

Ethniki Holdings S.à r.l.
Group Solvency & Financial
Condition Report
2023

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Disclosure Framework

In this report, Ethniki Holdings S.à r.l. is defined as the "Participant" and the following companies

- "THE ETHNIKI" Hellenic General Insurance Company S.A., (hereinafter: "Ethniki Insurance" or "the Company") with its registered seat in Greece
- Garanta Asigurari S.A. (hereinafter: "Garanta"), with its registered seat in Romania,
- Ethniki Insurance (Cyprus) Ltd. (hereinafter: "Ethniki Cyprus Life Insurance"), with its registered seat in Cyprus,
- Ethniki General Insurance (Cyprus) Ltd. (hereinafter: "Ethniki Cyprus Non-Life Insurance"), with its registered seat in Cyprus.

are each individually also defined as the "related undertakings".

The Group of Companies headed by the participant is defined as the "Ethniki Holdings S.à r.l. Group" or "the Group".f

The content of the Group Solvency and Financial Condition Report ("the Report") is determined in Executive Committee Act 77/12.2.2016 of the Bank of Greece (hereinafter "BoG"), which is the Group Regulator, and Articles 359 through 364 of the Delegated Regulation (EU) 2015/35. The structure of the Report is determined by Annex XX of the Delegated Regulation (EU) 2015/35 and is depicted in Chapters 1 through 5.

The Executive Summary forms an integral part of this Report and is published along with it.

Annex I of this Report includes the templates included in Article 5 of the European Commission Implementing Regulation (EU) 2015/2452 of 02.12.2015. Quantitative template S.05.02.01 "Premiums, claims and expenses by country" is not submitted since in year 2022 more than 90% of Group's gross premiums were written in Greece. Quantitative templates S.25.02.22 and S.25.03.22 specifying information on Solvency Capital Requirement are not submitted given that the former is applicable for groups using standard formula and a partial internal model, whereas the latter is applicable for groups using a full internal model.

Amounts in the Report Tables are presented in thousands of Euros, whereas amounts outside of the Tables are presented in millions of Euros, unless otherwise stated.

For the calculation of Group Solvency, the Participant consolidates Ethniki Insurance by applying method 1 ("full consolidation method").

The Participant consolidates Garanta, Ethniki Cyprus Life and Ethniki Cyprus Non-Life by applying method 2 ("deduction and aggregation method"), which is stipulated in Article 191 of Law 4364/2016, in accordance with the decision No. 184/4/25.04.2016 of the Credit and Insurance Committee ("CIC") of the BoG.

In accordance with Decision No. 269/5/09.05.2018 of the Committee of Credit and Insurance Issues ("CIIC") of BoG, Ethniki Insurance applied the reduction of the transitional measure on technical provisions, in accordance with the provisions of Article 275 of Greek Law 4364/2016.

Ethniki Cyprus Life Insurance as of 01.01.2019 calculates its technical provisions, by using the risk free curve. Ethniki Cyprus Life Insurance holds 100% of Ethniki Cyprus Non-Life Insurance, which has used the risk free curve for the calculation of its technical provisions.

Garanta calculates its technical provisions by using the risk free curve.

The BoG, as Supervisory Authority, in accordance with Article 41 of Greek Law 4364/2016 and Article 54 of EC 138/2009, may request a modification or revision of the Group published reports or disclosure of any additional information, as well as any other actions to be taken by Management.

The Report for the year ended 31 December 2023 has been approved by the Participant's Board of Directors ("BoD") on 16 May 2024.

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Summary

Set out below is the executive summary of the Group's Report, which includes key figures and information on the Business and Performance, System of Governance, Risk Profile, Valuation for solvency purposes, Capital Management, and Voluntary Exit Scheme (VES).

Key Figures

The following table depicts the key figures of the Group for the financial years 2023:

Solvency II Key Figures	31.12.2023	31.12.2022
(€ in thousands)		
Investments	3.428.041	3.303.762
Other Assets	556.857	437.476
Total Assets	3.984.897	3.741.238
Technical provisions	2.960.049	2.685.175
Other liabilities	481.841	487.760
Excess of assets over liabilities	543.007	568.303
Subordinated liabilities	177.171	175.000
Total Own Funds	720.179	743.303
Eligible own funds to meet SCR		
Tier 1	447.753	494.837
Tier 2	129.147	127.025
Tier 3	23.009	37.305
Total Eligible Own Funds to meet SCR	599.909	659.167
Capital Requirement		
Solvency Capital Requirement (SCR)	304.312	328.660
Solvency Ratio (SCR Coverage Ratio)[1]	197%	201%
Minimum Capital Requirement (MCR)		
Minimum Capital Requirement (MCR)	107.966	98.878
Eligible own funds to meet MCR		
Tier 1	447.753	494.837
Tier 2	21.593	19.776
Total eligible own funds to meet MCR	469.346	514.613
Solvency Ratio (MCR Coverage Ratio)[2]	435%	520%

[1] Solvency Ratio (to meet SCR) = Total eligible own funds to meet SCR / Solvency Capital Requirement (SCR)

[2] Solvency Ratio (to meet MCR) = Total eligible own funds to meet MCR / Minimum Capital Requirement (MCR)

As indicated in the above Table, on 31.12.2023 the Group's eligible own funds exceed both the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR").

Business and Performance

The Group, apart from Luxembourg, is also present in Greece through Ethniki Insurance, in Cyprus through Ethniki Cyprus Life Insurance, Ethniki Cyprus Non-Life Insurance, and in Romania through Garanta.

In light of the above, the analysis of the business performance includes results of the Participant for the full financial year 2023. In 2023, the Group's Net Insurance Service Result (adjusted for non-recurring items) amounted to €55,5m 2023, stemming from Life business €2,3m, as well as Non-Life €53,2m. Total production for 2023 in terms of GWP and related income reached €773,2m, stemming mainly from Life business €547,8m, followed by strong performance in Property €99,6m, Motor €75,2m and Other Non-Life €50,5m.

The Group maintains a strong capital base that allows insurance participating undertakings to offer efficient services and a wide product base to their policyholders.

System of Governance

The Group has an effective System of Governance, which ensures sound and prudent management and fosters continuity, consistency and proper operation.

For the purposes of chapter 2 only, Ethniki Insurance, Ethniki Cyprus Life Insurance, Ethniki Cyprus Non-Life Insurance and Garanta are defined as the "Ethniki Insurance" sub-Group or the "Sub-Group".

The BoD of Ethniki Insurance and its related undertakings, supported by the BoD Committees, is responsible for setting the strategic direction, supervising the senior management and exercising adequate control of the Sub-Group, aiming at the maximization of its long-term value, the advocacy of general corporate and Sub-Group interest and the promotion of internal affairs, in accordance with the legal and regulatory framework.

The Sub-Group's System of Governance includes:

1. Policies and Procedures, approved by the BoDs of Ethniki Insurance and its related undertakings, such as the Corporate Governance Code, the Fit & Proper Policy, the Remuneration Policy and the Outsourcing Policy.
2. An Internal Control System ("ICS") aiming at ensuring, to the extent possible, that internal control mechanisms are implemented as designed, are adequate and promote the consistent implementation of business strategy, the timely identification and effective management of risks undertaken, and the provision of reliable financial management information. In this context, ICS includes, inter alia, allocating responsibilities to Staff, establishing and recording procedures and safeguards, carrying out regular and ad hoc audits by the competent Units,
3. A Risk management system, aiming at the timely identification, adequate assessment and effective monitoring, management and reporting of existing and emerging risks, throughout the range of the Sub-Group business activities. For the effective operation of the Risk Management System, Risk Management Strategies and Policies are adopted and Own Risk & Solvency Assessment ("ORSA") is performed,
4. Four key functions: Internal Audit, Actuarial, Risk Management and Compliance function, which operate on the basis of approved Charters are supervised by the Committees of the BoD or / and directly by the BoD.

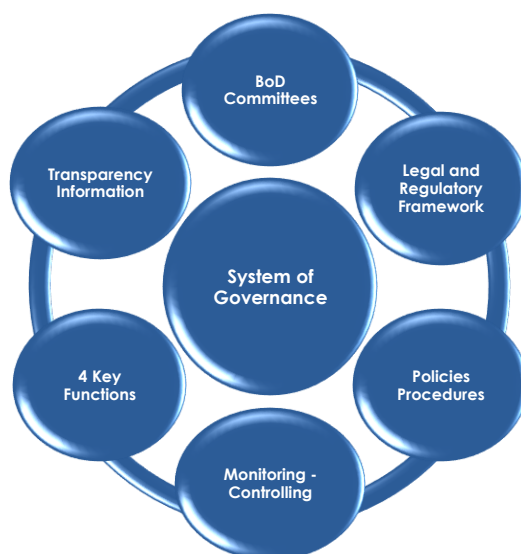


Diagram: Illustration of System of Governance

The participation of four members of the BoD of Ethniki Insurance in the BoD of the Participant, ensures the governance is applied consistently, not only at the sub-Group, but also at the entire Group level.

Risk Profile

The risk profile is monitored through coordinated procedures for the identification, evaluation, management and reporting of the risks undertaken.

In this framework, the following risks have been identified and managed through the development of policies and respective procedures at Ethniki Insurance sub-Group level:



The macroeconomic landscape is characterized by fragile macroeconomic conditions, led by geopolitical tensions, inflationary pressures and tightened monetary policies.

Due to the current conditions in Greece and globally, the main strategic risks that affected the Group's activities are those stemming from the unstable financial and operating business environment (macroeconomic risks at Global, European and Greek level).

For the calculation of Group Solvency, for Ethniki Insurance the full consolidation method is followed and for the Ethniki Cyprus Life Insurance, Ethniki Cyprus Non-Life Insurance and Garanta the alternative method is followed ("deduction and aggregation method") and is based on the following:

- i. The use of transitional measures and volatility adjustment to the relevant risk free interest rate term structure ("adjusted curve") for Ethniki Insurance
- ii. The use of risk free curve for Ethniki Cyprus Life Insurance
- iii. The use of risk free curve for Ethniki Cyprus Non-Life Insurance
- iv. The use of risk free curve for Garanta

The quantitative assessment of the Solvency Capital Requirement that stems from the risks undertaken is performed with the use of the standard formula. The suitability of this method, in relation to the Group's risk profile, has been evaluated within the framework of the annual ORSA.

The Solvency Capital Requirement as at 31.12.2023, with the use of the volatility adjustment on the relevant risk free interest rate term structure and the transitional measures on technical provisions ("transitional measures"), amounts to €304,3m.

The solvency capital requirements of the Participant as well as its related undertakings are presented in the following tables:

Solvency Capital Requirements as at 31.12.2023:

Solvency Capital Requirements (€ in thousands) 31.12.2023	Companies consolidated under method 1 ⁽¹⁾	Ethniki Cyprus Life Insurance ⁽²⁾	Ethniki Cyprus Non-Life Insurance ⁽²⁾	Garanta ⁽²⁾
Market Risk	148.574	5.425	2.424	1.611
Credit Risk	24.129	613	1.668	2.477
Life underwriting risk	71.095	7.230	-	451
Health underwriting risk	84.542	1.201	1.653	478
Non-Life underwriting risk	69.927	-	3.155	4.230
Diversification	-143.577	-3.746	-2.914	-2.543
BSCR	254.691	10.723	5.986	6.704
Operational Risk	24.983	605	632	324
LAC	-	-	-	-336
Solvency Capital Requirements (method 1)	279.674	11.329	6.617	6.692
Solvency Capital Requirements (method 2)	24.638			
Group Solvency Capital Requirements	304.312			

(1): The Participant and Ethniki Insurance

(2): Consolidated under method 2

For related undertakings consolidated under method 2, the SCR and individual risks correspond to the indirect stake of the Participant in each related undertaking.

The Solvency Capital Requirement as at 31.12.2023, with the use of the volatility adjustment on the relevant risk free interest rate term structure ("adjusted curve") and the transitional measures on technical provisions ("transitional measures"), amounts to €304,3m as opposed to €328,7m as at 31.12.2022.

There was change to the Group's Risk Profile, compared to the previous reporting period. Total capital requirements decreased by 7,4%. The decrease came mainly from market risk and life insurance risk (by 17%, and 23% respectively). As an offset, Health insurance risk was increased by 64%.

The Group has performed a sensitivity analysis, in order to estimate the effect of changes in risk factors on its own funds as at 31.12.2023. The sensitivity analysis was performed with:

- The use of transitional measures and adjusted curve for Ethniki Insurance.
- The use of risk free curve of the part of Ethniki Cyprus Life Insurance.
- The use of risk free curve of the part of Ethniki Cyprus Non-Life Insurance.
- The use of risk free curve of the part of Garanta.

The results of the sensitivity analysis are summarized in the table below:

Scenarios	Value	Change (amounts in € thousands):	Capital Adequacy ratio
Change in interest rates	0.50%	1.004	197%
Change in interest rates	-0.50%	-3.954	196%
Change in bonds credit spreads	50 bps	-82.263	170%
Change in bonds credit spreads	-50 bps	89.563	227%
Change in equity prices	25%	22.285	204%
Change in equity prices	-25%	-22.251	190%
Change in property values	25%	69.084	220%
Change in property values	-25%	-68.819	175%

A description of the results and parameters of the sensitivity analysis is set out in Chapter 3. "Risk Profile".

Valuation for Solvency Purposes

The Group measures assets and liabilities and calculate technical provisions in accordance with Chapter VI, section 1 and 2 of Directive 2009/138/EC of the European Parliament and of the Council.

For the calculation of Group Solvency, the Participant consolidates Ethniki Insurance by applying method 1 ("full consolidation method").

The Participant consolidates Garanta, Ethniki Cyprus Life and Ethniki Cyprus Non-Life by applying method 2 ("deduction and aggregation method"), which is stipulated in Article 191 of Law 4364/2016, in accordance with the decision No. 184/4/25.04.2016 of the Credit and Insurance Committee ("CIC") of the BoG.

Capital Management

Through capital management, the Group aims to optimize the balance between risk and return, while ensuring that its funds are adequate to cover capital requirements.

Ethniki Insurance, as the main driving undertaking of capital and solvency capital requirements of the Group, has established a Capital Management Policy, which is in line with the risk appetite and strategy.

Capital position and capital adequacy limits on the Solvency ratio are set out in this policy.

According to the decision No. 269/5/09.05.2018 of the CIIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016, the transitional measure on technical provisions for Ethniki Insurance was set at €205,8m. The reduction of the technical provisions relates to the liability of the health legacy portfolio with a restriction on premium adjustment and is amortized linearly over a sixteen (16) year period. As at 31.12.2023 the unamortized value of the transitional measure on technical provisions amounting to €115,7m (i.e. 9/16 of the initial amount of the transitional measure of €205,8m) and for 2024 will amount to €102,9m (i.e. 8/16 of €205,8m).

The Solvency Capital Requirement coverage ratio with the use of the volatility adjustment on the relevant risk free interest rate term structure and transitional measures reached 197% as at 31.12.2023, compared to 201% as at 31.12.2022 and the eligible own funds to cover the SCR reached €599,9m as opposed to €659,2m as at 31.12.2022.

The Solvency Capital Requirement coverage ratio excluding the use of the transitional measure but using the volatility adjustment amounts to 159% as at 31.12.2023, compared to 161% as at 31.12.2022 and the eligible own funds to cover SCR reached €484,2m as opposed to €530,6m as at 31.12.2022.

The Solvency Capital Requirement coverage ratio with the use of the risk free yield curve, amounts to 146% as at 31.12.2023, compared to 150% as at 31.12.2022 and the eligible own funds to cover SCR reached €450,5m as opposed to €530,6m as at 31.12.2022.

Solvency Ratio (€ thousands)	With VA and using transitional measures on technical provisions		With VA and excluding transitional measures on technical provisions		With Risk Free Rate	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Eligible own funds to cover the SCR	599.909	659.167	484.166	530.565	450.544	493.373
SCR	304.312	328.660	304.312	328.660	308.497	329.571
Solvency Ratio	197%	201%	159%	161%	146%	150%

On 1 January 2023 the transitional measure on technical provisions was amortized by €12,9m.

Voluntary Exit Scheme (VES)

The Board of Directors of Ethniki Insurance, in its meeting on 4 April 2023, approved a Voluntary Exit Scheme for the employees and salaried lawyers of the Company, provided that they have a minimum of 30 years of age and at least 7 full years of service in the Company.

Compensation was calculated based on the participant's age and years of service in the Company.

The number of participants reached 90 persons.

The VES will offer development opportunities for the remaining personnel and further enhance the competitiveness of Ethniki Insurance through the rationalization of its cost base.

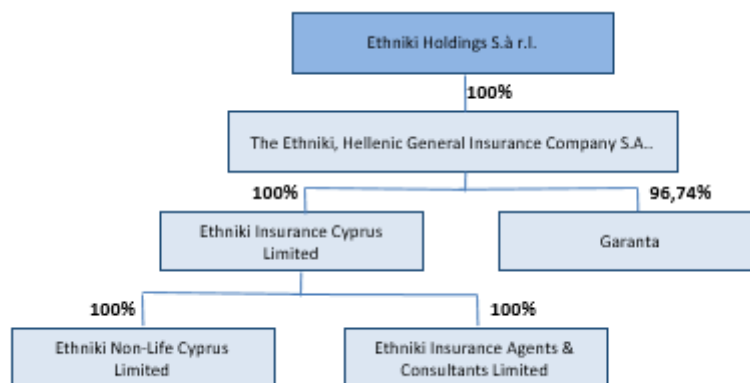
1 . Business & Performance

1.1. Activity

1.1.1. The Group

The Group comprises of the Participant and its related undertakings: Ethniki Insurance in Greece, Ethniki Cyprus Life Insurance and Ethniki Cyprus Non-Life Insurance in Cyprus and Garanta in Romania.

The Group structure is depicted in the diagram below.



The Table below provides information on the Group's insurance undertakings, regarding the country of activity, Participant's shareholding and the Competent Supervisory Authority:

31.12.2023					
	Participant	Ethniki Insurance	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Country of activity	Luxembourg	Greece	Cyprus	Cyprus	Romania
Shareholding %	-	100%	100%	100%	96,74%
Supervisory Authority	BoG	BoG	Insurance Companies Control Service (Cyprus)	Insurance Companies Control Service (Cyprus)	Autoritatea de Supraveghere Financiara

1.1.2. The Participant

The Participant was incorporated on 8 December 2020 as a Société à responsabilité limitée for an unlimited period, as a wholly owned subsidiary of Ethniki Holdings Ltd, with its registered seat in Jersey. The ultimate shareholders of the Participant are limited partnerships with CVC Capital Partners VII Limited acting as General Partner. The Participant has its registered address at 29, Avenue de la Porte-Neuve, L-2227 Luxembourg, and is registered at the Luxembourg Commercial Register under number B 250223, website: www.ethniki-holdings-sarl.com.

The object of the Participant is the holding of participations, in any form whatsoever, in Luxembourg and outside of Luxembourg, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stocks, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio.

The Participant may also hold interests in partnerships and act as general partner of such partnerships. The Participant may borrow in any form and proceed to the issuance of bonds (by private placement or to the public), which may be convertible and to the issuance of debentures. The Participant may also enter into any guarantee, pledge or any other form of

security for the performance of any contracts or obligations of the Participant or of group companies.

In general, it may grant assistance to affiliated companies, take any controlling and supervisory measures and carry out any operation, which it may deem useful in the accomplishment and development of its purposes. The Participant may further carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property.

On 26 March 2021, the Participant entered into a share purchase agreement as purchaser together with the National Bank of Greece ("NBG"), as seller, in order to acquire 196.017.480 shares in Ethniki Insurance, comprising the 100% of the issued share capital of the company.

The transaction included the purchase by the NBG of 9,99% of the share capital of the Participant. The above transfer followed the approval of the European Commission on February 24, 2022, as well as the supervisory authorities of the countries in which the Group operates.

The transaction was closed on 31 March 2022.

1.1.3. The Related undertakings

Insurance Companies

Ethniki Insurance (Greece)

Ethniki Insurance is the oldest insurance undertaking in Greece and conducts business continuously for over 130 years. It was established in 15 June 1891 and its headquarters are located on Syngrou Ave. 103-105, 11745, Athens (Reg. 12840/05/B/86/20), tel.: +30 210 90 99 000, website: www.ethniki-asfaltiki.gr. Pursuant to its Articles of Association, its purpose is to carry out insurance, reinsurance and other financial activities allowed for insurance companies under the applicable Greek and EU law, and operates in line with the provisions of Greek Law 4548/2018 "Law on Société Anonyme Companies" as well as Greek Law 4364/2016 on the undertaking of Insurance and Reinsurance business, and the provisions of the legal and regulatory framework governing its operation and activities. Ethniki Insurance offers a full range of retail and business insurance services.

