Eurolife ERB General 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.

33-35 El. Venizelou (Panepistimiou) Str. & 6-10 Korai Str., Athens 105 64
www.eurolife.gr, Tel. +30 210 9303800
GEMI Registration 121637360000

Contents

BOARD OF DIRECTORS REPORT OF EUROLIFE ERB General Insurance S.A. 4
INDEPENDENT AUDITOR'S REPORT 17
ANNUAL FINANCIAL STATEMENTS:
STATEMENT OF FINANCIAL POSITION 21
INCOME STATEMENT 22
STATEMENT OF COMPREHENSIVE INCOME 23
STATEMENT OF CHANGES IN EQUITY 24
CASH FLOW STATEMENT 25
NOTE 1: GENERAL INFORMATION 26
NOTE 2: PRINCIPAL ACCOUNTING POLICIES 26
2.1 Basis of Preparation 26
2.1.1 Adoption of International Financial Reporting Standards (IFRS) 27
2.2. Foreign currency 30
2.3 Property, plant and equipment 30
2.4 Investment properties 30
2.5 Intangible assets 31
2.6 Financial assets and liabilities 31
2.7 Fair value measurement of financial instruments 33
2.8 Impairment of financial and non-financial assets 33
2.9 Derivative financial instruments 34
2.10 Offsetting of financial instruments 35
2.11 Current and deferred taxation 35
2.12 Employee benefits 35
2.13 Insurance contracts 36
2.14 Reinsurance contracts 38
2.15 Leases 38
2.16 Related party transactions 39
2.17 Share capital 40
2.18 Dividends 40
2.19 Provisions – Pending litigations 40
2.20 Cash and cash equivalents 40
2.21 Revenue recognition 40
2.22 Investments in subsidiaries 40
NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS 41
NOTE 4: INSURANCE AND FINANCIAL RISK MANAGEMENT 42
4.1 Framework for risk management 42
4.2 Insurance risk 43
4.3 Financial Risks 47
4.4 Operational risk 57
4.5 Capital adequacy 57
4.6 Fair values of financial assets and liabilities 57
NOTE 5: PROPERTY,PLANT AND EQUIPMENT 59
NOTE 6: RIGHT OF USE ASSETS AND LEASE LIABILITIES 59
NOTE 7: INVESTMENT PROPERTIES 60
NOTE 8: INTANGIBLE ASSETS 62
NOTE 9: INVESTMENTS IN SUBSIDIARIES 63
NOTE 10: DEFERRED TAX 63
NOTE 11: FINANCIAL ASSETS HELD FOR TRADING 64
NOTE 12: AVAILABLE FOR SALE FINANCIAL ASSETS 65
NOTE 13: INSURANCE RECEIVABLES 65
NOTE 14: OTHER RECEIVABLES 66
NOTE 15: REINSURANCE RECEIVABLES 66
NOTE 16: CASH AND CASH EQUIVALENTS 66
NOTE 17: SHARE CAPITAL 66
NOTE 18: RESERVES 67
NOTE 19: EMPLOYEE BENEFITS 67
NOTE 20: INSURANCE PROVISIONS 68
NOTE 21: INSURANCE AND OTHER LIABILITIES 70
NOTE 22: NET EARNED PREMIUMS 70

NOTE 23: OTHER INSURANCE RELATED INCOME 71
NOTE 24: INVESTMENT INCOME 71
NOTE 25: GAINS FROM SALE OF FINANCIAL ASSETS 71
NOTE 26: FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS 72
NOTE 27: OTHER INCOME/ (EXPENSES) 72
NOTE 28: CLAIMS AND CHANGE IN INSURANCE PROVISIONS 72
NOTE 29: ACQUISITION EXPENSES 72
NOTE 30: ADMINISTRATIVE EXPENSES 73
NOTE 31 : EMPLOYEE BENEFIT EXPENSES 73
NOTE 32: INCOME TAX EXPENSE 74
NOTE 33: RELATED PARTY TRANSACTIONS 74
NOTE 34: COMMITMENTS AND CONTINGENT LIABILITIES 76
NOTE 35: DIVIDENDS 76
NOTE 36: POST BALANCE SHEET EVENTS 76

BOARD OF DIRECTOR'S REPORT of Eurolife ERB General 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 resumed 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 growth, 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%**

[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)

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.

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 on 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 and their processing.

Changes to the standard are expected to affect Eurolife ERB Group 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 General 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 €26,9 mil. in 2019 compared to €37,7 mil. in 2018.

Financial Figures of the Company

Key financial figures

(amounts in € mil.)	2019	2018
Gross written premiums	71,4	61,8
Gross earned premiums	66,7	60,3
Total Investment Income [1]	17,1	25,6
Administrative Expenses *(excluding interest & other investment expenses)*	(17,0)	(13,4)
Profit Before Tax	26,9	37,7
Income Tax	(7,4)	(11,7)
Profit for the year	19,6	26,0
Total assets	186,8	177,9
Equity	63,9	62,0
Insurance Provisions	101,2	100,2
Number of Employees at 31 December	155	150

[1] Total investment income comprises of the sum of the Income Statement lines: Investment income, Realized Gains/ (Losses), Fair value Gains/ (Losses), Income from Subsidiaries, Gains/ (Losses) from derivatives

Financial Ratios

amounts in € mil.)	2019	2018
Return on Equity after tax (ROE)	31,1%	34,1%
Return on Assets before tax (ROA)	14,8%	19,9%
Profit margin before tax	37,7%	61,0%
Operating Expense Ratio (*excluding interest and other investment costs*)	23,8%	21,7%
Acquisition costs ratio	19,4%	17,4%
Net Loss ratio of general insurance business	28,3%	29,6%

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.

Operating expense Ratio: Operating Expenses excluding interest and other investment related expenses divided by the annualized premium equivalent.

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

Net Loss ratio: Incurred claims (net of reinsurance share) divided by the net earned premiums.

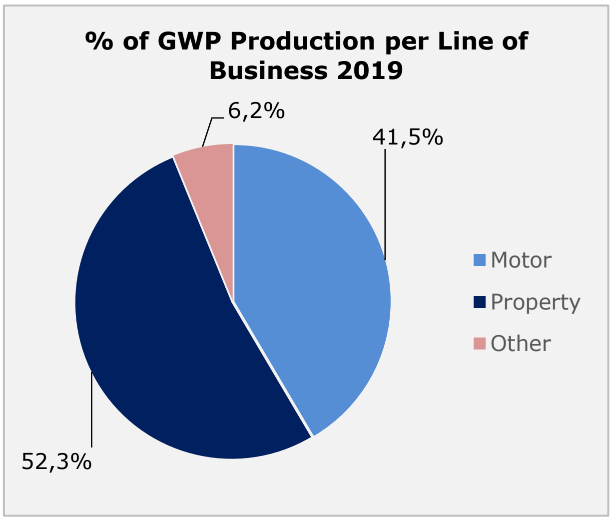
Gross written premiums

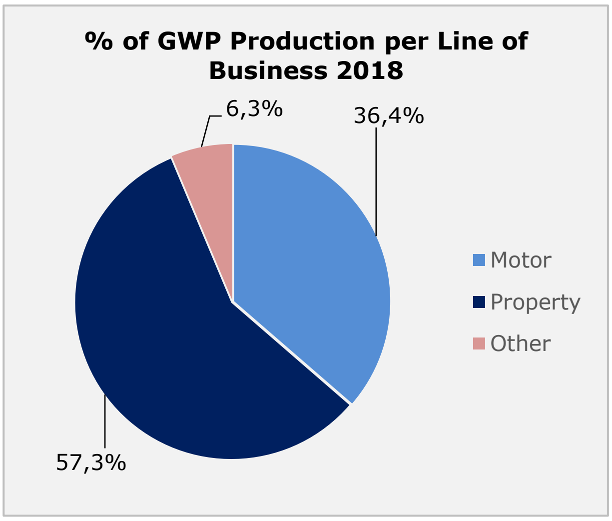
In 2019, the Company's total insurance premium production reached €71,4 mil., showing an increase of 15,5% compared to 2018 (2018: €61,8 mil.).

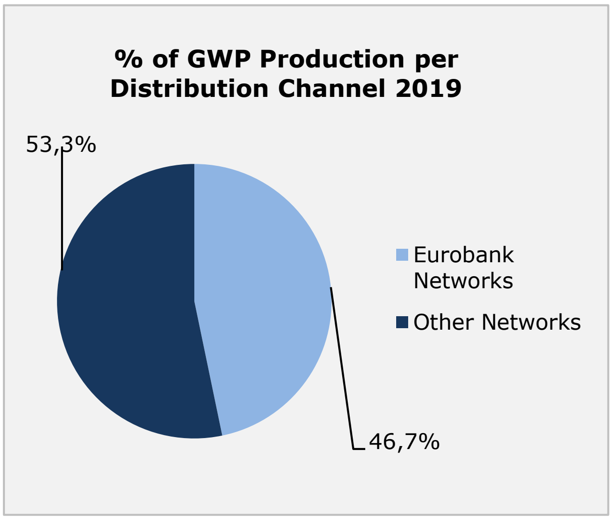
In particular, the insurance premium production of the motor sector increased by €7,2 mil. (an increase of 32% compared to 2018).

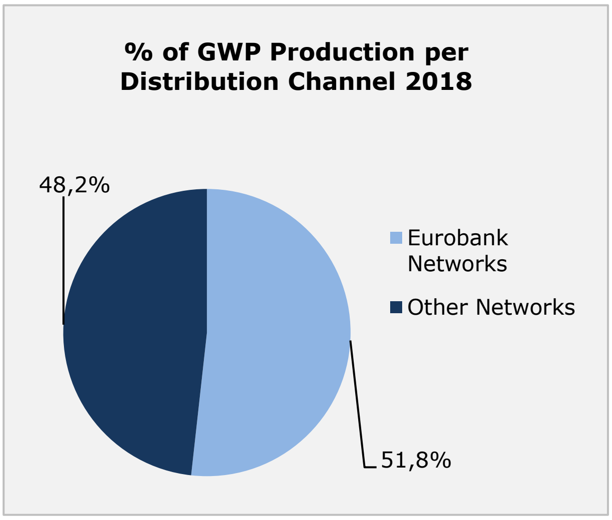
In terms of market share, in 2019 Eurolife ERB General Insurance S.A. accounted for 3,4% [2] of the total market (2018: 3.0%).

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









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

Total investment income

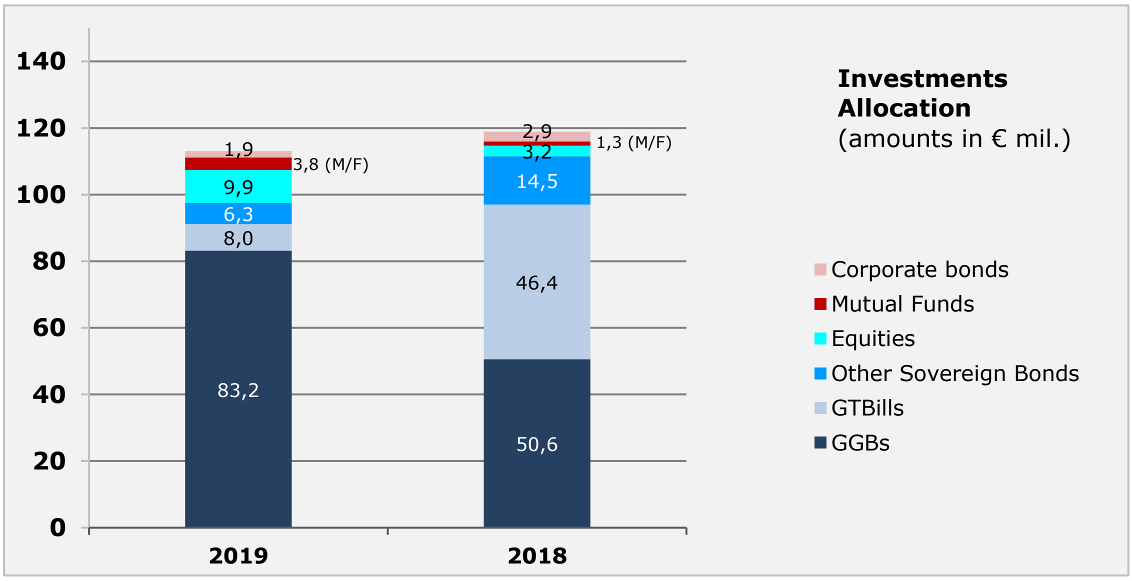
In 2019, the total investment income of the Company amounted to €17,1 mil. compared to €25,6 mil. in the previous year, presenting a decrease of 33,2%. This change is mainly attributed to the increased realized gains that the Entity recorded in 2018 due to the sale of Greek Government Bonds.

