# Annual Financial Report

## Eurolife FFH General Insurance S.A.

For the year ended
31 December 2020

EUROLIFE FFH

A FAIRFAX Company

**Eurolife FFH General Insurance S.A**
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**The information contained in these Financial Statements has been translated from the original Financial Statements that have been prepared in the greek language. In the event that differences exist between this translation and the original Financial Statements in Greek, the Greek Financial Statements will prevail over this document.**

**Contents**

## BOARD OF DIRECTORS' REPORT of Eurolife FFH General Insurance S.A.

The Board of Directors presents their report together with the Annual Financial Statements for the year ended 31 December 2020.

**Developments in the Greek Insurance Market during 2020**

2020 was a historic year with the developments following the coronavirus pandemic playing a decisive role in the economic and social life of Greece. The particularly strong implications of the coronavirus pandemic negatively affected the global and Greek economies, leading economic activity in Greece to a major recession and deflation. According to the available data from the Hellenic Statistical Authority (ELSTAT), the first estimate of the recession's impact on the Gross Domestic Product (GDP) is 8,2%. Furthermore, the effects of the pandemic and restrictions imposed in order to control its spread have led to an increase in credit risk and government deficit, while an increase in non-performing loans is also expected. The mandatory cessation of economic activity in many sectors of the economy both last spring and last November, created the need to support both companies and their employees. At the same time, a large number of other economic activities were secondarily affected. Important activities, such as tourism, were severely affected during the year.

The Greek insurance market was affected, as anticipated, however it managed to limit its losses in terms of gross written premiums. The production of insurance premiums(1) , amounted to € 3,9 billion, reduced by 3,7% compared to 2019. This fact proves that citizens understand the value of insurance and maintain their insurance policies despite the adverse circumstances.

In the Greek insurance market, according to available data[1], total insurance premium production amounted to €3.924,3 mil. in 2020 (2019: €4.073,0 mil.), out of which €2.105,9 mil. is attributed to general insurance business and €1.818,3 mil. to life insurance business. Compared to 2019, insurance premium production decreased by approximately -3,7% in 2020 (2019: +8,7%) and, more specifically, the non-life insurance premiums increased by 0,4% (2019: +2,0%) while life insurance premiums decreased by 8,0% (2019: +16,9%). Regarding the non-life insurance business, the non-motor lines of business recorded an increase of 3,9% compared to 2019, while the motor insurance business, recorded decrease of 5,7%. Regarding life insurance lines of business, life insurance policies linked with investments (unit-linked products) grew by 55,3%, while deposit administration funds products decreased by 17,5% and the traditional life insurance products decreased by 17,5%.

The following table presents the insurance premium production of the Greek market[1] per insurance line of business for the year 2020 and the respective variations compared to the year 2019.

| Insurance premiums of the Greek Market | 2020 | % | Change % compared to 2019 |
|---|---|---|---|
| *(amounts in € mil.)* | | | |
| Life traditional | 1.219 | 31% | -17,5% |
| Life insurance linked to investments (Unit Linked) | 400 | 10% | 55,3% |
| Management of group pension funds | 199 | 5% | -17,5% |
| Motor vehicle liability | 707 | 18% | -5,7% |
| Other Non Life | 1.398 | 36% | 3,9% |
| **Total gross written premiums** | **3.924** | **100%** | **-3,7%** |

[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.

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 imposed by the standards are expected to affect Eurolife FFH Group as a whole and the impact will need to be disclosed to a wide range of internal and external stakeholders.

**Financial Results Review**

Despite the pandemic's effects on the Greek economy, 2020 was another successful year for Eurolife FFH General Insurance S.A. ("The Company"), during which the profit targets that had been set were exceeded and further strengthening of its capital position was accomplished. The Company's profit before tax amounted to € 18,2 million in 2020 compared to € 26,9 million in 2019.

**Financial Figures of the Company**

Key financial figures

| (amounts in € mil.) | 2020 | 2019 |
|---|---|---|
| Gross written premiums | 64,1 | 71,4 |
| Gross earned premiums | 68,1 | 66,7 |
| Total Investment Income [1] | 6,8 | 17,1 |
| Administrative Expenses *(excluding interest & other investment expenses)* | (16,5) | (17) |
| Profit Before Tax | 18,2 | 26,9 |
| Income Tax | (4,9) | (7,4) |
| Profit for the year | 13,3 | 19,6 |
| Total assets | 192,3 | 186,8 |
| Equity | 71,7 | 63,9 |
| Insurance Provisions | 99,9 | 101,2 |
| Number of Employees at 31 December | 160 | 155 |

[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.) | 2020 | 2019 |
|---|---|---|
| Return on Equity after tax (ROE) | 19,6% | 31,1% |
| Return on Assets before tax (ROA) | 9,6% | 14,8% |
| Profit margin before tax | 28,3% | 37,7% |
| Operating Expense Ratio (*excluding interest and other investment costs*) | 25,7% | 23,8% |
| Acquisition costs ratio | 19,4% | 19,4% |
| Net Loss ratio of general insurance business | 28,1% | 28,3% |

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.

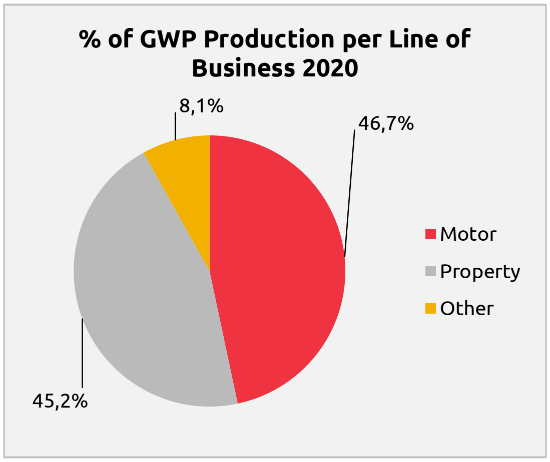
**Gross written premiums**

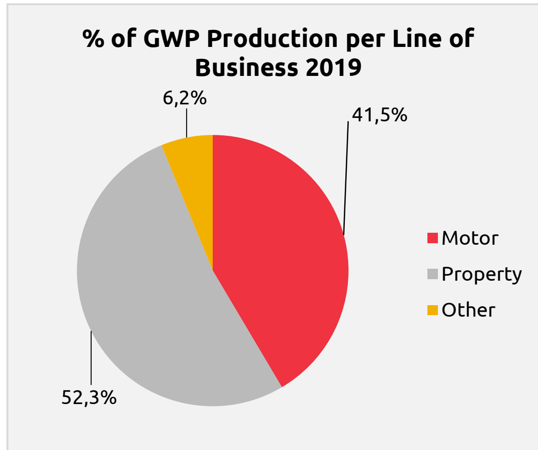
In the fiscal year 2020, the total insurance premium production of the Company reached € 64,1 million, showing a decrease of 10,2% compared to 2019 (2019: € 71,4 million).

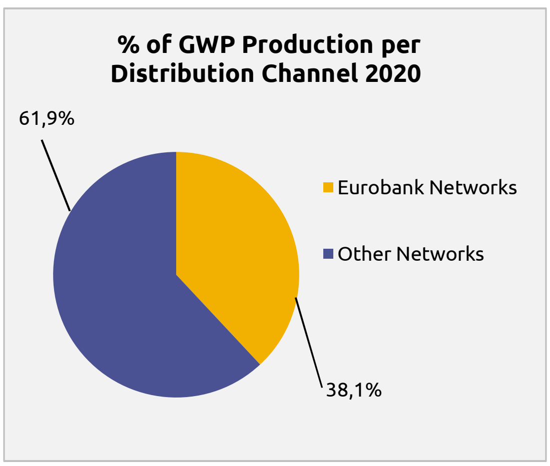
Specifically, the insurance premium production in the property sector showed a decrease of € 8,3 million (a decrease of 22% compared to 2019).

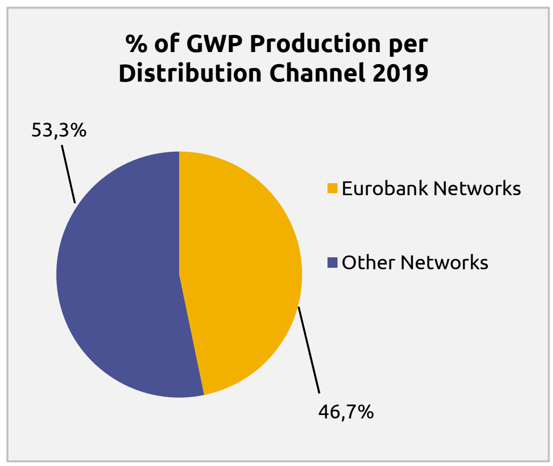
In terms of market shares, Eurolife FFH General Insurance S.A. gathered 3,0%[1] of the total market (2019: 3,4%) in 2020.

The following charts present the gross written premium production per line of business and per distribution channel for the years 2020 and 2019, respectively.




**Total investment income**

The total investment income of the Company amounted to € 6,8 million in the year 2020 compared to € 17,1 million in the previous year, showing a decrease of 60%. This change is mainly due to the increased realised gains from the sale of Greek Government Bonds recorded by the Company in the fiscal year 2019.

The following tables present the analysis of total investment income for each category of financial asset in the fiscal year 2020 and 2019:

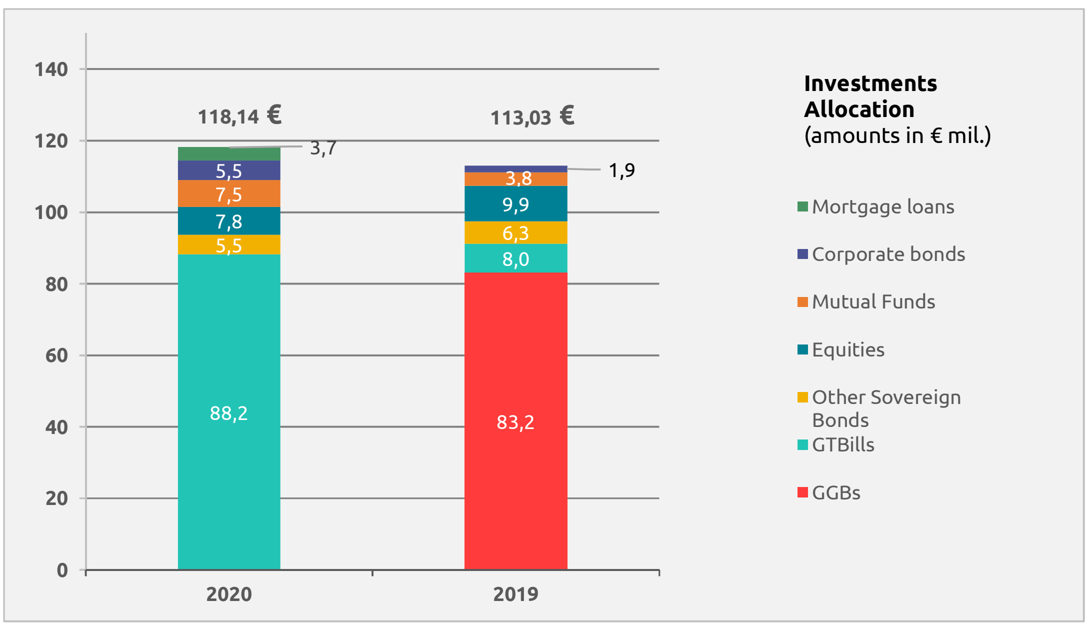
[1] Based on the production of insurance premiums published by the Association of Insurance Companies of Greece which includes data only for insurance companies that are members of it. (http://www1.eaee.gr/paragogi-asfalistron)

| 31/12/2020 | Investment Income | Realized gains / (losses) | Fair value gains / (losses) | Gains / (Losses) from derivatives | Total |
|---|---|---|---|---|---|
| (amounts in € thousand) | | | | | |
| Bonds | 1.063 | 6.931 | 7 | - | **8.002** |
| Equities | 184 | - | (956) | - | **(772)** |
| Mutual Funds | 4 | 0 | - | - | **4** |
| Loans | 16 | - | - | - | **16** |
| Deposits [1] | (525) | - | - | - | **(525)** |
| Other | 108 | - | - | **7** | **115** |
| **Total Investment Income** | **851** | **6.931** | **(949)** | **7** | **6.840** |

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

[1] Includes foreign exchange differences of amount € (570) thousand as at 31 December 2020 and € 173 thousand as at 31 December 2019.

The allocation of the Company's investment portfolios per asset class at 31 December 2020 and 31 December 2019 is as follows:




**Financial Results**

Profit before tax amounted to € 18,2 million in 2020, showing a decrease of 32,6% compared to 2019 (2019: € 26,9 million). The decrease is mainly due to the increased realized gains from the sale of Greek Government Bonds recorded by the Company in the fiscal year 2019. Furthermore, the general insurance net loss ratio decreased to 28,1% in 2020 compared to 28,3% in 2019, due to the increased net accrued premiums in the automotive sector, while the acquisition cost ratio equals 19,4% remaining stable compared to the previous year (2019: 19,4%).

**Share Capital- Equity- Main Shareholders**

The share capital of the Company on December 31, 2020 amounts to € 3.064 thousand, divided into 49.800 common registered voting shares with a nominal value of € 61,53 each. All common registered shares have been issued and the share capital is fully paid. The Company is a subsidiary of Eurolife FFH Insurance Group SA. Holdings which holds 100% of its share capital.

On 22 December 2015, an agreement was reached between Eurobank Ergasias S.A. ("Eurobank") and Fairfax Financial Holdings Limited to sell 80% of Eurobank's participation in Eurolife FFH 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 FFH 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 FFH 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 Ergasias"), 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 Company's Equity on December 31, 2020 amounted to € 71,7 million compared to € 63,9 million for 2019.

**Dividend Distribution**

On May 18 2020, the Annual Shareholders' General Meeting of the Company approved the distribution of the interim dividend decided on 23 September 2019 and the distribution of additional dividend of € 1.041 thousand to the shareholder Eurolife FFH Insurance Group. The dividend was derived from the profits of the fiscal year ended on 31 December 2019. The dividend was paid to the shareholder on 25 May 2020.

