Euler Hermes Hellas

Solvency and Financial Condition Report (SFCR)
Fiscal Year 2016

DOCUMENT SUMMARY

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AUTHORIZATION

The content and layout of this document have been reviewed and approved as follows:

Version	Date	Authorized by	Department
1	17/5/2017	BoD	

Contents

Objective of the Solvency and Financial Condition Report

Solvency II is built around a three pillars model, and reporting and disclosure under Pillar 3 is a fundamental part of the relationship between an insurance company and its stakeholders, including supervisors and other third parties.

Among these reporting and disclosure requirements, the Solvency and Financial Condition Report (SFCR) production is set out in Article 51 of the Directive, which requires insurers to prepare and make publically available the SFCR on an annual basis. The SFCR is intended as the primary tool for insurers to make regulatory disclosures to the public, and is therefore an important communication document.

In order to fulfill the reporting and disclosure obligations, Euler Hermes Hellas, as a Solo insurance entity, put in place the present Solvency and Financial Condition Report, using the standard structure defined and containing the following information, as requested in Articles 290 to 303 of the Delegated Acts:

A. a description of the business and the performance of the Euler Hermes Hellas,
B. a description of the system of governance and an assessment of its adequacy for the risk profile of Euler Hermes Hellas
C. a description, separately for each category of risk, of the risk exposure, concentration, mitigation and sensitivity;
D. a description, separately for assets, technical provisions, and other liabilities, of the bases and methods used for their valuation, together with an explanation of any major differences in the bases and methods used for their valuation in financial statements;
E. a description of the capital management of Euler Hermes Hellas

The qualitative and quantitative information disclosed in this report is based on the situation at the end of 2016.

Summary of the report

The Solvency and Financial Condition Report (SFCR) is a reporting requirement implemented as part of Solvency II. This 2016 report is the first SFCR to be published by Euler Hermes Hellas SA (EH Hellas).

The scope of this report covers the following topics in relation to EH Hellas's business: business and performance, system of governance, risk profile, valuation for solvency purposes and capital management.

Business and performance

Business

EH Hellas is an insurance company based in Athens, and is owned by 100% by Euler Hermes SA located in Brussels. EH Hellas's only line of business is credit and suretyship insurance.

During 2017 the national and international debates on the re-examination of the terms of Greece's funding program maintained the macroeconomic and financial environment in the country still volatile.

Restrictions on capital movements enforced in the summer of 2015 continue to exist while their individual implementing provisions are amended on a case by case basis with the adoption of Legislative Content Acts.

The shareholders of the Company have decided to convert through absorption of the Company into a branch, for optimal operation in the new framework of solvency and competitiveness (Blue Europe program). Blue Europe is a global restructuring program for all member companies of the Euler Hermes Group. The purpose of the restructuring is to create a centralized company, ie the company "EULER HERMES SA" - ("EH SA"), which is the sole shareholder of the Company and which will concentrate all activities internationally.

The advantages of this structure are:
- Better protection of the share capital.
- Harmonization of regulatory requirements (after the restructuring, EH SA will be subject to a single regulatory authority, namely the Belgian National Bank);
- Optimization of cash flow.

Taking into account the nature of the activities, the EH Hellas's sound financial position, any negative Developments in the Greek economy are not expected to significantly affect its smooth operation. Nevertheless, Management is constantly assessing the situation and its possible implications in order to ensure that all necessary and effective measures and actions are taken in time to minimize any impact on the Company's activities in Greece.

Performance

At the end of December 2016 EH Hellas's turnover was at 14.9M€ decreased by 3.8% compared to 2015 attributed to Greek market's atonic trend, suffering from both a high pressure on prices and a lack of dynamism on the turnover volumes insured and emerging markets slow down.

Low claims frequency although increased is still at low level to 408K € vs 333Ke in 2015.

The investment strategy was marked in 2016 by the dividend paid by EH Hellas to EH SA (3 M€) As a result, the total investment income stood at 185K€ in 2016 compared to 520K€ last year.

System of governance

For an adequate monitoring of the risks related to its activity, EH Hellas management is organized around two management bodies, the Board of Directors and the Board of Management as well as several management committees.

Own Risk and Solvency Assessment (ORSA) supervisory report

Based on its 2016 ORSA results, EH Hellas deems its risk profile well monitored and under control, supported by reliable processes and an effective overarching risk management framework.

EH Hellas's risk management team uses two primary methods to measure and assess its risks, the Top Risk Assessment (TRA) process (including risks which cannot be modelled) and the standard model for risks.

