Eurolife ERB Insurance Group Holdings S.A.

Annual Financial Report

For the year ended

31 December 2019

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

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BOARD OF DIRECTOR'S REPORT of Eurolife ERB Insurance Group

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

Developments in the Greek insurance market during 2019

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

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

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

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

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

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

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

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

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

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

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

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

Financial Results Review

2019 was another successful year for Eurolife ERB Insurance Group (the "Group" or "Group Eurolife ERB"), since the profitability level maintained at a high level for yet another year and further strengthening of the capital position was accomplished. The Group's profit before tax amounted to €134,7 mil. in 2019 compared to €198,3 mil. in 2018.

Financial Figures of the Group

Key financial figures

(amounts in € mil.)	**2019**	**2018**
Gross written premiums *(IFRS)*	506,0	434,0
Gross earned premiums *(IFRS)*	500,5	432,0
Total Investment Income [1]	187,4	232,9
Total Investment Income [1] *(excluding unit-linked)*	164,9	232,9
Administrative Expenses *(excluding interest and other investment expenses)*	(38,3)	(34,5)
Profit before tax	134,7	198,3
Income tax	(34,4)	(65,7)
Profit for the year	100,4	132,7
Total assets	3.318,6	2.822,4
Equity *(IFRS)*	717,1	440,2
Technical Reserves, Other Insurance Provisions and Liabilities for Unit-Linked products [2]	2.431,5	2.251,1
Number of Employees at 31 December	415	393

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

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

Financial Ratios

	2019	2018
Return on equity after tax (ROE)	17,3%	24,3%
Return on assets before tax (ROA)	4,4%	7,0%
Profit margin before tax	26,6%	45,7%
Annualized premium equivalent (APE) (amounts in € mil.)	277,9	241,2
Administrative expense ratio	13,8%	14,2%
Acquisition costs ratio	8,2%	7,2%
Net loss ratio of general insurance business	28,0%	29,2%

Financial Ratios Glossary

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

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

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

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

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

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

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

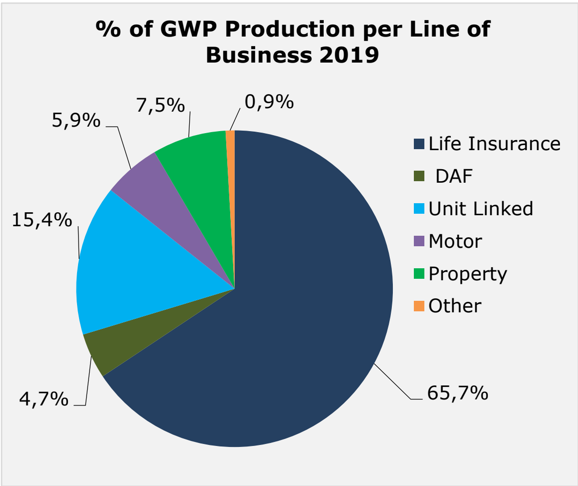
Gross written premiums

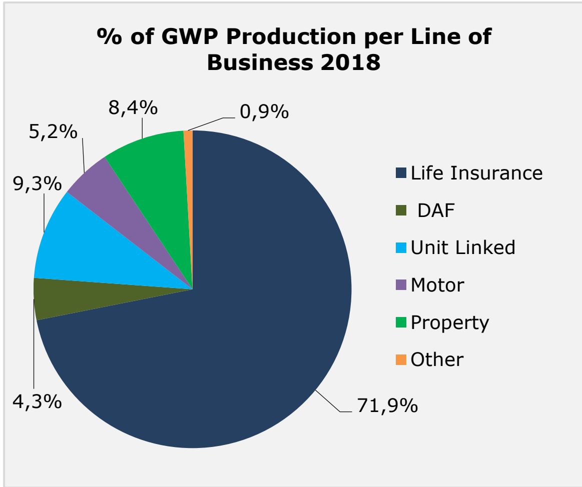
In 2019, the Group's total insurance premium production reached €506,0 mil., showing an increase of 16,6% compared to 2018 (2018: €434,0 mil.). In particular, the life insurance premium production in Greece in 2019 amounted to €430,7 compared to €366,9 in 2018, maintaining the increased market share. The non-life insurance premium production in Greece amounted to €71,4 mil., presenting an increase of 15,5%.

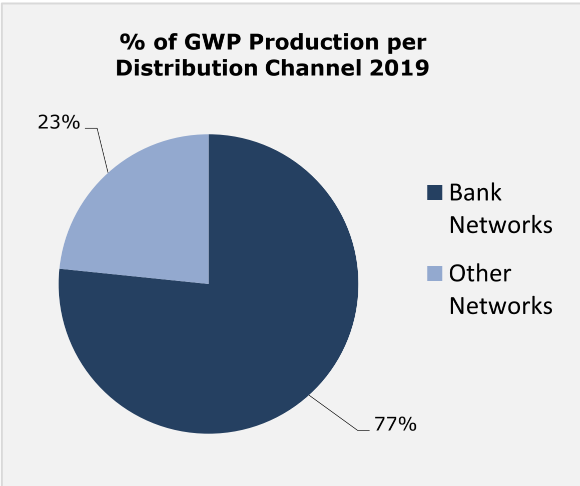
In terms of market share, the Greek insurance subsidiaries (Eurolife ERB Life Insurance SA. and Eurolife ERB General Insurance SA) accounted for 12,3%[1] of the total market, confirming the Group's leading position. In particular, the market share of Eurolife ERB Life Insurance stood at 21,8%[1] in 2019, and of Eurolife ERB General insurance S.A. at 3,4%[1].

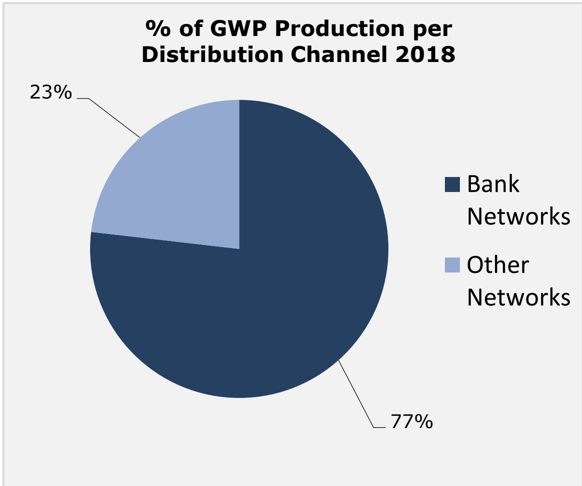
The following diagrams present the gross written premium production per line of business and per distribution channel for the years 2019 and 2018 respectively:

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









Investments

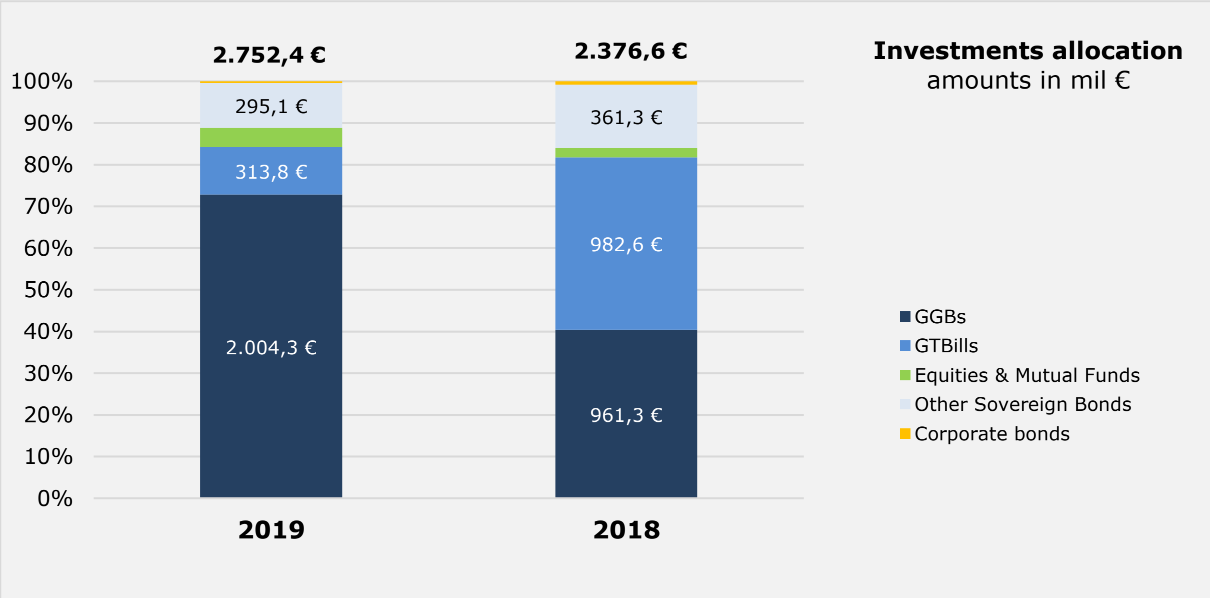
In 2019, the total investment income of the Group amounted to €187,4 mil. compared to €232,9 mil. in the previous year, presenting a decrease of 19,5%. This change is mainly attributed to the increased realized gains that Group recorded in 2018 due to the sale of Greek Government Bonds.

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

31 December 2019 (amounts in € thousand)	Investment Income	Realised gains / (losses)	Fair value gains / (losses	Gains / (losses) on joint ventures	Gains / (losses) on derivatives	Total
Bonds	69.909	78.751	2.243	-	-	150.903
Equities	1.361	11.990	70	(1.332)	-	12.089
Mutual Funds	2	106	-	-	-	109
Deposits	1.658	-	-	-	-	1.658
Other	104	-	1	-	1	106
Total Investment Income (excluding Unit-Linked)	**73.034**	**90.848**	**2.314**	**(1.332)**	**1**	**164.865**
Unit-Linked	0	4.948	17.622	-	-	22.570
Total Investment Income	**73.034**	**95.796**	**19.936**	**(1.332)**	**1**	**187.435**

31 December 2018 (amounts in € thousand)	Investment Income	Realised gains / (losses)	Fair value gains / (losses)	Revenue from joint ventures	Gains / (losses) on derivatives	Total
Bonds	70.854	159.159	818	-	-	230.831
Equity	1.756	-	(109)	(1.645)	-	2
Deposits	1.971	-	-	-	-	1.971
Other	46	-	-	-	23	69
Total Investment Income (excluding Unit-Linked)	**74.626**	**159.159**	**709**	**(1.645)**	**23**	**232.873**
Unit-Linked	1	500	(494)	-	-	6
Total Investment Income	**74.627**	**159.659**	**215**	**(1.645)**	**23**	**232.879**

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



**Corporate Bonds: 2019: €12,3 mil. (2018: €18,5 mil.)*

***Equities & Mutual Funds: 2019: €126,7 mil. (2018: €52,9 mil.)*

Financial Results

Profit before tax amounted to €134,7 mil. in 2019, showing a decrease of 32,1% compared to 2018 (2018: €198,3 mil.). The decrease is mainly attributed to the increased realized gains recorded in 2018 due to the sale of Greek Government Bonds.

Summary of financial data

Eurolife ERB Insurance Group S.A.(hereinafter the «Company») in 2019 reported earnings from subsidiaries of €48,3 mil. (2018: €126,1 mil.), showing a decrease compared to prior year mainly due to the increased intra-group dividends received in 2018.

Net profit for 2019 amounted to €48,2 mil. compared to €126,1 mil. for the prior year.

Financial Figures of the Company

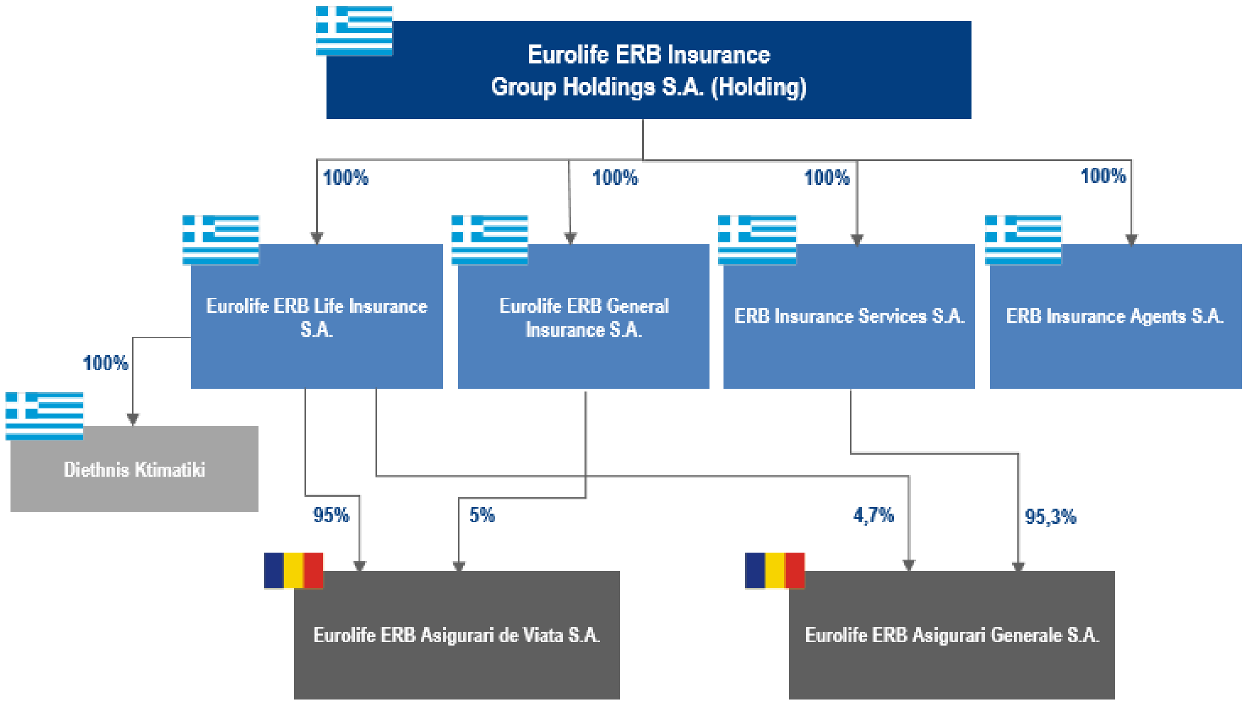
(amounts in € mil.)	**2019**	**2018**
Earnings from subsidiaries	48,3	126,1
Profit before tax	48,2	126,1
Profit for the year	48,2	126,1
Total assets	347,7	355,4
Equity	348,5	355,3

Financial Ratios of the Company

	2019	2018
Return on equity after tax (ROE)	13,7%	31,9%
Return on assets before tax (ROA)	13,7%	31,9%

Subsidiaries – Main shareholders – Share capital – Equity

The Company has five direct and indirect subsidiaries in Greece and two indirect subsidiaries in Romania. The structure of the Group as at 31 December 2019 is presented in the table below:



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

The initial share capital of the Company amounted to €350.000 thousand, divided into 100.000.000 registered ordinary shares of a nominal value of €3,50 each. Following Extraordinary Shareholder's Meeting of 24.10.2018 the share capital decreased by €125,0 mil, through decrease in the nominal value of each share at €2,25. The total number of common shares issued are fully paid. As at 31 December 2019 and 2018 the share capital of the Company amounted to €225.000 thousands, divided into 100.000.000 ordinary shares of nominal value of €2,25 each.

Establishment of an agent company – ERB Insurance Agents Single Member S.A.

With the passage of Law 4583/2018 and the incorporation of European Directive 2016/97/EU on insurance distribution ("IDD") into the Greek Legislation, the legislative framework concerning the distribution of insurance products in Greece was amended.

According to the provisions of the Law and the establishment of the "incompatibility" of the properties of the Insurance Broker and the Insurance Agent, it was considered mandatory to establish an insurance agent company in order to have the existing structures and procedures for the distribution of insurance products by its insurance company "ERB Insurance Services S.A." redefined and harmonized according to the new legislative framework.

As a result, in 10 June 2019, the company under the name "ERB Insurance Agents Single Member S.A." and distinctive title "ERB Insurance Agents" was established with a share capital amounted to €200 thousands and main purpose the business of insurance agent. The company is the only shareholder and founder with a 100% participation on the initial share capital.

Share Capital increase of Eurolife ERB Asigurari Generale S.A.

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

In 31 December 2019, the equity of the group amounted to €717,1 mil. compared to € 440,2 mil.of 2018.

In summary, the Group's insurance activities (including insurance brokerage services) in Greece and Romania are as follows:

31 December 2019 *(amounts in € mil.)*	Eurolife ERB Life Insurance	Eurolife ERB General Insurance	ERB Insurance Services	Eurolife ERB Asigurari de Viata	Eurolife ERB Asigurari Generale
Gross written premiums (IFRS)	430,7	71,4	-	3,7	1,2
Other insurance related income	7,8	1,1	4,3	0,1	0,2
Total investment income [1]	163,7	17,1	-	0,8	0,2
Profit before tax	100,3	26,9	1,3	0,4	(0,6)
Profit for the period	75,6	19,6	1,0	0,4	(0,5)

31 December 2018 *(amounts in € mil.)*	Eurolife ERB Life Insurance.	Eurolife ERB General Insurance	ERB Insurance Services	Eurolife ERB Asigurari de Viata	Eurolife ERB Asigurari Generale
Gross written premiums (IFRS)	366,9	61,8	-	5,0	1,4
Other insurance related income	5,7	1,3	3,8	0,3	0,2
Total investment income [1]	215,7	25,6	-	1,3	0,2
Profit before tax	168,9	37,7	0,9	0,8	(0,1)
Profit for the period	112,7	26,0	0,5	0,8	(0,1)

1 Total investment income is the sum of the income statement lines: Investment income, Income from subsidiaries, Realized gains/(losses), Fair value gains/(losses) and Gains/(losses) on derivatives (investment income of Unit-Linked is included).

Investment in Joint Venture

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

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

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

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

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

On July 25 2018, the subsidiary Eurolife ERB Life Insurance S.A. participated in the new share capital increase of Grivalia Hospitality S.A ("GH") of €60 mil. Of the €60mil, €15 mil were paid by Grivalia, €15mil were paid by Eurolife ERB Life Insurance S.A and €30 mil by the New Investor. Following this share capital increase, the paid in share capital of GH amounts to €180 mil to be used for the implementation of its investment plan.

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

The Group assessed the nature of the investment and considering that the three shareholders make all important decisions unanimously, concluded that all the conditions were met for the investment to be classified as a 'joint venture' and therefore to be accounted for with the equity method.

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

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

Management of insurance and financial risks

Risk Management Framework

The existence of an effective risk management framework is considered by the Group, 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 risk management framework is reviewed and continuously evolving, taking into consideration the experience of the Group, 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 Group 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 Group which fall into the 1st line of defense, the Risk Management Function, the Actuarial Function and the Function of Regulatory Compliance which fall into the 2nd line of defense as well as the Internal Audit Division which falls into the 3rd line of defense.

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

Insurance Risk

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

Mortality risk refers to the risk that the actual number of deaths is higher than expected resulting in increased insurance provisions.

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

Lapse/cancellation risk arises from the uncertainty related to the behavior of policyholders. The long-term life insurance contracts are also significantly affected by the policyholder's right to pay reduced (or not) future premiums and terminate the contract completely. Hence, the importance of the risk is significantly affected by the policyholder's behavior (for products that give option). Policyholder behaviors can be affected by many factors external to business operations such as economic and financial market conditions.

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

Expense risk arises from the fact that the timing and / or the amount of expenses incurred differs from those expected at the timing of pricing and affects all Group's products.

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

Assessment and risk mitigation techniques used for Life insurance risks

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

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

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

The Key Insurance risks (as quantified by the standard method) that the Non-Life Companies of the Group are exposed to are set out below:

Premium and reserve risk includes fluctuations in timing, frequency and severity of insured events relative to the expectations of the Group at the time of underwriting. It can also refer to fluctuations in timing and amount of claims' settlements.

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

Assessment and risk mitigation techniques used for Non-Life insurance risks

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 portfolio. Additionally, reinsurance arrangements including excess of loss with a maximum underwriting limit for the Group in Motor TPL per incident are in place and high value vehicle insurance.

In **property insurance**, for the estimation of frequency and severity of claims, the Group 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 Group maintains reinsurance treaties with creditworthy reinsurers, in order to mitigate catastrophe risks. The majority of non-life reinsurance treaties protecting the majority of the Group's portfolio are on an excess of loss ("XoL") basis. The Group 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 Group'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 Group 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 Group have the ability to pay obligation for each insured person. On a semi-annual basis the forecast repair cost for damages is estimated and the required reserve is built. In the reserve for repairing damages also reserve for IBNR damages is held, as well as the cost for handling this damage. For forecast damages entity estimates also 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 situation resulting, directly or indirectly, from fluctuations in the level and volatility of market prices of assets and liabilities.

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

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

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

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

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

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 Group is exposed to this category through placements in time deposits corporate bonds.

Assessment and risk mitigation techniques used for market risk

From the quantitative perspective, the Group is monitoring market risk on an ongoing basis, by measures defined in the individual risk management policies at entity level. To this end, the Group:

- Has established and follows an Investment Strategy, on which the Group'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 Group for its Greek Entities uses the aforementioned risk limits, applies the Value at Risk ('VaR') methodology, monitors the asset portfolio on a daily basis and performs stress tests to calculate potential losses in the event of abnormal market conditions sensitivity on a regular basis, depending on the existing portfolio structure 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 Group is exposed to credit risk arising principally from the following assets: debt securities, reinsurance claims, insurance premiums and cash and cash equivalents. **In debt securities** (captured under the scope of spread risk) credit risk is related to the inability of the issuer to meet its obligation to repay the face value of the bond at its maturity and settlement.

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

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

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

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

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

Reinsurance arrangements are reviewed by the Group 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.

Liquidity risk

Liquidity risk is the risk arising when the insurance undertakings are unable to realize investments and other assets in order to settle their financial obligations as they become due.

Factors such as a financial crisis or a pandemic affecting policyholders' behavior (applicable to Life Insurance Companies), or natural disasters affecting policyholders' property (applicable to Non-Life Insurance), could result in lack of liquidity. In such cases customers proceed with the surrender of their policies or with claims resulting both in large cash outflows for the Group. In order to address the above issues, the Group retains liquid assets and reinsurance treaties covering catastrophic risks. The Group's liquidity position is closely monitored on a daily basis.

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

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

It is noted that there is a Liquidity Management Policy, which sets out the definition of cash and cash equivalents and the framework for the effective management of the Group's liquidity. A Liquidity Risk Management Policy is also applied, which ensures that the Group's short-term payable cash liabilities can be adequately covered either by the Group'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 Group's entities. 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 Group, considering the nature, scale and complexity of its activities has established a Comprehensive Operational Risk Framework of principles and procedures, allowing for the effective identification, assessment, management, monitoring and reporting of operational risks (to which it is or may be exposed to). The framework is embedded in the decision making processes and in the corporate culture (Operational risk awareness).

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

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

- Establishment of the Operational Risk Framework and definition of roles, duties and responsibilities of management and personnel.
- Performance of the following activities:
    - ✓ Risk & control self-assessment (RCSA), Outsourcing Relationship Assessment (ORA) on an annual basis/or an ad hoc basis. Fraud Risk Assessment (FRA)

- ✓ Record keeping of internal operational losses in combination with relevant events' causal analysis and collection and study of external operational risk events on an on-going basis. Collection and study of external operational risk events.
- ✓ Establishment and monitoring of Key Risk Indicators (KRIs).
- ✓ Introduction and documentation of operational risk management processes.
- ✓ Development and analysis of an appropriate set of operational risk scenarios based on potential exposures to the operational risk categories.
- ✓ Emerging operational risk exposures' identification, evaluation and reduction (when necessary).
- ✓ Establishment of operational risk awareness in the entire Group

Capital Adequacy

The capital management strategy of the Group aims to ensure that the Group and the insurance subsidiaries have 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 Group 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 Group and its insurance subsidiaries are being performed on a quarterly basis and results are submitted to the Supervisor Authority. In addition, for the two Greek insurance entities, the SCR capital adequacy ratio is estimated on a daily basis, using estimates on the eligible own funds and SCR, taking into account market data and the data of assets portfolio. The main objective is to ensure timely information and action of the Management whenever necessary.

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

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

Labour issues

The Group's employees are the greatest asset for its success and sustainable development. As at 31 December 2019, the Group employed 415 employees. Gender and age distribution reflects the equal opportunities approach that the Group implements. In particular, the gender distribution is quite balanced with women reaching the 52% of the total employees.

