Altius Insurance

Solvency and Financial Condition Report (SFCR)

Financial year end 31 December 2023

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EXECUTIVE SUMMARY

Overview

This Report is based upon the financial position of Altius Insurance Ltd (thereinafter Company), with reference to the requirements of Law on Insurance Brokerage and Other Related Issues Law of 2016 to 2023, any related Delegated Acts and the guidelines issued by EIOPA as these were revised on 8 March 2019. This is the eighth Solvency Financial Condition Report (SFCR) for Altius Insurance Ltd based on the financial position as of 31 December 2023 that is required to be published by the Company.

This Report contains qualitative and quantitative information in accordance with the order of the Superintendent of Insurance in relation to submission of information dated February 2017 / Article 304 (1) of the Delegated regulation (EU)2015/35 provide further SFCR related rules, in particular on its structure.

The SFCR, includes a summary of any material changes that occurred in the Company's business, risk profile, solvency position and system of governance since the last reporting period. The ultimate Administrative Body that has the responsibility for all of these matters is the Company's Board of Directors (the 'Board'), with the help of various governance and control functions that has put in place to monitor and manage the business.

This Report was approved by the Company's Board of Directors on 18 April 2024 and is in accordance with the Disclosure and Reporting Policy.

The information in this Report has been subject to external audit according to the orders of the Superintendent of Insurance. The Auditor's Report is presented in **Appendix F3**. However, the information is subject to supervisory assessment.

Business and performance

The Company has complied at all times with all aspects of the Solvency II regulations from the date of its first implementation on 1 January 2016.

Altius Insurance Limited, ex-Alpha Insurance Ltd, was founded in Cyprus on May 6, 1993. On January 16, 2015, Alpha Insurance came entirely under the control of a group of investors led by Mr. Doukas Palaiologos, with the participation of a significant number of the Firm's Managers and was renamed to Altius Insurance Ltd. The Company is active in the insurance sector, providing the full range of the related services: life insurance, non-life (general) insurance and health insurance.

The Company is represented in all the cities of Cyprus, and a rather extended network, operating through several agents and insurance consultants. Also, the Company's products are also available through Alpha Bank's branch network in Cyprus, in accordance with the Bancassurance agreement made with Alpha Bank.

System of Governance

The members of the BoD serve as the elected representatives of the current and future shareholders, act as advisers and counsellors to the General Manager / CEO and Senior Management and oversee the Senior Management's performance on behalf of the shareholders. In performing its overall oversight function, the BoD reviews and assesses the Company's strategic and business planning, its solvency, as well as the Senior Management's approach to addressing significant risks and challenges facing the business. As part of this function, the BoD reviews and discusses reports regularly submitted to the BoD by Senior Management with respect to financial and non-financial performance. In performing its oversight function, the BoD maintains frequent, active and open communication and discussions with the General Manager / CEO and the Executive Committee.

The members of the Board of Directors remained fit and proper according to the Solvency II requirements.

In order to strengthen its internal control system, the Company has maintained the following internal control functions, in accordance with Solvency II requirements.

- Risk management Function
- Actuarial Function
- Internal Audit Function
- Compliance Function

Risk Profile

A key component of the risk management system and the Own Risk and Solvency Assessment (ORSA) is the annual risk assessment exercise through which the Company assesses its position regarding the different risks to which it is or might be exposed, with the use of Risk Register. The assessment covers all risk types, including less quantifiable risks and aims to determine the Company's risk profile taking into consideration its risk appetite.

Valuation of Assets and Liabilities

The Company prepares its Financial Statement in accordance with International Financial Reporting Standards (IFRS).

Capital Management

The Solvency Coverage Ratio at 31 December 2023 was 272% (31/12/2022: 232%) with own funds of €32.384.796 (31/12/2022: €27.447.319), a Solvency Capital Requirement (SCR) of €11.925.679 (31/12/2022: €11.850.435) and a Minimum Capital Requirement (MCR) of €8.000.000 (31/12/2022: €8.000.000).

Significant Events

Unstable environment (Russia – Ukraine conflict and Israel – Hamas war)

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorizing these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future. Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials ability to finance margin payments and heightened risk of contractual non-performance.

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation however, the Company is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any adjustment in case the crisis becomes prolonged.

A. BUSINESS AND PERFORMANCE

A.1 Business
Company Information

Altius Insurance Ltd is one of the four active composite companies in Cyprus writing both life and non-life business.

Altius Insurance Ltd focuses in the following material lines of business:
- Life
- Health
- Fire and other Damage to Property
- General Liability
- Personal Accident
- Motor
- Marine, Cargo and Goods in Transit
- Credit (Surety)

The Company focuses on business written in Cyprus. The Company remains focused on the individual and bancassurance business where the margins are better, however it regards the group business as an important part of its operations as it helps in the image of the Company, and it opens up new clientele for individual business as well. In terms of distributions channels, the Company remains focused on the tied agency and bancassurance channels while maintaining and servicing a direct portfolio.

Country branches

The Company has its head office in Nicosia and branches in all cities (4 branches in Nicosia, 1 in Larnaca, 2 in Limassol and 1 in Paphos). The number of full-time equivalent employees are 95 (as at 12/3/2024).

The Company's registered office, its principal location and its external auditors contact details are shown below respectively.

Registered Office
Altius Insurance Ltd
Corner Kennedy Avenue & Stasinou Str
P.O.BOX 26516
1640 Nicosia
Cyprus

External Auditors
KPMG Limited
Esperidon Street 14
P.O Box 21121
Cyprus

A.2 Underwriting Performance

The risk appetite statement has been formalized and approved by the Board of Directors. The reinsurance programme for all types of business is such that the retained risks are all capped to the extent that any large losses have limited impact on the overall profitability of the Company. In particular, for the main types of risks the limits on retained sums insured per risk placed through reinsurance are described under the opinion on the reinsurance programme.

The underwriting policies have been finalized and approved. There are detailed underwriting guidelines for all types of business which are a combination of internally developed rules as well as manuals developed by the reinsurers, reinsuring each type of business.

The pricing of the products is such that the standard premium takes into account the general risk profile of the portfolio based on past experience e.g. gender, age and occupation. However, additional high risks are also priced on an individual basis or additional terms are imposed before the risk is accepted e.g. for health reasons in life and health business, for adverse experience of past claims in motor business or high-risk vehicles, for certain materials in property business and so on.

Pricing is consistent with the current guidelines and is sufficient to generate returns for the business overall.

<u>Non-life Business</u>

The gross claims and combined ratios of the non-life business for year 2023 and the comparatives of the previous year is summarized below:

Class of business	Loss Ratio	2023	2022
Medical Expenses	Claims Ratio	44%	43%
	Combined Ratio	78%	74%
Income Protection	Claims Ratio	10%	11%
	Combined Ratio	39%	39%
Motor Vehicle Liability	Claims Ratio	59%	52%
	Combined Ratio	97%	87%
Other Motor Insurance	Claims Ratio	69%	94%
	Combined Ratio	111%	134%
Fire	Claims Ratio	15%	15%
	Combined Ratio	54%	52%
Marine	Claims Ratio	63%	(15%)
	Combined Ratio	98%	17%
Liability	Claims Ratio	40%	26%
	Combined Ratio	72%	52%
Credit (Surety)	Claims Ratio	0%	0%

Class of business	Loss Ratio	2023	2022
	Combined Ratio	32%	36%

The impact of reinsurance on underwriting performances described below via the net claims and combined ratios:

Class of business	Net Loss Ratio	2023	2022
Medical Expenses	**Net Claims Ratio**	48%	46%
	Net Combined Ratio	79%	73%
Income Protection	**Net Claims Ratio**	15%	16%
	Net Combined Ratio	55%	55%
Motor Vehicle Liability	**Net Claims Ratio**	59%	55%
	Net Combined Ratio	99%	92%
Other Motor Insurance	**Net Claims Ratio**	76%	102%
	Net Combined Ratio	122%	146%
Fire	**Net Claims Ratio**	15%	14%
	Net Combined Ratio	69%	62%
Marine	**Net Claims Ratio**	76%	(5%)
	Net Combined Ratio	100%	33%
Liability	**Net Claims Ratio**	25%	17%
	Net Combined Ratio	78%	62%
Credit (Surety)	**Net Claims Ratio**	0%	0%
	Net Combined Ratio	73%	149%

Overall profitability

As from 31/12/2023 the Company is reporting its consolidated financial statements under the new accounting standard IFRS 17. The Insurance Service Result as well as the Profit for the year 2023 before tax as well as the comparative for year 2022 are shown below:

	2023 €	2022 €
Insurance Service Result	8.645.487	6.567.907
Profit for the year before tax	10.989.827	5.684.131

A.3 Investment Performance

During the year, the total investment return of the assets amounted to €7.755.748 (2022: €-7.197.496).

Unit-funds linked to life insurance policies

During the year, the total investment return held by policy holders under unit-linked policies amounted to €3.813.789 (2022: €-5.061.289) and is analyzed as follows.

The Investment performance of the unit funds as at 31st of December 2023 (Linked to life insurance products) are as follows.

Performance Analysis		
Fund	Annual return (%) - 2023	Annual return (%) - 2022
Altius Optima	7,6	(11,9)
Altius Global Fixed Income	6,0	(10,9)
Altius Global Equity	15,3	(13,9)
Altius Cash	0,4	(2,0)
Altius Global Balanced	7,2	(10,7)

Non-linked assets

During the year, the total investment return under non-linked assets amounted to €3.941.959 (2022: €-2.136.207).

Altius Insurance's total assets, which are not linked to investment funds and were available for investment, were €53.0 million at 31 December 2023. This was invested in bonds, real estate, equities, alternative investments and cash equivalents.

Additionally, the return of the mentioned portfolio was 6,4% for the whole year 2023, and 3,9% in respect of the fourth quarter.

A.4 Performance of other activities

There was no material income from other activities.

A.5 Any Other Information

There was no any other information.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

The organizational structure and reporting lines of the Company are designed to:

- Enable apportionment of responsibilities and clear accountabilities and responsibilities.
- Facilitate prompt transfer of information to all persons who need it.
- Prevent conflicts of interest, in cases where multiple tasks are performed by the same individual or organizational unit.
- Ensure the prudent and effective management of the Company.

The three lines of defence are embedded within the organizational structure and reporting lines, in order to enforce an effective internal control system. The Company's ultimate supervisory body is the BoD.

The Senior Management, through the General Manager / CEO has the day to day responsibility for the implementation of the BoD's approved strategy and reports to the BoD. Reporting to the BoD is both structured, through planned meetings and regular reporting and ad hoc as required. The Business Functions of the Company through their Head / Senior Managers have the responsibility for the implementation of the BoD's strategy in their business functions. They report directly to the General Manager / CEO with regards to their day-to-day duties. In order to minimize the probability of a potential conflict of interest and preserve their operational independence, the key control functions have additional direct reporting lines to the BoD or Board Committees.

The internal organisational structure, including a detailed organisational structure chart and positions of key function holders is given in **Appendix F1**.

The Company's s remuneration policies and practices closely link pay to business strategy, risk profile and long term performance against objectives. Remuneration practices are structured in such a way that avoids potential incentive for unauthorized or unwanted risk taking.

The Company, in assessing the performance of its Senior Management, BoD and key function holders considers the following financial and non-financial variables:

- Financial performance of the organization in relation to market conditions, competition and the Company's own strategy.
- Non-financial targets related to the contribution to the performance of the Company or function.
- Non-financial factors relating to skills, personal development, compliance with the Company's internal rules and procedures, compliance with the code of ethics and standards of professional conduct under the Fit and Proper requirements.
- The remuneration of all employees is based on an assessment of the individual's performance against objectives. The following aspects are also considered:

  - The overall strategy of the Company.
  - The broader performance Management Framework of the Company.
  - The compliance culture that is implemented in the Company.
  - The Company's Code of Ethics.
  - The impact of the remuneration policy and practices on policy holders beneficiaries.
  - The measures implemented in order to avoid conflicts of interest between the employees and the Company as a whole.

The Company believes that personnel responsible for/engaged in activities that involve significant risk-taking should be rewarded adequately in order to attract and retain skilled individuals. Notwithstanding this fact, the remuneration should be aligned with the achievement of the objectives of their responsibilities and not just in relation to the performance of the business areas they belong to. Similarly, the individual business areas have to take account of the Company's overall performance.

The measurement of individual performances is central to a sound remuneration policy. Defining the pay-out should not be a purely mechanical process based on measurable performance criteria but should include the ability to exercise judgment.

The Governing Body bears the ultimate responsibility for ensuring that Corporate Governance arrangements within the Company are sufficient and appropriate to the size, nature and complexity of its business. The BoD may delegate authority to certain Committees in order to monitor and oversee specific aspects of the business. Delegating to specialized Committees does not in any way release the BoD from collectively discharging its duties and responsibilities. Specifically, the BoD has regular and robust interaction with the Committees, requesting information from them proactively and challenging them when necessary.

Audit Committee

The Committee shall be accountable to the BoD and shall assist the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance and for meeting its external financial reporting obligations, under applicable laws and regulations and shall be directly responsible on behalf of the BoD for the selection, oversight and remuneration of the external auditor.