Ethniki Insurance conducts its business throughout Greece via its Sales Network, which comprises 134 Sales Offices, 1.693 Insurance Agents and 1.264 Insurance Brokers. The network is supported by 11 branches located in Athens, Agrinio, Heraklion, Thessaloniki, Kavala, Corinth, Lamia, Larissa, Patras, Rhodes and Chania. The company's products are also available via the extensive network of NBG Branches, as well as through direct selling.

Ethniki Cyprus Life Insurance and Ethniki Cyprus Non-Life Insurance (Cyprus)

The two companies offer a full range of Life insurance, as well as Non-life insurance in all lines of business. The distribution network is supported by 7 branches and 2 Sales Offices, located in all major cities of Cyprus (Nicosia, Limassol, Larnaca, Paphos, **Famagusta**), 130 Insurance Agents and 46 cooperating Insurance Brokers.

Garanta (Romania)

Garanta carries out insurance and reinsurance activities and offers a full range of retail and business insurance services. The company conducts its business through 12 branches in the following Romanian cities: Bucharest (2), Bacau, Galati, Craiova, Constanta,

Deva, Iasi, Pitesti, Ploiesti, Oradea and Timisoara. Its distribution network includes 135 Insurance

Brokers, 3 Insurance Agents, whereas its insurance products are also available via Bancassurance channel through Alpha Bank Romania, EXIM BANK Romania and First Bank Romania

Garanta was founded in October 1997, with a goal to invest in the Romanian Insurance Market, with Ethniki Insurance as its majority equity holder with an equity stake of 94,96%.

During 2022, Ethniki Insurance increased its stake in Garanta by participating in two capital increases of €1,0m and €2,1m, resulting in Ethniki Insurance having a 96,74% stake in Garanta as at 31.12.2022.

The size of this specific related undertaking is relatively small compared to the size of the Group. Total assets of the related undertaking for 2023 are 0,8% of Group assets and equity is 1,9% the Group equity.

During the last quarter of 2022, Ethniki Insurance decided to dispose of its stake in the related undertaking and has commenced a process to find prospective investors.

The investment in Garanta has been measured in accordance with applicable Solvency II valuation principles. This value is higher than that determined under IFRS 5: "Non-Current Assets Held for Sale" by €9,2m since the investment in the said undertaking has been impaired based on non-binding offers received.

The sales process is not completed. The sale consideration is expected to be lower than the value of the related undertaking in the Group's Solvency II Balance Sheet.

Other Companies

The Participant on 31.12.2023 held a stake through its related undertakings (Ethniki Insurance, Ethniki Cyprus Life Insurance, Ethniki Cyprus Non-Life Insurance) in the following company:

National Insurance Agents and Consultants Ltd

National Insurance Agents and Consultants Ltd is a subsidiary of Ethniki Cyprus Life Insurance which holds 100% of its share capital. The purpose of the company is to carry out insurance broker services. The company has ceased its operations.

1.1.4. BoD Members

The Boards of Directors of the Participant and its related undertakings in the consolidation are the following:

Participant's BoD

The Board of Directors of the Participant on 31.12.2023 consisted of the following members:

Carmen André

Alexandros Fotakidis

Georgia Oikonomitsiou

Robert Gauci

Matthew Bryant

Stavros Karagrigoriou

Ethniki Insurance BoD

The Board of Directors of Ethniki Insurance on 31.12.2023 consisted of the following members:

Athanasios Zarkalis, son of Spyridon	Chair, Independent Non-Executive Member
Robert Constantin Gauci, son of Hervé Marc	CEO, Executive Member

Tassos Anastasiou, son of Loukis	Executive Member
Stavros Karagrigoriou, son of Efstratios	Executive Member
Matthew George Alfred Bryant, son of David	Non-Executive Member
Alexandros Fotakidis, son of Panagiotis	Non-Executive Member
Christina Theofilidi, daughter of Theofilos	Non-Executive Member
Konstantinos Rokas, son of Ioannis-Evangelos	Non-Executive Member
Stuart Jeffrey Davies, son of Thomas	Independent Non-Executive Member
Vassileios Mastrokalos, son of Gerasimos-Anargyros	Independent Non-Executive Member

The tenure of the BoD Members is for three years, i.e. until 14/4/2025, and shall be extended until the first Ordinary General Meeting of the company's Shareholders, which shall convene upon the expiry of the BoD's tenure.

At the BoD meeting No. 2336/28.09.2023, the BoD Chair Mr. A.H. Klesyk's announced his stepping down from the Company as of 30 September 2023.

Moreover, at the same meeting, the BoD unanimously approved the "Fit & Proper" assessment of the new BoD Chair Mr. Athanasios S. Zarkalis and reconstituted into Body Corporate. 1 October 2023 was set as the date of assumption of duties by the new BoD Chair.

At the BoD meeting No. 2337/14.12.2023, the BoD Member Mr. P. J. Rutland's announced his stepping down from the Company as of 11 December 2023.

At the BoD meeting No. 2339/13.02.2024, the BoD Member Mr. T. L. Anastasiou's announced his stepping down from the BoD as of 13 February 2024.

Ethniki Cyprus Life Insurance and Ethniki Cyprus Non-Life Insurance BoD

The Board of Directors of Ethniki Cyprus Life Insurance and Ethniki Cyprus Non-Life Insurance on 31.12.2023 consisted of the following members:

Tassos Anastasiou	Chair, Non – Executive
Eleftherios Vasiliou	CEO
Stavros Karagrigoriou	Non-Executive Member
Christos Christodoulou	Non-Executive Member
Andreas Theophanous	Independent Non-Executive Member
Christoforos Loutsios	Independent Non-Executive Member

As new Chair of the Board was appointed Mr. Tassos Anastasiou on 01.01.2023.

Garanta BoD

The Board of Directors of Garanta on 31.12.2023 consisted of the following members

Paul Mitroi	Chair
Petru Rares	Vice Chair
Elena Petculescu	Non-Executive Member
Sotiris Sofopoulos	Non-Executive Member
Ioannis Kougionas	Independent Non-Executive Member

1.1.5. Supervisory Authority & External Auditor

The BoG, with registered office at 21, Eleftherios Venizelos Street, Athens, tel. +30 210 32 01 111, and website <http://www.bankofgreece.gr>, is the competent Supervisory Authority of the Group.

The Group Statutory Auditor for the Participant is: PwC Société Coopérative, 2 rue Gerhard Mercator, 2182 Luxembourg with tel: +352 4948481.

For the purposes of this Report, Price Waterhouse Coopers SA with registered office at Kifisias Avenue, 260, Halandri, tel.: +30 210 68 74 400, website: <http://www.pwc.com/gr>, who is the statutory auditor of Ethniki Insurance, has been engaged to audit the Group SFCR for submission to the BoG.

1.2. Insurance Activity Results

1.2.1. Production

The Group's Insurance activity results by line of business for 2023 and 2022 are presented in the following table:

GWP (€000's)	31.12.2023	31.12.2022	2023 vs 2022
Life and Health	547.839	494.638	53.201
Motor	75.284	75.052	233
Property	99.566	75.111	24.455
Other Non-Life	50.526	46.839	3.687
Total GWP	773.215	691.639	81.577

GWP in 2023 amounted to €773,2m, up by 11,8% from 2022.

Life and Health business is up 10,8% y-o-y due mainly to increased premiums in the Individual Health business and increased DAF production in the Group Life business.

Non-Life business increased by 14,4% on a y-o-y basis impacted mainly by the increased production in the Property Lob fronting business.

1.2.2. Financial Performance

The insurance service result net of reinsurance in 2023 amounts to €2,3m gain for the Life and Health business and a €53,2m gain in the Non-Life business excluding the revision of assumptions in the health portfolios and the effect of the Daniel storm, compared to a €24,6m and a €66,5m gain respectively in 2022, as depicted in the following table:

(€000's)	2023			2022		
	Life	Non-Life	Total	Life	Non-Life	Total
Insurance Revenue	420.488	277.805	698.293	295.215	229.076	524.290
Insurance Service Expense	(414.391)	(166.251)	(580.643)	(267.029)	(133.498)	(400.527)
Insurance Service Result before	6.097	111.554	117.650	28.185	95.578	123.763
Net expense from reinsurance	(3.774)	(58.332)	(62.107)	(3.551)	(29.062)	(32.614)
Net Insurance Service result	2.322	53.221	55.544	24.634	66.515	91.149

The decrease in Life by €22,3m is mainly due to the performance of the Health business, and the decrease in the Non-Life result by €13,3m is mainly due to Motor. The effect of the revision of assumptions in the health portfolio and the effect of the Daniel storm amounted in 2023 to €65,5m and €11,9m respectively.

1.3. Investment Income

Investment income of the Group is summarized in the following table.

Investment Income (€ thousands)	31.12.2023	31.12.2022	Difference
Rental Income	4.167	4.134	33
Interest income from deposits	1.442	483	959
Bond coupons	41.226	42.912	(1.686)
Dividend from listed equity	1.294	6.686	(5.392)
Capital Gains	9.316	55.812	(46.496)
Valuation Gains	33.725	(7.050)	40.775
Impairment losses	526	(3.473)	3.999
Bond Amortization at par	2.338	(911)	3.249
U/L income from valuation and sales	32.453	(30.841)	63.294
Investment Income	126.486	67.752	58.734

Gains from changes in fair value are due to the decrease in interest rates during 2023, but also due to the decrease in the credit spread between Southern European bonds and the risk free rate.

Investment strategy is defined within the desired investment risk appetite, which is part of the general risk appetite framework for all activities of the Company. The outcome is the Strategic Asset Allocation (SAA), whose main points are primarily the existence of adequate liquidity to cover liabilities, but also the choice of investments with common characteristics with the matching insurance liabilities that they cover, the use of sustainability criteria in investment decision making, the reduction of volatility and the diversification within categories and sectors, in order to reduce total investment risk.

Net Insurance finance result recognized in P&L for 2023 amounted to expense of €30,3m out of which €30,6m finance expense arose from primary insurance liabilities (out of which approx.. 20m arose from change in fair value of investments linked to insurance liabilities) and €0,3m finance income from re-insurance assets.

Interest expense on subordinated debt amounted to €14,0m in 2023 compared to €12,3m in 2022.

1.4. Operating Expenses

The breakdown of the Group's operating expenses for 2023 and 2022 is provided in the table below:

Operating Expenses (€ thousands)	31.12.2023	31.12.2022	Difference
Personnel costs	(53.390)	(51.037)	(2.353)
General and administrative expenses	(27.903)	(32.739)	4.836
Depreciation & impairment of assets	(9.491)	(8.870)	(620)
Financial expenses	(2.206)	(1.954)	(252)
Non-performing receivables provision	168	166	2
Total expenses excluding transformation costs	(92.822)	(94.434)	1.612
Transformation costs	(40.154)	(19.019)	(21.135)
Total Operating expenses	(132.976)	(113.453)	(19.523)

Operating Expenses excluding transformation costs amounted to €92,8m in 2023 compared to €94,4 in 2022, decreased by €1,6m., due to the success of the Company's cost containment initiatives.

The Company has also incurred costs as part of its transformation process amounting to €40,2m in 2023, which includes the cost of the VES. Transformation costs in 2022 amounted to €19,0m.

1.5. Other Information

Participation in the Subsidiary in Romania - Garanta Asigurari

As of 31.12.2023 the Company held an equity stake in Garanta Asigurari that operates in Romanian Market. The specific company was founded in October 1997, with a goal to invest in Romanian Insurance Market, with Ethniki Insurance as majority equity holder with an equity stake of 96,7428%.

The size of this specific subsidiary is relatively small compared to the size of the Company.

In 2022 Ethniki decided to dispose of its stake in the subsidiary and has commenced a process to find prospective investors for the subsidiary.

The sales process is not completed. The sale consideration is expected to be lower than the value of the subsidiary in the Company's Solvency II Balance Sheet.

The investment in Garanta has been measured in accordance with applicable Solvency II valuation principles. This value is higher than that determined under IFRS 5: "Non-Current Assets Held for Sale" by €8,9m since the investment in the said undertaking has been impaired based on offers received.

Dividend Distribution

The BoD of the Company did not propose a dividend payment for the financial year 2023.

Voluntary Exit Scheme (VES)

The Board of Directors of the Company, in its meeting on 4 April 2023, approved a Voluntary Exit Scheme for the employees and salaried lawyers of the Company provided that they have:

- a minimum of 30 years of age
- at least 7 full years of service in the Company

Compensation was calculated based on the participant's age and years of service in the Company.

The number of participants reached 90 persons.

This management action is expected to further improve the Company's competitiveness and will create significant career prospects for the remaining personnel.

2. System of Governance

General information about the System of Governance

For the purposes of this chapter only, Ethniki Insurance, Ethniki Cyprus Life Insurance, Ethniki Cyprus Non-Life Insurance and Garanta are defined as the "Ethniki Insurance" sub-Group or the "Sub-Group".

Ethniki Insurance has an effective System of Governance which ensures sound and prudent management and promotes continuity, consistency and proper operation of the Sub-Group.

The core principles of the Sub-Group's System of Governance are defined in the Corporate Governance Code. The Code is in line with the requirements of the Greek and European legal and regulatory framework and international best practices, aiming at the long-term strengthening of corporate value, the safeguarding of the interests of policyholders, employees and in general all stakeholders.

The Corporate Governance Code defines the following:

1. the main duties and responsibilities of the BoD,
2. its size and structure,
3. the role and duties of the Chair of the BoD and the CEO,
4. the establishment and operation of the BoD Committees,
5. the mode of operation of the BoD,
6. the rights and obligations of its members,
7. the method of selection of candidates and the election of its members.

The Code makes special reference to the required qualifications and the independence of the BoD members.

The following Codes – Policies concerning Ethniki Insurance and its Sub-Group are part of the System of Governance framework:

1. Conflict of Interest Prevention Policy
2. Code of Ethics
3. Fit and Proper Policy
4. Outsourcing Policy
5. Remuneration Policy

The operation of the Executive Committee, which is a Management Body and its purpose is to coordinate the smooth operation of Ethniki Insurance, monitor the implementation of the BoD resolutions and support the work of the CEO, also contributes to the achievement of the objectives of the System of Governance.

The participation of four members of the BoD of Ethniki Insurance in the BoD of the Participant, ensures the governance is applied consistently, not only at the sub-Group, but also at the entire Group level.

2.1.1. Main Duties of BoD

The BoD of Ethniki Insurance, with the support of its competent Committees and Bodies, has the following main duties:

1. the general responsibility for its operation, including the system of governance and the corporate values,
2. approval of the strategic objectives of Ethniki Insurance,
3. ensuring the effectiveness of the Risk Management system at Sub-Group level,

4. ensuring that the composition, organization, Policies and Procedures of the BoD fully meet the legal and regulatory framework governing Ethniki Insurance and the international best practices of System of Governance,
5. review and approval of the Report at Sub-Group level and quarterly results prior to their publication and active participation in ORSA, providing guidance and coordinating how it is conducted,
6. ensuring the effectiveness of the Ethniki's Insurance Internal Control System, including the financial audit of Ethniki and its related undertakings as well as ensuring the evaluation of the Internal Control System and ensuring the independence and effectiveness of Ethniki's Insurance four key functions,
7. ensuring the efficient operation of the governance system, with a clear allocation and appropriate segregation of duties and an effective mechanism for the transmission of information,
8. the approval, updating and supervision of the implementation of System of Governance Policies, which are applied at Sub-Group level.

The duties of the BoDs of the related undertakings, at Company level, are similar, as per each Sub-Group Company's Corporate Governance Code.

The abovementioned BoD duties at the Participant (Ethniki Holdings S.à r.l.) level apply *mutatis mutandis*, depending on the size and the organization, as well as on the nature, scale and complexity of their business activities.

2.1.2. Responsibilities of BoD

The BoD of each Sub-Group company manages the company, represents it at all times and before all and is competent to resolve on any matter concerning the operation of Ethniki Insurance, except for those which, according to law and / or the Articles of Association of the company, fall within the exclusive competence of the General Meeting of Shareholders.

However, within its jurisdiction, each BoD of the Sub-Group has delegated all the responsibilities of its management and representative authority to the CEO, who binds each company with only his signature except for some restrictions. The BoD of each Sub-Group company approves and reviews on an annual basis the above delegation of responsibilities and powers.

As there is no CEO at Ethniki Holdings S.à r.l. level, the Participant is bound by the joint signature of two directors (gérants).

2.1.3. Structure of the BoD

Ethniki's Insurance BoD is comprised of at least seven members, with a maximum of fifteen. At least two-thirds of the BoDs of the Sub-Group are non-executive members.

The composition of BoD, on 31.12.2023, is analyzed in Chapter 1.1.4.

2.1.4. BoD Committees

The BoD Committees have defined responsibilities, allocated to them by the BoD. The Committees are supported by the Management and Executives of Ethniki Insurance and its related undertakings and / or external advisors with specialized knowledge in the issues under consideration. The Committees carry out assessments and audits and then make relevant suggestions to the BoD. They also supervise, on a case-by-case basis, the implementation of these decisions.

In particular, BoD has established and is supported in its operation by the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Risk Committee

Each Committee operates according to an approved Charter, which, where applicable, is in line with the provisions of the regulatory framework. The Charters define the purpose, the duties and responsibilities of the Members, the operation and meetings procedures of the Committees, as well as the reports submitted to the BoD for its information.

The BoD of each related undertaking is supported by the following Committees: (a) Audit Committee, (b) Risk Management Committee, (c) Human Resources, Remuneration and Corporate Governance Committee. The Charters of the above Committees are governed by principles similar to those governing the Sub-Group's Charters.

No BoD Committee has been established at Ethniki Holdings S.à r.l. level.

The purpose, the required skills of the Members and the responsibilities of each Committee, according to the approved Charters, are summarized as follows:

1. Audit Committee

The Audit Committee assists the BoD of Ethniki Insurance and its related undertakings in the review of the diligent preparation regarding the following:

- i. reviewing the financial statements and other related information for disclosure,
- ii. monitoring and controlling the independence, adequacy and efficiency of the work and activities of Ethniki's Insurance Internal Audit Division,
- iii. monitoring and controlling the independence, objectivity and integrity of the audit and non-audit services provided by the external auditor,
- iv. monitoring and controlling the adequacy and effectiveness of the activities of the Compliance and Corporate Governance Division,
- v. monitoring the adequacy and efficiency of the Internal Control System ("ICS"),
- vi. monitoring complaints from Staff and third parties (whistleblowing) and ensuring compliance with ethics.

2. Remuneration & Nomination Committee

The Committee assists the BoD in fulfilling its duties as regards remuneration, staffing – composition, and identification of the right persons to be BoD Members and Senior Executives, in accordance with the applicable from time to time legislation, Ethniki's Insurance Policies and this Charter. The Committee Members are designated based on their skills and experience in corporate governance.

The main responsibilities of the Committee include:

- i. Regularly reviewing the Fit and Proper Policy of Ethniki Insurance and recommending any remedial actions to the BoD,
- ii. Planning and coordinating the implementation of the nomination procedure of candidate Board members, CEO and General Managers, in accordance with the provisions of the Fit and Proper Policy,

- iii. Regularly reviewing the Remuneration Policy of the Ethniki Insurance and the remuneration practices, and recommending any remedial actions to the BoD,
- iv. Reviewing the Human Resources Division's annual report and potentially submitting relevant proposals to the BoD.

3. Risk Committee

The Committee assists the BoD in the performance of its duties related to risk management for all the activities of Ethniki Insurance, which is in line with the relevant legal and regulatory framework.

More information about the Risk Committee can be found in Chapter 2.3.3. Operational Framework – Risk Governance Framework.

The competencies of the Committees at company level are similar, under their Charters and in accordance with the nature and the complexity of their work.

2.1.5. Remuneration Policy & Practices

The policy establishes and describes the broader framework governing Ethniki's Insurance remuneration system in accordance with the legal and regulatory provisions in force. It applies to all Ethniki's Insurance Executives and Staff and their total remuneration. In addition, it includes special provisions for the BoD members, persons of the Management or persons exercising other key responsibilities as well as Executives whose professional activities have a material impact on the Ethniki's Insurance Risk Profile.

The general principles of the Policy are the following:

- i. The Policy is based on the principle of equal pay for equal work or for work of equal value regardless of race, color, gender, religion, political views, national or social origin,
- ii. The Policy and the remuneration practices are established, implemented and maintained in accordance with the business strategy and risk management strategy of the Ethniki Insurance, the risk profile, objectives, risk management practices and long-term interests and performance of Ethniki Insurance overall and includes measures aiming at avoiding conflicts of interest,
- iii. The total variable remuneration should neither limit the ability of Ethniki Insurance and / or its Sub-Group companies to strengthen their capital base nor jeopardize its robustness,
- iv. When setting performance targets, observance of the sustainability framework is taken into account. In order to pay any variable remuneration, the achievement of these targets is assessed,
- v. It is not allowed to pay guaranteed variable remuneration.