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

31/12/2019	Investment Income	Realized gains / (losses)	Fair value gains / (losses)	Total
(amounts in € thousand)				
Bonds	2.757	12.628	68	**15.453**
Equities	182	926	(2)	**1.106**
Mutual Funds	1	47	-	**48**
Deposits	378	-	-	**378**
Other	111	-	-	**111**
Total Investment Income	**3.429**	**13.601**	**66**	**17.096**

31/12/2018	Investment Income	Realized gains / (losses)	Fair value gains / (losses)	Total
(amounts in € thousand)				
Bonds	3.765	20.809	54	**24.628**
Equities	132	-	(17)	**115**
Deposits	778	-	-	**778**
Other	65	-	-	**65**
Total Investment Income	**4.739**	**20.809**	**37**	**25.586**

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



Financial Results

Profits before tax amounted to € 26,9 mil. in 2019, having decreased by 28,5% compared to 2018 (2018: € 37,7m). The decrease is mainly attributed to the increased realized gains recorded in 2018 due to the sale of Greek Government Bonds. Furthermore, the net loss ratio of general insurance decreased to 28,3% during 2019 compared to 29,6% in 2018, mainly due to higher net earned premiums in the motor sector, while the acquisition cost ratio is equivalent to 19,4% showing a marginal increase from previous year (2018: 17,4%).

Share Capital- Equity- Main Shareholders

On 31 December 2019, the share capital of the Company amounted to €3.064 thousand, divided into 49.800 ordinary shares with voting rights, each having a nominal value of €61,53. 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 owns 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 rl, which is jointly controlled by Colonnade Finance S.à.r.l, a member of the Fairfax Financial Holding 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.

The Equity of the Company amounted to €63,9 million as at 31 December 2019 compared to €62,0 million for 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 € 8.000 thousand and the distribution of an additional dividend to the shareholder Eurolife ERB Insurance Group amounting to €7.062 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 24 April 2019 and 22 May 2019.

On 23 September 2019, the Board of Directors of the Company approved the distribution of an interim dividend to the shareholder Eurolife ERB Insurance Group amounting to €15.000 thousand. The amount was paid to the shareholder on 18 December 2019.

Subsidiaries

During 2019 the insurance premium production of the Company's subsidiary in Romania under the name "Eurolife ERB Asigurari Generale S.A.", which started operating in September 2007 and sells its products through a bancassurance network decreased to €1,2 million compared to €1,4 million in 2018. For the year 2019, the pre-tax losses amounted to €596 thousand (2018: losses €129 thousand), while the losses for the year amounted to €485 thousand (2018: losses €98 thousand).

Following the decision of the Extraordinary General Meeting of Shareholders of the subsidiary Eurolife ERB Asigurari Generale SA dated 15.11.2019, the subsidiary increased its share capital by €499 thousand (RON 2.381 thousand) with an issuance of 1.685 new shares at a nominal value of €296,5 (RON 1.414) each, which was covered by its shareholders, Eurolife ERB General Insurance S.A. (95,3%) and Eurolife ERB Life Insurance S.A. (4,7%). After the increase, the subsidiary's share capital amounts to €4.770 thousand (RON 17.359 thousand).

Management of insurance and financial risks

Risk Management Framework

The existence of an effective risk management framework is considered by the Company, as 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 experience of the Company, the market dynamics and its harmonization with the regulatory requirements. In this context, a Risk, Asset-Liability & Investment Management Committee has been established overseeing all risk management activity 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 risk 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 mostly exposed 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. The general insurance portfolio covers nearly all insurance types dealing with losses and damages.

The main insurance risks to which the Company is exposed are the following:

Premium and reserve risk: includes fluctuations in timing, frequency and severity of insured events as well as fluctuations in the amount of claims' settlements.

Catastrophe risk: is the risk of realization of low frequency and high severity events, such as natural catastrophes. Such events may lead to significant deviations between the actual and expected claims.

Managing the insurance risks of General Insurance products

In **motor liability insurance**, the process of underwriting and product pricing constitute material mechanisms of risk management. Product pricing depends on the use of multi-parametric models aiming to better risk assessment and more appropriate matching between risk and premium for every client. The premium's calculation covers both the losses and the expenses of the portfolio. Additionally, reinsurance arrangements include excess of loss with a maximum underwriting limit for the Company in a) Motor TPL per incident and b) high value vehicle insurance.

In **property insurance**, for the estimation of frequency and severity of claims, the Company regularly monitors its portfolio per package. Appropriate underwriting procedures are in place, taking into consideration criteria such as nature of risk, quality of risk, fire and theft protection measures, geographical location, earthquake accumulation, building construction type and construction year, deductibles, sub-limits for certain categories of covers and loss history.

Management of insurance risks also includes establishment of a maximum level of risk accumulation and a maximum level of loss per risk or event. Any excess amounts are, in both cases, subject to reinsurance cessions through reinsurance treaties or facultative cessions.

The Company maintains reinsurance treaties with creditworthy reinsurers, in order to mitigate catastrophic risks. Most of the general insurance contracts covering the largest portion of the Company's portfolio are on an excess of loss ("XoL") basis. The Company focuses on modifying both the capacity and its retention by re-evaluating the relevant portfolios each and every year. There is further protection via proportional reinsurance treaties. There are also instances of mid-term re-evaluation in the event of a significant change to the Company's portfolio, followed up with changes if and when deemed necessary.

Moreover, claims' management is also a significant process related to underwriting risks. The estimated cost of claims also includes the cost of claims' handling. In this context, the Company has also put in place adequate claims' management procedures in order to cover the overall cycle of claims: announcement, receipt, assessment, processing and settlement, complaints and dispute settlement and reinsurance recoverable.

Finally, through monitoring reserves maintained it is ensured that the Company has the ability to pay its obligation for each insured person. On semi-annual basis the future cost of losses is estimated and the required reserve is built. In these reserves IBNR losses reserve is held, as well as the cost for handling claims. For future losses, the entity also estimates the adequacy of insurance contracts and builds unexpired risk reserve (URR).

B. Market Risk

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

The key market risks that 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 affects 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.

<u>Assessment and risk mitigation techniques used for market risks</u>

From a quantitative perspective, the Company monitors market risk on an ongoing basis, by measures defined in the individual risk management policies on an 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 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**, 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 a result it 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 insurance premium receivables**, credit risk is related to the inability of an intermediary to pay the Company the premiums it has collected from the clients.

Finally, placements **in cash and cash equivalents** expose the Company to credit risk.

<u>Assessment and risk mitigation techniques used for credit risk</u>

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 are 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 natural disasters affecting policyholders' property, could result in lack of liquidity. In such cases customers tend to proceed with the surrender of their policies or with claims resulting in large cash outflows for the Company. In order to address the above issues, the Company retains liquid assets and reinsurance treaties covering catastrophic risks. The Company's liquidity position is closely monitored on a daily basis.

<u>Assessment and risk mitigation techniques used for liquidity risks</u>

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 be easily 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 cash payables 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 methodologies, principles of governance, 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 Operational Risk Management Framework includes methodologies related to: Risk Control Self-Assessment, Scenario Assessment, Business Environment Assessment in Fraud Risk Assessment (FRA), Evaluation of outsourcing relationships (both prior to the outsourcing decision and during the agreement), in the management of operational risk events (operational losses) that include their causal analysis. This Framework is described in duly approved documents such as methodologies, procedures and/or policies.

The Company's strategy, regarding operational risk management, includes:

- Establishment of the Operational Risk Management 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), 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.
  - ✓ 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 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).

Labor issues

The Company's employees are the greatest asset for its success and sustainable development. As at 31 December 2019, the Company employed 155 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 55% 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 organizations 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 a specific action plan for the management of the emergency. The Crisis Management Committee systematically convenes, whenever it is 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 Business Interruption coverage in a part of Policyholders insured for risks of Fire, which has an extension (Contingent Business Interruption) that offers insurance against pandemic / epidemic risk. The percentage 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. As at 31 March 2020, without calculating any dividend distribution, the Entity's solvency ratio (SCR coverage ratio) is estimated that exceeds 140% without 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 General Insurance S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Eurolife ERB General 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 30 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 reserves related to reported losses estimated on a case by case basis</td></tr>
<tr><td>The Company’s insurance provisions, measured in accordance with IFRS 4, include liabilities for the estimated cost of settling gross outstanding claims. These liabilities amount to €70m as of 31 December 2019, representing 57% of the Company’s total liabilities.

Out of the €70m, €67m or 97% of gross outstanding claims liabilities represent reported losses estimated on a case by case basis and the remaining balance represents additional reserves (Incurred but not reported – IBNR, additional reserves-LAT and Unallocated loss adjustment expenses – ULAE).

Management relies on historical data and uses experts to determine the reserve related to reported losses estimated on a case by case basis which is highly subjective, especially in relation to cases of personal injuries, death, legal cases and property catastrophes.

The reported losses estimated on a case by case basis are considered as significant because of the relative size of the amount in the Company’s Statement of Financial Position, of the inherently subjective nature of their valuation and due to the significant judgement in the estimation of these liabilities.

Refer to notes 3, 4.2 and 20 of the Financial Statements for the disclosure of the related judgements and estimates.</td><td>Our work to address the valuation of the reserve related to reported losses estimated on a case by case basis, included the following procedures:
● We tested, on a sample basis, specific cases in order to obtain evidence for the accuracy and completeness of the underlying company data.
● We tested, on a sample basis, that the estimated liability is appropriately based on the most recent available information and that there is consistency in the valuation of cases estimates.
● We considered the movement in reserves relating to claims incurred in prior years in order to assess the reasonableness of the estimates and the consistency of the methodology used.
● We obtained a listing of new claims recorded post year end and reviewed it in order to assess any implications on the reserve related to reported losses estimated on a case by case basis.
● We examined the trend in historical claims development.

Based on our procedures performed, we found the estimates used to value the reserve related to reported losses estimated on a case by case basis to be reasonable.

Finally, we have assessed that the Company’s disclosures in the Financial Statements are in accordance with the requirements of IFRS.</td></tr>
</table>

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 and Other Information 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**	347	399
Right of use asset	**6**	3.955	-
Investment properties	**7**	762	847
Intangible assets	**8**	24.866	24.429
Investment in subsidiaries	**9**	4.655	4.179
Deferred tax assets	**10**	-	816
Financial assets at fair value through profit or loss			
- Financial assets held for trading	**11**	13.290	59.690
Available for sale financial assets	**12**	99.737	59.200
Income tax receivables		4.621	-
Premiums receivables	**13**	6.610	2.346
Other receivables	**14**	6.953	4.604
Reinsurance receivables	**15**	11.922	16.659
Cash and cash equivalents	**16**	9.043	4.693
Total Assets		**186.761**	**177.861**
EQUITY			
Share Capital	**17**	3.064	3.064
Reserves	**18**	56.282	40.983
Retained Earnings		4.559	17.991
Total Equity		**63.905**	**62.039**
LIABILITIES			
Employee benefits	**19**	503	424
Insurance provisions	**20**	101.150	100.163
Lease liabilities	**6**	4.047	-
Insurance and other liabilities	**21**	16.396	11.652
Deferred tax liabilities	**10**	760	-
Income tax payables		-	3.584
Total Liabilities		**122.856**	**115.822**
Total Equity and Liabilities		**186.761**	**177.861**

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 26 to 77 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(amounts in € thousand)	Notes	01/01 - 31/12/2019	01/01 - 31/12/2018
Gross written premiums		71.391	61.818
Gross change in unearned premium reserve		(4.686)	(1.515)
Gross earned premiums	**22**	**66.705**	**60.303**
Less: Premium ceded to reinsurers	**22**	(11.818)	(10.122)
Net earned premiums	**22**	**54.887**	**50.181**
Other insurance related income	**23**	1.073	1.259
Investment income	**24**	3.429	4.739
Gains from sale of financial assets	**25**	13.601	20.809
Fair value gains / (losses) on financial assets	**26**	66	37
Other expenses	**27**	202	(89)
Total Income		**73.258**	**76.938**
Claims and insurance benefits incurred	**28**	(19.161)	(13.465)
Change in insurance provisions	**28**	3.698	(10.626)
Reinsurers' share of claims and insurance benefits incurred and changes in insurance provisions	**28**	(71)	9.231
Total insurance claims and change in insurance provisions		**(15.534)**	**(14.860)**
Acquisition expenses	**29**	(12.922)	(10.481)
Administrative expenses	**30**	(17.858)	(13.895)
Profit before tax		**26.944**	**37.701**
Income tax expense	**32**	(7.385)	(11.710)
Profit for the year		**19.559**	**25.991**

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 26 to 77 are an integral part of these financial statements.

(amounts in € thousand)	**01/01 – 31/12/2019**	**01/01 - 31/12/2018**
Profit for the year	19.559	25.991
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	4.402	(16.153)
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of post-employment benefit obligation, net of tax	(33)	32
Other comprehensive income for the year	**4.369**	**(16.121)**
Total comprehensive income for the year	**23.928**	**9.871**

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 in pages 26 to 77 are an integral part of these financial statements.