Risk and Reserving Committee

The Committee as an advisory Committee to the BoD assists with the formulation of the Company's overall risk strategies and polices for managing significant business risks, and is responsible for designing and implementing the Company Risk Management Framework. In addition, the Committee ensures that the Company's overall system of internal control operates effectively, and monitors and reviews risk exposures and breaches and monitors and approves Reserves.

Remuneration and Nominations Committee

The Committee as an advisory Committee to the BoD, assists with the formulation of the Company's overall remuneration and nominations policies for defining remuneration practices as well as senior appointment and promotions within the Company. In addition, the Committee ensures that these policies promote an effective system of internal control and makes recommendations to the BoD for improvements

Investment Committee

The Committee as an advisory Committee to the BoD assists with the formulation of the Company's overall investment strategy and policy, oversees and reports on the implementation of the investment strategy, and recommends any material changes to such strategy to the BoD.

B.2 Fit and proper requirements

Fitness

In assessing the fitness of a person his/her professional competence and capability are considered.

The assessment of professional competence covers the assessment of the competence in terms of Senior Management and in the area of business activities carried out by the Company (technical competence).

This assessment is based on the person's previous experience, knowledge, and professional qualifications and should demonstrate due skill, care, diligence and compliance with the relevant standards for the area sector they have worked in.

The HR function is responsible for ensuring that all individuals receive appropriate training for maintaining their competence.

Professional qualifications applicable to each key function are in line with the supervisory authority's requirements.

Propriety

In assessing the propriety of a person, the Company assesses its honesty, integrity, reputation and financial soundness.

The Company may take into account convictions for criminal offences, adverse findings in civil proceedings, or disciplinary actions by regulators in Cyprus or abroad.

The criteria include an assessment of reasons to believe from past conduct that the person may not discharge their duties in line with applicable rules, regulations and guidelines. Such reasons may arise from criminal antecedents, financial antecedents, and supervisory experience with that person or past business conduct. This approach does not imply that all previous infringements will automatically result in a failure to meet the requirements, but rather than they will be assessed on a case by case basis by the Company before an appointment and application to the supervisory authority is made.

At application, criminal records checks will be performed for approved persons, and other selected roles. Annual criminal records check of approved persons will not be conducted. Approved persons will self-certify that they remain proper.

The Company will also consider whether the person has a debt that remains outstanding or was not paid within a reasonable period and/or has been involved in bankruptcy proceedings or other insolvency arrangements.

B.3 Risk management system including the own risk and solvency assessment

The Risk Management Function (RMF) is responsible for coordinating all risk management activities.

- Assisting Senior Management and the BoD in the effective operation of the Risk Management System, in particular by discussing the results of specialist analysis and quality reviews carried out by the RMF and proposing possible solutions for addressing material system failures that may have been identified.
- Maintaining a Company-wide and aggregated view on the risk profile of the Company.
- Reporting details on risk exposures and advising the BoD, through the Risk and Reserving Committee, on risk management matters in relation to strategic affairs such as corporate strategy, mergers and acquisitions and major projects and investments.
- Assisting the BoD and Senior Management with capital and resource allocation decisions and facilitating risk assessments, and
- Ensuring that there are sufficient and appropriate tools and methods in place for predicting, identifying, assessing, monitoring, controlling and reporting the Company's risks.
- Coordinates all risk management activities across the Company and ensures the correct implementation of risk policies.
- Monitoring, on a day-to-day basis, the Risk Management System, Identifying, assessing and monitoring existing and emerging risks.
- Regularly evaluating the design and operational effectiveness of the Risk Management System to identify, measure, monitor, manage and report the risks to which the Company is exposed.
- Monitoring compliance by the Company's Senior Management and staff with all established risk policies and procedures.
- The RMF cooperates with other functions and business areas to carry out its role and in this context, it operates within the structure of the Company and under the oversight of the Senior Management.

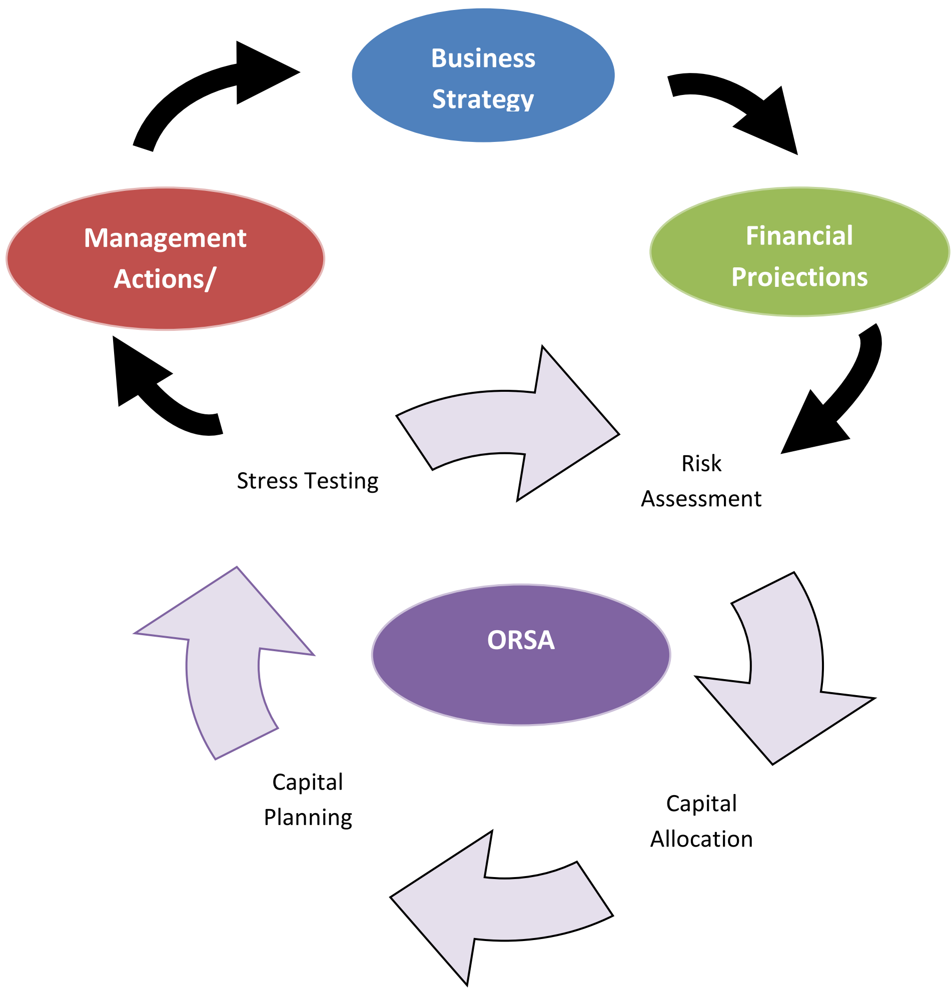
The ORSA is a component of the overall control system of the Company. This allows the management to take into account all the risks associated with the Company's business strategies and the required level of capital that the Company needs to cover such risks.

Therefore, strategic decisions such as the expansion into new markets, the introduction of new products, etc. are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity.

The Company follows the steps below to implement its ORSA:

1. Define the driving factors before ORSA planning
2. Identify and classify risks, including governance
3. Assessment and measurement of material risks through different approaches including stress testing
4. Capital Allocation
5. Prepare capital planning for the next 3-5 years
6. Stress test and decide on actions in case the risks are crystallized
7. Communicate and document the results
8. Confirm that the ORSA process is embedded in the decision making of the Company

The Diagram below illustrates the ORSA process and how this is linked to the business strategy of the Company:



B.4 Internal control system

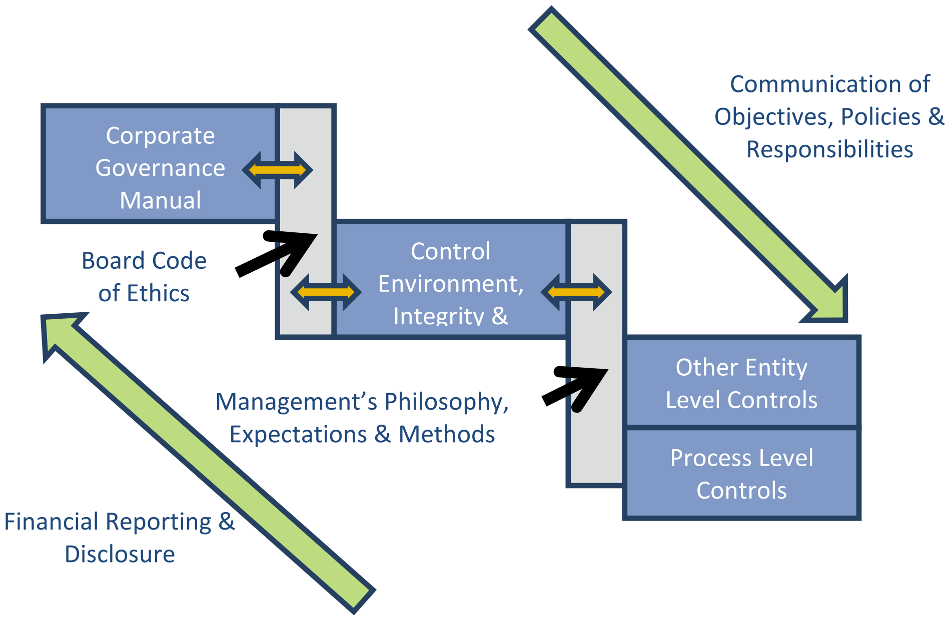
Internal control is a process affected by the Company's BoD, Senior Management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting and non-financial information.
- Compliance with applicable laws and regulations.
- Achievement of Company's strategy and objectives.

Internal Control is an important aspect of corporate governance since a system of effective internal controls is fundamental to the safe and sound management of the Company. Effective internal controls help the Company protect and enhance shareholders' value and reduce the possibility of unexpected losses or damage to its reputation. Effective internal control also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur.

The relationship between internal control and corporate governance is shown in the diagram below.

Internal Control and Corporate Governance

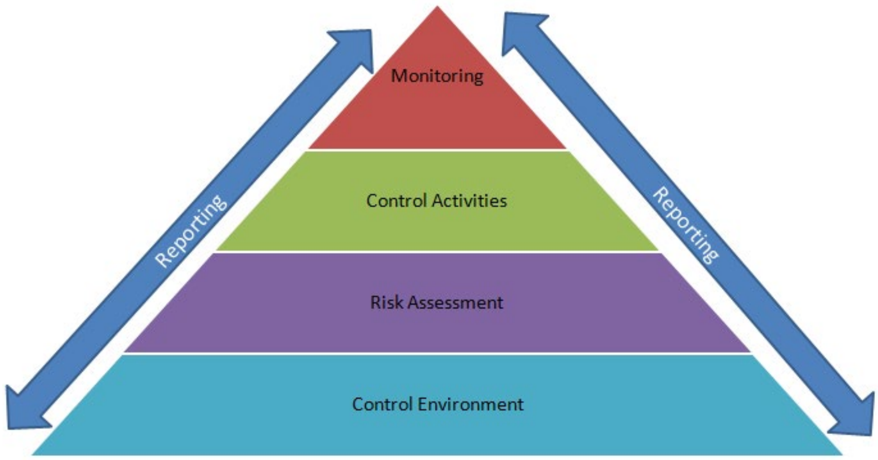


In accordance with the standardized framework for internal control used by COSO, there are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment.
- Risk Assessment.
- Control Activities.
- Reporting.
- Monitoring.

These are described in the figure below:

Five Components of Internal Control



The Company has established the necessary tools for assessing its internal control system.

Compliance Function

The Compliance Function is responsible for ensuring that all actions undertaken by the Company are, at all times, in compliance with all applicable laws and regulations. In line with best practice, it is also responsible to take measures to monitor the compliance of the Company with internal strategies, policies, processes and reporting procedures (including agreed exposure limits and operating principles/instructions). Its principal role is to identify, assess, monitor and report the compliance risk exposure of the Company.

In order to assess the possible impact of significant changes in the legal environment that the Company operates in, as well as identify and assess the compliance risk that could arise from such changes, the Compliance Function is responsible to monitor projected revisions of legislation and plans to introduce new regulation and assess their potential impact on the Company, in addition to monitoring the relevant court decisions.

Moreover, the Compliance Function is responsible to, at a minimum; advise the Senior Management and the BoD of the Company on compliance with the Solvency II Directive and the relevant regulations and provisions. It is also responsible to ensure that the Company acts in accordance with all other applicable laws and regulations, whether insurance-specific or not. This includes informing Senior Management, the BoD and all affected functions of any changes in existing legislation and any new laws and regulations. Other applicable laws and regulations may address issues on intermediation, bankruptcy, sales practices, cover's commencement and termination, policy terms and conditions, data protection, discrimination, international sanctions, insurance fraud, health and safety in the workplace, etc.

Furthermore, the Compliance Function is responsible to assess the appropriateness of the Company's compliance procedures and guidelines, follow up identified deficiencies promptly and make suggestions for improvements as necessary. To assist both Management and staff with compliance issues, the Compliance Function draws guidelines and procedures that provide support with relation to the compliance with external regulatory requirements and internal policies and procedures. In addition, it is actively involved in the product development process by providing its advice on the potential effect of new products, services and markets from a compliance point of view.