The Group is committed to provide equal opportunities for employment and complying with the related legislation on employment opportunities. The Group 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 Group. Specifically, the skills, know-how and technical specialization of the employees are evaluated and are explored in order to contribute to the success and differentiation of the Group against its peers. Through development schemes that are linked to the Group'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 Group, 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 Group's strategy and create long-term value for shareholders. These principles ensure that the remuneration packages are sufficient to hold and attract executives with suitable expertise and experience, ensure the internal balance between the units of the organization, avoid excessive risks and connect remuneration with the long-term evaluation of the achievements' performances.

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

Social issues

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

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

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

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

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

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

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

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

A) For the quality of life and its upgrade

Given the long-lasting financial crisis and the disappointment of Greek citizens on the conditions and situations that they have experienced, this pillar implements actions aimed at giving more optimism and improving the quality of people's lives. Eurolife ERB Insurance Group collaborates with key organizations to jointly implement actions that respond to significant problems and difficulties that specific audiences 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 Eurolife ERB Insurance Group collaborates with HOPEgenesis, supporting its activities against low birth rate in Greece. Additionally, it cooperates with ethelon to implement activities in support of people who belong to socially vulnerable groups with no access to basic daily goods. Finally, it supports the work of magazine "Shedia" participating in its work of relief for homeless people.

B) Promotion of the Greek culture and education

This pillar is supported by actions to promote the Greek culture and bring it to a wider audience from all over the country. The ultimate objective of the actions is to give the opportunity to as many people as possible to benefit from art and education - with a focus on residents of remote and outlying islands that do not have easy access to educational and cultural initiatives. Eurolife ERB Insurance Group 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.

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

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

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

C) For entrepreneurship and equal opportunities in business

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

Corporate Social Responsibility Actions for 2019

Eurolife ERB Group, under the Corporate Social Responsibility "+prattoume", participated in the following activities in 2019:

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

- HOPEgenesis's financial support to provide medical services, examinations and medical checkups to women in Patmos and Delphi areas, who are either already pregnant or want to have 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 specialist medical practitioners, as well as counseling and psychological support during pregnancy and childbirth. As part of this collaboration, Eurolife ERB Insurance Group took on the role of Founding Sponsor at the conference "The demographic crisis in Greece: A powder keg obstructing prosperity?" hosted by The Economist and HOPEgenesis.

- An awareness roadshow in Patmos, during which Eurolife ERB Insurance Group and HOPEgenesis informed the women of the island about the care services they are jointly providing throughout their pregnancy.

- Implementation of the survey "The factors causing the phenomenon of low birth rate in Greece" which charts for the first time the factors that creates the demographic problem in the country. The research was conducted in cooperation with HOPEgenesis and Risk & Insurance Management Laboratory of the Department of Statistics and Insurance Science of University of Piraeus.

- Organizing of the Volunteer Week activities for the Group's employees in cooperation with ethelon. During the week, the Group's employees organized packages of basic necessities which were given on a daily basis to people belonging to socially vulnerable groups.

- Implementation of ad hoc activities along with ethelon, to support the work of various non-profit organizations that provide assistance to various social groups, such as the financial support of ITHACA NPO, offering children's books to schools and public libraries throughout the country on behalf of Library4All NPO and buying Christmas gifts for children of "Lyreio Children's Institution" and "Hadjikonsta Foundation".

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

- Sponsorship of two state-of-the-art ultrasound scanners at the Anogeia Health Center, with the aim of upgrading the health services offered in the area.

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

- Sponsoring Greek National Opera's annual artistic program for the period 2019-2020.
- The sponsorship of the educational tour (roadshow), "The Puppet Theater of Mastro-Pedro", held in nine theaters in Northern Greece.
- Financial support of all the activities of the Museum of Cyladic Art, which includes:
  - ✓ The annual Children's Painting Contest implemented by the museum that accepts participations from children across Greece.
  - ✓ The Weekend Workshops, a series of educational activities for children and parents carried on a weekly basis by the Museum's educators.

- ✓ The Cycladic Late Night, an event for young people and adults, during which the Museum remains open until late at night, with various parallel activities.
- ✓ The Summer Camps, which are implemented in the summer months, with the participation of children in various cultural and educational workshops.
- ✓ The educational museum kit, which was permanently handed over to Donoussa to be used by children.
- ✓ Another educational museum kit, which is borrowed by different schools and municipalities from various locations of the country and the region.

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

Support of various other social activities such as:

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

External Auditors

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

Other information

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

Branches: The Group does not have branches.

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

Events subsequent to the Balance Sheet Date and Prospects for 2020

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

Financial impact at macroeconomic level

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

Business continuity

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

Insurance products

Greek Life Insurance Subsidiary: The Greek Life Insurance Subsidiary has a wide range of products that offer death coverage (individual and group contracts) and health coverage (medical and other similar supplemental riders). Pandemic coverage is not excluded in any product. It is noted that the percentage of products in terms of insurance premiums and technical provisions under Solvency II of the Greek Life Insurance Subsidiary that provides insurance against pandemic / epidemic risk amounts to 98,1% and 99,6%, respectively (data as at 31st of December 2019).
Greek General Insurance Subsidiary: The Greek General Insurance Subsidiary provides Business Interruption coverage in a part of Policyholders insured for risks of Fire, which has an extension (Contingent Business Interruption) that offers insurance against pandemic / epidemic risk. The percentage of this specific coverage in terms of insurance premiums and technical provisions under Solvency II that provides insurance against pandemic / epidemic risk amounts to 0,15% and 0,03%, respectively (data as at 31st of December 2019).

Group financial position and solvency

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

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

The widening of the risk margin observed at the beginning of the crisis and the large volatility in government bond yields affect and may negatively affect in the future the Group's own funds and solvency ratio. At 31 March 2020, without calculating any dividend distribution, the Group's solvency ratio (SCR coverage ratio) is estimated at around 170% by making use of the volatility adjustment. The potential impact is assessed on a daily basis, with additional scenarios on the yield curves being examined and the impact of further deteriorating market conditions being quantified.

The board of directors members

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

Athens, 24 April 2020

Chairman of the B.O.D and CEO

Alexandros Sarrigeorgiou

[Translation from the original text in Greek]

Independent auditor's report

To the Shareholders of "Eurolife ERB Insurance Group Holdings S.A."

Report on the audit of the consolidated financial statements

Our opinion

We have audited the accompanying consolidated financial statements of Eurolife ERB Insurance Group Holdings S.A. (Group) which comprise the consolidated statement of financial position as of 31 December 2019, the consolidated 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at 31 December 2019, it's consolidated financial performance and it's consolidated cash flows 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 consolidated 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 Group 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 consolidated 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 Group 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 Group, in the period from 01 January 2019 during the year ended as at 31 December 2019, are disclosed in the note 35 to the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of liabilities arising from Individual Life Insurance Contracts	
The Group’s Individual Life insurance contract liabilities, which are measured in accordance with IFRS 4, include liabilities for the estimated cost of settling benefits and claims associated with insurance contracts which amount to €1.929m representing 74% of the Group’s total liabilities. The valuation of these liabilities is highly judgmental and requires management to make a number of assumptions that are linked to high estimation uncertainty. Small changes in the assumptions used may lead to a material impact on the valuation of these liabilities. We focused on this area because of the significance of these amounts, the use of complex methodologies which use economic and demographic data and assumptions which are highly judgemental. In particular the significant assumptions, which are highly sensitive to changes, are the following: ● The lapse rate, which is a significant decrement rate that drives the policies in force to gradually decrease over time, and could potentially affect the projected cash flows positively or negatively, depending on the profitability of each product. ● The annuity take-up rate, affects the group's exposure to longevity risk, and is provided only in the retirement plans. The group based on the experience of the last years’ estimates the percentage of policyholders who will choose to receive a lump sum at the beginning of their retirement. ● The yield curve used for discounting the projected cash flows, which is based on the risk-free rates curve published by the European Insurance and Occupational Pension Authority (EIOPA) adjusted to take into consideration the current allocation and expected yields of the investment portfolio. ● The expense assumptions used to estimate the future cash flows. These assumptions are based on the Group’s current expenses adjusted with the projected inflation. The Group has adopted an expense analysis model based on which the expenses are split into elastic and inelastic costs, acquisition and maintenance, and allocated to group of products. The model results are used	Our work to address the valuation of the Individual Life insurance contract liabilities was supported by our internal life actuarial specialists, and included the following procedures: ● We tested the underlying data which were used in the projection of cash flows and in the experience studies that support the actuarial assumptions used. ● We compared the methodology, models and significant assumptions used against recognised actuarial practices and assessed them by applying our industry knowledge and experience. ● We performed independent model validation procedures, on a sample basis, including detailed independent recalculations on selected policies and products to ensure accuracy of the projection models. More specifically, the significant assumptions we focused on, were the following: ***Lapses*** We examined the persistency studies for each distribution channel to assess whether or not they appropriately reflect the long-term lapse profile of the business, taking into account any external or internal factors that affect the policyholder behaviour. Moreover, we assessed the reasonableness of significant judgements made in setting the lapse assumptions. ***Annuity Take-up rate*** We examined the annuity take-up studies, as provided by the Group, for both Regular and Single premium policies, to assess whether or not they appropriately reflect the long-term annuity take-up rate profile of the business, taking into account any external or internal factors that affect the policyholder behaviour. Moreover, we assessed the reasonableness of significant judgements made in setting the assumptions. ***Yield curve*** We assessed the methodology applied to determine the yield curves developed for the purpose of discounting the projected cash flows to present value. We examined the actual portfolio yields, along with the cash flow mismatches between assets and liabilities and the respective credit risk used for deriving the discounting yield curves. ***Expenses*** We examined the expense allocations to assess whether or not they appropriately reflect the long-

for determining the assumptions taken into consideration for estimating the future expenses. Refer to notes 3, 4.2 and 21 of the Financial Statements for the disclosure of the related judgements and estimates.	term expense profile of the business. We assessed the reasonableness of significant judgements made in setting the assumptions, including the split between acquisition (new business), maintenance costs, and the allocation of costs to different products based on the current year's experience. Based on our procedures, we found the significant assumptions used to value individual life insurance liabilities to be reasonable. We also found that the methodologies and models used are in line with industry standards and reflect the nature and risk profile of the Group's insurance contracts. Finally, we have assessed that the Group's disclosures in the Financial Statements are in accordance with the requirements of IFRS.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of Non-Life reserves related to reported losses estimated on a case by case basis	
The Group's insurance provisions, measured in accordance with IFRS 4, include liabilities for the estimated cost of settling gross outstanding claims. These liabilities amount to €70m as of 31 December 2019, representing 3% of the Group's total liabilities. Out of the €70m, €67m or 97% of gross outstanding claims liabilities represent reported losses estimated on a case by case basis and the remaining balance represents additional reserves (Incurred but not reported – IBNR, additional reserves-LAT and Unallocated loss adjustment expenses – ULAE). Management relies on historical data and uses experts to determine the reserve related to reported losses estimated on a case by case basis which is highly subjective, especially in relation to cases of personal injuries, death, legal cases and property catastrophes. The reported losses estimated on a case by case basis are considered as significant because of the relative size of the amount in the Group's Statement of Financial Position, of the inherently subjective nature of their valuation and due to the significant judgement in the estimation of these liabilities. Refer to notes 3, 4.2 and 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: • We tested, on a sample basis, specific cases in order to obtain evidence for the accuracy and completeness of the underlying data. • We tested, on a sample basis, that the estimated liability is appropriately based on the most recent available information and that there is consistency in the valuation of cases estimates. • We considered the movement in reserves relating to claims incurred in prior years in order to assess the reasonableness of the estimates and the consistency of the methodology used. • We obtained a listing of new claims recorded post year end and reviewed it in order to assess any implications on the reserve related to reported losses estimated on a case by case basis. • We examined the trend in historical claims development. Based on our procedures performed, we found the estimates used to value the reserve related to reported losses estimated on a case by case basis to be reasonable. Finally, we have assessed that the Group's disclosures in the Financial Statements are in accordance with the requirements of IFRS.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment in joint venture	
The Group possesses 25% of Grivalia Hospitality S.A. (GH) for a consideration of €45m. The investment is accounted for as a joint venture, in accordance with IFRS 11, and is therefore consolidated applying the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount changes to recognise the Group's share of the result of the joint venture. The carrying amount as of 31 December 2019 amounts to €47m and during the year a loss of €1m was recognised to the Income Statement. The valuation of properties requires a high level of judgement. This is due to factors such as the special nature of each property and it's location. The key assumptions used in the valuation methodology are rents in less active markets and discount rates. GH engaged certified valuators to prepare the valuation of the properties and support the relevant estimates that form the basis for the property's value determination, in accordance with International Valuation Standards. In addition, the certified valuators made assumptions regarding elements such as market rent and discount rates based on available market information, in order to arrive at appropriate estimates. We focused on this matter because of the relative size of the investment in Group's consolidated Balance Sheet, the inherent subjective nature of property valuations and the sensitivity of valuations to key input assumptions. Refer to notes 3 and 10 of the Financial Statements for the disclosure of the related judgements and estimates.	Our work to address the valuation of the investment in joint venture, included the following procedures: ● We obtained the valuations prepared by external certified valuators. ● We evaluated and verified the independence of external certified valuators, their capabilities and their objectivity. ● We tested, on a sample basis, the accuracy and relevance of the data provided to the certified valuators and used for the determination of the value of GH properties. ● We cooperated with experts in property valuation, evaluated, on a sample basis, the appropriateness of the methodology used and the reasonableness of the underlying assumptions that were adopted in these valuations (such as the discount rates and the market rents). Based on our procedures performed, we found the GH's valuation of the properties and therefore the valuation of the investment in GH, to be based on reasonable methodology, assumptions and appropriate data. Finally, we have assessed that the Group'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 consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

- The information given in the Board of Directors' report for the year ended at 31 December 2019 is consistent with the consolidated financial statements.
- The Board of Directors' report has been prepared in accordance with the legal requirements of articles 150, and 153 of Law 4548/2018.

In addition, in light of the knowledge and understanding of the Group and their 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 consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Group.

2. **Appointment**

We were first appointed as auditors of the Group by the articles of association on 25 September 2014. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 6 years.

Halandri, 14 May 2020
THE CERTIFIED AUDITOR

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

Konstantinos Michalatos
SOEL Reg. No. 17701

Eurolife ERB Insurance Group Holdings S.A.

Annual Consolidated Financial Statements

For the year ended

31 December 2019

33-35 El. Venizelou (Panepistimiou) Str. & 6-10 Korai Str., Athens 105 64
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GEMI Registration 131910001000

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(amounts in € thousand)	Notes	GROUP	
		31/12/2019	31/12/2018
ASSETS			
Property, Plant and Equipment	**5**	16.135	16.677
Investment Properties		61	120
Right of use assets	**6**	1.232	-
Intangible assets	**7**	27.990	27.268
Deferred acquisition costs (DAC)	**8**	31.880	27.785
Investment in joint ventures	**10**	46.760	47.829
Deferred tax assets	**11**	425	1.143
Financial assets at FVTPL:			
- Derivative financial instruments		2	11
- Financial assets held on behalf of policyholders who bear the investment risk (Unit-Linked)	**12**	172.048	132.043
- Financial assets held for trading	**13**	326.286	1.008.531
Available for sale financial assets	**14**	2.426.093	1.368.071
Income tax receivable	**21**	38.761	45
Insurance receivables	**15**	17.596	8.395
Other receivables	**16**	13.316	8.579
Reinsurance share on insurance contracts	**17**	28.300	33.915
Cash and cash equivalents	**18**	171.680	142.002
Total Assets		**3.318.566**	**2.822.414**
EQUITY AND LIABILITIES			
Share Capital	**19**	225.000	225.000
Consolidation reserve	**20**	(235.058)	(235.058)
Reserves	**20**	666.798	317.541
Retained Earnings		60.374	132.680
Total Equity		**717.114**	**440.163**
Technical reserves and other insurance provisions	**21**	2.416.968	2.240.425
Financial liabilities			
- Derivative financial instruments		1	-
- Investment contract liabilities	**22**	14.504	10.652
Employee benefits	**23**	1.228	1.035
Lease liabilities	**6**	1.240	-
Deferred tax liabilities	**11**	108.486	33.280
Insurance and other liabilities	**24**	59.024	47.638
Income tax payables		-	49.222
Total Liabilities		**2.601.453**	**2.382.251**
Total Equity and Liabilities		**3.318.566**	**2.822.414**

Athens, 24 April 2020

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

The notes on pages 33 to 105 are an integral part of these financial statements.

(amounts in € thousand)	Notes	GROUP	
		From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Gross written premiums		506.016	433.970
Gross change in unearned premium reserve		(5.497)	(1.952)
Gross earned premiums		**500.519**	**432.018**
Minus: Premium ceded to reinsurers		(23.554)	(23.447)
Net earned premiums	**25**	**476.965**	**408.571**
Other insurance related income	**26**	11.329	9.184
Investment income	**27**	73.034	74.627
(Loss) from joint ventures	**10**	(1.332)	(1.645)
Realised gains on financial assets	**28**	95.796	159.659
Fair value gains on financial assets	**29**	19.936	215
Gains on derivatives	**30**	1	23
Other income	**31**	319	992
Total income		**676.048**	**651.627**
Movement in technical reserves and other insurance provisions	**32**	(173.057)	(193.864)
Claims and insurance benefits incurred	**33**	(276.781)	(184.080)
Total insurance provisions and claims		**(449.838)**	**(377.944)**
Acquisition expenses	**34**	(40.884)	(31.300)
Administrative expenses	**35**	(50.582)	(44.046)
Profit before tax		**134.743**	**198.337**
Income tax expense	**36**	(34.369)	(65.657)
Profit for the year		**100.374**	**132.680**

Athens, 24 April 2020

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

The notes on pages 33 to 105 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Profit for the year	**100.374**	**132.680**
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	231.699	(137.745)
Joint Venture		
Changes in the share of other comprehensive income of the Joint Venture, net of tax	263	(706)
Currency translation differences		
Change in currency translation differences, net of tax	(295)	(15)
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	(77)	46
Total comprehensive income for the year, net of tax	**231.589**	**(138.421)**
Total comprehensive income for the year, net of tax	**331.963**	**(5.740)**

Athens, 24 April 2020

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

The notes on pages 33 to 105 are an integral part of these financial statements.

(amounts in € thousand)	GROUP				
	Share capital	Consolidation Reserve	Reserves	Retained earnings	Total
Balance as at 1 January 2018	**350.000**	**(235.058)**	**477.042**	**58.917**	**650.901**
Change in available for sale financial assets reserve	-	-	(137.745)	-	**(137.745)**
Changes in the share of other comprehensive income of the Joint Venture, net of tax	-	-	(706)	-	**(706)**
Remeasurement of post employment benefit obligations, net of tax	-	-	46	-	**46**
Change in currency translation differences	-	-	(15)	-	**(15)**
Other comprehensive income, net of tax for the year	-	-	**(138.421)**	-	**(138.421)**
Profit for the year	-	-	-	132.680	132.680
Total comprehensive income, net of tax for the year	-	-	**(138.421)**	**132.680**	**(5.740)**
Transfer of retained earnings to reserves	-	-	-	-	-
Share capital decrease	(125.000)	-	-	-	**(125.000)**
Dividend distribution in shareholders	-	-	(21.083)	(58.917)	**(80.000)**
Deferred Tax	-	-	(16)	-	**(16)**
Difference of reserves of previous years	-	-	19	-	**19**
Total transactions with shareholders	**(125.000)**	**-**	**(21.080)**	**(58.917)**	**(204.997)**
Balance as at 31 December 2018	**225.000**	**(235.058)**	**317.541**	**132.680**	**440.163**
Balance as at 1 January 2019	**225.000**	**(235.058)**	**317.541**	**132.680**	**440.163**
Change in available for sale financial assets reserve	-	-	231.699	-	**231.699**
Changes in the share of other comprehensive income of the Joint Venture, net of tax	-	-	263	-	**263**
Remeasurement of post employment benefit obligations, net of tax	-	-	(77)	-	**(77)**
Change in currency translation differences	-	-	(295)	-	**(295)**
Other comprehensive income, net of tax for the year	-	-	**231.589**	**-**	**231.589**
Profit for the year	-	-	-	100.374	100.374
Total comprehensive income, net of tax for the year	-	-	**231.589**	**100.374**	**331.963**
Transfer of retained earnings to reserves	-	-	117.680	(117.680)	-
Dividend distribution in shareholders	-	-	-	(15.000)	**(15.000)**
Interim dividend distribution in shareholders	-	-	-	(40.000)	**(40.000)**
Deferred Tax	-	-	(13)	-	**(13)**
Total transactions with shareholders	**-**	**-**	**117.668**	**(172.680)**	**(55.013)**
Balance as at 31 December 2019	**225.000**	**(235.058)**	**666.798**	**60.374**	**717.114**

The notes on pages 33 to 105 are an integral part of these financial statements.

(amounts in € thousand)		GROUP	
	Notes	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Cash Flows from Operating Activities			
Profit before Tax		**134.743**	**198.337**
Adjustments for:			
Depreciation and amortization of property, plant and equipment, investment properties and intangible assets		2.513	1.934
Change in other provisions		1.985	2.682
Employee benefit provisions	**35**	89	55
Loss from joint ventures	**10**	1.332	1.645
Fair value (gains) on financial assets	**29,30**	(19.926)	(223)
Change in insurance reserves & deferred acquisition costs		178.413	186.434
(Gains) on disposal of financial assets	**28**	(95.796)	(159.659)
Interest (income), bonds amortisation, dividends and other investment income		(73.072)	(74.145)
(Gains) / losses on derivatives	**30**	(11)	(15)
(Gains) on property, plant and equipment disposal		21	-
Changes in Operating Assets and Liabilities:			
(Purchases) of financial assets		(2.496.671)	(3.681.616)
Sales of financial assets		2.530.014	3.760.669
Change in insurance receivables and other receivables		(17.937)	7.726
Change in insurance and other liabilities, investment contracts and insurance provisions		13.203	(9.155)
Income tax paid		(114.382)	3.913
Interest received / paid		42.982	31.256
Gains / (losses) from derivatives received/paid	**30**	11	15
Net Cash Flows from Operating Activities		**87.513**	**269.852**
Cash Flows from Investing Activities			
Proceeds from sales of property, plant and equipment		60	-
(Purchases) of property, plant and equipment & intangible assets		(2.495)	(3.266)
Acquisition of interest in joint venture		-	(15.000)
Net Cash Flows from Investing Activities		**(2.435)**	**(18.266)**
Cash Flows from Financing Activities			
Principal repayment of lease liabilities		(401)	-
Share capital decrease	**19**	-	(125.000)
Dividends paid	**39**	(55.000)	(80.000)
Net Cash Flows from Financing Activities		**(55.401)**	**(205.000)**
Net increase in cash and cash equivalents		29.678	46.589
Cash and cash equivalents at beginning of the year	**18**	142.002	95.417
Cash and Cash Equivalents at end of the year	**18**	**171.680**	**142.002**

The notes on pages 33 to 105 are an integral part of these financial statements.

NOTE 1: GENERAL INFORMATION

"Eurolife ERB Insurance Group Holdings S.A" (hereinafter the "Company"), under the discreet title "Eurolife ERB Insurance Group" is domiciled in Greece and was founded on 26 September 2014.

The Company operates as a holding societe anonyme according to the provisions of L.4548/2018 which amended L.2190/1920 on societe anonyme as it stands and its main business is the direct and indirect participation in Greek or / and foreign companies and businesses that have been or will be established, in any form and purpose. The Company's headquarters are located at Athens, 33-35 Panepistimiou Str. & 6-10 Korai Str., P.O. 105 64, Greece, (GEMI Reg. 131910001000), tel (+30) 2111873540, www.eurolife.gr. The Company holds five (5) subsidiaries in Greece and two (2) in Romania.

The present financial statements include the Consolidated Financial Statements of the Company and its subsidiaries (referred to as the "Group") for the year ended 31 December 2019 (see Note 9).

The Board of Directors consists of the following members:

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

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

These financial statements were approved by the Company's Board of Directors on 2 April 2020 and are subject to approval by the Annual General Meeting of Shareholders.