For each top risk identified during the Top Risk Assessment process, risk owners (Management Committee members) have set up both acceptable target risk ratings and appropriate risk mitigation plans. Consequently, no foreseeable additional risk capital need was identified based on this assessment.

As a result, EH Hellas is confident that the standard model truly reflects its risk profile and thus that the risk capital calculated as of 31.12.2016 fairly reflects the solvency situation. Although the payment of a dividend was decided by the board of directors, the Solvency ratio remained in line with the Solvency II (SII) ratio targets defined in the capital management strategy.

The forecast and stress simulations performed on solvency demonstrate that EH Hellas is able to preserve its solvency and liquidity ratios above the targets defined in the risk appetite, even if it were exposed to financial adverse scenarios.

As a result, EH Hellas is confident in its capacity to sustain a healthy business in the years to come.

Risk profile

Information has been provided on EH Hellas's risk profile in relation to underwriting, market, counterparty default and operational risk. In-line with the nature of EH Hellas's underwriting, and counterparty default risks are considered to be its two most significant risks, which is reflected by the amount of related risk capital.

EH Hellas diversifies its risk by using different diversification approaches a) in investments for market risk and by industry for underwriting risk. Moreover, the use of the reinsurance is the primary risk mitigation tool utilized.

Stress tests are performed using standard financial scenarios.

Valuation for solvency purposes

Information on EH SA's assets, Technical Provisions and other liabilities has been shared using Market Value Balance Sheet (MVBS) and International Financial Reporting Standards (IFRS) figures. Below is a description of key figures, changes and other relevant points that have occurred in 2016.

Assets

Total assets at the end of 2016 equaled 31 M€ on an MVBS basis. There have not been any changes to the recognition and valuation of material classes of assets during the reporting period. Assets have been invested in alignment with the prudent person principle.

Technical provisions

Total Technical Provisions at the end of 2016 equaled 10.3M€ on an MVBS basis. Reinsurance recoverables of nearly 5.5 M€ (MVBS) are primarily due to claims provisions. The Volatility Adjustment (VA) impact is negligible.

Other liabilities

Total other liabilities at the end of 2016 equaled 8.8M€ on an MVBS basis. The largest contributors included Insurance and intermediaries' payables, reinsurance payables and other liabilities.

Capital management

Own funds

EH SA own funds are exclusively composed of basic own funds and they are foreseen to increase over the three-year planning horizon. A dividend of 3M€ has been paid out in 2016.

Minimum capital ratio (MCR) and solvency capital ratio (SCR)

EH Hellas is compliant with the minimum capital ratio (MCR) and solvency capital ratio (SCR) requirements. EH Hellas's risk capital increased from 2015 to 2016 due to increase in Counterparty Default risk and the establishment of capital controls in the country. Based on projections of assets and liabilities, the solvency ratio is expected to stay in line with targets, which means that no specific management actions would be required.

No material data quality deficiencies were identified in the data used for the standard model calculation.

A. Business, external environment and performance

A.1. Business

A.1.1. Overview of Euler Hermes Hellas S.A.

EULER HERMES HELLAS SA (the "Company" or “EH Hellas”) carries on its behalf or for the account of third parties and / or in relation to third parties both in Greece and abroad the Credit Insurance. The Company operates in accordance with the provisions of CL. 2190/1920 and PD 400/1970 on Private Insurance Enterprises as in force on 31 December 2016. As of January 1, 2016 the Company operates in accordance with the provisions of Law 4364/2016.

Company name and registered office	EULER HERMES HELLAS CREDIT INSURANCE SA 16 Laodikias Str. & 1-3 Nymfeou Str. GR 115 28 Athens Registration Number: 1833701000 Tax Registration Number: EL094432889
Supervisor	National Bank of Greece Department of Private Insurance Supervision 21 E. Venizelou Avenue GR 102 50 Athens
Auditor	KPMG Hellas 3, Stratigou Tombra Street GR 153 42 Aghia Paraskevi-Athens