B.5 Internal Audit Function

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. It helps the Company to accomplish its objectives by introducing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Function has the following responsibilities:

- To regularly monitor the performance and effectiveness of the Internal Control System and to reliably and frequently update Senior Management on the state of affairs in respect of the audits under way, notably in terms of how correct and consistent the implementation of the policies and procedures adopted by the BoD and/or local Senior Management has been.
- To conduct general or sample ex-post audits of the functions and transactions of the Company, in order to verify that all regulations, operational procedures and preventative control mechanisms governing each type of transactions and the safeguarding of assets are stringently applied, and that the Company is in compliance with the Institutional Framework governing its operation.
- To evaluate compliance with and the efficiency of risk control / management procedures and to estimate the potential loss (not necessarily quantify but qualify) that the Company might incur as a result of its exposure to risk.
- To evaluate the efficiency of the Company's accounting and information systems, to systematically monitor the implementation of the operational and accounting controls and of the rules applied in the collection, processing, management and secure storing of data and information, to verify the reliability of accounting data and statements produced.
- To evaluate the efficiency of the organizational structure and reporting lines, in order to ensure that the segregation of duties and the business continuity operate effectively.
- To evaluate the adequacy of mechanisms set by the BoD for the definition of targets and subsequently the evaluation of the extent to which the Company achieves its targets.
- To carry out special investigations and special audits in situations where it is possible to relate with suspected fraud. The internal auditor may be asked by Senior Management or the BoD to carry out such investigations.
- To prepare, at least on an annual basis, a risk assessment and audit plan.
- To assess the risk management procedures (risk identification and evaluation of the existing mechanisms of identification, measurement, monitoring, analysis, correction, elimination, recording and reporting).

- To report to the Audit Committee in relation to the following matters:

  - The responsibilities of the Internal Audit Function and/or emerging methodologies and/or compliance issues which may affect the purpose and scope of the internal audit work

  - Providing information on the status and results of the audit activities relating to the defined mission and scope of the Internal Audit Function (to the extent that these can be quantifiable through the use of Key Performance Indicators). An annual report should be prepared and submitted summarizing the Internal Audit Function's the operations

  - All major observations emanating from the audits carried out. Such report should be prepared on a quarterly basis and should also be submitted to the General Manager.

B.6 Actuarial Function

The Actuarial Function is part of the System of Governance of the Company and must therefore undertake its duties in an objective, fair and independent manner. The Actuarial Function advises the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. Additionally, it is responsible for the technical pricing of products within the scope defined by the BoD.

The Actuarial Function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice.

The Actuarial Function is responsible for coordinating all actuarial activities and comprises of the Head of the Actuarial Function and other staff specialised in actuarial issues. The Head of the Actuarial Function reports to the CEO / General Manager and to the BoD through the Risk and Reserving Committee.

More specifically, the duties of the Actuarial Function include:

- Coordinate the calculation of technical provisions.
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.
- Assess the sufficiency and quality of the data used in the calculation of technical provisions.
- Compare best estimates against experience.
- Inform the Senior Management and the BoD of the reliability and adequacy of the calculation of technical provisions.
- Oversee the calculation of technical provisions in cases where approximations are used in the calculation of the best estimate.
- Express an opinion on the overall underwriting policy.
- Express an opinion on the adequacy of reinsurance arrangements.
- Contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA).

B.7 Outsourcing

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

The main objectives of the Policy are:

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

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

The Company does not outsource the key functions externally.

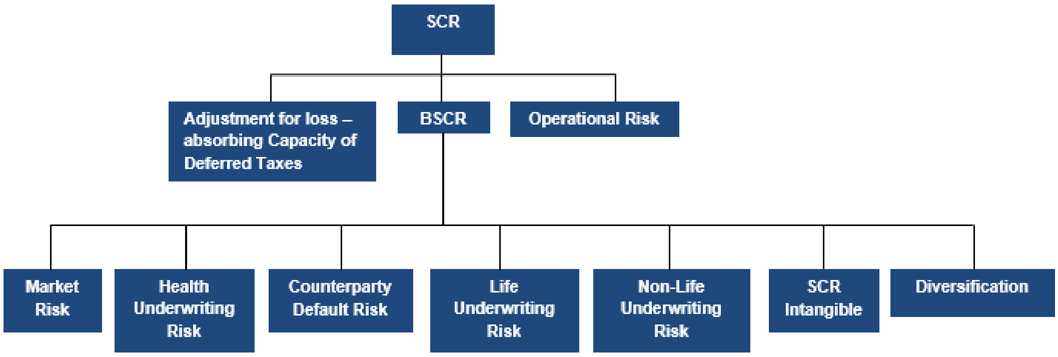
B.8 Any other information

There was no any other information.

C. RISK PROFILE

The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long term profitability.

The Company's Solvency Capital Requirement (SCR) is calculated using the Standard Formula.



The Company's Risk Management Framework supports the identification, measurement, management, monitoring and reporting of the five major risk groupings the Company is exposed to, including:

- Underwriting Risk
- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk

C.1 Underwriting Risk

Underwriting risk means the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

Health Underwriting Risk

The health underwriting risk module shall reflect the risk arising from the underwriting of health insurance obligations, whether it is pursued on a similar technical basis to that of life insurance or not, following from both the perils covered and the processes used in the conduct of business.

Life Underwriting Risk

The life underwriting risk module shall reflect the risk arising from life insurance obligations, in relation to the perils covered and the processes used in the conduct of business.

Non-Life Underwriting Risk

The non-life underwriting risk module shall reflect the risk arising from non-life insurance obligations, in relation to the perils covered and the processes used in the conduct of business.

Underwriting Risk encompasses the risks the Company is exposed to arising from its insurance underwriting operations and is broadly split and assessed between the following risk categories.

Underwriting risk components	Description
Mortality Risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities.
Disability/Morbidity Risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates.
Lapse Risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders.
Expense Risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts.
Premium and Reserve	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements.
CAT Risk	The risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

The Company's exposure to Insurance Risk is the largest contributor to its capital requirement under Standard Formula and the details are given in Section E bellow.

C.2 Market Risk

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

The Company is exposed to Market Risk on both the asset and the liabilities sides of its balance sheet. A description of the Company's components of Market Risk are shown below.

Market risk components	Description
Interest Rate Risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.
Equity Risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
Property Risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate.
Spread Risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.
Currency Risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

Market risk components	Description
Concentration Risk	Additional risks to an insurance or reinsurance undertaking stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers.

The Company's exposure to Market Risk is the third largest contributor to its capital requirement under Standard Formula and the details are given in section E below.

C.3 Credit Risk

The Credit Risk is defined as the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

The Company is exposed to credit risk on both asset and liability side of its balance sheet and its Credit Risk is categorized into two components Type 1 and Type 2.

The Company's exposure to Credit Risk is the second largest contributor to its capital requirement under Standard Formula and the details are given in section E below.

C.4 Liquidity Risk

Liquidity Risk is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

C.5 Operational Risk

Operational Risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

Operational Risk is considered a key risk area of the Company and it is inherent in each of its business unit.

Operational Risk is considered a key risk area of the Company and it is inherent in each of its department. Operational Risk can have many impacts, including but not limited to operational and business disruptions, reputational harm, damage to customer relationships.

The Company's exposure to Operational Risk is the fourth largest contributor to its capital requirement under Standard Formula and the details are given in Section E bellow.

C.6 Other material Risks

Not all quantifiable risks have been explicitly formulated in the SCR. As a consequence, some risks which are not explicitly included in the SCR may be relevant for the Company. The following risks are identified as follows.

Other material risks	Description
Reputation Risk	The Company's constant focus on providing exceptional customer service, evaluation of existing clients on valued and non-valued customers significantly contributes to its reputation. On the other hand, customer service mishandlings might result in a drop on the company's reputation.
Political Risk	Political risk is the risk an investment's returns could suffer as a result of political changes or instability in the country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policymakers or military control.
Conduct Risk	This risk is caused by inadequate practices in the Company's relationships with its customers, the treatment and products

Other material risks	Description
	offered and their adequacy for each specific customer. The Company tries to maintain this risk in low levels focusing on offering to its clients exceptional service.
Compliance and legal Risk	This risk arises due to not complying with the legal framework, the internal rules or the requirements of regulators and supervisors. The Company has been constantly complying with the legislative directions given by the insurance superintendent.
Insurance Risk	This is the risk that future claims and related expenses will exceed the allowance for expected claims and expenses, as determined through measuring policyholder liabilities and in reference to product pricing principles.
Pandemic Risk	This risk arises due to large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area and cause significant economic, social, and political disruption. A sustained effect on work, workplaces and workers is a critical issue for the Company, as although these matters are catastrophic for some, they already represent opportunities for others.
Geopolitical Risk	This risk arise due to a potential political, economic, military, and social risk that can emerge from a nation's involvement in international affairs. The conflicts is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

Additionally, the Company conducts various tests to identify the implications of wide-range of risks within the Stress and Scenario Testing Framework.

C.7 Any other information

There was no any other information.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

The balance sheets assets valued as at 31st December 2023 under Solvency II and Statutory Accounts (IFRS), and the comparatives of the previous year, were as follows:

	31/12/2023		31/12/2022	
Assets	**Solvency II value (€000)**	**Statutory accounts value (€000)**	**Solvency II value (€000)**	**Statutory accounts value* (€000)**
Deferred acquisition costs	-	-	-	-
Intangible assets	-	163	-	202
Deferred Tax Assets	-	-	-	1
Property, plant & equipment held for own use	1.701	1.666	1.819	1.798
Investments (other than assets held for index-linked and unit-linked contracts)	52.511	52.008	46.867	46.523
Property (other than for own use)	7.456	7.491	7.462	7.457
Holdings in related undertakings, including participations	766	1.087	783	1.110
Equities	2.501	2.501	1.728	1.728
Bonds	39.085	38.226	34.329	33.663
· *Government Bonds*	16.742	16.364	14.434	14.113
· *Corporate Bonds*	22.343	21.862	19.897	19.550
Collective Investments Undertakings	2.695	2.695	2.557	2.557
Deposits other than cash equivalents	8	8	8	8
Assets held for index-linked and unit-linked contracts	60.534	60.362	48.575	48.403
Loans & mortgages	464	637	475	647
· *Loans on policies*	359	532	358	530
· *Loans & mortgages to individuals*	-	-	-	-
· *Other loans and mortgages*	105	105	117	117
Reinsurance recoverables from:	16.582	17.156	15.492	15.903
· *Non-life excluding health*	9.251	9.239	8.662	6.441
· *Health similar to non-life*	547	(76)	701	74
· *Health similar to life*	569	5	845	3
· *Life excluding health and index-linked and unit-linked*	5.831	6.889	4.548	8.056
· *Life index-linked and unit-linked*	383	1.099	736	1.330
Insurance and intermediaries receivables	8.685	2.390	8.784	2.523
Reinsurance receivable	-	-	560	-
Receivables (trade, not insurance)	554	1.486	1.230	1.622
Cash and cash equivalents	242	242	617	617
Total assets	**141.273**	**136.109**	**124.419**	**118.239**

* Comparative statutory figures have been re-stated to reflect the new IFRS17 standard.

The following asset classes were available and valued:

Equipment

Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The current depreciation rates used for fixtures and equipment are in the range of 10% - 20% p.a.

Property

(i) Property held for own use

Land and Buildings are stated at fair value based on valuations from external independent surveyors, less subsequent depreciation for buildings. The revaluations are performed on a yearly basis.

(ii) Property other than for own use

Investment property is carried at fair value, representing open market value at the statement of financial position date determined by external independent surveyors. The revaluation is performed on a yearly basis.

Bonds

Government bonds

These are valued at market value. There is no difference with the valuation method used for the statutory accounts (IFRS).

Equities

All equity assets held by the company are allocated in unit-linked funds and are listed in the local or international stock exchanges. Hence the market closing price of the date of valuation is used for direct investments. There is no difference with the valuation method used for the statutory accounts (IFRS).

The investment in NIB and Fortius has been treated as an equity participation and the valuation of its market value under Solvency II has been based on the net assets of the company, excluding any goodwill. For IFRS the goodwill is taken into account.

Fixed Term Deposits

These are valued at the nominal value plus the accrued interest at the valuation date.

There is no difference with the valuation method used for the statutory accounts (IFRS).

Investment Funds

All mutual funds, irrespective of their component allocation, are listed in liquid stock exchanges and are valued at the closing market price of the date of valuation as provided by the asset managers of the company. This is most commonly the Net Asset Value of the fund at the closing of the trading day.

Loans & Mortgages

(a) Loans & mortgages to individuals

These refer to loans granted to the employees of the Company and they are valued at the outstanding balance as at the date of valuation.

(b) Loans on policies

These refer to old loans on unit-linked policies which have been granted for unpaid premiums and provided the surrender value of the policies covers the accumulated loans. These are valued at the outstanding balance as at the date of valuation.

There is no difference with the valuation method used for the statutory accounts (IFRS).

Reinsurance recoverables

The valuation of these is based on a best estimate discounted cash flow approach similar to the valuation of technical provisions.

