposure on debt securities including accrued interest, by issuer credit rating, industry and geographical area:

Government Bonds	Rating Fitch	31/12/2019	Rating Fitch	31/12/2018
(amounts in € thousand)				
Greece	BB-	2.227.037	BB-	1.841.079
Germany	AAA	101.209	AAA	157.644
Spain	A-	30.014	A-	27.027
Ireland	A+	56.145	A+	56.697
Romania		-		-
USA	AAA	84.347	AA+	89.537
Total		**2.498.751**		**2.171.984**

Corporate Bonds	Rating Fitch	31/12/2019	Rating Fitch	31/12/2018
(amounts in € thousand)				
Financial sector (Banks)		-		-
Non financial sector (other commercial)	BB	6.293	BB+	2.592
	NR	4.147	NR	12.991
Total		**10.441**		**15.582**

As of 31 December 2019 and 2018, the largest concentration in the Company’s debt securities portfolio is in European sovereign debts which constitute a percentage of 96,2% and 95,2% respectively on the total debt securities portfolio and a percentage of 82,0% and 84,0% respectively on the total financial instruments (including cash and cash equivalents).

Especially for the sovereign exposure to Greece from debt securities, the Company had an exposure of €2.227.037 thousand (75,6% of total financial instruments) and € 1.841.079 thousand (74,3% of total financial instruments) as of 31 December 2019 and 2018, respectively.

Credit risk related to reinsurance assets:

As part of its overall risk management strategy, the Company cedes insurance risk through proportional, non-proportional and facultative reinsurance treaties. While these cessions mitigate insurance risk, the receivables from reinsurers expose the Company to potential credit risk.

Reinsurance contracts are reviewed by the Company on an annual basis (or earlier, in exceptional cases) in order to ensure an adequate level of protection and support of contracts by creditworthy reinsurers. In this context, strict principles have been set up for the selection of reinsurers, who should be highly evaluated by recognized rating agencies under any circumstances.

The Company applies the minimum acceptable rating levels on reinsurers who support the reinsurance contracts, and therefore, reinsurers that are rated below A- by Standard & Poor's or equivalent rating by other rating agencies (AM Best, Fitch), are not acceptable. A temporary exception to this rule could be made for the reinsurers with whom the Company has a long successful cooperation and while they were assigned an A- or higher credit rating at the inception of the reinsurance contract, they were downgraded during the term of the contract.

Based on the Company's reinsurance business strategy, an appropriate mixture of reinsurers has been selected in order to ensure adequate level of reinsurance coverage. The Company's credit risk exposure on the reinsurance receivables due from the largest reinsurance company as at 31 December 2019 amounts to 67,7% (2018: 68,7%). However due to the high credit rating and the recognized solvency of this reinsurance company the Company's management does not expect any losses from credit defaults.

Credit risk related to premium receivables:

The Company's main credit risk exposure to insurance receivables is from third party agents, brokers and other intermediaries. The risk arises where they collect premiums from customers to be paid to the Company. The Company has policies and standards to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest positions, including monitoring of the limits of these exposures. The Company has also established a pre-selection process and mitigates the risk through careful selection of counterparties.

Past due but not impaired receivables should be regarded as unsecured, but some of these receivable positions may be offset by collateral (i.e. letter of credits). The Company prepares internal reports on past due but not impaired receivable balances and aims in keeping the balance of past due positions as low as possible, while taking into account customer satisfaction.

The maximum exposure to credit risk from insurance receivables at the reporting date by type of network was:

Analysis per type of network	**31/12/2019**	**31/12/2018**
(amounts in € thousand)		
Company's network	241	200
Bancassurance	4.301	3.575
Agents and brokers	6.370	1.980
Total	**10.913**	**5.754**

The Bancassurance network refers to receivables due from the policyholders related to the insurance contracts distributed through the network of branches of Eurobank. Based on the regulatory requirements, the Banks are not authorized to collect insurance premiums on behalf of the Company, but the Company collects the premiums using the network of Banks' branches. As a consequence, the counterparty risk that the Company is exposed to is not transferred to the Bank.

The agents and brokers network is divided into two categories; the intermediaries that are authorized to collect premiums and the intermediaries that are not authorized.

Credit risk related to cash and cash equivalents:

As at 31 December 2019 and 31 December 2018 the cash placements to Eurobank amounted to €12.667 thousand and €30.663 thousand respectively.

The following table presents financial assets by credit rating category as at 31 December 2019 and 31 December 2018:

31 December 2019								
Rating	**Unit Linked**	**Trade Portfolio**	**AFS portfolio**	**Premium receivables**	**Other receivables**	**Re-insurance receivables**	**Cash and cash equivalents**	**Total**
(amounts in € thousand)								
AAA	-	7.795	177.761	-	-	-	-	**185.556**
AA+	-	-	-	-	1.185	4.528	-	**5.713**
AA-	-	-	-	-	3.463	11.645	561	**15.670**
A+	-	-	56.145	-	5	-	-	**56.150**
A-	-	-	30.014	-	-	-	-	**30.014**
BB	307	-	6.293	-	-	-	-	**6.600**
BB-	2.522	303.602	1.923.435	-	-	-	-	**2.229.559**
CCC+	-	-	-	-	1	-	103.981	**103.982**
CCC	-	-	-	-	-	-	45.912	**45.912**
Non Rated	169.219	1.599	115.930	10.913	3.727	9	10	**301.406**
Total	**172.048**	**312.996**	**2.309.578**	**10.913**	**8.381**	**16.182**	**150.463**	**2.980.560**

31 December 2018								
Rating	**Unit Linked**	**Trade Portfolio**	**AFS portfolio**	**Premium receivables**	**Other receivables**	**Re-insurance receivables**	**Cash and cash equivalents**	**Total**
(amounts in € thousand)								
AAA	-	-	157.644	-	-	-	-	**157.644**
AA+	-	15.405	74.132	-	483	4.096	-	**94.116**
AA-	-	-	-	-	1.542	12.464	-	**14.005**
A+	-	-	56.697	-	-	505	604	**57.806**
A-	-	-	27.027	-	-	-	-	**27.027**
BB+	-	-	2.592	-	-	-	-	**2.592**
BB-	1.881	926.664	914.415	-	-	-	-	**1.842.960**
CCC	105	-	-	-	6	-	125.380	**125.490**
Non Rated	114.537	920	60.793	5.754	3.508	10	85	**185.607**
Total	**116.522**	**942.989**	**1.293.300**	**5.754**	**5.539**	**17.075**	**126.069**	**2.507.247**

Analysis of financial assets:

The following table provides an aging analysis, except for Unit Linked products, of financial assets that are past due but not impaired and of financial assets that are individually determined to be impaired.

31 December 2019						
	Trade Portfolio	**AFS Portfolio**	**Insurance Receivables**	**Re-insurance Receivables**	**Other Receivables**	**Total**
(amounts in € thousand)						
Neither past due nor impaired financial assets	**312.996**	**2.309.578**	**-**	**16.182**	**8.170**	**2.646.925**
Past due but not impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**
Past due by:						
1 to 90 days	**-**	**-**	10.844	-	-	**10.844**
> 90 days	-	-	69	-	211	**280**
Total	**312.996**	**2.309.578**	**10.913**	**16.182**	**8.381**	**2.658.048**

Impaired financial assets						
Gross carrying value of financial assets	**-**	**369**	**37**	**-**	**781**	**1.187**
Less: impairment allowance	-	-	-	-	-	-
Impairment allowances on individually assessed financial assets	-	(369)	(37)	-	(781)	**(1.187)**
Net carrying value of financial assets	**312.996**	**2.309.578**	**10.913**	**16.182**	**8.381**	**2.658.048**

			31 December 2018			
	Trade Portfolio	**AFS Portfolio**	**Insurance Receivables**	**Reinsurance Receivables**	**Other Receivables**	**Total**
(amounts in € thousand)						
Neither past due nor impaired financial assets	**942.989**	**1.273.671**	**-**	**17.075**	**5.277**	**2.239.012**
Past due but not impaired financial assets	**-**	**-**	**-**	**-**	**-**	**-**
Past due by:						
1 to 90 days	-	-	5.674	-	-	**5.674**
> 90 days	-	-	80	-	261	**342**
Total	**942.989**	**1.273.671**	**5.754**	**17.075**	**5.539**	**2.245.027**
Impaired financial assets						
Gross carrying value of financial assets	**-**	**21.242**	**37**	**-**	**840**	**22.119**
Less: impairment allowance	-	-	-	-	-	-
Impairment allowances on individually assessed financial assets	-	(1.613)	(37)	-	(840)	**(2.490)**
Net carrying value of financial assets	**942.989**	**1.293.300**	**5.754**	**17.075**	**5.539**	**2.264.656**

4.3.2 Market risk

Market risk is the risk associated with the Company's balance sheet positions where the value or cash flow depends on financial markets. Drivers affected by market fluctuations include interest rates, equity market prices and currency exchange rates.

Based on the structure of the Company's investment portfolio, market risk mainly relates to interest rate risk, equity risk, exchange rate risk and credit risk.

It is noted that, in order to monitor market risk, the Company applies the Value-at-Risk (VaR) methodology and monitors its asset portfolio on a daily basis. At the same time, the Company carries out regular stress tests and sensitivity analyses in line with the current investment portfolio structure, the strategy and the current market conditions.