(amounts in € thousand)	Share Capital	Reserves	Retained Earnings	Total
Balances as at 1 January 2019	**3.064**	**40.983**	**17.991**	**62.039**
Profit for year	**-**	**-**	**19.559**	**19.559**
Change in available for sale financial assets reserve, net of tax	-	4.402	-	4.402
Remeasurement of post-employment benefit obligations, net of tax	**-**	(33)	**-**	(33)
Other comprehensive income, net of tax	**-**	**4.369**	**-**	**4.369**
Total comprehensive income, net of tax	**-**	**4.369**	**19.559**	**23.928**
Transfer of retained earnings to reserves	-	10.930	(10.930)	-
Dividend distribution to the shareholders	-	-	(7.062)	(7.062)
Interim dividend distribution to the shareholders	-	-	(15.000)	(15.000)
Total transactions with shareholders	**-**	**10.930**	**(32.992)**	**(22.062)**
Balance as at 31 December 2019	**3.064**	**56.282**	**4.559**	**63.905**

(amounts in € thousand)	Share Capital	Reserves	Retained Earnings	Total
Balances as at 1 January 2018	**3.064**	**69.685**	**17.461**	**90.209**
Profit for year	**-**	**-**	**25.991**	**25.991**
Change in available for sale financial assets reserve, net of tax	-	(16.153)	-	(16.153)
Remeasurement of post-employment benefit obligations, net of tax	**-**	32	**-**	32
Other comprehensive income, net of tax	**-**	**(16.121)**	**-**	**(16.121)**
Total comprehensive income, net of tax	**-**	**(16.121)**	**25.991**	**9.871**
Transfer of retained earnings to reserves	-	1.764	(1.764)	-
Dividend distribution to the shareholders	-	(14.344)	(15.697)	(30.041)
Interim dividend distribution to the shareholders	-	-	(8.000)	(8.000)
Total transactions with shareholders	**-**	**(12.580)**	**(25.461)**	**(38.041)**
Balance as at 31 December 2018	**3.064**	**40.983**	**17.991**	**62.039**

The notes in pages 26 to 77 are an integral part of these financial statements.

(amounts in € thousand)

	Notes	01/01-31/12/2019	01/01-31/12/2018
Cash Flows from Operating Activities			
Profits before tax		26.944	37.701
Adjustments for non-cash items:			
Depreciation of property, plant and equipment and amortisation of intangible assets	30	1.396	624
Insurance provisions		5.724	3.707
Change in deferred acquisition costs		(799)	(168)
Employee benefit provisions	31	37	2
Change in other provisions		1.241	(32)
Non realized foreign exchange differences	26	(38)	(91)
Investment income		(3.344)	(3.472)
Bond amortisation	11,12	(85)	(1.268)
Interest Expense		520	542
Gains from disposals of fixed assets		11	-
Gains from sale of financial assets	25	(13.601)	(20.809)
Fair value (gains) / losses on financial assets	26	(28)	54
		17.978	**16.790**
Changes in Operating Assets and Liabilities:			
(Purchases) of financial assets	11,12	(264.677)	(347.533)
Sales of financial assets		289.957	374.800
Change in receivables from policy holders and other receivables		(6.279)	146
Change in insurance and other liabilities		3.446	90
Income tax paid		(14.861)	(5.879)
Interest received and other investment income		3.459	1.982
Interest paid		(311)	(542)
Net Cash Flows from Operating Activities		**28.712**	**39.855**
Cash Flows from Investing Activities			
Purchases of property, plant and equipment and intangible assets	5,8	(1.178)	(1.580)
Proceeds from sales of property and equipment		60	-
Dividends received from subsidiaries	9	(476)	-
Net Cash Flows from Investing Activities		**(1.594)**	**(1.580)**
Cash Flows from Financing Activities			
Principal repayment of lease liabilities		(706)	-
Dividends paid	35	(22.062)	(43.041)
Net Cash Flows from Financing Activities		**(22.768)**	**(43.041)**
Net increase/(decrease) in cash and cash equivalents		4.350	(4.766)
Cash and cash equivalents at the beginning of the year	16	4.693	9.459
Cash and Cash Equivalents at the end of the year	16	**9.043**	**4.693**

The notes in pages 26 to 77 are an integral part of these financial statements.

NOTE 1: GENERAL INFORMATION

Eurolife ERB General Insurance S.A. (hereinafter referred to as "the Company") has been incorporated in Greece and is active in the insurance industry by providing services relating to motor vehicle liability and other non-life insurance.

The Company's headquarters are located in Athens, 33-35 Panepistimiou Str. & 6-10 Korai Str., P.O. 105 64, Greece, (GEMI Reg. 121637360000), tel (+30) 2109303800, www.eurolife.gr. The Company operates both in Greece and abroad through its subsidiary in Romania under the name of Eurolife ERB Asigurari Generale S.A.

The number of staff at 31 December 2019 amounted to 155 (2018: 150).

The Board of Directors consists of the following members:

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 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.

Activities of the Company

The Company offers a wide range of non-life insurance products which can be divided into three insurance product categories: property, motor and other non-life insurance products. With regard to property insurance, the Company offers to its customers various household and small commercial coverage packages, as well as, to a lesser extent, tailor-made coverage for large commercial and industrial risks. The motor offerings comprise a number of packaged motor insurance products, ranging from mandatory third party liability to partial and full insurance. The other non-life insurance comprise products such as: (i) public (general third party) liability insurance and employers' liability insurance; (ii) cargo insurance; engineering (Construction All Risks ("CAR") and Erection All Risks ("EAR") insurance for all types of construction projects); (iii) personal accident insurance; (iv) yachts liability insurance; and (v) professional liability to certain categories of professionals. The non-life insurance products are distributed through Eurobank's network as well as through the distribution channel of the Company's insurance intermediaries and brokers.

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 of Financial Statements

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, 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 otherwise stated, 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, considered appropriate by the Board of the Directors, taking into consideration the following:

Going concern assessment

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 Entity to control and assess the impact are included in the Note 36 Post balance sheet events. 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 epidemic.

The Management of the Entity systematically monitors its capital adequacy 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 Entity outweigh the Solvency Capital Requirement.

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Entity's solvency, considers that its 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 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 Group 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 account 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 Group:

- 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 €4.490 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 Investments 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 recognize 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 2023. 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 2023.

It is noted that the Company’s liabilities that are connected with insurance activities according to IFRS 4 amounted to €89,8 mil., €88,0 mil., €100,2 mil. and €101,2 mil. as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 respectively, representing 88%, 80%, 86% and 82,3% of the Company’ 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, 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, not yet 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 amendment has not yet been endorsed by the EU. The adoption of the amendment is not expected to have impact on the Entity'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 market rates of exchange ruling 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 ruling at initial recognition, except for non-monetary items denominated in foreign currencies that are stated at fair value which have been translated using the rate of exchange at the date the fair value was determined. The 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 land and buildings, improvements in leasehold assets, furniture, computers and other equipment as well as 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 if 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 the acquisition cost of the property, plant and equipment to their residual value as follows:

Leasehold improvements:	The lowest between the lease contract term and the estimated useful life.
Computers:	4 -7 years
Furniture and other equipment:	4 -12 years
Vehicles:	5 -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, plant and equipment are derecognized upon sale or retirement of the respective asset and any arising gain or loss is recognized in the income statement.

2.4 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost plus any cost which is directly attributable to the acquisition of such assets. After initial recognition, investment properties are presented at their acquisition cost net of accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful lives of investment properties, in order to reduce acquisition costs to residual values as follows:

Land:	No depreciation
Buildings:	40 to 50 years

Improvements made to investment properties are depreciated at the lowest between the useful life of the improvement and the building.

Investment properties are examined annually by independent valuers in order to determine whether there is an indication of impairment.

2.5 Intangible assets

(i) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred at the date of acquisition, over the fair value of the Company's share of net identifiable assets and contingent liabilities acquired. Goodwill on acquisitions of subsidiaries is included in "intangible assets".

Goodwill on the acquisition of subsidiaries is not amortized but tested for impairment annually or more frequently if there are any indications that impairment may have occurred. The Company's impairment testing is performed each year end. The Company considers external information such as weak economic conditions, persistent slowdown in financial markets, volatility in markets and changes in the levels of market and exchange risk, an unexpected decline in an asset's market value or market capitalization being below the book value of equity, together with a deterioration in internal performance indicators, in assessing whether there is any indication of impairment.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each Cash Generating Unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Company at which goodwill is monitored for internal management purposes.

The Company's impairment model compares the carrying value of a CGU or group of CGUs with its recoverable amount. The carrying value of a CGU is based on the assets and liabilities of each CGU. The recoverable amount is determined on the basis of the value-in use which is the present value of the future cash flows expected to be derived from the CGU or group of CGUs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU and the countries where the CGUs operate.

An impairment loss arises if the carrying amount of an as6set or CGU exceeds its recoverable amount, and is recognized immediately as an expense in the income statement. Impairment losses are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

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 amortization and accumulated impairment losses. Intangible assets are periodically reviewed for impairment and any impairment loss is recognized directly to the income statement.

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

Software:	**4 to 7 years**

2.6 Financial assets and liabilities

2.6.1 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.

2.6.2 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 2.21.

2.6.3 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.

2.6.4 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 mainly derivative financial instruments. The accounting policies of the abovementioned financial liabilities are described in note 2.9.

2.7 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).

2.8 Impairment of financial and non-financial assets

2.8.1 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 as follows:

- 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, although 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.

2.8.2 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).

2.9 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 2.7 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 identification method is determined depending on the nature of the item being hedged by derivatives.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting in accordance with IFRS and changes in fair value are recognized directly in the income statement.

2.10 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.

2.11 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 fixed and intangible assets, 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.

2.12 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 that they occur.

ii) Defined post-employment benefit plans

Under labor law in force, when an employee remains 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 relevant liability (see note 19).

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.

2.13 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.

a) Insurance contracts

The Company issues mainly short-term insurance contracts relating to all non-life insurance sectors where it has a presence, while it will also issue long-term insurance contracts mainly related to property sector.

Insurance contracts for accidents cover customers of the Company mainly from the risk of injury or disease or the risk of damage to third parties (third party civil liability) during their lawful activities. The cases covered include contractual and non-contractual events. This category includes contracts covering the risk of motor vehicle liability, employer's liability and general civil liability for individuals and corporations.

Property insurance contracts mainly cover customers of the Company from the risk of damage or total destruction to their property and in some cases loss of income from inability to use this property.

Premiums from non-life contracts are recognized as revenue (earned premiums) proportionally to the insurance period. At the reporting date, the amount of premiums written, which corresponds to the next or subsequent financial years, is transferred at the Unearned Premiums Reserve. For all non-life insurance sectors this is calculated based on the proportion of days starting from the reporting date up to the end of the period for which premiums have been registered in the relevant register, except for the transportation sector where the reserve is estimated at 20,0% of the annual premiums under applicable Greek legislation. Premiums are recognized before the deduction of commissions payable.

The claims and related expenses are recognized in the income statement, based on the estimated liability for claims to policyholders of the Company or third parties harmed by actions or omissions of the Company's customers. These include claims paid, and direct and indirect costs and are calculated so as to fully cover the liabilities of insurance risks that have been incurred up to the reporting date, irrespective of whether or not they have been reported by the

Company. The Company does not discount the liabilities of outstanding claims. Full provision is made for the final cost of all outstanding claims at the reporting date, with deduction of amounts that the Company is entitled to recover from reinsurers, using the information available at the date of the financial statements. In addition, provisions for outstanding claims include the reserve for incurred but not reported losses at the date of the financial statements (IBNR - Incurred But Not Reported) and any costs incurred for settling these losses. Delays may occur both in the reporting of claims and in their settlement, particularly in cases of claims of civil liability. Therefore, it is essential to make estimates and assumptions when calculating the reserve for outstanding claims, the final cost of which is not known accurately at the reporting date.

b) Insurance provisions

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

Provisions 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 register of the Company.

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 expenses of the corresponding insurance portfolio.

Provisions for outstanding claims: Relate to those provisions 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 subsidiaries 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, and 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 out at the reporting date, in accordance with the valuation principles and rules applicable to each category of insurance provision of IFRS 4 "Insurance Contracts", with regard to the first phase of the standard's application.

The change in insurance provisions (increase/decrease) compared with their valuation in previous reporting dates, is transferred to the income statement for the portion relating to the Company's own share while the remaining portion is transferred as a reinsurance charge in accordance with the terms of the reinsurance contracts.

c) Deferred acquisition costs

Commissions and other acquisition costs associated with the issuance of new contracts and renewal of existing insurance contracts are classified in the account "Other Assets". All other costs are recognized as expenses when incurred. The Deferred Acquisition Costs are amortized in proportion to earned premiums.

d) 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 2.8.

e) Liability Adequacy Test of insurance reserves

The Company performs an adequacy test of insurance reserves ("Liability Adequacy Test") at each reporting date, in accordance with IFRS 4, using the current estimates of future cash flows from insurance contracts and the related administration costs. In the event that the insurance liabilities after the performance of the liability adequacy test exceed the 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.

2.14 Reinsurance contracts

Reinsurance contracts entered into by the Company in order to be compensated for losses of one or more contracts that it has issued, meet the conditions for them to be 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 the reinsurers' share in insurance provisions based on the terms of 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 an accrual basis.

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

The Company reviews whether its reinsurance assets have been impaired at each reporting date. 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.