The basis of the calculation under Solvency II is different from IFRS. Details are provided in the Actuarial Function Report.

Insurance & intermediary receivables

These include the premium owed to the company directly by the policyholders or the agents or intermediaries. Under the accounting policy of the company any debts over 120 days from the credit period granted are fully provided for. Under Solvency II the provisions for bad debts are taken into account in the balance sheet. This means that the assets are net of bad debts provision.

Receivables

There is no difference with the valuation method used for the statutory accounts (IFRS).

Cash and other cash equivalent

This category includes the cash held by the company not deposited in a financial institution and the balance at the valuation date is booked.

There is no difference with the valuation method used for the statutory accounts (IFRS).

D.2 Technical provisions

The Actuarial Function considers the Technical Provisions calculated as at 31st December 2023 to be adequate and reliable. The Technical Provisions have been calculated and are compliant with Articles 75 to 86 of the Solvency II Directive.

The results depend on a number of assumptions. Even though the assumptions are on a best estimate basis and where possible derived by carrying out experience analysis on historic data, uncertainty in the results is possible as projection of future cash flows using past experience and trends are not always an indication for future trends.

The technical provisions of the group life business have been calculated by using aggregate data by type of cover and by group plan. It is possible that the results may have differed if the technical provisions were to be carried out by insured member. Nevertheless, the grouping of the data is considered to be adequately homogeneous such that the difference would not be material.

The technical provisions of the non-life business have been calculated using aggregate data by line of business. It is possible that the results may have differed if the technical provisions were to be carried out by policy. Nevertheless, the grouping of the data is considered to be adequately homogeneous such that the difference would not be material.

The table below summarizes the results of the Technical Provisions as of 31 December 2023, and the comparatives of the previous year:

31/12/2023					
Technical Provisions	**Liabilities**		**Assets**		
Type of business	**BE Gross €000s**	**Risk Margin €000s**	**BE Recoverables €000s**	**Assets held for unit-linked contracts €000s**	**Net TPs €000s**
Non-life (excluding health)	20.326	4.105	9.251	-	15.179
Health (similar to non-life)	3.478	764	547	-	3.695
Health (similar to life)	1.009	766	569	-	1.206
Life Other than UL	8.167	885	5.831	-	3.221
Life UL	61.594	1.627	383	60.534	2.304
Total	**94.574**	**8.147**	**16.581**	**60.534**	**25.605**

31/12/2022					
Technical Provisions	**Liabilities**		**Assets**		
Type of business	**BE Gross €000s**	**Risk Margin €000s**	**BE Recoverables €000s**	**Assets held for unit-linked contracts €000s**	**Net TPs €000s**
Non-life (excluding health)	18.392	3.004	8.662	-	12.734
Health (similar to non-life)	3.339	936	701	-	3.574
Health (similar to life)	1.775	266	845	-	1.196
Life Other than UL	8.731	1.157	4.548	-	5.340
Life UL	49.966	3.223	736	48.575	3.878
Total	**82.203**	**8.586**	**15.492**	**48.575**	**26.722**

Analysis of change

An analysis of change of the technical provisions from the last reporting date to the reporting date of this report is provided below:

(a) Life Technical Provisions

Figures are in €000s	LIFE - Gross of reinsurance
Opening Best Estimate as at 31/12/2022	**60.472**
Exceptional elements triggering restating of opening Best Estimate	-
Changes in perimeter	-
Foreign exchange variation	-
Best Estimate on risk accepted during the period	4.639
Variation of Best Estimate due to unwinding of discount rate - risks accepted prior to period	31
Variation of Best Estimate due to year N projected in and out flows - risks accepted prior to period	4.716
Variation of Best Estimate due to experience - risks accepted prior to period	3.893
Variation of Best Estimate due to changes in non-economic assumptions - risks accepted prior to period	(3.550)
Variation of Best Estimate due to changes in economic environment - risks accepted prior to period	527
Other changes not elsewhere explained	44
Closing Best Estimate as at 31/12/2023	**70.771**
Change in Risk Margin	**(1.368)**

(b) Non-Life Technical Provisions

Figures are in €000s	NON-LIFE - Gross of reinsurance
Opening Best Estimate	**21.731**
Exceptional elements triggering restating of opening Best Estimate	-
Changes in perimeter	-
Foreign exchange variation	-
Variation of Best Estimate on risk covered after the period	731
Variation of Best Estimate on risks covered during the period	4.373
Variation of Best Estimate due to unwinding of discount rate - risks covered prior to period	256
Variation of Best Estimate due to year N projected in and out flows - risks covered prior to period	(5.124)
Variation of Best Estimate due to experience and other sources - risks covered prior to period	233
Variation of Best Estimate due to changes in non-economic assumptions - risks covered prior to period	1.363
Variation of Best Estimate due to changes in economic environment - risks covered prior to period	284
Other changes not elsewhere explained	(44)
Closing Best Estimate	**23.804**
Change in Risk Margin	**929**

Calculation of technical provisions

1. The valuation of the technical provisions has been carried out as at 31st December 2023.

2. Segmentation of technical provisions.

Altius Insurance Ltd is a composite company writing both life and non-life business. For the purposes of calculating the technical provisions the business was segmented as follows:

(a) Non-life business

(i) Medical expenses insurance

This line of business includes obligations which cover the provision of preventive or curative medical treatment or care including medical treatment or care due to illness, accident, disability and infirmity, or financial compensation for such treatment or care, where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations considered as workers' compensation insurance.

(ii) Income protection insurance

This line of business includes obligations which cover financial compensation in consequence of illness, accident, disability or infirmity where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations considered as medical expenses or workers' compensation insurance.

(iii) Motor vehicle liability insurance

This line of business includes obligations which cover all liabilities arising out of the use of motor vehicles operating on land (including carrier's liability).

(iv) Other motor insurance

This line of business includes obligations which cover all damage to or loss of land vehicles, (including railway rolling stock).

(v) Marine, aviation and transport insurance

This line of business includes obligations which cover all damage or loss to river, canal, lake and sea vessels, aircraft, and damage to or loss of goods in transit or baggage irrespective of the form of transport. This line of business also includes all liabilities arising out of use of aircraft, ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).

(vi) Fire and other damage to property insurance

This line of business includes obligations which cover all damage to or loss of property other than motor, marine aviation and transport due to fire, explosion, natural forces including storm, hail or frost, nuclear energy, land subsidence and any event such as theft.

(vii) General liability insurance

This line of business includes obligations which cover all liabilities other than those included in motor vehicle liability and marine, aviation and transport.

(viii) Credit Insurance

This line of business includes obligations which cover liabilities in respect of issued credit facilities in particular surety bonds. The business is underwritten by a specialist broker in Greece in collaboration with a highly rated reinsurance company. The suggested Project comprises of the procurement, underwriting and management of a small specialist program of EU bonds for small contractors in Greece, and its insurance and reinsurance.

(b) Life Insurance

(i) Health insurance (SLT Health)

Health insurance obligations where the underlying business is pursued on a similar technical basis to that of life insurance, other than those included in the following line of business “Annuities stemming from non-life insurance contracts and relating to health insurance obligations”.

(ii) Life insurance with profit participation

This line of business includes insurance obligations with profit participation other than those obligations included in the annuities stemming from non-life insurance contracts.

(iii) Unit-linked insurance

This line of business includes insurance obligations with unit-linked benefits other than those included in the annuities stemming from non-life insurance.

(iv) Other life insurance

This line of business includes insurance obligations other than obligations included in any of the other life lines of business.

3. Methodology for calculating best estimate technical provisions

(3)(A) Non-life business

For the non-life business, the following technical provisions were calculated:

(a) Premium provisions

With respect to the best estimate for premium provisions, the cash-flow projections relate to claim events occurring after the valuation date and during the remaining in-force period (coverage period) of the policies held by the company (recognised policies). The cash-flow projections comprise of all future claim payments and claims administration expenses arising from these events, cash-flows arising from the ongoing administration of the in-force policies and expected future premiums stemming from recognised policies falling within the contract boundary.

The contract boundary for all policies under non-life business was taken to be the contractual expiry date. For policies with automatic renewal, the contract boundary is the day before the next renewal of the policy.

The premium provisions were calculated using projection of cash flows on an aggregate basis for each class of business. It should be stressed that the classes of business used are considered to be adequately homogeneous for the volume of business written such that the provisions are calculated with the appropriate prudency. Further breakdown of the business in sub-categories would result in groups with small volumes and would make the statistical methods less reliable and would require further assumptions for further split of certain components of the cash flows such as expenses. The premium provisions were calculated both on a gross basis as well as on a net of reinsurance basis. The projections of cash flows were carried out for a period of 13 years following the valuation date a period which is considered as adequate for full development of claims which may arise during the period until the end of the contract boundary under consideration.

The following cash flows were considered for the gross premium provision calculation:

Cash inflows:

- Expected future gross premium falling within contract boundary (if applicable)

Cash outflows:

- Expected gross commissions (if applicable)
- Expected gross claim amounts
- Expected claims management expenses
- Expected administration expenses

The following points about the cash flows should be noted:

- The expected cash flows take into account the uncertainties of:
    - Lapsation of the policies (policyholder behaviour)
    - Claims severity and frequency
    - Claims development in future years (timing)
    - Level of inflation of administration expenses
    - Level of claims handling expenses

The net cash flow is then discounted by the relevant yield curve in order to determine the present value as at the valuation date.

Technical provisions for recoverables from reinsurance

The premium provision in respect of reinsurance recoverables is calculated by subtracting the premium provision technical provisions net of reinsurance from the premium provision technical provisions gross of reinsurance.

The following cash flows were considered for the net of reinsurance calculation:

Cash inflows:

- Expected future net premium falling within contract boundary (if applicable)

Cash outflows:

- Expected net commissions (if applicable)
- Expected net claim amounts
- Expected claims management expenses
- Expected administration expenses

The following points about the cash flows should be noted:

- The expected cash flows additionally take into account the uncertainties of:
    - Probability of default of the reinsurer
    - The level of profit commission provided by the reinsurer

The net cash flow is then discounted by the relevant yield curve as described in the assumptions section in order to determine the present value as at the valuation date.

(b) Provisions for Outstanding claims, Incurred but not reported claims (IBNR) and Incurred but not Enough Reported Claims (IBNER)

The above were calculated by using an average of the following actuarial methods:

- Chain Ladder based on incurred claims
- Average Cost Per Claim on incurred claims
- 3-yr Average Cost Per Claim on incurred claims
- Bornhuetter-Ferguson (B-F) on incurred claims

Technical provisions for recoverables from reinsurance

The outstanding claims, IBNR and IBNER provisions were also calculated net of reinsurance recoverables. The outstanding claims, IBNR and IBNER provisions in respect of reinsurance recoverables is calculated by subtracting the premium provision technical provisions net of reinsurance from the premium provision technical provisions gross of reinsurance.

(c) Provisions for Unallocated loss adjustment expenses – claims settlement expenses
For each class of business, a provision for claims settlement expenses was calculated based on the chain-ladder method on the claim settlement expenses incurred. It should be stressed that the classes of business used are considered to be adequately homogeneous for the volume of business written such that the provisions are calculated with the appropriate prudency. Further breakdown of the business in sub-categories would result in groups with small volumes and would make the statistical methods less reliable and would require further assumptions for further split of the expenses.

More specifically, the claims settlement expenses incurred of the year were allocated to the accident years using the gross claims payment pattern. This was done for all years since 2010 and a triangle of claims settlement expenses incurred was constructed.

The simple Chain Ladder method was used.

(3)(B) Life business

(a) Best Estimate Technical Provisions
The best estimate technical provisions of life business were calculated using a discounted cash flow approach.

For the individual business, each policy was unbundled to the separate covers and a projection was performed for each cover separately. For the group business, the cash flow projections were carried out for each separate group plan aggregately but unbundling the plan into the separate covers. For the credit life business, a projection was performed for each insured without unbundling of the covers due to the fact that both the gross and reinsurance rates are unit rates covering both the life and permanent total disability covers.

Regarding the time horizon of the projections these are until the contract boundaries which were assumed as follows:

- The individual covers were all projected until the maturity/expiry date of each cover. In particular, this includes the unit-linked policies due to the fact that the underwriting of the insured takes place at the inception of the policy and the charges although reviewable they are not reviewed at the policy level should the health condition of the risk change.
- The group plans were projected up to the next renewal date of each plan. This is because there is no guarantee that at renewal the group plan will continue and even if this was the case re-underwriting and re-pricing of the policy would take place on renewal.
- For the credit life plans the following approach was used:
  - Alpha Individuals: The cover for each insured debtor are similar to individual policies each with a different term the majority up to 5 years with a single premium payable at the start and underwriting performed at inception (health declaration). In case the cover is renewed for a specific term a new cover is issued with underwriting performed. As a result, the contract boundary is considered to be the expiry of the term of the cover of each insured.
  - Alpha Borrower/Businessman: The covers are yearly renewable with automatic renewal signed up by the insured as long as the linked loan is in force. The underwriting is also performed at the inception of the cover. The policyholder is the bank and the policy agreement expires on 2024. The premium and the terms of the policy are agreed between the bank and the insurer. Therefore, the contract boundary was assumed to be the expiry of the policy between the bank and the insurance company.