Specifically the market risks to which the Company is exposed to are the following:

(a) Interest rate risk

Fluctuations in current market interest rates, may potentially affect both the cash flows and the fair value of the Company's investment placements. Interest rate risk on cash flows relates to future fluctuation of cash flows of an investment due to changes in market interest rates. Respectively, interest rate risk in fair value relates to fluctuation of the fair value of an investment as a result of changes in market interest rates. As a result of such changes in interest rates, the Company's return on investments may increase or decrease.

Analysis of interest bearing financial assets per average effective interest rate:

Interest analysis

31 December 2019	**0 - 3 %**	**3 - 6 %**	**6 - 10 %**	**Total**
(amounts in € thousand)				
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	1.755	2.725	104	4.584
- Financial assets held for trading	311.397	-	-	311.397
Available for sale financial assets	775.992	1.421.803	-	2.197.795
Cash and cash equivalents	150.463	-	-	150.463
Total	**1.239.607**	**1.424.528**	**104**	**2.664.239**

31 December 2018	**0 - 3 %**	**3 - 6 %**	**6 - 10 %**	**Total**
(amounts in € thousand)				
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	105	1.881	-	1.986
- Financial assets held for trading	942.069	-	-	942.069
Available for sale financial assets	142.843	1.102.655	-	1.245.498
Cash and cash equivalents	126.069	-	-	126.069
Total	**1.211.086**	**1.104.536**	**-**	**2.315.621**

Analysis of interest bearing financial assets by type of rate:

31 December 2019	**Fixed rate**	**Total**
(amounts in € thousand)		
Financial assets at FVTPL:		
- Financial assets where the policyholders bear the investment risk (Unit Linked)		
- Financial assets held for trading	4.584	4.584
Available for sale financial assets	311.397	311.397
Cash and cash equivalents	2.197.795	2.197.795
Financial assets at FVTPL:	150.463	150.463
Total	**2.664.239**	**2.664.239**

31 December 2018	**Fixed rate**	**Total**
(amounts in €thousand)		
Financial assets at FVTPL:		
- Financial assets where the policyholders bear the investment risk (Unit Linked)		
- Financial assets held for trading	1.986	1.986
Available for sale financial assets	942.069	942.069
Cash and cash equivalents	1.245.498	1.245.498
Financial assets at FVTPL:	126.173	126.173
Total	**2.315.621**	**2.315.621**

(b) Currency risk

Based on Company's risk management framework, foreign currency risk is continuously monitored and managed on a regular basis.

The Company has limited exposure to currency risk, since it does not enter in significant trading and investment activities in foreign currencies.

The Company's overall exposure to foreign currency risk at 31 December 2018 amounted to 2,9% (2018: 3,0%) and is not considered significant.

The table below presents the Company's exposure to foreign currency exchange rate risk as at 31 December 2019 and 2018 respectively. The table includes the Company's assets and liabilities at carrying amounts categorized by currency.

31 December 2019				
(amounts in € thousand)	**EUR**	**USD**	**RON**	**Total**
ASSETS				
Deferred acquisition costs (DAC)	28.279	-	-	28.279
Investments in subsidiaries	15.327	-	4.092	19.419
Investments in joint ventures	45.000	-	-	45.000
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	172.048	-	-	172.048
- Financial assets held for trading	305.201	7.795	-	312.996
Available for sale financial assets	2.232.799	76.552	227	2.309.578
Cash and cash equivalents	150.348	114	0	150.463
Insurance receivables	10.913	-	-	10.913
Reinsurance receivables	16.182	-	-	16.182
Other assets	49.222	-	-	49.222
Total assets	**3.025.318**	**84.461**	**4.320**	**3.114.100**
LIABILITIES				
Technical reserves and other insurance provisions	2.306.487	-	-	2.306.487
Financial liabilities	14.504	-	-	14.504
Other Liabilities	151.514	-	-	151.514
Total liabilities	**2.472.504**	**-**	**-**	**2.472.504**
Total Equity	**552.814**	**84.461**	**4.320**	**641.596**

31 December 2018				
(amounts in € thousand)	**EUR**	**USD**	**RON**	**Total**
ASSETS				
Deferred acquisition costs (DAC)	24.813	-	-	24.813
Investments in subsidiaries	15.327	-	4.092	19.419
Investments in joint ventures	45.000	-	-	45.000
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	116.522	-	-	116.522
- Financial assets held for trading	927.584	15.405	-	942.989
Available for sale financial assets	1.218.964	74.132	204	1.293.300
Cash and cash equivalents	125.832	236	0	126.069
Insurance receivables	5.754	-	-	5.754
Reinsurance receivables	17.075	-	-	17.075
Other assets	8.042	-	-	8.042
Total Assets	**2.504.912**	**89.773**	**4.297**	**2.598.983**

LIABILITIES				
Technical reserves and other insurance provisions	2.116.211	-	-	2.116.211
Financial liabilities	10.652	-	-	10.652
Other Liabilities	112.115	-	-	112.115
Total Liabilities	**2.238.978**	**-**	**-**	**2.238.978**
Total Equity	**265.934**	**89.773**	**4.297**	**360.004**

(c) Equity risk

The Company is exposed to equity risks resulting from price fluctuations on equity securities held.

As part of its overall risk management process, the Company manages and monitors its equity risks and applies limits as expressed in established policies. Based on the Financial Risk Management Framework followed by the Company, its investments in equities (including its investments in mutual funds) should not exceed 15,0% of total investments. Investments in Real Estate Investment Trust Securities (REITS) should not exceed 10,0% of total investments.

The Company's overall exposure to equity risk expressed as a percentage of total investments amounted to 5,7% at 31 December 2019 (2018: 3,9%), and is summarized below:

% of Investment portfolio under management	31 December 2019	31 December 2018
Exposure to listed equity markets	4,0%	1,1%
Exposure to REITS	1,7%	2,8%
Total Equities & MF's Exposure	**5,7%**	**3,9%**

(d) VaR summary

VaR methodology is used for measuring financial risk by estimating the potential negative change in the market value of the portfolio within a specified timeframe ("holding period") and probability of occurrence ("confidence level"), if positions remain unchanged for the chosen holding period. The VaR calculated by the Company and used for internal risk measurement and control purposes, is based on a confidence level of 99,0% and a 10 days holding period, using the Monte Carlo (complete repricing) simulation method.

VaR models are designed to measure market risk under normal market conditions. It is assumed that any changes occurring in the risk factors affecting the normal market environment, will follow a normal distribution. Historical movements in prices of risk factors are considered in measuring the risk, while the exponentially weighted moving average estimation (EWMA) is used to apply weights in historical market data.

Since VaR is an integral part of the control system of market risk, VaR limits have been established and followed. Nevertheless, the use of this method does not prevent losses beyond these limits in case of extreme market movements.

VaR of assets

	31 December 2019	31 December 2018
(amounts in € milion)		
Total VaR	**63,1**	**40,1**

The Monte Carlo VaR and the Company's implementation of this risk measurement methodology have a number of limitations, such as that the confidence level of 99,0% VaR means that in 1,0% of cases the loss is expected to be greater than the VaR amount. No information about the level of losses beyond this 1,0% is provided.

The Company monitors VaR combined to other values (e.g. standard deviation), monitors investment portfolio returns and undertakes sensitivity analysis as well as stress tests.

4.3.3 Liquidity risk

Liquidity risk relates to the Company's ability to fulfill its financial obligations when these become due.

The Company's liquidity management process includes monitoring the timing correlation of cash inflows and outflows, as well as ensuring sufficient cash and cash equivalents and highly marketable financial assets that can easily be liquidated are held to meet its operational needs. Monitoring takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

a) Non derivative cash flows

The table below presents, at the reporting date, the cash flows payable by the Company under non-derivative financial liabilities by the remaining contractual maturities. The amounts mentioned are the contractual undiscounted cash flows, except for the insurance reserves, which are presented with their expected cash flows.

The Company manages liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

31 December 2019	Carrying Value	0-1 months	1-3 months	3-12 months	> 1 year	Total
Financial Liabilities						
(amounts in € thousand)						
Reinsurance payables	118	-	118	-	-	**118**
Agents and Insurance Brokers	8.757	7.147	1.575	35	-	**8.757**
Other creditors	2.076	90	1.986	-	-	**2.076**
Lease liabilities	4.171	47	92	408	3.624	**4.171**
Other liabilities	23.357	2.804	930	15.228	4.395	**23.357**
Total financial liabilities	**38.479**	**10.088**	**4.701**	**15.671**	**8.019**	**38.479**

31 December 2018	Carrying Value	0-1 months	1-3 months	3-12 months	> 1 year	Total
Financial Liabilities						
(amounts in € thousand)						
Reinsurance payables	413	-	413	-	-	**413**
Agents and Insurance Brokers	5.482	2.006	3.433	43	-	**5.482**
Other creditors	982	703	279	-	-	**982**
Other liabilities	21.913	988	666	15.218	5.042	**21.913**
Total financial liabilities	**28.790**	**3.697**	**4.791**	**15.261**	**5.042**	**28.790**

Maturity analysis of insurance reserves and other provisions (expected future cash flows)