**Subsidiaries**

During 2020 the insurance premium production of the Company's subsidiary in Romania under the name "Eurolife FFH Asigurari Generale S.A.", which started operating in September 2007 and sells its products through a bancassurance network decreased to €1,4 million compared to €1,2 million in 2019. For the year 2020, the losses before tax amounted to €568 thousand (2019: losses €596 thousand), while the losses for the year amounted to €489 thousand (2019: losses €485 thousand).

With the decision of 02.12.2020 of the Extraordinary General Meeting of Shareholders of the subsidiary Eurolife FFH Asigurari Generale SA, the subsidiary increased its share capital by € 999 thousand (RON 4.871 thousand) by issuing 3.446 new shares with a nominal value of € 290 (RON 1.413,6), covered by its shareholders, Eurolife FFH General Insurance S.A. (95,3%) and Eurolife FFH Life Insurance S.A. (4,7%). After the increase, the share capital of the subsidiary amounts to € 5.779 thousand (RON 22.230 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 Function 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.

### 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 (as quantified by the standard method) to which the Company is exposed are:

**Premium and reserve risk:** reflects the risk of loss or adverse change in the value of insurance liabilities, resulting from fluctuations in time and frequency severity of the insured events, as well as the time and amount of settlement of the compensations.

**Catastrophe risk:** assesses the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty in the pricing assumptions and the creation of technical provisions, due to extreme or extraordinary events. Such events are unlikely to occur but very serious in their occurrence (such as natural disasters), resulting in a significant deviation between actual and expected claims.

**Insurance cancellation risk:** assesses the Risk of loss or adverse change in the value of insurance liabilities resulting from changes in the level or volatility of contract cancellation rates.

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).

### 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 in direction, fluctuation and 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 in direction,  fluctuation and correlation of currency exchange rates which affect the assets and the liabilities.

**Equity risk:** The Company's investment portfolio, with its placements in equities and equity funds, is exposed to equity risk due to fluctuations in equity market prices.

**Market risk concentration:** The Company is exposed to this risk due to investment in individual issuers e.g. time deposits, bonds or shares.

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

Assessment and risk mitigation techniques used for market risks

From a quantitative perspective, the Company 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 and an Investment Risk Management Policy, 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 valuations on an ongoing basis and carries out simulations in order to calculate potential losses in the event of abnormal market conditions or sensitivity analyses on a regular basis, depending on the existing portfolio structure, strategy and market conditions.

### 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 settle the face value and coupons of the bond upon maturity.

Regarding credit risk related to reinsurers, credit risk refers 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 refers to the inability of an intermediary to pay the Company the premiums it has collected from clients.

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

Assessment and risk mitigation techniques used for credit risk

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

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.

The Company implements policies and standards for the management and monitoring of credit risk by intermediaries with emphasis on the daily monitoring of the largest balances in combination with the established limits.

### 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.

**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 Company's 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 risk assessment of business practices, 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 management operational risk, 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), materiality assessment of outsourced functions or activities, cloud services & providers' risk assessment, Outsourcing Relationship Assessment (ORA), Business Environment Assessment, Business Practice Risk Assessment and Fraud Risk Assessment (FRA)
    - ✓ Record keeping of internal operational losses in combination with relevant events' causal analysis as well as analysis of external operational risk events..
    - ✓ Establishment and monitoring of Key Risk Indicators (KRIs).
    - ✓ Introduction and documentation of operational risk management policies and processes.
    - ✓ Development and analysis of an appropriate set of scenarios which examine the potential exposure to operational risk
    - ✓ Identification, evaluation and reduction (when necessary) of risks when creating new products, processes and / or systems
    - ✓ Establishment and annual testing of a business continuity plan
    - ✓ Enhancement of operational risk awareness within 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 constant 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 2020 and 31 December 2019, the eligible own funds of the Company exceed the Solvency Capital Requirement (SCR).

**Labor issues**

The Company's employees are the greatest asset for its success and sustainable development. As at 31 December 2020, the Company employed 160 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 58% 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 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 that long-term value for shareholders is created. 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. More specifically, within the year 2020, the Company took all measures necessary for prevention and protection of health and safety by supervising their proper implementation, 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. Employees' 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 by offering products and services that meet all contemporary needs.

By this position, and by 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 prove its commitment to support people and society to evolve and thrive.

The Eurolife FFH Group's Corporate Social Responsibility Program is designed and operates with the intention to address issues that concern Greek citizens and society nowadays, as well as their hopes for a better and more optimistic future. In this context, it considers, plans and implements actions for:

A. The quality of Greek citizens' life and its upgrade.

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

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

Through this program, Eurolife FFH General Insurance aims to provide substantial benefit to society and people, encouraging them to fight for and accomplish more every day. For the implementation of the program, 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 FFH 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 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, as well as current conditions developed by the pandemic, 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. Moreover, it supports the work of the magazine "Shedia" participating in its task to relief homeless people. Finally, the Company cooperates with Athens City Hall, supporting its efforts to upgrade the city center.

**B) Promotion of the Greek culture and education**

This pillar is supported by actions to promote Greek culture as well as to help even more people get in touch with the national inheritance. 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 border and island regions 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 is collaborating with two of the country's leading cultural institutions in order to achieve its goals with regard to this pillar: the Greek National Opera, the Museum of Cycladic Art and Cyber Security International Institute.

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 ancient greek and Cycladic culture to children, parents and adults across the country.

**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.

**<u>Corporate Social Responsibility Actions for 2020</u>**

The Company, participated in the following activities in 2020, within the context of its Corporate Social Responsibility program:

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

- Support of HOPEgenesis to provide medical services, examinations and medical check-ups to women of Patmos and the wider Delphi area, who are either already pregnant or wish to give birth to a child, but do not have regular or direct access in hospitals and health centers. With this support, HOPEgenesis provides women in these areas with specialized medical practitioners, as well as counseling and psychological support during pregnancy and childbirth.

- Construction of the first and only kindergarten in Patmos, on top of its previous actions to support the young families of the island, so that their children have their own place, where they can work creatively and develop their skills. The project was completed in collaboration with HOPEgenesis, the Aegean Team and the Municipality of Patmos and was delivered to the island during an inauguration ceremony, in the presence of the Mayor and local officials, as well as representatives of the organizations that undertook its construction.

- Implementation of ad hoc activities together with ethelon, aiming to support the work of various non-profit organizations that provide assistance to various social groups, such as the support of the NGO Odyssea. At the same time, the Company has funded a research, performed by ethelon on a large scale, about voluntary activity nowadays as a consequence of the health crisis, while it has also contributed to the ethelon Days, an annual event that brings together businesses, NGOs, individuals and volunteers around a creative dialogue for the practices of voluntary activity in the country.

- Purchase of a "solidarity subscription" to the street magazine "Shedia" on behalf of each employee of the Company – this initiative enables two elderly beneficiaries of the magazine to work on specific days of the month at the magazine's offices, handling the shipments to the subscribers' base.

- Donation of seven cleaning automobiles to the Cleaning Department of Athens' City Hall, that collect a large amount of waste at the city center every day, helping to upgrade Athens and create a better image of the city for residents and visitors to enjoy.

- Donation of more than 640.000 items of medical equipment and sanitary material to 50 facilities held by 12 Social Welfare Centers throughout the country, as a consequence of the health crisis of the country. These materials were delivered to the centers, in collaboration with the non-profit association Desmos and the Ministry of Labor & Social Affairs, covering their needs for protection and care of beneficiaries within vulnerable social groups that they take care of on a daily basis.

- Financial support of the organizations "Together for Children", "Make A Wish" and "Hellenic Federation of Persons with Multiple Sclerosis", in order to continue to offer their social work.

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

- Sponsoring Greek National Opera's annual artistic program.
- Strategic Cooperation and support of all activities of the Museum of Cycladic Art, which includes:
  - ✓ The annual Children's Painting Competition implemented by the Museum , where children from all over Greece can participate.
  - ✓ The Weekend Workshops, a series of educational activities for children and parents carried by the Museum's instructors.
  - ✓ The Summer Camps, which are implemented during the summer months, with the participation of children in various cultural and educational workshops.
  - ✓ The educational Museum Kit (suitcase with material provided by the Museum), which were delivered to the public library of Eleftheroupoli Kavala and the kindergarten of Patmos, with the intention to be used by children.
  - ✓ The creation of Digital Tours in all permanent collections of the Museum.
  - ✓ A video tour of Cycladic Culture in Sign language.
  - ✓ The support of school visits to the permanent collections of the Museum.
  - ✓ The social programs of the Museum for children of different ethnic communities living in Athens.
  - ✓ The educational activities for the Friends of the Museum (Young Friends).
  - ✓ The creation of a microsite with free online access to the material of the exhibition "Takis. Sculptor of magnetism, light and sound ".

- Donation to the Cyber Security International Institute for the organization of the educational activity "Digital Academies", through which children, adults and families are informed online about internet security issues, cyber bullying, grooming, phishing, game development and robotics.
- The support of the eduACT organization, by providing insurance coverage for the organization of its educational events.
- Financial support of the Cultural Association "O Ypsountas" and the organization "Fermeli", to support their activities.
- The sponsorship for the organization of the «Panorama of Entrepreneurship and Career event».

**Support of various other social activities such as:**

• Financial support to the Ben Graham Center and Diaspora Project Seesox.

• Membership to the Road Safety Institute "Panos Mylonas".

• The insurance coverage of an ambulance provided by the regional department of the Red Cross in Lassithi, Crete.

**External Auditors**

The Board of Directors, after taking into consideration the appointment of external auditors for 2021, will propose an audit firm in the upcoming Annual General Assembly Meeting. The General Assembly Meeting 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.

**Impact of the pandemic**

The rapid spread of the COVID-19 virus brought humanity in early 2020 face to face with a dangerous pandemic that so far threatens public health and has cost the lives of millions of people. At the same time, it has extensive economic effects, while the possibility that it will be catastrophic for some sectors remains. On the one hand, lock-downs forced and social distance imposed lead to the restriction or even suspension of business activities for a long time. On the other hand, the intense concern and insecurity about the effects of the pandemic on public health, causes prolonged and intense uncertainty with serious consequences on the proper functioning of the economies. The central banks and governments of the world's strongest economies reacted immediately in order to avoid a serious global economic crisis that would have been caused by the pandemic and to limit its economic consequences to a manageable recession. Thus, governments have been given the opportunity to focus on defending public health and protecting their citizens.

Financial impact on macroeconomic level

During 2020, the coronavirus pandemic led the Greek economy into a major recession, mainly due to reduced household income and consumption, shrinking investments and limited external demand for Greek goods and services. Inflation returned to negative levels, after three consecutive years of positive growth. In the labor market, the increase in total employment and the fall in unemployment rate were halted. Fiscal, monetary and financial interventions have been adopted to support businesses and employees and reduce the consequences. The temporary easing of the rules of the Stability and Growth Pact and the institutional framework for state aid, as well as the European aid package provided in April 2020, have allowed European members to support production and employment. However, the dominant action of the European Union's policy towards the pandemic is the creation of the European Next Generation EU (NGEU) recovery instrument, which will fund development initiatives in the period 2021-2026.

The effects of the decision of the European Central Bank to include Greek government bonds in the Pandemic Emergency Purchase Program (PEPP) and their acceptance by the Eurosystem as collateral in order to increase liquidity were particularly favorable. As a result, Greek government and corporate bond yields fell and in November 2020, Moody's upgraded Greece by one notch. The Company closely monitors developments in the macroeconomic environment of Greece, examines the possible effects of changing market conditions on a daily basis and has increased its readiness to make decisions to protect itself against the economic effects of the pandemic.

Operating Capability

From the very beginning of the pandemic, the Company has activated a Special Action Plan to deal with the emergency. The commitment of the Board of Directors that the protection of employees' health and safety is a priority remains non-negotiable. Another key priority is business continuity. The Company has managed to achieve business continuity, meet its business objectives as well as fulfill its obligations to all stakeholders such as: Customers, Partners, Supervisory Authority, Shareholders by taking immediate actions and measures. Also demonstrating social sensitivity, the Company undertook initiatives to alleviate and support vulnerable groups by supporting the Society.

Without complacency, along with the experience of managing the situation for over 1 year, both the Board of Directors and the Management Team of the Company, closely monitor the developments and then decide and act accordingly. The core measures taken to achieve the smooth operation of the Company under the new conditions imposed by the pandemic are:

- Measures for the safety and health of employees such as review of human resource management policies and practices (vulnerable groups, special purpose leave, rules regarding business travel, etc.), implementation of working remotely policy in 70-98% of employees, providing information /enhancing staff awareness on the pandemic and remote working conditions.
- Measures related to the new Work at Home operating model (W@H) such as alternative procedures and control mechanisms adapted to the new needs / conditions, appropriate distribution of employees, job rotation, provision of additional tools to facilitate work and collaboration, supply of equipment (laptops, headsets, etc.) to support working remotely.
- Other measures taken that are meant to support the implementation of working remotely are the use of "Information and Communication Technology" (ICT) infrastructures, the protection of such infrastructures, the prevention of data

leakage, the provision of safe and uninterrupted access to the necessary infrastructures and increasing employee awareness.

Based on all the above, a year later, the Company succeeds in achieving its business goals without being complacent about the risk.

Financial situation and solvency of the Company

In 2020, despite the unprecedented challenges, the Company proved its resilience once again. The Government Bonds' purchase program of the European Central Bank resulted in the reduction of Greek bonds' yields and consequently the country's borrowing cost. In this context, the Company recorded significant realized gains by selling some of its investments in Greek Government Bonds. Profit before tax amounted to € 18,2 million, exceeding expectations. The strengthening of the Company's liquidity position also came as a result of the bonds' disposal.

Despite the adverse effects of the pandemic, the Company successfully responded to the new conditions applied.