Summary of the Company Reinsurance Program for 2019:

Program		Maximum net loss (Company's share)	Gross Margins (including Company's Share)	Comment
Property				
Working (property) XOL risk	Per risk	**500.000**	**50.000.000**	bust layer included
Working (property) XOL risk	(AAD)	**250.000**		
Fire Catastrophe XOL risk	Per event	**6.000.000**	**352.000.000**	
Casualties				
Casualty XOL risk (MOTOR)	Per accident	**1.500.000**	**50.000.000**	
Casualty XOL risk (LIABILITIES, Misc. Acc., etc)	Per accident	**100.000**	**5.000.000**	
Casualty XOL risk (Personal Accident etc)	Per accident	**50.000**	**5.000.000**	
Casualty XOL risk (Drone TPL)	Per accident	**25.000**	**5.000.000**	
Transportation – Shipping				
Cargo & Pleasure Craft XOL risk	Goods in transit	**500.000**	**8.000.000**	
Cargo & Pleasure Craft XOL risk	Crafts	**500.000**	**800.000**	

2.15 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 Group 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) Right of use asset

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).

2.16 Related party transactions

The 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, close family members and entities that are controlled or jointly controlled by the abovementioned persons,

(c) associates and joint ventures

(d) other related entities.

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

2.17 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.

2.18 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.

2.19 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.

2.20 Cash and cash equivalents

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

2.21 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 2.13. Revenue other than from insurance contracts is recognized as follows:

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.

When an interest bearing asset is impaired, its carrying amount is reduced to its recoverable amount, which is the present value of the expected future cash flows discounted at the original effective interest rate. Interest is subsequently calculated at the same interest rate on the impaired (new book value).

Dividend Income

Dividend income from financial assets is recognized in the income statement when the right to receive them has been substantiated.

2.22 Investments in subsidiaries

Investments in subsidiaries are measured at cost less any impairment. The cost of these investments is the fair value of the consideration given, or if that cannot be reliably measured, the consideration received along 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) Liabilities arising from claims of insurance contracts

The estimation of outstanding claims of insurance contracts is the most 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. Customer claims relate to both property and casualty insurance. 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 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).

(b) 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 (refer to note 4.6).

(c) Estimated impairment of goodwill

The Company assesses annually whether there is an indication of goodwill impairment in accordance with the accounting policy stated in note 2.5 (i). The recoverable amounts of Cash-Generating Units (CGUs) are determined based on value-in-use calculations. Determining value-in-use is an inherently subjective process that involves the use of management's best estimates and judgments, particularly related to future cash flows of the CGU or group of CGUs and the appropriate discount rates.

The recoverable amount of the CGUs is determined on the basis of the CGU's business plan which is derived from the prospective five-year budgets approved by management, extrapolated over an additional five-year period of sustainable growth followed by a long-term growth rate to perpetuity. The budgets and plans reflect management's current expectations about changes in volumes, margins and capital requirements taking into account the anticipated market conditions, competitive activity and effects of recent regulatory or legislative changes.

The discount rate used for each CGU represents an estimate of the cost of equity for that unit. The "Capital Asset Pricing model" (CAPM) is employed in estimating the discount rate.

The key assumptions for the value-in-use calculations and inputs to the afore-mentioned model, as well as the impact of potential changes to key variables, are described in note 8 and may change as economic and market conditions change.

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, 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 framework the company has established, a Risk, Asset - Liability and Investment Management Committee and a Risk Management Function.

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 main responsibilities of the Committees are:

- 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 insurance contract consists of the possibility that the insured event will occur 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 because the frequency or/and severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits may 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 insurance 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 Non-Life Insurance

The Company operates almost in all insurance sectors related to losses and damages. The main activity comes from Fire insurance sector (including Earthquake and engineering sectors), Motor Liability, Land Vehicle and Other Losses, whose participation in written insurance premiums for 2019 amounted to 52,3%, 26,2%, 8,0% and 13,5% respectively (2018: 57,3%, 23,5%, 6,7% and 12,5%).

4.2.1.1 Motor liability insurance

Underwriting is a critical risk mitigation mechanism adopted in the insurance industry. The process helps in deciding the appropriate premium for a policyholder. The underwriters match the premium received with the claims paid in order to sustain profitability. Underwriting risk arises when the premiums received are not sufficient to cover the claims, with the probability of a loss. The premiums charged by the Company incorporate the risk premium that covers not only the claims but also the capital and solvency requirements.

a) Frequency and severity of claims

Frequency and severity of claims

The frequency and severity of the claims for each parameter entered in the pricing model contribute to the calculation of the risk premium and lead to its differentiation at each level of each parameter. These indicators are affected by the terms, limits and deductibles of coverages, the Company's underwriting policy, the selection of the appropriate reinsurance cover, the reserves policy as well as the processes and controls within the claims handling period.

Third Party Liability limits that are imposed by law are €1,22 million per person for bodily injuries and €1,22 million per accident for material damages.

Reinsurance arrangements include excess of loss with a maximum underwriting limit for the Company in Motor Third Party Liability amounting to €50,0 million per incident.

b) Sources of uncertainty in the estimation of future claim payments

Insurance contracts cover claims which occur within the term of the insurance contract, even if the notice or ascertainment of damage is made after the expiry of the insurance (always in accordance with the applicable law). The claims incurred within the term of the contract but reported after the expiry of the contract are part of the Company's liabilities and need to be estimated. In addition, some of the claims for Motor Liability are transferred to judicial resolution which may remain outstanding for a long period of time and as a result this creates uncertainty in the future cost of claims' estimations.

The estimated cost includes the cost of the claim as well as the cost of claims handling. The reserves for outstanding claims consist of the reported losses, the incurred but not reported losses (IBNR) and the losses reported but not sufficiently reserved (IBNeR).The estimation for the last two mentioned categories is performed based on actuarial statistical methods. Finally, on those reserves, one more category is added for the Unallocated Loss Adjustment Expenses.

c) Process used to decide on assumptions

The selection of the development factors for assessing the adequacy of reserves and future payments is made on a prudent basis.

Development factors that deviate significantly from the average are excluded from the final selection particularly if their application results in estimates lower than expected.

On a six-month basis the Company performs an adequacy test of insurance reserves ("Liability Adequacy Test"). On the basis of these tests various actuarial methods are being used on the claims data like Chain Ladder and Bomheutter Ferguson. These methods used reflect the experience from prior years in order to estimate the ultimate cost of claims per accident year. In the interim periods, i.e. in the first and third quarters of the financial year, the Company does not carry out insurance reserves adequacy tests.

In addition the Company also calculates unexpired risk reserve (URR). In calculating the URR, the most recent accident years loss ratio is used as well as the management expense ratio based on the Company's expense analysis at the end of each financial year.

d) Changes in assumptions and sensitivity analysis

The ratio used for the adequacy assessment is given by the product of development factors which are subject to sensitivity analysis.

In case of an increase of the product of development factors by 10,0%, a deficit of reserve arises by € 1.178 thousand (31 December 2018: € 1.176 thousand) amounting to 2,6% (31 December 2018: 2,5%). In case of a reduction of the product of development factors by 10,0%, a surplus is generated amounting to €5.790 thousand (31 December 2018: € 5.638 thousand), which is equal to 12,8% of the total reserves for outstanding claims (31 December 2018: 12,2%).

In case of an increase of the estimated loss ratio or of the administrative expense ratio by 10,0%, additional unexpired risks reserve of € 1.674 thousand (31 December 2018: € 1.481 thousand) is required. In case of a decrease of the estimated loss ratio or of the administrative expense ratio by 10,0%, additional unexpired risks reserve of € 418 thousand (31 December 2018: € 496 thousand) is required.

31 December 2019	Change	Impact on the adequacy of insurance reserves
(amounts in € thousand)		
Increase of the product of development factors	+10%	(1.178)
Decrease of the product of development factors	-10%	5.790
Increase of loss ratio or administrative expense ratio	+10%	(1.674)
Decrease of loss ratio or administrative expense ratio	-10%	(418)

31 December 2018	Change	Impact on the adequacy of insurance reserves
(amounts in € thousand)		
Increase of the product of development factors	+10%	(1.176)
Decrease of the product of development factors	-10%	5.638
Increase of loss ratio or administrative expense ratio	+10%	(1.481)
Decrease of loss ratio or administrative expense ratio	-10%	(496)

4.2.1.2 Property insurance

The Company offers retail products for household and small commercial businesses, as well as tailor-made coverage for commercial and industrial risks. The insurance coverage usually has annual duration. The Company has the right of re-pricing upon renewal.

In its product design the Company implements an end-to-end process of assessing, pricing and managing risk. The premiums incorporate the reinsurance cost, the risk premium that covers not only the claims that will emerge from the Company's portfolio but also the capital requirements and also a reasonable profit margin.

a) Frequency and severity of claims

The retail products range from basic fire covers to full packages, including covers such as water perils, short circuit, malicious damages, terrorism acts, debris removals, other expenses, civil liability, and earthquake.

The Company monitors the portfolio per package regularly, especially the loss ratio.

Regarding the large commercial and industrial risks, the Company offers comprehensive multi-risk coverage on a tailor-made basis. Appropriate underwriting procedures are in place, taking into consideration criteria such as nature of risk, quality of risk, fire and theft protection measures, geographical location, earthquake accumulation, building construction type and construction year, deductibles, sub-limits for certain categories of covers and loss history.

The policies are underwritten by reference to the risk category, the protection measures and the level of sum assured.

The Company maintains reinsurance treaties to mitigate catastrophe risks with creditworthy reinsurers.

The frequency and the amount of claims are partly affected by the underwriting rules. The implementation of deductibles in specific perils assists to the mitigation of mainly frequency and secondly severity.

Claims are classified into three main categories as follows:

For losses of small amount, the Company monitors the evolution of the frequency and the average cost and adjusts its pricing policy.

For losses of large amount, the Company examines a longer period to calculate the frequency.

In case of catastrophic losses, i.e. events which may affect a significant number of insurance contracts such as earthquake, the Company analyzes the portfolio in order to evaluate the annual cost and decides the amount to be ceded through the reinsurance treaties and the amount of premium to be charged.

The management of insurance risks also includes the establishment of a maximum level of accumulation of risk and a maximum level of loss per risk or incident which will be charged to the Company's results. Any excess amounts are in both cases subject to reinsurance cessions through reinsurance contracts or facultative cessions.

In Greece the most possible catastrophic risk is considered to be the earthquake. Therefore the Company carefully assesses the concentration, purchases reinsurance cover and charges a different premium per earthquake zone.

The table below analyses the concentration of risk in the Company's portfolio by geographic region for 31 December 2019 and 31 December 2018 (in relation to the risk of earthquake).

Geographical region (amounts in € thousand)	**Total insured funds as at 31 December 2019 (GROSS)**	**Total insured funds as at 31 December 2018 (GROSS)**
Attica and Central Greece	10.116.901	9.046.313
Rest of Greece	10.554.626	9.348.341
Total	**20.671.527**	**18.394.654**

The Company has obtained reinsurance for catastrophic events with a limit of €352 million in excess of €6 million (2018: €8 million) for each catastrophic event. The total (upper) limit has increased by €19 million since the prior year (2018: €333 million)

b) Sources of uncertainty in the estimation of future claim payments

The main uncertainties in estimating future payments are as follows:

- the final cost of repair or replacement of damaged property or/and any residual value of rescued items (which affects the final damage to be borne by the Company).
- in case of judicial resolution of the dispute, the interpretation of the terms of the insurance contract and the facts which the court will adopt.
- in case of judicial resolution of the dispute, the time until the payment of any compensation to be awarded for the purpose of calculating interest on overdue amount.

The estimated cost of claims also includes the cost of claims handling. The reserves for outstanding claims consist of the following categories: reserve for reported claims, reserve for the incurred but not reported claims (IBNR) and reserve for losses reported but not sufficiently reserved (IBNeR). Finally on those reserves, one more category is added for the Unallocated Loss Adjustment Expenses.

c) Process used to decide on assumptions

The selection of the development factors for assessing the adequacy of reserves and future payments is made in order to normalize random behaviors and is considered to be prudent.

Development factors that deviate significantly from the average are excluded from the final selection particularly if their application results in estimates lower than expected.

The non-attritional claims and the claims from exceptional and unpredictable events such as the riots in Athens at the end of 2008, are monitored separately in order to avoid biases on claims projections from random events with a low probability of recurring. In cases where the there is no sufficient data that can be used for statistical analysis then similar risk categories are grouped together.

The Company, during the half-year and year-end reporting periods, carries out analysis of the gross claims reserves using the actuarial methods above mentioned. It is worth mentioning that for these risk categories the Company has a positive experience and no additional reserve is required as result of the adequacy assessment of claims.

In addition the Group also assesses the calculation of unexpired risk reserve, but such a reserve is not considered to be necessary.

d) Change in assumptions and sensitivity analysis

The ratio used for the adequacy assessment is given by the product of development factors which are subject to sensitivity analysis. In case of increase of the product of development factors by 10,0%, a deficit of reserve arises by € 521 thousand (31 December 2018: € 179 thousand), amounting to 3,6% (31 December 2018: 1,0%). In case of a reduction of the product of development factors by 10,0%, a surplus is generated amounting to €1.552 thousand (31 December 2018: € 1.610 thousand), which is equal to 10,8% of the total outstanding claim reserve (31 December 2018: 9,1%).