A.1.2. Preparation of the Solvency and Financial Condition Report

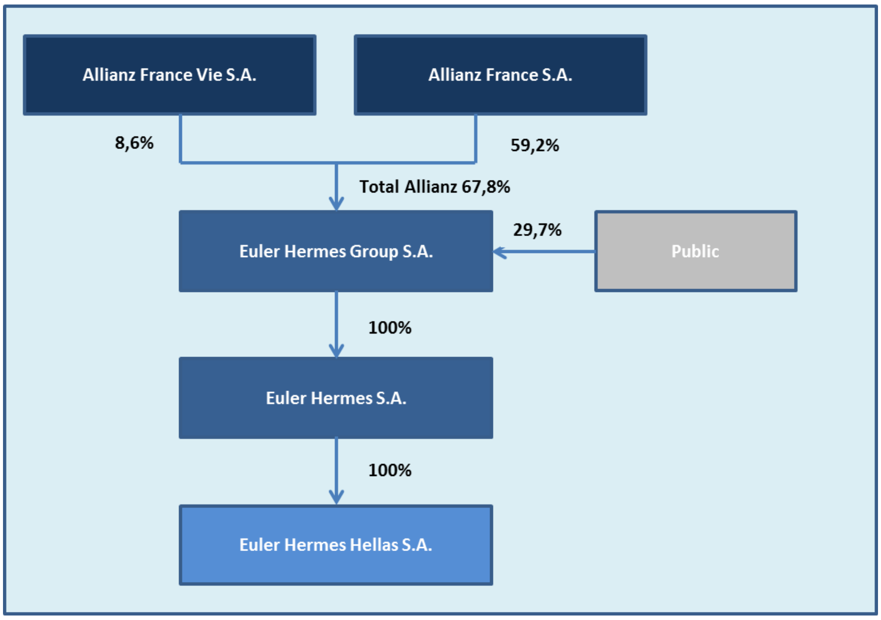
This report has been prepared and published in accordance with Law 4364/2016 following the directive 2009/138/EE and the regulations EE 2015/35 and EE 2015/2453 of the Committee.
Solvency and Financial Condition Report is subject to review by Bank of Greece.

Following the requirements of Law 4364/2016, Bank of Greece can request modification and or adjustments to published regulation reports, including the Solvency and Financial Condition Report.

No significant subsequent event occurred after SFCR date which requires adjustment or disclosure to this report apart from the fact that the shareholders of the Company (Minutes of BoD 260/9.2.2017)have decided to convert through absorption of the Company into a branch of Euler Hermes SA. For details please refer to section A.1.5 Significant events.

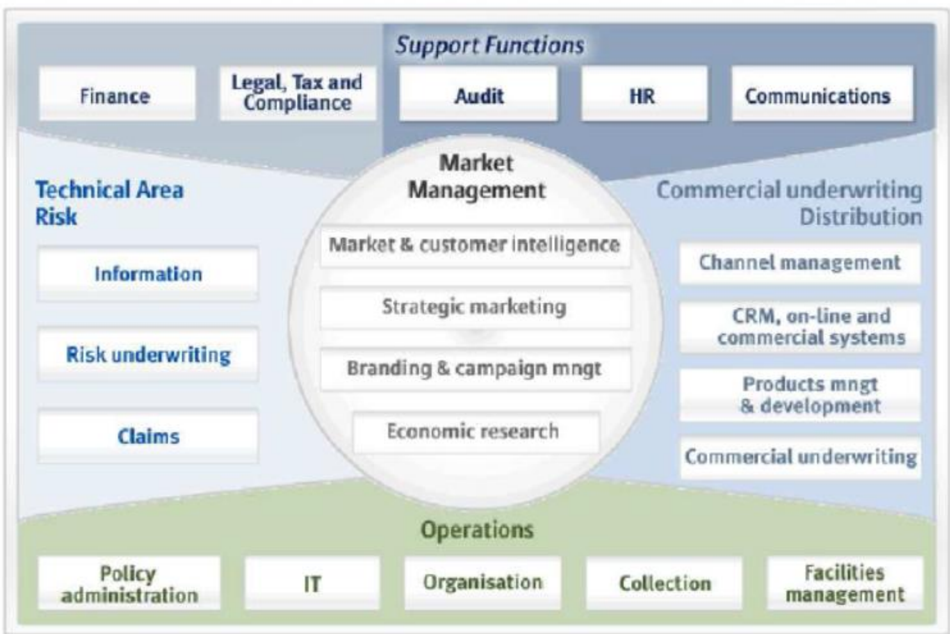
A.1.3. Euler Hermes Hellas' position with the legal structure of the Group

The parent company EULER HERMES SA is the sole shareholder of the Company with 1 665 800 shares. EULER HERMES Group is company of Allianz Group.



Euler Hermes Hellas structure

The organizational chart below shows the organization of Euler Hermes Hellas which is following the Target Operating Model (TOM) which is common for all BUs of the Group.



A.1.4. Overview of Euler Hermes Lines of Business

Euler Hermes Hellas has license to perform Credit Insurance and Bonding.

Currently Euler Hermes Hellas performs only Credit Insurance and more specifically Trade Credit Insurance (TCI).

Hereafter is a general description of the Credit Insurance business

Euler Hermes Hellas insures the account receivables of its clients, companies of all sizes, by covering the risk of non-payment they bear when they trade on credit terms.