- So far no significant changes have been observed in the behavior of insurance recipients and their insurance needs. It is not anticipated that this will change in the near future. The Company continues its digital transformation so that it can cover any increased needs of distribution channels, insurance recipients and claims' beneficiaries.
- With regard to the underwriting of insurance risk, in cases where the process needed to be adjusted, this has been done in line with reinsurance coverage.
- There was no significant lag in the production of premiums.
- With regard to claims, there was a decrease in the claims paid mainly in the motor and health sectors. The decreased claims is attributable, on the one hand, to the lock-down imposed in order to control the spread of the pandemic and, on the other hand, to the instructions given by the national public health organization.
- The existing products and insurance coverage offered smoothly support the Company's business planning without identifying a significant negative impact from the effects of the pandemic.

In mid-2020, the Company, taking into account that the effects of the spread of the pandemic had penetrated into all economic activity, updated its business plan and conducted the first "Own Risk and Solvency Assessment" exercise under these new special conditions (1st ORSA report under COVID-19 conditions). The report did not show a significant financial impact of the pandemic on the Company's financial figures. Also, the results showed that the solvency position of the Company will not be threatened in the future. At the end of 2020, the Greek insurance subsidiaries prepared their new business plan and re-performed the annual "Own Risk and Solvency Assessment" exercise based on the new data available (2nd ORSA report in COVID-19 conditions). In this exercise, extreme stress scenarios were selected, adapted to the updated risk profile. The capital requirements and eligible own funds were calculated and assessed in the med-term (three years) and their adequacy was confirmed. As at 31 December 2020, without any dividend distribution being calculated, the Company's solvency ratio (SCR coverage ratio) is estimated in the area of 150% without making use of the volatility adjustment.

**Prospects for 2021**

Developments related to the health crisis are expected to continue being the main determinants of economic and social developments throughout most of 2021, both on domestic and international level. However, the outlook for the Greek economy is generally expected to be positive for the period 2021-2022, due to the utilization of resources from the European recovery instrument Next Generation EU (NGEU). The most important development actions concern the transition to green energy, energy saving, the digital transformation of the public sector and the economy in general, as well as the protection of the health sector.

According to the base scenario of the Bank of Greece, the economic activity is expected to recover in 2021 and grow at a rate of 4,2%. However, the growth rate highly depends on the progress of COVID-19 vaccinations as well as the effective utilization of NGEU resources.

Expectations for the insurance market prospects are still positive. Having managed to adapt to the new circumstances, it seems that the insurance industry is ready to experience growth and create value for all stakeholders, policyholders, insurers, employees, shareholders and society. At the same time, climate change seems to have led to an increase in the severity and intensity of natural phenomena that cause enormous economic damage. Therefore, it seems that on the one hand the content of potential risks is changing, and on the other hand the need for insurance coverage is strengthened, hence new fields of potential development are created for the insurance market.

Taking into account the challenges it faces nowadays, the Company continues to rank digital transformation at the top of its strategic goals. For this reason, it systematically invests in new technologies with the first priority being the upgrade of infrastructure, the utilization of international practices, and the integration of modern technologies in its operations. In order to achieve this strategy, the Strategy further strengthens its position by entering into strategic alliances with partners of high prestige and recognized know-how. Through the new strategic partnerships, the Company aims to improve its operational performance and to further enhance the skills, roles and know-how of its executives. In addition, by simplifying the information systems' management, through a secure and flexible process, the Company will upgrade the quality of the experience offered to customers and partners, by accelerating the response time it takes to meet their needs.

With the help of technology and the development opportunities offered by the digital transformation, the Company places the optimization of the customer and partner experience among its core objectives. Through the online digital solutions developed, Eurolife Partners and Eurolife Connect as well as an innovative Customer Relationship Management (CRM) system, the Company proves that it is ready to face the new challenges. The main goal is the continuous upgrade of these tools and through a series of actions and projects the Company aims to offer even more options to its partners and customers as well as an upgraded service experience through solutions, products and services that offer even greater value to all.

**Events after the Balance Sheet date**

There are no significant events after the Balance sheet date that need to be reported.

**The board of directors members**

| | |
|---|---|
| Alexandros Sarrigeorgiou | Chairman and CEO, Executive Member |
| Konstantinos Vassiliou | Vice-Chairman, Non-Executive Member |
| Angelos Androulidakis | Independent, Non-Executive Member |
| Alberto Lotti | Independent, Non-Executive Member |
| Wade Sebastian Burton | Non-Executive Member |
| Iakovos Giannaklis | Non-Executive Member |
| Theodoros Kalantonis | Non-Executive Member |
| Nikolaos Delendas | Executive Member |
| Amalia Mofori | Executive Member |
| Vassilios Nikiforakis | Executive Member |

Athens, 31 March 2021

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 FFH General Insurance S.A."

## Report on the audit of the financial statements

### Our opinion

We have audited the accompanying financial statements of Eurolife FFH General Insurance S.A. (Company) which comprise the statement of financial position as of 31 December 2020, 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 2020, 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 2020 during the year ended as at 31 December 2020, are disclosed in the note 31 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.

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of reserves related to reported losses estimated on a case by case basis** | |
| 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 €72m as of 31 December 2020, representing 60% of the Company's total liabilities.<br><br>Out of the €72m, €69m or 96% 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).<br><br>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.<br><br>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.<br><br>Refer to notes 3, 4.2 and 21 of the Financial Statements for the disclosure of the related judgements and estimates. | Our work to address the valuation of the reserve related to reported losses estimated on a case by case basis, included the following procedures:<br>● We tested, on a sample basis, specific cases in order to obtain evidence for the accuracy and completeness of the underlying company data.<br>● 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.<br>● 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.<br>● 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.<br>● We examined the trend in historical claims development.<br><br>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.<br><br>Finally, we have assessed that the Company's disclosures in the Financial Statements are in accordance with the requirements of IFRS. |

**Other Information**

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

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

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

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

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

- The information given in the Board of Directors' report for the year ended at 31 December 2020 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 22 years.

Halandri, 16 April 2021
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 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | **5** | 489 | 347 |
| Right of use assets | **6** | 3.420 | 3.955 |
| Investment properties | **7** | 744 | 762 |
| Intangible assets | **8** | 25.155 | 24.866 |
| Investment in subsidiaries | **9** | 5.607 | 4.655 |
| Deferred tax assets | **10** | 864 | - |
| Financial assets at fair value through profit or loss | | | |
| - Derivative financial instruments | | 7 | - |
| - Financial assets held for trading | **11** | 92.537 | 13.290 |
| Available for sale financial assets | **12** | 21.924 | 99.737 |
| Financial assets classified as loans and receivables | **13** | 3.703 | - |
| Income tax receivables | | 1.324 | 4.621 |
| Premiums receivables | **14** | 3.709 | 6.610 |
| Other receivables | **15** | 6.504 | 6.953 |
| Reinsurance receivables | **16** | 12.204 | 11.922 |
| Cash and cash equivalents | **17** | 14.145 | 9.043 |
| **Total Assets** | | **192.337** | **186.761** |
| | | | |
| **EQUITY** | | | |
| Share Capital | | 3.064 | 3.064 |
| Reserves | **18** | 55.294 | 56.282 |
| Retained Earnings | **19** | 13.300 | 4.559 |
| **Total Equity** | | **71.658** | **63.905** |
| | | | |
| **LIABILITIES** | | | |
| Employee benefits | **20** | 552 | 503 |
| Insurance provisions | **21** | 99.868 | 101.150 |
| Lease liabilities | **6** | 3.582 | 4.047 |
| Insurance and other liabilities | **22** | 16.676 | 16.396 |
| Deferred tax liabilities | **10** | - | 760 |
| **Total Liabilities** | | **120.678** | **122.856** |
| | | | |
| **Total Equity and Liabilities** | | **192.337** | **186.761** |

Athens, 31 March 2021

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

The notes on pages 29 to 81 are an integral part of these financial statements.

## INCOME STATEMENT

| (amounts in € thousand) | Notes | 01/01 - 31/12/2020 | 01/01 - 31/12/2019 |
|---|---|---|---|
| Gross written premiums | | 64.134 | 71.391 |
| Gross change in unearned premium reserve | | 3.926 | (4.686) |
| **Gross earned premiums** | 23 | **68.060** | **66.705** |
| Minus: Premium ceded to reinsurers | 23 | (12.241) | (11.818) |
| **Net earned premiums** | 23 | **55.819** | **54.887** |
| Other insurance related income | 24 | 1.345 | 1.073 |
| Investment income | 25 | 851 | 3.429 |
| Gains from sale of financial assets | 26 | 6.931 | 13.601 |
| Fair value gains / (losses) on financial assets | 27 | (949) | 66 |
| Gains on derivatives | | 7 | - |
| Other income | 28 | 173 | 202 |
| **Total Income** | | **64.178** | **73.258** |
| Claims and insurance benefits incurred | 29 | (13.288) | (19.161) |
| Change in insurance provisions | 29 | (2.644) | 3.698 |
| Reinsurers' share of claims and insurance benefits incurred and changes in insurance provisions | 29 | 245 | (71) |
| **Total insurance claims and change in insurance provisions** | | **(15.687)** | **(15.534)** |
| Acquisition expenses | 30 | (13.196) | (12.922) |
| Administrative expenses | 31 | (17.141) | (17.858) |
| **Profit before tax** | | **18.155** | **26.944** |
| Income tax expense | 33 | (4.855) | (7.385) |
| **Profit for the year** | | **13.300** | **19.559** |

Athens, 31 March 2021

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

The notes on pages 29 to 81 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

| (amounts in € thousand) | 01/01 – 31/12/2020 | 01/01 - 31/12/2019 |
|---|---|---|
| **Profit for the year** | 13.300 | 19.559 |
| | | |
| **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 | (4.476) | 4.402 |
| | | |
| **Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:** | | |
| Remeasurement of post employment benefit obligations, net of tax | (30) | (33) |
| **Other comprehensive income for the year** | **(4.506)** | **4.369** |
| | | |
| **Total comprehensive income for the year** | **8.794** | **23.928** |

Athens, 31 March 2021

| CHAIRMAN & CHIEF EXECUTIVE OFFICER | MEMBER OF THE B.O.D. AND GENERAL MANAGER OF FINANCE, STRATEGIC PLANNING & MIS | FINANCE MANAGER | DEPUTY FINANCE MANAGER |
|---|---|---|---|
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| ID AM644393 | ID AM245236 | LIC. No 0025315 | LIC. No 0099260 |

The notes on pages 29 to 81 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

| (amounts in € thousand) | Share Capital | Reserves | Retained Earnings | Total |
|---|---|---|---|---|
| **Balances as at 1 January 2020** | **3.064** | **56.282** | **4.559** | **63.906** |
| **Profit for year** | **-** | **-** | **13.300** | **13.300** |
| Change in available for sale financial assets reserve, net of tax | - | (4.476) | - | (4.476) |
| Remeasurement of post-employment benefit obligations, net of tax | **-** | (30) | **-** | (30) |
| **Other comprehensive income, net of tax** | **-** | **(4.506)** | **-** | **(4.506)** |
| **Total comprehensive income, net of tax** | **-** | **(4.506)** | **13.300** | **8.764** |
| Transfer of retained earnings to reserves | - | 3.518 | (3.518) | - |
| Dividend distribution to the shareholders | - | - | (1.041) | (1.041) |
| **Total transactions with shareholders** | **-** | **3.518** | **(4.559)** | **(1.041)** |
| **Balance as at 31 December 2020** | **3.064** | **55.295** | **13.300** | **71.658** |

| (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** | **63.906** |

The notes on pages 29 to 81 are an integral part of these financial statements.

(amounts in € thousand)

| | Notes | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| **Profits before tax** | | 18.155 | 26.944 |
| **Adjustments for non-cash items:** | | | |
| Depreciation and amortization of property, plant and equipment and intangible assets | **31** | 1.521 | 1.396 |
| Insurance provisions | | (1.564) | 5.724 |
| Change in deferred acquisition costs | | 376 | (799) |
| Employee benefit provisions | **32** | 10 | 37 |
| Change in other provisions | | 685 | 1.241 |
| Non realized foreign exchange differences | **27** | (9) | (38) |
| Investment income | | (1.154) | (3.344) |
| Bond amortization | **11,12** | 298 | (85) |
| Interest Expense | | 200 | 520 |
| (Gains) on derivatives | | (7) | - |
| Losses from disposal of fixed assets | | 8 | 11 |
| (Gains) from sale of financial assets | **26** | (6.931) | (13.601) |
| Fair value (gains) / losses on financial assets | **27** | 958 | (28) |
| | | **12.544** | **17.978** |
| **Changes in Operating Assets and Liabilities:** | | | |
| (Purchases) of financial assets | **11,12** | (259.110) | (264.677) |
| Sales of financial assets | | 255.781 | 289.957 |
| Loans | **13** | (3.600) | - |
| Change in receivables from policy holders and other receivables | | 2.647 | (6.279) |
| Change in insurance and other liabilities | | (557) | 3.446 |
| Income tax paid | | (1.366) | (14.861) |
| Interest received and other investment income | | 2.829 | 3.459 |
| Interest paid | | (11) | (311) |
| **Net Cash Flows from Operating Activities** | | **9.157** | **28.712** |
| **Cash Flows from Investing Activities** | | | |
| Purchases of property, plant and equipment and intangible assets | **5,8** | (1.338) | (1.178) |
| Proceeds from sales of property and equipment | | - | 60 |
| Dividends received from subsidiaries | **9** | (953) | (476) |
| **Net Cash Flows from Investing Activities** | | **(2.291)** | **(1.594)** |
| **Cash Flows from Financing Activities** | | | |
| Principal repayment of lease liabilities | | (724) | (706) |
| Dividends paid | **36** | (1.041) | (22.062) |
| **Net Cash Flows from Financing Activities** | | **(1.765)** | **(22.768)** |
| Net increase/(decrease) in cash and cash equivalents | | 5.102 | 4.350 |
| Cash and cash equivalents at the beginning of the year | **17** | 9.043 | 4.693 |
| **Cash and Cash Equivalents at the end of the year** | **17** | **14.145** | **9.043** |

The notes on pages 29 to 81 are an integral part of these financial statements.

## NOTE 1: GENERAL INFORMATION

Eurolife FFH General Insurance S.A. (hereinafter referred to as "the Company") (ex "Eurolife ERB General Insurance S.A.") 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.