31 December 2019	**Change**	**Impact on the adequacy of insurance reserves**
(amounts in € thousand)		
Increase of the product of development factors	+10%	(521)
Decrease of the product of development factors	-10%	1.552

31 December 2018	**Change**	**Impact on the adequacy of insurance reserves**
(amounts in € thousand)		
Increase of the product of development factors	+10%	(179)
Decrease of the product of development factors	-10%	1.610

4.3 Financial Risks

Financial risk management is crucial part of the Company's risk management framework on 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 (or not) 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 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 the concentration of credit risk. There was no exposure in excess of the Company's determined limits for its counterparties as of 31 December 2019 and 2018.

The main source of credit risk relates to on-balance sheet exposures. There are also off-balance sheet exposures, which are not considered material and are primarily related to collaterals, 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 (amounts in € thousand)	**31/12/2019**	**31/12/2018**
Financial assets held for trading	13.290	59.690
Available for sale financial assets	99.737	59.200
Insurance receivables	6.610	2.346
Other receivables	6.953	4.604
Reinsurance receivables	11.922	16.659
Cash and cash equivalents	9.043	4.693
Total financial assets bearing credit risk	**147.555**	**147.192**

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 asset portfolio mainly consists of debt securities and as result the exposure to credit risk from issuers is considered significant.

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

Government Bonds (amounts in € thousand)	**Rating Fitch**	**31/12/2019**	**Rating Fitch**	**31/12/2018**
Greece	BB-	91.150	BB-	97.020
Ireland	A+	1.336	A+	1.350
USA	AAA	5.001	AA+	13.119
Total		**97.487**		**111.489**

Corporate Bonds (amounts in € thousand)	**Rating Fitch**	**31/12/2019**	**Rating Fitch**	**31/12/2018**
Financial industry (Banks)	-	-	-	-
Non-financial industry (Other commercial companies)	BB+	518	BB+	1.044
	B+	819	-	-
	NR	539	NR	1.873
Total		**1.877**		**2.916**

As of 31 December 2019 and 2018, the largest concentration in the Company's debt securities portfolio is in European sovereign debt which constitute a percentage of 93,1% and 86% respectively on the total debt securities portfolio and a percentage of 75,8% and 79,6% respectively on the total investments (including cash and cash equivalents).

Especially for the sovereign exposure to Greece, the Company had an exposure of € 91.150 thousand (74,7% of total financial assets) and €97.020 thousand (78,5% of total financial assets) 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 top three reinsurance companies as at 31 December 2019 amounts to 49,5% (2018:35,9%). However due to the high credit rating and the recognized solvency of these reinsurance companies the Company's management does not expect any losses from credit defaults.

The rating of the reinsurance companies per line of business for 2019 and 2018 is given below.

	2019 RATING			
Line of Business	**A+**	**A**	**A-**	**AA-**
Property	4,82%	20,46%	27,12%	47,59%
Catastrophe	4,82%	20,46%	27,12%	47,59%
Motor	10,00%	10,00%	10,00%	70,00%
Engineering	4,82%	20,46%	27,12%	47,59%
Cargo	25,00%	25,00%	25,00%	25,00%
Accident /TPL	10,00%	10,00%	10,00%	70,00%

	2018 RATING			
Line of Business	**A+**	**A**	**A-**	**AA-**
Property	15,89%	8,58%	44,51%	31,00%
Catastrophe	5,85%	23,16%	32,85%	38,13%
Motor	10,00%	-	20,00%	70,00%
Engineering	15,89%	8,58%	44,51%	31,00%
Cargo	25,00%	-	50,00%	25,00%
Accident /TPL	10,00%	-	20,00%	70,00%

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 insurance entities of the Company. The Company has policies and standards in place to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest balances, 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 (amounts in € thousand)	31/12/2019	31/12/2018
Company's network	73	67
Bancassurance network	3.761	205
Agents and brokers	2.776	2.075
Total	**6.610**	**2.346**

The Bancassurance network refers to the 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 Banks.

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 2018 the cash placements to the Eurobank Group, amounted to €1.068 thousand and €1.283 thousand respectively.

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

31 December 2019 (amounts in € thousand)	Trade Portfolio	AFS Portfolio	Premium receivables	Other receivables	Re-insurance receivables	Cash & cash equiv	Total
AAA	5.001	-	-	-	-	-	5.001
AA+	-	-	-	-	7	-	7
AA-	-	-	-	9	5.461	1.746	7.217
A+	-	1.336	-	32	4.718	-	6.086
A	-	-	-	49	1.490	-	1.539
A-	-	-	-	-	203	-	203
BB+	-	518	-	-	-	-	518
BB	-	819	-	-	-	-	819
BB-	7.999	83.152	-	-	-	-	91.150
CCC+	-	-	-	-	-	5.167	5.167
CCC	-	-	-	-	-	2.120	2.120
Non rating	291	13.912	6.610	6.863	42	10	27.728
	13.290	**99.737**	**6.610**	**6.953**	**11.922**	**9.043**	**147.555**

31 December 2018 (amounts in € thousand)	Trade Portfolio	AFS Portfolio	Premium receivables	Other receivables	Re-insurance receivables	Cash & cash equiv	Total
AA+	13.119	-	-	-	-	-	13.119
AA-	-	-	-	8	6.866	-	6.874
A+	-	1.350	-	58	5.329	1.757	8.494
A	-	-	-	15	2.432	-	2.447
A-	-	-	-	62	2.033	-	2.094
BB+	-	1.044	-	-	-	-	1.044
BB-	46.404	50.616	-	-	-	-	97.020
CCC	-	-	-	-	-	2.888	2.888
Non rating	167	6.190	2.346	4.461	0	49	13.213
	59.690	**59.200**	**2.346**	**4.604**	**16.659**	**4.693**	**147.192**

Analysis of financial assets:

The following table provides an aging analysis of financial assets that are past due but not impaired and of financial assets that are individually determined to be impaired.

31 December 2019 (amounts in € thousand)	**Trade Portfolio**	**AFS Portfolio**	**Premium receivables**	**Re-insurance receivables**	**Other receivables**	**Total**
Neither past due nor impaired financial assets	**13.290**	**97.037**	**-**	**11.922**	**6.953**	**129.202**
Past due but not impaired financial assets						
Past due by:						
1 to 90 days	-	-	6.130	-	-	6.130
>90 days	-	-	480	-	-	480
Total	**13.290**	**97.037**	**6.610**	**11.922**	**6.953**	**135.812**
Financial assets impaired						
Gross carrying value of financial assets	-	**2.804**	**3.834**	**-**	**-**	**6.638**
Impairment allowance on individually assessed financial assets	-	(103)	(3.834)	-	-	(3.937)
Net carrying value of financial assets	**13.290**	**99.737**	**6.610**	**11.922**	**6.953**	**138.513**

31 December 2018 (amounts in € thousand)	**Trade Portfolio**	**AFS Portfolio**	**Premium receivables**	**Re-insurance receivables**	**Other receivables**	**Total**
Neither past due nor impaired financial assets	**59.690**	**57.646**	**-**	**16.659**	**4.604**	**138.599**
Past due but not impaired financial assets						
Past due by:						
1 to 90 days	-	-	1.893	-	-	1.893
>90 days	-	-	453	-	-	453
Total	**59.690**	**57.646**	**2.346**	**16.659**	**4.604**	**140.945**
Financial assets impaired						
Gross carrying value of financial assets	-	**1.712**	**3.812**	**-**	**-**	**5.524**
Impairment allowances on individually assessed financial assets	-	(159)	(3.812)	-	-	(3.971)
Net carrying value of financial Assets	**59.690**	**59.200**	**2.346**	**16.659**	**4.604**	**142.499**

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, foreign currency 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 stress tests and sensitivity analyses on a regular basis 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:

31 December 2019 (amounts in € thousand)	**0,0 – 3,0 %**	**3,0 – 6,0 %**	**6,0 – 10,0 %**	**Total**
Financial assets at FVTPL:				
- Financial assets held for trading	12.999	-	-	12.999
Available for sale financial assets	24.753	61.611	-	86.364
Cash and cash equivalents	9.043	-	-	9.043
Total	**46.795**	**61.611**	**-**	**108.406**

31 December 2018 (amounts in € thousand)	**0,0 – 3,0 %**	**3,0 – 6,0 %**	**6,0 – 10,0 %**	**Total**
Financial assets at FVTPL:				
- Financial assets held for trading	59.522	-	-	59.522
Available for sale financial assets	-	54.882	-	54.882
Cash and cash equivalents	4.693	-	-	4.693
Total	**64.216**	**54.882**	**-**	**119.098**

Analysis of interest bearing financial assets by type of interest rate:

(amounts in € thousand)	**31/12/2019**		**31/12/2018**	
	Fixed rate	**Total**	**Fixed rate**	**Total**
Financial assets at FVTPL:				
- Financial assets held for trading	12.999	12.999	59.522	59.522
Available for sale financial assets	86.364	86.364	54.882	54.882
Cash and cash equivalents	9.043	9.043	4.693	4.693
Total	**108.406**	**108.406**	**119.098**	**119.098**

(b) Currency risk

Based on Company's risk management framework, foreign currency risk is continuously monitored and managed on a continuous 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 does not hold any hedging instrument against currency risk.

The Company's overall exposures to foreign currency risk at 31 December 2019 amounted to 5,3% (31 December 2018: 9,9%) 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 31 December 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)	2.971	-	-	2.971
Investment in subsidiaries	-	-	4.655	4.655
Financial assets at FVTPL				
- Financial assets held for trading	8.289	5.001	-	13.290
Available for sale financial assets	99.532	-	205	99.737
Cash and cash equivalents	9.043	-	-	9.043
Insurance receivables	6.610	-	-	6.610
Reinsurance receivables	11.922	-	-	11.922
Other assets	38.533	-	-	38.533
Total assets	**176.900**	**5.001**	**4.860**	**186.761**
LIABILITIES				
Insurance provisions	101.150	-	-	101.150
Other Liabilities	21.705	-	-	21.705
Total Liabilities	**122.855**	**-**	**-**	**122.855**
Total Equity	**54.045**	**5.001**	**4.860**	**63.906**

31 December 2018 (amounts in € thousand)	EUR	USD	RON	Total
ASSETS				
Deferred acquisition costs (DAC)	2.172	-	-	2.172
Investment in subsidiaries	-	-	4.179	4.179
Financial assets at FVTPL				
- Financial assets held for trading	46.571	13.119	-	59.690
Available for sale financial assets	58.995	-	205	59.200
Cash and cash equivalents	4.668	24	0	4.693
Insurance receivables	2.346	-	-	2.346
Reinsurance receivables	16.659	-	-	16.659
Other assets	28.923	-	-	28.923
Total assets	**160.334**	**13.143**	**4.384**	**177.861**
LIABILITIES				
Insurance provisions	100.163	-	-	100.163
Other Liabilities	15.659	-	-	15.659
Total Liabilities	**115.822**	**-**	**-**	**115.822**
Total Equity	**44.512**	**13.143**	**4.384**	**62.039**

(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 its equity risks and applies the limits established in the existing 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% of total investments. Investments in Real Estate Investment Companies (REICs) 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 9,9% at 31 December 2019 (31 December 2018: 3,6%), and is summarized below:

% of Investment portfolio under management	**31/12/2019**	**31/12/2018**
Exposure to listed securities	9,9%	2,2%
Exposure to REICs	0%	1,4 %
Total exposure to Equities and Mutual Funds Risks	**9,9%**	**3,6%**

(d) VaR methodology 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 (full 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 (EWMA) estimation is used to apply weights in historical market data.

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

VaR of financial assets

(amounts in € mil.)	**31/12/2019**	**31/12/2018**
Total VaR	**1,4**	**1,1**

Monte Carlo VaR and its use by the Company give rise to a number of limitations, for instance 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% is provided.

The Company monitors VaR. In addition, the Company monitors investment portfolio returns and undertakes sensitivity analysis as well as stress tests, based on the significance of the exposure.

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 between cash inflows and outflows, as well as ensuring sufficient cash and cash equivalents and highly marketable financial assets that can be easily liquidated are held to meet its operational needs. The monitoring includes 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 based on their 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
(amounts in € thousand)

Financial Liabilities	Carrying Value	0-1 months	1-3 months	3-12 months	> year	Total
Reinsurance payables	2.932	-	-	2.932	-	**2.932**
Payables to ceding insurers	5	-	-	5	-	**5**
Agents and Insurance Brokers	3.624	2.303	1.240	-	81	**3.624**
Other creditors	1.571	-	1.571	-	-	**1.571**
Lease liabilities	4.047	43	85	379	3.540	**4.047**
Other liabilities	4.147	-	56	806	3.285	**4.147**
Total financial liabilities	**16.326**	**2.346**	**2.952**	**4.122**	**6.906**	**16.326**

31 December 2018
(amounts in € thousand)

Financial Liabilities	Carrying Value	0-1 months	1-3 months	3-12 months	> year	Total
Reinsurance payables	2.167	-	-	2.167	-	**2.167**
Payables to ceding insurers	6	-	-	6	-	**6**
Agents and Insurance Brokers	2.569	302	2.191	-	76	**2.569**
Other creditors	800	-	800	-	-	**800**
Other liabilities	2.654	-	37	525	2.093	**2.654**
Total financial liabilities	**8.197**	**302**	**3.028**	**2.699**	**2.169**	**8.197**

Maturity analysis of insurance reserves (expected future cash flows)

31 December 2019 (amounts in € thousand)	Carrying Value	0-1 years	1-3 years	3-5 years	5-10 years	>10 years	Total
Unearned Premium Reserves	31.696	2.281	8.317	1.924	911	-	13.434
Outstanding claims Reserves	69.454	38.754	18.718	6.471	2.453	-	66.396
Total non-life reserves	**101.150**	**41.035**	**27.035**	**8.395**	**3.364**	**-**	**79.830**

31 December 2018 (amounts in € thousand)	Carrying Value	0-1 years	1-3 years	3-5 years	5-10 years	>10 years	Total
Unearned Premium Reserves	27.011	2.308	7.946	1.369	231	-	11.854
Outstanding claims Reserves	73.152	47.613	17.842	3.924	543	-	69.923
Total non-life reserves	**100.163**	**49.921**	**25.788**	**5.293**	**774**	**-**	**81.777**

(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 for the insurance contracts.