31 December2019	Carrying Value	0-1 years	1 - 3 years	3-5 years	5-10 years	>10 years	Total
(amounts in € thousand)							
Life Insurance Reserves							
Outstanding claims	45.483	37.150	5.225	2.807	209	93	45.483
Unearned premiums	10.051	10.051	-	-	-	-	10.051
Technical Reserves							
Technical Reserves – Life individual	1.920.659	153.238	323.873	348.388	849.726	492.177	2.167.403
Technical Reserves – Pensions (DAF)	171.818	(8.674)	(4.162)	(3.864)	7.665	235.299	226.265
Unit Linked	158.475	3.711	23.255	27.839	82.094	5.491	**142.389**
Total Life Insurance Reserves	**2.306.487**	**195.477**	**348.191**	**375.170**	**939.694**	**733.060**	**2.591.592**
Investment Contracts							
Unit Linked	14.504	1.865	1.450	1.450	3.937	5.801	**14.504**
Total investment contracts	**14.504**	**1.865**	**1.450**	**1.450**	**3.937**	**5.801**	**14.504**
Total Life	**2.320.991**	**197.341**	**349.641**	**376.621**	**943.631**	**738.862**	**2.606.095**

31 December 2018	Carrying Value	0-1 years	1 - 3 years	3-5 years	5-10 years	>10 years	Total
(amounts in € thousand)							
Life Insurance Reserves							
Outstanding claims	43.251	33.172	6.163	3.728	122	67	43.251
Unearned premiums	9.178	9.178	-	-	-	-	9.178
Technical Reserves							
Technical Reserves – Life individual	1.839.734	160.949	342.567	312.803	921.065	296.733	2.034.117
Technical Reserves – Pensions (DAF)	117.432	(8.586)	(17.264)	(11.842)	1.528	275.196	239.032
Unit Linked	106.616	7.394	13.709	14.166	30.255	13	65.537
Total Life Insurance Reserves	**2.116.211**	**202.107**	**345.175**	**318.854**	**952.970**	**572.008**	**2.391.115**
Investment Contracts							
Unit Linked	10.652	609	456	456	2.435	6.695	**10.652**
Total investment contracts	**10.652**	**609**	**456**	**456**	**2.435**	**6.695**	**10.652**
Total Life	**2.126.863**	**202.716**	**345.632**	**319.311**	**955.405**	**578.704**	**2.401.767**

(b) Asset Liabilities Matching (ALM)

The Company's risk management framework for the monitoring and management of the future cash flows and liquidity has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.

On a regular basis, numerous reports for the investment assets portfolios mix, classes of assets and liabilities at group level are produced and circulated to the Company’s key management personnel including the Risk, Asset-Liability and Investment Management Committee.

The principal technique of the Company for management of the risks arising from the assets and liabilities positions, is to continuously monitor the maturities and expected cash flows of assets and liabilities and to take the appropriate investment decisions to confront any risks arising from potential positions mismatching.

For unit-linked products, the Company matches all the assets on which the unit-prices are based with assets in the portfolio. There is therefore no price, currency, credit or interest risk for these contracts.

The following table summarizes the estimated amount and timing of cash flows arising from the Company's financial assets and insurance reserves, excluding the underlying assets and the liabilities arising from the Unit Linked products:

31 December 2019	Carrying Value	Life Contractual cash flows (undiscounted) 0-5 years	5-10 years	10-15 years	15-20 years	>20 Years	Total
(amounts in € thousand)							
Assets							
Carrying value and cash flows arising from assets:							
Trading portfolio:							
Listed equity securities:	1.599	1.599	-	-	-	-	**1.599**
Listed debt securities:							
– Fixed rate	311.397	311.661	-	-	-	-	**311.661**
Available for sale:							
Listed equity securities	87.017	87.017	-	-	-	-	**87.017**
Unlisted equity securities	24.766	24.766	-	-	-	-	**24.766**
Listed debt securities:							
– Fixed rate	2.197.795	749.867	905.112	494.576	273.406	154.001	**2.576.962**
Cash and cash equivalents	150.463	150.463	-	-	-	-	**150.463**
Total	**2.773.037**	**1.325.373**	**905.112**	**494.576**	**273.406**	**154.001**	**3.152.468**

Insurance reserves	Carrying Value	0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
		Expected cash flows (undiscounted)					
Insurance Reserves	**2.148.012**	864.033	857.600	420.488	123.082	184.000	2.449.202

31 December 2018	Carrying Value	Life Contractual cash flows (undiscounted) 0-5 years	5-10 years	10-15 years	15-20 years	>20 Years	Total
(amounts in € thousand)							
Assets							
Carrying value and cash flows arising from assets:							
Trading portfolio:							
Listed equity securities:	920	920	-	-	-	-	**920**
Listed debt securities:							
– Fixed rate	942.069	944.705	-	-	-	-	**944.705**
Available for sale:							
Listed equity securities	45.041	45.041	-	-	-	-	**45.041**
Unlisted equity securities	2.761	2.761	-	-	-	-	**2.761**
Listed debt securities:							
– Fixed rate	1.245.498	370.405	505.623	394.357	361.998	174.240	**1.806.623**
Cash and cash equivalents	126.069	126.069	-	-	-	-	**126.069**
Total	**2.362.357**	**1.489.901**	**505.623**	**394.357**	**361.998**	**174.240**	**2.926.119**

Insurance Reserves	Carrying Value	0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
		Expected cash flows (undiscounted)					
Insurance Reserves	**2.009.596**	830.869	922.714	240.431	129.937	201.627	**2.325.578**

On the above tables the hypothesis of reinvesting financial assets cash flows at their maturity has not been taken into consideration.

Additionally, the cash flows of the shares have been included in the first group of maturity, "0-5 years", since the shares that are listed can be realized at any time.

4.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems and/or external events. It is inherent in every function and business activity and therefore an effective Operational Risk Management System should ensure that this risk can be identified wherever it may occur, measured and, if necessary, to be reduced to the tolerable limits.

The Company, considering the nature, scale and complexity of its activities has established a Comprehensive Operational Risk Framework of principles and procedures, allowing for the effective identification, assessment, management, monitoring and reporting of operational risks (to which it is or may be exposed to). The framework is embedded in the decision making processes and in the corporate culture (Operational risk awareness).

The Company's Operational Risk Management Framework consists of methodologies that concern: the Risk Control Self-Assessment, the Scenario Analysis, Fraud Risk Assessment (FRA), Outsourcing Relationship Assessment (ORA), Management of Operational Risk Events (operational losses) and is described in relative documents and/or Policies.

4.5 Capital adequacy

The main target of the capital management strategy of the Company is on the one hand to ensure that the Company has adequate capitalization on an ongoing basis according to the regulatory framework Solvency II, and on the other hand to maximize shareholders' return without exceeding the total risk tolerance limits of the Company as well as risk appetite.

Solvency II, effective from 1st January 2016, is the new operational and supervisory framework of insurance and reinsurance undertakings active in the European Union (EU) and the European Economic Area (EEA). Solvency II framework's requirements are based on the Directive 2009/138/EC of the European Parliament and the Council, as amended by the Directive 2014/51/EU (Omnibus II). In Greece, the Directive 2009/138/EC was transposed to Greek law by Law 4364/05.02.2016.

The Company has developed a specialized IT infrastructure covering all three pillars of the Solvency II framework for full compliance with the supervisory regulation.

The level of capital adequacy of the Company is regularly monitored based on the current regulatory framework and also on the internal policies and procedures which have been approved in relation to the risk management, the own risk and solvency assessment (ORSA) and the capital management. In the context of monitoring the solvency capital framework of the Company, Management has determined the optimal balance between the own funds required and the solvency capital requirement (SCR), as it arises from its risk appetite.

The calculation of the Solvency Capital Requirement (SCR), the Minimum Capital Requirement (MCR) as well as the eligible own funds of the Company are being performed on a quarterly basis and the results of those calculations are submitted to the Supervisor Authority.

Furthermore, the Company implements stress tests with alternative scenarios which depict the negative impact from unexpected changes in the macroeconomic and internal environment, in order to estimate the tolerance levels of future available own funds.

It is noted that as of 31 December 2019 and 31 December 2018, the eligible own funds of the Company exceeded the Solvency Capital Required (SCR).

4.6 Fair values of financial assets and liabilities

(a) Financial instruments carried at fair value:

Trading assets, derivatives and other transactions undertaken for trading purposes, as well as available available-for sale securities and assets and liabilities designated at fair-value-through profit-or-loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, the fair values are estimated using valuation techniques (see Notes 2.6 and 3.c).

All financial instruments carried at fair value are categorized according to the fair value hierarchy levels of IFRS 13 at the end of each reporting period based on whether the inputs to the fair values are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

I. Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments. These prices should be readily and regularly available from an exchange or active index / market and should represent actual and regularly occurring market transactions on an arm's length basis. This level includes listed equity shares and debt securities on exchange markets and exchange traded derivative financial instruments.

II. Level 2: Financial instruments measured using valuation techniques with the following inputs: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) may also include other unobservable inputs which are insignificant to the entire fair value measurement.

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There has been no change in valuation techniques from previous years. Level 2 financial instruments mainly include over the counter (OTC) derivatives and less-liquid debt instruments.

III. Level 3: Financial instruments measured using valuation techniques with significant unobservable inputs. This level includes participation in non-listed equities and non-listed mutual funds.

The following table presents the Company's financial assets and liabilities carried at fair value and their classification according to the fair value hierarchy levels of IFRS 13.