The non-executive members of the BoD receive only fixed remuneration in order to avoid conflicts of interest. When, in exceptional cases, Non-Executive Members receive variable remuneration, said remuneration and its relevant risk alignment are adapted to the supervising, monitoring and control duties granted to them and reflect each person's powers and competences.

In 2023, the Participant and its related undertakings did not pay Staff performance related (variable) remuneration as defined in the Remuneration Policy.

In February 2023, the Extraordinary General Meeting of the Ethniki Insurance approved the establishment of an incentives plan in favor of members of the Ethniki Insurance board of directors, managers and the personnel of the Ethniki Insurance, in the form of options to acquire existing shares of the Ethniki Insurance.

2.1.6. Key Functions

The Sub-Group has Risk Management, Compliance, Actuarial, and Internal Audit Units, whose responsibilities are defined in their respective approved Charters.

The Charters of the Units define, in addition to their duties and responsibilities, issues such as their independence and their reports to the competent Bodies and Supervisory Authorities, as also referred to in this Report.

2.1.7. Related party disclosures

Transactions with Related Parties can be summarized as follows:

Transactions with Legal Entities								
(€ in thousands)	31.12.2023				31.12.2022			
	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities	Income	Expenses
Companies affiliated with CVC	568	14	3.796	405	1.241	-	2.454	18
-Insurance contracts	568	14	3.796	401	1.241	-	2.454	16
-Other transactions	-	-	-	4	-	-	-	2
Total	568	14	3.796	405	1.241	-	2.454	18

Transactions with companies affiliated with CVC, which holds an indirect interest in the Participant, relate to the period 31.12.2023.

Payments to hospitals which relate to claims payments to the Group's policyholders, including capitation fees, are not included in the table above.

Transactions with members of the BoD and Management

All transactions with related parties were at arm's length, under the same terms with those provided to third parties or those agreed in employment contracts.

Members of the BoD of both the Participant and Ethniki Insurance, the largest insurance company in the Group, members of the Management team of Ethniki Insurance, as well as their immediate family members or entities controlled or jointly controlled by those persons, have been considered as related parties. The composition of the Participant's and related undertakings' BoD is presented under Chapter 1.1.4. "BoD Members".

As at 31.12.2023, receivables and payables amounted to €0th and €265th respectively (2022: €2th and €559th), while in 2023 premiums and claims amounted to €22th and €(17th) respectively (2022: €36th and €130th).

Total compensation in 2023 amounted to €2,756th (2022: €3,229th), including short-term benefits of €2,719th (2022: €3,183th) and post-retirement benefits of €37th (2022: €47th). Provision for compensation in case of retirement amounted to €28th (2022: €29th) and termination of employment benefits amounting to €447th.(2022: €1,240th)

To secure the obligations related to the potential deferred considerations to be paid by the Participant to NBG on the fifth anniversary of the date that the shares of Ethniki Insurance were transferred to the Participant (see chapter 4.3.9), the Participant entered on 31 March 2022 into a Luxembourg law governed share pledge agreement between Ethniki Holdings Ltd as pledgor, NBG as pledgee and the Participant as the company whose shares are pledged.

As at 31.12.2023, neither the Participant nor the related undertakings have created any provision for non-performing receivables, regarding to amounts due by related parties, due to the non-evidence of existence of such a risk.

2.2. Fit & Proper requirements

The Fit & Proper Policy aims at acquiring and retaining competent persons who will ensure the exercise of sound and efficient management for the benefit of the Sub-Group and all stakeholders. The BoD Members, the General / Deputy General Managers, the Heads of the four Key Functions and the Executives of the Sub-Group whose competencies are laid down in the legal framework fall within the scope of the Policy.

This Policy defines, inter alia:

1. the fit & proper criteria of the aforementioned Persons,
2. the main steps of the assessment of the fit and proper criteria of the above Persons, both at their appointment and on a continuous basis,
3. cases in which the continuation of the fulfillment of the fit and proper criteria is reviewed, on an ad hoc basis,
4. Ethniki's Insurance Bodies that are responsible for the implementation of the relevant procedures.

2.2.1. Fit & Proper criteria

The fit & proper criteria established in Ethniki Insurance concern the following:

1. adequate knowledge, professional training and competence, working experience, skills and any other qualifications deemed necessary for the assessment of suitability (fit). More specifically, the BoD members should have, collectively, appropriate professional qualifications, experience and knowledge of insurance and financial markets, business strategy, system of governance, financial and actuarial analysis and regulatory requirements in order to be able to supervise all operations of each Sub-Group Company,
2. honesty, integrity, financial reliability, in accordance with the specific provisions of the Solvency II framework and any other qualifications deemed necessary for the assessment of appropriateness (proper), such as absence of conflicts of interest / pending legal proceedings for criminal offenses / removal of candidates from previous positions etc.

Similar Fit & Proper criteria apply to Ethniki Holdings S.à r.l., *mutatis mutandis*, depending on the size and the organization, as well as on the nature, scale and complexity of their business activities.

2.2.2. Assessment Procedures

Assessments procedures include:

1. the collection of the required supporting documents,
2. the preparation of Assessment Reports,
3. the proposal to the competent Bodies on the suitability and appropriateness of the candidates, based on the criteria defined in the Fit and Proper Policy and the other related Policies of each Sub-Group Company, such as the Conflict of Interest Prevention Policy, and
4. the final decision on the selection and assignment of the Person who is qualified based on the above-mentioned processes.

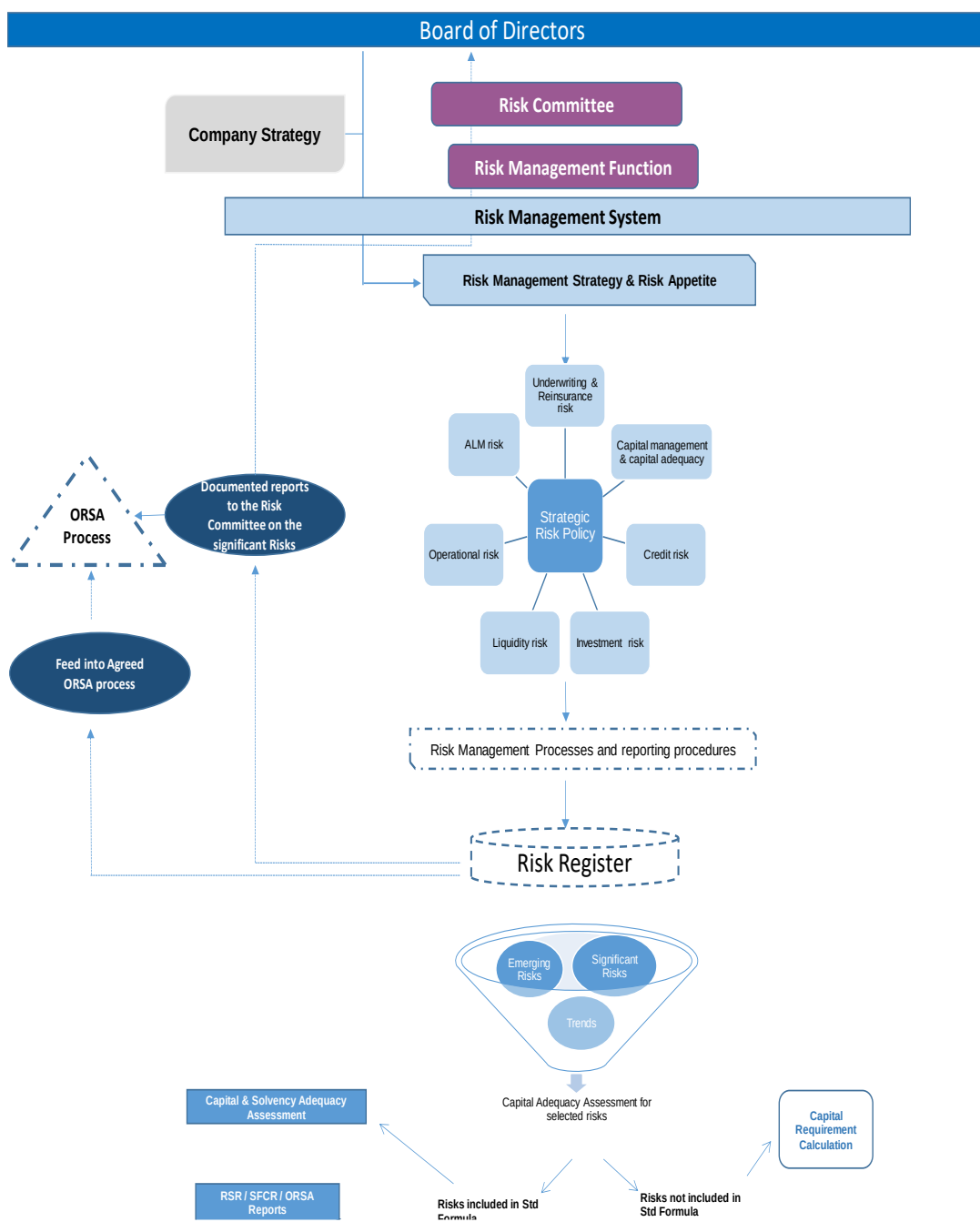
Ethniki Insurance has adopted and implement re-assessment procedures, in order to ensure that individuals who fall within the scope of the Policy, meet, on an ongoing basis, the criteria of the Fit & Proper Policy.

2.3. Risk Management System, including the Own Risk & Solvency Assessment

The Group, acknowledging its exposure to risks and the need for their effective management, has developed a risk management system at Ethniki Insurance sub-Group level, which is supported by a suitable operational framework, in order to avoid and/or reduce any potential loss. The risk management system is aligned with the regulatory requirements. The system and the risk governance framework are briefly presented below.

2.3.1. Description of the Risk Management System

Ethniki's Insurance sub-Group risk managements system is presented in the diagram below. The own risks and solvency assessment procedure, which forms an integral part of the risk management system, is also presented below.



The risk management system is summarized in the following:

1. The BoD defines the risk appetite as well as the total risk tolerance levels and approves the risk management strategy and the risk management policies,
2. The Board Risk Committee supervises and provides guidance in order to ensure the effective implementation of the risk management system,
3. The risk management function evaluates and ensures the design adequacy and the effective operation of the risk management system,
4. The risk management strategy sets out the objectives, principles, total risk appetite and the roles of those involved in the system,

5. The specific objectives and the risk tolerance levels are defined in the risk management policies. The methods and responsibilities of those involved in risk management are prescribed in the policies.

The risk management and reporting procedures, as derived by the relevant policies, are embodied in the Group's procedures and in decision making,

6. The identification, evaluation, management and monitoring of risks are supported by the creation and regular update of a risk register,
7. The ORSA procedure is an integral part of the Risk Management System and is directly connected with the company's strategy and business planning. The risk register supports the ORSA procedure through the identification and the evaluation of significant risks.

The risk management system is supported by an appropriate operational framework which includes:

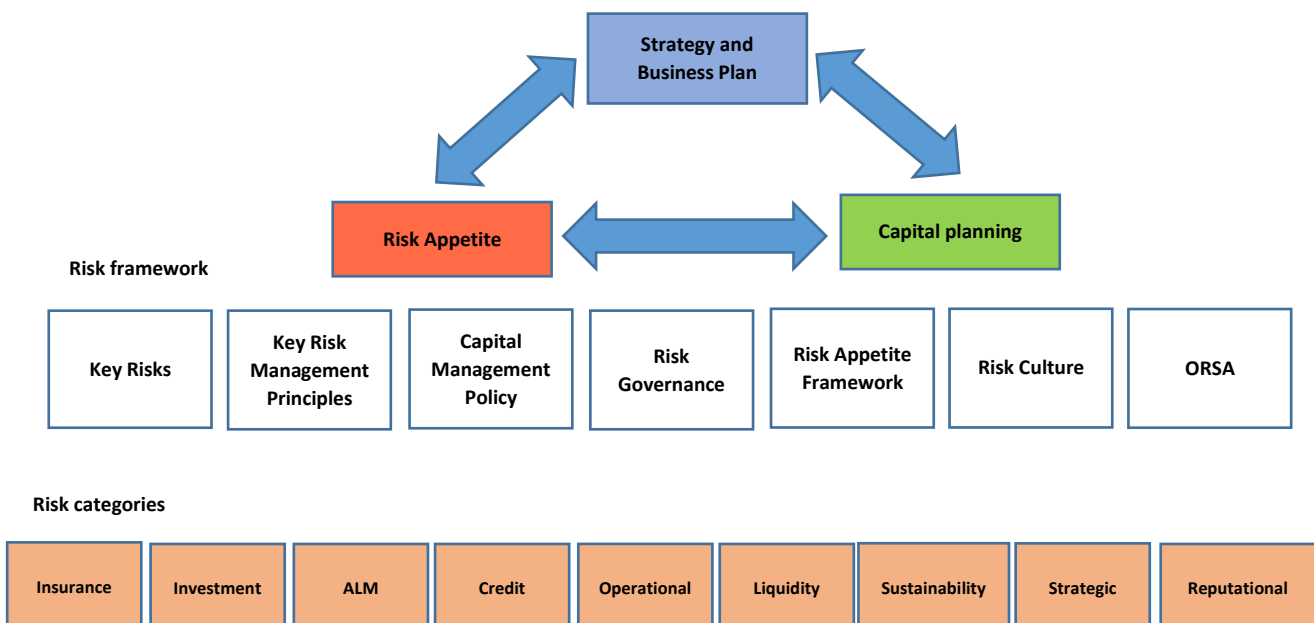
1. The approved by the BoD risk management strategy.
2. The approved by the BoD risk management policies.
3. Along with the appropriate "risk culture".

«Risk Culture»

Risk culture is defined as the set of behaviours of individuals and groups within an organisation which define the collective ability to identify, understand, discuss and act upon risks faced by the company. Risk culture affects the decisions of Management and staff during the day-to-day operation. As such, risk culture is considered a significant contributor of an effective risk management system.

2.3.2. Strategy and Risk Management Policies

The risk management strategy, as part of the risk management framework, describes the company's overall risk appetite, tolerance and policies. The risk management strategy, as illustrated below, is an embedded part of the business and fully interacts with the strategic planning and the capital management process through the ORSA process. The strategy is the basis for the development of risk management policies for the individual risk categories, where risk management principles and procedures and the roles of those involved in risk management processes are specified



- | | |
|---|--|
| <ul style="list-style-type: none"> • Roles and responsibilities • Specific risk principles • Delegated authorities and escalation procedures | <ul style="list-style-type: none"> • Key risk methodologies • Exposure measurement • Detailed risk procedures |
|---|--|

Risk IT infrastructure / Risk procedures

Risk Management Policies

In addition to the general principles for the management of risk, the Ethniki Insurance sub-Group undertakings adopt detailed principles for each distinct category of risk. The detailed principles are regarded as supplementary to the general risk principles and provide guidelines for the handling of specific matters that relate to each type of risk. Both the general and the detailed risk principles form the basis for drawing risk policies and procedures.

Risk reports

The Management of the Ethniki Insurance sub-Group receives regular, and whenever necessary ad-hoc, information about the type and the level of the risks undertaken. The level of the risks undertaken in relation to the set limits is being monitored and relevant reports are submitted to the Board Risk Committee and through it to the BoD. The frequency and timeliness of internal risk reporting is appropriate to the nature, scale and complexity of each company's activities and the requirements of the recipient.

2.3.3 Operational Framework – Risk Governance Framework

The Risk Governance Framework forms an integral part of the Risk Management Framework and is organised in a way that ensures the establishment of clear responsibility boundaries over risks, the proper segregation of duties and the avoidance of conflicts of interest at all levels.

Risk management function is organized based on the adopted governance model of the “3 lines of defense”, which is described below.

The risk management activities that are exercised by the Units of the 1st line of defense, are supported by the “2nd Line of Defense” Units (e.g. Risk Management, Compliance, Actuarial). The work of the “Lines of Defense” is guided and supervised by Committees. The risk governance framework is complemented by the Internal Audit function.

The risk governance model is briefly the following:

1. **1st Line of Defense** - the Units responsible for assessing and minimizing risks for a given level of expected performance, within the set risk appetite limits. Under the “1st Line of Defense”, Management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks,
2. **2nd Line of Defense** - the Units that support Management in risk management. They assist the “1st Line of Defense” Units by providing appropriate risk management methodologies and tools, review and propose risk mitigation measures. To this direction, the Risk Management Unit cooperates with other specialized Units, such as Actuarial, Compliance,
3. **3rd Line of Defense** - the Internal Audit Unit whose role is to act as control body that independently assesses the degree of compliance with the applicable risk management framework and evaluate its effectiveness and reports to the BoD through the Audit Committee.

Board of Directors

The BoD is the collective body that has the ultimate responsibility for the establishment and operation of an effective risk management system. The BoD is responsible, among others, for the:

1. Designing of the Group strategy. Part of it, is the design and supervision of the risk management strategy,
2. Development and reinforcement of a suitable "risk culture",
3. Effectiveness of the risk management system,
4. Assignment of responsibilities and authorities among the Group members, having as an ultimate goal the maximization of the Group's value and the protection of the Group's interests by undertaking risks within acceptable limits.

Board Risk Committee (BRC)

The Board Risk Committee supports the BoD tasks and aims at the establishment, preservation, periodical evaluation and improvement of a risk management framework.

More specific targets of the Committee are:

1. The development of a suitable risk management framework (that includes strategy, policies, procedures, methodologies and systems), which will ensure the existence of effective mechanisms for the identification, evaluation and effective mitigation of all categories of risk that derive from the Group's activities,
2. The coordination of the necessary actions for the effective operation of the risk management system,
3. The supervision of compliance with the risk management framework, the initiation of prompt action for the correction of deviations and the proposal of revisions of the framework to the BoD, when necessary,
4. The development of risk management culture both at a Group and a Group level.

Risk Management Function

The Risk Management Function, in cooperation with the "1st Line of Defense" Units and with the assistance of other supportive or specialized Units, monitors compliance with the risk management framework. The responsibility for the operation of risk management lies with the Group's Management. The Risk Management Unit supports the Management in this task.

Ethniki's Insurance Risk Management Unit is administratively independent from Units with implementing powers. The Head of the Risk Management Unit is appointed and replaced by the BoD. The Head of the Unit is fully and exclusively employed and functionally reports to the BoD, through the Board Risk Committee and hierarchically directly to the CEO of Ethniki Insurance.

The Risk Management Unit's responsibilities include:

1. The specification, in cooperation with the competent operating Units, of the risk tolerance limits,
2. Ensuring the existence of written policies for the implementation of the risk management strategy,
3. The definition of early warning criteria for the individual, as well as for the total portfolio,
4. The monitoring of the risk profile and exposure levels against the defined risk limits. The reporting of deviations from the set limits to the appropriate levels of Management and the proposal of corrective action, in cooperation with the relevant Units, for the restoration of the risks undertaken within the acceptable limits,

5. The periodical evaluation of the adequacy of the methods and systems used for the identification, measurement and monitoring of risks and the proposal of corrective action, if necessary,
6. The estimation of the capital requirement and the participation in the development of evaluation methodologies,
7. The coordination of the regular and non-regular ORSA,
8. The coordination and the performance of stress tests.

The Risk Management Unit submits:

1. Quarterly reports regarding the current risk profile,
2. Ad-hoc reports, if considered necessary, for issues such as deviations from the set risk tolerance limits, adequacy of the methods and systems for the identification, measurement and risk monitoring etc,
3. Reports regarding the regular and non-regular ORSA,
4. Reports to the Board Risk Committee regarding the results of the stress tests that were conducted or coordinated by it and proposal of suitable risk management actions so that to address materially adverse results,
5. An annual report to the Board Risk Committee regarding the Risk Management Unit's activities.

2.3.4 Risk Management System and Own Risks & Solvency Assessment ("ORSA")

The procedure for the own risks & solvency assessment is an integral part of the risk management system and it is directly connected with the corporate strategy, the Group's business plan and, therefore, with the capital management procedure. The results from the own risks and solvency assessment form the basis for the development of new risk management policies or/and the revision of the existing ones, as well as for the revision of the risk management strategy and of the business plan, if considered necessary.

The BoD supervises the ORSA procedure, monitors the followed procedure, its results and approves the relevant report. All Units involved are being informed regarding the result of the procedure in order to act on it.