Activities of the Group

The basic activities of the Group are focused in the following three market segments:

Life: The Group offers a wide range of life insurance products in Greece and Romania through the Greek Life Insurance Subsidiary (Eurolife ERB Life Insurance S.A.) and the Romanian Life Insurance Subsidiary (Eurolife ERB Asigurari de Viata), respectively. The Group's Life Insurance market segment is organised into two main life insurance product categories: protection and savings. The protection product offerings are comprised of whole life, term, personal accident, health, disability and credit (life/disability) insurance. The savings product offerings comprise annuities, unit-linked products, endowments and group pension products. The life insurance products are distributed through Eurobank's network and agents' sale channels as well.

Non Life: The Group offers a wide range of non-life insurance products in Greece and Romania through the Greek Non-Life Insurance Subsidiary (Eurolife ERB General Insurance S.A.) and the Romanian Non-Life Insurance Subsidiary (Eurolife ERB Asigurari Generale), respectively. The Group's Non-Life Insurance market segment is organized into three insurance product categories: property, motor and other non-life insurance products. With regard to property insurance products, the non life insurance subsidiaries offer to 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 comprehensive products. The other non life insurance products are: (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 and agents' sale channels as well.

Insurance Brokerage:

The Group provides through its subsidiaries insurance brokerage services, which fall into the following categories:

i) **Insurance Brokers:** The Insurance Brokerage Subsidiary (ERB Insurance Services S.A.) provides consulting and brokerage services primarily for commercial and industrial risks, covers the complex needs of corporate customers and high net-worth individuals, by canvassing the insurance market and developing customized insurance solutions and organizes and coordinates multiple-insurer programs, with the participation of all the major Greek insurance companies, to address increased clients' needs.

ii) **Insurance Agents:** The insurance Agents Subsidiary (ERB Insurance Agents S.A.) provides insurance agency activities and in particular provides insurance product distribution services in the name and on behalf of one or more insurance companies.

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 Consolidated Financial Statements 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 the derivative financial instruments), which have been measured at fair value.

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

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

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

Going concern assessment

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

However, a major challenge for the international community is the recent coronavirus (COVID 19) outbreak whose economic effect could result in weakening of the global economic activity. In case of a global slowdown in economic activity, an adverse impact on certain industries of the Greek economy and thereby on the fiscal planning of the Greek government as well as the Greek banking and insurance sectors cannot be ruled out. In detail, the potential implications of the coronavirus and the measures taken by the Group to control and assess the impact are included in the Note 40 Post balance sheet events. The Group closely monitors the developments in the Greek macroeconomic environment and taking into account its exposure to credit risk from sovereign debt and insurance risks, examines on a daily basis the possible effects of the market fluctuations and has increased its level of readiness in order to accommodate decisions for its protection against the financial impact of the epidemic.

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

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

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

New standards and amendments to standards adopted by the Group

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 2019:

IFRS 16, Leases

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

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

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

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

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

The application of IFRS 16 resulted in the recognition of "right of use assets" and "lease liabilities" of €1.070 thousand on 1 January 2019.

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

IAS 28, Amendments - Long-term Investments in Associates and Joint Ventures (effective on 1 January 2019, not yet endorsed by the EU)

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

IFRIC 23, Uncertainty over income tax treatments

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

IAS 19, Amendments - Plan amendment, curtailment or settlement

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

Annual Improvements to IFRSs 2015-2017 Cycle

The amendments set out below include changes to four IFRS.

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

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

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

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

The adoption of the amendments had no impact on the Group's financial statements.

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

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

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

In September 2016, the International Accounting Standards Board issued an amendment to IFRS 4 "Insurance Contracts", which was intended to address the issue arising from the different (expected) dates of the application of IFRS 9 and the forthcoming new IFRS accounting standard 17 for insurance policies. The amended standard give all companies that issue insurance contracts the option either to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; or give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2023. This exemption is only available for entities whose activities are mainly related to insurance. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

The Group's activities are primarily related to insurance as defined by this amendment and therefore the Group meets the conditions and intends to apply the temporary exemption and therefore to apply IFRS 9 in 2023.

It is noted that the Group's liabilities that are connected with insurance activities according to IFRS 4 amounted to €1.864,8 mil., €2.051,2 mil., €2.251,1 mil. and €2.431,5 mil. as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 respectively, representing 96,3%, 93,1%, 94,5% and 93,5% of the Group' total liabilities for the respective dates of reference.

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

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

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

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

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

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

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

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

IAS 1 and IAS 8, Amendments - Definition of material (effective on 1 January 2020, endorsed by EU)

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

IAS 1, Amendment - Classification of liabilities as short term and long term, (effective on 1 January 2022, not yet endorsed by EU)

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

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group, directly or indirectly, has the power to exercise control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Total comprehensive income is attributed to the owners of the parent and to the non- controlling interests even if this results in the non-controlling interests having a deficit balance.

Intercompany transactions, balances and intragroup gains on transactions between Group companies are eliminated; intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies of the Group.

A listing of the Company's subsidiaries is set out in Note 9.

(b) Business combinations involving entities under common control

Pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", since business combinations between entities under common control are excluded from the scope of IFRS 3 "Business Combinations", such transactions are accounted for in the Group's financial statements by using the pooling of interests method (also known as merger accounting), with reference to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework and comply with the IFRS general principles, as well as accepted industry practices.

Under the pooling of interests method, the Group incorporates the assets and liabilities of the subsidiaries at their pre-combination carrying amounts without any fair value adjustments and no Goodwill is recorded. Any potential difference between transaction cost and carrying value of net assets acquired is accounted for in equity of the Group.

The consolidated equity accounts consist of the following:

Share Capital:	The par value of the common stock issued by the Company to effect the combination is credited to the share capital account.
Reserves and Retained Earnings:	The Group's reserves and retained earnings incorporate the reserves and retained earnings of the subsidiaries and the Company after the elimination of intra-group transactions.
Consolidation reserve:	The difference between the Company's investments in subsidiaries (direct and indirect) and the subsidiaries' share capital and share premium is recorded and presented separately in the Equity on consolidation, as "Consolidation reserve".

The consolidated financial statements report results of operations for the period in which the transfer occurs as though the transfer of equity interests had occurred at the beginning of the previous comparative period. The effects of intra-group transactions on assets, liabilities, income statement and retained earnings presented have been eliminated.

(c) Joint Arrangements

A joint arrangement is an arrangement under which the Group has joint control with one or more other parties. Joint control is a contractually agreed joint control exercise and exists only when decisions on major activities require the unanimous consent of the parties jointly exercising control. Under IFRS 11, investments in joint arrangements are classified either as joint operations or as joint ventures, and the classification is determined by the contractual rights and obligations of each investor. The Group has assessed the nature of its investments in joint arrangements and has decided to they form joint ventures.

Joint ventures are accounted for using the equity method. According to the equity method, investments in joint ventures are initially recognized at cost, which is subsequently increased or decreased by recognizing the Group's share of the profits or losses of joint ventures and the changes in other comprehensive income after the acquisition. In the event that the Group's share of joint venture losses exceeds the value of the investment (including any long-term investment that is substantially part of the Group's net investment in joint ventures), no further losses are recognized unless payments have been made or further commitments have been made on behalf of the Joint venture.

Unrealized gains on transactions between the Group and joint ventures are eliminated by the Group's participation in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of joint ventures have been amended where necessary to be consistent with those adopted by the Group.

When the Group ceases to have joint control over an entity, it ceases to use the equity method. Any residual interest in the entity is remeasured to its fair value and any change in the carrying amount is recognized in the income statement except in those cases where a participation in a joint venture becomes a participating interest in an associate, where the residual interest remaining is not remeasured and the use of the equity method continues.

2.3. Foreign currency

(a) Translation of foreign subsidiaries

In the consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated into the Group's presentation currency using the exchange rate ruling at the Balance Sheet date. Income and expenses are translated at the average rates of exchange for the reporting period.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries including exchange differences of monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur, that form part of the net investment in foreign subsidiaries, are taken to "Statement of comprehensive income". Such exchange differences are released to the income statement on disposal of the foreign operation or for monetary items that form part of the net investment in the foreign operation, on repayment or when settlement is expected to occur.

(b) 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.

2.4 Property, plant and equipment

Property, plant and equipment include land and buildings, improvements in lease-hold 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 only if it is possible that these costs will bring additional future economic benefits to the Group 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 the property, plant and equipment, in order to reduce the acquisition cost of the property, plant and equipment to their residual value as follows:

Land:	Not depreciated
Buildings:	40 to 50 years
Leasehold improvements:	The lowest of lease contract term and its estimated useful life.
Personal Computers:	4 to 7 years
Other furniture and equipment:	4 to 12 years
Vehicles:	5 to 7 years

Property, plant and equipment are periodically reviewed for impairment, and any impairment loss is recognized directly in the income statement. Specifically, land and buildings are examined annually by independent valuers in order to determine whether there is an indication of impairment.

The historical cost and the accumulated depreciation of property, plant and equipment disposed are removed from the relevant accounts upon sale or retirement and any arising gain or loss is recognized in the income statement.

2.5 Investment properties

Investment properties are the 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 property is recognized at “fair value”. "Fair value" is based on prices that apply to an active market, adjusted where necessary due to differences in the nature, location or condition of the asset. If this information is not available, the Group applies alternative valuation methods, such as recent prices on less active markets or value-in-use method. These estimates are reviewed at the end of each year by independent professional real estate appraisers in accordance with instructions issued by the International Valuation Standards Committee.

The fair value of investments property reflects, inter alia, rental income from existing leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflow (including rental payments and other outflows) that would be expected from each property. Some of these outflows are recognized as a liability, while others, including possible rent payments, are not recognized in the financial statements.

Subsequent costs are added to the carrying amount of the property only when it is probable that future economic benefits associated with that property will flow to the Group and that the related costs can be measured reliably. Repairs and maintenance costs are charged to the results of the year in which they are incurred.

Changes in "fair values" are recognized in the income statement. Investment property ceases to be recognized when it is sold or when the use of an investment property ceases and no financial benefit is expected from its sale.

If an investment property changes to Property, Plant and Equipment, it is reclassified to tangible assets and its "fair value" at the date of reclassification is defined as its acquisition cost for accounting purposes.

2.6 Intangible assets

(a) 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 Group'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 amortlised but tested for impairment annually or more frequently if there are any indications that impairment may have occurred. The Group's impairment test is performed each year end. The Group considers external information such as weak economic conditions, persistent slowdown in financial markets, volatility in markets and changes in levels of market and exchange risk, an unexpected decline in an asset's market value or market capitalisation 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 Group at which goodwill is monitored for internal management purposes.

The Group'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.

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

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

Software : 4-7 years

2.7 Financial assets and liabilities

2.7.1 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 Group 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 Group 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 Group'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.

2.7.2. Recognition, accounting treatment and derecognition

Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Group 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 are recycled in the income statement.

The accounting treatment of interest income and dividend income from financial assets is described in Note 2.22.

2.7.3 Derecognition of financial assets

A financial asset is derecognized when the contractual cash flows of the instrument expire, or the Group 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.

2.7.4 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 Group include investment contracts (Unit Linked products) and derivative financial instruments. The accounting policies of the abovementioned financial liabilities are described in the notes 2.14 (c) and 2.10, respectively.

2.8 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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group 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 Group 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 Group 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 Group 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).

2.9 Impairment of financial and non-financial assets

2.9.1 Impairment of financial assets

The Group, 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 Group as follows:

- Significant financial difficulty of the issuer or obligor
- Breach of contract, such as outstanding 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

Impairment assessment

The Group 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 Group 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 Group 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 Group, 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.

2.9.2 Impairment of non-financial assets

Items that have 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).

2.10 Derivatives

Derivative financial instruments mainly include foreign exchange contracts, forward currency agreement 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 2.8 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 of loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement. The Group did not hold embedded derivatives in other financial instruments during the years 2019 and 2018.

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

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, the Group 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.

2.12 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 the 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 positions 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.

2.13 Employee benefits

i) <u>Defined post-employment contribution plans</u>

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

ii) <u>Defined post-employment benefit plans</u>

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 Group 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 23).

Actuarial gains or losses arising from the calculation of staff leaving indemnities are recognized in other comprehensive income without being eligible for reclassification to future profit or loss. The past service cost and interest expense is recognized immediately in the income statement.

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

iii) <u>Employee termination benefits</u>

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 Group accounts for such liabilities when bounds to either terminate the employment of existing employees of the Group 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) <u>Bonus and benefits participation plans</u>

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 Group.

2.14 Insurance and investment contracts

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

Contracts Classification

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

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

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

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

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

Significant insurance risk for the Group is when the amount paid in case of occurrence of a specified uncertain future event exceeds 10,0% of paid premiums.

(a) Life Insurance contracts

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

Life insurance policies are classified in the following categories:

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

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

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

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

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

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

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

(ii) Short-term insurance contracts

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

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

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

(b) Non Life insurance Contracts

The Non Life insurance subsidiaries issue mainly short-term insurance contracts relating to all the non life insurance sectors where they operate, while they also sell long-term insurance contracts related to property.

Insurance contracts for accidents cover customers of the Group 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 Group 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 are recognized as revenue (earned premiums) proportionally to the insurance period. As at the reporting date, the amount of premiums for the in force contracts, which concerns the next one or more financial years, is transferred at the Unearned Premiums Reserve. For all insurance sectors this is calculated based on the proportion of days from the reporting date until the end of the period for which premiums have been registered in the relevant insurance subsidiaries' 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 income statement, based on the estimated liability for claims to policyholders of the Group or third parties harmed by actions or omissions of the Group'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 incurred up to reporting date, whether or not reported to the Group. The Group 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 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 losses that have incurred and not reported to the Group at the date of the financial statements (IBNR - Incurred But Not Reported) and the loss adjustment expenses. 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 in calculating the reserve for outstanding claims, the final cost of which is not known accurately at the reporting date.

(c) Investment contracts

Investment contracts without discretionary participation features

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

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

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

(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 Group reduces the carrying amount accordingly and recognizes the impairment loss in the income statement. The Group assess 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 2.9.

(e) Deferred acquisition costs

Life insurance business:

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

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

Non Life insurance business:

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

(f) Insurance provisions

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

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

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

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

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

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

Provisions for outstanding claims: Relate to those made as at the reporting date for the full coverage of insurance risk liabilities that have been incurred up to the reporting date, reported or not, for which the relative amounts of insurance claims and related expenses have not been paid or the exact amount has not been determined or the extent of the liability of the insurance 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, 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 as at the reporting date, in accordance with the valuation principles and rules applicable to each category of insurance provision and the traditional provisions of IFRS 4 "Insurance Contracts.

The difference 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 Group's share and the remaining portion is transferred as debit to reinsurers in accordance with the terms of the reinsurance contracts.

(g) Liability Adequacy Test of insurance reserves

At each reporting date the Group performs an adequacy test of insurance reserves ("Liability Adequacy Test"), in accordance with IFRS 4, using the current estimates of future cash flows from insurance contracts and the related administration costs. In case the insurance liabilities 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.

2.15 Reinsurance contracts

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

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

Reinsurance is an important tool to manage and reduce the Group's exposure to risk of loss from insurance contracts. All reinsurance cessions are made to reinsurance companies which meet the standards set by the Group's management. When designing reinsurance programs, the Group 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 Group reviews at each reporting date whether its reinsurance assets have been impaired. If there is objective evidence that a receivable has been impaired, then the carrying value is reduced accordingly and an impairment loss is recognized in profit or loss. A receivable from a reinsurer is impaired if, and only if:

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

2.16 Leases

The Group participates as lessee and lessor in operating leases.

The Group as a Lessor:

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

The Group as a Lessee:

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

i) Right of use asset

The Group 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 Group is relatively certain that the ownership of the leased asset will be transferred to the Group 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 Group 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 Group and the termination penalty payments of a lease, if the contract terms indicate with reasonable certainty that the Group 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 Group 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 Group applies the practical expedient for short-term leases (i.e. leases of less than or equal to 12 months from the date of commencement of the lease where there is no right to purchase the asset). Lease payments for short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

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

The Group 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 Group has the right for some leases to extend the lease term. The Group 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 Group 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 Group).

2.17 Related party transactions

The related parties of the Group include:

i. an entity that has control over the Group 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,
ii. members of key management personnel of the Group, close family members and entities that are controlled or jointly controlled by the abovementioned persons,
iii. associates and joint ventures, and
iv. related entities.

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

2.18 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.

2.19 Dividends

Dividend distribution on shares is recognized as a deduction in the equity when approved by the shareholders. Interim dividends are recognized as a deduction in the equity when approved by the Board of Directors.

2.20 Provisions – Pending litigations

Provisions are recognized when the Group 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.

2.21 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.

2.22 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Group and the amount can be measured reliably. Recognition of revenue from insurance contracts described in Note 2.14. Revenue other than from insurance contracts is analyzed as follows:

Asset management fees

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

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

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

Interest income

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

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

Dividend income

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

Income from insurance agency services

Income from insurance agency services is recognized upon inception of insurance contracts, when the Group fee is on demand. Furthermore, revenue from rendering insurance consulting services is recognized during the period in which the services are rendered, by reference to stage of completion of the actual service.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group 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 in the current situation. The estimates and assumptions that have a significant risk of causing substantial adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

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

The determination of the liabilities related to the long-term insurance contracts is dependent on the estimates made by the Group.

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

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

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

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

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

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

The future cash flows are discounted using yield curves constructed at the reporting date based on the yield to historical cost of investment portfolio and the forward yield curve (refer to note 4.2, note 7 and note 21).

(b) Liabilities arising from claims of insurance contracts

The estimation of outstanding claims of insurance contracts is also one critical accounting estimate of the Group. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. In addition to the reserve calculated on a case by case basis, the Group also makes provisions for claims handling costs. The adequacy of provisions for outstanding claims (reported or not at the reporting date) is also examined using statistical methods. When the result of the statistical methods is higher than the existing statutory provisions, the Group recognizes additional provisions (liability adequacy test - LAT) (refer to note 21).

(c) Fair value of financial instruments

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

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

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

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

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

(b) the selection of the appropriate discount rate based on the estimate of a market participant for the appropriate spread of the rate over the risk free rate,
(c) judgment in determining the model that will be used to calculate the fair value.

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

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

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

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

<u>Valuation Technique of Greek Government Bonds (PSI GGBs)</u>

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

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

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

(d) Estimation of the fair value of investment properties

The Group has invested in real estate mainly through the investment in the joint venture Grivalia Hospitality (see note 10).

The best evidence of fair value is based on the current prices in an active market for similar lease and other contracts. In the event that such information is unavailable, the Group's Management determines the fair value amount through a range of reasonable fair value estimates based on advice received from its independent external valuers.

In order to make such a decision, Group's Management looks at information from various sources, including the following:

(i) Current prices in an active market for properties of a different nature, condition or location (or subject to a different lease or other contracts), adjusted to reflect those differences.

(ii) Recent prices of similar properties in less active markets, with adjustments made to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contacts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, as well as using discount rates that reflect current market assessments of the uncertainty in the amount and timing of those cash flows.

The main parameters that affect the fair value of the Group's real estate property are those related to the expected future market rentals, as well as to the appropriate discount rates (refer to note 10).

NOTE 4: INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Framework for Risk Management

The Group 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 Group is exposed to insurance, financial risks such as credit risk, market risk and liquidity risk and operational risk. To minimize the potential adverse effects arising from these risks, the Group 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 Group 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, a Risk, Asset - Liability and Investment Management Committee and a Risk Management Function, both on a Group and subsidiary level, have been established.

4.1.1 Risk, Asset - Liability and Investment Management Committees of insurance subsidiaries

The Risk, Asset - Liability and Investment Management Committees of the insurance subsidiaries are committees of the Board of Directors.

The main responsibilities of the Committees are:

- to ensure and provide assurance to the BoD of the insurance subsidiaries regarding the continuous compliance with Solvency II Capital Requirements;
- to develop appropriate risk strategies for all types of risks potentially affecting the insurance subsidiaries and their 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 insurance subsidiaries;
- to monitor, challenge and validate the processes that govern the Solvency II capital requirement calculation and the execution of the Own Risk and Solvency Assessment exercise;
- to assist the BoD in adopting a rational and prudent investment strategy and policy;
- to evaluate investment proposals, originating from either management or external investment managers/advisors, taking into account the legal and regulatory requirements and ensuring that the insurance subsidiaries maintain sufficient coverage over the Solvency Coverage Ratio as dictated by the risk appetite of the BoD;
- to monitor the Group's compliance with the legal and regulatory framework governing its full range of operations;
- to evaluate the competence, performance, mandate and compensations of external investment managers;
- to guide the Investments Department and other areas of the business relative to investments and to ensure that sufficient resources are in place for the implementation of the committee decisions.

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

4.1.2 Risk Management Function

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

- raise awareness of risks within the Group;

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

4.2 Insurance Risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group 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 Group 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.

The Group has insurance operations in both Greece and Romania. The exposure of the Group to insurance risk is significant mainly in Greece since the insurance portfolio of the subsidiaries in Romania is not material on a Group level. Therefore the disclosures regarding the insurance risk below relate to insurance operations only in Greece.

4.2.1 Life Insurance

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

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

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

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

4.2.1.1 Traditional life insurance and DAF contracts

a) Frequency and severity of claims

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

The Group is exposed to the following risks for the life insurance business:

- **Mortality risk**

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

- **Longevity risk**

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

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

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

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

The risk is concentrated in the higher value bands. This fact has not changed in comparison with the prior year.

The following table for annuity insurance contracts illustrate the concentration of risk into ten bands, in which these contracts are classified based on the amount payable per annum as if the annuity were in payment at the year-end. The Group does not hold any reinsurance contract against the liabilities carried for these contracts.

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

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

- **Lapse/Cancellation Risk**

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

- **Expense Risk**

A failure to accurately estimate inflation and of its integration into the Group's product pricing, estimations of expenses and liabilities could have a material adverse effect on the Group's business, profitability, financial condition and prospects.

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

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

c) Process used to decide on assumptions

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

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

- **Mortality:** The estimation of parameters applied is based on percentages provided by mortality tables as defined by the Greek legislation taking also into account the Group's experience of insured policyholders.
- **Lapse and surrender rates:** In the long-term life insurances, the contract is cancelled in case of non-payment of the premium. However, if the insurance has acquired the right for surrender the contract is not canceled and the insurance becomes free of further premium payments under the same terms and conditions as the original life insurance, but with reduced annuities. The policyholder shall have the right to request surrender of life insurance with partial return of the mathematical reserve at the time of the surrender application. The policy year in which the contract acquires the right of surrender and the surrender value are specified in the relevant tables of the contract. The lapse and surrenders percentages are estimated per group of similar products, taking into account the Group's experience during the last ten years. The study for lapses and surrenders is updated on an annual basis. From time to time, the Group may need to update its assumptions and actuarial and risk models to reflect actual experience and other new information. Changes to assumptions and these models could result in a review of, and subsequent changes to, the insurance product pricing, which could have a material adverse effect on the Group's business, results of operations, financial position and prospects. The impact of changes in assumptions for the Group would be reflected over the remaining life of the policies through the earnings.

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

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

The liability adequacy test conducted for the life traditional insurance products of the Greek life insurance subsidiary, at the end of the current year resulted in additional reserves of €69,0 mil. (31 December 2018: €71,2 mil).

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

- **Mortality:** The estimation of parameters applied is based on percentages provided by mortality tables as defined by the Greek legislation taking also into account the Group's experience of insured policyholders.

- **Lapse and surrender rates:** In the long-term life insurances, the contract is cancelled in case of non-payment of the premium, while the policyholder is given the option to terminate the contract. The lapse and surrenders percentages are estimated per group of similar products, taking into account the Group's experience.

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

The liability adequacy test for the Deposit Administration Funds (DAF) at the end of the current year resulted in additional reserves of € 38,53 mil. (31 December 2018: the additional reserves were € 7,5mil).

d) Sensitivity analysis

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

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

- Expenses: The increase of administrative expenses by 10,0% compared to current estimates would result in a decrease in the adequacy of reserves by €6,5 mil (31 December 2018: €6,0 mil) while the decrease of administrative expenses by 10,0% compared to the current estimates would result in an increase by €6,5 mil (31 December 2018: €6,0 mil).

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

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

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

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

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

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

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

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

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

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

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

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

e) Guaranteed annuity options

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

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

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

4.2.1.2 Rider covers attached to life insurance contracts

a) Frequency and severity of claims

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

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

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

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

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

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

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

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

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

The Group monitors the loss ratios and regularly analyzes its experience of the severity and frequency of losses.