On a regular basis, numerous reports for the structure of the investment portfolio, classes of assets and liabilities at Company level are produced and circulated to the Company's key management personnel including the a 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.

The following table summarizes the estimated amount and timing of cash flows arising from the Company's financial assets and insurance reserves:

31 December 2019		Non-Life Contractual cash flows (undiscounted)					
Assets	**Carrying value**	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
Carrying value and cash flows arising from assets:							
Trading portfolio							
Listed equity securities	291	291	-	-	-	-	**291**
Listed debt securities:							
– Fixed rate	12.999	13.003	-	-	-	-	**13.003**
Available for Sale:							
Listed equity securities and mutual funds	9.401	9.401	-	-	-	-	**9.401**
Unlisted equity securities and mutual funds	3.972	3.972	-	-	-	-	**3.972**
Listed debt securities:							
– Fixed rate	86.364	3.373	2.312	2.312	13.812	75.841	**97.652**
Cash and cash equivalents	9.043	9.043	-	-	-	-	**9.043**
Total	**122.070**	**39.083**	**2.312**	**2.312**	**13.812**	**75.841**	**133.361**

31 December 2019							
Insurance Reserves	**Carrying value**	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
		Expected cash flows (undiscounted)					
Insurance Reserves	101.150	41.035	17.574	9.461	5.259	6.501	**79.830**
Total	**101.150**	**41.035**	**17.574**	**9.461**	**5.259**	**6.501**	**79.830**

31 December 2018		Non-Life Contractual cash flows (undiscounted)					
Assets	**Carrying value**	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
Carrying value and cash flows arising from assets:							
Trading portfolio							
Listed equity securities	167	167	-	-	-	-	**167**
Listed debt securities:							
– Fixed rate	59.522	59.627	-	-	-	-	**59.627**
Available for Sale:							
Listed equity securities and mutual funds	2.852	2.852	-	-	-	-	**2.852**
Unlisted equity securities and mutual funds	1.465	1.465	-	-	-	-	**1.465**
Listed debt securities:							
– Fixed rate	54.882	3.178	2.631	2.113	3.434	74.352	**85.709**
Cash and cash equivalents	4.693	4.693	-	-	-	-	**4.693**
Total	**123.583**	**71.983**	**2.631**	**2.113**	**3.434**	**74.352**	**154.513**

31 December 2018							
Insurance Reserves	**Carrying value**	**0-1 years**	**1-2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
		Expected cash flows (undiscounted)					
Insurance Reserves	100.163	49.921	17.575	8.213	3.731	2.336	**81.777**
Total	**100.163**	**49.921**	**17.575**	**8.213**	**3.731**	**2.336**	**81.777**

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 equity shares have been included in the first group of maturity, 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 of the Entity. 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, to reduce the exposure to acceptable levels.

The Company, considering the nature, scale and complexity of its activities, has established the appropriate Operational Risk Management Framework including methodologies, principles of governance, policies and processes, allowing for the effective identification, assessment, management, monitoring and reporting of operational risks (to which it is or may be exposed to in the near future). The aforementioned 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 integrated into the Greek legislation with Law 4364/05.02.2016.

A specialized IT infrastructure has been developed for the implementation and compliance with the requirements of the three pillars of the supervisory framework.

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 position of the Company, Management has determined the desired relationship between the own funds 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 Supervising Authority. Estimates of SCR and eligible Equity are made on a daily basis.

Furthermore, the Company implements stress tests or sensitivity analyses with alternative scenarios which depict the negative impact from unexpected changes in the macroeconomic and internal environment, in order to estimate the reliance 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-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 2.7 and 3.b).

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 (amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets held for trading	13.290	-	-	13.290
Available for sale financial assets	95.765	1.534	2.438	99.737
Total financial assets	**109.056**	**1.534**	**2.438**	**113.028**

31 December 2018 (amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets held for trading	59.690	-	-	59.690
Available for sale financial assets	57.735	-	1.465	59.200
Total financial assets	**117.424**	**-**	**1.465**	**118.889**

No transfers between levels 1 and 2 occurred during financial years ended 31 December 2019 and 2018 respectively.

The change in the value of financial assets that have been classified as Level 2 from nil at 31 December 2018 to € 1.534 thousand at 31 December 2019 is mostly attributed to new financial assets' purchases.

The change in the value of the financial assets that have been categorized at Level 3 from 1.465 at 31 December 31 2018 to 2.438 at 31 December 31 2019 is primarily due to the change in the fair value measurement.

b) Financial assets and liabilities not carried at fair value:

There are no financial assets or liabilities not carried at fair value.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

(amounts in € thousand)	Leasehold Improvements	Vehicles	Furniture and Other Equipment	Total
Cost:				
Balance at 1 January 2019	48	3	1.435	1.485
Additions, improvements	6	-	108	114
Disposals and write offs	-	-	-	-
Balance at 31 December 2019	**53**	**3**	**1.543**	**1.599**
Accumulated Depreciation:				
Balance at 1 January 2019	(27)	(1)	(1.059)	(1.086)
Depreciation charge	(5)	0	(160)	(166)
Disposals and write offs	-	-	-	-
Balance at 31 December 2019	**(32)**	**(1)**	**(1.219)**	**(1.252)**
Net Book Value at 31 December2019	**21**	**2**	**324**	**347**

(amounts in € thousand)	Leasehold Improvements	Vehicles	Furniture and Other Equipment	Total
Cost:				
Balance at 1 January 2018	45	3	1.315	1.363
Additions, improvements	3	-	128	131
Disposals and write offs	-	-	(9)	(9)
Balance at 31 December 2018	**48**	**3**	**1.435**	**1.485**
Accumulated Depreciation:				
Balance at 1 January 2018	(23)	-	(942)	(965)
Depreciation charge	(4)	(1)	(126)	(130)
Disposals and write offs	-	-	9	9
Balance at 31 December 2018	**(27)**	**(1)**	**(1.059)**	**(1.086)**
Net Book Value at 31 December2018	**21**	**2**	**376**	**399**

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

NOTE 6: 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	4.252	101	56	4.409
Additions	-	17	120	137
Re-assessments / Termination of contracts	-	(3)	-	(3)
Balance at 31 December 2019	**4.252**	**115**	**176**	**4.543**

Accumulated Depreciations:				
Balance at 1 January 2019	-	-	-	-
Depreciation charge	(483)	(41)	(66)	(590)
Re-assessments / Termination of contracts	-	2	-	2
Balance at 31 December 2019	**(482)**	**(39)**	**(66)**	**(588)**
Net Book Value at 31 December 2019	**3.769**	**76**	**110**	**3.955**

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

(amounts in € thousand)	**31/12/2019**
Short-term lease liabilities	507
Long-term lease liabilities	3.540
Total	**4.047**

Additionally, lease liabilities are due as follows:

(amounts in € thousand)	**31/12/2019**
Within a year	507
Within the second year	502
From 3 to 5 years	1.449
After 5 years	1.589
Total lease liabilities	**4.047**

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	(588)
Interest expense on lease liabilities	(209)
Expenses related to short-term leases	(62)
Variable lease expense not included the measurement of lease liabilities	(25)
Total	**(884)**

NOTE 7: INVESTMENT PROPERTIES

(amounts in € thousand)	**Investment properties-Land**	**Investment properties - Buildings**	**Total**
Cost:			
Balance at 1 January 2019	337	846	1.183
Disposals and Write-offs	(25)	(49)	(74)
Balance at 31 December 2019	**312**	**797**	**1.109**
Accumulated Depreciation:			
Balance at 1 January 2019	-	(336)	(336)
Disposals and Write-offs	-	15	15
Depreciation charge	-	(26)	(26)
Balance at 31 December 2019	**-**	**(347)**	**(347)**
Net book value at 31 December 2019	**312**	**450**	**762**

(amounts in € thousand)	Investment properties- Land	Investment properties - Buildings	Total
Cost:			
Balance at 1 January 2018	337	846	1.183
Balance at 31 December 2018	**337**	**846**	**1.183**
Accumulated Depreciation:			
Balance at 1 January 2018	-	(297)	(297)
Depreciation charge	-	(39)	(39)
Balance at 31 December 2018	**-**	**(336)**	**(336)**
Net book value at 31 December 2018	**337**	**510**	**847**

On 31 December 2019 and 31 December 2018 a valuation of investment properties was carried out by an independent certified valuer.

During the year ended 31 December 2019, rental income amounting to €60 thousand (31 December 2018: €60 thousand) was recognized in the Income Statement. As at 31 December 2019 and 2018, there were no capital commitments for investment properties.

The fair value for each investment property category as at 31 December 2019 is presented in the table below. The main categories of investment properties have been determined based on the nature, characteristics and risks associated with these properties. The fair values of investment properties of the Company are classified in Level 3 of fair value hierarchy.

Property Description	Area	Carrying amount 31/12/2019	Carrying amount 31/12/2018	Fair Value 31/12/2019	Fair Value 31/12/2018
Commercial property 558 sq.m .	Athens, 2-4 Sina Str.	710	734	890	877
Residential property 99,47 sq.m.	Thessaloniki, 47 Kritis Str.	-	60	-	60
Commercial property 111,68 sq.m	Thessaloniki , 7 Tantalou Str.	52	54	61	60
Total		**762**	**847**	**951**	**997**

The key methods used for the fair value measurement of the investment properties is the income approach (income capitalization/discounted cash flow method) and the market approach (comparable transactions), which can also be combined, depending on the category of the property under valuation.

The discounted cash flow method is used for the fair value measurement of commercial investment properties. The fair value is calculated through an estimate of the future cash flows, using specific assumptions for risks and rewards associated to the properties (operating income and expenses, vacancy rates, income growth), including the residual value that the property is expected to have at the end of the discount period. For the calculation of the present value of these cash flows, an appropriate discount rate is used.

According to the income capitalization approach, which is also used for commercial investment properties, the fair value of the property is the result of dividing net operating income produced by the respective property with the discount rate (yield rate).

The market approach is used for residential, commercial properties and land. The fair value is estimated based on data of comparable transactions, either by analyzing the transactions of similar properties, or by using prices following appropriate adjustments.

NOTE 8: INTANGIBLE ASSETS

(amounts in € thousand)	Software	Goodwill	Total
Cost:			
Balance at 1 January 2019	4.655	22.056	26.711
Disposals and Write-offs	(21)	-	(21)
Additions, improvements	1.064	-	1.064
Balance at 31 December 2019	**5.698**	**22.056**	**27.754**
Accumulated Depreciation:			
Balance at 1 January 2019	(2.282)	-	(2.282)
Disposals and Write-offs	10	-	10
Amortization charge	(616)	-	(616)
Balance at 31 December 2019	**(2.888)**	**-**	**(2.888)**
Net Book value at 31 December 2019	**2.810**	**22.056**	**24.866**

(amounts in € thousand)	Software	Goodwill	Total
Cost:			
Balance at 1 January 2018	3.206	22.056	25.262
Additions, improvements	1.449	-	1.449
Balance at 31 December 2018	**4.655**	**22.056**	**26.711**
Accumulated Depreciation:			
Balance at 1 January 2018	(1.827)	-	(1.827)
Amortization charge	(455)	-	(455)
Balance at 31 December 2018	**(2.282)**	**-**	**(2.282)**
Net Book value at 31 December 2018	**2.373**	**22.056**	**24.429**

Goodwill represents the difference between the acquisition cost and the fair value of the net assets acquired during the acquisition and merger of the company Activa Insurance S.A.

Impairment test

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The Company tests on an annual basis whether there is an indication of impairment as described in accounting policy 2.5 (i). At 31 December 2019 and 31 December 2018 there was no indication of goodwill impairment. The recoverable amounts of the CGUs are determined from value-in-use calculations. These calculations use cash flow projections based on business plans approved by Management covering a 5-year period. Cash flow projections for years six to ten have been projected based on operational and market specific assumptions. Cash flows beyond the ten-year period (the period in perpetuity) have been extrapolated using the estimated growth rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and cash flow projections based on gross written premium growth. Management determines cash flow projections based on past experience, actual performance, and expectations about market growth. The individual components of the calculation (risk-free interest rate, market risk premium, country-specific risk and beta factor) are based on external sources of information. The growth rates are based on respective internal or external market growth forecasts and do not exceed the average long-term growth rate for the relevant markets.