The basic concept behind credit insurance is that, through B2B credit, the main bankers for companies are the companies themselves. This “banking” activity draws on a plethora of resources such as capital, financial information collection and management, credit analysis and collections capability, that a company can advantageously share with other companies through the pooling system provided by insurance contracts. EH mission is to provide companies with a capital base at the lowest price, together with global proprietary financial information that is produced in-house and not available on the market, as well as collection capacity, so that its customers can securely expand in their markets.

Euler Hermes’ product range is split between short-term solutions and tailored policies.

For short term credit insurance business, Euler Hermes offers a range of product targeting different segment of companies, from micro SMEs who need a simple product which provides them with sufficient cover but requests very little maintenance (Simplicity), to large multinationals with at least €500 million consolidated turnover who request tailor-made solutions (World Policy).
Additionally, in order to support clients on their most difficult risks which fall outside standard cover, Euler Hermes has developed top up products (CAP, CAP+ and Power CAP).

Its tailored solutions include a service for companies that have experienced in-house credit management but seek to protect against catastrophe loss and exceptional credit risk events. This product, called Excess of Loss, provides solutions to cover receivables portfolio against such losses based on a suitable risk share (deductible) and an assessment of companies’ credit procedures.

Moreover Euler Hermes offers customized policy solutions designed to mitigate and manage risks such as contract interruption, non-payment, confiscation, political violence, etc. in the context of Trade Finance, under the name Transactional Cover.

EH also developed partnership and specific offers with large international banks and factoring companies in order to meet their specific needs, including in terms of capital relief.

The credit insurance policies are built around three major services:

a. Credit risk assessment and monitoring
b. Collection of unpaid receivables
c. Indemnification for uncollected debts

- **Monitoring of credit risk**

A supplier that grants credit to a customer (the “buyer”) is exposed to credit risk associated with the possibility that the buyer will default on this debt.
Euler Hermes offers suppliers its expertise in managing the credit risk associated with business transactions, starting with an assessment of the best general conditions applicable to a given sale. This expertise comes from the Euler Hermes’s teams across the world, which evaluates the financial condition of buyers on a daily basis. Through its monitoring services, Euler Hermes helps companies to build their growth on solvent customers.
The company tracks changes in corporate Solvency in the world’s largest economies. With its dense local coverage and 1,500 credit analysts and risk underwriters, it produces its own information on more than 40 million companies, with a database that is unique in the world in both depth and freshness of content, thereby offering its insurance clients the clearest visibility on their customers’ credit risk.

Taking a multi-dimensional approach to risk underwriting, Euler Hermes also assesses countries’ global economic indicators and political stability.

- **Collection of unpaid receivables**

Euler Hermes is a leader in the field of debt collection and has developed an integrated network of specialists throughout the world.

- **Indemnification for uncollected debts**

In some countries, nearly one out of four companies that goes bankrupt does so because one of its customers is bankrupt. In fact, this is one of the main causes of company failure. To maintain its production capacity, the supplier company must make up for the market outlet lost due to the loss of the defaulting customer. Further, to maintain a stable balance sheet, it must generate additional sales very rapidly and use the profit from these sales to offset the loss from the bad debt.
Through indemnification of uncollected debts, Euler Hermes relieves the supplier from the pressure to generate additional sales, allowing him to focus on seeking sustainable new market outlets.

A.1.5. 2016 significant events

During 2016 and till today the national and international debates on the re-examination of the terms of Greece's funding program maintained the macroeconomic and financial environment in the country still volatile.

Restrictions on capital movements enforced in the summer of 2015 continue to exist while their individual implementing provisions are amended on a case by case basis with the adoption of Legislative Content Acts.

The negotiations of the Hellenic Republic to meet the financing needs of the Greek economy have been completed and the relevant agreement with the European Support Mechanism signed on 19.8.2015 among others provides for:

• To cover the financing needs of the Hellenic Republic for the medium term subject to the implementation of economic reforms that are expected to contribute to the economic stability and sustainable development of the Greek economy.
• Disbursement of € 10 to 25 billion to cover any need for recapitalization and / or reorganization of credit institutions.

Although it delayed the closure of the first evaluation of the third Fiscal Adjustment Program, which led to recessive fiscal measures, burdening with additional direct and indirect taxes households and businesses, the basic financial figures of the Greek economy for 2016 showed stabilizing trends. The delay in the second assessment creates uncertainty about the achievement of the 2017 targets, the delay in the agreement on public debt and membership of the ECB's quantitative easing program

Based on the above, it is expected that there will be a gradual normalization of the economic environment in which the Company operates. There is still uncertainty as the evaluation of the new Greek program has not been completed and there is a possibility that new measures to achieve the assessment will lead to a further recession. The same risk exists if the evaluation is not done at all.