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

c) Process used to decide on assumptions

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

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

4.2.2 Non-Life Insurance

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

4.2.2.1 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 Group portfolio, but also the capital and solvency requirements.

a) Frequency and severity of claims

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

Third Party Liability limits that are imposed by law are €1,22 mil per person for Bodily Injuries and €1,22 mil per accident for Material damages.

Reinsurance arrangements include excess of loss with a maximum underwriting limit for the Group in Motor Third Party Liability amounting to €50,0 mil 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 Group'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 bring 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 Group is considered responsible 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). 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. For the Motor Liability sector, a specific method is selected in order to generate estimates of reserves that are as creditworthy and reliable as possible and are close to reality.

On a six-months basis the Group 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. Also, the Group 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 Group expense analysis at the end of each financial year.

d) Changes in assumptions and sensitivity analysis

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

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

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

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

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

4.2.2.2 Property Insurance

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

In its product design the Group 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 Group'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 Group monitors the portfolio regularly, especially the loss ratio.

Regarding the large commercial and industrial risks, the Group 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, loss history.

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

The Group 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 Group monitors the evolution of the frequency and the average cost and adjusts its pricing policy.

For losses of large amount, the Group 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 Group 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 Group'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 Group carefully assesses the concentration, purchases reinsurance cover and charges different premium per earthquake zone.

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

Geographical region (amounts in € thousand)	**Total insured funds as at 31 December 2019**	**Total insured funds as at 31 December 2018**
Attica and Central Greece	10.120.235	9.046.313
Rest of Greece	10.554.689	9.348.341
Total	**20.674.924**	**18.394.654**

The Group has obtained reinsurance for catastrophic events with a limit of € 352,0 mil. in excess of € 6,0 mil. (2018: € 8 mil.) for each catastrophic event. The total (upper) limit has changed by €19 million since prior year (2018: €333 mil.).

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 Group).
- 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 for which the Group is considered responsible 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 there is no sufficient data that can be used for statistical analysis then similar risk categories are grouped together.

The Group, 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 Group has a positive experience and no additional reserve is required as a result of the adequacy assessment of claims.

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

d) Change in assumptions and sensitivity analysis

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

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

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

4.3 Financial risks

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

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

4.3.1 Credit risk

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

Credit risk concentration

The main counterparties, to which the Group 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 Group's determined limits for its counterparties as of 31 December 2019 and 2018.

The main source of credit risk relates to on-balance sheet exposures. There are also off-balance sheet exposures, which are not considered material and are primarily related to collateral, such as letters of credit. These collaterals are used to protect the Group 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	**GROUP**	
(amounts in € thousand)	**31/12/2019**	**31/12/2018**
Financial assets at FVTPL		
- Derivative financial instruments	2	11
- Financial assets where the policyholders bear the investment risk (Unit Linked)	172.048	132.043
- Financial assets held for trading	326.286	1.008.531
Available for sale financial assets	2.426.093	1.368.071
Insurance receivables	17.596	8.395
Other receivables	13.316	8.579
Reinsurance receivables	28.300	33.915
Cash and cash equivalents	171.680	142.002
Total financial assets bearing credit risk	**3.155.322**	**2.701.548**

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

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

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

Government Bonds	**GROUP**			
(amounts in € thousand)	**Rating Fitch**	**31/12/2019**	**Rating Fitch**	**31/12/2018**
Greece	BB-	2.318.187	BB-	1.943.952
Germany	AAA	101.209	AAA	157.644
Spain	A-	30.014	A-	27.027
Ireland	A+	57.481	A+	58.047
Romania	BBB-	17.089	BBB-	15.911
USA	AAA	89.348	AA+	102.656
Total		**2.613.327**		**2.305.237**

Corporate Bonds	**GROUP**			
(amounts in € thousand)	**Rating Fitch**	**31/12/2019**	**Rating Fitch**	**31/12/2018**
Non-financial institutions (Other commercial companies)	BB+	6.812	BB+	3.635
	BB	4.966	B+	-
	NR	539	NR	14.863
Total		**12.317**		**18.498**

As of 31 December 2019 and 2018, the largest concentration in the Group’s debt securities portfolio is in European sovereign debts which constitute a percentage of 96,1% and 94,8% respectively on the total debt securities portfolio and a percentage of 81,5% and 83,1% respectively on the total investments (including cash and cash equivalents).

Especially for the sovereign exposure to Greece, the Group had an exposure of € 2.318.187 thousand (74,9% of total investments) and € 1.943.952 thousand (73,3% of total investments) as of 31 December 2019 and 2018, respectively.

Credit risk related to reinsurance assets:

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

Reinsurance contracts are reviewed by the Group 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 Group 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 Group 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 Group's reinsurance business strategy, an appropriate mixture of reinsurers has been selected in order to ensure adequate level of reinsurance coverage. The Group's credit risk exposure on the reinsurance receivables due from the top three reinsurance companies as at 31 December 2019 amounts to 65,5% (2018: 57,8%). However due to the high credit rating and the recognized solvency of these reinsurance companies the Group's management does not expect any losses from credit defaults.

Credit risk related to premium receivables:

The Group'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 Group. The Group 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 Group 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 Group 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	**GROUP**	
(amounts in € thousand)	**31/12/2019**	**31/12/2018**
Group's network	234	242
Bancassurance network	8.177	4.062
Agents and brokers	9.186	4.092
Total	**17.596**	**8.395**

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 Group, but the Group collects the premiums using the network of Banks' branches. As a consequence, the counterparty risk that the Group is exposed to is not transferred to the Banks.

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

Credit risk related to cash and cash equivalents:

As at 31 December 2019 and 2018 the cash placements to the Eurobank, amounted to €20.005 thousand and €38.379 thousand respectively.

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

31 December 2019 (amounts in €thousand)	GROUP								
Rating	**Unit Linked**	**Trade Portfolio**	**A.F.S. Portfolio**	**Derivatives**	**Premium receivables**	**Other receivables**	**Re-insurance receivables**	**Cash & cash equiv.**	**Total**
AAA	-	12.796	177.761	-	-	-	-	-	190.557
AA	-	-	-	-	-	-	-	-	-
AA+	-	-	-	-	-	1.185	4.562	-	5.747
AA-	-	-	-	-	16	3.502	17.263	2.961	23.742
A+	-	-	57.481	-	-	37	4.718	-	62.236
A	-	-	-	-	-	49	1.490	3.043	4.582
A-	-	-	30.014	-	3	-	214	-	30.230
BBB+	-	-	-	-	-	-	-	68	68
BBB-	-	-	17.089	-	-	-	-	-	17.089
BB+	-	-	518	-	-	-	-	102	621
BB	307	-	7.112	-	-	-	-	-	7.419
B	-	-	-	-	-	-	-	532	532
B-	-	-	-	2	-	-	-	-	2
BB-	2.522	311.600	2.006.587	-	-	-	-	-	2.320.709
CCC+	-	-	-	-	-	1	-	116.431	116.432
CCC	-	-	-	-	-	-	-	48.201	48.201
C	-	-	-	-	-	-	-	1	1
Non rating	169.219	1.890	129.531	-	17.577	8.543	54	339	327.153
Total	**172.048**	**326.286**	**2.426.093**	**2**	**17.596**	**13.316**	**28.300**	**171.680**	**3.155.322**

31 December 2018 (amounts in € thousand)	GROUP								
Rating	**Unit Linked**	**Trade Portfolio**	**A.F.S. Portfolio**	**Derivatives**	**Premium receivables**	**Other receivables**	**Re-insurance receivables**	**Cash & cash equiv.**	**Total**
AAA	-	-	157.644	-	-	-	-	-	157.644
AA	-	-	-	-	-	-	-	-	-
AA+	-	28.524	74.132	-	-	579	4.137	-	107.372
AA-	-	-	-	-	-	1.588	19.454	-	21.042
A+	15.459	-	58.047	5	-	58	5.834	3.078	82.481
A	-	-	-	-	-	15	2.432	2.260	4.707
A-	-	-	27.027	-	-	64	2.041	-	29.132
BBB+	-	-	-	-	-	-	-	9	9
BBB-	-	-	15.911	-	-	-	-	-	15.911
BB+	-	-	3.635	-	-	-	-	75	3.711
BB -	1.881	978.920	965.031	-	-	-	-	-	1.945.833
B+	-	-	-	-	-	-	-	-	-
B-	-	-	-	6	-	-	-	1	7
CCC	105	-	-	-	-	-	-	135.385	135.490
C	-	-	-	-	-	6	-	6	12
Non rating	114.598	1.087	66.643	-	8.395	6.269	17	1.189	198.199
Total	**132.043**	**1.008.531**	**1.368.071**	**11**	**8.395**	**8.579**	**33.915**	**142.002**	**2.701.548**

Analysis of financial assets:

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

(amounts in € thousand)	GROUP					
31 December 2019	**Trade Portfolio**	**A.F.S. Portfolio**	**Insurance Receivables**	**Re-insurance receivables**	**Other receivables**	**Total**
Neither past due nor impaired financial assets	**326.286**	**2.423.392**	**-**	**28.300**	**13.105**	**2.791.084**
Past due but not impaired financial assets						
Past due by :						
1 to 90 days	-	-	17.028	-	-	**17.028**
>90 days	-	-	568	-	211	**779**
Total	**326.286**	**2.423.392**	**17.596**	**28.300**	**13.316**	**2.808.891**
Financial assets impaired						
Gross carrying value of financial assets	-	3.173	3.923	-	989	**8.085**
Less: impairment allowance						
Impairment allowances on individually assessed financial assets	-	(472)	(3.923)	-	(989)	**(5.385)**
Net carrying value of financial assets	**326.286**	**2.426.093**	**17.596**	**28.300**	**13.316**	**2.811.592**

(amounts in € thousand)	GROUP					
31 December 2018	**Trade Portfolio**	**A.F.S. Portfolio**	**Insurance Receivables**	**Re-insurance receivables**	**Other receivables**	**Total**
Neither past due nor impaired financial assets	**1.008.531**	**1.346.889**	**-**	**33.915**	**8.318**	**2.397.653**
Past due but not impaired financial assets						
Past due by :						
1 to 90 days	-	-	7.886	-	-	**7.886**
>90 days	-	-	510	-	261	**771**
Total	**1.008.531**	**1.346.889**	**8.395**	**33.915**	**8.579**	**2.406.310**
Financial assets impaired						
Gross carrying value of financial assets	-	22.954	3.882	-	1.055	**27.891**
Less: impairment allowance						
Impairment allowances on individually assessed financial asset	-	(1.772)	(3.882)	-	(1.055)	**(6.709)**
Net carrying value of financial assets	**1.008.531**	**1.368.071**	**8.395**	**33.915**	**8.579**	**2.427.492**

4.3.2 Market risk

Market risk is the risk associated with the Group'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 Group's investment portfolio, market risk mainly relates to interest rate risk, equity risk, exchange rate risk and credit risk.

It is noted that, in order to monitor market risk, the Group applies the Value-at-Risk (VaR) methodology and monitors its asset portfolio on a daily basis. At the same time, the Group 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 Group 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 Group'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 Group's return on investments may increase or decrease.

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

31 December 2019	**GROUP**			
(amounts in € thousand)	**0 – 3 %**	**3 – 6 %**	**6 – 10 %**	**Total**
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	1.755	2.725	104	4.584
- Financial assets held for trading	324.396	-	-	324.396
Available for sale financial assets	805.898	1.495.350	-	2.301.249
Cash and cash equivalents	171.680	-	-	171.680
Total	**1.303.729**	**1.498.075**	**104**	**2.801.908**

31 December 2018	**GROUP**			
(amounts in € thousand)	**0 – 3 %**	**3 – 6 %**	**6 – 10 %**	**Total**
Financial assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk (Unit Linked)	15.625	1.881	-	17.506
- Financial assets held for trading	1.007.444	-	-	1.007.444
Available for sale financial assets	144.114	1.172.177	-	1.316.291
Cash and cash equivalents	142.002	-	-	142.002
Total	**1.309.186**	**1.174.058**	**-**	**2.483.244**

Analysis of interest bearing financial assets by type of rate:

31 December 2019	**GROUP**	
(amounts in € thousand)	**Fixed Rate**	**Total**
Financial assets at FVTPL		
- Financial assets where the policyholders bear the investment risk (Unit Linked)	4.584	4.584
- Financial assets held for trading	324.396	324.396
Available for sale financial assets	2.301.249	2.301.249
Cash and cash equivalents	171.680	171.680
Total	**2.801.909**	**2.801.909**

31 December 2018	**GROUP**	
(amounts in € thousand)	**Fixed Rate**	**Total**
Financial assets at FVTPL		
- Financial assets where the policyholders bear the investment risk (Unit Linked)	17.506	17.506
- Financial assets held for trading	1.007.444	1.007.444
Available for sale financial assets	1.316.291	1.316.291
Cash and cash equivalents	142.002	142.002
Total	**2.483.244**	**2.483.244**

(b) Currency risk

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

The Group is exposed to currency risk, due to investments in foreign currency. The Group is also exposed to fluctuations in exchange rates, through the operations of its subsidiaries «Eurolife ERB Asigurari de Viata» and «Eurolife ERB Asigurari Generale» in Romania, where the Romanian Leu is used as their functional currency, and the Group prepares and publishes its consolidated financial statements in Euro. The Romanian insurance subsidiaries use foreign exchange derivatives contracts to hedge their FX positions (i.e. Euro against Leu), taking into consideration the difference between assets and liabilities of their Balance Sheet. The Greek insurance subsidiaries do not use derivatives to hedge the currency risk for their FX position.

The Group's overall exposures to foreign currency risk at 31 December 2019 amounted to 3,39% (compared to 4,9% at 31 December 2018) and is not considered significant.

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

GROUP							
31 December 2019 (amounts in € thousand)							
ASSETS	**EUR**	**USD**	**RON**	**CHF**	**GBP**	**INR**	**Total**
Commissions and Deferred acquisition costs (DAC)	31.251	-	630	-	-	-	31.880
Investments in joint ventures	46.760	-	-	-	-	-	46.760
Financial assets at FVTPL:							
- Derivative financial instruments	2	-	-	-	-	-	2
- Financial assets where the policyholders bear the investment risk (Unit Linked)	172.048	-	-	-	-	-	172.048
- Financial assets held for trading	313.490	12.796	-	-	-	-	326.286
Available for sale financial assets	2.332.452	76.552	17.089	-	-	-	2.426.093
Cash and cash equivalents	167.932	122	3.522	104			171.680
Insurance receivables	17.481	-	93	22	-	-	17.597
Reinsurance receivables	28.198	-	102	-	-	-	28.300
Other assets	96.396	-	1.524	-	-	-	97.920
Total Assets	**3.206.011**	**89.470**	**22.960**	**126**	**-**	**-**	**3.318.566**
LIABILITIES							
Technical reserves and other insurance provisions	2.407.927	2	8.946	92	-	-	2.416.968
Financial liabilities	14.504	-	1	-	-	-	14.505
Other Liabilities	167.017	2	2.963	(2)	-	-	169.979
Total liabilities	**2.589.448**	**4**	**11.911**	**90**	-	-	**2.601.453**
Total equity	**619.117**	**89.465**	**11.049**	**36**	**-**	**-**	**719.668**

GROUP							
31 December 2018 (amounts in € thousand)							
ASSETS	**EUR**	**USD**	**RON**	**CHF**	**GBP**	**INR**	**Total**
Commissions and Deferred acquisition costs (DAC)	26.987	-	798	-	-	-	27.785
Investments in joint ventures	47.829	-	-	-	-	-	47.829
Financial assets at FVTPL:							
- Derivative financial instruments	2	-	9	-	-	-	11
- Financial assets where the policyholders bear the investment risk (Unit Linked)	116.522	-	15.520	-	-	-	132.043
- Financial assets held for trading	980.007	28.524	-	-	-	-	1.008.531
Available for sale financial assets	1.278.753	74.132	15.187	-	-	-	1.368.071
Cash and cash equivalents	138.504	111	3.308	77	1	1	142.002
Insurance receivables	8.171	1	159	65	-	-	8.395
Reinsurance receivables	33.823	-	92	-	-	-	33.915
Other assets	52.306	-	1.526	-	-	-	53.831
Total Assets	**2.682.903**	**102.768**	**36.600**	**142**	**1**	**1**	**2.822.415**
LIABILITIES							
Technical reserves and other insurance provisions	2.216.671	3	23.710	42	-	-	2.240.426
Financial liabilities	10.652	-	-	-	-	-	10.652
Other Liabilities	128.555	4	2.588	27	-	-	131.174
Total liabilities	**2.355.877**	**7**	**26.298**	**68**	-	-	**2.382.251**
Total equity	**327.026**	**102.761**	**10.302**	**74**	**1**	**1**	**440.163**

(c) Equity risk

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

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

The Group's overall exposure to equity risk expressed as a percentage of total investments amounted to 6,0% at 31 December 2019 (31 December 2018: 3,9%), and is summarized below:

% of Investment portfolio under management	**GROUP**	
	31 December 2019	**31 December 2018**
Exposure to listed securities	4,3%	1,1%
Exposure to REITS	1,7%	2,8%
Total exposure to Equities and Mutual Funds Risks	**6,0%**	**3,9%**

(d) VaR summary

VaR methodology is used for measuring financial risk by estimating the potential negative change in the market value of the portfolio within a specified timeframe ("holding period") and probability of occurrence ("confidence level"), if positions remain unchanged for the chosen holding period. The VaR calculated by the Group 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

GROUP (amounts in € mil)	**31/12/2019**	**31/12/2018**
Total VaR	**65,8**	**42,4**

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

Group monitors VaR. In addition, the Group 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 Group's ability to fulfill its financial obligations when these become due.

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

31 December 2019	**GROUP**					
Financial Liabilities	**Carrying Value**	**0-1 months**	**1-3 months**	**3-12 months**	**> year**	**Total**
(amounts in € thousand)						
Payables to reinsurers	2.849	13	37	2.799	-	**2.849**
Agents and insurance brokers	12.408	9.523	2.598	205	81	**12.408**
Liabilities to policyholders from brokerage activities	486	-	486	0	-	**486**
Other creditors	3.932	533	3.399	-	-	**3.932**
Benefits payable to policyholders	19.731	3.105	930	15.679	17	**19.731**
Lease liabilities	1.240	39	73	304	825	**1.240**
Other liabilities	10.516	2.116	80	424	7.896	**10.516**
Total financial liabilities	**51.162**	**15.328**	**7.604**	**19.411**	**8.819**	**51.162**

31 December 2018	GROUP					
Financial Liabilities	**Carrying value**	**0-1 months**	**1-3 months**	**3-12 months**	**> year**	**Total**
(amounts in € thousand)						
Payables to reinsurers	2.420	-	366	2.053	-	**2.420**
Agents and insurance brokers	8.093	2.290	5.648	79	76	**8.093**
Liabilities to policyholders from brokerage activities	226	-	226	-	-	**226**
Other creditors	2.196	1.191	1.004	-	-	**2.196**
Benefits payable to policyholders	18.662	2.407	1.018	15.218	19	**18.662**
Other liabilities	8.395	523	-	509	7.363	**8.395**
Total financial liabilities	**39.992**	**6.412**	**8.263**	**17.859**	**7.458**	**39.992**

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

31 December 2019	Carrying amount	0-1 year	1 - 3 years	3-5 years	5-10 years	>10 years	Total
(amounts in € thousand)							
Life insurance reserves							
Outstanding claims reserves	45.683	37.350	5.225	2.807	209	93	45.683
Unearned premiums reserves	10.641	10.195	12	-	-	-	10.207
Technical Reserves – Life and other reserves	1.928.773	153.647	323.851	345.386	843.393	490.741	2.157.017
Technical Reserves – Pensions (D.A.F.)	171.818	(8.674)	(4.162)	(3.864)	7.665	235.299	226.265
Unit Linked	158.475	3.711	23.255	27.839	82.094	5.491	142.389
Total Life insurance reserves	**2.315.390**	**196.229**	**348.180**	**372.167**	**933.361**	**731.624**	**2.581.561**
Investment Contracts							
Unit Linked	14.504	1.865	1.450	1.450	3.937	5.801	14.504
Total Investment Contracts	**14.504**	**1.865**	**1.450**	**1.450**	**3.937**	**5.801**	**14.504**
Total Life	**2.329.894**	**198.094**	**349.631**	**373.618**	**937.298**	**737.425**	**2.596.065**
Non Life insurance reserves							
Unearned Premium Reserves	32.083	2.678	8.317	1.924	911	-	**13.830**
Outstanding claims Reserves	69.495	38.788	18.718	6.471	2.453	-	**66.430**
Total Non Life	**101.578**	**41.466**	**27.035**	**8.395**	**3.364**	**-**	**80.260**

31 December 2018	Carrying amount	0-1 year	1 - 3 years	3-5 years	5-10 years	>10 years	Total
(amounts in € thousand)							
Life insurance reserves							
Outstanding claims reserves	43.516	33.437	6.163	3.728	122	67	43.516
Unearned premiums reserves	9.874	9.464	-	-	-	-	9.465
Technical Reserves – Life and other reserves	1.846.890	162.487	344.738	313.744	911.657	293.817	2.026.443
Technical Reserves – Pensions (D.A.F.)	117.432	(8.586)	(17.264)	(11.842)	1.528	275.196	239.032
Unit Linked	122.136	7.345	13.688	14.166	30.255	13	65.467
Total Life insurance reserves	**2.139.849**	**204.147**	**347.326**	**319.796**	**943.562**	**569.092**	**2.383.923**
Investment Contracts							
Unit Linked	10.652	609	456	456	2.435	6.695	**10.652**
Total Investment Contracts	**10.652**	**609**	**456**	**456**	**2.435**	**6.695**	**10.652**
Total Life	**2.150.500**	**204.756**	**347.783**	**320.252**	**945.997**	**575.788**	**2.394.575**

Non Life insurance reserves

Unearned Premium Reserves	27.379	2.493	7.946	1.369	231	-	**12.039**
Outstanding claims Reserves	73.198	47.659	17.842	3.924	543	-	**69.968**
Total Non Life	**100.577**	**50.152**	**25.788**	**5.293**	**774**	**-**	**82.007**

(b) Asset Liabilities Matching (ALM)

The Group'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 group level are produced and circulated to the Group’s key management personnel including the Risk, Asset-Liability and Investment Management Committee.

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

For unit-linked products, the Group matches the valuation of these liabilities with the prices of the underlying assets of these portfolios. As a consequence, there is no price, currency, credit or interest rate risk for these contracts.