On 22 May 2020, the General Secretariat of Consumer Affairs of the Ministry of Development and Investment, based on its decision number 51302 / 22-05-2020, approved the amendment of article 1 of the Company's Articles of Association and specifically the change of name and of its distinctive title in "Eurolife FFH General Insurance Single Member S.A." and "Eurolife FFH General Insurance S.A." respectively. The amendment of the Articles of Association was decided by the Extraordinary General Meeting of the Company's shareholders, which took place on May 11, 2020.

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 FFH Asigurari Generale S.A.

The number of staff at 31 December 2020 amounted to 160 (2019: 155).

The Board of Directors consists of the following members:

| Name | Attribute |
|---|---|
| Alexandros Sarrigeorgiou | Chairman and CEO, Executive Member |
| Konstantinos Vassiliou | Vice-Chairman, Non-Executive Member |
| Angelos Androulidakis | Independent, Non-Executive Member |
| Alberto Lotti | Independent, Non-Executive Member |
| Wade Sebastian Burton | Non-Executive Member |
| Iakovos Giannaklis | Non-Executive Member |
| Theodoros Kalantonis | Non-Executive Member |
| Nikolaos Delendas | Executive Member |
| Amalia Mofori | Executive Member |
| Vassilios Nikiforakis | Executive Member |

These financial statements were approved by the Company's Board of Directors on 31 March 2021 and are subject to approval by the Annual General Meeting of Shareholders.

The Company is a subsidiary of Eurolife FFH Insurance Group Holdings SA. (hereinafter referred to as "Eurolife FFH Insurance Group") which holds 100% of its share capital. Eurolife FFH 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 Ergasias"), 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 2020 and 2019 respectively.

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

**Going concern assessment**

Undoubtedly, 2020 was a challenging year with the spread of the Covid-19 pandemic worldwide. The implications of the coronavirus pandemic negatively affected the global and Greek economy, leading economic activity in Greece to a major recession and deflation. According to the available data from the Hellenic Statistical Authority (ELSTAT), the first estimate of the recession's impact on the Gross Domestic Product (GDP) is 8,2%. This recession is mainly attributed to the reduced households incomes and consumption, the shrinking investments and the limited external demand for Greek goods and services. A series of fiscal, monetary and financial interventions have been adopted by the central banks and the governments to support businesses and employees and reduce the consequences.

In Greece, more than one year after the emergence of the first coronavirus cases in the population, the pandemic situation remains critical but controlled with vaccinations progressing and optimism gaining ground. The European recovery instrument, Next Generation EU (NGEU), established by the European Union to fund development initiatives in the period 2021-2026, is also expected to play an important role. The Company closely monitors the developments in the Greek macroeconomic environment and taking into account its exposure to financial 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.

The Management of the Company 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 20, the eligible own funds of the Company outweigh the Solvency Capital Requirement.

### 2.1.1 Adoption of International Financial Reporting Standards (I.F.R.S.)

**New standards and amendments to standards adopted by the Company**

The following new standards and amendments to existing standards 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 2020:

**IFRS 3, Amendments - Definition of Business**

The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. It further clarifies that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Finally, it introduces an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The adoption of the amendments had no impact on the Company's financial statements.

**IAS 1 and IAS 8, Amendments - Definition of Material**

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRSs. The adoption of the amendments had no impact on the Company's financial statements.

**IFRS 9, IAS 39 and IFRS 7, Amendments – Interest rate benchmark reform**

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The adoption of the amendments had no impact on the Company's financial statements.

**Conceptual framework**

In March 2018, the IASB issued a revised version of the Conceptual Framework for Financial Reporting (the "Framework"), which will be effective for the years beginning on or after 1 January 2020. The Framework sets out the fundamental concepts of financial reporting which guide the IASB in the development of IFRSs. The Framework forms the basis for existing Standards but does not replace them. The preparers of the financial statements use the Framework as a benchmark for the development of accounting policies in the rare cases where a particular business transaction is not covered by existing IFRSs. The IASB and the IFRS Interpretations Committee will begin to use the new Framework immediately to develop new or modify existing IFRSs and interpretations. The adoption of the revised conceptual framework did not have an impact on the Company's financial statements.

**New standards, amendments to standards and new interpretations that have not yet been adopted by the Company**

A number of new standards and amendments to existing standards will enter into force after 2020, as they have not yet been adopted for use in the European Union or the Company has not adopted them earlier than the date of their mandatory implementation. What may be related to the Company are as follows:

**IFRS 4, Amendment - Extension of the provisional exemption from the application of IFRS 9 (effective from 1 January 2021)**

The amendment changes the maturity date for the temporary exemption to IFRS 4 Insurance policies from the application of IFRS 9 Financial Instruments, so that entities are required to apply IFRS 9 for annual periods beginning on or after the 1st day of the year January 2023.

**IFRS 4, Amendments - Implementation of IFRS 9 Financial Instruments under 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 IFRS 9 and the forthcoming new IFRS 17 for insurance policies. The amended standard gives all entities issuing insurance policies the option to either recognize in the other comprehensive income and not in the income statement any discrepancies arising from the application of IFRS 9 prior to the issuance of the new standard for insurance policies, or provides entities, whose activities mainly concern the insurance industry, the option for temporary exemption from the application of IFRS 9 until 2023. This exemption is only available to entities whose activities are primarily related to insurance. Entities that defer application of IFRS 9 will continue to apply the existing IAS 39 standard for financial instruments.

The Company's activities are primarily related to insurance as defined in this amendment and, therefore, the Company meets the conditions and intends to apply the provisional exemption and consequently to apply IFRS 9 in 2023.

It is noted that the Company's liabilities related to insurance activity under IFRS 4 amount to € 86,7 million, € 88 million, € 100,2 million, € 101,2 million and € 99,9 million for December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020 respectively, and represent a percentage of 88%, 80%, 86%, 82,3% and 82,8% of the total liabilities of the Company for the respective reporting dates.

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

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

**IFRS 9, Financial Instruments and Subsequent Amendments to IFRS 9 and IFRS 7 (effective from 1 January 2018. The Company has the right and has chosen to make use of the provisional exemption from IFRS until 1 January 2023)**

In July 2014, the International Accounting Standards Board (IASB) issued in its final form IFRS 9 which replaces IAS 39 Financial Instruments. IFRS 9 sets out the revised requirements for the classification and measurement of financial assets, refers to the recognition of the change in the fair value of the same debt measured at fair value through profit or loss, and replaces the existing model used to impair financial assets. Based on the losses incurred with a model based on the expected credit risk losses and, finally, incorporates changes in the hedge accounting.

**IFRS 17, Insurance Contracts and Amendments to IFRS 17 (effective from 1 January 2023, not adopted by the EU)**

IFRS 17 has been issued in May 2017 and, along with the Amendments to IFRS 17 issued in June 2020, supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost.

The Company is currently examining the impact of IFRS 17 on the financial statements, which cannot be quantified at the date of publication of these financial statements. The Company plans to adopt IFRS 17 on the date it enters into force.

**IFRS 16, Amendment - COVID-19 Related Rental Concessions (effective from annual periods beginning on or after 1 June 2020, adopted by the EU)**

The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications. The adoption of the amendment is not expected to have an impact on the Company's financial statements.

**IFRS 16, Amendment 'Covid-19-Related Rent Concessions – Extension of application period' (effective for annual periods beginning on or after 1 April 2021)**

The amendment extends the application period of the practical expedient in relation to rent concessions by one year to cover rental concessions that reduce leases due only on or before 30 June 2022. The amendment has not yet been endorsed by the EU.

**IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Amendments - Interest rate benchmark reform - Phase 2 "(effective from 1 January 2021, adopted by the EU)**

The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for the change in its hedging relationships and the information it should disclose. The adoption of the amendment is not expected to have an impact on the Company's financial statements.

**IFRS 16, Amendment - Property, Plant and Equipment – Proceeds before Intended Use (effective from 1 January 2022, not adopted by the EU)**

The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also requires entities to separately disclose the amounts of proceeds and costs relating to such items produced that are not an output of the entity's ordinary activities.. The adoption of the amendment is not expected to have an impact on the Company's financial statements.

**IAS 37, Amendment - Onerous contracts - Cost of fulfilling a contract (effective from 1 January 2022, not adopted by the EU)**

The amendment clarifies that 'costs to fulfil a contract' comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The adoption of the amendment is not expected to have an impact on the Company's financial statements.

**IFRS 3, Amendment - Reference to the Conceptual Framework (effective from 1 January 2022, not adopted by the EU)**

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognize contingent assets, as defined in IAS 37, at the acquisition date. The adoption of the amendment is not expected to have an impact on the Company's financial statements.

**IAS 1, Amendment - Classification of liabilities as short-term or long-term (effective from 1 January 2023, not adopted by the EU)**

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

**Annual improvements to IFRS 2018–2020 (effective from 1 January 2022, not adopted by the EU)**

The amendments listed below include changes to the following IFRSs.

IFRS 9 "Financial Instruments". The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

IFRS 16 "Leases". The amendment removed the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 of the standard in order to remove any potential confusion about the treatment of lease incentives.

The adoption of the improvements is not expected to have an impact on the Company's financial statements.

## 2.2. Foreign currency

#### 2.2.1 Functional currency and presentation currency

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

#### 2.2.2 Transactions and balances in foreign currency

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the 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 |
| **Other furniture and 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 asset 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. Also, in this category are recognized the derivative instruments held for trading, 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 it 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 absence 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**

<u>Impairment assessment</u>

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 2020 and 2019.

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 20).

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 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, is recognized as an employee benefit expense in the year that is 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 2020:

| 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** | **358.000.000** | |
| **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 Company as a Lessee:**
The Company's new accounting policies on the adoption of IFRS 16 effective from the date of initial recognition are the following:

**i) 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) <u>Significant considerations in determining the lease term with an extension option</u>**

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 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, and their potential approval, 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 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.

#### 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;
- calculation and validation 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 (including its annual test);
- 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, identifying and evaluating operational risk scenarios, Fraud Risk Assessment (FRA) exercises, risk assessment for outsourcing arrangements, risk assessment of cloud computing services, Operational Risk Assessments (ORA), Conduct Risk Assessment (CRA), Business Environment Assessment, monitoring of early warning indicators (KRIs) and management operational risk events (identification, causal analysis and recording of operating losses) in accordance with what is provided in the approved operational risk management framework (methodologies, policies and / or procedures);
- establish (and annually revise) the Whistleblowing Policy;
- 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 program 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 could be evaluated but is 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 2020 amounted to 45,2%, 28,5%, 9,6% and 16,7% respectively (2019: 52,3 %, 26,2%, 8% and 13,5%).

#### 4.2.1.1 Motor liability insurance

Underwriting and pricing are critical risk mitigation mechanisms adopted in the insurance industry. Pricing is based on the use of multi-parameter models that aim at a more accurate risk assessment and more appropriate matching with the premium for each policyholder. The premiums charged is calculated in order to be able to cover the claims and expenses that will emerge from the Company portfolio, 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 for which the Company is considered responsible consist of the following categories: reserve for reported claims, reserve for the incurred but not reported claims (IBNR) and reserve for claims 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.

Also, the Company examines the need for 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 € 948 thousand (31 December 2019: € 1.178 thousand) amounting to 2,1% (31 December 2019: 2,6%). In case of a reduction of the product of development factors by 10,0%, a surplus is generated amounting to €5.794 thousand (31 December 2019: € 5.790 thousand), which is equal to 12,6% of the total reserves for outstanding claims (31 December 2019: 12,8%).

In case of an increase of the estimated loss ratio or of the administrative expense ratio by 10,0%, additional unexpired risks reserve of € 1.444 thousand (31 December 2019: € 1.674 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 € 253 thousand (31 December 2019: € 418 thousand) is required.

| | Change | Impact on the adequacy of insurance reserves | |
|---|---|---|---|
| | | 31/12/2020 | 31/12/2019 |
| (amounts in € thousand) | | | |
| Increase of the product of development factors | +10% | (948) | (1.178) |
| Decrease of the product of development factors | -10% | 5.794 | 5.790 |
| Increase of loss ratio or administrative expense ratio | +10% | (1.444) | (1.674) |
| Decrease of loss ratio or administrative expense ratio | -10% | (253) | (418) |

### 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 2020 and 31 December 2019 (in relation to the risk of earthquake).

| Geographical region (amounts in € thousand) | Total insured funds as at 31 December 2020 (GROSS) | Total insured funds as at 31 December 2019 (GROSS) |
|---|---|---|
| Attica and Central Greece | 9.517.498 | 10.120.235 |
| Rest of Greece | 9.831.555 | 10.554.689 |
| **Total** | **19.349.053** | **20.674.924** |

The Company is covered by excessive reinsurance contracts for catastrophic events for the amount exceeding € 6 million (2019: € 6 million) per loss and up to € 358 million. The total (maximum) limit has increased from the previous year by € 6 million (2019: € 352 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 Company 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 € 791 thousand (31 December 2019: € 521 thousand), amounting to 4,7% (31 December 2019: 3,6%). In case of a reduction of the product of development factors by 10,0%, a surplus is generated amounting to €1.865 thousand (31 December 2019: € 1.552 thousand), which is equal to 11,1% of the total outstanding claim reserve (31 December 2019: 10,8%).

| | Change | Impact on the adequacy of insurance reserves | |
|---|---|---|---|
| | | 31/12/2020 | 31/12/2019 |
| (amounts in € thousand) | | | |
| Increase of the product of development factors | +10% | (791) | (521) |
| Decrease of the product of development factors | -10% | 1.865 | 1.552 |

### 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 2020 and 2019.

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) | **31/12/2020** | **31/12/2019** |
|---|---|---|
| Derivative financial instruments | 7 | - |
| Financial assets held for trading | 92.537 | 13.290 |
| Available for sale financial assets | 21.924 | 99.737 |
| Financial assets classified as loans and receivables | 3.703 | - |
| Insurance receivables | 3.709 | 6.610 |
| Other receivables | 6.504 | 6.953 |
| Reinsurance receivables | 12.204 | 11.922 |
| Cash and cash equivalents | 14.145 | 9.043 |
| **Total financial assets bearing credit risk** | **154.732** | **147.555** |

As of 31 December 2020, the Company has not significant 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 applicable limits regarding the government debt securities as well as the corporate securities, which the Company has in its portfolio, are described in the current Risk Management Policy.