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
(amounts in € thousand)				
Financial Assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk	172.048	-	-	172.048
- Financial asset held for trading	312.996	-	-	312.996
Available for sale financial assets	1.705.610	600.899	3.070	2.309.578
Total Financial Assets	**2.190.654**	**600.899**	**3.070**	**2.794.622**
Financial Liabilities				
Investment contract liabilities	14.504	-	-	14.504
Total Financial Liabilities	**14.504**	**-**	**-**	**14.504**

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets				
(amounts in € thousand)				
Financial Assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk	116.522	-	-	116.522
- Financial asset held for trading	942.989	-	-	942.989
Available for sale financial assets	871.340	420.152	1.808	1.293.300
Total Financial Assets	**1.930.852**	**420.152**	**1.808**	**2.352.811**
Financial Liabilities				
Investment contract liabilities	10.652	-	-	10.652
Total Financial Liabilities	**10.652**	**-**	**-**	**10.652**

The change in the value of the financial assets classified as Level 3 from €1.808 thousand on 31 December 2018 to €3.070 thousand on 31 December 2019 is mainly attributed to the change in the fair value measurement.

No reclassifications were made between Levels 1 and 2 during the year ended December 31, 2019 and 2018, respectively.

On 31 December 2019, the fair value of the Greek Government Bonds that were issued during the restructuring of the Greek debt in 2012 and were classified as Level 2 of the hierarchy of IFRS 13 ("PSI GGBs") amounts to €580.338 thousand (2018: €420.152 thousand). The change in the value of financial assets that have been classified as Level 2 from € 420.152 thousand at 31 December 2018 to € 600.899 thousand at 31 December 2019 is attributed by € 160.747 thousand to change in fair value measurement and by € 20.000 thousand to new financial assets' purchases. The valuation method applied is described in Note 3.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Vehicles	Furniture and other equipment	Total
(amounts in € thousand)				
Cost:				
Balance at 1 January 2019	**74**	**363**	**1.793**	**2.230**
Additions	37	-	172	209
Disposals and Write-offs	-	-	-	-
Balance at 31 December 2019	**111**	**363**	**1.966**	**2.439**
Accumulated depreciation:				
Balance at 1 January 2019	**(41)**	**(90)**	**(1.306)**	**(1.437)**
Disposals and Write-offs	-	-	-	-
Depreciation charge	(9)	(72)	(205)	(285)
Balance at 31 December 2019	**(50)**	**(162)**	**(1.511)**	**(1.723)**
Net book value at 31 December 2019	**61**	**201**	**455**	**717**

(amounts in € thousand)	Leasehold improvements	Vehicles	Furniture and other equipment	Total
Cost:				
Balance at 1 January 2018	**68**	**154**	**1.633**	**1.854**
Additions	7	209	196	412
Disposals and Write-offs	-	-	(36)	(36)
Balance at 31 December 2018	**74**	**363**	**1.793**	**2.230**
Accumulated depreciation:				
Balance at 1 January 2018	**(36)**	**(16)**	**(1.186)**	**(1.237)**
Disposals and Write-offs	-	-	36	36
Depreciation charge	(6)	(74)	(156)	(236)
Balance at 31 December 2018	**(41)**	**(90)**	**(1.306)**	**(1.437)**
Net book value at 31 December 2018	**33**	**273**	**487**	**793**

As at 31 December 2019 and 2018 there were no capital commitments for property, plant and equipment.

NOTE 6: RIGHT OF USE ASSET AND LEASE LIABILITIES

Right of use assets and lease liabilities

The movement of the Company's right of use assets on 31 December 2019 is presented in the table below:

(amounts in € thousand)	Buildings	Vehicles	Other Equipment	Total
Cost:				
Balance at 1 January 2019	4.245	86	54	4.386
Additions	131	27	120	278
Balance at 31 December 2019	**4.376**	**113**	**174**	**4.664**
Accumulated Depreciations:				
Balance at 1 January 2019	-	-	-	-
Depreciation charge	(484)	(36)	(65)	(585)
Balance at 31 December 2019	**(484)**	**(36)**	**(65)**	**(585)**
Net book value at 31 December 2019	**3.892**	**78**	**109**	**4.079**

The analysis of short-term and long-term lease liabilities is as follows:

(amounts in € thousand)	31/12/2019
Short-term lease liabilities	546
Long-term lease liabilities	3.624
Total	**4.171**

Additionally, lease liabilities are due as follows:

(amounts in € thousand)	31/12/2019
Within a year	546
Within the second year	542
From 3 to 5 years	1.493
After 5 years	1.589
Total lease liabilities	**4.171**

In addition, the amounts recognized by the Company in the income statement for the year 2019 relating to leases, are as follows:

(amounts in € thousand)	**31/12/2019**
Depreciation charge of right of use assets	(585)
Interest expense on lease liabilities	(209)
Expenses related to short-term leases	(77)
Expenses related to low value leases	-
Variable lease expense not included the measurement of lease liabilities	(15)
Income from right of use assets	-
Total	**(885)**

NOTE 7: INTANGIBLE ASSETS

(amounts in € thousand)	**Software**	**Trademarks**	**Total Intangible Assets**
Cost:			
Balance at 1 January 2019	**5.947**	**5**	**5.952**
Additions	812	-	812
Balance at 31 December 2019	**6.759**	**5**	**6.764**
Accumulated Depreciations:			
Balance at 1 January 2019	**(4.241)**	**(1)**	**(4.242)**
Depreciation charge	(591)	(1)	**(591)**
Balance at 31 December 2019	**(4.831)**	**(2)**	**(4.833)**
Net book value at 31 December 2019	**1.928**	**3**	**1.931**

(amounts in € thousand)	**Software**	**Trademarks**	**Total Intangible Assets**
Cost:			
Balance at 1 January 2018	**5.044**	**5**	**5.049**
Additions	903	-	903
Balance at 31 December 2018	**5.947**	**5**	**5.952**
Accumulated Depreciations:			
Balance at 1 January 2018	**(3.634)**	**(1)**	**(3.635)**
Depreciation charge	(608)	0	**(608)**
Balance at 31 December 2018	**(4.241)**	**(2)**	**(4.242)**
Net book value at 31 December 2018	**1.706**	**3**	**1.710**

NOTE 8: DEFERRED ACQUISITION COSTS (DAC)

(amounts in € thousand)	**31/12/2019**	**31/12/2018**
Technical Reserves	26.404	23.123
Acquisition costs	1.875	1.690
Total DAC	**28.279**	**24.813**

The movement of the deferred acquisition costs of the Life insurance business is presented in the following table:

	Technical Reserves	Acquisition Costs	Total DAC
(amounts in € thousand)			
Cost:			
Balance at 1 January 2019	**23.123**	**1.690**	**24.813**
Capitalization (+)	3.722	279	**4.001**
Amortization (-)	(441)	(94)	**(535)**
Balance at 31 December 2019	**26.404**	**1.875**	**28.279**

	Technical Reserves	Acquisition Costs	Total DAC
(amounts in € thousand)			
Cost:			
Balance at 1 January 2018	**19.192**	**1.588**	**20.780**
Capitalization (+)	4.781	215	**4.996**
Amortization (-)	(850)	(114)	**(963)**
Balance at 31 December 2018	**23.123**	**1.690**	**24.813**

NOTE 9: INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES

Investment in subsidiaries

	2019 EUROLIFE ERB ASIGURARI DE VIATA	2019 DIETHNIS KTIMATIKI S.A.
(amounts in € thousand)		
Carrying amount	4.092	15.327
Percentage holding	95%	100%
Country of incorporation	Romania	Greece
Line of business	Life Insurance	Real Estate
Cost at 1 January	**4.092**	**15.327**
Fair Value of consideration	-	-
Share capital increase	-	-
Balance at 31 December	**4.092**	**15.327**

	2018 EUROLIFE ERB ASIGURARI DE VIATA	2018 DIETHNIS KTIMATIKI S.A.
(amounts in € thousand)		
Carrying amount	4.092	15.327
Percentage holding	95%	100%
Country of incorporation	Romania	Greece
Line of business	Life Insurance	Real estate
Cost at 1 January	**4.092**	**15.327**
Fair Value of consideration	-	-
Share capital increase	-	-
Balance at 31 December	**4.092**	**15.327**

Investments in joint ventures

On 19 February 2017, the Company participated as a strategic investor in the share capital increase of Grivalia Hospitality S.A. ("GH"), a company incorporated in Luxemburg. On 26 June 2015, Grivalia Hospitality S.A. ("GH") was established by Grivalia Properties REIC ("Grivalia") with initial paid up share capital of €2,0 mil. The purpose of GH is the acquisition, development and management of hotels and hospitality properties mainly in Greece.

More specifically, the share capital of GH increased by €58mil, out of which €30mil were paid by the Company, while the remaining €28mil were paid by Grivalia. Following the completion of the share capital increase, the share capital of GH amounts to €60 mil with an equal participation by the two shareholders.

On the same date, a relevant agreement between the two shareholders was signed, which requires unanimous consent for all important decisions.

On July 27 2017, it was announced that a fund ("the New Investor") managed by the investment firm M&G Investment Management Limited, established in London, would participate in the share capital of GH through a share capital increase of €60 mil that was fully covered by the New Investor.

Following the completion of the transaction, the total share capital of GH amounts to €120 mil., divided into 120.000.000 shares of €1 per share, out of which, 25% are owned by Grivalia, 25% by the Eurolife ERB Life Insurance and 50% by the New Investor.

On July 25 2018, the Company participated in the new share capital increase of GH of €60 mil. The increase was fully covered by GH's existing shareholders in proportion to their share capital. Out of the €60mil, €15 mil were paid by Grivalia, €15mil were paid by the Company and €30 mil by the New Investor. Following this share capital increase, GH's paid up share capital amounts to €180 mil and it is intended to facilitate the implementation of the entity's investment plan.

Furthermore, it is noted that on 17 May 2019 the Ministry of Economy and Development approved the merger by absorption of Grivalia Properties by Eurobank and therefore from this date onwards the share of Grivalia Properties belongs to Eurobank.