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

31 December 2019		**Life contractual cash flows (undiscounted)**					
Financial Assets	**Carrying Value**	**0-5 years**	**5-10 years**	**10-15 years**	**15-20 years**	**>20 years**	**Total**
Carrying value and cash flows arising from assets:							*(amounts in € thousand)*
Trading portfolio:							
Listed equity securities	1.599	1.599	-	-	-	-	**1.599**
Listed debt securities:							
– Fixed rate	311.397	311.661	-	-	-	-	**311.661**
Available for sale:							
Listed equity securities	87.077	87.077	-	-	-	-	**87.077**
Unlisted equity securities	24.538	24.538	-	-	-	-	**24.538**
Listed debt securities:							
– Fixed rate	2.210.525	755.031	911.515	495.739	273.406	154.001	**2.589.692**
Derivative financial instruments	2	-	-	-	-	2	**2**
Cash and cash equivalents	154.291	154.291	-	-	-	-	**154.291**
Total	**2.789.430**	**1.334.197**	**911.515**	**495.739**	**273.406**	**154.003**	**3.168.861**

Insurance Reserves	**Carrying Value**	**0-5 years**	**5-10 years**	**10-15 years**	**15-20 years**	**>20 years**	**Total**
		Expected cash flows (undiscounted)					
Insurance Reserves	2.156.915	861.772	851.267	419.202	122.935	183.997	**2.439.172**

31 December 2018	Life contractual cash flows (undiscounted)						
Financial assets	**Carrying Amount**	**0-5 years**	**5-10 years**	**10-15 years**	**15-20 years**	**>20 years**	**Total**
Carrying value and cash flows arising from assets:							*(amounts in € thousand)*
Trading Portfolio:							
Listed equity securities	920	920	-	-	-	-	**920**
Listed debt securities:							
– Fixed rate	942.069	944.705	-	-	-	-	**944.705**
Available for sale:							
Listed equity securities	45.076	45.076	-	-	-	-	**45.076**
Unlisted equity securities	2.557	2.557	-	-	-	-	**2.557**
Listed debt securities:							
– Fixed rate	1.256.666	375.357	510.436	395.761	361.998	174.240	**1.817.791**
Derivative financial Instruments	6	5	-	-	-	2	**6**
Cash and cash equivalents	129.421	129.421	-	-	-	-	**129.421**
Total	**2.376.714**	**1.498.039**	**510.436**	**395.761**	**361.998**	**174.242**	**2.940.476**

Insurance Reserves	Carrying Value	0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
		Expected cash flows (undiscounted)					
Insurance Reserves	2.017.713	836.071	913.306	238.142	129.323	201.613	**2.318.457**

31 December 2019	Non Life Contractual cash flows (undiscounted)						
Financial 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 :							*(amounts in € thousand)*
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	9.461	9.461	-	-	-	-	**9.461**
Unlisted equity securities	3.767	3.767	-	-	-	-	**3.767**
Listed debt securities:							
– Fixed rate	90.723	4.325	2.892	2.922	15.192	76.680	**102.011**
Derivative financial instruments	-	-	-	-	-	-	**-**
Cash and cash equivalents	9.830	9.830	-	-	-	-	**9.830**
Total	**127.072**	**40.676**	**2.892**	**2.922**	**15.192**	**76.680**	**138.362**

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	101.578	41.465	17.574	9.461	5.259	6.501	**80.260**

31 December 2018	Non Life Contractual cash flows (undiscounted)						
Financial 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 :							*(amounts in € thousand)*
Trading portfolio							
Listed equity securities	167	167	-	-	-	-	**167**
Listed debt securities:							
– Fixed rate	59.522	59.627	-	-	-	-	**59.627**
Available for sale:							
Listed equity securities	2.887	2.887	-	-	-	-	**2.887**
Unlisted equity securities	1.260	1.260	-	-	-	-	**1.260**
Listed debt securities:							
– Fixed rate	59.625	4.247	3.612	2.711	3.747	76.134	**90.452**
Derivative financial instruments	5	5	-	-	-	-	**5**
Cash and cash equivalents	5.385	5.385	-	-	-	-	**5.385**
Total	**128.852**	**73.578**	**3.612**	**2.711**	**3.747**	**76.134**	**159.782**

Insurance Reserves	Carrying Value	0-1 years	1-2 years	2-3 years	3-4 years	>4 years	Total
		Expected cash flows (undiscounted)					
Insurance Reserves	100.577	50.335	17.575	8.213	3.731	2.336	**82.190**

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 in any time.

4.4 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 Group's entities. 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 Group, taking into account the nature, scope 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 risks (to which it is or may be exposed in the immediate future). The aforementioned framework is embedded in the decision making processes and in corporate culture (operational risk awareness).

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

4.5 Capital adequacy

The main target of the capital management strategy of the Group is on one hand to ensure that the Group and the insurance subsidiaries have 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 Group as well as risk appetite.

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

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

The level of capital adequacy of the Group and its insurance subsidiaries 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 Group, 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 Group and its insurance subsidiaries are being performed on a quarterly basis and the results of those calculations are submitted to the Supervising Authority. Estimates of SCR and eligible Equity are made on a daily basis.

Furthermore, the Group implements stress tests or sensitivity analyses with alternative scenarios which depict the negative impact from unexpected changes in the macroeconomic and internal environment, in order to estimate the reliance of future available own funds.

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

4.6 Fair values of financial assets and liabilities

(α) 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 2.8 and 3.c).

All financial instruments carried at fair value are categorized according to the fair value hierarchy levels of IFRS 13 at the end of each reporting period based on whether the inputs to the fair values are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group'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 Group's financial assets and liabilities carried at fair value and their classification according to the fair value hierarchy levels of IFRS 13.

31 December 2019	**GROUP**			
(amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial Assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk	172.048	-	-	172.048
- Financial asset held for trading	326.286	-	-	326.286
- Derivative financial instruments	-	-	-	-
Available for sale financial assets	1.818.585	602.432	5.075	2.426.093
Total Financial Assets	**2.316.919**	**602.432**	**5.075**	**2.924.427**
Financial Liabilities				
- Derivative financial instruments	-	1	-	1
- Investment contract liabilities	14.504	-	-	14.504
Total Financial Liabilities	**14.504**	**1**	**-**	**14.505**

31 December 2018 (amounts in € thousand)	**GROUP** Level 1	Level 2	Level 3	Total
Financial assets				
Financial Assets at FVTPL:				
- Financial assets where the policyholders bear the investment risk	132.043	-	-	132.043
- Financial asset held for trading	1.008.531	-	-	1.008.531
- Derivative financial instruments	-	11	-	11
Available for sale financial assets	945.056	420.152	2.864	1.368.071
Total Financial Assets	**2.085.629**	**420.163**	**2.864**	**2.508.656**
Financial Liabilities				
- Derivative financial instruments	-	-	-	-
- Investment contract liabilities	10.652	-	-	10.652
Total Financial Liabilities	**10.652**	**-**	**-**	**10.652**

The change in the value of the financial assets classified as Level 3 from €2.864 thousand on 31 December 2018 to €5.075 thousand on 31 December 2019 is mainly attributed to the change in the fair value measurement.

On 31 December 2019, the fair value of the Greek Government Bonds that were issued during the restructuring of the Greek debt in 2012 and were classified as Level 2 of the hierarchy of IFRS 13 ("PSI GGBs") amounts to €580.338 thousand (2018: €420.152 thousand). The change in the value of financial assets that have been classified as Level 2 from € 420.163 thousand at 31 December 2018 to € 602.432 thousand at 31 December 2019 is attributed by € 160.781 thousand to change in fair value measurement and by € 21.489 thousand to new financial assets' purchases. The valuation method applied is described in Note 3.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

(amounts in € thousand)	**GROUP** Land	Buildings	Leasehold Improvements	Vehicles	Other Equipment	Total
Cost:						
Balance at 1 January 2019	**7.840**	**8.230**	**225**	**459**	**4.073**	**20.827**
Foreign Exchange differences	-	-	(1)	(2)	(10)	(14)
Additions	-	2	43	13	288	347
Sales and write offs	-	-	(47)	-	(25)	(73)
Balance at 31 December 2019	**7.840**	**8.232**	**220**	**469**	**4.326**	**21.087**
Accumulated Depreciations:						
Balance at 1 January 2019	**-**	**(1.106)**	**(112)**	**(104)**	**(2.828)**	**(4.151)**
Foreign Exchange differences	-	-	0	0	5	6
Sales and write offs	-	-	32	**-**	34	65
Depreciation charge	-	(265)	(51)	(88)	(468)	(873)
Balance at 31 December 2019	**-**	**(1.372)**	**(131)**	**(192)**	**(3.258)**	**(4.953)**
Net Book Value at 31 December 2019	**7.840**	**6.860**	**89**	**277**	**1.068**	**16.135**

(amounts in € thousand)	GROUP					
	Land	**Buildings**	**Leasehold Improvements**	**Vehicles**	**Other Equipment**	**Total**
Cost:						
Balance at 1 January 2018	**7.840**	**8.182**	**214**	**170**	**3.749**	**20.155**
Additions	-	48	12	289	368	717
Sales and write offs	-	-	-	-	(44)	(44)
Balance at 31 December 2018	**7.840**	**8.230**	**225**	**459**	**4.073**	**20.827**
Accumulated Depreciations:						
Balance at 1 January 2018	**-**	**(554)**	**(49)**	**(29)**	**(2.135)**	**(2.767)**
Sales and write offs	-	-	-	-	44	44
Depreciation charge	-	(277)	(46)	(75)	(380)	(778)
Balance at 31 December 2018	**-**	**(1.106)**	**(112)**	**(104)**	**(2.828)**	**(4.151)**
Net Book Value at 31 December 2018	**7.840**	**7.123**	**114**	**355**	**1.245**	**16.677**

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

As at 31 December 2019, the fair value of Group's properties for own use, as determined by independent certified valuer, is as follows:

Prpoperty Description	**Area**	**Carrying amount**	**Carrying amount**	**Fair value**	**Fair value**
		31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
(amounts in € thousand)					
Commercial property 8.732 sq.m	Athens, Panepistimiou 35 & Korai	13.991	14.230	15.500	15.000
Commercial property 558 sq.m	Athens,Sina 2-4	710	734	890	877
Total		**14.701**	**14.964**	**16.390**	**15.877**

The key methods used for the fair value measurement of the investment properties is the income approach (income capitalisation/discounted cash flow method) and the market approach (comparable transactions), which can also be used together, 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 capitalisation 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.

The fair values of own-used properties of the Group are classified in Level 3 of fair value hierarchy.

NOTE 6: RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets and lease liabilities

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

	GROUP			
(amounts in € thousand)	**Buildings**	**Vehicles**	**Other Equipment**	**Total**
Cost:				
Balance at 1 January 2019	**706**	**240**	**123**	**1.070**
Additions	752	44	251	1.047
Cancellations	(619)	(3)	-	(622)
Modifications	1	-	-	1
Balance at 31 December 2019	**840**	**282**	**374**	**1.496**
Accumulated Depreciations:				
Balance at 1 December 2019	-	-	-	-
Depreciation charge	(139)	(95)	(144)	(378)
Cancellations	113	2	-	115
Balance at 31 December 2019	**(26)**	**(94)**	**(144)**	**(264)**
Net Book Value at 31 December 2019	**814**	**188**	**230**	**1.232**

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

(amounts in € thousand)	**31/12/2019**
Short-term lease liabilities	415
Long-term lease liabilities	825
Total	**1.240**

Additionally, lease liabilities are due as follows:

(amounts in € thousand)	**31/12/2019**
Within a year	415
Within the second year	337
From 3 to 5 years	488
Total lease liabilities	**1.240**

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

(amounts in € thousand)	**GROUP**
	31/12/2019
Amounts recognized in financial results	
Depreciation charge of right of use assets	(294)
Interest expense on lease liabilities	(32)
Expenses related to short-term leases	(94)
Variable lease expense not included in the measurement of lease liabilities	(24)
Income from right of use assets	5
Total	**(438)**

NOTE 7: INTANGIBLE ASSETS

	GROUP			
(amounts in € thousand)	**Software**	**Goodwill**	**Other**	**Total**
Cost:				
Balance at 1 January 2019	**11.804**	**22.056**	**318**	**34.178**
Foreign Exchange differences	(22)	-	(0)	(22)
Additions	2.135	-	-	2.135
Sales and write offs	(54)	-	-	(54)
Impairment	-	-	(7)	(7)
Balance at 31 December 2019	**13.863**	**22.056**	**311**	**36.230**
Accumulated amortisation:				
Balance at 1 January 2019	**(6.814)**	-	**(96)**	**(6.910)**
Foreign Exchange differences	1	-	-	1
Sales and write offs	33	-	-	33
Amortisation charge	(1.302)	-	(62)	(1.364)
Balance at 31 Decdember 2019	**(8.081)**	**-**	**(159)**	**(8.240)**
Net Book Value at 31 December 2019	**5.782**	**22.056**	**153**	**27.990**

	GROUP			
(amounts in € thousand)	**Software**	**Goodwill**	**Other**	**Total**
Cost:				
Balance at 1 January 2018	**9.259**	**22.056**	**318**	**31.633**
Additions	2.546	-	1	2.546
Foreign Exchange differences	(1)	-	-	(1)
Balance at 31 December 2018	**11.804**	**22.056**	**318**	**34.178**
Accumulated amortisation:				
Balance at 1 January 2018	**(5.726)**	**-**	**(33)**	**(5.758)**
Amortisation charge	(1.088)	-	(64)	(1.152)
Balance at 31 December 2018	**(6.814)**	-	**(96)**	**(6.910)**
Net Book Value at 31 December 2018	**4.990**	**22.056**	**222**	**27.268**

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. by the subsidiary Eurolife ERB General Insurance S.A..

Impairment Test

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit (CGU) that is expected to benefit from that business combination. The Group tests on annual basis whether there is an indication of impairment as described in accounting policy 2.6 (a). At 31 December 2019 and 31 December 2018 there was no indication of goodwill impairment. The recoverable amounts of the CGU are determined from value-in-use calculations. These calculations use cash flow projections based on business plans approved by Management covering a 5-year period. Cash flow projections for years six to ten have been projected based on operational and market specific assumptions. Cash flows beyond the ten-year period (the period in perpetuity) have been extrapolated using the estimated growth rates stated below.

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

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

	2019	**2018**
Discount factor (before tax)	9%	17%
Growth rate	1%	3%

NOTE 8: DEFERRED ACQUISITION COSTS (DAC)

(amounts in € thousand)	**GROUP**	
	31/12/2019	**31/12/2018**
Deferred Acquisition costs – Life	28.854	25.570
Deferred Acquisition costs - Non Life	3.027	2.215
	31.880	**27.785**

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

	GROUP					
(amounts in € thousand)	**31/12/2019**			**31/12/2018**		
	Technical reserve	**Acquisition Costs**	**Total DAC**	**Technical reserve**	**Acquisition Costs**	**Total DAC**
Cost:						
Balance 1 January	23.123	2.447	**25.570**	19.192	2.431	**21.622**
Capitalization	3.722	279	**4.001**	4.781	215	**4.996**
Amortization	(441)	(277)	**(718)**	(850)	(199)	**(1.048)**
Balance at 31 December	**26.404**	**2.449**	**28.854**	**23.123**	**2.447**	**25.570**

NOTE 9: INVESTMENT IN SUBSIDIARIES

The following table is a listing of the Holdings' subsidiaries at 31 December 2019:

Name	**Note**	**Percentage holding %**	**Country of incorporation**	**Line of business**
Eurolife ERB General Insurance S.A.		100,0	Greece	Insurance Services
Eurolife ERB Life Insurance S.A.		100,0	Greece	Insurance Services
Diethnis Ktimatiki S.A.	**C**	100,0	Greece	Real Estate
Eurolife ERB Asigurari De Viata S.A.	**A**	100,0	Romania	Insurance Services
Eurolife ERB Asigurari Generale S.A.	**b,d**	100,0	Romania	Insurance Services
ERB Insurance Services S.A.		100,0	Greece	Insurance Brokerage
ERB Insurance Agents Single Member S.A.	**E**	100,0	Greece	Insurance Agency

a. This is an indirect held shareholding of the Company, as Eurolife ERB Life Insurance S.A. participates in Eurolife ERB Asigurari de Viata S.A. with a percentage of 95,0% and Eurolife ERB General Insurance S.A. with a percentage of 5,0%.

b. This is an indirect held shareholding of the Company, as Eurolife ERB Life Insurance S.A. participates in Eurolife ERB Asigurari Generale S.A. with a percentage of 95,3% and Eurolife ERB General Insurance S.A. with a percentage of 4,7%.

c. This is an indirect held shareholding of the Company, as Eurolife ERB Life Insurance S.A. participates in Diethnis Ktimatiki with a percentage of 100,0%.

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

e. On 10/06/2019, ERB Insurance Agents Single Member S.A. subsidiary was established from the Company with a share capital of €200 thousand divided to 20.000 shares with a nominal value of €10 each.

NOTE 10: INVESTMENT IN JOINT VENTURE

On 26 June 2015, Grivalia Hospitality S.A. ("GH") was established by Grivalia Properties REIC ("Grivalia") with initial paid in share capital of €2,0 mil. The purpose of GH is the acquisition, development and management of hotels and touristic properties mainly in Greece and abroad.

On 19 February 2017, the subsidiary Eurolife ERB Life Insurance S.A. participated as strategic investor in the share capital increase of GH.

More specifically, the share capital of GH increased by €58mil, €30mil out of which were paid by the subsidiary Eurolife ERB Life Insurance, while the remaining €28mil were paid by Grivalia. Following the completion of the share capital increase, the share capital of GH amounts to €60 mil with an equal participation by the two shareholders. On the same date, a relative agreement between the two shareholders was signed, which requires unanimous consent for all important decisions.

On July 27 2017, it was announced that a fund ("the New Investor") managed by the investment firm M&G Investment Management Limited, established in London, will participate in the share capital of GH through a share capital increase of €60 mil that was fully covered by the New Investor. At completion of the transaction, the total share capital of GH amounts to €120 mil., divided into 120.000.000 shares of (amount in €) €1 per share, out of which, 25% are owned by Grivalia, 25% by the Eurolife ERB Life Insurance and 50% by the New Investor.

On July 25 2018, the subsidiary Eurolife ERB Life Insurance S.A. participated in the new share capital increase of Grivalia Hospitality S.A ("GH") of €60 mil. Of the €60mil, €15 mil were paid by Grivalia, €15mil were paid by Eurolife ERB Life Insurance S.A and €30 mil by the New Investor. Following this share capital increase, the paid in share capital of GH amounts to €180 mil to be used for the implementation of its investment plan.

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

The Group assessed the nature of the investment and considering that the three shareholders make all important decisions unanimously, concluded that all the conditions were met for the investment to be classified as a 'joint venture' and therefore to be accounted for with the equity method.

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

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

As at 31 December 2019, the Group's share of losses from the joint venture, which is accounted for under the equity method, amounts to €1.332 thousand (2018: €1.645 thousand).

As at 31 December 2019, the carrying value of the investment in GH amounts to €46.760 thousand (2018: €47.829 thousand).

The movement of the group investment in the joint venture is as follows:

(amounts in € thousand)	2019	2018
Balance at 1 January	**47.829**	**35.180**
Participation in share capital increase	-	15.000
Group's share in the profits/ (losses) on joint venture	(1.332)	(1.645)
Group's share in other comprehensive income of joint venture	263	(706)
Balance at 31 December	**46.760**	**47.829**

NOTE 11: DEFERRED TAX

	GROUP			
(amounts in € thousand)	**Opening Balance 01/01/2019**	**Changes in Income Statement**	**Changes in OCI**	**Closing Balance 31/12/2019**
Valuation of Investments				
Changes in fair value of financial assets available for sale	(33.938)	(2.368)	(72.795)	(109.101)
Impairment of financial assets available for sale	513	(372)	-	141
Changes in fair value of financial assets held for trading	105	(394)	-	(289)
Miscallaneous Provisions				
Provision for staff leaving indemnities	259	15	21	295
Provision for unused personnel leave	21	(7)	-	14
Provision for other doubtful and disputed receivables	1.005	(35)	-	970
Provision for technical reserves and other insurance provisions	32	72	-	105
Other temporary differences	192	96	-	288
Recoverable tax losses				
Deferred tax on recoverable tax losses	-	166	-	166
Foreign exchange differences of Investments				
Foreign exchange differences	(352)	(333)	-	(685)
Property, plant and equipment & Intangible Assets				
Depreciation of property, plant and equipment and intangible assets	(25)	21	-	(5)
Deferred tax in OCI				
Deferred tax in OCI	52	-	(13)	40
Total Deferred Tax Assets / (Liabilities)	**(32.137)**	**(3.138)**	**(72.787)**	**(108.062)**

	GROUP			
(amounts in € thousand)	**Opening Balance 01/01/2018**	**Changes in Income Statement**	**Changes in OCI**	**Closing Balance 31/12/2018**
Valuation of Investments				
Changes in fair value of financial assets available for sale	(100.338)	-	66.400	(33.938)
Impairment of financial assets available for sale	547	(35)	-	513
Changes in fair value of financial assets held for trading	(195)	300	-	105
Miscallaneous Provisions				
Provision for staff leaving indemnities	305	(12)	(34)	259
Provision for unused personnel leave	32	(11)	-	21
Provision for other doubtful and disputed receivables	1.209	(204)	-	1.005
Provision for technical reserves and other insurance provisions	23	10	-	32
Other temporary differences	149	43	-	192

Foreign exchange differences of Investments				
Foreign exchange differences	123	(475)	-	(352)
Property, plant and equipment & Intangible Assets				
Depreciation of property, plant and equipment and intangible assets	(73)	47	-	(25)
Deferred tax in OCI				
Deferred tax in OCI	69	-	(16)	52
Total Deferred Tax Assets / (Liabilities)	**(98.149)**	**(338)**	**66.350**	**(32.137)**

The movement in deferred tax from the changes in fair value of financial assets available for sale is derived by €(78.914) thousand (2018: €17.559 thousand) from the changes in fair value and by €3.752 thousand (2018: €48.841 thousand) from the transfer to profit or loss due to the sale of debt instruments in 2019.

The deferred tax is analysed as follows:

	GROUP	
(amounts in € thousand)	**31/12/2019**	**31/12/2018**
Deferred tax assets	425	1.143
Deferred tax liabilities	(108.486)	(33.280)
Total Deferred Taxes assets / liabilities	**(108.062)**	**(32.137)**

The increase in deferred tax liabilities from €32.137 thousand on 31 December 2018 to €108.062 thousand on 31 December 2019 is mainly attributable to the increase of the valuation of the Greek Government Bonds on 31 December 2019.

NOTE 12: FINANCIAL ASSETS HELD ON BEHALF OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK (Unit-Linked)

	GROUP	
(amounts in € thousand)	**31/12/2019**	**31/12/2018**
Government securities:		
Greek Government	2.461	1.821
Foreign Government	307	-
Subtotal	**2.767**	**1.821**
Other issuers' securities:		
Banks	1.750	1.119
Other	167.464	129.035
Subtotal	**169.214**	**130.154**
Total	**171.982**	**131.976**
Bonds	2.767	17.281
Time deposits	1.750	158
Equity Shares	9.643	8.432
Mutual Funds	157.821	106.105
Subtotal	**171.982**	**131.976**
Plus		
Accrued interest	62	60
Cash and cash equivalents	5	8
Subtotal	**67**	**68**
Total	**172.048**	**132.043**

The movement in securities is as follows:

	2019	2018
Balance at 1 January	**132.043**	**148.964**
Additions	79.427	41.719
Sales / Liquidations	(57.573)	(56.733)
Changes in fair value	18.540	(1.941)
Other changes	(388)	(26)
Change in accrued interest	(1)	59
Balance at 31 December	**172.048**	**132.043**

NOTE 13: FINANCIAL ASSETS HELD FOR TRADING

(amounts in € thousand)	GROUP	
	31/12/2019	**31/12/2018**
Government securities:		
Greek Government	311.600	978.920
Foreign government	12.796	28.524
Subtotal	**324.396**	**1.007.444**
Other issuers' securities:		
Banks	1.890	-
Other	-	1.087
Subtotal	**1.890**	**1.087**
Total	**326.286**	**1.008.531**
Treasury Bills	324.396	1.007.444
Equity Shares	1.890	1.087
Subtotal	**326.286**	**1.008.531**

	2019	2018
Balance at 1 January	**1.008.531**	**795.178**
Additions	1.433.643	3.246.622
Sales / Liquidations	(2.121.960)	(3.043.079)
Bonds amortization	4.385	10.520
FX differences	61	245
Changes in fair value of debt securities	768	(846)
Surplus value from investments	788	-
Changes in fair value of equity securities	70	(109)
Balance at 31 December	**326.286**	**1.008.531**

NOTE 14: HELD TO MATURITY FINANCIAL ASSETS

(amounts in € thousand)	GROUP	
	31/12/2019	**31/12/2018**
Government securities:		
Greek Governments	1.959.246	934.019
Foreign Governments	277.252	327.352
Subtotal	**2.236.497**	**1.261.370**
Other issuers' securities:		
Banks	55.875	8.910
Other	81.261	61.218
Subtotal	**137.136**	**70.128**
Total	**2.373.633**	**1.331.498**
Bonds	2.246.540	1.276.031
Treasury Bills	2.249	3.687
Equity Shares	96.539	47.963
Mutual Funds	28.305	3.817
Subtotal	**2.373.633**	**1.331.498**

Plus		
Accrued Interest	52.459	36.573
Subtotal	**52.459**	**36.573**
Total	**2.426.093**	**1.368.071**

The movement in securities is as follows:

	2019	2018
Balance at 1 January	**1.368.071**	**1.623.388**
Additions	983.601	393.275
Sales / Liquidations	(272.976)	(472.628)
Bonds amortization	9.903	16.301
Foreign Exchange Differences	1.421	1.421
Changes in fair value of debt securities	289.481	(198.049)
Changes in fair value of equity securities	19.921	(12.495)
Surplus value from investments	11.170	-
Other Changes	(386)	(15)
Changes in accrued interest	15.887	16.874
Balance at 31 December	**2.426.093**	**1.368.071**

NOTE 15: INSURANCE RECEIVABLES

(amounts in € thousand)	GROUP	
	31/12/2019	31/12/2018
Insurance receivables up to 30 days	14.739	6.466
Insurance receivables between 30 to 90 days	2.433	1.594
Insurance receivables beyond 90 days	4.491	4.391
Provision for doubtful receivables	(3.923)	(3.882)
Minus: premium prepayments	(143)	(175)
Total	**17.596**	**8.395**

Insurance receivables from related parties represent 22,0% (2018:18,4%) of total receivables. The management does not expect impairment losses from parent company and related parties due to any inability to make payments.