The cash flows considered for the calculation of the gross technical provisions were as follows:

Cash inflows:

- Expected future gross premium falling within contract boundary
- Expected future income from other charges

Cash outflows:

- Expected gross commissions
- Expected gross death any cause claims
- Expected gross accidental death claims
- Expected gross waiver of premium claims
- Expected gross critical illness claims
- Expected gross disability claims
- Expected maturity benefits
- Expected surrender benefits
- Expected bonus benefits
- Expected acquisition overhead expenses
- Expected acquisition administration expenses
- Expected renewal overhead expenses
- Expected renewal administration expenses
- Expected change in unit reserves
- Expected tax payment

The net cash flow is then discount by the relevant yield curve as described in the assumptions section in order to determine the present value as at the valuation date.

The gross life claims which were incurred before the valuation date and are still outstanding i.e. their settlement has not been approved by the company were also included as part of the gross life best estimate technical provisions. The outstanding life claims were discounted using the weighted average settlement period of the life claims based on the experience analysis of the last four years.

The following points about the cash flows should be noted:

- **Future income from other charges**

Regarding the unit-linked policies although the source of income is primarily the non-allocated premium i.e. the difference between the gross premium and the premium allocated to the investment account, there are other charges on the contracts like:

- the risk premium rates (i.e. mortality charge)

- the policy fee

- the investment management fees on the unit-funds

- the administration charges for surrenders and change of investment policy

- the bid-offer spread applicable on the unit-price at the point of investment of the premium in the unit funds.

- ***Bonuses***

The bonus benefits are applicable only in the case of the following policies:

1. Phoenix With-Profit policies

2. Optima and Epiloges unit-linked policies

3. British American

- **Commissions**

The commission cash flows include all the commissions as stipulated in the agreements with the agents, brokers and the bank in the case of banc assurance products. For commission benefits such as prizes, social security, contributions to life and medical insurance plan, persistency and productions bonuses which are subject to criteria such as production assumptions were made about the average cost of these benefits.

- **Expenses**

The expenses were analysed mainly as expenses relating to new business and maintenance/renewal of existing business and were further split between overhead and administration expenses. The investment expenses and claims management expenses are included in this analysis and are allocated in these four categories. Future inflation of expenses is also taken into account. All the assumptions are further analysed in the assumptions section.

- **Tax payment**

The expected tax payment was considered to be 1,50% of the expected premium income calculated at the policy level.

- **Unit-funds**

For unit-linked policies it is necessary to calculate a projection of the unit-fund so that the relevant non-linked expected cash flows are determined such as investment charges, risk premium charges and other administration fees.

(b) Financial guarantees
The plans Altius Guaranteed and Moneyplus have a guaranteed rate of interest for the Accumulation Funds. It should be noted that the Accumulation Funds are not unit-linked but rather they are endowment-type reserves allocated to each policy. For this reason, an investment guarantee provision has been calculated in respect of the risk that the return achieved by the Accumulation Fund reserve will be lower than the guaranteed one which would result in an additional cost for the company.

The guarantee reserve was calculated using deterministic scenarios.

(c) Options
The following options applicable to the life policies were considered:

- Surrender value option, where the policyholder has the right to fully or partially surrender the policy and receive a pre-defined lump sum amount.
- Paid-up policy option, where the policyholder has the right to stop paying premiums and change the policy to a paid-up status;
- Policy conversion option, where the policyholder has the right to convert from one policy to another at pre-specified terms and conditions;

(d) Best Estimate Technical provisions for recoverables from reinsurance

A separate cash flow model was developed for the recoverables from reinsurance in respect of the life business.

The cash flows considered for the calculation of the reinsurance technical provisions were as follows:

Cash inflows:

- Expected reinsurance premium

Cash outflows:

- Expected reinsurance commissions (initial and renewal)
- Expected reinsurance profit commissions
- Expected reinsurance death any cause claims
- Expected reinsurance accidental death claims
- Expected reinsurance waiver of premium claims
- Expected reinsurance critical illness claims
- Expected reinsurance disability claims

It should be noted that cash inflows is the income for the reinsurer i.e. outflow for the insurer where as the cash outflows are payments from the reinsurer to the insurer.

The net cash flow is then discounted by the relevant yield curve as described in the assumptions section in order to determine the present value as at the valuation date.

The life claims recoverable from reinsurance which were incurred before the valuation and are still outstanding i.e. their settlement has not been approved by the company were also included as part of the life best estimate technical provisions for recoverables from reinsurance. The outstanding life claims recoverable from reinsurance were discounted using the weighted average settlement period of the life claims based on the experience analysis of the last four years.

(3)(C) Transitional measures

No use of transitional measures has been made.

4. Methodology for calculating the risk margin

The risk margin is a part of technical provisions in order to ensure that the value of technical provisions is equivalent to the amount that another insurance company would be expected to require taking over and meeting the insurance and reinsurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of eligible own funds is called Cost-of-Capital rate.

First, the risk margin is calculated for the whole business of the undertaking using the approximation method proportional to the future net best estimate technical provisions. In a second step the margin is allocated to the lines of business.

The risk margin for the whole portfolio of insurance obligations is equal to the following:

$$RM = CoC \cdot \sum_{t \geq 0} \frac{SCR(t)}{(1 + r(t+1))^{t+1}}$$

where:

(a) CoC denotes the Cost-of-Capital rate;

(b) the sum covers all integers including zero;

(c) SCR(t) denotes the Solvency Capital Requirement of the reference undertaking after t years;

(d) r(t+1) denotes the basic risk-free interest rate for the maturity of t+1 years.

The basic risk-free interest rate r(t+1) was assumed as described under paragraph (5)(C) below.

The allocation adequately reflects the contributions of the lines of business to the Solvency Capital Requirement of the reference undertaking over the lifetime of the whole portfolio of insurance obligations.

The risk margin per line of business takes the diversification between lines of business into account. Consequently, the sum of the risk margins per line of business is equal to the risk margin for the whole business.

The method used to project the future SCRs was the following:

- *Simplifications for the overall SCR for each future year (level 3 of the hierarchy)*

Simplifications classified as belonging to level 3 of the hierarchical structure sketched in these specifications are based on an assumption that the future SCRs are proportional to the best estimate technical provisions for the relevant year – the proportionality factor being the ratio of the present SCR to the present best estimate technical provisions (as calculated for the reference undertaking). It has been assumed that if this method was re-produced at a more granular level i.e. separately for the part of the SCR relating to each class of business proportionately with the related best estimate technical provision, this would produce a lower risk margin overall.

According to the proportional method, the company's SCR year *t* is fixed in the following manner:

$$SCR_{RU}(t) = SCR_{RU}(0) \cdot BE_{Net}(t) / BE_{Net}(0) \qquad t = 1,2,3,\ldots$$

where

$SCR_{RU}(0)$ = the SCR as calculated at time t = 0 for the company's portfolio of insurance obligations. The following components of the SCR were removed for the calculation of the risk margin:

- Market Risk
- Type 1 Counterparty Risk relating to cash at bank
- Loss-absorbing capacity of deferred taxes (LADT)

$BE_{Net}(0)$ = the best estimate technical provisions net of reinsurance as assessed at time t = 0 for the company's portfolio of insurance obligations; and

$BE_{Net}(t)$ = the best estimate technical provisions net of reinsurance as assessed at time t for the company's portfolio of insurance obligations.

This simplification takes into account the maturity and the run-off pattern of the obligations net of reinsurance. However, the assumptions on which the risk profile linked to the obligations is considered unchanged over the years are indicatively the following:

- the composition of the sub-risks in underwriting risk is the same (all under-writing risks),
- the average credit standing of reinsurers is the same (counterparty default risk),
- the proportion of reinsurers' share of the obligations is the same (operational risk),

The contribution of a line of business was analyzed by calculating the SCR under the assumption that the company's other business does not exist. As the relative sizes of the SCRs per line of business were assumed not to materially change over the lifetime of the business, the following simplified approach for the allocation was applied:

$$COCM_{lob} = \frac{SCR_{RU,lob}(0)}{\sum_{lob} SCR_{RU,lob}(0)} \cdot COCM,$$

where

$COCM_{lob}$ = risk margin allocated to line of business lob

$SCR_{RU,lob}(0)$ = SCR of the company for line of business lob at t=0

$COCM$ = risk margin for the whole business

In order to determine the SCR of each line of business at time 0, the components of the SCR, mainly the operational risk, counterparty risk, life underwriting risk, health underwriting risk and non-life underwriting risk were allocated to each line of business which they relate to and according to the risk characteristics of the business.

5. Assumptions for calculating best estimate technical provisions

For the main assumptions used in the calculations the following elements are described:

(A) Non-life business

For the non-life business, the following assumptions were used:

(a) Premium provisions

Expected development pattern of the claims paid: The expected development pattern of the claims in respect of the unexpired period from the valuation date to the contract boundary was determined using the chain-ladder actuarial method based on the gross and net of reinsurance claims paid for the gross and net of reinsurance calculations based on the experience of the last 13 years.

Ultimate claims ratio: The ultimate claims ratio was required on a gross and a net of reinsurance basis. This was assumed to be the ratio of the ultimate claims of the accident year as projected using the chain-ladder method over the earned premium of the accident year. An average of the last 5 accident years was used with the exception of the medical business where a 3-year average was used which was considered more appropriate due to the pandemic effect and Ukraine War.

Lapse rates: The lapse rates of the policies before the contract boundary assumed per class of business were based on the 3-year average lapse rate based on the company’s past experience.

Technical provisions for recoverables from reinsurance

The following additional assumptions were required for the calculation of provisions relating to the recoverables from reinsurance.

Counterparty default adjustment: This was calculated as a weighted average probability based on the shares of the reinsurers participating in the reinsurance programme of 2023 for each class of business.

Reinsurance profit commission: This was assumed based on the calculated weighted average of the last 5 years based on the reinsurance accounts of each class of business.

(b) Provisions for Outstanding claims, Incurred but not reported claims (IBNR) and Incurred but not Enough Reported Claims (IBNER)

Bonhuetter-Ferguson Method: The ultimate claims ratio was required on a gross and a net of reinsurance basis. An array by origin year of expected ultimate cumulative losses was used derived using historical earned premiums and ultimate expected claims per origin year using the Basic Chain Ladder method.

(B) Life business

For the life business, the following assumptions were made:

Mortality: The number of deaths associated with the life portfolio of the company is not statistically sufficient to enable the derivation of a mortality table based on the company’s experience alone. This has not been possible even at country level. The mortality table used is based on the English table A1967/70 which is published, and its use is allowed in the Republic of Cyprus. Since the Republic of Cyprus has not produced its own mortality table, the English mortality table has been adjusted for the calculation of the technical provisions as at 31/12/2023 as described in previous paragraphs. A mortality experience analysis which has been carried out for the period 2007 to 2023 on the whole of the life portfolio of the company, including the individual, bancassurance and group portfolios and an average percentage of actual to expected mortality was calculated.

The % is volatile from year to year and therefore a rolling 15-year average will be less volatile and more appropriate for assessing the long-term assumption.

Disability, Critical Illness, Accidental Death, Waiver of Premium decrement tables: The number of disability claims associated with the life portfolio of the company is not statistically sufficient to enable the derivation of a reliable decrement table based on the company's experience alone. As a result, an adjustment on the risk premium rates provided by the reinsurers was used. The adjustment was calculated to reflect the fact that the reinsurance risk premium rates have a built-in allowance for expenses, commissions and profit.

Inflation of expenses: Being a long-term assumption it was judged more appropriate to use the expected projected rates of IMF which is the longest projection currently available. Allowance for expected salary inflation has also been incorporated.

Expenses: The expense assumptions are based on the expenses of the year 2023. The expenses are analyzed into initial/acquisition expenses and renewal/maintenance expenses and are further broken down into overhead i.e. not directly related to the volume of business and direct expenses i.e. they are proportional to the volume of business.

Commissions: The basic and override initial and renewal commissions were taken into account exactly as stipulated in the agreements with the distribution channels. Certain acquisition commission type expenses however for the agency distribution channel which depend on certain criteria such production or persistency have been taken into account by analysing the data of year 2023.

Lapse rates: In order to have reliable statistics with significant volumes, the lapse rates were based on a 10-year average i. e. for the 1st year lapse rate we derive the 1st year average lapse rate of policies issued in the last 10 years and so forth. This also gives a more stable assumption which is less volatile due to the short-term shocks on the economy.

Paid-up rate: Due to the limited number of paid-up policies the rate was determined by considering the number of paid-up policies in force as of 31st December 2023 over the total number of policies in force which have the option to be converted into paid-up.

(C) Discount yield curve for technical provisions including the risk margin

The discount yield curve assumed was the yield curve provided by EIOPA for Cyprus as at 31/12/2023. No volatility adjustment or matching adjustments were used.