Taking also into account the nature of the activities, the Company's sound financial position, the fact that the Company's investments relate to foreign-sourced debt securities, therefore the adoption of the company's continuation principle is deemed appropriate for the preparation of the Financial Statements, any negative Developments in the Greek economy are not expected to significantly affect its smooth operation. Nevertheless, Management is constantly assessing the situation and its possible implications in order to ensure that all necessary and effective measures and actions are taken in time to minimize any impact on the Company's activities in Greece.

The shareholders of the Company have decided to convert through absorption of the Company into a branch, for optimal operation in the new framework of solvency and competitiveness (Blue Europe program). Blue Europe is a global restructuring program for all member companies of the Euler Hermes Group. The purpose of the restructuring is to create a centralized company, ie the company "EULER HERMES SA" - ("EH SA"), which is the sole shareholder of the Company and which will concentrate all activities internationally.

Following the successful outcome of Blue Europe I, in which the insurance portfolios of Northern and Southern Europe were grouped together in a single Risk Facility in Belgium to create a third strong pillar in Europe along with France and Germany, Of Blue Europe II, in which the French and German subsidiaries merged with EH SA, it is now proposed to start the third phase of the program.

The advantages of this structure are:
- Better protection of the share capital.
- Harmonization of regulatory requirements (after the restructuring, EH SA will be subject to a single regulatory authority, namely the Belgian National Bank);
- Optimization of cash flow.

The program aims to transform the Company into a branch of EH SA and there are two possibilities to achieve this goal: (i) Transferring the Company's portfolio to a new branch of EH SA in Greece, followed by its solution (Ii) to absorb the Company from EH SA through a cross-border merger and the activities of EH SA in Greece to be exercised through a branch.
The conversion of the Company into a subsidiary of EH SA, according to subparagraph (ii) above, will be effected through a cross-border merger of the Company with EH SA (the "Merger"), as a result of which all the Assets and Liabilities of the Company Will be transferred to EH SA and the Company's activities following the Merger will be exercised through

a branch established by EH SA in Greece for this purpose. This corporate restructuring through a cross-border merger was considered a simple and quick process, since EH SA holds 100% of the Company's shares.

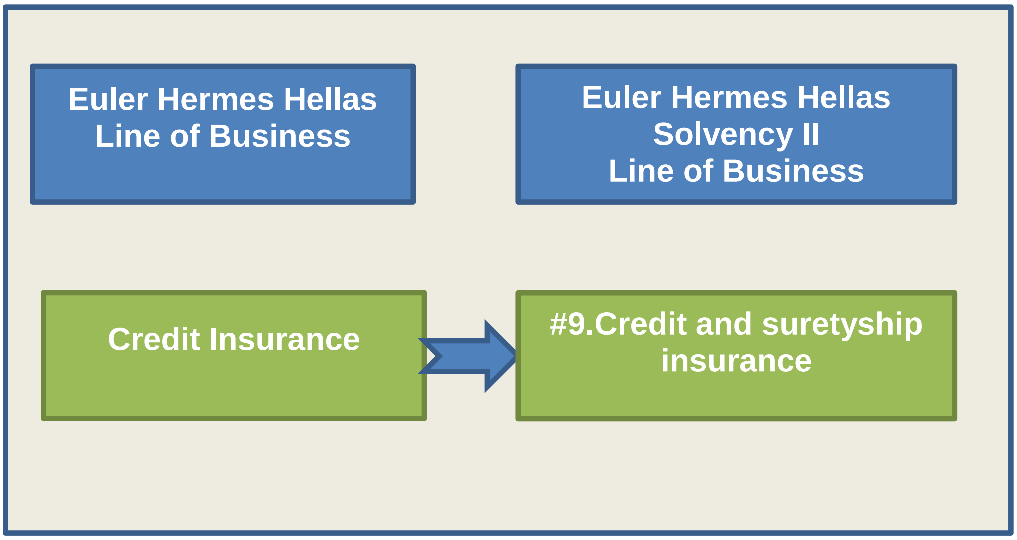
Restructuring is expected to take place before the end of July 2017.

This conversion does not affect the valuation and disclosure of the items, so the choice of the going concern principle is deemed appropriate.

A.2. Performance from underwriting activities

A.2.1 Mapping of Solvency II Lines of Business and Euler Hermes Lines of Business

EH Hellas has only one line of business which is Credit Insurance.