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 | 31/12/2020 | Rating Fitch | 31/12/2019 |
| Greece | BB | 88.194 | BB- | 91.150 |
| Ireland | A+ | 1.300 | A+ | 1.336 |
| USA | AAA | 4.156 | AAA | 5.001 |
| **Total** | | **93.650** | | **97.487** |

| Corporate Bonds | | | | |
|---|---|---|---|---|
| (amounts in € thousand) | Rating Fitch | 31/12/2020 | Rating Fitch | 31/12/2019 |
| Financial industry (Banks) | - | - | - | - |
| Non-financial industry (Other commercial companies) | BBB+ | 2.669 | BB+ | 518 |
| | BBB | 2.038 | B+ | 819 |
| | BB | 832 | NR | 539 |
| **Total** | | **5.539** | | **1.877** |

As of 31 December 2020 and 2019, the largest concentration in the Company's debt securities portfolio is in European sovereign debt which constitute a percentage of 90,2% and 93,1% respectively of the total debt securities portfolio and a percentage of 67,6% and 75,8% respectively of all financial assets (including cash and cash equivalents).

Especially for the sovereign exposure to Greece, the Company had an exposure of € 88.194 thousand (66,7% of total financial assets) and €91.150 thousand (74,7% of total financial assets) as of 31 December 2020 and 2019, 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 2020 amounts to 51,5% (2019: 49,5%). 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 2020 and 2019 is given below.

| | | 2020 RATING | | | |
|---|---|---|---|---|---|
| **Line of Business** | **A+** | **A** | **A-** | **AA-** | **B+** |
| **Property** | 3,68% | 24,20% | 4,76% | 47,20% | 20,16% |
| **Catastrophe** | 3,68% | 24,20% | 4,76% | 47,20% | 20,16% |
| **Motor** | 10,00% | 20,00% | 10,00% | 60,00% | 0,00% |
| **Engineering** | 3,68% | 24,20% | 4,76% | 47,20% | 20,16% |
| **Cargo** | 25,00% | 25,00% | 0,00% | 25,00% | 25,00% |
| **Accident /TPL** | 10,00% | 20,00% | 10,00% | 60,00% | 0,00% |

| 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% |

The rating of reinsurers changed during 2020 due to the downgrading of a reinsurer's credit rating.

**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) | **31/12/2020** | **31/12/2019** |
|---|---|---|
| Company's network | 123 | 73 |
| Bancassurance network | 1.307 | 3.761 |
| Agents and brokers | 2.279 | 2.776 |
| **Total** | **3.709** | **6.610** |

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 2020 and 31 December 2019, cash placements to the Eurobank Group amounted to € 1.489 thousand and € 1.068 thousand respectively.

The following table presents financial assets by credit rating category as at 31 December 2020 and 2019:

| 31 December 2020 (amounts in € thousand) | Trade Portfolio | AFS Portfolio | Derivatives | Financial assets classified as loans and receivables | Premium receivables | Other receivables | Re-insurance receivables | Cash & cash equivalent | Total |
|---|---|---|---|---|---|---|---|---|---|
| **AAA** | 4156 | - | - | - | - | - | - | - | 4.156 |
| **AA-** | - | - | - | - | - | 1 | 5.630 | 6.802 | 12.432 |
| **A+** | - | 1.300 | 7 | - | - | 64 | 4.827 | - | 6.198 |
| **A** | - | - | - | - | - | 47 | 1.485 | - | 1.532 |
| **A-** | - | - | - | - | - | - | 140 | - | 140 |
| **BBB+** | - | 2.669 | - | - | - | - | - | - | 2.669 |
| **BBB** | - | 2.038 | - | - | - | - | - | - | 2.038 |
| **B++** | - | - | - | - | - | 0 | 100 | - | 101 |
| **BB** | 88.194 | 832 | - | - | - | - | - | - | 89.026 |
| **B+** | 183 | 1.699 | - | - | - | - | - | - | 1.881 |
| **B-** | - | - | - | - | - | - | - | 1.491 | 1.491 |
| **CCC+** | - | - | - | - | - | - | - | 3.925 | 3.925 |
| **CCC** | - | - | - | - | - | - | - | 1.926 | 1.926 |
| **Non rating** | 3 | 13.387 | - | 3.703 | 3.709 | 6.392 | 23 | 2 | 27.218 |
| | **92.537** | **21.924** | **7** | **3.703** | **3.709** | **6.504** | **12.204** | **14.145** | **154.732** |

| 31 December 2019 (amounts in € thousand) | Trade Portfolio | AFS Portfolio | Derivatives | Financial assets classified as loans and receivables | Premium receivables | Other receivables | Re-insurance receivables | Cash & cash equivalent | 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** |

**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 2020 (amounts in € thousand) | Trade Portfolio | AFS Portfolio | Financial assets classified as loans and receivables | Derivatives | Premium receivables | Reinsurance receivables | Other receivables | Total |
|---|---|---|---|---|---|---|---|---|
| **Neither past due nor impaired financial assets** | **92.537** | **19.650** | **3.703** | **7** | **-** | **12.204** | **6.504** | **134.604** |
| **Past due but not impaired financial assets** | | | | | | | | |
| Past due by: | | | | | | | | |
| 1 to 90 days | - | - | - | - | 3.054 | - | - | 3.054 |
| >90 days | - | - | - | - | 655 | - | - | 655 |
| **Total** | **92.537** | **19.650** | **3.703** | **7** | **3.709** | **12.204** | **6.504** | **138.313** |
| **Financial assets impaired** | | | | | | | | |
| **Gross carrying value of financial assets** | **-** | **3.229** | **-** | **-** | **3.866** | **-** | **-** | **7.095** |
| Impairment allowance on individually assessed financial assets | - | (954) | - | - | (3.866) | - | - | (4.821) |
| **Net carrying value of financial assets** | **92.537** | **21.924** | **3.703** | **7** | **3.709** | **12.204** | **6.504** | **140.587** |

| 31 December 2019 (amounts in € thousand) | Trade Portfolio | AFS Portfolio | Financial assets classified as loans and receivables | Derivatives | Premium receivables | Reinsurance receivables | Other receivables | Total |
|---|---|---|---|---|---|---|---|---|
| **Neither past due nor impaired financial assets** | **13.290** | **99.737** | **-** | **-** | **-** | **11.922** | **6.953** | **131.903** |
| **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** | **99.737** | **-** | **-** | **6.610** | **11.922** | **6.953** | **138.513** |
| **Financial assets impaired** | | | | | | | | |
| **Gross carrying value of financial assets** | - | **103** | - | - | **3.834** | **-** | **-** | **6.638** |
| Impairment allowances 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** |

### 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 valuation on a continuous 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 2020**<br>(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 | 92.351 | - | - | 92.351 |
| Available for sale financial assets | 5.539 | 1.300 | - | 6.839 |
| Financial assets classified as loans and receivables | - | 3.703 | - | 3.703 |
| Cash and cash equivalents | 14.145 | - | - | 14.145 |
| **Total** | **112.034** | **5.002** | **-** | **117.037** |

| **31 December 2019**<br>(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** |

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

| | **31/12/2020** | | | **31/12/2019** | |
|---|---|---|---|---|---|
| (amounts in € thousand) | **Fixed rate** | **Floating Rate** | **Total** | **Fixed rate** | **Total** |
| Financial assets at FVTPL: | | | | | |
| - Financial assets held for trading | 92.351 | - | 92.351 | 12.999 | 12.999 |
| Available for sale financial assets | 6.239 | 600 | 6.839 | 86.364 | 86.364 |
| Financial assets classified as loans and receivables | - | 3.703 | 3.703 | - | - |
| Cash and cash equivalents | 14.145 | - | 14.145 | 9.043 | 9.043 |
| **Total** | **112.735** | **4.302** | **117.037** | **108.406** | **108.406** |

#### (b) Equity risk

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

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

As at 31 December 2020, the Company's total exposure to equity risk expressed as a percentage of total investments amounted to 7,7% (31 December 2019: 9,9%), and is summarized below:

| % of Investment portfolio under management | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Exposure to listed securities | 7,7% | 9,9% |
| **Total exposure to Equities and Mutual Funds Risks** | **7,7%** | **9,9%** |

### (c) 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, assessing the risk it assumes on a case-by-case basis, uses hedging products against foreign currency risk.

The Company's overall exposures to foreign currency risk at December 31, 2020 amounted to 7,1% (December 31, 2019: 5,3%) and is not considered significant.

The following table presents the Company's exposure to foreign currency exchange rate risk at 31 December 2020 and 31 December 2019 respectively. table includes the Company's assets and liabilities at carrying amounts categorized by currency.

| **31 December 2020**<br>(amounts in € thousand) | **EUR** | **USD** | **RON** | **GBP** | **Total** |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Deferred acquisition costs (DAC) | 2.595 | - | - | - | 2.595 |
| Investment in subsidiaries | - | - | 5.607 | - | 5.607 |
| Financial assets at FVTPL: | | | | | |
| - Derivative financial instruments | 7 | - | - | - | 7 |
| - Financial assets held for trading | 88.388 | 4.156 | - | - | 92.544 |
| Available for sale financial assets | 17.940 | - | 205 | 3.780 | 21.924 |
| Financial assets classified as loans and receivables | 3.703 | - | - | - | 3.703 |
| Cash and cash equivalents | 14.145 | - | - | - | 14.145 |
| Insurance receivables | 3.709 | - | - | - | 3.709 |
| Reinsurance receivables | 12.204 | - | - | - | 12.204 |
| Other assets | 35.899 | - | - | - | 35.899 |
| **Total assets** | **178.589** | **4.156** | **5.812** | **3.780** | **192.337** |
| **LIABILITIES** | | | | | |
| Insurance provisions | 99.868 | - | - | - | 99.868 |
| Other Liabilities | 20.810 | - | - | - | 20.810 |
| **Total Liabilities** | **120.678** | **-** | **-** | **-** | **120.678** |
| **Total Equity** | **57.910** | **4.156** | **5.812** | **3.780** | **71.658** |

| 31 December 2019<br>(amounts in € thousand) | EUR | USD | RON | GBP | 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** |

### (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.) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Total VaR | **0,3** | **1,4** |

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.

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 tables below present, 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 2020**

(amounts in € thousand)

| Financial Liabilities | Carrying Value | 0-1 months | 1-3 months | 3-12 months | > year | Total |
|---|---|---|---|---|---|---|
| Reinsurance payables | 2.618 | - | - | 2.618 | - | 2.618 |
| Payables to ceding insurers | 4 | - | - | 4 | - | 4 |
| Agents and Insurance Brokers | 2.212 | 858 | 1.269 | 0 | 84 | 2.212 |
| Other creditors | 3.912 | 2.903 | 1.009 | - | - | 3.912 |
| Lease liabilities | 3.582 | 42 | 85 | 373 | 3.082 | 3.582 |
| Other liabilities | 4.399 | - | 28 | 395 | 3.975 | 4.399 |
| **Total financial liabilities** | **16.727** | **3.804** | **2.391** | **3.390** | **7.141** | **16.727** |

**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** |

**Maturity analysis of insurance reserves (expected future cash flows)**

| 31 December 2020 (amounts in € thousand) | Carrying Value | 0-1 years | 1-3 years | 3-5 years | 5-10 years | >10 years | Total |
|---|---|---|---|---|---|---|---|
| Unearned Premium Reserves | 27.770 | 2.382 | 8.154 | 1.783 | 808 | - | **13.127** |
| Outstanding claims Reserves | 72.098 | 40.567 | 19.072 | 6.547 | 2.736 | - | **68.922** |
| **Total non-life reserves** | **99.868** | **42.949** | **27.226** | **8.330** | **3.544** | **-** | **82.049** |

| 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** |

**(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 2020** | | **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 | 186 | 186 | - | - | - | - | **186** |
| Listed debt securities: | | | | | | | |
| – Fixed rate | 92.351 | 92.334 | - | - | - | - | **92.334** |
| **Available for Sale:** | | | | | | | |
| Listed equity securities and mutual funds | 7.388 | 7.388 | - | - | - | - | **7.388** |
| Unlisted equity securities and mutual funds | 7.697 | 7.697 | - | - | - | - | **7.697** |
| Listed debt securities: | | | | | | | |
| – Fixed rate | 6.239 | 4.184 | 79 | 79 | 873 | 1.054 | **6.269** |
| – Floating rate | 600 | 621 | - | - | - | - | **621** |
| **Loans and receivables:** | | | | | | | |
| - Floating rate loans | 3.703 | 110 | 110 | 3.710 | - | - | **3.929** |
| **Derivative financial instruments** | 7 | 7 | - | - | - | - | **7** |
| **Cash and cash equivalents** | 14.145 | 14.145 | - | - | - | - | **14.145** |
| **Total** | **132.315** | **126.672** | **189** | **3.789** | **873** | **1.054** | **132.576** |

| **31 December 2020** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **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 | 99.868 | 42.949 | 18.093 | 9.132 | 5.284 | 6.590 | 82.049 |
| **Total** | **99.868** | **42.949** | **18.093** | **9.132** | **5.284** | **6.590** | **82.049** |

| **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** |

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), Conduct Risk Assessment, 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 addition, Commission Delegation Regulation (EU) 2015/35 of 10 October 2014, supplementing Directive 2009/138 / EC of the European Parliament and of the Council on the taking up and pursuit of insurance and reinsurance activities (Solvency II), is followed, and its subsequent amendments. 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 as provided for in the supervisory framework. The results of those calculations made on a quarterly basis are submitted to the Supervising Authority. Estimates of SCR and eligible Equity are made on a continuous 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 2020 and 31 December 2019, 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 2020**<br>(amounts in € thousand) | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Derivative financial instruments | - | 7 | - | 7 |
| Financial assets held for trading | 92.537 | - | - | 92.537 |
| Available for sale financial assets | 14.227 | 5.119 | 2.578 | 21.924 |
| **Total financial assets** | **106.764** | **5.126** | **2.578** | **114.468** |

| **31 December 2019**<br>(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** |

No transfers between levels 1 and 2 occurred during financial years ended 31 December 2020 and 2019 respectively.