The key assumptions used for the value-in-use calculations in 2019 and 2018 are as follows:

	2019	2018
Discount factor (before tax)	9%	17%
Growth rate	2%	3%

NOTE 9: INVESTMENTS IN SUBSIDIARIES

(amounts in € thousand)	31/12/2019	31/12/2018
Carrying amount	4.655	4.179
Percentage holding	95,28%	95,28%
Subsidiary	EUROLIFE ERB ASIGURARI GENERALE S.A.	EUROLIFE ERB ASIGURARI GENERALE S.A.
Country of incorporation	Romania	Romania
Line of business	Non-Life	Non-Life

The movement of investments is as follows:

(amounts in € thousand)	31/12/2019	31/12/2018
Cost		
Balance at 1 January	4.179	4.179
Share capital increase	476	-
Balance at 31 December	**4.655**	**4.179**

According to 15.11.2019 decision of the Extraordinary General Meeting of Shareholders of the subsidiary Eurolife ERB Asigurari Generale S.A., the subsidiary proceeded with a share capital increase amounted to € 499 thousand (RON 2.381 thousand) with the issue of 1.685 new shares at a nominal value of € 296,5 (RON 1.413,6), covered by its shareholders, Eurolife ERB General Insurance S.A. (with a percentage of 95,3%) and Eurolife ERB Life insurance S.A. (with a percentage of 4,7%). Following the increase, the subsidiary's share capital amounts to €4.770 thousand (RON 17.359 thousand).

NOTE 10: DEFERRED TAX

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

The amounts and movement in deferred tax assets and liabilities for the year are as follows:

(amounts in € thousand)	Opening Balance 01/01/2019	Changes in Income Statement	Changes in OCI	Ending Balance 31/12/2019
Valuation of Investments				
Changes in fair value of financial assets available for sale	(52)	(177)	(1.378)	(1.607)
Impairment of financial assets available for sale	44	(20)	-	25
Changes in fair value of financial assets held for trading	(11)	(37)	-	(49)
Various Provisions				
Provision for staff leaving indemnities	106	5	9	121
Provision for other doubtful and disputed receivables	693	(13)	-	680
Foreign exchange differences of Investments				
Changes in fair value of financial assets available for sale	25	(13)	-	13
Property, plant and equipment				
Depreciation of property, plant and equipment	(47)	20	-	(26)
Other temporary differences	57	27	-	84
Total Deferred Tax Assets / (Liabilities)	**816**	**(207)**	**(1.369)**	**(760)**

(amounts in € thousand)	Opening Balance 01/01/2018	Changes in Income Statement	Changes in OCI	Ending Balance 31/12/2018
Valuation of Investments				
Changes in fair value of financial assets available for sale	(6.673)	-	6.621	(52)
Impairment of financial assets available for sale	46	(2)	-	44
Changes in fair value of financial assets held for trading	(27)	16	-	(11)
Various Provisions				
Provision for staff leaving indemnities	137	(13)	(18)	106
Provision for other doubtful and disputed receivables	833	(140)	-	693
Foreign exchange differences of Investments				
Changes in fair value of financial assets available for sale	53	(27)	-	25
Property, plant and equipment				
Depreciation of property, plant and equipment	(64)	17	-	(47)
Other temporary differences	46	11	-	57
Total Deferred Tax Assets / (Liabilities)	**(5.650)**	**(137)**	**6.603**	**816**

The deferred tax movement from changes in the fair value of Available-for-sale financial assets is analyzed as follows: € (1.625) thousand (2018: € 355 thousand) from changes in fair value and € 70 thousand (2018: € 6.266 thousand) from transfers to profit or loss due to the sale of AFS assets.

NOTE 11: FINANCIAL ASSETS HELD FOR TRADING

(amounts in € thousand)	31/12/2019	31/12/2018
Government securities:		
Greek government	7.998	46.404
Other governments	5.001	13.119
Other issuers' securities:		
Banks	291	-
Other	-	167
Total	**13.290**	**59.690**
Treasury bills	12.999	59.522
Equity shares	291	167
Total	**13.290**	**59.690**

The movement in securities is as follows:

(amounts in € thousand)	2019	2018
Balance at 1 January	59.690	34.604
Additions	172.123	300.510
Sales/ Liquidations	(218.933)	(275.919)
Bonds amortization	210	457
Foreign exchange differences	38	91
Changes in fair value of debt securities	30	(37)
Changes in fair value of equity securities	(2)	(17)
Derecognition gain from equity securities	134	-
Balance at 31 December	**13.290**	**59.690**

NOTE 12: AVAILABLE FOR SALE FINANCIAL ASSETS

(amounts in € thousand)	31/12/2019	31/12/2018
Government securities:		
Greek government	81.405	48.776
Other governments	1.292	1.307
Other issuers' securities:		
Banks	2.701	
Other	12.539	7.202
Total	**97.937**	**57.284**
Listed securities	93.965	55.819
Non-listed Securities	3.972	1.465
Total	**97.937**	**57.284**
Bonds	84.564	52.967
Equity shares	9.606	3.057
Mutual Funds	3.767	1.260
Total	**97.937**	**57.284**
Plus		
Accrued interest	1.800	1.915
Total	**99.737**	**59.200**

The movement in securities is as follows:

(amounts in € thousand)	2019	2018
Balance at 1 January	59.200	110.656
Additions	92.554	47.024
Sales /Liquidations	(58.350)	(78.072)
Bonds amortization	(125)	811
Changes in fair value of debt securities	4.654	(22.227)
Changes in fair value of equity securities	1.126	(547)
Derecognition gain from equity securities	793	-
Changes in accrued interest	(115)	1.555
Balance at 31 December	**99.737**	**59.200**

NOTE 13: INSURANCE RECEIVABLES

(amounts in € thousand)	31/12/2019	31/12/2018
Insurance receivables		
Insurance receivables up to 30 days	5.116	1.597
Insurance receivables between 30 to 90 days	1.070	350
Insurance receivables beyond 90 days	4.314	4.265
Provision for doubtful receivables	(3.834)	(3.812)
(minus) Premium prepayments	(56)	(54)
Total	**6.610**	**2.346**

Insurance receivables from related parties represent 3,1% (2018: 6,6%) of total receivables. Management does not expect impairment losses from related parties due to inability of payments.

NOTE 14: OTHER RECEIVABLES

(amounts in € thousand)	31/12/2019	31/12/2018
Receivables from ceding insurers	876	419
Reinsurance receivables (current account)	354	352
Other receivables	1.940	1.070
Commissions and deferred acquisition costs	2.971	2.172
Other prepaid expenses	812	591
Total	**6.953**	**4.604**

NOTE 15: REINSURANCE RECEIVABLES

Reinsurance receivables relates to reinsurers' share on unearned premiums and outstanding claims reserves.

(amounts in € thousand)	31/12/2019	31/12/2018
Receivables from unearned premiums reserves (U.P.R.)	2.253	1.835
Receivables from outstanding claims reserves (O.C.R.)	9.669	14.824
Total	**11.922**	**16.659**

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

NOTE 16: CASH AND CASH EQUIVALENTS

(amounts in € thousand)	31/12/2019	31/12/2018
Cash on hand	10	49
Deposits on demand	2.428	2.209
Time deposits	6.605	2.435
Total	**9.043**	**4.693**

Time deposits have a maturity of less than 90 days. The weighted average effective interest rate on time deposits was 1,63%.

NOTE 17: SHARE CAPITAL

The share capital amounts to 49.800 registered ordinary shares of a nominal amount of €61,53 each. 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
No of ordinary shares	49.800	49.800
Paid up	3.064	3.064
Share Capital	**3.064**	**3.064**

NOTE 18: RESERVES

(amounts in € thousand)	Statutory Reserve	Extraordinary Reserves	AFS investments revaluation Reserve	Reserve for post employment benefit obligations	Other reserves	Total
Balance at 1 January 2019	**12.257**	**18.182**	**127**	**(61)**	**10.478**	**40.983**
Distribution of dividends	-	-	-	-	-	-
Difference in reserves of previous years	-	-	-	-	-	-
Transfer of prior period profits	-	12.028	-	-	(1.099)	10.930
Remeasurement of defined benefit obligation, net of tax	-	-	-	(33)	-	(33)
Change in fair value of AFS financial assets	-	-	5.780	-	-	5.780
Deferred tax on change in fair value of AFS financial assets	-	-	(1.378)	-	-	(1.378)
Balance at 31 December 2019	**12.257**	**30.210**	**4.529**	**(94)**	**9.379**	**56.282**

(amounts in € thousand)	Statutory Reserve	Extraordinary Reserves	AFS investments revaluation Reserve	Reserve for post employment benefit obligations	Other reserves	Total
Balance at 1 January 2018	**12.257**	**32.046**	**16.280**	**(93)**	**9.195**	**69.684**
Distribution of dividends	-	(14.344)	-	-	-	(14.344)
Difference in reserves of previous years	-	(3.494)	-	-	3.494	-
Transfer of prior period profits	-	3.975	-	-	(2.211)	1.764
Remeasurement of defined benefit obligation, net of tax	-	-	-	32	-	32
Change in fair value of AFS financial assets	-	-	(22.774)	-	-	(22.774)
Deferred tax on change in fair value of AFS financial assets	-	-	6.621	-	-	6.621
Balance at 31 December 2018	**12.257**	**18.182**	**127**	**(61)**	**10.478**	**40.983**

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

Extraordinary Reserves arise from previous years' profits after 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.

The AFS investments revaluation reserve is recycled to income statement upon disposal or impairment of investments. This reserve also includes the associated deferred taxes.

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

Other Reserves include reserves under special laws that either are not distributable or will become taxable in case of distribution and the relevant income tax rate which is enacted at the distribution period will be applied.

NOTE 19: 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 level of remuneration at the date of retirement, if they remain in the employment of the Company 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.

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Movement of provision for staff leaving indemnities		
Balance at 1 January	424	471
Benefits paid	(68)	(170)
Total expense recognized in the income statement	105	173
Actuarial (gains) / losses recognized in equity	42	(50)
Balance at 31 December	**503**	**424**

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Amounts recognized in the income statement		
Current service cost	40	42
Net interest	8	8
Curtailments / settlements / terminations	57	124
Total expense / (income) in income statement	**105**	**173**

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 pension obligations include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate that should be used to calculate the present value of the estimated retirement obligations at the end of each year. In determining the appropriate discount rate, the Company uses interest rates of highly rated corporate 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 pension obligations, such as changes in inflation rate, are based in part 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)	15,6	15,9

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

- An increase/(decrease) of the discount rate by 0,5% / (0,5%) would result in a (decrease)/increase of the retirement benefit obligation by (€35,2) thousand / €39,2 thousand.
- An increase/(decrease) of the future salary growth by 0,5% / (0,5%) would result in an increase/(decrease) of the retirement benefit obligation by €38,7 thousand / (€35,2) thousand.

NOTE 20: INSURANCE PROVISIONS

(amounts in € thousand)	31/12/2019			31/12/2018		
	Company	**Reinsurers**	**Total**	**Company**	**Reinsurers**	**Total**
Unearned premiums reserves (UPR)	28.304	2.253	30.557	23.911	1.835	25.746
Outstanding claims reserves	59.785	9.669	69.454	58.328	14.824	73.152
Unexpired risk reserve	1.139	-	1.139	1.265	-	1.265
Total Insurance Provisions	**89.228**	**11.922**	**101.150**	**83.503**	**16.659**	**100.163**

The outstanding claims reserves from inwards reinsurance amounts to €5.200 thousand as at 31 December 2019 (2018: €4.289 thousand) and the unearned premiums reserves from inwards reinsurance amounts to €135 thousand in 2019 (2018: €125 thousand). Outstanding claims reserves mainly comprise of reserve for reported losses amounting to €66.615 thousand in 2019 (2018: €70.071 thousand).

Change in Outstanding Claims

(amounts in € thousand)	31/12/2019 Company	Reinsurers	Total	31/12/2018 Company	Reinsurers	Total
Outstanding claims	55.247	14.824	70.071	52.673	6.591	59.234
Additional reserves	3.081	-	3.081	3.293	-	3.293
Balance at 1 January	**58.328**	**14.824**	**73.152**	**55.966**	**6.561**	**62.527**
Reduction from claims paid	(8.282)	(4.391)	(12.673)	(5.790)	(114)	(5.905)
Increase from losses for the Year	14.010	143	14.153	12.508	7.136	19.644
Increase/(decrease) from losses carried forward	(4.029)	(907)	(4.936)	(4.144)	1.242	(2.902)
Additional Reserves	(242)	-	(242)	(212)	-	(212)
Change in Outstanding Claims (note 28)	**1.457**	**(5.155)**	**(3.698)**	**2.362**	**8.263**	**10.626**
Outstanding claims	56.946	9.669	66.615	55.247	14.824	70.071
Additional Reserves	2.839	-	2.839	3.081	-	3.081
Balance at 31 December	**59.785**	**9.669**	**69.454**	**58.328**	**14.824**	**73.152**

Table of claims development

The development of insurance provisions provides a measure of the Company's ability to estimate the ultimate cost of claims. The top half of the table illustrates how the Company's estimate of total claims outstanding for each incident year has changed within the following years. The bottom half of the table reconciles the cumulative claims' amount to the amount presented in the Statement of Financial Position.