NOTE 16: OTHER RECEIVABLES

(amounts in € thousand)	GROUP	
	31/12/2019	31/12/2018
Prepaid Expenses	1.721	1.165
Accrued interest income	6	7
Receivables from ceding insurers (current accounts)	758	349
Reinsurance receivables (current accounts)	5.051	2.507
Advances to agents and brokers	1.001	1.105
Brokerage commissions from insurance companies	1.094	627
Other receivables	4.676	3.873
Provision for doubtful other receivables	(989)	(1.055)
Total	**13.316**	**8.579**

NOTE 17: REINSURANCE RECEIVABLES

31 December 2019	GROUP		
(amounts in € thousand)	LIFE	NON LIFE	TOTAL
Receivables from unearned premiums reserves (U.P.R.) (Note 21)	141	2.338	2.479
Receivables from outstanding claims reserves (O.C.R.) (Note 21)	16.142	9.679	25.821
Total	**16.283**	**12.018**	**28.300**

31 December 2018	**GROUP**		
(amounts in € thousand)	**LIFE**	**NON LIFE**	**TOTAL**
Receivables from unearned premiums reserves (U.P.R.) (Note 21)	138	1.913	2.051
Receivables from outstanding claims reserves (O.C.R.) (Note 21)	17.029	14.836	31.864
Total	**17.167**	**16.748**	**33.915**

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

NOTE 18: CASH AND CASH EQUIVALENTS

(amounts in € thousand)	**GROUP**	
	31/12/2019	**31/12/2018**
Cash in hand	23	137
Deposits on demand	8.593	7.374
Time deposits	162.904	134.331
Restricted deposits	160	160
Total	**171.680**	**142.002**

Time deposits have a maturity of less than 90 days. During 2019, the weighted average effective interest rate on time deposits was 1,0% for the Greek subsidiaries amounting to €157.430 thousand (2018: 1,0% and €128.527 thousand), 2,1% for the Romanian subsidiaries amounting to €3.674 thousand (2018: 1,9% and €2.734 thousand) and 0,6% for the Company amounting to €1.800 thousand (2018: 0,7% and €3.070 thousand).

NOTE 19: SHARE CAPITAL

	GROUP	
	31/12/2019	**31/12/2018**
Number of Ordinary Shares	100.000.000	100.000.000
Paid in share capital (amounts in € thousand)	225.000	225.000
Share Capital	**225.000**	**225.000**

The share capital amounted to €350.000 thousand divided into 100.000.000 registered ordinary shares of a nominal value of €3,50 each.

Following Extraordinary Shareholder's Meeting of 24.10.2018 the share capital decreased by €125.000, through decrease in the nominal value of each share at €2,25.

In 31 December 2019 and 2018, the share capital amounted to €225.000 thousand divided into 100.000.000 ordinary shares of nominal value of €2,25 each.

NOTE 20: RESERVES

	GROUP						
(amounts in € thousand)	Statutory Reserve	Special Reserves	AFS investments revaluation Reserve	Currency translation Reserve	Reserve for post-employment benefit obligations	Other reserves and Retained Earnings	Total
At 1 January 2019	**62.598**	**7.944**	**107.757**	**(2.626)**	**(208)**	**142.077**	**317.541**
Profit of prior year	6.305	11.675	-	-	-	99.701	**117.680**
Deferred tax	-	-	-	-	-	(13)	**(13)**
Changes in the share of other comprehensive income of the Joint Venture, net of tax	-	-	-	263	-	-	**263**
Currency translation differences	-	-	-	(295)	-	-	**(295)**
Remeasurement of defined benefit obligation, net of tax	-	-	-	-	(77)	-	**(77)**
Change in AFS financial assets	-	-	302.468	-	-	-	**302.468**
Deferred tax on change in AFS financial assets	-	-	(70.769)	-	-	-	**(70.769)**
At 31 December 2019	**68.903**	**19.618**	**339.456**	**(2.659)**	**(285)**	**241.765**	**666.798**

	GROUP						
(amounts in € thousand)	Statutory Reserve	Special Reserves	AFS investments revaluation Reserve	Currency translation Reserve	Reserve for post-employment benefit obligations	Other reserves and Retained Earnings	Total
At 1 January 2018	**58.578**	**24.717**	**245.502**	**(3.215)**	**(253)**	**151.714**	**477.042**
Profit of prior year	4.020	(6.605)	-	-	-	2.585	-
Deferred tax	-	-	-	-	-	(16)	**(16)**
Distribution	-	(15.013)	-	-	-	(6.070)	**(21.083)**
Difference in prior year's reserves	-	6.155	-	-	-	(6.135)	**19**
Changes in the share of other comprehensive income of the Joint Venture, net of tax	-	(1.310)	-	604	-	-	**(706)**
Currency translation differences	-	-	-	(15)	-	-	**(15)**
Remeasurement of defined benefit obligation, net of tax	-	-	-	-	46	-	**46**
Change in AFS financial assets	-	-	(201.539)	-	-	-	**(201.539)**
Deferred tax on change in AFS financial assets	-	-	63.794	-	-	-	**63.794**
At 31 December 2018	**62.598**	**7.944**	**107.757**	**(2.626)**	**(208)**	**142.077**	**317.541**

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

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

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

"Currency translation reserve" arise on the consolidation of the Romanian subsidiaries and the joint venture Grivalia Hospitality.

"Extraordinary Reserves" arises 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.

"Special Reserves" are reserves under special laws that either are not distributable or will be taxed in case of distribution according to the applicable income tax rate at the date of distribution.

Consolidation difference

The Consolidation difference was recognized at the date of the formation of the Company, at the initial consolidation under the common control method. Specifically, the cost of investment in subsidiaries, Eurolife ERB Life Insurance S.A. and Eurolife ERB General Insurance S.A. was eliminated against the subsidiaries' share capital and share premium and any difference between the cost of investment and the carrying amount of the share capital and share premium acquired is recognized in equity. On 30 September 2014, the total cost of investment in subsidiaries (direct and indirect) amounted to €355,0 mil., while the subsidiaries' share capital and share premium amounted to €40,9 mil. and €79,0 mil. respectively and as a result a consolidation difference of the amount of €235,1 mil. was recognized in Group's equity.

NOTE 21: TECHNICAL RESERVES AND OTHER INSURANCE PROVISIONS

	GROUP					
(amounts in € thousand)	31/12/2019			31/12/2018		
	Group	**Reinsurers**	**Total**	**Group**	**Reinsurers**	**Total**
Life insurance reserves						
Technical reserves - Life	1.928.760	-	**1.928.760**	1.846.874	-	**1.846.874**
Technical reserves - (DAF)	171.818	-	**171.818**	117.432	-	**117.432**
Unearned premiums reserves (UPR)	10.500	141	**10.641**	9.736	138	**9.874**
Outstanding claims reserves	29.541	16.142	**45.683**	26.488	17.029	**43.516**
Other insurance provisions	13	-	**13**	16	-	**16**
Insurance provisions for life insurance contracts where the policyholders bear the investment risk (Unit Linked))	158.475	-	**158.475**	122.136	-	**122.136**
Total Life insurance reserves	**2.299.107**	**16.283**	**2.315.390**	**2.122.682**	**17.167**	**2.139.849**
Non Life insurance reserves						
Unearned premiums reserves (UPR)	28.605	2.338	**30.944**	24.202	1.913	**26.114**
Outstanding claims reserves	59.816	9.679	**69.495**	58.362	14.836	**73.198**
Unexpired Risk Reserve (URR)	1.139	-	**1.139**	1.265	-	**1.265**
Total Non Life insurance reserves	**89.560**	**12.018**	**101.578**	**83.828**	**16.748**	**100.577**
Total technical reserves and other insurance provisions	**2.388.668**	**28.300**	**2.416.968**	**2.206.510**	**33.915**	**2.240.425**

The life technical reserves and other insurance provisions include liability adequacy reserves of €69.362 thousand and €82.541 thousand as at 31 December 2019 and 2018, respectively. Out of these reserves the amount of €27.251 thousand and €71.589 thousand are liability adequacy reserves related to the life traditional insurance policies as at 31 December 2019 and 2018, respectively.

Life technical reserves amounts to €1.928,8 mil. as at 31 December 2019 compared to €1.846,9 mil in the previous year, presenting an increase of €81,9 mil. The movement of life technical reserves is analyzed mainly as follows: a) increase of €276,8 mil. due to new life insurance premiums production, b) decrease of €152,3 mil. driven by surrenders, lapses, deaths, and maturities of life insurance policies and c) decrease of €44,3 mil. due to the increase of the liability adequacy reserve.

The non life outstanding claims reserves include mainly the reserve for reported losses amounting to €66.650 thousand and €70.113 thousand as at 31 December 2019 and 2018, respectively.

The following table presents the movement in Life technical reserves and other insurance provisions (excluding outstanding claim reserves) for the years ended 31 December 2019 and 2018:

(amounts in € thousand)	GROUP					
	Life	**Pensions (DAF)**	**Other Provisions**	**Unit Linked**	**U.P.R**	**Total**
At 1 January 2019	**1.846.875**	**117.432**	**16**	**122.136**	**9.874**	**2.096.333**
New production, renewals	276.840	26.703	(3)	72.080	1.351	**376.971**
Surrenders, lapses, maturities, deaths etc	(152.271)	(6.023)	-	(60.225)	(570)	**(219.089)**
Additional reserves (LAT)	(44.328)	31.078	-	-	-	**(13.250)**
Return on investments	-	-	-	24.753	-	**24.753**
Excess investment return on technical reserves	1.833	2.150	-	-	-	**3.982**
Provisions' movement - Group's share	**82.073**	**53.908**	**(3)**	**36.608**	**781**	**173.367**
Provisions' movement - Reinsurers' share	-	-	-	-	2	**2**
Portfolio acquisition	-	478	-	-	-	**478**
Foreign Exchange differences	(187)	-	-	(268)	(17)	**(472)**
At 31 December 2019	**1.928.760**	**171.818**	**13**	**158.475**	**10.641**	**2.269.708**

(amounts in € thousand)	GROUP					
	Life	**Pensions (DAF)**	**Other Provisions**	**Unit Linked**	**U.P.R**	**Total**
At 1 January 2018	**1.650.734**	**103.601**	**23**	**138.738**	**9.358**	**1.902.454**
New production, renewals	271.446	21.509	-	29.054	1.084	**323.093**
Surrenders, lapses, maturities, deaths etc.	(87.719)	(7.374)	(8)	(39.182)	(567)	**(134.850)**
Additional reserves (LAT)	11.972	(2.166)	-	-	-	**9.806**
Return on investments	-	-	-	(6.465)	-	**(6.465)**
Excess investment return on technical reserves	451	1.861	-	-	-	**2.313**
Provisions' movement - Group's share	**196.150**	**13.831**	**(8)**	**(16.593)**	**516**	**193.896**
Provisions' movement - Reinsurers' share	-	-	-	-	1	**1**
Other payables	(9)	-	-	(9)	(1)	**(19)**
At 31 December 2018	**1.846.875**	**117.432**	**16**	**122.136**	**9.874**	**2.096.333**

The following table presents the change in outstanding claim reserves for the years ended 31 December 2019 and 2018:

amounts in € thousand)	31/12/2019			31/12/2018		
	Group	Reinsurers	Total	Group	Reinsurers	Total
Movement of Life outstanding claim reserves						
Outstanding claims	22.935	17.029	39.964	23.826	16.995	40.821
Additional reserves (LAT / IBNR)	3.553	-	3.552	9.199	-	9.199
At 1 January	**26.488**	**17.029**	**43.516**	**33.025**	**16.995**	**50.019**
Decrease from paid claims	(9.727)	(3.024)	(12.751)	(7.965)	(2.736)	(10.701)
Increase/ (Decrease) from claims of the year	15.328	4.478	19.806	11.943	4.784	16.727
Increase/ (Decrease) from prior year claims	(2.585)	(2.338)	(4.923)	(4.869)	(2.014)	(6.883)
Additional reserves (LAT / IBNR)	42	-	42	(5.646)	-	(5.646)
Foreign Exchange differences	(4)	(2)	(7)	-	-	-
Movement - Outstanding claims	**3.053**	**(886)**	**2.167**	**(6.537)**	**34**	**(6.503)**
Outstanding claims	25.948	16.143	42.090	22.935	17.029	39.964
Additional reserves (LAT / IBNR)	3.593	-	3.593	3.553	-	3.552
At 31 December	**29.541**	**16.142**	**45.683**	**26.488**	**17.029**	**43.516**

(amounts in € thousand)	2019			2018		
	Group	Reinsurers	Total	Group	Reinsurers	Total
Movement of Non Life outstanding claim Reserves						
Outstanding claims reserves	55.278	14.836	70.113	52.711	6.582	59.293
Additional reserves (LAT / IBNR)	3.084	-	3.084	3.300	-	3.300
At 1 January	**58.362**	**14.836**	**73.198**	**56.011**	**6.582**	**62.593**
Decrease from paid claims	(8.331)	(4.411)	(12.741)	(5.836)	(122)	(5.958)
Increase/ (Decrease) from claims of the year	14.044	161	14.205	12.524	7.133	19.657
Increase/ (Decrease) from prior year claims	(4.020)	(907)	(4.927)	(4.122)	1.243	(2.879)
Additional reserves (LAT / IBNR)	(239)	-	(239)	(216)	-	(216)
Foreign Exchange differences	(1)	-	(1)	-	-	-
Movement - Outstanding claims	**1.453**	**(5.157)**	**(3.703)**	**2.351**	**8.254**	**10.604**
Outstanding claims	56.970	9.679	66.650	55.278	14.836	70.113
Additional reserves (LAT / IBNR)	2.846	-	2.846	3.084	-	3.084
At 31 December	**59.816**	**9.679**	**69.495**	**58.362**	**14.836**	**73.198**

Table of non life claims development

Year of incident	< 2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimate of ultimate cost:												
Year of loss		16.853	13.411	19.757	19.132	22.359	10.835	15.496	18.400	27.254	20.692	290.067
One year later		16.639	13.533	19.682	19.729	23.017	10.908	16.041	18.731	28.061		
Two years later		16.599	13.598	20.395	19.458	22.921	10.757	16.395	18.345			
Three years later		16.413	13.980	20.441	19.316	22.282	10.743	15.876				
Four years later		16.002	13.828	20.339	18.824	20.981	10.557					
Five years later		13.694	11.415	17.456	15.167	16.952						
Six years later		12.338	10.611	18.931	14.687							
Seven years later		12.190	10.508	18.626								
Eight years later		12.180	10.526									
Nine years later		12.133										
Current estimate for cumulative loss	85.177	12.133	10.526	18.626	14.687	16.952	10.557	15.876	18.345	28.061	20.692	251.632
Cumulative payments	82.342	11.762	9.460	10.434	12.126	13.825	6.143	9.850	10.151	16.408	6.539	189.040
Amount of reserves	**2.835**	**371**	**1.066**	**8.192**	**2.561**	**3.127**	**4.414**	**6.026**	**8.194**	**11.653**	**14.153**	**62.592**
Reserve for previous years												**462**
Reserve for reinsurance accepted-Motor												3.561
Additional reserve with statistical method												607
Unallocated Loss Adjustment Expenses												2.232
Reserve for Outstanding Claims (Greece)	**2.835**	**371**	**1.066**	**8.192**	**2.561**	**3.127**	**4.414**	**6.026**	**8.194**	**11.656**	**14.150**	**69.454**
Reserve for Outstanding Claims (Romania)												**41**
Reserve for Outstanding Claims – GROUP												**69.495**

NOTE 22: INVESTMENT CONTRACT LIABILITIES

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

NOTE 23: EMPLOYEE BENEFITS

The Group provides for staff retirement indemnity obligation for its employees in Greece (there is no requirement for such provision in Romania), 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 Group until normal retirement age, in accordance with the local Labour legislation. The above retirement indemnity obligations typically expose the Group 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 Group.

(amounts in € thousand)	GROUP 2019	GROUP 2018
Movement of provision for staff leaving indemnities		
Balance at 1 January	**1.035**	**1.053**
Benefits paid by the employer	(126)	(185)
Total expense recognized in the income statement	222	247
Actuarial Losses / (gains)	98	(80)
Balance at 31 December	**1.228**	**1.035**

(amounts in € thousand)	GROUP From 01/01 to 31/12/2019	GROUP From 01/01 to 31/12/2018
Amounts recognized in the income statement		
Current service cost	94	96
Net interest	20	17
Curtailments / settlements / terminations	108	134
Total expense / (income) in income statement	**222**	**247**

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 Group 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 Group uses interest rates of highly rated corporate bonds. The currency and maturity terms of the Group 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 Group's wage 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	GROUP 31/12/2019	GROUP 31/12/2018
Discount rate	0,90%	1,90%
Future salary increases	0,0% to 4,0%	0,0% to 4,0%
Inflation	1,4%	1,4%
Expected remaining working life (years)	15,2	15,7

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

- An increase/(decrease) of the discount rate by 0,5%/(0,5%) would result in a (decrease)/increase of the retirement benefit obligation by (€86) thousand / €95,8 thousand.
- An increase/(decrease) of the future salary growth by 0,5%/(0,5%) would result in a (decrease)/increase of the retirement benefit obligation by €94,6 thousand / (€86) thousand.
- A zero turnover rate would result in increase of the retirement benefit obligation by €219,9 thousand.

NOTE 24 INSURANCE AND OTHER LIABILITIES

(amounts in € thousand)	GROUP	
	31/12/2019	31/12/2018
Reinsurers – current accounts	2.849	2.420
Agents and insurance brokers	12.408	8.093
Liabilities to policyholders from brokerage activities	486	226
Taxes	7.407	6.540
Social security	1.695	1.105
Other Creditors	3.932	2.196
Payable surrenders and claims settlement	19.731	18.662
Other Liabilities	10.516	8.395
Total	**59.024**	**47.638**

As at 31 December 2019, other liabilities mainly include the provision for unaudited tax years and other provisions.

NOTE 25: NET EARNED PREMIUMS

From 1 January to 31 December 2019	GROUP			
(amounts in € thousand)	Life	Motor	Property & Other	Total
Gross written premiums-Direct				
Gross Written premiums	433.629	14.952	44.307	492.888
Policy fees	65	3.739	8.505	12.308
	433.694	**18.691**	**52.811**	**505.196**
Gross written premiums – Inward Reinsurance				
Gross Written premiums	-	-	820	820
Total Gross Written Premiums	**433.694**	**18.691**	**53.631**	**506.016**
Change in unearned premium reserve	(783)	(1.414)	(3.300)	(5.497)
Total Gross Earned Premiums	**432.910**	**17.277**	**50.331**	**500.519**
Premium Ceded to Reinsurers	(11.443)	(185)	(12.646)	(24.274)
Change in unearned premium reserve - reinsurance share	2	-	718	720
Total Earned Premiums ceded	**(11.441)**	**(185)**	**(11.927)**	**(23.554)**
Total Net Earned Premiums	**421.469**	**17.092**	**38.404**	**476.965**

From 1 January to 31 December 2018	GROUP			
(amounts in € thousand)	Life	Motor	Property & Other	Total
Gross written premiums – Direct				
Gross Written premiums	370.974	11.611	40.058	422.642
Policy fees	68	2.903	7.638	10.609
	371.042	**14.514**	**47.696**	**433.251**
Gross written premiums – Inward Reinsurance				
Gross Written premiums	-	-	719	719
Total Gross Written Premiums	**371.042**	**14.514**	**48.415**	**433.970**
Change in unearned premium reserve	(517)	(938)	(497)	(1.952)
Total Gross Earned Premiums	**370.525**	**13.576**	**47.918**	**432.018**
Premium Ceded to Reinsurers	(13.066)	(147)	(10.394)	(23.607)
Change in unearned premium reserve - reinsurance share	1	-	160	160
Total Earned Premiums ceded	**(13.065)**	**(147)**	**(10.235)**	**(23.447)**
Total Net Earned Premiums	**357.460**	**13.429**	**37.683**	**408.571**

NOTE 26: OTHER INSURANCE RELATED INCOME

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Commission income from reinsurers	7.571	6.016
Management fees-Insurance Unit Linked contracts	1.229	1.123
Lapse and exit fees-Insurance Unit Linked contracts	75	41
Management fees-Investment Unit Linked contracts	61	53
Commission income from insurance brokerage	2.393	1.951
Total other income related to insurance activities	**11.329**	**9.184**

NOTE 27: INVESTMENT INCOME

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Trading Portfolio & Deposits		
Dividend income on equities	-	47
Interest income on debt securities	4.704	11.157
Interest income on deposits	1.280	1.927
Gains / (losses) from Currency translation differences	378	43
Subtotal	**6.362**	**13.175**
Unit Linked Portfolio		
Interest income on deposits	0	1
	0	**1**
Available for sale financial assets		
Dividend income on equities	1.361	1.709
Interest income on debt securities	65.205	59.087
Mutual Funds	2	-
Subtotal	**66.568**	**60.795**
Held to maturity financial assets		
Interest income on debt securities	-	610
Subtotal	**-**	**610**
Other investment income		
Interest income on reserve of reinsurance accepted	17	2
Other	87	43
Subtotal	**104**	**46**
Total Investment Income	**73.034**	**74.627**

NOTE 28: REALISED GAINS / (LOSSES) ON FINANCIAL ASSETS

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Trading Portfolio		
Gains from equities disposal	788	-
Gains from bonds disposal	7	1
Subtotal	**795**	**1**
Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)		
Gains/ (Losses) from bonds disposal	4.948	500
Subtotal	**4.948**	**500**
Available for sale financial assets		
Gains from equities disposal	11.202	-
Gains from bonds disposal	78.744	159.158
Gains from mutual funds disposal	106	-
Subtotal	**90.053**	**159.158**
Total realized gains on financial assets	**95.796**	**159.659**

Gains from bonds disposal amounted to €95.796 thousand at 31 December 2019 compared to €159.659 thousand at 31 December 2018, showing a decrease of €63.863 thousand which is mainly attributable to the increased realized gains recognized by the Greek insurance subsidiaries due to the disposal of the Greek Government Bonds in 2018.