The Company assessed the nature of the investment and considering that the three shareholders make all important decisions unanimously, concluded that all the conditions were met for the investment to be classified as a 'joint venture' and therefore to be accounted at cost less any impairment losses.

The total assets and labilities of the GH Group as at 31 December 2019 amount to €338.522 thousand (2018: €338.528 thousand) and €110.145 thousand (2018: €100.163 thousand), respectively. The equity of the GH Group net of non-controlling interest amounts to €187.038 thousand (2018: €191.316 thousand).

The most significant assets of the GH Group include the tangible assets for own-use which amount to €135.813 thousand (2018: €137.316 thousand), the investment properties at the amount of €129.545 thousand (2018: €114.162 thousand) and bank deposits amounting to €20.723 thousand (2018: €48.823 thousand) as at 31 December 2019.

NOTE 10: DEFERRED TAX

(amounts in € thousand)	Opening Balance 01/01/2019	Changes in Income Statement	Changes in OCI	Ending Balance 31/12/2019
Valuation of Investments				
Fair value changes of available for sale financial assets	(33.935)	(2.192)	(71.356)	(107.482)
Impairment of available for sale financial assets	441	(352)	-	89
Fair value changes of trading financial assets	121	(363)	-	(242)
Miscellaneous Provisions				
Provision for staff leaving indemnities	127	8	10	145
Provision for unused personnel leave	45	5	-	50
Provision for other doubtful and disputed receivables	250	86	-	337
Other temporary differences	34	(1)	-	33
Foreign exchange differences of investment securities				
Changes in fair value due to foreign exchange differences	(347)	(313)	-	(660)
Property, plant and equipment				
Adjustment to the depreciation/ amortization of property, plant and equipment and intangible assets	10	40	-	50
Total Deferred Tax Assets / (Liabilities)	**(33.252)**	**(3.082)**	**(71.346)**	**(107.680)**

(amounts in € thousand)	Opening Balance 01/01/2018	Changes in Income Statement	Changes in OCI	Ending Balance 31/12/2018
Valuation of Investments				
Fair value changes of available for sale financial assets	(93.677)	-	59.743	(33.935)
Impairment of available for sale financial assets	468	(27)	-	441
Fair value changes of trading financial assets	(131)	252	-	121
Miscellaneous Provisions				
Provision for staff leaving indemnities	141	-	(14)	127
Provision for unused personnel leave	43	2	-	45
Provision for other doubtful and disputed receivables	310	(60)	-	250
Other temporary differences	32	2	-	34
Foreign exchange differences of investment securities				
Changes in fair value due to foreign exchange differences	76	(422)	-	(347)
Property, plant and equipment				
Adjustment to the depreciation/ amortization of property, plant and equipment and intangible assets	(20)	31	-	10
Total Deferred Tax Assets / (Liabilities)	**(92.759)**	**(222)**	**59.729**	**(33.252)**

The movement in deferred tax from fair value changes of the available-for-sale financial assets is analyzed as follows: € 3.677 thousand (2018: € 42.558 thousand) attributable to changes in fair value and (€77.225) thousand (2018: € 17.185) thousand) attributable to the transfer to income statement due to disposals.

NOTE 11: FINANCIAL ASSETS HELD OF BEHALF OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK (UNIT LINKED)

(amounts in € thousand)	31/12/2019	31/12/2018
Government securities:		
Greek government	2.466	1.821
Foreign governments	301	-
Subtotal	**2.767**	**1.821**
Other issuers' securities:		
Banks	1.750	1.058
Other	167.464	113.576
Subtotal	**171.982**	**114.634**
Total	**171.982**	**116.455**

Bonds	2.767	1.821
Equity shares	9.643	8.432
Mutual Funds	157.821	106.105
Time deposits	1.750	97
Subtotal	**171.982**	**116.455**

Plus:		
Accrued interest from bonds	62	60
Cash and cash equivalents	5	8
Subtotal	**69**	**67**
Total	**172.048**	**116.522**

The movement in securities is as follows:

	2019	2018
Balance at 1 January	**116.522**	**125.112**
Additions	79.427	41.719
Sales / Liquidations	(43.805)	(46.688)
Changes in cash and cash equivalents	1.653	(972)
Changes in fair value	18.252	(2.708)
Changes in accrued interest	(1)	59
Balance at 31 December	**172.048**	**116.522**

NOTE 12: FINANCIAL ASSETS HELD FOR TRADING

	31/12/2019	31/12/2018
(amounts in € thousand)		
Government securities:		
Greek government	303.602	926.664
Foreign governments	7.795	15.405
Subtotal	**311.397**	**942.069**
Other issuers' securities:		
Banks	1.599	-
Other	-	920
Subtotal	**1.599**	**920**
Total	**312.996**	**942.989**
Treasury bills	311.397	942.069
Equity shares	1.599	920
Subtotal	**312.996**	**942.989**
Total	**312.996**	**942.989**

The movement in securities is as follows:

	2019	2018
Balance at 1 January	**942.989**	**715.089**
Additions	1.261.519	2.663.829
Sales / Liquidations	(1.897.149)	(2.444.655)
Bonds amortization and interest income of treasury bills	4.158	9.471
Foreign exchange differences	24	154
Fair value changes of debt securities	729	(806)
Fair value changes of equity securities	71	(92)
Surplus value from investments	654	-
Subtotal at 31 December	**312.996**	**942.989**

NOTE 13: AVAILABLE FOR SALE FINANCIAL ASSETS

(amounts in € thousand)	31/12/2019	31/12/2018
Government securities:		
Greek government	1.877.841	885.242
Foreign governments	259.308	310.538
Subtotal	**2.137.149**	**1.195.781**
Other issuers' securities:		
Banks	53.174	8.910
Other	69.034	54.536
Subtotal	**122.209**	**63.266**
Total	**2.259.358**	**1.259.047**
Bonds	2.145.326	1.207.558
Treasury bills	2.249	3.687
Equity shares	87.245	45.245
Mutual funds	24.538	2.557
Subtotal	**2.259.358**	**1.259.047**
Plus:		
Accrued interest from bonds	50.220	34.253
Subtotal	**50.220**	**34.253**
Total	**2.309.578**	**1.293.300**

The movement in securities is as follows:

	2019	2018
Balance at 1 January	**1.293.300**	**1.498.719**
Additions	887.758	343.086
Sales / Liquidations	(212.522)	(393.152)
Bonds amortization and interest income of treasury bills	10.028	15.490
Foreign exchange differences	1.414	1.420
Fair value change of debt securities	284.490	(175.597)
Fair value change of equity securities	18.765	(11.941)
Surplus value from investments	10.378	-
Change in accrued interest	15.968	15.276
Balance at 31 December	**2.309.578**	**1.293.300**

NOTE 14: INSURANCE RECEIVABLES

(amounts in €thousand)	31/12/2019	31/12/2018
Insurance receivables up to 30 days	9.616	4.639
Insurance receivables between 30 to 90 days	1.315	1.157
Insurance receivables over 90 days	106	118
Provision for doubtful receivables	(37)	(37)
Less: premium prepayments	(87)	(122)
Total	**10.913**	**5.754**

Insurance receivables from the parent company and related parties represent 36,9% (2018: 28,4%) of total receivables. Management does not expect impairment losses due to inability of payments by parent company and related parties.

NOTE 15: OTHER RECEIVABLES

(amounts in € thousand)	31/12/2019	31/12/2018
Reinsurance receivables (current accounts)	4.653	2.025
Receivables from ceding insurers (current accounts)	151	134
Advances to agents and brokers	992	1.101
Provisions for doubtful debt from agents and brokers	(781)	(840)
Other prepaid expenses	735	507
Receivables from accrued interests	1	49
Other receivables	2.630	2.561
Total	**8.381**	**5.539**

NOTE 16: REINSURANCE RECEIVABLES

(amounts in € thousand)	31/12/2019	31/12/2018
Receivables from unearned premiums reserves (U.P.R.) (note 20)	141	138
Receivables from outstanding claims reserves (O.C.R.) (note 20)	16.041	16.936
Total	**16.182**	**17.075**

The credit risk with respect to the reinsurance receivables is limited due to the high creditworthiness of the reinsurers (see note 4.3.1).

NOTE 17: CASH AND CASH EQUIVALENTS

(amounts in € thousand)	31/12/2019	31/12/2018
Cash on hand	10	85
Deposits on demand	4.569	3.480
Time deposits	145.884	122.504
Total	**150.463**	**126.069**

Time deposits have a maturity of less than 90 days. The weighted average effective interest rate on time deposits during the year was 0,84%.

NOTE 18 SHARE CAPITAL AND SHARE PREMIUM

The share capital comprise of 843.000 registered ordinary shares at a nominal value of €34,56 per share. All shares are issued and the share capital is fully paid up. The sole shareholder, "Eurolife Insurance Group Holdings S.A." owns 100% of its share capital. The Company has no stock option plan.