The implementation of any corrective action that resulted from the ORSA procedure is monitored by the BoD.

The implementation of the ORSA procedure includes briefly the following stages:

1. The development of the business plan,
2. The identification and evaluation of the significant own risks, existing and emerging ones, according to the business plan,
3. The estimation of regulatory and total capital requirement according to the business plan,
4. The evaluation of the risk profile according to the business plan and in relation to the risk appetite,
5. The evaluation of the continuous compliance with the capital requirement and the requirements for technical provisions,
6. The design of management actions, if considered necessary, for achieving continuous compliance with the capital requirement, the requirements for technical provisions and the risk appetite:
 - i. Revision of the business plan, including the capital required for the smooth operation of the Group,
 - ii. Revision of the risk appetite and of the acceptable risk limits,

- iii. Re-evaluation of the regulatory and total solvency capital requirements as a result of the corrective actions.

The regular ORSA of the Group is conducted annually. Apart from the regular assessment, non-regular assessments can also be conducted in cases such as:

1. A major change in the business plan,
2. A major change in the risk profile,
3. Relevant supervisory requirement.

2.4. Internal Control System

The Sub-Group has structured and operates a broader Internal Control System (ICS), consisting of a set of Policies, Procedures, and control mechanisms in order to cover, on an ongoing basis, the monitoring of each of its activities. The ICS is appropriately adapted to the scope, volume, risks and complexity of the work undertaken and fully covers all activities and transactions of Ethniki Insurance and its related undertakings.

2.4.1. Description of Internal Control System

Among the basic procedures of ICS, the following are mentioned:

1. preparation and approval by the Ethniki's Insurance BoD of the multi-annual Business Plan on an annual basis,
2. clear and detailed allocation of responsibilities to Executives and Staff,
3. detailed recording of Job Descriptions for each Sub-Group Company,
4. recording and posting on each Sub-Group company's portal procedures for the work carried out by each Business Unit,
5. establishment and documentation of controls, the implementation of which ensures, to the extent possible, compliance with the recorded procedures. Such controls include:
 - i. ensuring that at least two people are involved in each activity (four eyes principle),
 - ii. effective segregation of duties to avoid cases of incompatible roles, conflict of interest, etc,
6. consulting involvement of key functions in critical activities,
7. carrying out audits to confirm that access is granted only to authorized persons,
8. carrying out regular and ad hoc audits by the Internal Audit and Compliance Units of Ethniki Insurance and its related undertakings to determine the degree of implementation of rules and procedures.

Similar procedures apply to Ethniki Holdings S.à r.l., mutatis mutandis, depending on the size and the organization, as well as on the nature, scale and complexity of their business activities.

2.4.2. Description of the Implementation of the Compliance Unit

The Compliance Function is an independent function which is managed centrally by each Sub-Group company's Compliance Unit.

Ethniki's Insurance Compliance and Corporate Governance Division:

1. Is responsible for the supervision and the coordination of the Compliance Function in Ethniki Insurance and its related undertakings,
2. reports administratively to the CEO and through the Audit Committee to the BoD of Ethniki Insurance,
3. has access to all documents and files of its Sub-Group.

Priority of the Sub-Group Compliance Units is to ensure the Ethniki's Insurance good reputation and credibility vis-à-vis its customers, Supervisory and other independent Authorities, as well as other stakeholders through:

1. the timely adaptation to new laws and regulations,
2. prevention and deterrence of risks related to potential violation of existing laws and regulations and
3. establishment of an adequate and effective compliance audit environment.

The responsibilities of the Sub-Group Compliance Units include:

1. identifying and regularly assessing compliance risk,
2. establishing and implementing appropriate procedures to timely achieve full and continuous compliance with the current regulatory framework,
3. addressing any kind of consequences as a result of the failure of the failure to comply with the regulatory framework in force and the Codes of Ethics,
4. carrying out sample audits in the context of monitoring the implementation of the institutional framework to prevent any violations of the provisions of the institutional framework in force,
5. communicating with and representing the Sub-Group companies before the Supervisory and other Independent Authorities regarding compliance issues,
6. carrying out audits to prevent situations of conflict of interest by detecting their sources and implementing effective methods and procedures for their prevention,
7. supervising and coordinating any activity related to the obligations to a) prevent and suppress money laundering and terrorism financing,
8. shaping a regulatory compliance culture in the Sub-Group's Staff as a model of corporate behaviour and a measure to strengthen corporate and Sub-Group identity.

Each Sub-Group company's Compliance Unit submits:

1. annual Reports to the BoD and / or the Supervisory Authority which include a review of the previous year's activities, schedule of activities for the current year and general issues of identification and management of the compliance risk, including the method and results of compliance risk assessment, actions of the Company and the Compliance Unit to manage the risk,
2. ad hoc reports, whenever significant issues arise.

In addition, the Compliance Units of the related undertakings submit quarterly reports / information to the respective Unit of Ethniki Insurance.

2.5. Internal Audit Function

The Internal Audit Function is an independent, objective assurance and consulting activity, designed to constitute the 3rd line of defense within the Sub-Group. The on-site Internal Audit Units ("IAUs") are responsible for the Sub-Group Companies' Internal Audit Function. Under the supervision and coordination of the Participant's Internal Audit Division ("IAD"), the IAUs assist the Sub-Group in enhancing its business activities as well as in accomplishing its strategic objectives, by systematically evaluating the adequacy and effectiveness of the processes related to the Sub-Group's internal control system, risk management and corporate governance.

According to their Charters, the IAUs, as administrative Units:

1. are independent of the audited activities and not involved in the selection, implementation and / or operation of specific internal control procedures / measures,
2. perform their assignments on their own initiative, in all areas and activities of the Sub-Group, free from any interference both during the audit planning and during the execution of the audit process and the audit reporting. Their independence is not impaired when, following a respective Management's request, they provide advisory services on risk management and / or internal control matters, provided that they do not assume management responsibility,
3. are staffed by personnel who are exclusively full-time employed, without any executive or operational responsibilities or management duties relating to any other activity of the Sub-Group, except for those related to IAUs.

The Heads of the IAUs:

1. are assigned or relieved of their duties exclusively by the Sub-Group Companies' Boards of Directors, following a relevant proposal by the Audit Committees, in cooperation with the CEOs and the Head of the IAD,
2. report functionally, through the Audit Committees, to the Companies' Boards of Directors and administratively directly to the Companies' CEOs,
3. are not authorized to:
 - i. perform any duties related to the operation of the Sub-Group,
 - ii. execute or approve accounting entries,
 - iii. supervise the activities of any Sub-Group employee not employed by the Internal Audit Function, with the exception of the employees who have been assigned to them or to audit teams or contribute in some way to the operation of the Sub-Group's Internal Audit Function.

In order to provide independent and objective information to the Sub-Group Companies' Management and Boards of Directors, the IAUs, are responsible for:

1. communicating the audit results to the Heads of the audited Units and to the competent bodies within the Sub-Group, through audit reports that include findings, applicable recommendations and the timeframe for the Units' corrective action plans,
2. reporting to the Boards of Directors through the Audit Committees on a quarterly basis or when requested by the Audit Committees, on:
 - I. the execution of the Annual Audit Plan, which is based on a risk assessment methodology,
 - II. the main findings and recommendations resulting from regular and special / fraud investigations, and
 - III. significant audit issues that have not been remediated. When required and by approval of the Heads of the IAUs, extracts from the reports are forwarded to the competent Sub-Group Executives and the competent bodies.
3. submitting to the Audit Committees an annual status report, regarding the activity of the Sub-Group Companies' Internal Audit Function, along with an Annual Audit Plan which includes the audit schedule at Sub-Group Company level,
4. submitting to the Boards of Directors through the Audit Committees an annual report regarding the adequacy and effectiveness of the Internal Control System across the Sub-Group Companies,
5. submitting other periodic reports to the Audit Committees, the Boards of Directors, other competent bodies of the Sub-Group and / or to national, European or other relevant supervisory authorities, as appropriate, and in accordance with the respective regulatory framework requirements.

The IAUs adhere to the provisions of the International Professional Practices Framework (IPPF) for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA) and the IIA's Code of Ethics. Furthermore, the IAUs take into consideration and deploy as applicable the IIA's Practice Advisories, Practice Guides and Position Papers, as well as international internal audit best practices published by world leading Institutions and / or Supervisory Authorities.

2.6. Actuarial Function

The Actuarial Function of the Sub-Group is authorized by the BoD to assume with full independence from the rest operating units in the exercise of its duties.

The Actuarial Function is responsible for:

1. Coordinating the calculation of technical provisions,
2. Assesses whether the methodologies and assumptions used in the calculation of the technical provisions are suitable for the specific lines of business of the undertaking and for the way the business is managed, taking into account all available data,
3. Assesses whether the Information Technology Systems used in the calculation of technical provisions sufficiently support the Actuarial and statistical procedures,
4. Assesses the efficiency, the quality and consistency of internal and external data used in the calculation of technical provisions and addresses recommendations for the improvement of internal procedures of the Group regarding the afore mentioned characteristics,
5. Compares the best estimated technical provisions against experience, and reviews the quality of past best estimates and uses the insights gained from this assessment to improve the quality of current calculations,
6. Updates the BoD of the Sub-Group and the Supervisory Authority for the reliability and adequacy on the calculation of technical provisions,
7. Provides an opinion on the overall insurance or re-insurance underwriting policy,
8. Provides an opinion on the suitability of reinsurance treaties of the Sub-Group,
9. Participates in the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements (SCR and MCR) and the assessment of this model,
10. Contributes to the development of the IT application for the calculation of total capital requirements and to the generation of all required information used for public disclosure in the solvency and financial condition report.

The Actuarial Division submits to the Management, to the competent committees as well as to the Supervisory Authority, a report which includes a review of annual activities, in which are described, the results as well as any deficiencies identified that need to be remedied.

2.7. Outsourcing

Outsourcing is an agreement of any form between Ethniki Insurance and a service provider, under which the latter undertakes, directly or by sub-outsourcing, to carry out procedures, provide services or perform activities, which would otherwise have been carried out by Ethniki Insurance or its related undertakings.

The Sub-Group applies an Outsourcing Policy, in line with the Solvency II framework, in order to establish general outsourcing principles for all its operational functions or activities and more specific provisions on outsourcing critical or important functions or activities to service providers.

Critical or important functions or activities are those, a defect or failure in the performance of which would materially impair Ethniki Insurance or its related undertakings' continuing compliance with the conditions of its authorization or other obligations under the legislation governing its supervision, or would affect its financial performance or its soundness or the continuity of insurance services provided to policyholders. Indicatively, critical or important functions or activities are the four key functions, the design and pricing of insurance products, the management of part of or the whole investment portfolio, the settlement of claims and the operations of the central information technology systems.

When outsourcing critical or important functions or activities to third parties, the Sub-Group prioritizes the selection of reliable and specialized in the outsourced activity service providers and the establishment of a secure regulatory environment governing the relevant business relationships.

For this reason and in the context of the aforementioned Policy, procedures have been established so that prior to outsourcing decision-making as well as during the relevant business relationships, the factors that could materially deteriorate the quality of the system of governance or unduly increase the Sub-Group's operational risk or hinder its seamless service to its policyholders are examined. In particular, the Policy defines:

1. the meaning of critical or important operational function or activities,
2. the responsibilities of the Bodies involved in its implementation,
3. the General Principles of outsourcing,
4. the basic steps of the outsourcing procedure, which include the conduct of a feasibility study and the approval by the BoD,
5. the conditions of cooperation with service providers, which indicatively include experience, qualifications, licenses required by the regulatory framework for the performance of work the activities etc,
6. the signing of a contract between Ethniki Insurance and the service provider, which precisely regulates the rights and obligations of both parties,
7. the procedures for monitoring and managing risks that may arise from outsourcing during the relevant business relationships,
8. some key regulations on outsourcing to cloud service providers.

The following is a list of critical activities outsourced by Ethniki Insurance to third service providers and their country of jurisdiction.

Service Provider	Provided Service	Country of jurisdiction
National Bank of Greece S.A. (NBG)	Provision of Information Systems Operation and Support Services (Disaster Recovery Plan)	Greece
AWP P&C S.A. (Mondial Assistance)	Coverage of risk of loss of use of vehicle due to total theft and fire, of accident care, coverage of road assistance and of road assistance of heavy-duty vehicles, coverage of local towing of vehicles due to accident	France
AXA France (Greek Branch) - Credit & Lifestyle Protection.	Payment Protection of NBG's Debtors (claims management)	France

Garanta has outsourced to service providers the following critical or important activities, within the meaning of Solvency II:

Service Provider	Provided Service	Country of jurisdiction
Law Office Iordache	AML/CFT Services*	Romania
Ms. Adriana Ceausescu (Infoshare Software Solution International SRL)	Information Systems Security Services (CISO)), CRO, DPO	Romania

*Moreover, in accordance with the regulatory framework of the related undertaking, the head of Garanta's Regulatory Compliance Function has been appointed as the Competent Executive AML/CFT Officer.

Ethniki Cyprus Life Insurance has not outsourced critical or important functions or activities.

The Participant has not outsourced any crucial or significant functions or activities to service providers.

3. Risk Profile

Risk management is an integral part of the Group's business operations. More specifically, risk management and control are a prerequisite for the Group to ensure its customers and to create a stable framework for achieving high quality returns for its shareholders. Achieving this goal depends on the right balance between risks taken and expected returns.

In this regard, the following risks have been identified and are managed, through the development and implementation of risk management policies and procedures:



Ethniki Insurance sub- Group, in order to control and mitigate the risks undertaken uses various risk mitigation techniques, depending on the type as well as the level of the risk and the acceptable risk tolerance limits.

The techniques as well as the risk mitigation processes, are described in the various risk management policies of the Ethniki's Insurance sub-Group undertakings. The undertakings indicatively:

1. Monitor the risks undertaken, in relation to the acceptable tolerance levels, by having established relevant tolerance limits, as well as early warning limits,
2. Adopt a conservative investment profile and diversify the investment portfolio by setting relevant quantitative and qualitative limits,
3. Enter into reinsurance agreements with credible reinsurers,
4. Monitor the duration matching of insurance liabilities (provisions) and of the relevant assets. Estimate the cash requirements that may arise from their insurance, as well as other liabilities and cater for the existence of adequate liquidity,
5. Have established time limits for the collection of receivables and monitors the compliance with these limits,
6. Implement risk and control self-assessment procedures, as well as procedures for the collection and analysis of operational risk incidents,
7. Develop, when necessary, action plans for restoring risk within the desired limits according to the risk appetite, and monitor the implementation of the approved plans and their effectiveness.

Significant risks to the Group's operation, as these are considered during the ORSA process, are monitored to assess their potential negative impact and take mitigating measures if necessary. These risks are summarized into the following:

Macroeconomic risks

The macroeconomic landscape is characterized by fragile macroeconomic conditions, led by geopolitical tensions, inflationary pressures and tightened monetary policies.

Cyber risks

Cyber security risks are still high in the agenda. Nevertheless, IT departments readiness and staff awareness are now better than before, and deployed defenses are more mature. AI might be leveraged to cyber attacks. From an insurance perspective, apart from direct cyber attack losses, losses can be suffered from claims on cyber policies.

Legal and regulatory uncertainty

Regulatory uncertainty is becoming an increasingly important issue as global trends lead to new regulations which the companies have to understand and adopt. Examples of this are the regulations driven by ESG initiatives, or the European Commission draft "AI Liability Directive" (introduced in September 2022) that aims to adapt private law to the needs of the transition to the digital economy.

Climate related risks

The natural catastrophes in Greece and abroad are to some extent related to the planet's climate change. Recent wildfires and floods in Greece had multiple effects such as loss of capital, property and infrastructure damages, but also human casualties and loss of natural resources.

Both the magnitude of these natural events and their frequency seem to have been increased and the climate change is expected to contribute to these natural catastrophes.

Artificial Intelligence (AI)

Ethical and social aspects linked to AI are getting more prominent, e.g., its use in automated underwriting, pricing and claims handling, exposing insurers to data privacy and security risks, bias and discrimination risks, and consequently reputational risk. On the other hand, AI could be used by third parties to exploit weaknesses in an insurer's underwriting or claims processes.

Data Ethics

Data Ethics have to do with using data in ways that stakeholders find acceptable. With the individual more in charge of 'owning their data', it becomes more difficult for insurers to know enough about their customers. This potentially increases the risk of adverse selection.

In addition, regulators can restrict the information that can be used to price insurance products and handle claims. This, in turn, could endanger the principle of risk pooling and lead to lower access to insurance coverage for certain groups and higher insurance claims than expected.

Metabolic syndrome

Metabolic syndrome is generally understood as the combination of three out of five conditions: obesity, hypertension, diabetes, low levels of HDL cholesterol and high triglyceride levels in patients. It is associated with the risk of developing severe and chronic complications.

Metabolic syndrome has a negative impact on life expectancy and healthcare costs. Its prevalence is predicted to increase in the future.

Emerging infectious diseases

Pathogens are constantly evolving and the impacts of climate change, international trade, travel networks, are creating opportunities for them to spread. There are considerable risks that can seriously affect morbidity and mortality and pave the way for new pandemics.

Human Capital

In the absence of lifelong learning and adaptation to new technologies and work trends, insurance companies can see a growing skills gap.

Information reliability

New digital abilities to manufacture fake content (photos, videos, audio, text) are proliferating. Trust in objective evidence may be diminished, and false information may supersede facts. This can have implications for underwriting, claims handling, reputational risk, etc.

New insurance competition

The traditional role of insurers is impacted by non-traditional competition entering the market. Intermediaries may take over the market, stepping in between the customer and the insurers and this mainly impacts P&C insurers. Furthermore, there is the risk of big tech companies coming into the market, which may be better positioned than traditional insurers. They have better digital capabilities, they already have access to large amounts of valuable data and potential customers are more likely to share data with them than with insurers.

From the risks above, the potentially significant impact of the following risks is already obvious: macroeconomic risks, cyber risks and risks from regulatory changes and uncertainly. From the remaining risks, AI and climate related risks are considered the most significant future ones.

Solvency Capital Requirement

Regarding the quantitative estimation of the solvency capital requirement, the Group uses the standard formula, evaluating its suitability related to the Group's risk profile during the annual ORSA.

For the calculation of Group Solvency, for Ethniki Insurance the full consolidation method is followed and for the Ethniki Cyprus Life Insurance, Ethniki Cyprus Non-Life Insurance and Garanta the alternative method is followed ("deduction and aggregation method") and is based on the following:

- i. the use of transitional measure and adjusted curve for Ethniki Insurance
- ii. the use of risk free curve for Ethniki Cyprus Life Insurance
- iii. the use of risk free curve for Ethniki Cyprus Non-Life Insurance
- iv. the use of risk free curve for Garanta

The Group Solvency Capital Requirement as at 31.12.2023, amounts to €304,3m. The solvency capital requirements consolidated at Group level, are presented in the following figures:

Solvency Capital Requirements (€ in thousands) 31.12.2023	Companies consolidated under method 1 ⁽¹⁾	Ethniki Cyprus Life Insurance ⁽²⁾	Ethniki Cyprus Non-Life Insurance ⁽²⁾	Garanta ⁽²⁾
Market Risk	148.574	5.425	2.424	1.611
Credit Risk	24.129	613	1.668	2.477
Life underwriting risk	71.095	7.230	-	451
Health underwriting risk	84.542	1.201	1.653	478
Non-Life underwriting risk	69.927	-	3.155	4.230
Diversification	-143.577	-3.746	-2.914	-2.543
BSCR	254.691	10.723	5.986	6.704
Operational Risk	24.983	605	632	324
LAC	-	-	-	-336
Solvency Capital Requirements (method 1)	279.674	11.329	6.617	6.692
Solvency Capital Requirements (method 2)	24.638			
Group Solvency Capital Requirements	304.312			

(1): The Participant and Ethniki Insurance

(2): Consolidated under method 2

For related undertakings consolidated under method 2, the SCR and individual risks correspond to the indirect stake of the Participant in each related undertaking.

Sensitivity Analyses

The Group has performed sensitivity analyses, in order to determine the sensitivity of changes in significant risk factors on its solvency ratio as at 31.12.2023. The sensitivity analysis was performed with:

- The use of transitional measures and adjusted curve for Ethniki Insurance,
- The use of risk free curve of the part of Ethniki Cyprus Life Insurance,
- The use of risk free curve of the part of Ethniki Cyprus Non-Life Insurance,
- The use of risk free curve of the part of Garanta.

During the sensitivity analyses, in order to determine their overall effect on the solvency ratio, the effect on the Group's Own funds was estimated.