(D) Changes in the relevant assumptions made in the calculation of Technical Provisions

The effect of the change of assumptions is shown in the analysis of change section. The assumptions which had a material impact on the change of the best estimate technical provisions were as follows:

- ***Non-Life Gross Best Estimate:***
  Payment patterns: We note the deterioration in the payment pattern and the shift towards significantly high durations in particular from the 8th to the 12th year. This is due to the adverse development in a handful of claims in respect of professional indemnity which has shifted the whole payment pattern towards much higher durations.
  Ultimate Claims Ratios: We note the small improvement in the ultimate ratio of the medical business due to the return to normality following the pandemic lockdowns of the previous years and motor insurance due to a small increase of premiums.
- ***Non-Life Reinsurance Recoverables:***
  Counterparty Default Adjustment: The slight difference in the assumptions of 2023 from 2022 are due to the change in % participation of reinsurers in the programme of each line of business. The underlying default probabilities associated with the credit rating of each reinsurer have not changed.

Reinsurance profit commission: There is improvement in the % profit commission of the medical expenses business in 2023. This is due to the improvement of the claims ratio on the individual medical business in 2023 due to the implementation of GHS.

- ***Life Gross Best Estimate:***

  Expenses: In general, the expenses analysis was re-worked in 2023 in order to be appropriate also for IFRS17 and therefore it is not possible to directly compare the 2023 assumptions with those of 2022 at the level of product. However, it must be mentioned that in general in 2023 there was a shift of expenses towards acquisition expenses and a respective decrease in maintenance expenses which resulted in a decrease in the life technical provisions.

  Lapse rates: The lapse rates in general improved in 2023 at all durations. The changes, however, were not significant but longer-term improvement may be due to the stabilization of the local economic environment despite the latest shock to the economy due to the pandemic, Ukraine and Gaza wars. A new persistency bonus was also implemented in 2021 which may have positively influenced the persistency rates especially of the first few years of the portfolio. Given that the life business is generally profitable the decrease in lapsation would be expected to decrease the technical provisions.
- **Discounting Yield Curve:** The yield curve used in 2023 for the discounting of the cash flows relating to risk margin was revised downwards in accordance with EIOPA's prescribed spot-rate yield methodology. This had an increasing effect on the best estimate technical provisions.

The assumptions which had a material impact on the change of the risk margin were as follows:

- **Discounting Yield Curve:** Same as above.
- **Life SCR:** Furthermore, the risk margin has decreased as at 31/12/2023 compared to 31/12/2022 due to the decrease of life business capital requirement which arose mainly from the change in the expense assumptions.

The change in the risk margin from the previous reporting period is mentioned in the analysis of change section.

6. Differences between Solvency II and IFRS bases, methods and assumptions

The major differences in the valuation of the technical provisions under Solvency 2 and the new accounting standard IFRS 17 are summarized below:

Method:

- Under IFRS17 the Risk Adjustment is derived using a different confidence interval than the respective Risk Margin of Solvency 2. In particular, the confidence interval used for the Risk Adjustment of IFRS17 is 80% compared to 99,5% of Solvency II. There are also some differences in the risk components of the Risk Adjustment taken into consideration for IFRS17 compared to those under Solvency 2. In general, all these differences are expected to result in a Risk Adjustment which is lower than the Risk Margin.
- Life Reinsurance in IFRS17 is being measured under PAA whereas in Solvency 2 cash flows are being produced. This is expected to have neutral effect in the long-term as the two methods should not produce significant differences.
- The claims provisions of the Life Business do not incorporate discounting under IFRS 17 whereas in Solvency 2 discounting has been included. This has a minor effect as the business is short tailed.

- The non-life premium provisions, in IFRS17 are measured under the PAA method which is calculated on an unearned premium basis whereas in Solvency 2 the Premium Provisions are calculated using a cashflow approach.
- IFRS17 introduces the concept of Contractual Service Margin for the GMM and VFA models which is effectively the present value of future profits which is released during the lifetime of the long-term contracts. The CSM is books as liability and is released gradually in line with the change in the coverage units. This concept does not exist under Solvency 2.

Assumptions:

- The discounting curves in IFRS17 differ from Solvency 2. The difference is that an illiquidity premium is added to the discounting curve of Solvency 2. The illiquidity premium is calculated from the assets backing the liabilities using a bottom-up approach and differs for the life and non-life portfolios respectively. Given that the curves will be higher with the illiquidity this is expected to decrease the liabilities under IFRS17.
- The unit-fund under the VFA model is projected using the risk free rates of EIOPA in Solvency 2 whereas in Solvency 2 they are projected using a single rate derived from the IFRS 17 curve which includes an illiquidity premium at the modified duration of the life liabilities. This difference is expected to produce higher projections of the unit-funds under IFRS 17.
- The expense assumption for the IFRS 17 is derived based only on the attributable expenses whereas in Solvency 2 it takes into consideration all expenses. This is expected to produce lower liabilities under IFRS 17 compared to Solvency 2.

D.3 Other liabilities

Not applicable for the Company.

D.4 Alternative methods for valuation

No other alternative methods for valuation are used.

D.5 Any other information

There was no any other information.

E. CAPITAL MANAGEMENT

E.1 Own Funds

The summary of the classification of own funds as at 31st December 2023 and 31st December 2022 are as follows:

	31/12/2023		31/12/2022	
Basic own funds	Total €000s	Tier 1 – unrestricted €000s	Total €000s	Tier 1 – unrestricted €000s
Ordinary share capital	10.475	10.475	10.475	10.475
Share premium account related to ordinary share capital	16	16	16	16
Surplus funds	0	0	0	0
Reconciliation reserve	21.894	21.894	16.956	16.956

In accordance with Article 94(1) the following items were classified as Tier 1 capital as they are available to fully absorb losses on a going-concern basis, as well as in the case of winding-up (permanent availability):

(i) Ordinary share capital

(ii) Share premium account related to ordinary share capital

(iii) Surplus funds – accumulated profits not made available for distribution to policyholders or beneficiaries

In particular, they were considered as available to absorb losses in accordance with Article 93(2) as:

(a) They are free from requirements or incentives to redeem the nominal sum (absence of incentives to redeem);

(b) They are free from mandatory fixed charges (absence of mandatory servicing costs);

(c) They are clear of encumbrances (absence of encumbrances).

Furthermore, the reconciliation reserve was calculated as the excess of assets over liabilities reduced by the ordinary share capital and the related share premium account. The reconciliation reserve is classified as Tier 1 in accordance with Article 70 of the Delegated Acts. The reconciliation reserve includes an amount of €4.428.656 which relates to Expected Profits in Future Premiums (EPIFP) in respect of the life business profit portfolio. This amount has been calculated using an approximation method based on the negative best estimate liabilities which the company considers adequate given the long-term nature of the existing life portfolio of the company. The aggregation was done at the product level which considered to be homogeneous risk groups.

The management of own funds is in accordance with the Own Risk and Solvency Assessment Policy and the Risk Management Policy approved by the Board of Directors. The Company aims to maintain an optimal capital buffer that is at all times sufficiently in excess of the minimum required regulatory capital (SCR) to cover its exposure to all risks within its risk profile and meet unexpected obligations. For this reason, the Board of Directors has set the target solvency coverage ratio (SII own funds/SCR) to be at least 130%. Moreover, the time horizon considered for the management of own funds coincides with the time horizon for which a budget is approved annually by the Board of Directors and which is a period of 3 years.

The table below shows the differences in own funds between Solvency 2 and IFRS:

	31/12/2023	31/12/2022*
	€000s	€000s
Total own funds disclosed in IFRS Financial Statements	**39.789**	**33.026**
Introduction of Contractual Service Margin	4.613	6.420
Change in net Best Estimate liabilities (other than CSM)	(4.923)	(4.245)
Difference between Risk Adjustment and Risk Margin	(6.710)	(7.129)
DAC and Intangible Asset	(163)	(145)
Holdings in related undertakings, including participations	(320)	(327)
Loss Component	666	170
Other	(567)	(323)
Total own funds disclosed under Solvency 2	**32.385**	**27.447**

* Re-stated under IFRS 17 accounting standard.

The Company paid the following profit distributions to shareholders in the following years:

	2023 €000s	2022 €000s
Profit distribution to shareholders	3.750	1.500

Analysis of change

An analysis of change of the own funds from the last reporting date to the reporting date of this report is provided below:

	Variation €000s
Own funds as at 31/12/2022	**27.447**
Variations due to investments and financial liabilities	*5.698*
Variations due to net technical provisions	*1.117*
Variations in capital basic own fund items and other items approved	*-*
Variation in Deferred Tax position	*495*
Income Tax of the reporting period	*(545)*
Dividend distribution	*(3.750)*
Other variations in Excess of Assets over Liabilities	*1.922*
Own funds as at 31/12/2023	**32.385**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Solvency Capital Requirement has been calculated based on the Standard Formula as described in the relevant local legislation, Delegated Acts of the European Commission and guidelines of EIOPA and without making use of any undertaking-specific parameters. The main simplification used concerns the following:

- In respect of collective investment vehicles, a look-through approach was not used due to the limited amount invested in such vehicles as a percentage of the total assets (as stipulated in the legislation) and the fact that these are entirely allocated in unit-funds which do not have a material effect on the calculation of the SCR. There was sufficient information available at the level of the vehicle to be characterised as a specific asset class and be considered under a relevant shock/risk.

The table below presents the SCR and MCR as at 31/12/2023 and the comparatives of the previous year.

	31/12/2023		31/12/2022	
	Net solvency capital requirement (including the loss-absorbing capacity of technical provisions) €000s	% of SCR	Net solvency capital requirement (including the loss-absorbing capacity of technical provisions) €000s	% of SCR
Market risk	6.046	51%	5.535	47%
Counterparty default risk	2.256	19%	2.788	24%
Life underwriting risk	3.613	30%	3.966	33%
Health underwriting risk	1.913	16%	1.936	16%
Non-life underwriting risk	4.461	37%	4.029	34%
Diversification	(6.669)	(56%)	(6.738)	(57%)
Intangible asset risk	0	0%	0	0%
Basic Solvency Capital Requirement (BSCR)	11.620	97%	11.516	97%
Operational risk	2.009	17%	2.028	17%
Loss-absorbing capacity of deferred taxes	(1.704)	(14%)	(1.693)	(14%)
Solvency capital requirement, excluding capital add-on	11.926	100%	11.850	100%
Capital add-on	0	0%	0	0%
Overall Solvency Capital Requirement (SCR)	11.926	100%	11.850	100%

	31/12/2023	31/12/2022
Capital requirements (Standard formula)	**€000s**	**€000s**
SCR	11.926	11.850
Own funds (eligible)	32.385	27.447
Surplus	20.459	15.597
Coverage ratio	272%	232%
MCR/SCR	67%	68%
MCR/Floor to Group SCR	8.000	8.000
Own funds (eligible)	32.385	27.447
Surplus	24.385	19.447
Coverage ratio	405%	343%

Minimum Capital Requirement

The calculation of the Minimum Capital Requirement was based on the following input information:

- Non-life business technical provisions per class of business
- Non-life business premium per class of business
- Life business technical provisions per type of business
- Life business capital-at-risk

The overall MCR calculation is summarised in the table below:

31/12/2023			
Overall MCR calculation	**Non-Life activities €000s**	**Life activities €000s**	**Total €000s**
Linear MCR	2.510	3.001	5.510
SCR	5.432	6.494	11.926
MCR cap	2.444	2.922	5.367
MCR floor	1.358	1.623	2.981
Combined MCR	2.444	2.922	5.367
Absolute floor of the MCR	4.000	4.000	8.000
Minimum Capital Requirement	4.000	4.000	8.000

31/12/2022			
Overall MCR calculation	**Non-Life activities €000s**	**Life activities €000s**	**Total €000s**
Linear MCR	2.307	2.800	5.107
SCR	5.353	6.497	11.850
MCR cap	2.409	2.924	5.333
MCR floor	1.338	1.624	2.963
Combined MCR	2.307	2.800	5.107

31/12/2022			
Overall MCR calculation	**Non-Life activities €000s**	**Life activities €000s**	**Total €000s**
Absolute floor of the MCR	4.000	4.000	8.000
Minimum Capital Requirement	4.000	4.000	8.000

E.3 Use of duration based equity risk sub module in the calculation of SCR

No duration based equity risk sub module has been used in the calculation of the SCR.

E.4 Differences between standard formula and any internal model used

No internal or partial model is used for the calculation of the SCR.

E.5 Non-compliance with SCR and MCR

Not applicable for the Company.

E.6 Any other information

In calculating the Solvency Capital Requirement (SCR), the Board of Directors has approved the use of loss-absorbing capacity of deferred taxes. The calculation is based on a scenario of a catastrophic event which would cause an instantaneous loss equal to the total of BSCR and Operational Risk. The methodology for the calculation used is as follows:

1. Determination of a stressed 5-year budget following the catastrophic event, as losses can be transferred up to 5 years under the local legislation.