Year of Incident	**< 2010**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Estimate of ultimate cost:												
Year of claim		16.853	13.411	19.757	19.132	22.359	10.835	15.496	18.400	27.254	20.692	290.067
One year later		16.639	13.533	19.682	19.729	23.017	10.908	16.041	18.731	28.061		
Two years later		16.599	13.598	20.395	19.458	22.921	10.757	16.395	18.345			
Three years later		16.413	13.980	20.441	19.316	22.282	10.743	15.876				
Four years later		16.002	13.828	20.339	18.824	20.981	10.557					
Five years later		13.694	11.415	17.456	15.167	16.952						
Six years later		12.338	10.611	18.931	14.687							
Seven years later		12.190	10.508	18.626								
Eight years later		12.180	10.526									
Nine years later		12.133										
Current estimate of ultimate cost:	85.177	12.133	10.526	18.626	14.687	16.952	10.557	15.876	18.345	28.061	20.692	251.632
Cumulative payments	82.342	11.762	9.460	10.434	12.126	13.825	6.143	9.850	10.151	16.408	6.539	189.040
Amount of provision	**2.835**	**371**	**1.066**	**8.192**	**2.561**	**3.127**	**4.414**	**6.026**	**8.194**	**11.653**	**14.153**	**62.592**
Reserve for previous years												462
Reserve for inwards reinsurance -Motor												3.561
Additional reserve with statistical method												607
Unallocated Loss Adjustment expenses												2.232
Total Reserve for Outstanding Claims	**2.835**	**371**	**1.066**	**8.192**	**2.561**	**3.127**	**4.414**	**6.026**	**8.194**	**11.656**	**14.150**	**69.454**

NOTE 21: INSURANCE AND OTHER LIABILITIES

(amounts in € thousand)	31/12/2019	31/12/2018
Reinsurers – Current account	2.932	2.167
Ceding companies – current accounts	5	6
Agents and brokers	3.624	2.569
Taxes	3.549	2.974
Social security	567	481
Dividends payable	-	-
Other Creditors	1.572	800
Other liabilities	4.147	2.654
Total	**16.396**	**11.652**

Other liabilities include the provisions for unaudited tax fiscal years and other provisions.

NOTE 22: NET EARNED PREMIUMS

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Other Non-life Gross Written premiums- Direct	43.129	38.672
Other Non-life Policy Fees	8.505	7.638
Change in unearned premium reserve	(3.261)	(593)
Total Other Non-life Gross Earned premiums	**48.372**	**45.717**
Motor vehicle liability gross written premiums- Direct	14.952	11.611
Motor vehicle liability policy fees	3.739	2.903
Change in unearned premium reserve	(1.414)	(938)
Total Motor vehicle liability Gross Earned premiums	**17.277**	**13.576**
Total Gross Earned premiums- Direct	**65.649**	**59.293**
Other non-life inward reinsurance written premiums	1.066	994
Change in unearned premium reserve	(10)	16
Total other Non-life earned premiums	**1.056**	**1.010**
Total Inward Reinsurance Earned premiums	**1.056**	**1.010**
Total gross earned premiums	**66.705**	**60.303**

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Other Non-life premiums ceded to reinsurers	(12.341)	(10.145)
Change in unearned premium reserve	708	171
Total other non-life premiums ceded to reinsurers	**(11.633)**	**(9.975)**
Motor vehicle liability premiums ceded to reinsurers	(185)	(147)
Total motor vehicle liability premiums ceded to reinsurers	**(185)**	**(147)**
Total earned premiums ceded	**(11.818)**	**(10.122)**
Total net earned premiums	**54.887**	**50.181**

NOTE 23: OTHER INSURANCE RELATED INCOME

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Commission income from reinsurers motor vehicle liability	25	22
Commission income from reinsurers other non-life	1.049	1.237
Total	**1.073**	**1.259**

NOTE 24: INVESTMENT INCOME

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Trading portfolio & Cash equivalents		
Dividend income on equities	-	7
Interest income on debt securities	368	793
Interest income on bank deposits and cash	205	281
Foreign exchange differences of time deposits	173	496
	746	**1.578**
Available for sale financial assets		
Dividend income on equities	182	125
Dividend income on mutual funds	1	0
Interest income on debt securities	2.390	2.972
	2.572	**3.097**
Other Investment Income		
Rental Income	60	60
Interest income on inwards reinsurance reserve	17	2
Other interest income	34	3
	111	**65**
Total Investment Income	**3.429**	**4.739**

NOTE 25: GAINS FROM SALE OF FINANCIAL ASSETS

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Trading Portfolio		
Gains/(Losses) from equities disposal	134	-
Gains/(Losses) from bonds disposal	(2)	-
	132	**-**
Portfolio of available for sale financial assets		
Gains/(Losses) from equities disposal	793	-
Gains/(Losses) from mutual finds disposal	47	-
Gains/(Losses) from bonds disposal	12.630	20.809
	13.469	**20.809**
Total gains / (losses) on disposal of financial assets	**13.601**	**20.809**

NOTE 26: FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Trading Portfolio		
Gains/(Losses) from equities valuation	(2)	(17)
Gains/(Losses) from bonds valuation	30	(37)
Gains/(Losses) from foreign exchange differences –Bonds	38	91
Subtotal of Trading portfolio	**66**	**37**
Total fair value gains / (losses) on financial assets	**66**	**37**

NOTE 27: OTHER INCOME/ (EXPENSES)

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Revenue from personnel premiums	37	16
Revenue from personnel lending	129	110
Other income	54	50
Foreign exchange differences of bank deposits and cash	(28)	(271)
Income from unused provisions	10	6
Total	**202**	**(89)**

NOTE 28: CLAIMS AND CHANGE IN INSURANCE PROVISIONS

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Claims paid - motor vehicle liability	(9.867)	(6.673)
Claims paid - other non-life	(9.294)	(6.792)
Claims paid	**(19.161)**	**(13.465)**
Change in outstanding claims - motor vehicle liability	1.335	(688)
Change in outstanding claims –others non-life	2.363	(9.938)
Change in insurance provisions	**3.698**	**(10.626)**
Reinsurance share on claims paid- others non-life	5.083	968
Reinsurance share in change of outstanding claim- motor vehicle liability	(23)	2
Reinsurance share in change of outstanding claims- other non-life	(5.131)	8.261
Reinsurance share on claims paid and outstanding claims	**(71)**	**9.231**
Company's share on claims paid - Motor Vehicle Liability	(9.867)	(6.673)
Company's share on claims paid - other non-life	(4.211)	(5.825)
Company's share on outstanding claims - motor vehicle liability	1.312	(686)
Company's share on outstanding claims - other non-life	(2.768)	(1.677)
Total claims and insurance benefits incurred	**(15.534)**	**(14.860)**

NOTE 29: ACQUISITION EXPENSES

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Commission and overcommission fees on premium production	(9.065)	(6.867)
Other commission fees	(2.339)	(1.789)
Other production expenses	(490)	(500)
Commissions to cedents	(309)	(279)
Change in acquisition expense for future periods	941	332
Contributions on premium production	(1.660)	(1.376)
Total	**(12.922)**	**(10.481)**

NOTE 30: ADMINISTRATIVE EXPENSES

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Employee benefit expenses (note 31)	(10.623)	(9.316)
Administrative expenses	(4.865)	(3.517)
Taxes	(36)	(35)
Depreciation and amortization expense	(1.396)	(624)
Provisions	(62)	100
Interest expense and bank expenses	(876)	(501)
Other expenses	0	(2)
Total	**(17.858)**	**(13.895)**

External Auditors

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 analyzed as follows:

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Statutory Audit	(75)	(75)
Tax audit-article 65a, law 4174/2013	(20)	(20)
Other audit related assignments	(32)	(32)
Non audit assignments	(28)	-
Total	**(154)**	**(127)**

NOTE 31 : EMPLOYEE BENEFIT EXPENSES

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Salaries and other benefits	(8.634)	(7.450)
Social security contributions	(1.173)	(1.133)
Other provisions related to personnel	(37)	(2)
Pension costs -Defined benefit plans and other costs	(778)	(731)
Total	**(10.623)**	**(9.316)**
Average Number of Personnel:	**154**	**149**

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 a 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 contributions plans to further strengthen the pension amounts of defined contribution plans. The final benefits are paid when the employee retires.

NOTE 32: INCOME TAX EXPENSE

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Current income tax		
Current tax on profits for the year	(7.096)	(11.503)
Adjustment on previous years' income tax and other adjustments	(83)	(69)
Total current income tax	**(7.179)**	**(11.573)**
Deferred tax		
Increase/(Decrease) in deferred tax assets	(13)	(170)
Increase / (Decrease) in deferred tax liabilities	(194)	33
Total deferred tax income / (expense)	**(207)**	**(137)**
Total income tax	**(7.385)**	**(11.710)**

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 an increase in the net deferred tax liability by € 43 thousand and a reduction of €8 thousand in the net deferred tax liability recognized in equity.

The tax on the Company's profit before tax using the applicable income tax rates, is analyzed below:

(amounts in € thousand)	01/01-31/12/2019	01/01-31/12/2018
Profit before tax	26.944	37.701
	26.944	**37.701**
Income tax at applicable tax rate 24% (2018: 29%)	(6.466)	(10.933)
Impact of change in tax rate	(43)	(125)
Tax effect of amounts which are not deductible in calculating taxable income:		
Non tax deductible expenses	(795)	(606)
Income not subject to tax	2	23
Adjustment in previous years' income tax and other adjustments	(83)	(69)
Total income tax	**(7.385)**	**(11.710)**

NOTE 33: 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, a bank domiciled in Athens and listed on the Athens Stock Exchange, was the ultimate parent of the Company until 4th 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 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 the 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	Expenses
Deposits on demand & time deposits	1.057	-	167	-
Insurance operations	23	2.662	1.760	4.678
Investment operations	-	-	-	-
Other transactions	-	-	-	197
Total	**1.080**	**2.662**	**1.927**	**4.875**

(amounts in € thousand)

Other Related Parties 31/12/2019	Receivables	Payables	Revenue	Expenses
Deposits on demand & time deposits	11	-	-	-
Insurance operations	181	350	894	1.021
Investment operations	-	-	-	472
Other transactions	29	241	40	974
Total	**221**	**592**	**934**	**2.467**
Transactions with key management personnel	**-**	**4**	**22**	**21**
Remuneration and benefits of key management personnel				**1.924**

(amounts in € thousand)

Related Party Eurobank 31/12/2018	Receivables	Payables	Revenue	Expenses
Deposits on demand & time deposits	1.261	-	249	-
Insurance operations	42	1.753	1.505	3.439
Investment operations	-	-	-	-
Other transactions	-	-	-	176
Total	**1.303**	**1.753**	**1.754**	**3.615**

(amounts in € thousand)

Other Related Parties 31/12/2018	Receivables	Payables	Revenue	Expenses
Deposits on demand & time deposits	22	-	-	-
Insurance operations	111	360	848	1.145
Investment operations	-	-	2.119	323
Other transactions	20	69	113	1.191
Total	**153**	**429**	**3.081**	**2.658**
Transactions with key management personnel	**-**	**9**	**21**	**2**
Remuneration and benefits of key management personnel				**1.820**

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 35 “Dividends”.

On 31 December 2019 and 2018 there were no receivables from loans to key management personnel.

NOTE 34: 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 2008.

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, the Company will continue to obtain such certificate.

The Company has obtained unqualified "Annual Tax Certificates" for the fiscal years 2014-2018. The tax audit conducted in this context for 2019 is currently in progress. Upon completion, the Company's Management does not expect to incur significant tax liabilities other than those already recorded and provided in the financial statements.

Additional taxes and penalties may be imposed as a result of tax audits, the amount of which cannot be determined. However, it is expected that the additional taxes will not have a material effect on the financial position of the Company, as the Company recognizes a provision for additional taxes and fines that may arise from future tax audits.

NOTE 35: 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 €30.041 thousand to the shareholder Eurolife ERB Insurance Group. The dividend was derived from the profits of the fiscal year ended on 31 December 2017 as well as previous years' profits. 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 €8.000 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 Annual Shareholders' General Meeting of the Company approved the distribution of the interim dividend decided on 16 October 2018 and the distribution of additional dividend of €7.062 thousand to the shareholder Eurolife ERB Insurance Group. The dividend was derived from the profits of the fiscal year ended on 31 December 2018. The dividend was paid to the shareholder on 24 April 2019 and 22 May 2019.

On 23 September 2019, the Board of Directors of the Company approved an interim dividend distribution of €15.000 thousand to the shareholder Eurolife ERB Insurance Group. The interim dividend was paid to the shareholder on 18 December 2019.

NOTE 36: 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. 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 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 Business Interruption coverage in a part of Policyholders insured for risks of Fire, which has an extension (Contingent Business Interruption) that offers insurance against pandemic / epidemic risk. The percentage 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. As at 31 March 2020, without calculating any dividend distribution, the Entity's solvency ratio (SCR coverage ratio) is estimated that exceeds 140% without 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.