The results of the performed sensitivity analyses are summarized in the table below:

Scenarios	Value	Change (amounts in € thousands):	Capital Adequacy ratio
		Own Funds	
Change in interest rates	0.50%	1.004	197%
Change in interest rates	-0.50%	-3.954	196%
Change in bonds credit spreads	50 bps	-82.263	170%
Change in bonds credit spreads	-50 bps	89.563	227%
Change in equity prices	25%	22.285	204%
Change in equity prices	-25%	-22.251	190%
Change in property values	25%	69.084	220%
Change in property values	-25%	-68.819	175%

Based on the above results, it is observed that the greater negative impact on the Group's solvency ratio comes from the scenario of the increase in credit spreads. This scenario would result in a reduction in the solvency ratio by 27 percentage points.

Subsequently, significant impact on the Group's solvency ratio comes from the scenario of the fall of property values. This scenario shows a decrease in the solvency ratio by 23 percentage points.

Explanation of the Sensitivity Analysis Parameters

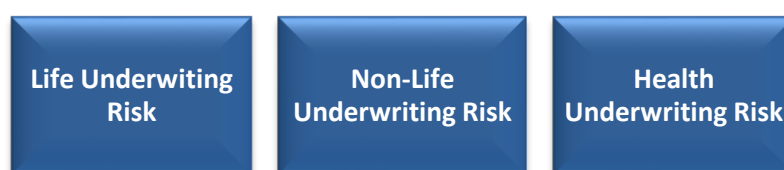
The following table shows the parameters on the basis on which the sensitivity analyses listed in the previous paragraph were performed.

Parameters	Value	Explanation
Change in interest rates	0.50%	Impact of a parallel rise in the risk-free interest rate curve
Change in interest rates	-0.50%	Impact of a parallel downward movement of the risk-free interest rate curve
Change in bonds credit spreads	50 bps	Impact of an increase in the credit spreads of all bonds
Change in bonds credit spreads	-50 bps	Impact of a decrease in the credit spreads of all bonds
Change in equity prices	25%	Impact of an increase in equity prices
Change in equity prices	-25%	Impact of a decrease in equity prices
Change in property values	25%	Impact of an increase in property prices
Change in property values	-25%	Impact of a decrease in property prices

3.1. Insurance Risk

Insurance risk is defined as the existing or future risk for profits and capital arising from losses or adverse changes in the value of insurance liabilities due to non-suitable assumptions in pricing and reserving. This category includes Non-Life, Life and Health insurance risks.

The following risks are included in insurance risk:



Insurance Risk Underwriting

Insurance risk is identified in the underwriting of insurance risk, as well as in the estimation of insurance technical provisions. The main sources of insurance risk are considered to be deviations from the expected levels of claims incurred, expenses, concentration (geographical, risk, product, etc.), insufficient pricing, the unexpected change in macroeconomic and microeconomic parameters, such as interest rates, inflation, unemployment, income levels (which affect portfolio retention), as well as the unexpected change in biometric parameters of mortality, disability and morbidity.

Insurance Risk Management

Ethniki Insurance sub-Group in order to effectively manage and reduce its exposure to insurance risk takes measures such as:

1. Establishment of policies and procedures for undertaking insurance risks,
2. Principles and predefined procedures for the calculation of technical provisions, taking into account the appropriate accounting and actuarial standards in force, as well as internal and also best practices,
3. Establishment of operational limits and of other practices for maintaining the exposure to risks within the approved limits and also for avoiding unacceptable concentration levels in certain insurance risk types,
4. Principles and predefined procedures for the development and introduction of new products,
5. Establishment of principles and criteria for the selection of suitable counterparties (reinsurers),
6. Procedure for mitigating insurance risk through effective reinsurance, as well as with the use of other techniques where necessary,
7. Existence of adequate systems and procedures for the identification of every source of substantial risk, for monitoring, evaluation (measurement) and reporting of the risks undertaken and the use of corrective actions when necessary,
8. Assessment of insurance risk under extreme conditions.

3.1.1. Life Insurance risk Solvency Capital Requirements

The life insurance portfolio includes individual life insurance (whole-life, endowment, term-life, pure endowment, pension products (annuities) with premium return on death, unit-linked contracts and riders on life insurance policies) as well as group life insurance (temporary, riders attached to life insurance policies, group pension plans).

Mortality Risk

The risk of mortality is related to those insurance liabilities in which an increase in the mortality rate leads to an increase in the value of insurance liabilities.

Products subject to mortality risk include Term-life insurance, endowment insurance, whole-life insurance, as well as life insurance on mortgages insurance.

Longevity Risk

Longevity risk is associated with those insurance liabilities in which a reduction in the mortality rate leads to an increase in the value of insurance liabilities. Contracts subject to longevity risks are pure endowment contracts, annuities with premium return on death.

Disability – Morbidity Risk

The risk of disability or morbidity is associated with the types of insurance that provide for compensations due to morbidity or disability. It is linked to those insurance liabilities in which a change in the level, trend or variability of disability or morbidity rates leads to their increase.

The products that are mainly subject to this risk are the riders of life products; the most significant being waiver of premium coverage.

Lapse Risk

Lapse risk is the risk of loss (or adverse change in the best estimate of liabilities) arising from unforeseen (higher or lower) lapsation rates.

Expense Risk

The risk of expenses is related to those insurance liabilities in which a permanent increase in expenses, but also in the inflation of expenses, leads to an increase in the value of insurance liabilities.

Catastrophe Risk

Catastrophe risk results from catastrophic events, such as pandemics. Solvency capital requirements are calculated from the increase in mortality for the next 12 months.

3.1.2. Health Underwriting Risk Solvency Capital Requirements

The Health Insurance portfolio includes insurance related to income protection coverage due to disability or sickness and medical expenses coverage.

The Health insurance portfolio includes contracts that cover hospital expenses. These contracts are divided into two categories. The first category consists of contracts that provide for an increase in premiums based on specific market indicators, or have a maximum increase limit. For these contracts, the Group calculates long-term liabilities and makes use of the transitional measure for the technical provisions.

The second category includes contracts that provide for an increase in premiums based on their terms.

The health insurance portfolio includes the following risks.

1. Risk in life insurance similar to life insurance,
2. Risk in health insurance similar to non-life insurance,
3. Catastrophe risk in health insurance.

3.1.2.1. Health similar to Life Underwriting Risk

The insurance products that are subject to this risk sub-module are hospitalization products. The capital requirement stems mainly from hospital products which are no longer available for sale, which have a high loss ratio and are subject to restrictions on annual premium increases. Due to these characteristics of the specific hospital programs, the Group calculates their liabilities in the long-term.

Mortality Risk

The risk of mortality is related to insurance liabilities in which an increase in the mortality rate leads to an increase in the value of insurance liabilities.

Longevity Risk

Longevity risk is associated with insurance liabilities in which a reduction in the mortality rate leads to an increase in the value of insurance liabilities.

Disability – Morbidity Risk

The risk of disability or morbidity is one of the most significant risks for the specific portfolio of hospital programs. It is linked to those insurance liabilities in which a change in the level, trend or variability of disability or morbidity rates leads to their increase.

The solvency capital requirements come from the disability – morbidity risk of medical expenses and income protection.

In order to cover medical expenses, the scenario envisages an increase or decrease in medical expenses resulting from a parallel increase or decrease in inflation of medical expenses. Capital requirements arise as the largest amount between the capital requirements of the increase and decrease scenarios.

Lapse Risk

Lapse risk is the risk of loss (or adverse change in the best estimate of liabilities) arising from unforeseen (higher or lower) lapsation rates.

Expense Risk

The risk of expenses is related to those insurance liabilities in which a permanent increase in expenses, but also in the inflation of expenses, leads to an increase in the value of insurance liabilities.

3.1.2.2. Health similar to Non-Life Underwriting Risk

Premium and reserve risk

Premium and reserve risk is defined as the risk of loss or adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of the insured events and in the timing and settlement amount of claims.

3.1.2.3. Catastrophe Risk in Health Insurance

Catastrophe risk in health insurance is defined as the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty in the pricing assumptions and the creation of technical provisions, in relation to serious epidemic outbreaks, as well as the unusual accumulation of risks under such extreme circumstances.

The catastrophe risk is related to the number of insured and the parameters of the mass accident and pandemic scenarios.

3.1.3. Non-Life Insurance Underwriting Risk Solvency Capital Requirement

The non-life insurance portfolio includes products that cover the full range and lines of business of non-life insurance.

The main categories in which the majority of new insurance business focuses are the motor, fire (commercial and industrial risks) lines of business and general third-party liability.

Premium & Reserve Risk

Premium risk is defined as the risk that the premium will not be sufficient to cover the risk undertaken. Reserve risk is defined as the risk of insufficiency of technical provisions formed for receivables created on the valuation date.

Non-Life Catastrophe Risk

Non-life catastrophe risk includes the following sub-modules:

1. the natural disaster risk sub-module,
2. the catastrophic risk sub-module for non-proportional asset reinsurance,
3. the risk of man-made disaster sub-module,
4. the other non-life disaster risks sub-module.

3.2. Market Risk

Market risk is defined as the existing or future risk for profits and capital arising, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

The following risks are included in market risk:



Market Risk Management

Ethniki Insurance sub-Group in order to effectively manage and reduce its exposure to market risk, takes measures such as:

1. establishment of investment policies in line with the business strategy of its entities and the acceptable investment risk limits,
2. establishment of operational limits and of other practices, so as to maintain risk exposures within the approved limits, as well as to avoid unacceptable concentration levels in specific investment types, issuers, etc.,
3. mitigation of investment risk through effective hedging methods, the effectiveness of which is regularly evaluated,
4. adequate systems and procedures for the identification of each substantial source of investment risk, in order to monitor, evaluate (measure) and report risks undertaken allowing corrective actions to be taken when necessary,
5. evaluation of the market risk under extreme conditions. The results of these tests are used for the revision of policies and of the market risk exposure limits.

Ethniki Insurance sub-Group aims at ensuring an adequate level of assurance, quality and liquidity for its assets and invests in such a way so as to take into consideration the characteristics of its liabilities as well as the requirements for returns.

3.2.1. Market Risk Capital Requirement

For the calculation of market risk solvency capital requirement, the Group uses the look through approach, where applicable, for investments in undertakings for collective investment in transferrable securities ("UCITS") and other investment funds.

3.2.1.1. Interest Rate Risk

Interest rate risk arises from the sensitivity of the value of assets and liabilities, to changes in the time structure of interest rates, or to the volatility of interest rates.

Sensitivity Analysis

The Group assessed the impact of changes in interest rate risk factors on its solvency ratio through conducting sensitivity analyses, the results of which are presented in the table below. The impact on 31.12.2023 was calculated using the transitional measures.

Scenarios	Change (€ thousands): Own Capital	Capital Adequacy ratio
Increase of interest rates	1.004	197%
Decrease of interest rates	-3.954	196%

The scenario of falling interest rates would result in the reduction of the solvency ratio by 1 percentage points.

Explanation of the Sensitivity Analysis Parameters

The following table shows the parameters on the basis on which the sensitivity analyses listed in the previous paragraph were performed.

Scenarios	Value	Explanation
Increase of interest rates	0.5%	Impact of a parallel rise in the risk-free interest rate curve by 0.5%.
Decrease of interest rates	-0.5%	Impact of a parallel downward movement of the risk-free interest rate curve by 0.5%.

During the sensitivity analyzes, in order to determine the overall effect on the solvency ratio, the effect on the Group's own funds was taken into account.

3.2.1.2. Equity Risk

Equity risk arises from the sensitivity of the value of assets and liabilities to changes in the level or volatility of equity market prices.

Sensitivity Analysis

The Group assessed the impact of changes in equity risk factors on its solvency ratio through a sensitivity analysis, the results of which are presented in the table below. The impact on 31.12.2023 was calculated using the transitional measures.

Scenario	Change (€ thousands):	Capital Adequacy ratio
	Own Capital	
Increase of equity prices	22.285	204%
Decrease of equity prices	-22.251	190%

The scenario of the decrease of the equity prices would result in the reduction of the solvency ratio by 7 percentage points.

Explanation of the Sensitivity Analysis Parameters

The following table shows the parameters based on which the sensitivity analysis set out in the previous paragraph was performed.

Scenario	Value	Explanation
Increase of equity prices	25%	Impact of an increase in equity prices by 25%, excluding holdings in Garanta and Ethniki Insurance Cyprus.
Decrease of equity prices	-25%	Impact of a decrease in equity prices by 25%, excluding holdings in Garanta and Ethniki Insurance Cyprus.

During the sensitivity analysis, in order to determine its overall effect on the solvency ratio, the effect on the Group's own funds was taken into account.

3.2.1.3. Property Risk

Property risk arises from the sensitivity of the value of assets and liabilities to changes in the level or volatility of property market prices.

Sensitivity Analyses

The Group assessed the impact of changes in property risk factors on its solvency ratio through a sensitivity analysis, the results of which are presented in the table below. The impact on 31.12.2023 was calculated using the transitional measures.

Scenario	Change (€ thousands): Own Capital	Capital Adequacy ratio
Increase in property value	69.084	220%
Decrease in property value	-68.819	175%

The scenario of a reduction in property prices by 25% would result in a reduction in the solvency ratio by 23 percentage points.

Explanation of Sensitivity Analyses Parameters

The following table shows the parameters based on which the sensitivity analysis set out in the previous paragraph was performed.

Scenario	Value	Explanation
Increase in property value	25%	Impact of a 25% increase in property prices.
Decrease in property value	-25%	Impact of a 25% reduction in property prices.

During the sensitivity analysis, in order to determine its overall effect on the solvency ratio, the effect on the Group's own funds was taken into account.

3.2.1.4. Spread Risk

Spread risk arises from the sensitivity of the value of assets and liabilities to changes in the level or volatility of credit spreads, in addition to the time structure of risk-free interest rates.

Sensitivity Analysis

The Group assessed the impact of changes in parameters of spread risk on its solvency ratio, through conducting sensitivity analyses, the results of which are presented in the table below. The impact on 31.12.2023 was calculated using the transitional measures.

Scenarios	Change (€ thousands):	
	Own Capital	Capital Adequacy ratio
Increase of credit spreads	-82.263	170%
Decrease of credit spreads	89.563	227%

The scenario of change of risk factors according to the values described above, would result in the reduction of the solvency ratio by 27 percentage points.

Explanation of Sensitivity Analysis Parameters

The following table shows the parameters on the basis on which the sensitivity analysis (listed in the previous paragraph) was performed.

Scenarios	Value	Explanation
Increase of bond credit spreads	+50 bps	Impact of an increase in the credit spreads of all bonds by 50 bps.
Decrease of bond credit spreads	-50 bps	Impact of a decrease in the credit spreads of all bonds by 50 bps.

During the sensitivity analysis, in order to determine their overall effect on the solvency ratio, both the effect on the Group's own funds and the solvency capital requirements were taken into account.

3.2.1.5. Currency Risk

Currency risk arises from the sensitivity of the value of assets and liabilities to changes in the level or volatility of exchange rates.

3.2.1.6. Market Concentration Risk

The risk of market concentration consists of the additional risks arising either from a lack of diversification in the asset portfolio, or from large exposure to default risk by a single security issuer, or a group of related issuers.

3.3. Credit Risk

Credit risk is defined as the existing or future risk for profits and capital arising from fluctuations in the credit standing of counterparties and debtors to whom the Group is exposed to, or the failure of counterparties and debtors to fulfill the agreed terms.

Credit Risk Management

Ethniki Insurance sub-Group, in order to effectively manage and reduce its exposure to credit risk, takes measures such as:

1. Establishment of time and/or money limits for the payment of premiums, as well as limits on collection rights assigned to intermediaries,
2. Evaluation of the reinsurers before entering into agreements with them and establishment of a minimum limit of their credit rating,
3. Establishment of investment limits that vary according to the credit rating of the counterparties,
4. Acceptance of credit ratings from specific rating agencies for the issuers of financial instruments, as well as for the reinsurers,
5. Evaluation of credit risk under extreme conditions. The results of these tests are used in the revision of policies and of credit risk exposure limits.

Liquidity Risk

Liquidity risk is defined as the existing or future risk for profits and capital arising from the company's inability to meet its obligations, when these become due.

Liquidity Risk Management

Ethniki Insurance sub-Group in order to effectively manage the liquidity risk takes measures briefly such as:

1. Establishment of minimum limits of cash and cash equivalents that permit the smooth operation of the company under normal conditions,
2. Analysis of the short term cash requirements and whether such requirements can be met,
3. Monitoring of the time structure of cash flows from insurance liabilities and from the assets intended to cover these liabilities,
4. Placements in highly liquid financial instruments,
5. Development of plans for confronting extreme liquidity situations.

3.4. Operational Risk

Operational risk is defined as the existing or future risk for profits and capital arising from inappropriate or inadequate internal procedures, human resources and operating systems, or from external factors.

Operational Risk Management

The operational risk management aims at reducing or eliminating its causes, as well as the potential or actual consequences in case that risk events emerge. For this reason, procedures and methodologies are developed that aim to identify, evaluate, measure, manage and document the risk according to the set risk appetite limits.

The following standardization adopted in the operational risk categorization (7 categories) identifies and clarifies its scope, while at the same time forms a common language of communication and culture in terms of risk:

Categories of Operational Risk	Category Description
Internal Fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or Group policy, excluding diversity/ discrimination events, which involves at least one internal party.
External Fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.
Employment Practices and Workplace Safety	Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity / discrimination events.
Clients, Products & Business Practices	Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.
Damage to Physical Assets	Losses arising from loss or damage to physical assets from natural disaster or other events.
Business Disruption and System Failures	Losses arising from disruption of business or system failures.
Execution, Delivery & Process Management	Losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

The Operational Risk Appetite of Ethniki Insurance subsidiary has been revisited to reflect the organizational change and the growth strategy planned in its 3 years BP (2023-2025). The overall risk appetite statement was transformed to the willing to accept calculated operational risk exposure related to new products, services, technology and outsourcing, as defined in each category of risk through risk appetite statements, indicators and limits, to support its strategic vision and targets. The operational risk appetite has been reflected to the followed methodology and both revised documents were agreed with the control functions (Audit, Compliance and Ciso functions) and rolled out to Ethniki Insurance Cyprus subsidiary, in an effort to extend alignment.

A set of risk metrics linked to the risk appetite categories and limitations has been developed while numerous risk indicators have been agreed and measured in a regular basis. In 2023, being the first year of application, the scope was restricted to Ethniki Insurance subsidiary.

A full scope operational risk assessment exercise (RCSA) is conducted on a regular basis, where the business functions identifies the major risks that may affect its operation, and consequently obstruct the achievement of their business objectives. The exercise covers all business processes of the current operating model of Ethniki Insurance subsidiary and the identified risks are classified according to their significance, by examining both their qualitative and quantitative characteristics. After the evaluation of the existing internal controls framework and at a minimum for the risks with medium risk rating and above, action plans are prepared for their mitigation, aiming at restoring the control environment within the acceptable limits. All action plans are monitored on a monthly basis in terms of their implementation progress, emphasizing on the already overdue and those where the expected completion dates are approaching.

According to the Product Development Plan of Ethniki Insurance subsidiary (development of new and modification of existing), a product risk assessment is performed for the identification of new risks arising from the nature and characteristics of the product designed or existing risks that may affected negatively. Actions to mitigate the identified risks are decided and implemented, taking into account the desired launch date and the required implementation timeline.

In addition, when the business need arise in the frame of developments or events , special assessments of operational risk are performed in the content of outsourcing or project risk as well as under a policy or process update.

The risks identified through the risk assessment processes being followed, which exceed the applied operational risk appetite, are treated by risk mitigation measures, designed and agreed to prevent them from occurrence or restrict their impact, while most of the actions are linked to the Company's strategic transformation projects.

The operational risk incidents are collected, even those with zero financial or qualitative effect, in order to enable the Group's subsidiaries to record the maximum potential experience on a continuous basis. Beyond their recording, the identification of the causes that resulted to the occurrence of the incident and the corrective actions, as well as those elements that will prevent its reoccurrence, are the main goal of the procedure. Further, the open incidents are regularly followed up until their closure and the key developments of important ones are communicated to executive and non-executive mgt level.

3.5. Other Risks

3.5.1. Asset – Liability Mismatch Risk

Asset – liability mismatch risk is defined as the existing or future risk for profits and capital arising from the structure of assets and liabilities, as well as from off-balance sheet items. The mismatch may concern the maturity of the items, the interest rates, the repricing frequency, the currencies, as well as the levels and the time structure of the cash flows.