The change in the value of financial assets which have been classified as Level 2 from € 1.534 thousand on December 31, 2019 to € 5.126 thousand on December 31, 2020 is mostly attributed to new financial assets' purchases amount of € 3.787 thousand and to the change in the fair value measurement amount of € (195) thousand.

The change in the value of financial assets which have been categorized at Level 3 from € 2.438 at December 31, 2019 to € 2.578 at December 31, 2020 is mainly due to the change in the fair value valuation.

**b) Financial assets and liabilities not measured at fair value:**

The following table shows the carrying and fair value of assets and liabilities that are not measured at fair value.

The assumptions and methodologies used for the calculation of the fair value of financial instruments not measured at fair value are consistent with those used to calculate the fair values of financial instruments measured at fair value. The fair value of loans and receivables is determined using quoted market prices. If quoted market prices are not available, the fair value is calculated on the basis of bond prices that have similar credit characteristics, maturity and yield or discounted cash flows.

The following table shows, according to the hierarchical levels of IFRS 13, the classification of assets valued at amortized cost:

| **31 December 2020** | **Level 1** | **Level 2** | **Level 3** | **Total Fair value** | **Total Carrying value** |
|---|---|---|---|---|---|
| *(amounts in € thousand)* | | | | | |
| **Financial assets** | | | | | |
| Financial assets classified as loans and receivables | - | 3.622 | - | 3.622 | 3.703 |
| **Total financial assets** | **-** | **3.622** | **-** | **3.622** | **3.703** |

The change in the value of financial assets which have been categorized at Level 2 from € 0 on December 31, 2019 to € 3.703 thousand on December 31, 2020 is due to new mortgage loans granted during the year.

## NOTE 5: PROPERTY, PLANT AND EQUIPMENT

| (amounts in € thousand) | **Leasehold Improvements** | **Vehicles** | **Furniture and Other Equipment** | **Total** |
|---|---|---|---|---|
| **Cost:** | | | | |
| Balance at 1 January 2020 | 53 | 3 | 1.543 | 1.599 |
| Additions, improvements | - | - | 313 | 313 |
| Disposals and write offs | - | - | - | - |
| **Balance at 31 December 2020** | **53** | **3** | **1.856** | **1.912** |
| **Accumulated Depreciation:** | | | | |
| Balance at 1 January 2020 | (32) | (1) | (1.218) | (1.252) |
| Depreciation charge | (5) | 0 | (165) | (171) |
| Disposals and write offs | - | - | - | - |
| **Balance at 31 December 2020** | **(37)** | **(2)** | **(1.384)** | **(1.423)** |
| **Net Book Value at 31 December 2020** | **17** | **1** | **472** | **489** |

| (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)** | **(1.218)** | **(1.252)** |
| **Net Book Value at 31 December 2019** | **21** | **2** | **324** | **347** |

On 31 December 2020 and 2019, there were no capital commitments for property, plant and equipment.

## NOTE 6: RIGHT OF USE ASSETS AND LEASE LIABILITIES

The movements of the Company's right of use assets on 31 December 2020 and 2019 respectively, are presented in the tables below:

| (amounts in € thousand) | Buildings | Vehicles | Other Equipment | Total |
|---|---|---|---|---|
| **Cost:** | | | | |
| Balance at 1 January 2020 | 4.252 | 116 | 176 | 4.544 |
| Additions | - | 19 | - | 19 |
| Cancellations | - | (6) | - | (6) |
| Modifications | 31 | - | 21 | 51 |
| **Balance at 31 December 2020** | **4.283** | **128** | **197** | **4.608** |
| **Accumulated Depreciations:** | | | | |
| Balance at 1 January 2020 | (483) | (40) | (66) | (588) |
| Depreciation charge | (486) | (40) | (78) | (605) |
| Cancellations | - | 5 | - | 5 |
| **Balance at 31 December 2020** | **(969)** | **(75)** | **(144)** | **(1.188)** |
| **Net Book Value at 31 December 2020** | **3.314** | **53** | **53** | **3.420** |

| (amounts in € thousand) | Buildings | Vehicles | Other Equipment | Total |
|---|---|---|---|---|
| **Cost:** | | | | |
| Balance at 1 January 2019 | 4.252 | 101 | 56 | 4.409 |
| Additions | - | 17 | 120 | 138 |
| Cancellations | - | (3) | - | (3) |
| Modifications | - | - | - | - |
| **Balance at 31 December 2019** | **4.252** | **116** | **176** | **4.544** |
| **Accumulated Depreciations:** | | | | |
| Balance at 1 January 2019 | - | - | - | - |
| Depreciation charge | (483) | (41) | (66) | (590) |
| Cancellations | - | 2 | - | 2 |
| **Balance at 31 December 2019** | **(483)** | **(40)** | **(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) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Short-term lease liabilities | 510 | 507 |
| Long-term lease liabilities | 3.072 | 3.540 |
| **Total** | **3.582** | **4.047** |

Additionally, lease liabilities are due as follows:

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Within a year | 510 | 507 |
| Within the second year | 488 | 502 |
| From 3 to 5 years | 1.506 | 1.449 |
| After 5 years | 1.079 | 1.589 |
| **Total lease liabilities** | **3.582** | **4.047** |

In addition, the amounts recognized by the Company in the income statement for the years 2020 and 2019 relating to leases, are as follows:

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Depreciation charge of right of use assets | (605) | (588) |
| Interest expense on lease liabilities | (189) | (209) |
| Expenses related to short-term leases and non-lease components | (55) | (62) |
| Variable lease expenses not included the measurement of lease liabilities | (18) | (25) |
| **Total** | **(867)** | **(884)** |

## NOTE 7: INVESTMENT PROPERTIES

| (amounts in € thousand) | Investment properties-Land | Investment properties - Buildings | Total |
|---|---|---|---|
| **Cost:** | | | |
| Balance at 1 January 2020 | 312 | 797 | 1.109 |
| Disposals and Write-offs | - | - | - |
| **Balance at 31 December 2020** | **312** | **797** | **1.109** |
| **Accumulated Depreciation:** | | | |
| Balance at 1 January 2020 | - | (347) | (347) |
| Depreciation charge | - | (17) | (17) |
| Disposals and Write-offs | - | - | - |
| **Balance at 31 December 2020** | **-** | **(364)** | **(364)** |
| **Net book value at 31 December 2020** | **312** | **432** | **744** |

| (amounts in € thousand) | Investment properties-Land | Investment properties - Buildings | Total |
|---|---|---|---|
| **Cost:** | | | |
| Balance at 1 January 2019 | 337 | 846 | 1.184 |
| Disposals and Write-offs | (25) | (50) | (75) |
| **Balance at 31 December 2019** | **312** | **797** | **1.109** |
| **Accumulated Depreciation:** | | | |
| Balance at 1 January 2019 | - | (336) | (336) |
| Depreciation charge | - | (26) | (26) |
| Disposals and Write-offs | - | 15 | 15 |
| **Balance at 31 December 2019** | **-** | **(347)** | **(347)** |
| **Net book value at 31 December 2019** | **312** | **450** | **762** |

On 31 December 2020 and 31 December 2019 a valuation of investment properties was carried out by an independent certified valuer.

During the year ended December 31, 2020, rental income amounting to € 62 thousand (2019: € 60 thousand) was recognized in the "Income Statement". As at 31 December 2020 and 2019, there were no capital commitments for investment properties.

The fair value of each investment property category as at December 31, 2020 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 the Company's investment properties are classified as Level 3 of the fair value hierarchy.

| Property Description | Area | Carrying amount 31/12/2020 | Carrying amount 31/12/2019 | Fair Value 31/12/2020 | Fair Value 31/12/2019 |
|---|---|---|---|---|---|
| Commercial property 558 sq.m . | Athens, 2-4 Sina Str. | 694 | 710 | 900 | 890 |
| Residential property 99,47 sq.m. | Thessaloniki, 47 Kritis Str. | - | - | - | - |
| Commercial property 111,68 sq.m | Thessaloniki , 7 Tantalou Str. | 51 | 52 | 60 | 61 |
| **Total** | | **744** | **762** | **960** | **951** |

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 2020 | 5.698 | 22.056 | 27.754 |
| Additions, improvements | 1.025 | - | 1.025 |
| Disposals and Write-offs | (22) | - | (22) |
| **Balance at 31 December 2020** | **6.702** | **22.056** | **28.758** |
| | | | |
| **Accumulated Depreciation:** | | | |
| Balance at 1 January 2020 | (2.288) | - | (2.288) |
| Amortization charge | (728) | - | (728) |
| Disposals and Write-offs | 13 | - | 13 |
| **Balance at 31 December 2020** | **(3.603)** | **-** | **(3.603)** |
| | | | |
| **Net Book value at 31 December 2020** | **3.099** | **22.056** | **25.155** |

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

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 2020 and 31 December 2019 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 2020 and 2019 are as follows:

| | 2020 | 2019 |
|---|---|---|
| Discount factor (before tax) | 9% | 9% |
| Growth rate | 2% | 2% |

## NOTE 9: INVESTMENTS IN SUBSIDIARIES

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Carrying amount | 5.607 | 4.655 |
| Percentage holding | 95,29% | 95,28% |
| Subsidiary | EUROLIFE FFH ASIGURARI GENERALE S.A. | EUROLIFE FFH 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) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Cost** | | |
| Balance at 1 January | 4.665 | 4.179 |
| Share capital increase | 953 | 476 |
| **Balance at 31 December** | **5.607** | **4.655** |

According to 02.12.2020 decision of the Extraordinary General Meeting of Shareholders of the subsidiary Eurolife FFH Asigurari Generale S.A., the subsidiary proceeded to an increase of share capital by € 999 thousand (RON 4.871 thousand) by issuing 3.446 new shares at a nominal value of € 290 (RON 1.413,6), which was covered by its shareholders, Eurolife FFH General Insurance S.A. (with a percentage of 95,3%) and Eurolife FFH Life Insurance S.A. (with a percentage of 4,7%). Following the increase, the subsidiary's share capital amounts to € 5.779 thousand (RON 22.230 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 01/01/2020 | Changes in Income Statement | Changes in OCI | Ending Balance 31/12/2020 |
|---|---|---|---|---|
| **Valuation of Investments** | | | | |
| Changes in fair value of financial assets available for sale | (1.607) | - | 1.413 | (194) |
| Impairment of financial assets available for sale | 25 | 204 | - | 229 |
| Changes in fair value of financial assets held for trading | (49) | 26 | - | (23) |
| Changes in the amortized cost of financial assets classified as Loans and Receivables | - | (19) | - | (19) |
| Changes in the fair value of Derivative financial instruments | - | (2) | - | (2) |
| **Various Provisions** | | | | |
| Provision for staff leaving indemnities | 121 | 2 | 10 | 132 |
| Provision for other doubtful and disputed receivables | 680 | (2) | - | 678 |
| **Foreign exchange differences of Investments** | | | | |
| Changes in fair value of financial assets held for trading | 13 | (2) | - | 11 |
| **Property, plant and equipment & Intangible Assets** | | | | |
| Depreciation/Amortization of property, plant and equipment and intangible assets | (26) | (16) | - | (42) |
| **Other temporary differences** | 84 | 10 | - | 94 |
| **Total Deferred Tax Assets / (Liabilities)** | **(760)** | **201** | **1.423** | **864** |

| (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 held for trading | 25 | (13) | - | 13 |
| **Property, plant and equipment & Intangible Assets** | | | | |
| Depreciation/Amortization of property, plant and equipment and intangible assets | (47) | 20 | - | (26) |
| **Other temporary differences** | 57 | 27 | - | 84 |
| **Total Deferred Tax Assets / (Liabilities)** | **816** | **(207)** | **(1.369)** | **(760)** |

The deferred tax movement from changes in the fair value of Available-for-sale financial assets is analyzed as follows: € 276 thousand (2019: € (1.625) thousand) from changes in fair value and € 1.138 thousand (2019: € 70 thousand) from transfers to profit or loss due to the sale of AFS assets.

## NOTE 11: FINANCIAL ASSETS HELD FOR TRADING

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Government securities:** | | |
| Greek government | 88.194 | 7.998 |
| Other governments | 4.156 | 5.001 |
| | | |
| **Other issuers' securities:** | | |
| Banks | 183 | 291 |
| Other | 3 | - |
| **Total** | **92.537** | **13.290** |
| | | |
| Treasury bills | 92.351 | 12.999 |
| Equity shares | 186 | 291 |
| **Total** | **92.537** | **13.290** |

The movement in securities is as follows:

| (amounts in € thousand) | 2020 | 2019 |
|---|---|---|
| Balance at 1 January | 13.290 | 59.690 |
| Additions | 250.660 | 172.123 |
| Sales/ Liquidations | (171.337) | (218.933) |
| Bonds amortization | 21 | 210 |
| Foreign exchange differences | 9 | 38 |
| Changes in fair value of debt securities | (2) | 30 |
| Changes in fair value of equity securities | (105) | (2) |
| Derecognition gain from equity securities | - | 134 |
| **Balance at 31 December** | **92.537** | **13.290** |

## NOTE 12: AVAILABLE FOR SALE FINANCIAL ASSETS

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Government securities:** | | |
| Greek government | - | 81.405 |
| Other governments | 1.257 | 1.292 |
| | | |
| **Other issuers' securities:** | | |
| Banks | 1.699 | 2.701 |
| Other | 18.865 | 12.539 |
| **Total** | **21.821** | **97.937** |
| | | |
| Listed securities | 14.124 | 93.965 |
| Non-listed Securities | 7.697 | 3.972 |
| **Total** | **21.821** | **97.937** |
| | | |
| Bonds | 6.735 | 84.564 |
| Equity shares | 7.593 | 9.606 |
| Mutual Funds | 7.492 | 3.767 |
| **Total** | **21.821** | **97.937** |

**Plus**

| | | |
|---|---|---|
| Accrued interest | 104 | 1.800 |
| **Total** | **21.924** | **99.737** |

The movement in securities is as follows:

| (amounts in € thousand) | 2020 | 2019 |
|---|---|---|
| Balance at 1 January | 99.737 | 59.200 |
| Additions | 8.450 | 92.554 |
| Sales /Liquidations | (77.513) | (58.350) |
| Bonds amortization | (313) | (125) |
| Changes in fair value of debt securities | (4.649) | 4.654 |
| Changes in fair value of equity securities | (1.240) | 1.126 |
| Derecognition gain from equity securities | - | 793 |
| Impairment of equity securities | (852) | - |
| Changes in accrued interest | (1.697) | (115) |
| **Balance at 31 December** | **21.924** | **99.737** |

## NOTE 13 : FINANCIAL ASSETS CLASSIFIED AS LOANS AND ASSETS

| *(amounts in € thousand)* | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Loans** | | |
| Commercial mortgage loans | 3.681 | - |
| **Total** | **3.681** | **-** |
| **Plus:** | | - |
| Accrued interest on loans | 22 | - |
| **Total** | **3.703** | **-** |

The movement in securities is as follows:

| *(amounts in € thousand)* | 2020 | 2019 |
|---|---|---|
| **Balance at 1 January** | - | - |
| Loans granted | 3.600 | - |
| Capitalized expenses | 86 | - |
| Loans amortization | (6) | - |
| Changes in accrued interest | 22 | - |
| **Balance at 31 December** | **3.703** | **-** |

In October 2020, the Company granted commercial mortgage loans, with a floating interest rate, of a total nominal value of € 3.600 thousand to foreign property management companies. The duration of the loans is three years with the right of extension up to two years.