(amounts in € thousand)	31/12/2019	31/12/2018
Number of Ordinary shares	843.000	843.000
Paid up	29.134	29.134
Share capital	**29.134**	**29.134**
Share premium	**79.014**	**79.014**

NOTE 19: RESERVES

(amounts in € thousand)	Statutory Reserve	Extraordinary Reserves	Reserve for post employment benefit obligation	AFS investments revaluation Reserve	Total
Balance at 1 January 2019	**39.777**	**4.934**	**(119)**	**101.520**	**146.112**
Transfer between reserves	-	104.910	-	-	**104.910**
Change in AFS financial assets	-	-	-	303.255	**303.255**
Distribution of taxed reserves	-	-	-	-	**-**
Distribution of untaxed reserves	-	-	-	-	**-**
Deferred tax on fair value change in AFS financial assets	-	-	-	(71.356)	**(71.356)**
Remeasurement of defined benefit obligation, net of tax	-	-	(38)	-	**(38)**
Balance at 31 December 2019	**39.777**	**109.844**	**(156)**	**333.419**	**482.884**

(amounts in € thousand)	Statutory Reserve	Extraordinary Reserves	Reserve for post employment benefit obligation	AFS investments revaluation Reserve	Total
Balance 1 January 2018	**39.777**	**49.632**	**(131)**	**229.285**	**318.563**
Transfer between reserves	-	3.362	-	-	**3.362**
Change in AFS financial assets	-	-	-	(187.508)	**(187.508)**
Distribution of taxed reserves	-	(33.047)	-	-	**(33.047)**
Distribution of untaxed reserves	-	(15.013)	-	-	**(15.013)**
Deferred tax on fair value change in AFS financial assets	-	-	-	59.743	**59.743**
Remeasurement of defined benefit obligation, net of tax	-	-	12	-	**12**
Balance at 31 December 2018	**39.777**	**4.934**	**(119)**	**101.520**	**146.112**

Statutory reserve includes legal reserves that cannot be distributed to the shareholders.

Extraordinary Reserves include: a) reserves from previous years profits following General Shareholders' Meeting decisions. These reserves arising from profits of previous years can be distributed to shareholders upon decision of General Shareholders' Meeting without additional tax charge and b) reserves recognized under special laws, that are either not distributable or in case of distribution they will be taxed with the applicable income tax rate at the date of distribution.

Reserve for post-employment benefit obligations includes reserves from the remeasurement of the defined benefit obligation, along with the relevant deferred tax. This reserve is recognized in accordance with the provisions of the revised IAS 19 and cannot be distributed.

AFS investments revaluation reserve includes revaluation reserves of available for sale investments that are recycled to income statement upon disposal or impairment of the investments. This reserve also includes the associated deferred taxes.

NOTE 20: TECHNICAL RESERVES AND OTHER INSURANCE PROVISIONS

	31/12/2019			31/12/2018		
	Company	**Reinsurers**	**Total**	**Company**	**Reinsurers**	**Total**
(amounts in € thousand)						
Technical reserves - Life Individual	1.920.659	-	1.920.659	1.839.734	-	1.839.734
Technical reserves - Life Group	171.818	-	171.818	117.432	-	117.432
Unearned premiums reserves (UPR)	9.911	141	10.051	9.040	138	9.178
Outstanding claims reserves	29.442	16.041	45.483	26.315	16.936	43.251
Total Life insurance reserves	**2.132.830**	**16.182**	**2.148.012**	**1.992.521**	**17.075**	**2.009.596**
Insurance provisions for life insurance contracts where the policyholders bear the investment risk (Unit Linked)	158.475	-	158.475	106.616	-	106.616
Total	**2.290.305**	**16.182**	**2.306.487**	**2.099.137**	**17.075**	**2.116.211**

Technical reserves and other insurance provisions include additional provisions which as at 31 December 2019 and 31 December 2018 amounted to €68.992 thousand and €82.139 thousand respectively.

MOVEMENT OF TECHNICAL RESERVES INSURANCE PROVISIONS

	Life	**Group Contracts**	**Unit Linked**	**U.P.R**	**Total**
(amounts in € thousand)					
Balance at 1 January 2019	**1.839.734**	**117.432**	**106.616**	**9.178**	**2.072.961**
New production, renewals	275.173	26.703	72.080	1.440	**375.874**
Surrenders, lapses, maturities, deaths etc.	(151.776)	(6.023)	(44.973)	(570)	**(203.341)**
Additional reserves (LAT)	(44.306)	31.078	-	-	**(13.228)**
Return on investments	-	-	24.753	-	**24.753**
Excess investment return on technical reserves	1.833	2.150	-	-	**3.983**
Provisions' movement – Company's share	**80.925**	**53.908**	**51.860**	**871**	**188.041**
Provisions' movement - Reinsurers' share	-	-	-	2	**2**
Other payables	-	478	-	-	**478**
Balance at 31 December 2019	**1.920.659**	**171.818**	**158.475**	**10.051**	**2.261.004**

	Life	**Group Contracts**	**Unit Linked**	**U.P.R**	**Total**
(amounts in € thousand)					
Balance at 1 January 2018	**1.645.125**	**103.601**	**114.886**	**8.576**	**1.872.189**
New production, renewals	269.490	21.509	37.377	1.187	**329.544**
Surrenders, lapses, maturities, deaths etc.	(87.304)	(7.374)	(39.182)	(586)	**(134.427)**
Additional reserves (LAT)	11.972	(2.166)	-	-	**9.806**
Return on investments	-	-	(6.465)	-	**(6.465)**
Excess investment return on technical reserves	451	1.861	-	-	**2.313**
Provisions' movement – Company's share	**194.609**	**13.831**	**(8.270)**	**601**	**200.771**
Provisions' movement - Reinsurers' share	-	-	-	1	**1**
Balance at 31 December 2018	**1.839.734**	**117.432**	**106.616**	**9.178**	**2.072.961**

MOVEMENT OF OUTSTANDING CLAIMS RESERVES

	31/12/2019			31/12/2018		
	Company	Reinsurers	Total	Company	Reinsurers	Total
(amounts in € thpusand)						
Outstanding claims	22.816	16.936	39.752	23.710	16.823	40.533
Additional reserves	3.499	-	3.499	9.136	-	9.136
Balance at 1 January	**26.315**	**16.936**	**43.251**	**32.847**	**16.823**	**49.669**
Decrease from paid claims	(9.596)	(2.925)	(12.521)	(7.833)	(2.614)	(10.446)
Increase/ (Decrease) from claims of the year	15.275	4.427	19.702	11.787	4.706	16.493
Increase/ (Decrease) from prior year claims	(2.632)	(2.397)	(5.029)	(4.849)	(1.978)	(6.827)
Additional reserves	81		81	(5.638)	-	(5.638)
Outstanding claims movement	**3.128**	**(895)**	**2.232**	**(6.532)**	**114**	**(6.419)**
Outstanding claims	25.863	16.041	41.904	22.816	16.936	39.752
Additional reserves	3.579		3.579	3.499	-	3.499
Balance at 31 December	**29.442**	**16.041**	**45.483**	**26.315**	**16.936**	**43.251**

NOTE 21: INVESTMENT CONTRACT LIABILITIES

(amounts in € thousand)	31/12/2019	31/12/2018
Balance at 1 January	**10.652**	**10.197**
Additions	2.421	1.934
Liquidations	(8)	(122)
Realized gains/(losses) from disposals	457	20
Interest Income	70	69
Administrative Expenses	(8)	-
Fair value gains/(losses)	920	(1.446)
Balance at 31 December	**14.504**	**10.652**

NOTE 22: EMPLOYEE BENEFITS

The Company provides for staff retirement indemnity obligation for its employees, who are entitled to a lump sum payment based on the number of years of service and the remuneration at the date of retirement, if they remain at service until normal retirement age, in accordance with the Greek labor legislation. The above retirement indemnity obligations typically expose the Company to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Company.

Movement of provision for staff leaving indemnities	31/12/2019	31/12/2018
(amounts in € thousand)		
Balance at 1 January	509	486
Benefits paid by the employer	(58)	(15)
Total expense recognized in the income statement	107	64
Actuarial (gains)/ losses recognized in OCI	48	(26)
Balance at 31 December	**606**	**509**

Amounts recognized in the income statement	2019	2018
(amounts in € thousand)		
Current service cost	46	46
Net interest	10	8
Curtailments / settlements / terminations	51	10
Total expense / (income) in income statement	**107**	**64**

The present value of retirement benefit obligations depends on factors determined on an actuarial basis using a number of assumptions as presented in the below table.

The key assumptions used to determine the net cost for retirement benefit obligations include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations.

The Company determines the appropriate discount rate that should be used to calculate the present value of the estimated retirement benefit obligations at the end of each year. In determining the appropriate discount rate, the Company uses interest rates of highly rated bonds. The currency and maturity terms of the bonds used are consistent with the currency and estimated duration of the retirement benefit obligations. The assumption about the percentage of salary increase is determined by reviewing the Company's salary increases each year.

The other assumptions for retirement benefit obligations, such as changes in inflation rate, are based partly on prevailing market conditions

Actuarial assumptions	**2019**	**2018**
Discount rate	0,9%	1,9%
Future salary increases	0,0% to 4,0%	0,0% to 4,0%
Inflation	1,4%	1,4%
Expected remaining service life (years)	14,5	15,2

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2019 is follows:

- An increase/(decrease) of the discount rate assumed by 0,5% / (0,5%) would result in a (decrease)/increase of the staff retirement benefit obligations by (€42,4) thousand / €47,2 thousand
- An increase/(decrease) of the future salary growth assumed by 0,5% / (0,5%) would result in an increase/(decrease) of the staff retirement benefit obligations by €42,4 thousand / (€46,6) thousand.
- A zero rate of voluntary retirements would result in increase of the retirement benefit obligation by €108,4 thousand

NOTE 23: INSURANCE AND OTHER LIABILITIES

(amounts in € thousand)	**31/12/2019**	**31/12/2018**
Reinsurers – current accounts	118	413
Agents and insurance brokers	8.757	5.482
Taxes	3.740	3.458
Social security	1.009	509
Other Creditors	2.076	982
Dividends payable	17.103	16.575
Payable surrenders and claims settlement	6.255	5.338
Total	**39.057**	**32.757**

Other liabilities of € 6.255 thousand as at 31 December 2019 (2018:€ 5.338 thousand) include a provision for unaudited tax years and other provisions.