NOTE 29: FAIR VALUE GAINS ON FINANCIAL ASSETS

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Trading Portfolio & Deposits		
Gains/(Losses) from equities valuation	70	(109)
Gains/(Losses) from bonds valuation	768	(846)
Gains from mutual funds valuation	61	245
Subtotal	**899**	**(710)**
Financial assets held on behalf of policyholders who bear the investment risk (Unit Linked)		
Unrealized fair value gains on Unit Linked contracts	17.622	(494)
Subtotal	**17.622**	**(494)**
Financial assets available for sale		
Gains/ (Losses) from Foreign Exchange differences	1.414	1.419
Subtotal	**1.414**	**1.419**
Changes in Fair Value of investment property	1	-
Total fair value gains on financial assets	**19.936**	**215**

NOTE 30: GAINS / (LOSSES) ON DERIVATIVES

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Gain/(Losses) from derivative forward contracts	11	15
Gain/ (Losses) from derivative valuation	(10)	8
Derivatives Gains/(Losses)	**1**	**23**

NOTE 31: OTHER INCOME

(amounts in € thousand)	GROUP	
	From 01/01 To 31/12/2019	**From 01/01 To 31/12/2018**
Gains from personnel insurance policies	21	5
Currency Translation differences on current deposits and cash	(2)	774
Reversal of unused provisions	178	56
Other income	122	157
Total other income	**319**	**992**

NOTE 32: MOVEMENT IN TECHNICAL RESERVES AND OTHER INSURANCE PROVISIONS

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Change in technical reserves – Life	(82.073)	(196.150)
Change in technical reserves - pensions (DAF)	(53.908)	(13.831)
Change in other insurance provisions	3	8
Plus: Taxes	(471)	(484)
Change in insurance provisions for life insurance contracts where the policyholders bear the investment risk (Unit Linked)	(36.608)	16.593
Total movement in technical reserves and other insurance provisions	**(173.057)**	**(193.864)**

NOTE 33: CLAIMS AND INSURANCE BENEFITS INCURRED

From 1 January to 31 December 2019	GROUP			
(amounts in € thousand)	**Life**	**Motor**	**Property & Other**	**Total**
Gross claims and insurance benefits incurred				
Surrenders-Life insurance contracts	(162.882)	-	-	(162.882)
Surrenders-Unit Linked contracts	(61.635)	-	-	(61.635)
Claims paid	(38.808)	(9.867)	(9.333)	(58.009)
Change in outstanding claims	(2.173)	1.335	2.367	1.529
Gross Claims and insurance benefits incurred	**(265.498)**	**(8.532)**	**(6.967)**	**(280.996)**
Reinsurance share				
Claims paid	5.152	-	5.103	10.256
Change in outstanding claims	(884)	(24)	(5.133)	(6.040)
Claims and insurance benefits incurred - Reinsurance Share	**4.268**	**(23)**	**(30)**	**4.215**
Net claims and insurance benefits incurred	**(261.229)**	**(8.556)**	**(6.996)**	**(276.781)**

From 1 January to 31 December 2018	GROUP			
(amounts in € thousand)	Life	Motor	Property & Other	Total
Gross claims and insurance benefits incurred				
Surrenders-Life insurance contracts	(88.567)	-	-	(88.567)
Surrenders-Unit Linked contracts	(55.758)	-	-	(55.758)
Claims paid	(37.093)	(6.673)	(6.806)	(50.572)
Change in outstanding claims	6.503	(688)	(9.917)	(4.102)
Gross Claims and insurance benefits incurred	**(174.916)**	**(7.361)**	**(16.723)**	**(198.999)**
Reinsurance share				
Claims paid	5.656	-	975	6.631
Change in outstanding claims	34	2	8.251	8.288
Claims and insurance benefits incurred - Reinsurance Share	**5.690**	**2**	**9.227**	**14.919**
Net claims and insurance benefits incurred	**(169.225)**	**(7.359)**	**(7.496)**	**(184.080)**

NOTE 34: ACQUISITION EXPENSES

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Commission and overcommission fees on premium production	(27.566)	(23.071)
Other commission fees and production expenses	(10.332)	(7.157)
Commissions to cedents	(185)	(170)
	(38.083)	**(30.398)**
Change of deferred acquisition costs	4.515	5.183
Mandatory contributions on premium production	(5.225)	(4.106)
Direct costs on insurance brokerage	(2.135)	(1.990)
Decrease / (increase) of provision of doubtful debt	59	33
Interest expenses on Reinsurers' reserves	(15)	(22)
	(7.316)	**(6.084)**
Total Acquisition Expenses	**(40.884)**	**(31.300)**

NOTE 35: OTHER ADMINISTRATIVE EXPENSES

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Personnel expenses	(21.785)	(21.283)
Administrative expenses	(13.558)	(10.414)
Taxes	(214)	(212)
Depreciation expense	(2.463)	(1.857)
Provisions	(113)	131
Interest and other investment expenses	(12.260)	(9.506)
Other expenses	(189)	(905)
Total Administrative Expenses	**(50.582)**	**(44.046)**

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Salaries and other benefits	(18.300)	(18.132)
Social security contributions	(2.526)	(2.348)
Provisions related to personnel	(89)	(55)
Other benefit and personnel costs	(871)	(747)
Total Personnel expenses	**(21.785)**	**(21.283)**
Average Number of Personnel	409	393

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

External Auditors

The other administrative expenses include fees charged by the independent auditor 'PricewaterhouseCoopers' (Greece and Romania). The fees recognized by the Group for audit and other services provided are analyzed as follows:

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Statutory Audit	(275)	(289)
Tax audit-article 65a, law 4174/2013	(75)	(60)
Other audit related assignments	(99)	(111)
Non audit assignments	(34)	(72)
	(483)	**(532)**

NOTE 36: INCOME TAX EXPENSE

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Current income tax		
Current tax on profits for the year	(31.099)	(58.917)
Tax from reserves' distribution	-	(6.171)
Adjustment on previous years' income tax	(132)	(230)
Total current income tax	**(31.231)**	**(65.319)**
Deferred tax		
Increase/(Decrease) in deferred tax assets	(3.091)	(554)
Decrease/(Increase) in deferred tax liabilities	(47)	216
Total deferred tax (expense)/ income	**(3.138)**	**(338)**
Total income tax	**(34.369)**	**(65.657)**

According to the provisions of article 22 of Law 4646/2019 (Government Gazette A 201), profits from business acquired by legal entities and legal entities in Greece that hold double-entry books, excluding credit institutions, are taxed at a rate of 24% (2018: 29%) for the 2019 tax year onwards.

This change in the tax rate resulted in a reduction of the net deferred tax liability by €1.272 thousand, of which €(155) thousand were recognized in the income statement and €1.428 thousand directly in equity.

In Romania, according to the Fiscal law no. 227/2015 the corporate income tax rate is 16,0%.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable income tax rates, as analyzed below:

(amounts in € thousand)	GROUP	
	From 01/01 to 31/12/2019	**From 01/01 to 31/12/2018**
Profit before tax	136.765	198.337
	136.765	**198.337**
Income tax at applicable tax rate (24%):	(32.824)	(57.518)
Tax effect of amounts which are not deductible in calculating taxable income		
Provisions	7	20
Non tax deductible expenses	(1.360)	(1.765)
Income not subject to tax	72	91
Adjustment n previous years' income tax and other adjustments	(97)	(6.336)
Different tax rates in different countries	(12)	92
Impact from change in tax rate	(155)	(242)
Total income tax	**(34.369)**	**(65.657)**

NOTE 37: RELATED PARTY TRANSACTIONS

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 shown separately:

GROUP (amounts in € thousand)	**31/12/2019**			
Eurobank	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	21.509	-	592	6
Insurance operations	3.588	9.832	35.128	25.429
Other transactions	-	13	80	1.257
Total	**25.097**	**9.846**	**35.800**	**26.691**

GROUP (amounts in € thousand)	**31/12/2019**			
Other related parties	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	252	-	-	1
Insurance operations	286	51	3.084	338
Investment operations	322	1.610	1.116	9.103
Other transactions	-	157	-	701
Total	**860**	**1.818**	**4.201**	**10.143**
Transactions with key management personnel	**2**	**201**	**83**	**147**
Key management personnel remuneration and other benefits				**6.039**

GROUP (amounts in € thousand)	**31/12/2018**			
Eurobank	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	38.000	-	1.324	87
Insurance operations	1.152	5.874	36.976	21.187
Investment operations	-	-	86	924
Total	**39.153**	**5.874**	**38.386**	**22.198**

GROUP (amounts in € thousand)	31/12/2018			
Other related parties	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand & Time Deposits	484	-	-	1
Insurance operations	408	44	3.394	452
Investment operations	230	-	1.067	6.629
Other transactions	20	36	1	719
Total	**1.142**	**79**	**4.461**	**7.801**
Transactions with key management personnel	**1**	**125**	**60**	**17**
Key management personnel remuneration and other benefits				**7.194**

On 31 December 2019 loans to key management personnel amounted €3 thousand (31 December 2018: €7 thousand).

The above table does not include the transactions with shareholders regarding dividends payment and share capital decrease of years 2019 and 2018. These transactions are described in detail in note 19 "Share Capital" and note 39 "Dividends".

NOTE 38: COMMITMENTS AND CONTINGENT LIABILITIES

Legal cases

There are no pending lawsuits against the Group or other contingent liabilities and commitments on 31 December 2019 which may affect significantly the financial position of the Group.

Unaudited tax years

The Group's subsidiaries have been subject to tax audit up to the fiscal years disclosed in the table below:

Name	Tax audited until
ERB Insurance Services S.A.	2009
Eurolife ERB General Insurance S.A.	2008
Eurolife ERB Life Insurance S.A.	2009
Diethnis Ktimatiki	2010
Eurolife ERB Asigurali De Viata S.A.	-
Eurolife ERB Asigurali Generale S.A.	-
ERB Insurance Agents S.A.	-

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

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

More specifically, the Greek subsidiaries (except Diethnis Ktimatiki and ERB Insurance Agents S.A.) have been subject to tax audits by the statutory auditor for the years 2011-2018. For the years 2014 to 2018 the Company has been subject to tax audits by the statutory auditor, while Diethnis Ktimatiki has been subject to tax audit for the year 2015 and onwards. The tax reports issued for the years 2011 to 2018 were unqualified, while the tax audit for the fiscal year 2019 is in progress. With regard to the newly established Greek subsidiary ERB Insurance Agents S.A., given that it has not started its operations until the end of year, it was decided especially for the fiscal year 2019 no tax audit to be carried out.

Due to the existence of unaudited tax years, additional fines and taxes may be imposed, the amounts of which cannot be accurately determined at present. However, it is estimated that they will not have a significant impact on the Group's Balance Sheet, as the Company and Greek subsidiaries recognize provisions for additional taxes and fines that may arise from future tax audits.

NOTE 39: DIVIDENDS

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

On 11 April 2018, the Annual Shareholders' General Meeting of the Company approved dividend distribution of the amount €80.000 thousand to the shareholders Costa Luxembourg Holding S.à r.l. (with percentage of participation of 80%) and Eurobank (with percentage of participation of 20%). The dividends distribution derived from profits for the year ended December 31, 2017 as well as previous years' profits. The dividend was paid to the shareholders on 18 and 20 April 2018 respectively.

On 24 April 2019 the Annual Shareholders' General Meeting of the Company approved dividend distribution of the amount €15.000 thousand to the shareholders Costa Luxembourg Holding S.à r.l. . (with percentage of participation of 80%) and Eurobank (with percentage of participation of 20%). The dividends distribution derived from profits for the year ended December 31, 2018. The dividend was paid on 24 April 2019 and on 06 May 2019.

On 17 October 2019, the Board of Directors of the Company approved the distribution of an interim dividend of the amount €40.000 thousand to the shareholders Costa Luxembourg Holding S.à r.l. (with percentage of participation of 80%) and Eurobank (with percentage of participation of 20%). The dividend was paid on 30 December 2019.

NOTE 40: POST BALANCE SHEET EVENTS

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

Financial impact at macroeconomic level

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

Business continuity

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

Insurance products

Greek Life Insurance Subsidiary: The Greek Life Insurance Subsidiary has a wide range of products that offer death coverage (individual and group contracts) and health coverage (medical and other similar supplemental riders). Pandemic coverage is not excluded in any product. It is noted that the percentage of products in terms of insurance premiums and technical provisions under Solvency II of the Greek Life Insurance Subsidiary that provides insurance against pandemic / epidemic risk amounts to 98,1% and 99,6%, respectively (data as at 31st December 2019).

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

Group financial position and solvency

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

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

The widening of the risk margin observed at the beginning of the crisis and the large volatility in government bond yields affects and may negatively affect in the future the Group’s own funds and solvency ratio At 31 March 2020, without calculating any dividend distribution, the Group’s solvency ratio (SCR coverage ratio) is estimated at around 170% by making use of the volatility adjustment. The potential impact is assessed on a daily basis, with additional scenarios on the yield curves being examined and the impact of further deteriorating market conditions being quantified.

[Translation from the original text in Greek]

Independent auditor's report

To the Shareholders of "Eurolife ERB Insurance Group Holdings S.A."

Report on the audit of the financial statements

Our opinion

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

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2019, it's financial performance and it's cash flows 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, 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, and the requirements of the IESBA Code.

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.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Law 4548/2018.

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

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

In addition, in light of the knowledge and understanding of the Company and it's 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. 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 the 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 the 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.

Report on other legal and regulatory requirements

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Halandri, 14 May 2020
THE CERTIFIED AUDITOR

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

Konstantinos Michalatos
SOEL Reg. No. 17701

Eurolife ERB Insurance Group Holdings S.A.

Annual Separate Financial Statements

For the year ended

31 December 2019

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

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GEMI Registration 131910001000

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(amounts in € thousand)	Notes	31/12/2019	31/12/2018
ASSETS			
Non Current Assets			
Right of use assets	**5**	66	-
Intangible assets	**6**	14	22
Investments in subsidiaries	**7**	346.501	346.301
Deferred tax assets	**8**	92	55
Current Assets			
Financial assets at fair value through profit or loss	**9**	-	5.853
Income tax receivable		2	24
Other receivables	**10**	46	76
Cash and cash equivalents	**11**	1.965	3.091
Total assets		**348.688**	**355.420**
EQUITY			
Share Capital	**12**	225.000	225.000
Reserves	**13**	115.292	4.205
Retained Earnings		8.239	126.100
		348.532	**355.305**
LIABILITES			
Non Current Liabilities			
Lease liabilities	**5**	61	-
Current Liabilities			
Lease liabilities	**5**	7	-
Other liabilities	**14**	88	116
Total liabilities		**156**	**116**
Total equity and liabilities		**348.688**	**355.420**

Athens, 24 April 2020

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

The notes on pages 115 to 137 are an integral part of these financial statements.

INCOME STATEMENT

(amounts in € thousand)	Notes	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Dividend income from subsidiaries	**15**	48.308	126.074
Investment income	**16**	29	746
Gains / (losses) from sale of financial assets		8	(3)
Fair value gains / (losses) on financial assets		9	(3)
Total income		**48.353**	**126.815**
Other income / (expenses)		58	(3)
Operating expenses	**17**	(221)	(677)
Profit before tax		**48.190**	**126.135**
Income tax expense	**18**	50	(36)
Profit for the year		**48.239**	**126.100**
Total comprehensive income for the year, net of tax		**48.239**	**126.100**

Athens, 24 April 2020

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

The notes on pages 115 to 137 are an integral part of these financial statements.

(amounts in € thousand)	Share Capital	Reserves	Retained earnings	Total
Balance as at 1 January 2019	**225.000**	**4.205**	**126.100**	**355.305**
Profit of the year	-	-	48.239	48.239
Total income after tax	**-**	**-**	**48.239**	**48.239**
Transfer of retained earnings to reserves	-	111.100	(111.100)	-
Dividend distribution to shareholders	-	-	(15.000)	(15.000)
Interim dividend distribution to shareholders	-	-	(40.000)	(40.000)
Deferred tax in equity	-	(13)	-	(13)
Total transactions with shareholders	**-**	**111.087**	**(166.100)**	**(55.013)**
Balance at 31 December 2019	**225.000**	**115.292**	**8.239**	**348.532**

(amounts in € thousand)	Share Capital	Reserves	Retained Earnings	Total
Balance at 1 January 2018	**350.000**	**4.718**	**79.504**	**434.221**
Profit for the year	-	-	126.100	126.100
Total income after tax	**-**	**-**	**126.100**	**126.100**
Transfer of retained earnings to reserves	-	307	(307)	-
Share capital decrease	(125.000)	-	-	(125.000)
Dividend distribution to shareholders	-	(804)	(79.196)	(80.000)
Deferred tax in equity	-	(16)	-	(16)
Total transactions with shareholders	**(125.000)**	**(513)**	**(79.504)**	**(205.016)**
Balance at 31 December 2018	**225.000**	**4.205**	**126.100**	**355.305**

The notes on pages 115 to 137 are an integral part of these financial statements.

(amounts in € thousand)	Notes	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Cash Flows from Operating Activities			
Profit before tax		**48.190**	**126.135**
Adjustments for:			
Depreciation and amortization of property, plant and equipment and intangible assets	**17**	16	7
Change in other provisions		(58)	58
Fair value (gains) / losses on financial assets		(9)	3
(Gains) / losses from sale of financial assets		(8)	3
Interest income, bonds amortisation and dividends	**16**	(26)	(746)
Dividend income from subsidiaries	**15**	(48.307)	(126.074)
Changes in Operating Assets and Liabilities:			
(Purchases) of financial assets	**9**	-	(282.283)
Sales of financial assets	**9**	5.886	322.503
Change in other receivables		51	(102)
Change in other liabilities		30	22
Interest received and paid		13	154
Net Cash Flows from Operating Activities		**5.778**	**39.678**
Cash Flows from Investing Activities			
Dividends received from subsidiaries	**15**	48.308	166.074
(Increase) / decrease of investments in subsidiaries		(200)	-
Net Cash Flows from Investing Activities		**48.108**	**166.074**
Cash Flows from Financing Activities			
Principal repayment of lease liabilities		(10)	-
Share capital decrease	**12**	-	(125.000)
Dividends paid	**21**	(55.000)	(80.000)
Net Cash Flows from Financing Activities		**(55.010)**	**(205.000)**
Net decrease / (increase) in cash and cash equivalents		(1.125)	752
Cash and cash equivalents at the beginning of the year		3.091	2.338
Cash and Cash Equivalents at the end of the year	**11**	**1.965**	**3.091**

The notes on pages 115 to 137 are an integral part of these financial statements.

NOTE 1: GENERAL INFORMATION

Eurolife ERB Insurance Group Holdings S.A (hereinafter the "Company"), under the discreet title "Eurolife ERB Insurance Group" is domiciled in Greece and was founded on 26 September 2014.

The Company operates as a holding societe anonyme according to the provisions of L.4548/2018 which amended L.2190/1920 on societe anonyme as it stands and its main business is the direct and indirect participation in Greek and/or foreign companies and businesses that have been or will be established, in any form and purpose. The Company's headquarters are located at Athens, 33-35 Panepistimiou Str. & 6-10 Korai Str., P.O. 105 64, Greece, (GEMI Reg. 131910001000), tel (+30) 2111873540, www.eurolife.gr. The Company holds five (5) subsidiaries in Greece and two (2) in Romania.(see note 7)

The present financial statements include the Statutory Financial Statements of the Company for the year ended 31 December 2019.

The Board of Directors consists of the following members:

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

These financial statements were approved by the Company's Board of Directors on 23 April 2020 and are subject to approval by the Annual General Meeting of Shareholders.

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

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 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 financial assets, which have been measured at fair value.

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

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

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

Going concern assessment

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

However, a major challenge for the international community is the recent coronavirus (COVID 19) outbreak whose economic effect could result in weakening of the global economic activity. In case of a global slowdown in economic activity, an adverse impact on certain industries of the Greek economy and thereby on the fiscal planning of the Greek government as well as the Greek banking and insurance sectors cannot be ruled out. In detail, the potential implications of the coronavirus and the measures taken by the Company to control and assess the impact are included in the Note 22 Post balance sheet events. The Company closely monitors the developments in the Greek macroeconomic environment and examines on a daily basis the possible effects of the market fluctuations and has increased its level of readiness in order to accommodate decisions for its protection against the financial impact of the epidemic.

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

2.1.1 Adoption of International Financial Reporting Standards (IFRS)

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

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

IFRS 16, Leases

Under IFRS 16, which replaces IAS 17 and related interpretations, the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17. The new standard provides for the recognition of a 'right-of-use asset' and a 'lease liability', at the present value of the lease payments during the lease term that are not yet paid, in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration. Accordingly, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. Additionally, the accounting treatment for lessors is not substantially affected by the requirements of IFRS 16. The application of IFRS 16 on 1 January 2019, resulted in the recognition of 'right of use assets' and 'lease liabilities' of €75 thousand.

IFRS 9, Amendments - Prepayment Features with Negative Compensation

The amendments allow companies, if they meet a specific condition, to measure financial assets with a prepayment right and the payment of negative compensation at amortized cost or at fair value through other comprehensive income rather than at fair value through profit or loss. The adoption of the amendments had no impact on the Company's financial statements.

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

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

IFRIC 23, Uncertainty over income tax treatments

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

IAS 19, Amendments - Plan amendment, curtailment or settlement

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

Annual Improvements to IFRSs 2015-2017 Cycle

The amendments set out below include changes to four IFRSs.

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

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

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

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

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

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

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

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

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

IAS 1 and IAS 8, Amendments - Definition of material (effective on 1 January 2020)

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

IAS 1, Amendment - Classification of liabilities as short term and long term, (effective on 1 January 2022, not yet endorsed by EU)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has been endorsed by the EU.

IFRS 9, IAS 39 and IFRS 7, Amendments – Interest rate benchmark reform (effective on 1 January 2020)

The amendments change certain requirements for hedge accounting to provide relief on the potential impact of uncertainty that will result from the change in reference interest rates. In addition, the amendments require companies to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties. The adoption of the amendments is not expected to affect the Company's financial statements. The amendment has been endorsed by the EU.

2.2. Foreign Currency

2.2.1 Functional and presentation currency

Financial statements are presented in Euro, which is the Company's functional currency.

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 hedges.

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 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 the 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 of lease contract term and its estimated useful life.
Personal Computers:	4 to 7 years
Other furniture and equipment:	4 to 12 years
Vehicles:	5 to 7 years

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

The historical cost and the accumulated depreciation of property, plant and equipment disposed are removed from the relevant accounts upon sale or retirement and any arising gain or loss is recognized in the income statement.

2.4 Intangible assets

«Intangible assets» mainly includes software costs.

Costs associated with maintaining existing software programs are recognized in the income statement when incurred. Costs payable to third parties that are related to the development and implementation of a new software are capitalized, added to the cost of the new software, and treated in the same way. Intangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. Intangible assets are periodically tested for impairment and any impairment loss is recognized directly in the income statement.

Amortisation is calculated on a straight-line basis over the intended useful life as follows:

Software:	4 to 7 years

2.5 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are recognized at cost less any impairment in the financial statements. Cost is the fair value of the consideration given, or, if this cannot be reliably measured, the fair value of the consideration received, with the costs directly attributable to the transaction.

2.6 Financial instruments (Accounting policies under IFRS 9 «Financial Instruments»)

As of January 1, 2018, the Company has applied the requirements of IFRS 9 "Financial Instruments". IFRS 9 "Financial Instruments" addresses the accounting requirements for the classification and measurement of financial assets, the accounting for impairment (expected credit loss model) and hedge accounting. It replaces IAS 39 "Financial Instruments: Recognition and Measurement" and is effective for annual periods beginning on or after 1 January 2018.

a) Classification and measurement of financial assets and liabilities

The adoption of IFRS 9 had no impact on the Company's accounting policies relating to financial liabilities.

The Company uses the following measurement categories for financial assets:

(i) Financial assets measured at amortised costs.

The Company classifies and measures a financial asset at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold-to-collect" business model) and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These financial assets are initially recognized at fair value plus the amount of directly attributable transaction costs and they are subsequently measured at amortized cost using the effective interest rate (EIR) method, and after the provision for expected credit losses (ECL). Sight and time deposits in financial institutions are included.

Interest income, realized gains and losses due to derecognition and changes in impairment losses on assets carried at amortized cost are included in the income statement.

(ii) Financial assets measured at fair value through profit or loss ("FVTPL")

The Company classifies and measures all other financial assets not classified as financial assets measured at amortised cost, at fair value through profit or loss. Consequently, this category includes, loans and other debt securities held under the Hold to collect (HTC) or Hold to collect and sell (HTC&S) model but fail the SPPI test, equity instruments that are not designated as measured at fair value through other comprehensive income, assets held for trading and derivative financial instruments.

In addition, a financial asset that meets the criteria to be classified as financial asset at amortised cost, can be irrevocably designated by the Company at initial recognition to be measured at fair value through profit or loss, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are initially recognized at fair value and any unrealized gains or losses arising from changes in fair value are included in the income statement.

The impact of IFRS 9 on the classification and measurement of financial assets is not significant.

b) Reclassification of financial assets and liabilities

The Company reclassifies a financial asset when it changes its business model for managing financial assets. In general, a change in business model is expected to be rare and occurs when the Company begins or ceases to carry out an activity that is significant to its operating activities, for example when a business line is acquired, sold or terminated.

The reclassification applies prospectively, so gains or losses recognized prior to the reclassification date (including impairment losses) or interest are not restated.

Financial liabilities are not reclassified in accordance with IFRS 9.

c) Impairment

The Company recognizes the expected credit losses (ECL) which reflect changes in the credit quality of the initial recognition of financial assets measured at amortized cost.

Expected credit losses are a weighted average probability estimate of credit losses that reflects the time value of money. Upon initial recognition of financial instruments that are subject to impairment policy, the Company makes a provision for impairment equal to the twelve month expected credit risk, which is the expected credit loss arising from default events expected to occur in the next twelve months. Subsequently, for financial instruments where there is significant increase in credit risk (SICR) from their initial recognition, an impairment provision equal to the expected credit losses throughout their life is recognized, which is calculated based on the default events that are likely to occur during the expected duration of the financial instrument.

If, at initial recognition, the financial asset meets the definition of the purchased or credit impaired financial asset (POCI), the impairment provision is based on changes in expected credit losses throughout the entire duration of the asset.