Asset – Liability Mismatch Risk Management

Ethniki Insurance sub-Group in order to effectively manage the asset – liability mismatch risk take measures such as:

1. Establishment of limits for preserving the exposure in asset – liability mismatch risk within the acceptable levels,
2. Principles and monitoring procedures of the assets, liabilities and of the off-balance sheet items, in order to avoid or mitigate unintended mismatches, according to the business strategy and the acceptable risk limits. Assets – liabilities management considers the specificities of the insurance portfolio and considers concentrations, liquidity and dependencies between assets and liabilities,
3. The existence of adequate systems and procedures for the identification of every source of substantial asset – liability mismatch risk, for monitoring, evaluation (measurement) and reporting of the risks undertaken, as well as the initiation of corrective actions when necessary,
4. Assessment of the relationship among assets and liabilities under extreme conditions. The results are taken into account in the establishment or revision of policies and of acceptable asset – liability mismatch limits.

3.5.2. Concentration Risk

Concentration risk is defined as the existing or future risk for profits and capital arising from the low dispersion, thus the concentration of assets or insurance liabilities in individual items of assets

or liabilities, taken into account the economic sector or geographical area, the counterparty or a group of affiliated counterparties, etc.

Concentration Risk Management

Concentration risk is monitored and managed through the individual risk management policies, acknowledging that this specific risk increases the exposure levels of the various identified risks, like the market risk, the insurance risk, the credit risk, the operational risk, etc.

3.5.3. Reputation Risk

Reputation risk is defined as the existing or future risk for profits or capital arising from the formation of a negative public perception for the Group among clients, counterparties, shareholders, investors or supervisory authorities.

Reputation Risk Management

Ethniki Insurance sub-Group in order to effectively manage the potential reputation risk, but also to retain and reinforce its reputation as a creditworthy and socially responsible insurer, sets up a number of internal activities which are summarized in the following:

1. Reputation risk is assessed in the strategy setting, and ORSA processes to ensure that it is thoroughly understood and risks are identified promptly and controlled/mitigated satisfactorily,
2. Assesses beforehand potential reputational impact of all new business activities including new product initiatives, new marketing campaigns, changes in strategy,
3. Develops insurance products characterized by clarity and transparency and adopts appropriate business practices for their promotion with professionalism, based on the provisions of the respective regulatory framework,
4. Specially examines the reputation risk in the applied by it operational and compliance risk framework,
5. Applies a wide modern system of handling claims, complaints and requests of its clients as well as of its partners,
6. Develops a cyber security framework and actively manages risk related to data leakage, data privacy and misuse of customer data,
7. Maintains a set of ethics and conduct regulations that ensure the acknowledgement / acceptance from all involved parties of both the required standards, as well as of the consequences of any breaches.

3.5.4. Strategic Risks

The strategic risk is the existing or future risk for profits and capital arising from changes in the business environment and ineffective response to these changes, poor business decisions, or inadequate implementation of these decisions.

The Group constantly assesses developments in its business environment and manages the strategic risk within the procedures related to the strategic planning and ORSA processes, to ensure that it is thoroughly understood and risks to the strategy are identified and assessed properly, controlled and monitored satisfactorily. Stress tests and sensitivity analyses are carried out to examine, among other issues, the effect of changes in business environment parameters to solvency and the feasibility of achieving its business plans.

3.5.5 Sustainability Risk

Sustainability risks are defined as the risks arising from events or circumstances in the environmental or social field, or in the Group's governance which, if materialized, could have an actual or potentially material adverse effect on the value of the assets, liabilities, the reputation and, consequently, the financial robustness of the Group.

Sustainability risks interact with other risk categories and are managed under risk manuals and procedures applicable to insurance, investment and operational risks.

Ethniki Insurance sub-Group assesses sustainability risks, monitors the relevant regulatory developments, and develops an integrated "ESG" risk management framework.

3.6. Other information

3.6.1. Reinsurance Policy

The Group, aiming at reducing the insurance risk for the period of its business plan, enters into reinsurance agreements with appropriate and creditworthy reinsurers (credit rating of at least A- from the international rating agencies S&P's, Moody's, Fitch and A.M. Best).

The type of reinsurance contracts varies according to the risk profile, the portfolio size, the level of own retention, the underwriting cost and the terms of cover.

4. Valuation for Solvency Purposes

The Group values assets and liabilities and estimates technical provisions in accordance with Chapter VI, section 1 and 2 of Directive 2009/138/EC of the European Parliament and of the Council.

The table below sets out the reclassifications and adjustments between the consolidated Balance Sheet of the Group in accordance with IFRS and Solvency II. The nature of each reclassification and adjustment is analyzed subsequently in this chapter.

Balance Sheet 31.12.2023 (€ in thousands)	Note	Financial Statements (IFRS)	Reclassifications	Adjustments	Solvency II value
Assets					
Intangible assets	4.1.1	103.909	(387)	(103.523)	-
Deferred acquisition costs		-	-	-	-
Deferred tax assets	4.1.2	210.390	-	(67.111)	143.279
Property, plant & equipment held for own use	4.1.3	134.169	3.940	9.711	147.821
Investments (other than assets held for index-linked and unit-linked contracts)		2.828.814	70.483	(45.190)	2.854.107
Property (other than for own use)	4.1.4	36.973	46.293	17.437	100.704
Holdings in related undertakings, including participations	4.1.5	-	23.534	11.367	34.901
Equities	4.1.6	63.470	(625)	-	62.845
Equities - listed		29.908	(625)	-	29.283
Equities - unlisted		33.563	-	-	33.563
Bonds	4.1.7	2.219.935	784	(73.995)	2.146.724
Government Bonds		1.801.262	(3.597)	(72.105)	1.725.561
Corporate Bonds		418.673	4.380	(1.890)	421.163
Collective Investments Undertakings	4.1.8	501.805	(6.827)	-	494.978
Derivatives	4.1.9	358	-	-	358
Deposits other than cash equivalents	4.1.10	6.273	7.324	-	13.597
Assets held for index-linked and unit-linked contracts	4.1.11	614.435	(40.501)	-	573.934
Loans and Mortgages	4.1.12	21.563	-	1.593	23.157
Reinsurance recoverables:	4.1.13	132.427	(935)	(31.768)	99.724
Non-life and health similar to non-life		120.090	8.547	(31.603)	97.034
Non-life excluding health		120.030	8.547	(32.919)	95.658
Health similar to non-life		60	-	1.316	1.376

Life excluding health and index-linked and unit-linked		12.337	(9.482)	(166)	2.690
Deposits to cedants	4.1.14	-	108	-	108
Insurance and intermediaries receivables	4.1.15	54.369	(743)	-	53.626
Reinsurance receivables	4.1.14	3.550	635	-	4.185
Receivables (trade, not insurance)	4.1.16	42.872	-	-	42.872
Cash and cash equivalents	4.1.17	52.491	(19.623)	-	32.868
Any other assets, not elsewhere shown	4.1.18	87.871	(78.652)	-	9.218
Total Assets		4.286.859	(65.674)	(236.287)	3.984.897

Balance Sheet 31.12.2023 (€ in thousands)	Note	Financial Statements (IFRS)	Reclassifications	Adjustments	Solvency II value
Liabilities					
Technical provisions – non-life	4.2	594.840	(13.015)	(81.786)	500.039
Technical provisions – non-life (excluding health)	4.2	421.947	(10.904)	(81.644)	329.399
Technical provisions calculated as a whole		-	-	-	-
Best Estimate					309.608
Risk margin					19.791
Technical provisions - health (similar to non-life)	4.2	172.893	(2.111)	(142)	170.640
Technical provisions calculated as a whole					-
Best Estimate					146.478
Risk margin					24.163
Technical provisions - life (excluding index-linked and unit-linked)	4.2	2.237.502	(11.578)	(393.690)	1.832.234
Technical provisions - health (similar to life)	4.2	557.836	-	(330.359)	227.477
Technical provisions calculated as a whole					-
Best Estimate					167.555
Risk margin					59.922
Technical provisions – life (excluding health and	4.2	1.679.666	(11.578)	(63.331)	1.604.756

index-linked
and unit-linked)

Technical provisions calculated as a whole					-
Best Estimate					1.559.923
Risk margin					44.833
Technical provisions – index-linked and unit-linked		688.084	(45.946)	(14.362)	627.776
Technical provisions calculated as a whole					-
Best Estimate					624.003
Risk margin					3.772
Other technical provisions	4.2	61.396	(61.396)	-	-
Contingent liabilities	4.3.1	-	-	-	-
Provisions other than technical provisions		-	-	-	-
Pension benefit obligations	4.3.2	43.363	-	5.125	48.488
Deposits from reinsurers	4.3.3	-	8.695	-	8.695
Deferred tax liabilities		-	-	-	-
Derivatives		-	-	-	-
Liabilities to credit institutions		-	-	-	-
Financial liabilities excluding liabilities to credit institutions		2.293	(1.022)	-	1.272
Insurance & intermediaries payables	4.3.4	26.300	(195)	-	26.106
Reinsurance payables	4.3.5	26.263	(180)	-	26.082
Payables (trade, not insurance)	4.3.6	13.087	(1.988)	-	11.099
Subordinated liabilities	4.3.7	177.171	-	-	177.171
Subordinated liabilities not in Basic Own Funds		177.171	(177.171)	-	-
Subordinated liabilities in Basic Own Funds		-	177.171	-	177.171
Any other liabilities, not elsewhere shown	4.3.8	121.978	60.950	-	182.928
Total liabilities		3.992.277	(65.674)	(484.713)	3.441.890
Excess of assets over liabilities		294.581	-	248.426	543.007

For assets and liabilities which are measured at fair value in accordance with IFRS, no further adjustments are performed. The remaining assets and liabilities, are adjusted at fair value. Technical provisions are measured in accordance with the valuation rules of technical provisions.

In 2023, the Group has implemented IFRS 17 and IFRS 9 for the first time, adjusting comparatives in 2022 for IFRS 17. The implementation has significantly impacted the accounting figures disclosed. IFRS amounts are not audited, as the audit process by the Group statutory auditors remains ongoing. In this section, all IFRS figures are presented in accordance with IFRS 17 and IFRS 9. It should be noted that the Group IFRS financial statements included in this SFCR have been prepared using IFRS financial statements of the Cypriot subsidiaries that have not been adjusted for the Purchase Price allocation but the effect is considered immaterial.

The deferred purchase price payable to the seller is included within "Any other liabilities, not elsewhere shown" and is subject to remeasurement at each balance sheet date on a fair value basis.

4.1. Assets

4.1.1. Intangible Assets

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Intangible assets	103.909	(387)	(103.523)	-

Intangible assets are measured at amortized cost (depreciation method on a straight-line basis over their estimated useful lives) per IFRS, and amount to €103,8m, whereas according to Solvency II they are not recognized, as they cannot be evaluated separately, since there is no price in active markets for these or similar intangible assets.

The reclassification of (€0,4m) relates to intangible assets of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.1.2. Deferred tax assets

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Deferred tax assets	210.390	-	(67.111)	143.279

Deferred tax asset per IFRS amount to €210,4m, and are calculated based on the temporary differences between the values of the assets and liabilities based on IFRS and the balances calculated under the existing tax laws and regulations.

The same accounting treatment has been applied in Solvency II, where Deferred tax is calculated based on the differences between the values of the assets and liabilities based on Solvency II valuation and the balances calculated under the existing tax regime.

The assessment of the recoverability of the deferred tax asset is based on the business plan of each related undertaking.

4.1.3. Property, plant & equipment held for own use

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Property, plant & equipment held for own use	134.169	3.940	9.711	147.821

Property held for own use consists of land, buildings, vehicles and equipment, as well as assets under construction which are measured at book values, in IFRS, acquisition cost less accumulated depreciation and impairment.

In addition, the book value of €1,3m of the right-of-use assets and vehicles (IFRS 16) is included.

The IFRS book value of property held for own use amounts to €134,2m and is adjusted by €9,7m to €147,8m in the Solvency II balance sheet.

The reclassification of €3,9m relating to

- a) Property, plant & equipment held for own use of the related undertakings in Cyprus (€4,1m), which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.
- b) Assets held for sale: €8,0m.

The fair value of land and buildings was determined by independent authorized appraisers.

The remaining categories of tangible assets (plant and equipment) for Solvency II purposes, are measured at book values (acquisition cost less accumulated depreciation) as they reflect the best estimate of their market value.

4.1.4. Property – other than own use

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Property-other than for own use	36.973	46.293	17.437	100.704

In the IFRS accounts, investment property is measured at amortized cost and amounts to €37,0m for Solvency II it is adjusted by €17,4m to a fair value of €100,7m.

The reclassification of €46,3m concerns the book value of assets held for sale.

The fair value of land and buildings was determined by independent authorized appraisers.

4.1.5 Holdings in related undertakings, including participations

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Holdings in related undertakings, including participations	-	23.534	11.367	34.901

Holdings in related undertakings, including participations, include investments by the Group amounting to €23,5m in Group IFRS (on an individual basis) i.e. at cost less any impairments, and are adjusted by €11,4m to a fair value of €34,9m i.e. their Solvency II value.

The value of participations in Cyprus and Romania, is measured as the share held by the Participant in their Solvency II eligible own funds.

Reclassifications concern the related entities in Cyprus, as all their assets and liabilities are reclassified to this caption due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.1.6 Equities

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Equities – Listed	29.908	(625)	-	29.283
Equities – Unlisted	33.563	-	-	33.563
Total	63.470	(625)	-	62.845

According to IFRS, equities are measured at fair value and thus no adjustment is required for Solvency II.

It should be noted that the Company owns equities listed on the Athens stock exchange, as well as unlisted equities. Listed equities are valued based on closing market prices.

Unlisted equities relate to investments in "Private / Infrastructure Equity Funds" and are valued based on the level of participation of the Company in the Equity fund. The valuation method of private equity funds is based on their Balance sheet prepared in accordance with the principles of International Financial Reporting Standards and is accompanied by a Statutory Auditor Certificate.

The reclassification of (€0,6m) relating to equities of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.1.7 Bonds

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Government bonds	1.801.262	(3.597)	(72.105)	1.725.561
Corporate bonds	418.673	4.380	(1.890)	421.163
Total	2.219.935	784	(73.995)	2.146.724

All bonds are measured at fair value. Their valuation method is disclosed below and varies according to the level in which they are categorized:

- a. Level 1: Are valued according to the quoted price in an active market
- b. Level 2: Are valued according to:
 - i. quoted price for similar assets or liabilities in an active market;
 - ii. quoted price for same assets in markets considered inactive; and
 - iii. observable data other than quoted prices ex. Interest rates and yield curves;
- c. Level 3: Are valued based on models whose parameters include prices which do not result from directly observable market data. The valuation of these bonds is carried out as follows:
 - i. based on the interest rate swap curve of euro, the corresponding zero-coupon yield curve is calculated and subsequently the corresponding future flows curve,
 - ii. based on historical data, volatility of interest rates and fixed interest rates of each issue, the cash flows of each security are calculated until maturity date.

The aforementioned cash flows are discounted using the zero-coupon yield curve, plus the credit margin of the issuer which corresponds to the period until the maturity of the security. The sum of the discounted cash flows is the fair value of the security.

Government Bonds

Government Bonds include bonds which are classified as follows in IFRS:

- a. "Securities at amortized cost" amounting to €861m which according to IFRS are measured at book value and are re-adjusted for Solvency II purposes by €(84,4m), in order to be measured at fair value,

- b. "Securities at fair value through OCI" amounting to €829,7m which according to IFRS are measured at fair value. No adjustment is required for Solvency II,
- c. "Securities at fair value through Profit & Loss" amounting to €88,5m which according to IFRS are measured at fair value. No adjustment is required for Solvency II.

The re-classification of (€3,6m) relates to:

- a) An amount of €18,5m to the transfer of accrued interests from "Other assets" to the Government bonds,
- b) An amount of (€22,1m) relates to equities of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

Corporate Bonds

Corporate Bonds include bonds which are classified in IFRS as follows:

- a. "Securities at amortized cost" amounting to €153,2m, which according to IFRS are measured at book value and are re-adjusted for Solvency II purposes by (€10m), in order to be measured at fair value,
- b. "Securities at fair value through OCI" amounting to €16,8m which according to IFRS are measured at fair value. No adjustment is required for Solvency II,
- c. "Securities at fair value through Profit & Loss" amounting to €248,7m which according to IFRS are measured at fair value. No adjustment is required for Solvency II.

The re-classification of €4,4m relates to the transfer of accrued interest from "Other Assets" to the corporate bonds as shown in the table below.

(€ in thousands)	Government Bonds	Corporate Bonds	Any other assets, not elsewhere shown
Reclassification 1	18.492	-	(18.492)
Reclassification 2	-	4.380	(4.380)
Total	18.492	4.380	(22.872)

4.1.8. Collective investment undertakings

(€ in thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Collective Investments Undertakings	501.805	(6.827)	-	494.978

Investments in Collective Undertakings include

- mutual funds that are measured, for IFRS purposes, as well as for Solvency II at fair value and as a result no further adjustment is required from IFRS and
- investments in "Private Credit Funds" amounting to € 29,5m that are valued based on the level of participation of the Group in the Equity fund. The valuation method of private equity funds is based on their Balance sheet prepared in accordance with the principles of International Financial Reporting Standards and is accompanied by a Statutory Auditor Certificate.

The reclassification of (€6,8m) relates to the Collective investment undertakings of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.1.9. Derivatives

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Derivatives	358	-	-	358

According to IFRS, derivatives are measured at fair value and so no further adjustment is required for Solvency II.

The Group owns warrants of Greek Government Bonds that resulted from the PSI and were adjusted at fair value based on their market value.

4.1.10. Deposits other than cash equivalents

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Deposits other than cash equivalents	6.273	7.324	-	13.597

Deposits are measured at cost which reflects the best estimate of their market value.

Due to their short duration, time deposits are classified as cash equivalents for IFRS purposes, whereas for Solvency II purposes, they are to be classified as "deposits", other than cash equivalents.

The reclassification of €7,3m relates to:

- a) An amount of (€6,3m) relating to Deposits other than cash equivalents of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.
- b) An amount of €13,6m in NBG as well as in other Greek banks, with a duration of up to three months as at 31.12.2023 are reclassified to long term deposits.

4.1.11. Assets held for Unit-Linked contracts

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Assets held for Unit-Linked contracts	614.435	(40.501)	-	573.934

According to IFRS, assets held for Unit-Linked contracts are measured at fair value and thus no further adjustment is required for Solvency II.

The reclassification of (€40,5m) relates to Assets held for Unit-Linked contracts of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.1.12. Loans and Mortgages

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Loans and mortgages	21.563	-	1.593	23.157

Mortgage and consumer loans to employees, agents and life policy holders have been measured at fair value under IFRS as at the date of the transfer of shares of Ethiki Insurance to the Participant, which is considered to approximate their fair value as at 31.12.2023.

4.1.13. Reinsurance Recoverables

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Non-life and Health (similar to non-life)	120.090	8.547	(31.603)	97.034
Non-life excluding health	120.030	8.547	(32.919)	95.658
Health similar to non-life	60	-	1.316	1.376
Life excluding health and Unit-Linked	12.337	(9.482)	(166)	2.690
Total	132.427	(935)	(31.768)	99.724

Reinsurance assets are measured in accordance with IFRS as the ceded unearned premium reserve and discounted present value of cash flows from incurred claims plus risk adjustment.

For Solvency II, Reinsurance Recoverables are valued in accordance with the provisions of Section 2 of Chapter VI of Directive 2009/138/EC.

An amount of €8,6m corresponds to withheld reserves which are included in deposits from reinsurers under Solvency II, whereas under IFRS they are netted off from reinsurance recoverables.

The reclassification of (€9,4)m relates to Reinsurance Recoverables of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

Adjustments of €32.8m are due to the different valuation methodologies (expected claims and expenses in Solvency II compared to ceded UPR in IFRS), the use of a different discount curve and the different confidence level used for the calculation of the Risk Margin and Risk Adjustment (99.5% in Solvency II compared to 80% in IFRS respectively).

4.1.14. Reinsurance receivables and deposits to cedants

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Deposits to cedants	-	108	-	108
Reinsurance receivables	3.550	635	-	4.185
Total	3.550	743	-	4.293

Deposits to cedants are valued according to the terms of the reinsurance contract and no adjustment is made for Solvency II. The reclassification of €0,8m million is split down as follows:

- a. €0,1m it regards the transfer of the reinsurers' share from line "Insurance and Intermediaries Receivables" to that of "Deposits to Cedants",

- b. €0,6m regards the transfer of the fund "Reinsurance Receivables" to that of "Insurance and Intermediaries Receivables"

Reinsurance receivables are also measured at cost as the best estimate of their fair value.