2. Determination of deferred tax asset that can be claimed.

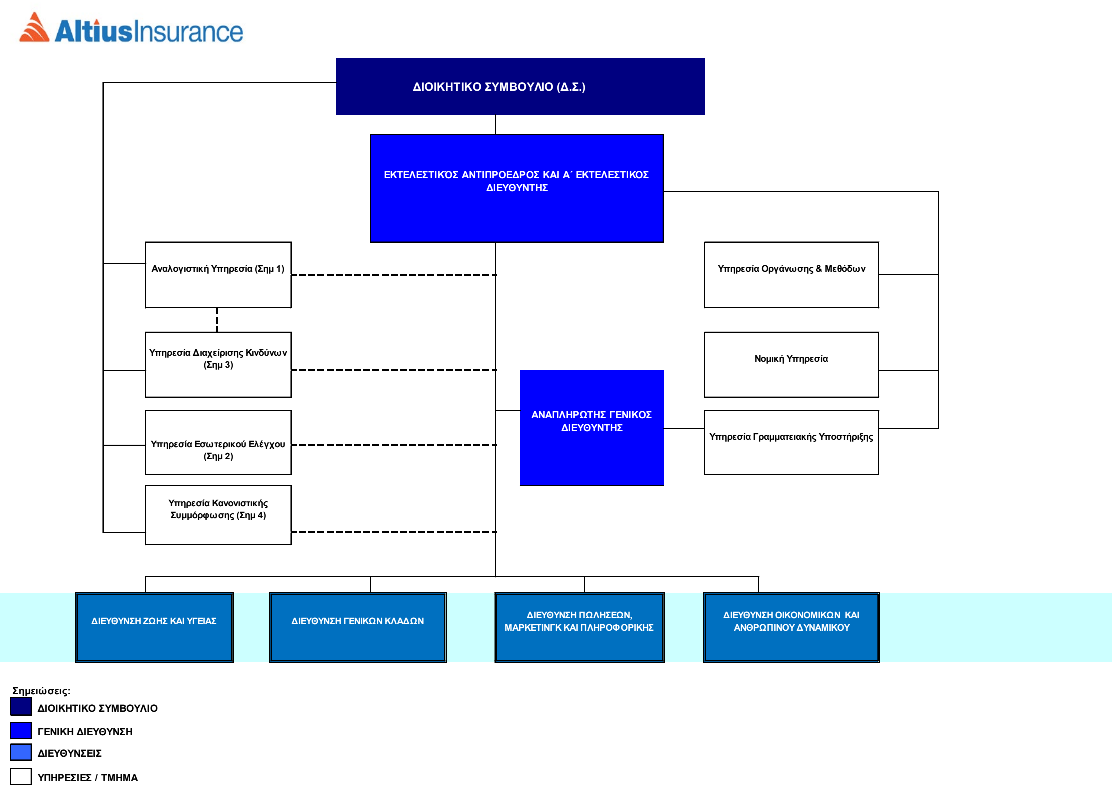
3. Investigation of the Solvency position of the Company during the 5-year period and possible measures approved by the Board of Directors in case the Solvency position requires quick recovery.

4. Comparison of calculated Deferred Tax with maximum allowed under Tier 3.

5. History of past profitability of company and in particular under past stressed economic periods.

F. APPENDICES

F.1 Organisational structure



Σημείωση 1: Ο Διευθυντής Αναλογιστικής Υπηρεσίας αναφέρει θέματα απευθείας στο Διοικητικό Συμβούλιο .

Σημείωση 2: Ο Υποδειυθυντής Εσωτερικού Ελέγχου αναφέρει θέματα ευθύνης του απευθείας στην Επιτροπή Εσωτερικού Ελέγχου του Διοικητικού Συμβουλίου.

Σημείωση 3: Ο Τμηματάρχης Διαχείρισης Κινδύνων αναφέρει θέματα απευθείας στο Διοικητικό Συμβούλιο .

Σημείωση 4: Ο Εσωτερικός Νομικός Σύμβουλος υπεύθυνος της Υπηρεσίας Κανονιστικής Συμμόρφωσης αναφέρει θέματα ευθύνης του απευθείας στο Διοικητικό Συμβούλιο.

F.2 Public QRT's

S.02.01.02 – Balance Sheet

					Solvency II value
					C0010
Assets	Goodwill			R0010	
	Deferred acquisition costs			R0020	
	Intangible assets			R0030	0,00
	Deferred tax assets			R0040	0,00
	Pension benefit surplus			R0050	0,00
	Property, plant & equipment held for own use			R0060	1.701,00
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	52.510,99
	Investments (other than assets held for index-linked and unit-linked contracts)	Property (other than for own use)		R0080	7.455,89
		Holdings in related undertakings, including participations		R0090	766,37
		Equities		R0100	2.500,69
		Equities	Equities - listed	R0110	851,32
			Equities - unlisted	R0120	1.649,36
		Bonds		R0130	39.084,96
		Bonds	Government Bonds	R0140	16.741,82
			Corporate Bonds	R0150	22.343,15
			Structured notes	R0160	0,00
			Collateralised securities	R0170	0,00
		Collective Investments Undertakings		R0180	2.694,77
		Derivatives		R0190	0,00
		Deposits other than cash equivalents		R0200	8,31
		Other investments		R0210	0,00
	Assets held for index-linked and unit-linked contracts			R0220	60.534,21
	Loans and mortgages			R0230	464,30
	Loans and mortgages	Loans on policies		R0240	359,07
		Loans and mortgages to individuals		R0250	0,00
		Other loans and mortgages		R0260	105,23
	Reinsurance recoverables from:			R0270	16.581,76
	Reinsurance recoverables from:	Non-life and health similar to non-life		R0280	9.798,29
		Non-life and health similar to non-life	Non-life excluding health	R0290	9.251,47
			Health similar to non-life	R0300	546,82
		Life and health similar to life, excluding health and index-linked		R0310	6.400,39
		Life and health similar to life, excluding health and index-linked and unit-linked	Health similar to life	R0320	568,94
			Life excluding health and index-linked and unit-linked	R0330	5.831,45
		Life index-linked and unit-linked		R0340	383,09
	Deposits to cedants			R0350	0,00
	Insurance and intermediaries receivables			R0360	8.685,20
	Reinsurance receivables			R0370	0,00
	Receivables (trade, not insurance)			R0380	554,28
	Own shares (held directly)			R0390	0,00
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	0,00
	Cash and cash equivalents			R0410	241,62
	Any other assets, not elsewhere shown			R0420	0,00
	Total assets			R0500	141.273,36
Liabilities	Technical provisions - non-life			R0510	28.664,11
	Technical provisions - non-life	Technical provisions - non-life (excluding health)		R0520	24.433,07
		Technical provisions - non-life (excluding health)	Technical provisions calculated as a whole	R0530	0,00
			Best Estimate	R0540	20.325,68
			Risk margin	R0550	4.107,39
		Technical provisions - health (similar to non-life)		R0560	4.231,04
		Technical provisions - health (similar to non-life)	Technical provisions calculated as a whole	R0570	0,00
			Best Estimate	R0580	3.477,83
			Risk margin	R0590	753,21
	Technical provisions - life (excluding index-linked and unit-linked)			R0600	10.833,39
	Technical provisions - life (excluding index-linked and unit-linked)	Technical provisions - health (similar to life)		R0610	1.781,05
		Technical provisions - health (similar to life)	Technical provisions calculated as a whole	R0620	0,00
			Best Estimate	R0630	1.009,02
			Risk margin	R0640	772,03
		Technical provisions - life (excluding health and index-linked and		R0650	9.052,34
		Technical provisions - life (excluding health and index-linked and unit-linked)	Technical provisions calculated as a whole	R0660	0,00
			Best Estimate	R0670	8.166,50
			Risk margin	R0680	885,84
	Technical provisions - index-linked and unit-linked			R0690	63.223,24
	Technical provisions - index-linked and unit-linked	Technical provisions calculated as a whole		R0700	0,00
		Best Estimate		R0710	61.595,20
		Risk margin		R0720	1.628,04
	Other technical provisions			R0730	0,00
	Contingent liabilities			R0740	0,00
	Provisions other than technical provisions			R0750	0,00
	Pension benefit obligations			R0760	0,00
	Deposits from reinsurers			R0770	0,00
	Deferred tax liabilities			R0780	245,88
	Derivatives			R0790	0,00
	Debts owed to credit institutions			R0800	0,00
	Financial liabilities other than debts owed to credit institutions			R0810	0,00
	Insurance & intermediaries payables			R0820	2.061,16
	Reinsurance payables			R0830	604,28
	Payables (trade, not insurance)			R0840	2.267,49
	Subordinated liabilities			R0850	0,00
	Subordinated liabilities not in Basic Own Funds			R0860	0,00
	Subordinated liabilities in Basic Own Funds			R0870	0,00
	Any other liabilities, not elsewhere shown			R0880	989,04
	Total liabilities			R0900	108.888,57
Excess of assets over liabilities				R1000	32.384,80

S.05.01.02 - Premiums, claims and expenses by line of business

			Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				
			Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
			C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written	Gross - direct business	R0110	7.301,47	323,84	0,00	3.927,37	1.714,04	139,96	5.758,99	5.047,99	643,36	0,00	0,00	0,00					24.857,02
	Gross - Proportional reinsurance accepted	R0120	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00					0,00
	Gross - Non-proportional reinsurance accepte	R0130													0,00	0,00	0,00	0,00	0,00
	Reinsurers' share	R0140	1.540,76	66,20	0,00	161,26	151,73	68,48	2.576,59	2.581,86	549,83	0,00	0,00	0,00	0,00	0,00	0,00	0,00	7.696,71
	Net	R0200	5.760,71	257,64	0,00	3.766,12	1.562,31	71,48	3.182,39	2.466,13	93,53	0,00	0,00	0,00	0,00	0,00	0,00	0,00	17.160,31
Premiums earned	Gross - direct business	R0210	7.174,97	363,57	0,00	3.866,58	1.591,91	134,36	5.806,50	4.785,02	487,36	0,00	0,00	0,00					24.210,27
	Gross - Proportional reinsurance accepted	R0220	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00					0,00
	Gross - Non-proportional reinsurance accepte	R0230													0,00	0,00	0,00	0,00	0,00
	Reinsurers' share	R0240	1.528,23	109,13	0,00	153,11	131,33	62,49	2.523,79	2.393,24	433,28	0,00	0,00	0,00	0,00	0,00	0,00	0,00	7.334,60
	Net	R0300	5.646,74	254,45	0,00	3.713,47	1.460,58	71,88	3.282,70	2.391,78	54,08	0,00	0,00	0,00	0,00	0,00	0,00	0,00	16.875,67
Claims incurred	Gross - direct business	R0310	3.171,14	35,97	0,00	2.163,02	1.042,72	80,24	830,75	1.818,00	0,00	0,00	0,00	0,00					9.141,85
	Gross - Proportional reinsurance accepted	R0320	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00					0,00
	Gross - Non-proportional reinsurance accepte	R0330													0,00	0,00	0,00	0,00	0,00
	Reinsurers' share	R0340	445,27	0,00	0,00	101,05	0,00	31,13	373,39	1.292,60	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	2.243,44
	Net	R0400	2.725,87	35,97	0,00	2.061,97	1.042,72	49,11	457,36	525,40	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6.898,40
Expenses incurred		R0550	1.818,75	103,13	0,00	1.432,46	629,28	16,36	1.658,88	1.141,92	-10,31	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6.790,48
Balance - other technical expenses/income		R1210																	0,00
Total technical expenses		R1300																	6.790,48

			Line of Business for: life insurance obligations						Life reinsurance obligations		
			Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
			C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written	Gross	R1410	1.112,63	42,66	15.939,01	7.777,35	0,00	0,00	0,00	0,00	24.871,65
	Reinsurers' share	R1420	94,10	0,00	1.348,00	2.313,06	0,00	0,00	0,00	0,00	3.755,15
	Net	R1500	1.018,53	42,66	14.591,01	5.464,29	0,00	0,00	0,00	0,00	21.116,49
Premiums earned	Gross	R1510	1.112,63	42,66	15.939,01	7.777,35	0,00	0,00	0,00	0,00	24.871,65
	Reinsurers' share	R1520	94,10	0,00	1.348,00	2.313,06	0,00	0,00	0,00	0,00	3.755,15
	Net	R1600	1.018,53	42,66	14.591,01	5.464,29	0,00	0,00	0,00	0,00	21.116,49
Claims incurred	Gross	R1610	663,64	4,90	4.808,33	2.583,77	0,00	0,00	0,00	0,00	8.060,64
	Reinsurers' share	R1620	439,74	0,00	67,11	1.796,09	0,00	0,00	0,00	0,00	2.302,95
	Net	R1700	223,89	4,90	4.741,22	787,67	0,00	0,00	0,00	0,00	5.757,69
Expenses incurred		R1900	310,75	11,92	4.451,67	2.172,17	0,00	0,00	0,00	0,00	6.946,51
Balance - other technical expenses/income		R2510									0,00
Total expenses		R2600									6.946,51
Total amount of surrenders		R2700	0,00	0,00	3.538,17	70,61	0,00	0,00	0,00	0,00	3.608,78

S.12.01.02 - Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0,00	0,00			0,00			0,00	0,00	0,00	0,00			0,00	0,00	0,00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0,00	0,00			0,00			0,00	0,00	0,00	0,00			0,00	0,00	0,00
Gross Best Estimate	R0030	78,74		61.595,20	0,00		5.602,23	2.485,52	0,00	0,00	69.761,70		1.009,02	0,00	0,00	0,00	1.009,02
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	0,00		383,09	0,00		5.831,85	-0,40	0,00	0,00	6.214,54		568,94	0,00	0,00	0,00	568,94
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	78,74		61.212,11	0,00		-229,61	2.485,92	0,00	0,00	63.547,16		440,08	0,00	0,00	0,00	440,08
Risk Margin	R0100	0,46	1.628,04			885,38			0,00	0,00	2.513,88	772,03			0,00	0,00	772,03
Technical provisions - total	R0200	79,21	63.223,24			8.973,13			0,00	0,00	72.275,58	1.781,05			0,00	0,00	1.781,05