NOTE 24: NET EARNED PREMIUMS

(amounts in € thousand)	**From 01/01 to 31/12/2019**	**From 01/01 to 31/12/2018**
Gross Written premiums	430.570	366.560
Policy fees	65	68
Change in unearned premium reserve (note 20)	(866)	(603)
Gross Earned premiums	**429.768**	**366.025**
Inward Reinsurance gross written premiums	75	230
Change in unearned premium reserve (note 20)	(7)	1
Inward Reinsurance Gross Earned premiums	**68**	**232**
Total Gross Earned Premiums	**429.837**	**366.257**

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Premiums Ceded to Reinsurers	(11.394)	(12.860)
Change in unearned premium reserve (note 20)	2	1
Total Premium ceded to reinsurers	**(11.391)**	**(12.859)**
Total Net Earned Premiums	**418.446**	**353.398**

NOTE 25: OTHER INSURANCE RELATED INCOME

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Commission income from reinsurances	6.418	4.631
Income from reinsurances	**6.418**	**4.631**
Management fees-Mutual Funds	85	82
Management fees from Mutual Funds	**85**	**82**
Management fees Mutual Funds Unit Linked contracts	1.127	952
Lapse and exit fees-Unit Linked contracts	74	25
Income from Unit Linked Products	**1.201**	**977**
Management fees-mutual funds products	61	53
Income from Investment contracts	**61**	**53**
Total other income related to insurance activities	**7.764**	**5.743**

NOTE 26: INVESTMENT INCOME

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Trading Portfolio and cash		
Dividend income on equities	0	40
Interest income on debt securities	4.319	9.772
Interest income on deposits	989	1.454
Foreign exchange differences from deposits	205	(453)
Subtotal	**5.513**	**10.813**
Available for sale financial assets		
Dividend income on equity shares and mutual funds	1.177	1.580
Interest income on debt securities	62.203	55.538
Subtotal	**63.380**	**57.118**
Held to maturity financial assets		
Interest income on debt securities	-	610
Subtotal	**-**	**610**
Other interest	46	34
Subtotal	**46**	**34**
Total Investment Income	**68.939**	**68.575**

NOTE 27: GAINS FROM SALE OF FINANCIAL ASSETS

	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
(amounts in € thousand)		
Financial assets held for trading		
Gains from equities disposal	654	-
Gains from bonds disposal	-	4
Subtotal	**655**	**4**
Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)		
Gains from mutual funds disposal	4.948	397
Subtotal	**4.948**	**397**
Available for sale financial assets		
Gains from equities disposal	10.378	**-**
Gains from bonds disposal	59.201	147.318
Gains from mutual funds disposal	60	-
Subtotal	**69.639**	**147.318**
Total gains from sale of financial assets	**75.242**	**147.718**

Gains from sale of financial assets amounted to €75.185 thousand at 31 December 2019 compared to €72.136 thousand at 31 December 2018. The increase in 2018 is mainly attributable to the disposal of Greek Government Bonds in 2018.

NOTE 28: FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS

	From 01/01 to 31/12/2019	from 01/01 To 31/12/2018
(amounts in € thousand)		
Trading Portfolio		
Gains from equities valuation	71	(92)
Gains from bonds valuation	729	(806)
(Losses) from foreign exchange differences	24	154
Subtotal	**824**	**(745)**
Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)		
Unrealized fair value gains / (losses) on Unit Linked contracts	17.331	(1.262)
Subtotal	**17.331**	**(1.262)**
Available for sale portfolio		
(Losses) from foreign exchange differences	1.414	1.420
Subtotal	**1.414**	**1.420**
Total fair value gains / (losses) on financial assets	**19.569**	**(587)**

NOTE 29: OTHER INCOME

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Revenue from personnel premiums	21	5
Revenue from personnel lending	210	205
Foreign exchange differences (on demand deposit and cash on hand)	(17)	1.043
Income from unused provisions	69	17
Other income	45	88
Total other income	**328**	**1.358**

NOTE 30: MOVEMENT IN TECHNICAL RESERVES AND OTHER INSURANCE PROVISIONS

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Change in technical reserves – Life	(80.925)	(194.609)
Change in technical reserves - pensions (DAF)	(53.908)	(13.831)
Change in other insurance provisions	-	-
Plus: Taxes	(471)	(484)
Change in insurance provisions for insurance contracts where the policyholders bear the investment risk (Unit Linked)	(51.860)	8.270
Total movement in technical reserves and other insurance provisions	**(187.164)**	**(200.654)**

NOTE 31: CLAIMS AND INSURANCE BENEFITS INCURRED

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Surrenders – Life Individual	(156.511)	(80.819)
Surrenders – Life Group	(5.922)	(7.341)
Surrenders - Unit Linked	(46.116)	(46.633)
Subtotal	**(208.548)**	**(134.793)**
Claims paid	(38.576)	(36.838)
Change in outstanding claims reserve (note 20)	(2.232)	6.419
Subtotal	**(249.357)**	**(165.213)**
Reinsurance share on Claims paid	5.099	5.582
Reinsurance share on change in outstanding claims (note 20)	(895)	114
Subtotal	**4.203**	**5.696**
Company share on claims paid	(242.026)	(166.049)
Company share on outstanding claims (note 20)	(3.128)	6.532
Total claims and insurance benefits incurred	**(245.154)**	**(159.516)**

NOTE 32: ACQUISITION EXPENSES

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 To 31/12/2018
Commission and overcommission fees on premium production	(20.117)	(17.541)
Other commission fees and production expenses	(7.166)	(4.272)
Commissions to cedents	(58)	(185)
	(27.341)	**(21.997)**

Change in deferred acquisition costs	**3.575**	**4.851**
Mandatory contributions on premium production	(3.520)	(2.672)
Decrease/ (Increase) of provision for doubtful debt	59	33
Interest expenses on Reinsurers' reserves	(15)	(22)
	(3.476)	**(2.661)**
Total Acquisition Expenses	**(27.243)**	**(19.807)**

NOTE 33: ADMINISTRATIVE EXPENSES

(amounts in € thousand)	**From 01/01 to 31/12/2019**	**From 01/01 To 31/12/2018**
Employee benefit expenses	(9.468)	(10.187)
Third party fees	(5.428)	(5.164)
Taxes	(23)	(23)
Other expenses	(2.457)	(1.954)
Depreciation expense	(1.461)	(843)
Provisions	(26)	88
Interest and other investment expenses	(11.483)	(8.470)
Subtotal	**(30.346)**	**(26.554)**
Plus/Minus: Capitalized acquisition costs	(108)	(818)
	(30.454)	**(27.372)**
Salaries and other benefits	(7.552)	(8.497)
Social security contribution	(1.226)	(1.088)
Other provisions related to personnel	(49)	(50)
Defined benefit plans and other costs	(642)	(552)
Total	**(9.468)**	**(10.187)**
Average Number of Personnel	**158**	**148**

The Company as an employer, trying to smooth the transition of its employees' living standards in retirement offers certain defined contribution plans to its employees. Defined contribution plans aim to create Pension Fund which is achieved through the systematic payment of fixed contributions from the employer's side and effective long-term investment. At the same time, the employee is able through voluntary contribution plans to further strengthen the pension amounts of defined contribution plans. The final benefits are paid when the employee retires.

Other administrative expenses include fees charged by the independent auditor "PricewaterhouseCoopers S.A.". The fees paid by the Company for audit and other services provided are analysed as follows:

(amounts in € thousand)	**From 01/01 to 31/12/2019**	**From 01/01 to 31/12/2018**
Statutory Audit	(86)	(86)
Tax audit-article 65a, law 4174/2013	(27)	(27)
Other audit related assignments	(58)	(67)
Non audit assignments	(3)	(72)
Total	**(173)**	**(251)**

NOTE 34: INCOME TAX EXPENSE

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Current Income tax		
Current tax on profits for the year	(21.577)	(49.561)
Adjustment on previous years' income tax	(50)	(156)
Tax on the distribution of special reserves	-	(6.171)
Total current income tax	**(21.627)**	**(55.888)**
Deferred tax		
Increase / (Decrease) in deferred tax assets	(3.221)	(402)
(Increase) / Decrease in deferred tax liabilities	139	(180)
Total deferred tax income / (expense)	**(3.082)**	**(222)**
Total income tax	**(24.710)**	**(56.110)**

According to the provisions of article 22 of Law 4646/2019 (Government Gazette A 201), profits from business acquired by legal entities and legal entities in Greece that hold double-entry books, excluding credit institutions, are taxed at a rate of 24% (2018: 29%) for the 2019 tax year onwards.
This change in the tax rate resulted in a reduction of the net deferred tax liability by €(1.369) thousand, of which €54 thousand were recognized in the income statement and €(1.424) thousand directly in equity.