4.1.15. Insurance and intermediaries receivables

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Insurance and intermediaries receivables	54.369	(743)	-	53.626

Insurance and Intermediaries receivables, which also include reinsurance receivables, are measured under IFRS according to the assessment of the collectability of the relevant amounts. An assessment of the premium receivables is conducted based on the based on the aging of the balances, in an individual as well as in a group basis.

In the balance sheet, according to Solvency II, the reclassifications of €0,7m are broken down as follows:

- a. €0,1m, relate to the reserves of the conventional reinsurance withdrawals which in the IFRS are included in the balances from reinsurance activities (item "Recoverable amounts from Reinsurance"), which in the balance sheet according to Solvency II are included in the best estimate of technical reserves,
- b. €0,6m relates to reinsurance receivables from inward reinsurance activities that for Solvency II reasons, it is reclassified and presented separately in the fund "reinsurance receivables",

4.1.16. Receivables (trade, not insurance)

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Receivables (trade, not insurance)	42.872	-	-	42.872

Receivables not related to insurance operations of the Group.

For IFRS, as well as for Solvency II purposes, they are measured at cost as a best estimate of their fair value, and thus no adjustments is required.

4.1.17. Cash and cash equivalents

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Cash and cash equivalents	52.491	(19.623)	-	32.868

For IFRS purposes, cash equivalents include demand deposits, as well as time deposits up to three months long.

For Solvency II purposes only demand deposits are included, thus, time deposits are reclassified to the line item "Deposits other than Cash equivalents".

The reclassification of €19,6m includes €6m relating to Cash and cash equivalents of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are

subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.1.18. Any other assets, not elsewhere shown

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Any other assets, not elsewhere shown	87.871	(78.652)	-	9.218

Other assets are measured at cost, which approximates fair value, and include, according to IFRS the main withholding income taxes and accrued interest of the investment portfolio. The reclassification relates to €22,9m in respect of the transfer, for Solvency II purposes, of the accrued interest to the assets from which they result, as mentioned above, and is broken down as follows:

(€ thousands)	
Government Bonds	18.492
Corporate Bonds	4.380
Sight Deposits	20
Total	22.892

Of the remaining amount of the reclassification, an amount of €54,3m relates to property held for sale, and is reclassified from "Any other assets, not elsewhere shown" to "Property, plant & equipment held for own use" and "Property - other than for own use" (Notes 4.1.3 and 4.1.4), and an amount of €1,5m relates to amounts in respect of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.2. Technical Provisions

(€ in thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Technical provisions – Non-Life	594.840	(13.015)	(81.786)	500.039
Technical provisions – non-life (excluding health)	421.947	(10.904)	(81.644)	329.399
Best Estimate	-	-	-	309.608
Risk margin	-	-	-	19.791
Technical provisions - health (similar to non-life)	172.893	(2.111)	(142)	170.640
Best Estimate	-	-	-	146.478
Risk margin	-	-	-	24.163
Technical provisions - Life (excluding Unit-Linked)	2.237.502	(11.578)	(393.690)	1.832.234
Technical provisions - health (similar to life)	557.836	-	(330.359)	227.477
Best Estimate	-	-	-	167.555
Risk margin	-	-	-	59.922
Technical provisions – Life (excluding health and Unit-Linked)	1.679.666	(11.578)	(63.331)	1.604.756
Best Estimate	-	-	-	1.559.923
Risk margin	-	-	-	44.833
Technical provisions – Unit-Linked	688.084	(45.946)	(14.362)	627.776
Best Estimate	-	-	-	624.003
Risk margin	-	-	-	3.772
Other technical provisions	61.396	(61.396)	-	-

Insurance Liabilities according to IFRS 17 are valued according to the following:

1. For short term contracts
 - Unearned premium and deferred acquisition cost,
 - Present Value of cash flows for outstanding claims and
 - Risk Adjustment
2. For long term contracts
 - Present Value of future cash flows, and
 - Risk Adjustment
 - Contractual Service Margin

For Solvency II, Reinsurance Recoverables are valued in accordance with the provisions of Section 2 of Chapter VI of Directive 2009/138/EC.

The reclassifications made to Technical Provisions are as follows:

- a. (€13m), (€11,6m) and (€45,9m) relating to amounts in respect of the related undertaking in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertaking.
- b. (€61,4m) regards mostly claims reserves that have been settled but have not been received by the beneficiaries, which is included in the insurance reserves of the IFRS line "Other technical provisions", whereas on the balance sheet according to Solvency II, it is included in the "Other liabilities" category.

Technical provisions, in IFRS include liabilities from contracts that have been classified as investment contracts as well as the deposit components of insurance contracts, that have been separated according to IFRS 17, as follows:

- a. Technical provisions – Life (excluding health and Unit-Linked): €1.110,2m
- b. Technical provisions – Unit-Linked: €2,4m

4.2.1. Technical provisions Non-Life (including health)

The technical provisions in IFRS are based on IFRS 17, taking into account proper demographic and economic assumptions for the estimation of future cash flows of the portfolio and their discounting.

The adjustment of (€81,7m) is due to

- the different valuation methodologies (expected claims and expenses in Solvency II compared to UPR net of DAC in IFRS),
- the use of a different discount curve and
- the different confidence level used for the calculation of the Risk Margin and Risk Adjustment (99,5% in Solvency II compared to 80% in IFRS respectively),
- The recognition of a CSM on the portfolio of acquired claims under settlement.

4.2.2. Technical provisions - Health (similar to Non-Life)

The amounts between IFRS and SII are fairly similar with a minor adjustment of (€0,1m).

4.2.3. Technical provisions Health similar to Life

According to the decision No. 269/5/09.05.2018 of the CIIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016, the transitional measure was set at €205,8m. The reduction of the technical provisions relates to the liability of the health legacy portfolio with a restriction on premium adjustment and is amortized linearly over a sixteen (16) year period. As at 31.12.2023 the unamortized value of the transitional measure on technical provisions amounting to €115,7m (i.e. 9/16 of the initial amount of the transitional measure of €205,8m) and for 2024 will amount to €102,9m (i.e. 8/16 of €205,8m).

The adjustment of (€330,4m) is mainly due to the use of transitional measures in SII amounting to €115,7m, to the recognition of a CSM (Contractual Service Margin) in certain portfolios of contracts, to the inclusion of the host contract liability in the technical provision in accordance with IFRS, where the lowest unit of account is the contract, as opposed to Solvency II where only the liability relating to the Health cover is recognized. To a lesser extent, the adjustment is due to the use of a different discounting curve.

4.2.4 Technical provisions – Life other than Unit-Linked

The adjustment of (€63,3m) is due mainly to the use of a different discount curves in contracts which are classified as investment contracts under IFRS.

4.2.5 Technical provisions – Unit-Linked

The adjustment of (€14,4m) is due mainly to the recognition of a CSM under IFRS.

4.3. Other Liabilities

4.3.1. Contingent liabilities

The possibility that third party claims against the Group are successful is minimal to non-existent, other than claims that have been provided for. Thus the contingent liabilities are considered immaterial for Solvency II purposes.

4.3.2. Pension Benefit Obligations

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Pension benefit obligations	43.363	-	5.125	48.488

The above line item includes group contract liabilities of defined benefits and contributions towards personnel, as well as provision for Staff Leaving Indemnity.

DAF contracts, of a defined benefit and/or contribution plan, a lump-sum benefit/pension is paid to each employee upon leaving, unless he / she has or will receive in the future a relevant benefit for his / her disability from a DAF contract. These contracts cover death, permanent total disability due to illness, and permanent total or partial disability due to an accident.

4.3.3. Deposits from Reinsurers

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Deposits from reinsurers	-	8,695	-	8,695

For balance sheet purposes based on Solvency II, deposits from reinsurers appear separately, while in IFRS they are offset against "Reinsurance receivables". The reclassification of €8,7m corresponds to the transfer of reinsurance share from reinsurance receivables (line item "reinsurers recoverables") to liabilities (line item "Deposits from reinsurers").

4.3.4. Insurance and intermediaries payables

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Insurance & intermediaries payables	26,300	(195)	-	26,106

This line item includes the liabilities connected with insurance and reinsurance transactions. For IFRS and Solvency purposes, they are measured at cost as a best estimate of their fair value, the reclassification of (€0,2m) relating to Insurance and Intermediaries payables of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.3.5. Reinsurance payables

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Reinsurance payables	26,263	(180)	-	26,082

The reclassification of (€0,1m), regards the reinsurers' share to recoverable losses and for the presentation of IFRS it is classified as a liability (line "Reinsurance payables"), while for Solvency II purposes it is classified separately to "Claims from Reinsurers" (line "recoverables from reinsurance"), considering that it is included in the best estimate of technical provisions and the reclassification of (€0,03m) relating to Reinsurance payables of the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.3.6. Payables (trade, not insurance)

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Payables (trade, not insurance)	13,087	(1,988)	-	11,099

This line item includes liabilities connected to matters unrelated to the insurance activities of the Group. For IFRS purposes as well as Solvency II purposes they are measured at cost as a best estimate of their fair value, the reclassification of (€1,9m) relating to Payables (trade, not insurance) of the related undertakings in Cyprus, which are reclassified to "Holdings in related

undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

4.3.7. Subordinated liabilities in basic own funds

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Subordinated liabilities not in Basic Own Funds	177.171	(177.171)	-	-
Subordinated liabilities in Basic Own Funds	-	177.171	-	177.171
Total	177.171	-	-	177.171

Subordinated liabilities in BOF are measured at fair value. They include a) €50m (includes interest €0,05m) in "Tier 1 – Restricted" of the basic own funds and b) €125m (includes interest €2,1m) in Tier 2 – Basic Own Funds, according to the result of the application of quantitative limits of Article 98 of the Directive 2009/138/EC of the European Parliament and of the Council.

4.3.8. Any other liabilities, not elsewhere shown

(€ thousands)	IFRS	Reclassifications	Adjustments	Solvency II value
Any other liabilities, not elsewhere shown	121.978	60.950	-	182.928

Out of total reclassifications, €61m related to benefits that have matured but have not been claimed by their beneficiaries, these are included in the insurance reserves in IFRS, whereas in the balance sheet according to Solvency II, they are included in "Other liabilities". An amount of (€0,5m) concerns the related undertakings in Cyprus, which are reclassified to "Holdings in related undertakings, including participations", due to the use of method 2 (deduction and aggregation). Participations are subsequently adjusted to the Participant's share in the Eligible Own Funds of the said related undertakings.

"Other Liabilities not elsewhere shown" includes an amount of €56m representing the fair value as at 31.12.2023 of the additional deferred consideration that the Participant may pay to NBG on the fifth anniversary of date that the shares of Ethniki Insurance were transferred to the Participant. The deferred consideration is subject to the future performance of Ethniki Insurance.

4.4. Other valuation methods

The Group does not use alternative valuation methods.

4.5. Other information

There is no other significant information to be mentioned, regarding the valuation for Solvency II purposes.

5. Capital Management

The primary objective of Capital Management is the optimization of the correlation between risk and return, securing capital adequacy supervision, as well as the dividend policy, profits and growth support.

In particular, through Capital Management the Group aims at:



To effectively monitor the capital position, capital adequacy limits on the solvency ratio are set in a Capital Management Policy that has been established by Ethniki Insurance, which is the main driving undertaking of the Group's capital and solvency capital requirements.

The Solvency Ratio as at 31.12.2023 is 197%, using the adjusted curve and the transitional measures, compared to 201% as at 31.12.2022. Without using the transitional measures on technical provisions, but with the transitional measures for equity and the volatility adjusted curve amounts to 159% compared to 161% at 31.12.2023 and 31.12.2022, respectively.

Solvency Ratio (€ thousands)	With VA and using transitional measures on technical provisions		With VA and excluding transitional measures on technical provisions		With Risk Free Rate	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Eligible own funds to cover the SCR	599.909	659.167	484.166	530.565	450.544	493.373
SCR	304.312	328.660	304.312	328.660	308.497	329.571
Solvency Ratio	197%	201%	159%	161%	146%	150%

Taking into account the figures by using the volatility adjustment to the relevant risk-free interest rate term structure and those with risk-free interest rate term structure, a decrease of the volatility adjustment to zero to the relevant risk-free interest rate term structure, would result in the reduction of eligible own funds by €33,6m at 31.12.2023.

Impact of transitional measures on technical provisions

According to the decision No. 269/5/09.05.2018 of the CIIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016, the transitional measure on technical provisions for Ethniki Insurance was set at €205,8m. The reduction of the technical provisions relates to the liability of the health legacy portfolio with a restriction on premium adjustment and is amortized linearly over a sixteen (16) year period. As at 31.12.2023 the unamortized value of the transitional measure on technical provisions amounting to €115,7m (i.e. 9/16 of the initial amount of the transitional measure of €205,8m) and for 2024 will amount to €102,9m (i.e. 8/16 of €205,8m).

5.1. Own Funds

To secure the obligations related to the potential deferred considerations to be paid by the Participant to NBG on the fifth anniversary of the date that the shares of Ethniki Insurance were transferred to the Participant (see chapter 4.3.8), the Participant entered on 31 March 2022 into a Luxembourg law governed share pledge agreement between Ethniki Holdings Ltd as pledger, NBG as pledgee and the Participant as the company whose shares are pledged.

Tier I capital consists of paid-up share capital not subject to the pledge agreement mentioned above, share premium, reconciliation reserve and the subordinated loan of €50m that Ethniki Insurance has issued to NBG.

Tier II capital consists of the share capital of the Participant that is not subject to the pledge agreement mentioned above and the subordinated loan of € 127,1m that Ethniki Insurance has issued to NBG.

Tier III capital comprises of net deferred tax assets.

The tables below present the structure of own funds per tier and its respective eligibility as at 31.12.2023 and 31.12.2022.

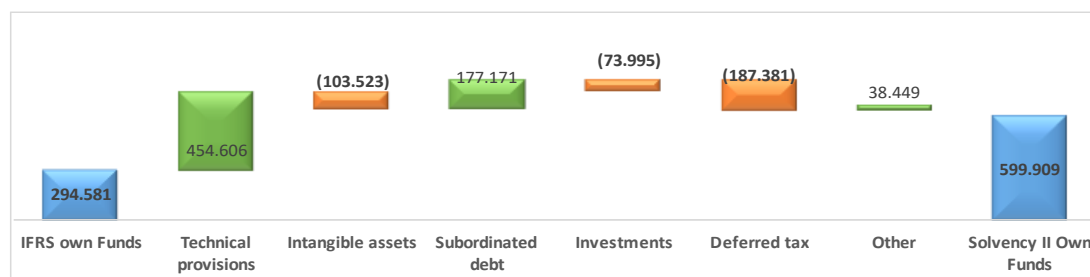
31.12.2023	Tier 1		Tier 2		Tier 3		Total	
(€ thousands)	Available	Eligible	Available	Eligible	Available	Eligible	Available	Eligible
Paid-up share capital	225	225	2.025	2.025	-	-	2.250	2.250
Share Premium	183.870	183.870	-	-	-	-	183.870	183.870
Surplus Funds	-	-	-	-	-	-	0	0
Reconciliation reserve	213.608	213.608	-	-	-	-	213.608	213.608
Subordinated liabilities	50.050	50.050	127.122	127.122	-	-	177.171	177.171
Net deferred tax assets	-	-	-	-	143.279	23.009	143.279	23.009
Total	447.753	447.753	129.147	129.147	143.279	23.009	720.179	599.909

31.12.2022	Tier 1		Tier 2		Tier 3		Total	
(€ thousands)	Available	Eligible	Available	Eligible	Available	Eligible	Available	Eligible
Paid-up share capital	225	225	2.025	2.025	-	-	2.250	2.250
Share Premium	183.870	183.870	-	-	-	-	183.870	183.870
Surplus Funds	-	-	-	-	-	-	0	0
Reconciliation reserve	260.742	260.742	-	-	-	-	260.742	260.742
Subordinated liabilities	50.000	50.000	125.000	125.000	-	-	175.000	175.000
Net deferred tax assets	-	-	-	-	121.441	37.305	121.441	37.305
Total	494.837	494.837	127.025	127.025	121.441	37.305	743.303	659.167

As observed, the available own funds at 31.12.2023 amounted to €720,2m, compared to the eligible own funds of €599,9m as at the same date. The difference is the result of the application of quantitative restrictions on eligibility on the net deferred tax assets (Tier 3 own funds).

5.1.1. IFRS & Solvency II Own Funds as at 31.12.2023

The diagram below depicts the comparison of assets and liabilities between IFRS and Solvency II at 31.12.2023. Detailed information is provided in section 4 "Valuation for Solvency Purposes".

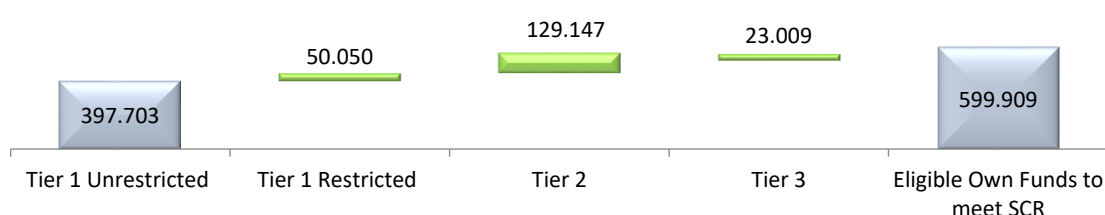


The main differences between own funds according to IFRS and own funds according to Solvency II valuation principles, are the following:

- Measurement of investment and property at fair value, due to valuation at fair value of the overall investment portfolio (increase in IFRS Own Funds by €74m,
- Difference in technical provisions by €454,6m due mainly to applying transitional measures under Solvency II and recognizing a CSM under IFRS,
- Decrease of the deferred tax asset due to adjustments between IFRS and Solvency II valuation by € 187,4m,
- Recognition of subordinated debt loans in own funds (increase in Own Funds by €177,1m),
- De-recognition of intangible assets of €103,5m.

5.1.2. Eligible Own Funds to meet the SCR as at 31.12.2023

The categorization of eligible own funds to meet the SCR at 31.12.2023 is presented in the following diagram:

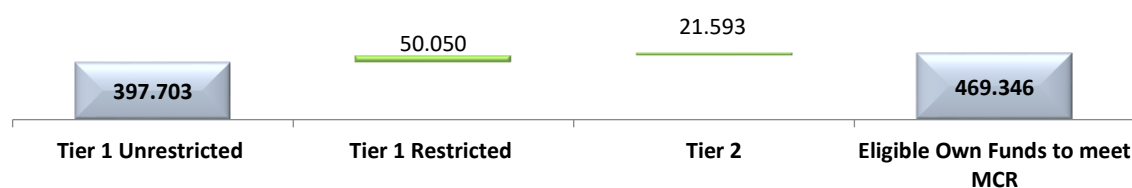


In 2021, Ethniki Insurance entered into a 10-year subordinated bond loan, amounting to € 125m, with NBG. The loan balance including accrued interest of €2,1m, meets the criteria for inclusion in Tier 2.

Also, Ethniki Insurance has issued subordinated debt loan of infinite duration amounting to €50,0m. The loan balance including accrued interest of €0,05m, meets the criteria for recognition under Tier 1 of own funds.

5.1.3. Eligible Own Funds to meet MCR as at 31.12.2023

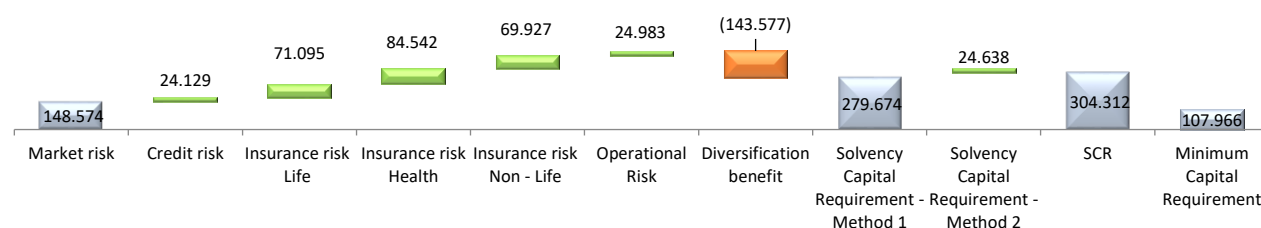
The categorization of eligible own funds to meet the SCR are presented in the following diagram:



5.2. Solvency Capital Requirement & Minimum Capital Requirement

The quantitative assessment of the Solvency Capital Requirement is performed with the use of the standard formula. In addition, the Group uses the adjusted curve and the transitional measures.

The diagram below shows the SCR and the MCR as at 31.12.2023.