## NOTE 14: INSURANCE RECEIVABLES

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| **Insurance receivables** | | |
| Insurance receivables up to 30 days | 2.163 | 5.116 |
| Insurance receivables between 30 to 90 days | 975 | 1.070 |
| Insurance receivables beyond 90 days | 4.521 | 4.314 |
| Provision for doubtful receivables | (3.866) | (3.834) |
| (minus) Premium prepayments | (83) | (56) |
| **Total** | **3.709** | **6.610** |

Insurance receivables from related parties represent 5,9% (2019: 3,1%) of total receivables. Management does not expect impairment losses from related parties due to inability of payments.

## NOTE 15: OTHER RECEIVABLES

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Receivables from ceding insurers | 836 | 876 |
| Reinsurance receivables (current account) | 324 | 354 |
| Other receivables | 1.843 | 1.940 |
| Commissions and deferred acquisition costs | 2.595 | 2.971 |
| Other prepaid expenses | 905 | 812 |
| **Total** | **6.504** | **6.953** |

## NOTE 16: REINSURANCE RECEIVABLES

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

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Receivables from unearned premiums reserves (U.P.R.) | 2.486 | 2.253 |
| Receivables from outstanding claims reserves (O.C.R.) | 9.719 | 9.669 |
| **Total** | **12.204** | **11.922** |

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 17: CASH AND CASH EQUIVALENTS

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Cash on hand | 2 | 10 |
| Deposits on demand | 7.533 | 2.428 |
| Time deposits | 6.610 | 6.605 |
| **Total** | **14.145** | **9.043** |

Time deposits have a maturity of less than 90 days. The weighted average effective interest rate on time deposits was 0,58%.

## NOTE 18: 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 FFH Insurance Group Holdings S.A." owns 100% of its share capital. The Company has no stock option plan.

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| No of ordinary shares | 49.800 | 49.800 |
| Paid up | 3.064 | 3.064 |
| **Share Capital** | **3.064** | **3.064** |

## NOTE 19: 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 2020** | **12.257** | **30.210** | **4.529** | **(94)** | **9.379** | **56.282** |
| Transfer of prior period profits | - | 4.999 | - | - | (1.481) | 3.518 |
| Remeasurement of defined benefit obligation, net of tax | - | - | - | (30) | - | (30) |
| Change in fair value of AFS financial assets | - | - | (5.889) | - | - | (5.889) |
| Deferred tax on change in fair value of AFS financial assets | - | - | 1.413 | - | - | 1.413 |
| **Balance at 31 December 2020** | **12.257** | **35.209** | **54** | **(124)** | **7.899** | **55.294** |

| (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** |
| 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** |

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 20: 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) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| **Movement of provision for staff leaving indemnities** | | |
| **Balance at 1 January** | 503 | 424 |
| Benefits paid | (227) | (68) |
| Total expense recognized in the income statement | 236 | 105 |
| Actuarial (gains) / losses recognized in equity | 40 | 42 |
| **Balance at 31 December** | **552** | **503** |

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| **Amounts recognized in the income statement** | | |
| Current service cost | 44 | 40 |
| Net interest | 4 | 8 |
| Curtailments / settlements / terminations | 188 | 57 |
| **Total expense / (income) in income statement** | **236** | **105** |

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** | 2020 | 2019 |
|---|---|---|
| Discount rate | 0,5% | 0,9% |
| Future salary increases | 0,0% to 4,0% | 0,0% to 4,0% |
| Inflation | 1,4% | 1,4% |
| Expected remaining service life (years) | 15,3 | 15,6 |

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2020 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 (€38,1) thousand / €42,5 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 €43,6 thousand / (€41,4) thousand.

## NOTE 21: INSURANCE PROVISIONS

| ( amounts in € thousand) | 31/12/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Company | Reinsurers | Total | Company | Reinsurers | Total |
| Unearned premiums reserves (UPR) | 23.436 | 2.486 | 25.922 | 28.304 | 2.253 | 30.557 |
| Outstanding claims reserves | 62.379 | 9.719 | 72.098 | 59.785 | 9.669 | 69.454 |
| Unexpired risk reserve | 1.848 | 0 | 1.848 | 1.139 | - | 1.139 |
| **Total Insurance Provisions** | **87.664** | **12.204** | **99.868** | **89.228** | **11.922** | **101.150** |

The outstanding claims reserves from inwards reinsurance amounts to €3.605 thousand as at 31 December 2020 (2019: €5.200 thousand) and the unearned premiums reserves from inwards reinsurance amounts to €115 thousand in 2020 (2019: €135 thousand). Outstanding claims reserves mainly comprise of reserve for reported losses amounting to €69.212 thousand in 2020 (2019: €66.615 thousand).

### Change in Outstanding Claims

| (amounts in € thousand) | 31/12/2020 Company | Reinsurers | Total | 31/12/2019 Company | Reinsurers | Total |
|---|---|---|---|---|---|---|
| Outstanding claims | 56.946 | 9.669 | 66.615 | 55.247 | 14.824 | 70.071 |
| Additional reserves | 2.839 | 0 | 2.839 | 3.081 | - | 3.081 |
| **Balance at 1 January** | **59.785** | **9.669** | **69.454** | **58.328** | **14.824** | **73.152** |
| Reduction from claims paid | (7.008) | (76) | (7.085) | (8.282) | (4.391) | (12.673) |
| Increase from current year's claims | 13.537 | 239 | 13.776 | 14.010 | 143 | 14.153 |
| Increase/(decrease) from prior years' claims | (3.967) | (128) | (4.094) | (4.029) | (907) | (4.936) |
| Additional Reserves | 32 | 14 | 47 | (242) | - | (242) |
| **Change in Outstanding Claims (note 29)** | **2.595** | **49** | **2.644** | **1.457** | **(5.155)** | **(3.698)** |
| Outstanding claims | 59.508 | 9.704 | 69.212 | 56.946 | 9.669 | 66.615 |
| Additional Reserves | 2.872 | 14 | 2.886 | 2.839 | - | 2.839 |
| **Balance at 31 December** | **62.379** | **9.719** | **72.098** | **59.785** | **9.669** | **69.454** |

### Table of claims development

| Year of Incident | < 2011 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimate of ultimate cost of claims: | | | | | | | | | | | | |
| Year of claim | | 13.411 | 19.757 | 19.132 | 22.359 | 10.835 | 15.496 | 18.400 | 27.254 | 20.692 | 20.060 | 310.127 |
| One year later | | 13.533 | 19.682 | 19.729 | 23.017 | 10.908 | 16.041 | 18.731 | 28.061 | 20.647 | | |
| Two years later | | 13.598 | 20.395 | 19.458 | 22.921 | 10.757 | 16.395 | 18.345 | 27.920 | | | |
| Three years later | | 13.980 | 20.441 | 19.316 | 22.282 | 10.743 | 15.876 | 18.003 | | | | |
| Four years later | | 13.828 | 20.339 | 18.824 | 20.981 | 10.557 | 15.218 | | | | | |
| Five years later | | 11.415 | 17.456 | 15.167 | 16.952 | 8.638 | | | | | | |
| Six years later | | 10.611 | 18.931 | 14.687 | 16.889 | | | | | | | |
| Seven years later | | 10.508 | 18.626 | 14.462 | | | | | | | | |
| Eight years later | | 10.526 | 18.319 | | | | | | | | | |
| Nine years later | | 10.244 | | | | | | | | | | |
| Current estimate of ultimate cost of claims: | 97.198 | 10.244 | 18.319 | 14.462 | 16.889 | 8.638 | 15.218 | 18.003 | 27.920 | 20.647 | 20.060 | 267.598 |
| Cumulative payments | 94.130 | 9.527 | 10.527 | 12.408 | 13.853 | 6.261 | 10.041 | 11.198 | 17.072 | 10.897 | 6.284 | 202.197 |
| **Amount of provision** | **3.068** | **717** | **7.792** | **2.054** | **3.036** | **2.378** | **5.177** | **6.805** | **10.848** | **9.750** | **13.776** | **65.401** |
| Reserve for previous years | | | | | | | | | | | | **460** |
| Reserve for inwards reinsurance –Motor | | | | | | | | | | | | **3.351** |
| Additional reserve with statistical method | | | | | | | | | | | | **491** |
| Unallocated Loss Adjustment expenses | | | | | | | | | | | | **2.394** |
| **Total Reserve for Outstanding Claims** | **3.068** | **717** | **7.792** | **2.054** | **3.036** | **2.378** | **5.177** | **6.805** | **10.848** | **9.750** | **13.776** | **72.098** |

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.

## NOTE 22: INSURANCE AND OTHER LIABILITIES

| (amounts in € thousand) | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Reinsurers – Current account | 2.618 | 2.932 |
| Ceding companies – current accounts | 4 | 5 |
| Agents and brokers | 2.212 | 3.624 |
| Taxes | 2.990 | 3.549 |
| Social security | 542 | 567 |
| Other Creditors | 3.912 | 1.572 |
| Other liabilities | 4.399 | 4.147 |
| **Total** | **16.676** | **16.396** |

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

## NOTE 23: NET EARNED PREMIUMS

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Other Non-life Gross Written premiums- Direct | 37.906 | 43.129 |
| Other Non-life Policy Fees | 6.923 | 8.505 |
| Change in unearned premium reserve | 3.384 | (3.261) |
| **Total Other Non-life Gross Earned premiums** | **48.213** | **48.372** |
| Motor vehicle liability gross written premiums- Direct | 14.638 | 14.952 |
| Motor vehicle liability policy fees | 3.660 | 3.739 |
| Change in unearned premium reserve | 522 | (1.414) |
| **Total Motor vehicle liability Gross Earned premiums** | **18.820** | **17.277** |
| **Total Gross Earned premiums- Direct** | **67.034** | **65.649** |
| Other non-life inward reinsurance written premiums | 1.006 | 1.066 |
| Change in unearned premium reserve | 20 | (10) |
| **Total other Non-life earned premiums from inward reinsurance** | **1.026** | **1.056** |
| **Total Inward Reinsurance Earned premiums** | **1.026** | **1.056** |
| **Total gross earned premiums** | **68.060** | **66.705** |

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Other Non-life premiums ceded to reinsurers | (12.296) | (12.341) |
| Change in unearned premium reserve | 233 | 708 |
| **Total other non-life premiums ceded to reinsurers** | **(12.063)** | **(11.633)** |
| Motor vehicle liability premiums ceded to reinsurers | (177) | (185) |
| **Total motor vehicle liability premiums ceded to reinsurers** | **(177)** | **(185)** |
| **Total earned premiums ceded** | **(12.241)** | **(11.818)** |
| **Total net earned premiums** | **55.819** | **54.887** |

## NOTE 24: OTHER INSURANCE RELATED INCOME

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Commission income from reinsurers motor vehicle liability | 24 | 25 |
| Commission income from reinsurers other non-life | 1.321 | 1.049 |
| **Total** | **1.345** | **1.073** |

## NOTE 25: INVESTMENT INCOME

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| **Trading portfolio & Cash equivalents** | | |
| Interest income on debt securities | 181 | 368 |
| Interest income on bank deposits and cash | 45 | 205 |
| Gains / (losses) from foreign exchange differences of time deposits | (570) | 173 |
| | **(344)** | **746** |
| **Available for sale financial assets** | | |
| Dividend income on equities | 184 | 182 |
| Dividend income on mutual funds | 4 | 1 |
| Interest income on debt securities | 883 | 2.390 |
| | **1.070** | **2.572** |
| **Loans and Receivables financial assets** | | |
| Interest income on commercial mortgage loans | 16 | - |
| | **16** | **-** |
| **Other investment income** | | |
| Rental income | 62 | 60 |
| Interest income on inwards reinsurance reserve | 6 | 17 |
| Other interest income | 40 | 34 |
| | **108** | **111** |
| **Total Investment Income** | **851** | **3.429** |

## NOTE 26: GAINS FROM SALE OF FINANCIAL ASSETS

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| **Trading Portfolio** | | |
| Gains from equities disposal | - | 134 |
| (Losses) from bonds disposal | - | (2) |
| **Subtotal** | **-** | **132** |
| **Portfolio of available for sale financial assets** | | |
| Gains from equities disposal | - | 793 |
| Gains from mutual finds disposal | - | 47 |
| Gains from bonds disposal | 6.931 | 12.630 |
| **Subtotal** | **6.931** | **13.469** |
| **Total gains on disposal of financial assets** | **6.931** | **13.601** |