A.2.2 Performance from underwriting activities by line of business

Overall turnover decreased by 3.8% compared to 2015 following an atonic trend of the Greek economy. Claims cost although increased is still at low levels (408Ke vs 333Ke) resulted to a combined ratio for 2016 at 38%.
Hereafter in the table you can see the profit and loss accounts as per International Financial Reporting Standards (IFRS) statutory statement.

(amounts in EURO)

STATEMENT OF COMPREHENSIVE INCOME		
Written premiums and other related income	(14 930 598)	(15 522 784)
Premiums ceeded to reinsurers	10 756 800	11 201 535
Net written premiums and other related income	**(4 173 798)**	**(4 321 249)**
	0	0
Gains/ Losses from Investments	(185 656)	(521 011)
Income from Investments	**(185 656)**	**(521 011)**
Other Income	(158 220)	(61 830)
	(343 876)	**(582 841)**
Paid Claims	408 253	332 958
Commission expense	(1 803 646)	(1 758 239)
	0	0
Administartion expenses	4 489 362	4 118 850
Other Expenses	27 326	49 795
Profit Before tax	**(1 396 380)**	**(2 160 727)**
	0	0
Income Tax Expense	756 199	819 290
Profit from continuing operations	**(640 180)**	**(1 341 437)**
	0	0
Items that will not be reclassified to profit or loss	0	0
Actuarial Gain Losses	53 644	10 806
Related Taxes	(15 557)	(3 821)
	0	0
Items that are or may be reclassified subsequently to profit or loss	0	0
Available-for-sale financial assets – net change in fair value	-235052,92	190 007
Related Taxes	68165,3468	(21 569)
	0	0
Other comprehensive income, net of tax	**(768 981)**	**(1 166 015)**

A.3. Performance from investment activities

A.3.1. Analysis of 2016 investment performance by asset class

The investment strategy was marked in 2016 by the dividend paid by EH Hellas to EH SA (3 M€) As a result, the maturity of two bonds were not reinvested and the total investment income stood at 185K€ in 2016 compared to 520K€ last year.

	2016	2015
Current income from Bond	161.000	471.000
Current income from Cash and other	31.000	58.000
Current investment income	192.000	529.000
	0	0
Investment expenses	0	0
Interest expenses	7.000	9.000
	0	0
Total investment income	185.000	520.000

A.3.2. Gains and losses recognised directly in equity

The gain recognized directly in the equity equaled to 167Ke.

A.4. Performance from other activities

EH Hellas does not have other activities.

A.5. Other information

EH Hellas does not have other information to report.

B. System of governance

B.1. General information on the system of governance

B.1.1. Structure of Euler Hermes Hellas governance system

The main decision making bodies which are validated by the BoD (Minutes 247_29/3/2017) are presented below.

General Assembly (GA):
Synthesis:
The GA consists of all shareholders of the Company. After January 2014 all shares are owned by Euler Hermes S.A.

Mission:
Is the Supreme Decision Making Body according to the Greek Company Law. Is responsible for taking decisions on all items mentioned in the Company's Statutes and the Greek Company Law in force.

Meetings:
The GA meets in an Ordinary General Assembly mandatory once a year, within the first half of the year. The GA may meet whenever during the year in Extraordinary General Assembly either after a Board of Directors call or by it-self.

Further notes:
All BoD decisions should be fully documented. For this detailed minutes are kept.
All further details about the structure, rules and procedures concerning the General Assembly of the Company are included in the Chapter Five (articles 19-27) of the Statutes of the Company.

Board of Directors (BoD):
Synthesis:
The BoD consists of minimum three (3) to maximum seven (7) members. The General Assembly is responsible to define the exact number of the members of the BoD and to nominate the members of the BoD every three years. One of the BoD members has to be the Local CEO/Managing Director.
The Local Heads of business functions and key functions are also present in every BoD meetings, except if confidentiality reasons imply the opposite.

Mission:
The BoD is responsible for implementing the General Assembly and Euler Hermes Group's decisions locally and also deciding on all matters pertaining to the management of the Company, the administration of its assets and, generally, the achievement of its objective, without any limitation, with the exception of those matters, which by Law or by its Statutes come under the express authority of the General Assembly.
The BoD is responsible for defining and adapting the exact local strategy for the Company.
The BoD delegates in writing its powers of representing the Company in front of all thirds to the CEO/Managing Director. More over the BoD delegates in writing the functional authorities to all Local heads of business functions.
The BoD works closely with the Committees, the Board of Managers and all the Key Functions of the Company, asking for all available and proper data necessary for the performance of all relevant controls in order to guarantee the proper and diligent handling of all activities.
The BoD is responsible for the proper implementation of all applicable Legislation.