The main Risk module in the formulation of the SCR as at 31.12.2023 was the Market Risk accounting for 35% of Capital Requirements of all Risks, before the benefit of Risk diversification. As a result, key risks in the formation of Capital Requirements were:

- i. Health underwriting risk, consisting of 20%,
- ii. Life insurance risk, consisting of 11%,
- iii. Non-life insurance risk, consisting of 11%.

The Minimum Capital Requirement was 35% of the Solvency Capital Requirement.

BoG as Supervisory Authority, in accordance with Article 41 of Greek Law 4364/2016 and Article 54 of EC 138/2009, may require modification or revision of published reports or disclose of any additional information, as well as any other necessary actions needed to be taken by the management.

5.3. Using the duration based equity risk sub-module for the calculation of the SCR

The Group does not use of the duration based equity risk sub-module for the Solvency Capital Requirement calculation.

5.4. Differences between the standard formula and the internal models used

For the calculation of the SCR, the Group uses the Standard Formula. The Group makes no use of special parameters for the calculation of the SCR.

5.5. Non-compliance with the Minimum Capital Requirement and Non-compliance with the Solvency Capital Requirement

The Group complies fully with the overall MCR as well as SCR for 2022.

5.6. Other information

5.6.1. Business Plan and Capital Management Program

The Group prepares a business plan annually. For its preparation estimates relating to the evolution of macro-economic figures, the strategic objectives of the Group, any planned actions to increase premium production as well as the enhancement of profitability and assumptions for the formulation of key insurance and financial indicators, are taken into account.

The business plan and capital management program includes premium production, profitability and capital adequacy objectives of the Group for the next three years, and the strategy to achieve them.

5.6.2. Dividend payment policy

The Group has formulated a Dividend policy according to its current strategy.

The BoD of the Participant did not propose a dividend payment for financial results of year 2023.

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Annex I – Annual Quantitative Templates (QRTs)

The current annex includes the Group's annual quantitative templates («QRTs»)¹:

QRT	Title	Description
S.02.01.02	Balance Sheet	Balance sheet information using the valuation in accordance with Solvency II
S.05.01.02	Premiums, claims and expenses by line of business	Information on premiums, claims and expenses using the valuation and recognition principles used
S.22.01.22	Impact of long-term guarantees measures and transitionals	Information on the impact of the long-term guarantee and transitional measures
S.23.01.22	Own funds	Information on own funds, including basic own funds and ancillary own funds
S.25.01.22	Basic Solvency Capital Requirement — for firms as standard formula is used	Information on the Solvency Capital Requirement calculated using the standard formula
S.32.01.22	Undertakings in the scope of the group	Information on the undertakings in the scope of the Group

¹ All amounts in the Templates of the Annex I, are presented in thousands of euros (€ k)

S.02.01.02

Balance sheet

Assets

Intangible assets
Deferred tax assets
Pension benefit surplus
Property, plant & equipment held for own use
Investments (other than assets held for index-linked and unit-linked contracts)
Property (other than for own use)
Holdings in related undertakings, including participations
Equities
Equities - listed
Equities - unlisted
Bonds
Government Bonds
Corporate Bonds
Structured notes
Collateralised securities
Collective Investments Undertakings
Derivatives
Deposits other than cash equivalents
Other investments
Assets held for index-linked and unit-linked contracts
Loans and mortgages
Loans on policies
Loans and mortgages to individuals
Other loans and mortgages
Reinsurance recoverables from:
Non-life and health similar to non-life
Non-life excluding health
Health similar to non-life
Life and health similar to life, excluding health and index-linked and unit-linked
Health similar to life
Life excluding health and index-linked and unit-linked
Life index-linked and unit-linked
Deposits to cedants
Insurance and intermediaries receivables
Reinsurance receivables
Receivables (trade, not insurance)
Own shares (held directly)
Amounts due in respect of own fund items or initial fund called up but not yet paid in
Cash and cash equivalents
Any other assets, not elsewhere shown
Total assets

	Solvency II value
	C0010
R0030	-
R0040	143.279
R0050	-
R0060	147.821
R0070	2.854.107
R0080	100.704
R0090	34.901
R0100	62.845
R0110	29.283
R0120	33.563
R0130	2.146.724
R0140	1.725.561
R0150	421.163
R0160	-
R0170	-
R0180	494.978
R0190	358
R0200	13.597
R0210	-
R0220	573.934
R0230	23.157
R0240	1.665
R0250	-
R0260	21.492
R0270	99.724
R0280	97.034
R0290	95.658
R0300	1.376
R0310	2.690
R0320	-
R0330	2.690
R0340	-
R0350	108
R0360	53.626
R0370	4.185
R0380	42.871
R0390	-
R0400	-
R0410	32.868
R0420	9.218
R0500	3.984.897

	Solvency II value
	C0010
Liabilities	
Technical provisions – non-life	R0510 500.039
Technical provisions – non-life (excluding health)	R0520 329.399
Technical provisions calculated as a whole	R0530 -
Best Estimate	R0540 309.608
Risk margin	R0550 19.791
Technical provisions - health (similar to non-life)	R0560 170.640
Technical provisions calculated as a whole	R0570 -
Best Estimate	R0580 146.478
Risk margin	R0590 24.163
Technical provisions - life (excluding index-linked and unit-linked)	R0600 1.832.233
Technical provisions - health (similar to life)	R0610 227.477
Technical provisions calculated as a whole	R0620 -
Best Estimate	R0630 167.555
Risk margin	R0640 59.922
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650 1.604.756
Technical provisions calculated as a whole	R0660 -
Best Estimate	R0670 1.559.923
Risk margin	R0680 44.833
Technical provisions – index-linked and unit-linked	R0690 627.775
Technical provisions calculated as a whole	R0700 -
Best Estimate	R0710 624.003
Risk margin	R0720 3.772
Contingent liabilities	R0740 -
Provisions other than technical provisions	R0750 -
Pension benefit obligations	R0760 48.488
Deposits from reinsurers	R0770 8.695
Deferred tax liabilities	R0780 -
Derivatives	R0790 -
Debts owed to credit institutions	R0800 -
Financial liabilities other than debts owed to credit institutions	R0810 1.272
Insurance & intermediaries payables	R0820 26.106
Reinsurance payables	R0830 26.082
Payables (trade, not insurance)	R0840 11.099
Subordinated liabilities	R0850 177.171
Subordinated liabilities not in Basic Own Funds	R0860 -
Subordinated liabilities in Basic Own Funds	R0870 177.171
Any other liabilities, not elsewhere shown	R0880 182.928
Total liabilities	R0900 3.441.890
Excess of assets over liabilities	R1000 543.007

Line of Business for: life insurance obligations							Life reinsurance obligations		Total
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	
C0210	C0220	C0230	C0240	C0250	C0260		C0270	C0280	C0300
Premiums written									
Gross	R1410	120.777	102.329	86.039	163.589	-	-	-	472.733
Reinsurers' share	R1420	793	581	330	9.446	-	-	-	11.150
Net	R1500	119.984	101.748	85.709	154.143	-	-	-	461.584
Premiums earned									
Gross	R1510	117.597	102.311	86.585	161.619	-	-	-	468.112
Reinsurers' share	R1520	793	788	330	8.975	-	-	-	10.886
Net	R1600	116.804	101.523	86.255	152.644	-	-	-	457.226
Claims incurred									
Gross	R1610	141.753	96.080	44.287	181.677	-	-	-	463.797
Reinsurers' share	R1620	259	52	60	661	-	-	-	1.032
Net	R1700	141.495	96.027	44.227	181.016	-	-	-	462.765
Expenses incurred									
Expenses incurred	R1900	11.561	34.817	11.893	24.928	-	-	-	83.199
Balance - other technical expenses/income	R1210	-	-	-	-	-	-	-	-
Total expenses	R2600	-	-	-	-	-	-	-	83.199
Total amount of surrenders	R2700	-	48.429	13.193	38.581	-	-	-	100.204

S.22.01.22.01

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	2.960.049	115.742	-	40.820	-
Basic own funds	R0020	720.179	-90.279	-	-26.866	-
Eligible own funds to meet Solvency Capital Requirement	R0050	599.909	-115.742	-	-33.622	-
Solvency Capital Requirement	R0090	304.312	-	-	4.186	-

S.23.01.22**Own funds****Basic own funds before deduction for participations in other financial sector**

Ordinary share capital (gross of own shares)

Non-available called but not paid in ordinary share capital at group level

Share premium account related to ordinary share capital

Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings

Subordinated mutual member accounts

Non-available subordinated mutual member accounts at group level

Surplus funds

Non-available surplus funds at group level

Preference shares

Non-available preference shares at group level

Share premium account related to preference shares

Non-available share premium account related to preference shares at group level

Reconciliation reserve

Subordinated liabilities

Non-available subordinated liabilities at group level

An amount equal to the value of net deferred tax assets

The amount equal to the value of net deferred tax assets not available at the group level

Other items approved by supervisory authority as basic own funds not specified above

Non available own funds related to other own funds items approved by supervisory authority

Minority interests (if not reported as part of a specific own fund item)

Non-available minority interests at group level

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

Deductions

Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	2.250	225		2.025	
R0020	-	-		-	
R0030	183.870	183.870		-	
R0040	-	-		-	
R0050	-		-	-	-
R0060	-		-	-	-
R0070	-	-			
R0080	-	-			
R0090	-		-	-	-
R0100	-		-	-	-
R0110	-		-	-	-
R0120	-		-	-	-
R0130	260.742	213.608			
R0140	175.000		50.050	127.122	-
R0150	-		-	-	-
R0160	121.441				143.279
R0170	-				-
R0180	-	-	-	-	-
R0190	-	-	-	-	-
R0200	-	-	-	-	-
R0210	-	-	-	-	-
R0220	-	-			
R0230	-	-	-	-	

whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	-	-	-	-	
Deductions for participations where there is non-availability of information (Article 229)	R0250	-	-	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	R0260	-	-	-	-	-
Total of non-available own fund items	R0270	-	-	-	-	-
Total deductions	R0280	-	-	-	-	-
Total basic own funds after deductions	R0290	743.303	397.703	50.050	129.147	143.279
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	
		-	-	-	-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Non available ancillary own funds at group level	R0380	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-

S.23.01.22**Own funds****Own funds of other financial sectors**

Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total

R0410

Institutions for occupational retirement provision

R0420

Non regulated entities carrying out financial activities

R0430

Total own funds of other financial sectors

R0440**Own funds when using the D&A, exclusively or in combination of method 1**

Own funds aggregated when using the D&A and combination of method

R0450

Own funds aggregated when using the D&A and combination of method net of IGT

R0460

Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0520

Total available own funds to meet the minimum consolidated group SCR

R0530

Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0560

Total eligible own funds to meet the minimum consolidated group SCR

R0570**Minimum consolidated Group SCR****R0610****Ratio of Eligible own funds to Minimum Consolidated Group SCR****R0650****Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)****R0660****Group SCR****R0680**

Σύνολο	Κατηγορία 1 — ελεύθερα περιορισμών στοιχεία	Κατηγορία 1 — υποκείμενα σε περιορισμούς στοιχεία	Κατηγορία 2	Κατηγορία 3
C0010	C0020	C0030	C0040	C0050
-	-	-	-	
-	-	-	-	-
-	-	-	-	
-	-	-	-	
-	-	-	-	-
-	-	-	-	-
720.179	397.703	50.050	129.147	143.279
576.900	397.703	50.050	129.147	
599.909	397.703	50.050	129.147	23.009
469.346	397.703	50.050	21.593	
107.966				
435%				
599.909	397.703	50.050	129.147	23.009
304.312				

Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

R0690

197%

Reconciliation reserve

Excess of assets over liabilities

R0700

543.007

Own shares (held directly and indirectly)

R0710

-

Foreseeable dividends, distributions and charges

R0720

-

Other basic own fund items

R0730

329.399

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

R0740

-

Other non available own funds

R0750

-

Reconciliation reserve

R0760

213.608

Expected profits

Expected profits included in future premiums (EPIFP) - Life business

R0770

66.191

-

Expected profits included in future premiums (EPIFP) - Non-life business

R0780

-

-

Total Expected profits included in future premiums (EPIFP)

R0790

66.191

-

S.25.01.22.01

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	148.574	
Counterparty default risk	R0020	24.129	
Life underwriting risk	R0030	71.095	
Health underwriting risk	R0040	84.542	
Non-life underwriting risk	R0050	69.927	
Diversification	R0060	-143.577	
Intangible asset risk	R0070	-	
Basic Solvency Capital Requirement	R0100	254.691	

S.25.01.22.02

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	24.983
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	279.674
Capital add-ons already set	R0210	-
Solvency capital requirement for undertakings under consolidated method	R0220	279.674
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Minimum consolidated group solvency capital requirement	R0470	107.966
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	-

Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	-
Capital requirement for non-controlled participation requirements	R0540	-
Capital requirement for residual undertakings	R0550	-
Overall SCR		
SCR for undertakings included via D and A	R0560	24.638
Solvency capital requirement	R0570	304.312

5.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Identification type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
LUXEMBURG	LEI/549300016CDJTW5CRG14	LEI	Ethniki Holdings S.à r.l.	Insurance holding company as defined in Art. 212§ 1(f) of	société à responsabilité limitée	Non-mutual	
GREECE	LEI/549300KEWDUFH SXE9Z74	LEI	The Ethniki Hellenic General Insurance Company S.A.	Composite Insurer	Societe Anonyme	Non-mutual	Bank of Greece
ROMANIA	LEI/549300BLM6IEMS OORW56	LEI	Garanta Asigurari S.A.	Composite Insurer	Joint-Stock Company	Non-mutual	Autoritatea de Supraveghere Financiară
CYPRUS	LEI/5493007ZRLWEW5 V2G603	LEI	Ethniki Insurance (Cyprus) Ltd.	Life Insurer	Private Company Limited by Shares	Non-mutual	Insurance Companies Control Service (Cyprus)
CYPRUS	LEI/549300FVF8DP60 DVL683	LEI	Ethniki General Insurance (Cyprus) Ltd.	Non-life Insurer	Private Company Limited by Shares	Non-mutual	Insurance Companies Control Service (Cyprus)

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the
C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
				Dominant		Yes		Method 1: Full consolidation
100,00%	100,00%	100,00%		Dominant	100,00%	Yes		Method 1: Full consolidation
96,74%	100,00%	96,74%		Dominant	96,74%	Yes		Method 2: Solvency II
100,00%	100,00%	100,00%		Dominant	100,00%	Yes		Method 2: Solvency II
100,00%	100,00%	100,00%		Dominant	100,00%	Yes		Method 2: Solvency II

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Annex II – Solvency II Definitions

Solvency II: The system of rules that governs since 01.01.2016 the financial operation and consequently supervision of insurance companies operating in the EU, in accordance with Directive 2009/138/EC, relevant acts of the European Commission and the EIOPA Guidelines, in order to enhance the protection of policyholders. The Directive 2009/138/EC was incorporated into the Greek legislation by Greek Law 4364/2016. The Solvency II framework aims to the capital shielding of insurance companies through contemporary rules for risk valuation to which they are exposed, based on extreme scenarios in order to reduce the possibility of a bankruptcy for the next 12 months to 0.5%. It is structured in three pillars of equal weight and supervisory value, namely the 1st pillar (quantitative / capital requirements), the 2nd pillar (governance requirements and supervisory authorities) and the 3rd pillar (supervisory reports and disclosure of information).

Supervisory Authority: The supervisory authority responsible for the prudential supervision of insurance undertakings in Greece is BoG (Department of Private Insurance Supervision – www.bankofgreece.gr).

EIOPA: European Insurance and Occupational Pensions Authority, among its duties are, inter alia, the issuance of Guidelines aimed to the supervisory convergence in the EU and the provision of advices / opinions to the European institutions in the context of regulating insurance activity.

Solvency & Financial Condition Report (SFCR): A report that insurance companies are required to disclose on an annual basis on their websites in the context of 3rd pillar obligations. The main objective of the report is to present to every interested party (e.g. insured, potential investor, clients) the activity of the insurance Group and its results, the basic components of the financial situation and its corporate governance. The Risk Profile of the Group, the quality of own funds composition, the capital requirements as well as their adequacy ratios are also described.

System of Governance: The system of Policies and Procedures under which the insurance Group ensures its proper and prudent management, including ensuring a transparent organizational structure with proper segregation of duties and an effective information dissemination mechanism. The system of governance includes at least the following basic functions: (a) the risk management function, (b) the regulatory compliance function, (c) the internal audit function and (d) the actuarial function.

System of Risk Management: It is part of the Group's system of governance and includes the strategies, Policies and Procedures that allow to identify, measure, monitor, manage and report the risks to which the Group is exposed or could be exposed, including of the interdependencies between these risks, on an ongoing basis. An important component of the risk management system is the specification of the risk tolerance limits by the insurance Group.

Internal Audit System: It is also part of the Group's system of governance and includes audit administrative and accounting procedures in order to ensure that the system of governance is fully compliant with the applicable legal and regulatory framework, as well as with all its approved Policy and Internal Procedures as well as that the circulation of reliable information is achieved at all levels of the Group. The Internal Audit System includes the function of internal audit, which must operate in complete independence from the other (under control) functions of the system. The Internal Audit System also includes the function of regulatory compliance.

Regulatory Compliance function: Function responsible for identifying, assessing and managing the regulatory risk of the insurance Group, i.e. the risk of penalties / fines or damage or loss of reputation to which the Group may be exposed due to non-compliance with applicable laws, internal regulations and best practices. Regulatory risk is systematically classified as operational risk.

Actuarial function: Function in charge of calculating technical provisions of the insurance undertaking (see relevant definition below). The duties of the actuarial function include, inter alia, opinion on the general risk underwriting policy of the insurance undertaking.

Risk profile: Register of all risks to which the insurance undertaking is exposed.

Underwriting risk: The risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. Underwriting risk include life, health and non-life insurance risks.

Counterparty default risk: The risk of loss or of adverse change in the financial situation, resulting from the likelihood or probability that one of those involved in a transaction might default on its contractual obligation.

Market risk: The risk of loss or of adverse financial change resulting directly or indirectly from fluctuations in the level and volatility of market prices of assets or liabilities as well as the financial instruments of the insurance Group (e.g. equity fluctuations, bond interest rates).

Operational risk: The risk of loss either due to inadequacies or deficiencies or due to adverse external factors in the internal procedures of an insurance undertaking (e.g. fraudulent activity), in its computer systems (e.g. IT collapse/disaster) or in its personnel.

Technical provisions: Valuation of insurance undertaking liabilities undertaken through its insurance policies towards its clients.

Own funds: Funds that the insurance undertaking is obliged to preserve in order to use them to absorb losses beyond the expected ones, if they arise. Own funds are divided into basic own funds (balance sheet items) and ancillary own funds (off-balance sheet items, such as unpaid share capital, letters of guarantee). Furthermore, Own funds are divided into three categories (Tiers) 1, 2 and 3 depending on their ability to absorb losses, their duration and other quality characteristics (e.g. based on their immediate availability, non-burden).

Eligible Own Funds: Own funds eligible to meet the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) in accordance with the quantitative limits provided by legislation.

Solvency Capital Requirement – SCR: The financial capital that an insurance Group must have in order to reduce the probability of bankruptcy to 0.5%, over a period of 12 months. The Solvency Capital Requirement is calculated either by using the standard (common) method provided by Delegated Regulation (EU) 2015/35 or by using, after the approval of the Supervisory Authority, an internal model, adapted to the Risk Profile of the insurance Group.

Minimum Capital Requirement – MCR: It corresponds to a level of capital below which it is considered by legislation that the interests of the insured would be seriously endangered if the insurance Group continued to operate. For this reason, it is provided that if this capital limit is not met, then the operating license of the insurance Group is revoked by a decision of the Supervisory Authority (BoG).

Diversification: A mechanism that practically offsets (reduces) the Risk Profile of the insurance Group, based on the principle that the risk measure of all risks is less than the measure of each risk separately.

Solvency Capital Requirement Ratio: The ratio between Eligible Own Funds and the Solvency Capital Requirement.

Transitional measures: Measures which facilitate insurance undertakings within a reasonable transitional period to fully comply with Solvency II requirements. Their purpose is generally to

normalize the direct effect of the application of Solvency II rules so that, for example, large increases in technical provisions or capital requirements are implemented gradually.

Volatility adjustment: A measure that allows the insurance Group to reduce the volatility of markets in its portfolio based on parameters calculated by EIORA according to a common methodology by country and currency.

Techniques to mitigate risk: All methods that enable the insurance Group to transfer the risks to third parties (e.g. reinsurance).

The definitions given above are indicative and do not follow from a legal text. They are intended to help the reader of this Report, who is not particularly familiar with the subject of private insurance, understand very broadly some very basic terms of the Solvency II system.