## NOTE 27: FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| **Trading Portfolio** | | |
| (Losses) from equities valuation | (105) | (2) |
| Gains/(Losses) from bonds valuation | (2) | 30 |
| Gains from foreign exchange differences –Bonds | 9 | 38 |
| **Subtotal** | **(98)** | **66** |
| | | |
| **Portfolio of available for sale financial assets** | | |
| Impairment of equities | (852) | - |
| **Subtotal** | **(852)** | **-** |
| | | |
| **Total fair value gains / (losses) on financial assets** | **(949)** | **66** |

## NOTE 28: OTHER INCOME/ (EXPENSES)

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Revenue from personnel premiums | 13 | 37 |
| Revenue from personnel lending | 115 | 129 |
| Other income | 28 | 54 |
| Foreign exchange differences of bank deposits and cash | 6 | (28) |
| Income from unused provisions | 11 | 10 |
| **Total** | **173** | **202** |

## NOTE 29: CLAIMS AND CHANGE IN INSURANCE PROVISIONS

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Claims paid - motor vehicle liability | (6.864) | (9.867) |
| Claims paid - other non-life | (6.424) | (9.294) |
| **Claims paid** | **(13.288)** | **(19.161)** |
| Change in outstanding claims reserve - motor vehicle liability | (1.035) | 1.335 |
| Change in outstanding claims reserve – others non-life | (1.609) | 2.363 |
| **Change in insurance provisions** | **(2.644)** | **3.698** |
| Reinsurance share on claims paid- others non-life | 196 | 5.083 |
| Reinsurance share in change of outstanding claims reserve - motor vehicle liability | - | (23) |
| Reinsurance share in change of outstanding claims reserve - other non-life | 49 | (5.131) |
| **Reinsurance share on claims paid and outstanding claims** | **245** | **(71)** |
| | | |
| Company's share on claims paid - Motor Vehicle Liability | (6.864) | (9.867) |
| Company's share on claims paid - other non-life | (6.228) | (4.211) |
| Company's share on outstanding claims reserve - motor vehicle liability | (1.035) | 1.312 |
| Company's share on outstanding claims reserve - other non-life | (1.560) | (2.768) |
| **Total claims and changes in insurance provisions** | **(15.687)** | **(15.534)** |

## NOTE 30: ACQUISITION EXPENSES

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Commission and overcommission fees on premium production | (9.023) | (9.065) |
| Other commission fees | (1.649) | (2.339) |
| Other production expenses | (407) | (490) |
| Commissions to cedents | (304) | (309) |
| Change in acquisition expense for future periods | (229) | 941 |
| Contributions on premium production | (1.584) | (1.660) |
| **Total** | **(13.196)** | **(12.922)** |

## NOTE 31: ADMINISTRATIVE EXPENSES

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Employee benefit expenses (note 32) | (9.303) | (10.623) |
| Administrative expenses | (5.602) | (4.865) |
| Taxes | (39) | (36) |
| Depreciation and amortization expense | (1.521) | (1.396) |
| Provisions | 8 | (62) |
| Interest expense and bank expenses | (684) | (876) |
| **Total** | **(17.141)** | **(17.858)** |

**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) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Statutory Audit | (75) | (75) |
| Tax audit-article 65a, law 4174/2013 | (23) | (20) |
| Other audit related assignments | (32) | (32) |
| Non audit assignments | (3) | (28) |
| **Total** | **(132)** | **(154)** |

## NOTE 32 : EMPLOYEE BENEFIT EXPENSES

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Salaries and other benefits | (7.411) | (8.634) |
| Social security contributions | (1.171) | (1.173) |
| Other provisions related to personnel | (10) | (37) |
| Pension costs -Defined benefit plans and other costs | (712) | (778) |
| **Total** | **(9.303)** | **(10.623)** |
| **Average Number of Personnel:** | **162** | **154** |

The Company, in its effort to enhance the creation of pension funds for its employees, provide them with certain defined contribution plans. On December 31$^{st}$, 2020, following relevant Board of Directors' decisions, the Company decided to terminate the defined contribution plans that were in force and to return the total contributions to their employees. At the same time, instead of the previous plans, the Company has proceeded with all actions necessary to establish an Employee Occupational Insurance Fund in which all employees will be able to participate as members.

## NOTE 33: INCOME TAX EXPENSE

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| **Current income tax** | | |
| Current tax on profits for the year | (5.011) | (7.096) |
| Adjustment on previous years' income tax and other adjustments | (45) | (83) |
| **Total current income tax** | **(5.056)** | **(7.179)** |
| | | |
| **Deferred tax** | | |
| Increase/(Decrease) in deferred tax assets | 213 | (13) |
| Increase / (Decrease) in deferred tax liabilities | (12) | (194) |
| **Total deferred tax income / (expense)** | **201** | **(207)** |
| | | |
| **Total income tax** | **(4.855)** | **(7.385)** |

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% (2019: 24%) for the 2019 tax year onwards.

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

| (amounts in € thousand) | 01/01-31/12/2020 | 01/01-31/12/2019 |
|---|---|---|
| Profit before tax | 18.155 | 26.944 |
| | **18.155** | **26.944** |
| | | |
| Income tax at applicable tax rate 24% (2019: 24%) | (4.357) | (6.466) |
| | | |
| Impact of change in tax rate | - | (43) |
| **Tax effect of amounts which are not deductible in calculating taxable income:** | | |
| Non tax deductible expenses | (455) | (795) |
| Income not subject to tax | 2 | 2 |
| Adjustment in previous years' income tax and other adjustments | (45) | (83) |
| **Total income tax** | **(4.855)** | **(7.385)** |

## NOTE 34: RELATED PARTY TRANSACTIONS

The Company is controlled by Eurolife FFH Insurance Group Holdings S.A. (thereafter "Eurolife FFH 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 FFH Insurance Group.

On 4 August 2016, the disposal of 80% of the share capital of Eurolife FFH Insurance Group was completed and control of Eurolife FFH 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 FFH 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 31/12/2020** | **Receivables** | **Payables** | **Revenue** | **Expenses** |
|---|---|---|---|---|
| Deposits on demand & time deposits | 1.481 | - | 32 | - |
| Insurance operations | 6 | 1.307 | 1.724 | 2.555 |
| Investment operations | - | - | - | - |
| Other transactions | - | - | - | 214 |
| **Total** | **1.487** | **1.307** | **1.756** | **2.770** |

(amounts in € thousand)

| **Other Related Parties 31/12/2020** | **Receivables** | **Payables** | **Revenue** | **Expenses** |
|---|---|---|---|---|
| Deposits on demand & time deposits | 10 | - | - | - |
| Insurance operations | 213 | 337 | 456 | 1.245 |
| Investment operations | - | - | - | 379 |
| Other transactions | 25 | 83 | 177 | 1.258 |
| **Total** | **248** | **420** | **633** | **2.881** |
| | | | | |
| Transactions with key management personnel | **-** | **4** | **32** | **28** |
| Remuneration and benefits of key management personnel | | | | **940** |

(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** |

The above table does not include dividend payments of the Company to its shareholder in 2020 and 2019. These transactions are described in detail in note 36 “Dividends”.

On 31 December 2020 and 2019 there were no receivables from loans to key management personnel. Moreover, the Company holds investments in mutual funds and equities issued by related parties. More specifically on 31 December 2020 the fair value of these mutual funds amounted to € 5.119 thousand (31 December 2019: € 1.534 thousand) and of these equities amounted to € 1.881 thousand (31 December 2019: € 2.992 thousand).

## NOTE 35: COMMITMENTS AND CONTINGENT LIABILITIES

### Legal issues

There are no pending litigations against the Company or other contingent liabilities and commitments as at 31 December 2020 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 2014.

For the year ended 31 December 2011 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 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 2014-2019. The tax audit conducted in this context for 2020 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 36: DIVIDENDS

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

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 FFH 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 FFH Insurance Group. The interim dividend was paid to the shareholder on 18 December 2019.

On 18 May 2020 the Annual Shareholders' General Meeting of the Company approved the distribution of the interim dividend decided on 23 September 2019 and the distribution of additional dividend of €1.041 thousand to the shareholder Eurolife FFH Insurance Group. The dividend was derived from the profits of the fiscal year ended on 31 December 2019. The dividend was paid to the shareholder on 25 May 2020.

## NOTE 37: IMPACT OF THE PANDEMIC

The rapid spread of the COVID-19 virus brought humanity in early 2020 face to face with a dangerous pandemic that so far threatens public health and has cost the lives of millions of people. At the same time, it has extensive economic effects, while the possibility that it will be catastrophic for some sectors remains. On the one hand, lock-downs forced and social distance imposed lead to the restriction or even suspension of business activities for a long time. On the other hand, the intense concern and insecurity about the effects of the pandemic on public health, causes prolonged and intense uncertainty with serious consequences on the proper functioning of the economies. The central banks and governments of the world's strongest economies reacted immediately in order to avoid a serious global economic crisis that would have been caused by the pandemic and to limit its economic consequences to a manageable recession. Thus, governments have been given the opportunity to focus on defending public health and protecting their citizens.

Financial impact on macroeconomic level

During 2020, the coronavirus pandemic led the Greek economy into a major recession, mainly due to reduced household income and consumption, shrinking investments and limited external demand for Greek goods and services. Inflation returned to negative levels, after three consecutive years of positive growth. In the labor market, the increase in total employment and the fall in unemployment rate were halted. Fiscal, monetary and financial interventions have been adopted to support businesses and employees and reduce the consequences. The temporary easing of the rules of the Stability and Growth Pact and the institutional framework for state aid, as well as the European aid package provided in April 2020, have allowed European members to support production and employment.

However, the dominant action of the European Union's policy towards the pandemic is the creation of the European Next Generation EU (NGEU) recovery instrument, which will fund development initiatives in the period 2021-2026.

The effects of the decision of the European Central Bank to include Greek government bonds in the Pandemic Emergency Purchase Program (PEPP) and their acceptance by the Eurosystem as collateral in order to increase liquidity were particularly favorable. As a result, Greek government and corporate bond yields fell and in November 2020, Moody's upgraded Greece by one notch. The Company closely monitors developments in the macroeconomic environment of Greece, examines the possible effects of changing market conditions on a daily basis and has increased its readiness to make decisions to protect itself against the economic effects of the pandemic.

<u>Operating Capability</u>

From the very beginning of the pandemic, the Company has activated a Special Action Plan to deal with the emergency. The commitment of the Board of Directors that the protection of employees' health and safety is a priority remains non-negotiable. Another key priority is business continuity. The Company has managed to achieve business continuity, meet its business objectives as well as fulfill its obligations to all stakeholders such as: Customers, Partners, Supervisory Authority, Shareholders by taking immediate actions and measures. Also demonstrating social sensitivity, the Company undertook initiatives to alleviate and support vulnerable groups by supporting the Society.

Without complacency, along with the experience of managing the situation for over 1 year, both the Board of Directors and the Management Team of the Company, closely monitor the developments and then decide and act accordingly. The core measures taken to achieve the smooth operation of the Company under the new conditions imposed by the pandemic are:

- Measures for the safety and health of employees such as review of human resource management policies and practices (vulnerable groups, special purpose leave, rules regarding business travel, etc.), implementation of working remotely policy in 70-98% of employees, providing information /enhancing staff awareness on the pandemic and remote working conditions.
- Measures related to the new Work at Home operating model (W@H) such as alternative procedures and control mechanisms adapted to the new needs / conditions, appropriate distribution of employees, job rotation, provision of additional tools to facilitate work and collaboration, supply of equipment (laptops, headsets, etc.) to support working remotely.
- Other measures taken that are meant to support the implementation of working remotely are the use of "Information and Communication Technology" (ICT) infrastructures, the protection of such infrastructures, the prevention of data leakage, the provision of safe and uninterrupted access to the necessary infrastructures and increasing employee awareness.

Based on all the above, a year later, the Company succeeds in achieving its business goals without being complacent about the risk.

<u>Financial situation and solvency of the Company</u>

In 2020, despite the unprecedented challenges, the Company proved its resilience once again. The Government Bonds' purchase program of the European Central Bank resulted in the reduction of Greek bonds' yields and consequently the country's borrowing cost. In this context, the Company recorded significant realized gains by selling some of its investments in Greek Government Bonds. Profit before tax amounted to € 18,2 million, exceeding expectations. The strengthening of the Company's liquidity position also came as a result of the bonds' disposal.

Despite the adverse effects of the pandemic, the Company successfully responded to the new conditions applied.

- So far no significant changes have been observed in the behavior of insurance recipients and their insurance needs. It is not anticipated that this will change in the near future. The Company continues its digital transformation so that it can cover any increased needs of distribution channels, insurance recipients and claims' beneficiaries.
- With regard to the underwriting of insurance risk, in cases where the process needed to be adjusted, this has been done in line with reinsurance coverage.
- There was no significant lag in the production of premiums.
- With regard to claims, there was a decrease in the claims paid mainly in the motor and health sectors. The decreased claims is attributable, on the one hand, to the lock-down imposed in order to control the spread of the pandemic and, on the other hand, to the instructions given by the national public health organization.
- The existing products and insurance coverage offered smoothly support the Company's business planning without identifying a significant negative impact from the effects of the pandemic.

In mid-2020, the Company, taking into account that the effects of the spread of the pandemic had penetrated into all economic activity, updated its business plan and conducted the first "Own Risk and Solvency Assessment" exercise under these new special conditions (1st ORSA report under COVID-19 conditions). The report did not show a significant financial impact of the pandemic on the Company's financial figures. Also, the results showed that the solvency position of the Company will not be threatened in the future. At the end of 2020, the Greek insurance subsidiaries prepared their new business plan and re-performed the annual "Own Risk and Solvency Assessment" exercise based on the new data available (2nd ORSA report in COVID-19 conditions). In this exercise, extreme stress scenarios were selected, adapted to the updated risk profile. The capital requirements and eligible own funds were calculated and assessed in the med-term (three years) and their adequacy was confirmed. As at 31 December 2020, without any dividend distribution being calculated, the Company's solvency ratio (SCR coverage ratio) is estimated in the area of 150% without making use of the volatility adjustment

## NOTE 38: POST BALANCE SHEET EVENTS

There are not any significant subsequent events that need to be reported.