The BoD is responsible for the content, the implementation and annual review of at least the following basic policies: 1) Governance and Internal Control Policy, 2) Internal Audit Policy, 3) Risk Policy, 4) Compliance Policy, 5) Actuarial Policy, 6) Fit Proper Policy, 7) Outsourcing Policy, 8) Capital Management Policy and 9) Accounting and Reporting Policy.
The BoD is responsible for the content, the implementation and annual review of all other Company policies.

Meetings:
The BoD meets quarterly within the first fifteen (15) days of the month following the end of each calendar quarter. The chairperson of the BoD can also call up for a meeting at short notice on special occasions (ad hoc). Meetings can be held as tele- and/or videoconferences.

Further notes:
In order a BoD meeting to be valid at least half + one (1) of the BoD members have to be present with three (3) being the minimum number of presences. In order a BoD decision to be valid a simple majority is necessary, so at least half + one (1) of the present BoD member should vote in the same way.
All BoD decisions should be fully documented and should mention the way in which all available data was used. For this detailed minutes are kept.

All further details about the structure, rules and procedures concerning the Board of Directors of the Company are included in the Chapter Four (articles 12-18) of the Statutes of the Company.

<u>CEO/Managing Director:</u>
Mission:
Is responsible for implementing all BoD's decisions. The CEO is the legal representative of the Company for all relations with thirds and his signature is binding for the Company. In order to reach a decision the CEO/managing Director consults the Board of Managers and /or the Local heads of business functions and / or the respective Committee, following the "four-eye" principle.
Especially for any kind of payments a special detailed authority matrix is in place, approved by the BoD and published according to the Greek Company Law in force in order to secure that for all payments always two signatures are necessary.

<u>Board of Management (BoM):</u>
Synthesis:
Local CEO/Managing Director (as the chairperson),
Local Head of MMCD,
Local Head of RIC,
Local CFAO,
Local Legal Advisor and
Local Head of HR.

Mission:
Is responsible for implementing all BoD's decisions. Is also responsible to consult the CEO/Managing Director and to take decision about daily business issues where more functions are involved and/or affected.

Meetings:
The BoM meets weekly. Each member of the BoM can also call up for a meeting at short notice on special occasions (ad hoc).

Further Notes:

In order a BoM meeting to be valid there is no rule for minimum number of presences. In order a BoM decision to be valid a simple majority of all BoM members is necessary, so at least half + one (1) of all BoM members should vote in the same way. In case of a draw, the chairperson's vote makes the decision. Though, each member of the BoM has the "Veto Right" against any proposal discussed. In this case, if a "Veto" is raised the decision has to be postponed and the issue has to be escaladed to the respective Regional and/or Group central function, which will be responsible to give its final approval or not, reflecting the Group Strategy.
In order to secure this "Veto Right" any dismissal of a member of the BoM shall be pre-aligned with the Head of the respective Regional and Group function.
All BoM decisions should be fully documented and should mention the way in which all available data was used. For this detailed minutes are kept.

Committees:
Shareholder's Audit Committee (SAC):
Synthesis:
Consists of two representatives of the shareholder (one of them as the chairperson) and the CEO/Managing Director.
In the committee additionally participate: the Internal Auditor, the Local CFAO, the Local CRO, the Local Legal Advisor and Compliance Officer, the Local Head of MMCD, the Local Head of RIC, the Local External Auditor representative. Further participants may be invited to present specific topics.

Mission:
Review Company's Risks and Internal control are well managed and controlled.
Internal and External auditors follow up.
Accounts (half year – full year closing and quarterly accounts) and external auditors "Management letter" review.
Internal Audit activity review (annual report, specific review).

The SAC oversees the auditors' independence and their free access to information needed. The auditor may report to the Committee if he feels there is a breach of independence. In addition, the Audit Committee members will meet with the external auditors and the internal auditor without the management to check their independence.

Meetings:
The SAC meets quarterly before the Board meeting. Each member of the SAC and the Regional Audit Representative can also call up for a meeting at short notice on special occasions (ad hoc). Meetings can be held as tele- and/or videoconferences.
Further Notes:
All SAC meetings should be fully documented and detailed minutes should be kept.
The SAC covers also the tasks and responsibilities of the Disclosure Committee.
The Minutes of the SAC are delivered to the next BoD meeting by the chairperson of the SAC.