With respect to trade receivables, the Company applies the simplified approach of IFRS 9 for calculation of expected credit losses, according to which the provision is always measured at the amount of expected credit loss over the lifetime of the receivables.

The general approach is used to determine expected credit losses in respect of sight and time deposits. These financial assets are considered to have low credit risk and any loss forecast is limited to expected credit losses of the next 12 months.

The effect of IFRS 9 related to impairment was immaterial for the Company.

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 4.3).

2.8 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 result in substantially different financial assets will not result in the derecognition of financial assets.

2.9 Offsetting of financial instruments

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

2.10 Current and deferred taxation

(i) Current tax

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

(ii) Deferred tax

Deferred 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 and the depreciation of fixed and amortisation of intangible assets.

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 deferred tax asset. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

2.11 Leases

The Company participates only on 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:

v) 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.

vi) 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.

vii) 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.

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

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

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

2.12 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, and
(d) related entities

All transactions carried out with related parties are within the ordinary course of business and are conducted at arm's length.

2.13 Share capital

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

2.14 Dividends

Dividend distribution on shares is recognized as a liability when approved by the General Meeting of the shareholders of the Company. Interim dividends are recognized as a deduction from equity when approved by the Board of Directors.

2.15 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.

2.16 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.

2.17 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. Specifically, revenue 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.

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

Dividend income

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

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 in the current situation. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Income tax

There are transactions and calculations for which the final tax determination is uncertain. The Company recognizes liabilities for issues expected to arise from tax audits. Where the final tax outcome of these matters differs from the amounts initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In addition, the Company recognizes deferred tax assets to the extent that it is probable that there will be sufficient taxable profits against which they can be utilized. In order to determine the deferred tax asset that may be recognized, significant estimates are required by management regarding the probability of the timing and amount of future taxable profits. By making this assessment, the Company considers all available information, including historical profitability levels, management's forecast of future taxable income and tax laws.

(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 valuation 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 on 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 4.3.

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.

NOTE 4: FINANCIAL RISK MANAGEMENT

4.1 Framework for Risk Management

Risk management of the Company is based on management system of Eurolife ERB Insurance Group (hereinafter «the Company»).

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. 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, a Risk, Asset - Liability and Investment Management Committee and a Risk Management Function, both on a Group and subsidiary level, have been established.

4.2 Financial risks

The Company is exposed to financial risks such as credit risk, liquidity risk and market risk.

4.2.1 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 issuers of securities and credit institutions to which the Company has placed its cash and cash equivalents.

Within the framework of risk management, credit rating standards are specified for counterparties as well as limits for the concentration of credit risk. There was no exposure in excess of the Company's determined limits for its counterparties as of 31 December 2019 and 2018.

The main source of credit risk relates to on-balance sheet exposures. There are also off-balance sheet exposures, which are not considered material and are primarily related to collateral, such as letters of credit.

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

(amounts € thousand)	31/12/2019	31/12/2018
Investments in subsidiaries	346.501	346.301
Financial assets at FVTPL	-	5.853
Other receivables	46	76
Cash and cash equivalents	1.965	3.091
Total financial assets bearing credit risk	**348.512**	**355.320**

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.

At 31 December 2019 there is no debt securities portfolio compared to 31 December 2018 where the largest concentration in the Company's debt securities portfolio is found in Greek Treasury Bills amounting to €5.853 thousand, which constitute 100% of the total of bonds and financial assets (excluding cash and cash equivalents).

Credit risk related to cash and cash equivalents:
As at 31 December 2019 and 2018 the cash placements to Eurobank amounted to €1.965 thousand and €3.091 thousand respectively. There is credit risk concentration regarding the Company's cash and cash equivalents, which are mainly deposited in accounts in Eurobank .
The following table presents financial assets by credit rating category as at 31 December 2019 and 2018:

31 December 2019 **Rating** (amounts in € thousand)	**Investments in Subsidiaries**	**Trading Portfolio**	**Other Receivables**	**Cash and cash equivalents**	**Total**
BB-	-	-	-	-	-
CCC+	-	-	-	1.965	1.965
Non rating	346.501	-	46	-	346.547
Total	**346.501**	**-**	**46**	**1.965**	**348.512**

31 December 2018 Rating (amounts in € thousand)	Investments in Subsidiaries	Trading Portfolio	Other Receivables	Cash and cash equivalents	Total
BB-	-	5.853	-	-	5.853
CCC	-	-	-	3.091	3.091
Non rating	346.301	-	76	-	346.376
Total	**346.301**	**5.853**	**76**	**3.091**	**355.320**

4.2.2 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 and, changes in credit spreads.

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

(a) Interest rate risk

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

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

	31 December 2019		31 December 2018	
(amounts in € thousand)	0 – 3 %	Total	0 – 3 %	Total
Financial assets at FVTPL	-	-	5.853	5.853
Cash and cash equivalents	1.965	1.965	3.091	3.091
Total	**1.965**	**1.965**	**8.943**	**8.943**

Analysis of interest bearing financial assets by type of rate:

	31-Dec-19			31-Dec-18		
(amounts in € thousand)	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Financial assets at FVTPL	-	-	-	5.853	-	5.853
Cash and cash equivalents	1.965	-	1.965	3.091	-	3.091
Total	**1.965**	**-**	**1.965**	**8.943**	**-**	**8.943**

(b) Currency risk

The Company does not face significant foreign exchange risk as its main trading volume is in euro. At 31 December 2019 and 2018, 100% of all Company’s investment positions were denominated in euro.

4.2.3 Liquidity risk

Liquidity risk relates to the Company’s ability to fulfill its financial obligations when these become due. Monitoring of liquidity risk focuses on managing the timing of cash inflows and outflows, as well as ensuring sufficient cash.

(a) Analysis of the time allocation of financial assets and other receivables for the year ended 31 December 2019 and 2018 respectively (Note 9, 10 and 11).

31 December 2019 (amounts in € thousand)	**Carrying value**	**0-1 months**	**1-3 months**	**3-12 months**	**Total**
Financial assets at FVTPL	-	-	-	-	**-**
Cash and cash equivalents	1.965	1.965	-	-	**1.965**
Prepaid expenses	25	25	-	-	**25**
Other receivables	22	22	-	-	**22**
Total	**2.012**	**2.012**	**-**	**-**	**2.012**

31 December 2018 (amounts in € thousand)	**Carrying Value**	**0-1 months**	**1-3 months**	**3-12 months**	**Total**
Financial assets at FVTPL	5.853	-	-	5.853	**5.853**
Cash and cash equivalents	3.091	3.091	-	-	**3.091**
Prepaid expenses	10	9	-	-	**10**
Other receivables	66	66	-	-	**66**
Total	**9.019**	**3.166**	**-**	**5.853**	**9.019**

(b) Analysis of maturity of undiscounted liability cash flows at 31 December 2019 and 2018 respectively (Note 14).

31 December 2019 (amounts in € thousand)	**Carrying Value**	**0-1 months**	**1-3 months**	**3-12 months**	**> year**	**Total**
Lease liabilities	68	1	1	5	61	**68**
Other creditors	86	86	-	-	-	**86**
Other liabilities	-	-	-	-	-	**-**
Accrued expenses	2	-	-	2	-	**2**
Total	**156**	**87**	**1**	**8**	**61**	**156**

31 December 2018 (amounts in € thousand)	**Carrying Value**	**0-1 months**	**1-3 months**	**3-12 months**	**> year**	**Total**
Lease liabilities	-	-	-	-	-	**-**
Other creditors	56	26	30	-	-	**56**
Other liabilities	58	-	-	58	-	**58**
Accrued expenses	-	-	-	-	-	**-**
Total	**113**	**26**	**30**	**58**	**-**	**113**

4.3 Fair values of financial assets and liabilities

Financial instruments carried at fair value:

Trading assets, derivatives and other transactions undertaken for trading purposes, 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 as at 31 December 2018. As at 31 December 2019, no financial assets were classified as fair value through profit and loss category.

	31 December 2018			
(amounts in € thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets at FVTPL	5.853	-	-	5.853
Total	**5.853**	**-**	**-**	**5.8523**

NOTE 5: RIGHT OF USE ASSET AND LEASE LIABILITIES

Right of use asset and lease liabilities

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

(amounts in € thousand)	**Buildings**
Cost:	
Balance at 1 January 2019	75
Movement	**-**
Balance at 31 December 2019	**75**
Accumulated Depreciations:	
Balance at 1 January 2019	-
Depreciation charge	(8)
Balance at 31 December 2019	**(8)**
Net Book Value at 31 December 2019	**66**

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

(amounts in € thousand)	31/12/2019
Short-term lease liabilities	7
Long-term lease liabilities	61
Total	**68**

In addition, lease liabilities are due as follows:

(amounts in € thousand)	31/12/2019
Within a year	7
Within the second year	8
From 3 to 5 years	25
After 5 years	28
Total lease liabilities	**68**

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

(amounts in € thousand)	31/12/2019
Amounts recognized in financial results	
Depreciation charge of right of use assets	(8)
Interest expense on lease liabilities	(4)
TOTAL	**(12)**

NOTE 6: INTANGIBLE ASSETS

(amounts in € thousand)	Software	Other	Total intangible assets
Cost:			
Balance at 1 January 2019	36	2	38
Additions	-	-	-
Balance at 31 December 2019	**36**	**2**	**38**
Accumulated Depreciation:			
Balance at 1 January 2019	(16)	(1)	(17)
Amortisation charge	(7)	-	(7)
Balance at 31 December 2019	**(23)**	**(1)**	**(24)**
Net Book Value at 31 December 2019	**13**	**1**	**14**

(amounts in € thousand)	Software	Other	Total intangible assets
Cost:			
Balance at 1 January 2018	36	2	38
Additions	-	-	-
Balance at 31 December 2018	**36**	**2**	**38**
Accumulated Depreciation:			
Balance at 1 January 2018	(9)	(1)	(9)
Amortisation charge	(7)	-	(7)
Balance at 31 December 2018	**(16)**	**(1)**	**(17)**
Net Book Value at 31 December 2018	**20**	**2**	**22**

NOTE 7: INVESTMENTS IN SUBSIDIARIES

The following table is a listing of the Company's subsidiaries at 31 December 2019 and 2018:

Name	Notes	Percentage holding %	Country of incorporation	Line of business
Eurolife ERB General Insurance S.A		100,0	Greece	Insurance Services
Eurolife ERB Life Insurance S.A.		100,0	Greece	Insurance Services
Diethnis Ktimatiki S.A.	**c**	100,0	Greece	Real Estate
Eurolife ERB Asigurari De Viata S.A.	**a**	100,0	Romania	Insurance Services
Eurolife ERB Asigurari Generale S.A.	**b,d**	100,0	Romania	Insurance Services
ERB Insurance Services S.A		100,0	Greece	Insurance Brokerage
ERB Insurance Agents Single Member S.A.	**e**	100,0	Greece	Insurance Agency

f. This is an indirect held shareholding of the Company, as Eurolife ERB Life Insurance S.A. participates in Eurolife ERB Asigurari de Viata S.A. with a percentage of 95,0% and Eurolife ERB General Insurance S.A. with a percentage of 5,0%.

g. This is an indirect held shareholding of the Company, as Eurolife ERB General Insurance S.A. participates in Eurolife ERB Asigurari Generale S.A. with a percentage of 95,3% and Eurolife ERB Life Insurance S.A. with a percentage of 4,7%.

h. This is an indirect held shareholding of the Company, as Eurolife ERB Life Insurance S.A. participates in Diethnis Ktimatiki with a percentage of 100,0%. .

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

j. On 10/06/2019, ERB Insurance Agents Single Member S.A. subsidiary was established from the Company with a share capital of €200 thousand divided to 20.000 shares with a nominal value of €10 each.

NOTE 8: DEFERRED TAX

(amounts in € thousand)	Opening balance 01/01/2019	Changes in Income Statement	Changes in equity	Closing Balance 31/12/2019
Valuation of Investments				
Changes in fair value of financial assets held for trading	2	(2)	-	-
Recoverable tax losses				
Deferred tax on recoverable tax losses	-	52	-	52
Fixed assets				
Deferred tax in equity	52	-	(13)	40
Total Deferred Tax Assets / (Liabilities)	**55**	**50**	**(13)**	**92**

(amounts in € thousand)	Opening balance 01/01/2018	Changes in Income Statement	Changes in equity	Closing Balance 31/12/2018
Valuation of Investments				
Changes in fair value of financial assets held for trading	2	1	-	2
Fixed assets				
Deferred tax in equity	69	-	(16)	52
Total Deferred Tax Assets / (Liabilities)	**70**	**1**	**(16)**	**55**

NOTE 9: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(amounts in € thousand)	31/12/2019	31/12/2018
Government securities:		
Greek Government	-	5.853
Total	-	**5.853**
Treasury bills	-	5.853
Total	**-**	**5.853**

The movement in securities is as follows:

	2019	2018
Balance at 1 January	**5.853**	**45.485**
Additions	-	282.283
Sales / Liquidations	(5.878)	(322.506)
Bonds amortization	17	592
Valuation of debt securities	9	(3)
Balance at 31 December	**-**	**5.853**

NOTE 10: OTHER RECEIVABLES

(amounts in € thousand)	31/12/2019	31/12/2018
Prepaid expenses	25	10
Dividend receivables	-	-
Other receivables	22	66
Accrued interest	-	-
Total	**46**	**76**

Dividends receivable of the Company are as approved by the General Meetings of the subsidiaries (see note 15).

NOTE 11: CASH AND CASH EQUIVALENTS

(amounts in € thousand)	31/12/2019	31/12/2018
Deposits on demand	165	21
Time deposits	1.800	3.070
Total	**1.965**	**3.091**

Time deposits have a maturity of less than 90 days. During 2019, the weighted average effective interest rate on time deposits was 0,55% (2018: 0,7%).

NOTE 12: SHARE CAPITAL

(amounts in € thousand)	31/12/2019	31/12/2018
Number of Ordinary Shares	100.000.000	100.000.000
Paid in share capital (amounts in € thousand)	225.000	225.000
Share Capital	**225.000**	**225.000**

The share capital amounted to €350.000 thousand divided into 100.000.000 registered ordinary shares of a nominal value of €3,50 each.

Following the Extraordinary Shareholder's Meeting of 24.10.2018 the share capital decreased by €125.000 thousand, through decrease in the nominal value of each share at €2,25.

In 31 December 2019 and 2018, the share capital amounted to €225.000 thousand divided into 100.000.000 ordinary shares of nominal value of €2,25 each.

NOTE 13: RESERVES

(amounts in € thousand)	Statutory Reserve	Special Reserves	Extraordinary Reserves	Total
Balance at 1 January 2019	**9.708**	**147**	**(5.650)**	**4.205**
Transfer of retained earnings to reserves	6.305	14.938	89.857	111.100
Difference in prior year's reserves	-	38	(38)	-
Deferred tax in equity	-	-	(13)	(13)
Dividend distribution	-	-	-	-
Balance at 31 December 2019	**16.013**	**15.122**	**(84.157)**	**115.292**

(amounts in € thousand)	Statutory Reserve	Special Reserves	Extraordinary Reserves	Total
Balance at 1 January 2018	**5.733**	**83**	**(1.099)**	**4.718**
Transfer of retained earnings to reserves	3.975	26	(3.694)	307
Difference in prior year's reserves	-	38	(38)	-
Deferred tax in equity	-	-	(16)	(16)
Dividend distribution	-	-	(804)	(804)
Balance at 31 December 2018	**9.708**	**147**	**(5.650)**	**4.205**

"Statutory Reserve" include legal reserves that cannot be distributed to the shareholders.

"Extraordinary Reserves" arises 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.

"Special Reserves" are reserves under special laws that either are not distributable or will be taxed in case of distribution according to the applicable income tax rate at the date of distribution.

NOTE 14: OTHER LIABILITES

(amount in € thousand)	31/12/2019	31/12/2018
Taxes - Levies	(1)	2
Other creditors	86	56
Other liabilities	-	58
Accrued expenses	2	-
Total	**88**	**116**

«Other Creditors» mainly includes liabilities to suppliers and payment beneficiaries.

NOTE 15: DIVIDEND INCOME FROM SUBSIDIARIES

On 11 April 2018, the Annual General Meetings of the subsidiaries of Eurolife ERB Life Insurance S.A, Eurolife ERB General Insurance S.A and Eurolife ERB Insurance Services S.A approved the distribution of dividends to the Company amounted to €111.074 thousand, €80.038 thousand and €30.041 thousand, and €995 thousand, respectively. The dividend distributions of the subsidiaries were derived from the profits for the year ended 31 December 2017, from previous year profits and distribution of tax free reserves. The amounts were paid to the Company on 25 April 2018.

On 16 October 2018, the Boards of Directors of the subsidiaries of Eurolife ERB Life Insurance S.A and Eurolife ERB General Insurance S.A approved the distribution of interim dividends to the Company amounted to €15.000 thousand, €7.000 thousand and €8.000 thousand respectively. The amounts were paid to the Company on 22 November 2018.

On 23 April 2019, the Annual General Meetings of the subsidiaries of Eurolife ERB Life Insurance S.A, Eurolife ERB General Insurance S.A and Eurolife ERB Insurance Services S.A approved the distribution of the interim dividends of 16 October 2018 and the distribution of additional dividends amounted to €8.308 thousand, €834 thousand, €7.062 thousand and €412 thousand respectively. The dividends of the subsidiaries were derived from the profit of the year ended 31 December 2018. The amounts were paid to the Company in installments on 24 April 2019 and 22 May 2019.

On 23 September 2019, the Boards of Directors of the subsidiaries Eurolife ERB Life Insurance S.A and Eurolife ERB General Insurance S.A approved the distribution of interim dividends to the Company amounted to €40.000 thousand, € 25.000 thousand and €15.000 thousand respectively. The amounts were paid to the Company on 18 December 2019.

NOTE 16: INVESTMENT INCOME

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Trading Portfolio		
Interest income on debt securities	17	592
Interest income on deposits	13	154
Total Investment Income	**29**	**746**

NOTE 17: OPERATING EXPENSES

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Personnel expenses	(64)	(156)
Administrative expenses	(136)	(126)
Taxes	(1)	(1)
Depreciation and amortisation expense	(16)	(7)
Provisions	-	-
Interest and other investment expenses	(4)	(386)
Other expenses	-	(1)
Total administrative expenses	**(221)**	**(677)**

The Company does not employ personnel as at 31 December 2019 and 2018. Personnel expenses amounted to €64 thousand and €156 thousand for the fiscal years 2019 and 2018 respectively are related to personnel outsourcing contracts as well as remuneration of Board members.

External Auditors

Administrative expenses include fees charged by the independent auditor 'PricewaterhouseCoopers S.A.'. The fees recognized by the Company for audit and other services provided are analyzed as follows:

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Statutory Audit	(24)	(24)
Tax audit -article 65a, law 4174/2013	(4)	(4)
Other audit-related services	(9)	(9)
Non-audit-related services	(4)	-
Total	**(41)**	**(37)**

NOTE 18: INCOME TAX EXPENSE

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Current income tax		
Current tax on profits for the year	-	(36)
Total current income tax	**-**	**(36)**
Deferred tax		
Increase / (decrease) in deferred tax assets	50	1
Decrease / (increase) in deferred tax liabilities	-	-
Total deferred tax income / (expense)	**50**	**1**
Total income tax	**50**	**(36)**

According to the provisions of article 22 of Law 4646/2019 (Government Gazette A 201), profits from business acquired by legal entities and legal entities in Greece that hold double-entry books, excluding credit institutions, are taxed at a rate of 24% (2018: 29%) for the 2019 tax year and onwards.

This change in the tax rate resulted in a reduction of the net deferred tax asset by €(4,46) thousand on 31 December 2019, of which €(0,35) thousand were recognized in the income statement and €(4,11) thousand directly in equity.

(amounts in € thousand)	From 01/01 to 31/12/2019	From 01/01 to 31/12/2018
Profit before tax	48.190	126.135
Income tax at applicable tax rate (24%):	(11.565)	(36.579)
Tax effect of amounts which are not deductible in calculating taxable income		
Non tax deductible expenses	24	(18)
Income not subject to tax	11.594	36.561
Impact from change in tax rate	(3)	-
Total income tax	**50**	**(36)**

NOTE 19: RELATED PARTY TRANSACTIONS

Until 4 August 2016, Company's parent was Eurobank, based in Athens and listed on the Athens Stock Exchange, which held 100% of the Company's share capital.

In November 2015, following Eurobank's increase in share capital, which was wholly owned by institutional and other investors, the percentage of Eurobank's voting shares held by Hellenic Financial Stability Fund ("HFSF") decreased from 35,41% to 2,38%. Despite the aforementioned significant reduction in its participation rate, HFSF is considered to continue to have a significant influence on Eurobank.

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

All transactions with related parties are conducted in the normal course of business and on an 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 shown separately:

Eurobank	**31/12/2019**			
(amounts in € thousand)	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand and time deposits	1.965	-	13	-
Other transactions	-	-	-	1
Total	**1.965**	-	**13**	**1**

Other related parties	**31/12/2019**			
(amounts in € thousand)	**Receivables**	**Payables**	**Revenue**	**Expenses**
Other transactions	22	44	-	99
Total	**22**	**44**	-	**99**

Eurobank	**31/12/2018**			
(amounts in € thousand)	**Receivables**	**Payables**	**Revenue**	**Expenses**
Deposits on demand and time deposits	3.091	-	154	83
Other transactions	-	-	-	23
Total	**3.091**	-	**154**	**106**

Other related parties	**31/12/2018**			
(amounts in € thousand)	**Receivables**	**Payables**	**Revenue**	**Expenses**
Other transactions	-	15	-	272
Total	-	**15**	-	**272**

There were no key management personnel remuneration and other benefits for 2019 (2018: € 37.500).

The above table does not include the Company's transactions with its shareholders from dividend distributions and share capital reductions made during fiscal years 2019 and 2018, which are described in detail in Note 12 "SHARE CAPITAL" and Note 21 "DIVIDENDS". In addition, the above table does not include the distribution of dividends of the Company's subsidiaries for the fiscal year 2019 and 2018, which are described in detail in Note 15 "DIVIDEND INCOME FROM SUBSIDIARIES".

NOTE 20: COMMITMENTS AND CONTINGENT LIABILITIES

Legal cases

There are no pending lawsuits against the Company or other contingent liabilities and commitments on 31 December 2019 which may significantly affect the financial position of the Company.

Unaudited tax years

The Company has not been tax audited since its establishment.

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

For the year ended 31 December 2011 and onwards as the Law 4174/2013 (article 65A) currently stands (and as Law 2238/1994 previously provided in article 82), the Greek sociétés anonymes and limited liability companies whose annual financial statements are obligatorily audited, 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, up to and including fiscal years starting before 1 January 2016. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however, as a general rule the Company will continue to obtain such a certificate.

The Company has received an unqualified tax certificate for fiscal years 2014-2018. For fiscal year 2019, tax audit is still in progress. Upon completion, the Company's Management does not expect any significant tax liabilities to arise beyond those already recognized and reflected in the financial statements.

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

NOTE 21: DIVIDENDS

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

On 11 April 2018, the Annual Shareholders' General Meeting of the Company approved dividend distribution of the amount €80.000 thousand to the shareholders Costa Luxembourg Holding S.à r.l. (with percentage of participation of 80%) and Eurobank (with percentage of participation of 20%) The dividends distribution derived from profits for the year ended 31 December 2017 as well as previous years' profits. The dividend was paid to the shareholders on 18 and 20 April 2018 respectively.

On 24 April 2019 the Annual Shareholders' General Meeting of the Company approved dividend distribution of the amount €15.000 thousand to the shareholders Costa Luxembourg Holding S.à r.l. . (with percentage of participation of 80%) and Eurobank (with percentage of participation of 20%). The dividend distribution derived from profits for the year ended 31 December 2018. The dividend was paid in two installments on 24 April 2019 and on 6 May 2019.

On 17 October 2019, the Board of Directors of the Company approved the distribution of an interim dividend of the amount €40.000 thousand to the shareholders Costa Luxembourg Holding S.à r.l. (with percentage of participation of 80%) and Eurobank (with percentage of participation of 20%). The dividend was paid on 30 December 2019.

NOTE 22: POST BALANCE SHEET EVENTS AND PROSPECTS FOR 2020

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

<u>Financial impact at macroeconomic level</u>

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

Business continuity

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