S.17.01.02 - Non-Life technical provisions

					Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	**Total Non-Life obligation**
					Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
					C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole				**R0010**	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP				**R0050**	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Technical provisions calculated as a sum of BE and RM	Best estimate	Premium provisions	Gross	**R0060**	2.678,02	58,44	0,00	1.886,61	1.126,75	18,38	1.505,46	846,72	319,81	0,00	0,00	0,00	0,00	0,00	0,00	0,00	8.440,19
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for	**R0140**	637,31	-8,82	0,00	-40,92	-16,49	16,79	551,84	334,67	136,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1.610,58
			Net Best Estimate of Premium Provisions	**R0150**	2.040,72	67,26	0,00	1.927,53	1.143,24	1,59	953,62	512,06	183,61	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6.829,61
		Claims provisions	Gross	**R0160**	666,81	74,55	0,00	4.061,00	29,38	23,78	1.034,92	9.472,87	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	15.363,31
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for	**R0240**	-81,70	0,03	0,00	656,38	12,48	16,78	672,38	6.911,37	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	8.187,71
			Net Best Estimate of Claims Provisions	**R0250**	748,51	74,52	0,00	3.404,62	16,90	7,00	362,54	2.561,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	7.175,60
	Total Best estimate - gross			**R0260**	3.344,84	132,99	0,00	5.947,60	1.156,13	42,17	2.540,38	10.319,59	319,81	0,00	0,00	0,00	0,00	0,00	0,00	0,00	23.803,50
	Total Best estimate - net			**R0270**	2.789,23	141,78	0,00	5.332,15	1.160,14	8,59	1.316,16	3.073,56	183,61	0,00	0,00	0,00	0,00	0,00	0,00	0,00	14.005,22
	Risk margin			**R0280**	660,14	93,07	0,00	1.072,61	261,15	84,57	1.536,11	1.113,66	39,30	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4.860,60
Technical provisions - total	Technical provisions - total			**R0320**	4.004,97	226,06	0,00	7.020,21	1.417,28	126,74	4.076,49	11.433,25	359,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	28.664,11
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty			**R0330**	555,61	-8,79	0,00	615,45	-4,01	33,57	1.224,22	7.246,04	136,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	9.798,29
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total			**R0340**	3.449,36	234,85	0,00	6.404,75	1.421,29	93,16	2.852,27	4.187,22	222,91	0,00	0,00	0,00	0,00	0,00	0,00	0,00	18.865,82

S.19.01.21 - Non-life Insurance Claims Information

Accident year (K€)		Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business											Gross Claims Paid (non-	
		0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											339,08	339,08	339,08
N-9	R0160	4.793,39	1.432,20	200,56	159,61	29,69	10,29	35,02	2,59	298,71	62,65		62,65	7.024,71
N-8	R0170	5.592,97	1.529,52	160,06	407,91	109,45	40,18	-1,52	10,81	92,52			92,52	7.941,89
N-7	R0180	5.996,19	1.473,96	151,21	23,03	6,53	47,01	227,53	32,94				32,94	7.958,40
N-6	R0190	6.170,47	2.301,10	324,94	79,97	1.632,59	12,74	36,79					36,79	10.558,60
N-5	R0200	7.711,50	2.310,04	419,54	124,98	46,35	131,79						131,79	10.744,20
N-4	R0210	9.115,88	2.073,48	222,17	47,75	14,42							14,42	11.473,70
N-3	R0220	6.853,39	1.392,70	207,75	215,04								215,04	8.668,87
N-2	R0230	5.131,76	1.222,33	194,20									194,20	6.548,29
N-1	R0240	5.123,33	1.373,15										1.373,15	6.496,49
N	R0250	5.539,43											5.539,43	5.539,43
Total	R0260												8.031,99	83.293,65

Accident year (K€)		Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business											Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative). Total Non-Life Business
		0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											5.379,10	4.117,96
N-9	R0160	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	86,21		68,86
N-8	R0170	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1.394,43			1.142,69
N-7	R0180	0,00	0,00	0,00	0,00	0,00	0,00	0,00	152,77				128,35
N-6	R0190	0,00	0,00	0,00	0,00	0,00	0,00	605,24					521,05
N-5	R0200	0,00	0,00	0,00	0,00	0,00	327,46						288,64
N-4	R0210	0,00	0,00	0,00	0,00	807,46							728,19
N-3	R0220	0,00	0,00	0,00	1.223,59								1.128,05
N-2	R0230	0,00	0,00	908,00									854,91
N-1	R0240	0,00	2.191,53										2.105,99
N	R0250	4.349,84											4.278,62
Total	R0260												15.363,31

S.23.01.01 - Own funds

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	10.474,97	10.474,97		0,00	
	Share premium account related to ordinary share capital	R0030	16,07	16,07		0,00	
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0,00	0,00		0,00	
	Subordinated mutual member accounts	R0050	0,00		0,00	0,00	0,00
	Surplus funds	R0070	0,00	0,00			
	Preference shares	R0090	0,00		0,00	0,00	0,00
	Share premium account related to preference shares	R0110	0,00		0,00	0,00	0,00
	Reconciliation reserve	R0130	21.893,76	21.893,76			
	Subordinated liabilities	R0140	0,00		0,00	0,00	0,00
	An amount equal to the value of net deferred tax assets	R0160	0,00				0,00
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0,00	0,00	0,00	0,00	0,00
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0,00				
Deductions	Deductions for participations in financial and credit institutions	R0230	0,00	0,00	0,00	0,00	0,00
Total basic own funds after deductions		R0290	32.384,80	32.384,80	0,00	0,00	0,00
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	0,00			0,00	
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0,00			0,00	
	Unpaid and uncalled preference shares callable on demand	R0320	0,00			0,00	0,00
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0,00			0,00	0,00
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0,00			0,00	
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0,00			0,00	0,00
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0,00			0,00	
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0,00			0,00	0,00
	Other ancillary own funds	R0390	0,00			0,00	0,00
Total ancillary own funds		R0400	0,00			0,00	0,00
Available and eligible own funds	Total available own funds to meet the SCR	R0500	32.384,80	32.384,80	0,00	0,00	0,00
	Total available own funds to meet the MCR	R0510	32.384,80	32.384,80	0,00	0,00	
	Total eligible own funds to meet the SCR	R0540	32.384,80	32.384,80	0,00	0,00	0,00
	Total eligible own funds to meet the MCR	R0550	32.384,80	32.384,80	0,00	0,00	
SCR		R0580	11.925,68				
MCR		R0600	8.000,00				
Ratio of Eligible own funds to SCR		R0620	2.715551463690 8				
Ratio of Eligible own funds to MCR		R0640	4.04809947125				

			Total
			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	32.384,80
	Own shares (held directly and indirectly)	R0710	0,00
	Foreseeable dividends, distributions and charges	R0720	0,00
	Other basic own fund items	R0730	10.491,04
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0,00
Reconciliation reserve		R0760	21.893,76
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	4.428,66
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	0,00
Total Expected profits included in future premiums (EPIFP)		R0790	4.428,66

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	6.046,29		
Counterparty default risk	R0020	2.256,16		
Life underwriting risk	R0030	3.613,48		
Health underwriting risk	R0040	1.912,51		
Non-life underwriting risk	R0050	4.461,32		
Diversification	R0060	-6.669,32		
Intangible asset risk	R0070	0,00		
Basic Solvency Capital Requirement	R0100	11.620,44		

Calculation of Solvency Capital Requirement			Value
			C0100
Operational risk		R0130	2.008,91
Loss-absorbing capacity of technical provisions		R0140	0,00
Loss-absorbing capacity of deferred taxes		R0150	-1.703,67
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		R0160	0,00
Solvency Capital Requirement excluding capital add-on		R0200	11.925,68
Capital add-ons already set		R0210	0,00
Capital add-ons already set	of which, capital add-ons already set - Article 37 (1) Type a	R0211	0,00
	of which, capital add-ons already set - Article 37 (1) Type b	R0212	0,00
	of which, capital add-ons already set - Article 37 (1) Type c	R0213	0,00
	of which, capital add-ons already set - Article 37 (1) Type d	R0214	0,00
Solvency capital requirement		R0220	11.925,68
Other information on SCR	Capital requirement for duration-based equity risk sub-module	R0400	0,00
	Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0,00
	Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0,00
	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0,00
	Diversification effects due to RFF nSCR aggregation for article 304	R0440	0,00

Approach to tax rate		Yes/No
		C0109
Approach based on average tax rate	R0590	1 - Yes

Calculation of loss absorbing capacity of deferred taxes		LAC DT
		C0130
LAC DT	R0640	-1.703,67
LAC DT justified by reversion of deferred tax liabilities	R0650	0,00
LAC DT justified by reference to probable future taxable economic profit	R0660	-1.703,67
LAC DT justified by carry back, current year	R0670	0,00
LAC DT justified by carry back, future years	R0680	0,00
Maximum LAC DT	R0690	-1.703,67

S.28.02.01 - Minimum capital Requirement - Both life and non-life insurance activity

MCR components

		MCR components	
		Non-life activities	Life activities
		MCR(NL, NL) Result	MCR(NL, L)Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	2.417,04	0,00

Background information

		Background information			
		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	2.110,64	4.466,81	678,59	1.293,90
Income protection insurance and proportional reinsurance	R0030	141,78	257,64	0,00	0,00
Workers' compensation insurance and proportional reinsurance	R0040	0,00	0,00	0,00	0,00
Motor vehicle liability insurance and proportional reinsurance	R0050	5.332,15	3.766,12	0,00	0,00
Other motor insurance and proportional reinsurance	R0060	1.160,14	1.562,31	0,00	0,00
Marine, aviation and transport insurance and proportional reinsurance	R0070	8,59	71,48	0,00	0,00
Fire and other damage to property insurance and proportional reinsurance	R0080	1.316,16	3.182,39	0,00	0,00
General liability insurance and proportional reinsurance	R0090	3.073,56	2.466,13	0,00	0,00
Credit and suretyship insurance and proportional reinsurance	R0100	183,61	93,53	0,00	0,00
Legal expenses insurance and proportional reinsurance	R0110	0,00	0,00	0,00	0,00
Assistance and proportional reinsurance	R0120	0,00	0,00	0,00	0,00
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0,00	0,00	0,00	0,00
Non-proportional health reinsurance	R0140	0,00	0,00	0,00	0,00
Non-proportional casualty reinsurance	R0150	0,00	0,00	0,00	0,00
Non-proportional marine, aviation and transport reinsurance	R0160	0,00	0,00	0,00	0,00
Non-proportional property reinsurance	R0170	0,00	0,00	0,00	0,00

Linear formula component for life insurance and reinsurance obligations		Non-life activities	Life activities
		MCR(L, NL) Result	MCR(L, L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	92,71	3.000,56

Total capital at risk for all life (re)insurance obligations		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	0,00		7,66	
Obligations with profit participation - future discretionary benefits	R0220	0,00		71,08	
Index-linked and unit-linked insurance obligations	R0230	0,00		61.212,11	
Other life (re)insurance and health (re)insurance obligations	R0240	0,00		5.859,16	
Total capital at risk for all life (re)insurance obligations	R0250		0,00		3.495.431,82

Overall MCR calculation		C0130
Linear MCR	R0300	5.510,31
SCR	R0310	11.925,68
MCR cap	R0320	5.366,56
MCR floor	R0330	2.981,42
Combined MCR	R0340	5.366,56
Absolute floor of the MCR	R0350	8.000,00
Minimum Capital Requirement	R0400	8.000,00

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	2.509,75	3.000,56
Notional SCR excluding add-on (annual or latest calculation)	R0510	5.431,72	6.493,96
Notional MCR cap	R0520	2.444,27	2.922,28
Notional MCR floor	R0530	1.357,93	1.623,49
Notional Combined MCR	R0540	2.444,27	2.922,28
Absolute floor of the notional MCR	R0550	4.000,00	4.000,00
Notional MCR	R0560	4.000,00	4.000,00

F.3 Audit Report/Opinion

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS

OF ALTIUS INSURANCE LIMITED

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I of the Commission Implementing Regulation (EU) No 2023/895 of 04 April 2023, of Altius Insurance Limited (the "Company"), prepared as at 31 December 2023:

- S.02.01.02 - Balance sheet
- S.12.01.02 – Life and Health SLT Technical Provisions
- S.17.01.02 - Non-Life Technical Provisions
- S.23.01.01 - Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

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

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2023 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016 as amended, the Commission Delegated Regulation (EU) 2015/35 as amended, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for Opinion

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

Emphasis of Matter

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

Other information

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

Narrative sections:
- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I of the Commission Implementing Regulation (EU) No 2023/895 of 4th April 2023):

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

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

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

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report (cont.)

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

Other Matter

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

KPMG Limited

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

19 April 2024

End of Report

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