Income tax on pre-tax profits, based on the applicable rates, is as follows:

(amounts in € thousand)	31/12/2019	31/12/2018
Profit before tax	100.273	168.854
	100.273	**168.854**
Income tax at applicable tax rate 24% (2018: 29%)	(24.066)	(48.968)
Tax effect of amounts which are not deductible in calculating taxable income:		
Provisions	7	20
Non tax deductible expenses	(543)	(1.055)
Income not subject to tax	-	288
Effect from change in tax rate (L.4579/2018)	(54)	(68)
Adjustment on previous years' income tax and other adjustments	(50)	(6.327)
Total income tax	**(24.710)**	**(56.110)**

NOTE 35: RELATED PARTY TRANSACTIONS

The Company is controlled by Eurolife ERB Insurance Group Holdings S.A.(thereafter "Eurolife ERB Insurance Group") which owns 100% of its share capital. Eurobank Ergasias S.A. (thereafter "Eurobank"), a bank domiciled in Athens and listed in the Athens Stock Exchange, was the ultimate parent of the Company until 4 of August 2016 and owned 100% of the share capital of Eurolife ERB Insurance Group.

On 4 August 2016, the disposal of 80% of the share capital of Eurolife ERB Insurance Group was completed and control of Eurolife ERB Insurance Group was transferred to Costa Luxembourg Holding S.à r.l, while Eurobank retained the remaining 20% of the share capital of the Company and consequently has significant influence. The new parent company of Eurolife ERB Insurance Group is domiciled in Luxembourg and is jointly controlled by Colonnade Finance S.à r.l, member of the Fairfax Group, and OPG Commercial Holdings (Lux) S.à r.l..

All transactions with related parties are conducted in the normal course of business and on arm's length basis. The volume of the transactions with related parties and the balances at year end are shown in the tables below, in which, due to materiality, transactions with Eurobank are presented separately:

(amounts in € thousand)

Related Party Eurobank 31/12/2019	**Receivables**	**Payables**	**Revenue**	**Expense**
Deposits on demand & time deposits	14.228	-	395	-
Insurance operations	3.564	7.091	33.368	20.751
Other transactions	-	-	-	879
Total	**17.793**	**7.091**	**33.763**	**21.630**

(amounts in € thousand)

Other Related Parties 31/12/2018	**Receivables**	**Payables**	**Revenue**	**Expense**
Deposits on demand & time deposits	194	-	-	-
Insurance operations	459	302	2.928	1.415
Investment operations	322	1.610	1.116	8.628
Other transactions	40	37	210	1.110
Total	**1.015**	**1.949**	**4.255**	**11.153**

Transactions with key management personnel	2	164	61	45
Remuneration and benefits of key management personnel	-	-	-	3.592

(amounts in € thousand)

Related Party Eurobank 31/12/2019	**Receivables**	**Payables**	**Revenue**	**Expense**
Deposits on demand & time deposits	30.339	-	902	-
Insurance operations	1.110	4.121	35.471	17.747
Other transactions	-	-	-	724
Total	**31.450**	**4.121**	**36.374**	**18.472**

(amounts in € thousand)

Other Related Parties 31/12/2018	**Receivables**	**Payables**	**Revenue**	**Expense**
Deposits on demand & time deposits	428	-	-	-
Insurance operations	524	271	3.058	1.366
Investment operations	230	-	7.916	6.093
Other transactions	76	24	205	1.113
Total	**1.258**	**296**	**11.179**	**8.573**

Transactions with key management personnel	1	116	39	15
Remuneration and benefits of key management personnel	-	-	-	4.793

The above table does not include dividend payments of the Company to its shareholder in 2019 and 2018. These transactions are described in detail in note 37 "Dividends".

On 31 December 2019, loans to key management personnel amounted to €3,2 thousand (31 December 2018: €5,6 thousand). No provision was made for loans to related parties. Fees and other benefits to key management personnel for the year ended 31 December 2019 amounted to € 3.592 thousand (31 December 2018: € 4.793 thousand).

NOTE 36: COMMITMENTS AND CONTINGENT LIABILITIES

Legal issues

There are no pending litigations against the Company or other contingent liabilities and commitments as at 31 December 2019 which may materially affect the financial position of the Company.

Unaudited tax years

The Company has been audited by tax authorities up to 2009.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within five years as from the end of the fiscal year within which the relevant tax return should have been submitted. Based on the above the right of the Greek State to impose taxes has been time-barred up to year ended 31 December 2013.

For the year ended 31 December 2011 and onwards as the Law 4174/2013 (article 65A) currently stands (and as Law 2238/1994 previously provided in article 82), up to and including fiscal years starting before 1 January 2016, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, were required to obtain an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however, as a general rule the Company will continue to obtain such certificate.

The Company has obtained unqualified "Annual Tax Certificates" for fiscal years 2014-2018. The tax audit conducted in this context for 2019 is currently in progress. Upon completion, the Company's Management does expect to incur significant tax liabilities other than those already recorded and provided in the financial statements.

Due to the existence of unaudited tax years, additional fines and taxes may be imposed, the amounts of which cannot be accurately determined at present. However, it is estimated that they will not have a significant impact on the Company's Balance Sheet.

NOTE 37: DIVIDENDS

Dividends are accounted for after they have been ratified by the Annual Shareholders' General Meeting or the Board of Directors.

On 11 April 2018 the Annual Shareholders' General Meeting of the Company approved a dividend distribution of €80.038 thousand to the shareholder Eurolife ERB Insurance Group. The dividend was derived from profits of the fiscal year ended on 31 December 2017, from prior years' profits as well as from the distribution of untaxed reserves. The dividend was paid to the shareholder on 25 April 2018.

On 16 October 2018, the Board of Directors of the Company approved an interim dividend distribution of €7.000 thousand to the shareholder Eurolife ERB Insurance Group. The interim dividend was paid to the shareholder on 22 November 2018.

On 23 April 2019, the Ordinary General Meeting of the Company's shareholders approved the distribution of the temporary dividend decided on 16 October 2018 of amount € 834 thousand. The distribution of the dividend derived from profits of the year ended 31 December 2018. The amount was paid to the shareholder in two instalments on 25 April 2019 and 22 May 2019.

On 23 September 2019, the Board of Directors of the Company approved an interim dividend distribution of €25.000 thousand to Eurolife ERB Insurance Group. The dividend was paid to the shareholder on 18 December 2019.

NOTE 38: POST BALANCE SHEET EVENTS

On 31 December 2019, the World Health Organization (WHO) was informed about the detection of limited cases of pneumonia by an unknown cause, in Wuhan, Hubei, China. On 7 January 2020, the Chinese authorities identified a new type of coronavirus (COVID-19) as the cause. Since 31 December 2019, spreading of COVID-19 has led to the emergence of numerous related events. In March 2020 WHO declared the COVID-19 pandemic. In March 2020 WHO declared the COVID-19 pandemic. The COVID-19 pandemic is considered as a non-adjusting post balance sheet event for accounting purposes.

<u>Financial impact at macroeconomic level</u>
The economic impact on the international community from the outbreak of the coronavirus pandemic relates mainly to the disruption of trade and global supply chains and the risks it may pose to the global growth. A global slowdown in economic activity is expected to have adverse effects on certain industries of the Greek economy and thus on the Greek government's fiscal planning as well as on the liquidity, capital adequacy and profitability of the Greek banking and insurance sector. The Entity closely monitors the developments in the Greek macroeconomic environment and taking into account its exposure to credit risk from sovereign debt and insurance risks, examines on a daily basis the possible

effects of the market fluctuations and has increased its level of readiness in order to accommodate decisions for its protection against the financial impact of the pandemic.

Business continuity

The Entity has activated a specific action plan for the management of the emergency. The Crisis Management Committee systematically convenes, whenever considered necessary, in order to gradually implement and adjust a series of measures and procedures with the primary aim of ensuring the health and safety of employees and visitors to premises and the uninterrupted provision of services to the policyholders of the Entity and the claims' beneficiaries. The Entity has installed tele-working infrastructures that can be utilized by almost every employee, while working groups under the Crisis Management Committee have been set up to deal with the optimization of alternative operating models on a daily basis. It is noted that the Entity continued its operations at a satisfying level even after the implementation of the additional measure to restrict the movement of citizens taken by the Government on 23 March 2020.

Insurance products

The Entity provides a coverage (Business Interruption) in the insured risks of Fire, which has an extension (Contingent Business Interruption) that offers insurance against a pandemic / epidemic risk. The percentages of this specific coverage in terms of insurance premiums and technical provisions under Solvency II that provides insurance against pandemic / epidemic risk amounts to 0,15% and 0,03%, respectively (data as at 31st of December 2019).

Entity's financial position and solvency

The effects of the spread of the COVID-19 pandemic have begun to penetrate into all economic activities and any long-term forecast of them would have a very high degree of uncertainty, and as a consequence it is not practicable to accurately assess the impact on the strategic and business planning of the Entity. Taking into account the data and the best assumptions up to date regarding the portfolio of insurance risks, the Entity expects on the one hand a significant slowdown in operations both of the current year and the next two years and on the other hand a not very significant increase in claims, based on the existing exposure to individual insurance risks. Therefore, it is expected that both profitability and future own fund levels will be adversely affected.

In addition, from the first days of the crisis, the adequacy of cash reserves is monitored on a daily basis, with the primary aim of providing unhindered service to policyholders. The Entity's liquidity is adequate and is not threatened.

The widening of the risk margin observed at the beginning of the crisis and the large volatility in government bond yields affects and may negatively affect in the future the Entity's own funds and solvency ratio. At 31 March 2020, without calculating any dividend distribution, the Entity's solvency ratio (SCR coverage ratio) is estimated at around 160% by making use of the volatility adjustment. The potential impact is assessed on a daily basis, with additional scenarios on the yield curves being examined and the impact of further deteriorating market conditions being quantified.