Loss Reserve Committee (LRC):
Synthesis:
Local CFAO (as the chairperson),
Local CEO/Managing Director,
Local CRO,
Local Head of Actuarial,
Local Head of RIC,
Regional CFAO,
Regional Actuary,
Regional Head of Risk Controlling

Regional Financial Controller, and
Regional Risk Controller.
Further participants may be invited to present specific topics.

Mission:
To determine the amount of technical provisions, recoverables and claims handling costs required for the close of each calendar quarter. The objectives are a) to maintain adequate reserves, b) to provide an explanation of any change in reserves, c) to align with the guidelines, standards and methods of the group.
Meetings:
The LRC meets quarterly within the last month of each calendar quarter. The chairperson of the LRC can also call up for a meeting at short notice on special occasions (ad hoc). Meetings can be held as tele- and/or videoconferences.

Further Notes:
All LRC meetings should be fully documented and detailed minutes should be kept.
The Minutes of the LRC are delivered to the next BoD meeting by the chairperson of the LRC.

Financial Investment Committee (FICO):
Synthesis:
Chairperson of the BoD (as the chairperson),
Local CEO/Managing Director,
Local CFAO and
Local CRO.
Further participants may be invited to present specific topics.

Mission:
To confirm the Investment policy, to set new investment guidelines and establish additional restrictions if deemed necessary, to review of the capital structure, to allocate the assets / liabilities, to approve assessment asset allocation in case of significant changes in capital market conditions and to analyze the liquidity position.
Meetings:
The FICO meets quarterly one month after the end of each calendar quarter. The chairperson of the FICO can also call up for a meeting at short notice on special occasions (ad hoc). Meetings can be held as tele- and/or videoconferences.

Further Notes:
All FICO meetings should be fully documented and detailed minutes should be kept.
The Minutes of the FICO are delivered to the next BoD meeting by the chairperson of the FICO.

Risk Committee (RICO):
Synthesis:
Local CEO/Managing Director (as the chairperson),
Local CFAO,
Local CRO,
Local Head of Actuarial,
Local Head of RIC,
Local Head of MMCD
Local Legal Advisor
Local Compliance Officer and
Local Head of HR.
Further participants may be invited to present specific topics.

Mission:

To play a defining role within the Company's risk management system among other committees, to supervise the rules, procedures and actions dedicated to the identification, assessment and control of present and future risks within the company, in order to guarantee the respect of the risk strategy adopted by the Board of Directors, to review and discuss the risk policy as well as the associated capital management, and issue recommendations to the Management Committee, to participate to the dissemination of an adapted risk culture across the Company, to secure transparency on company's capitalization and risk profile, to monitor the implementation of Solvency II directive and to establish a comprehensive risk culture and processes within the company by means of open communication and a common understanding of the risk profile.
Meetings:
The RICO meets quarterly within the second month after the end of each calendar quarter. The chairperson of the RICO can also call up for a meeting at short notice on special occasions (ad hoc). Meetings can be held as tele- and/or videoconferences.

Further Notes:
All RICO meetings should be fully documented and detailed minutes should be kept.
The Minutes of the RICO are delivered to the next BoD meeting by the chairperson of the RICO.

<u>Compensation Committee (CoCo)</u>:
Synthesis:
Local CEO/Managing Director (as the chairperson),
Local CFAO,
Local Head of HR and
Regional Head of HR.
Further participants may be invited to present specific topics.

Mission:
To supervise the decisions related to employees' remuneration, to make sure that the remuneration practices are coherent within the Company and that they comply with the legal and regulatory obligations and to check that the remuneration decisions are justified and documented, that they follow market practices as well as the principle of meritocracy.

Frequency:
The CoCo meeting takes place once a year and is split into two phases. The first phase concerns the general population (CoCo1) during September of each year and the second the Local CEO and Members of Management (CoCo2) during December of each year.
Further Notes:
All CoCo meetings should be fully documented and detailed minutes should be kept.
The Minutes of the CoCo are delivered to the next BoD meeting by the chairperson of the CoCo.

Material changes in system of governance in 2016

No changes occured in system governance in 2016.

B.1.2. Euler Hermes remuneration policy

B.1.2.1. Scope of EH remuneration policy

The Remuneration policy is in line with the business strategy, risk tolerance, corporate objectives, and the values and long term interests of the Company to achieve sustainable growth.

The principles of the policy are drafted to ensure sound and effective risk management. The policy controls and restricts any excessive risk taking.

The policy applies to all staff.

B.1.2.2. Remuneration Structure

Compensation elements and pay mix

As remuneration Is defined as the total monetary amount given to the employee as reward for work or service with the form of Compensation (Annual Basic Salary and Annual Target Bonus Amount), Allowances and Commission for the staff in Sales Department.

a. The remuneration is composed of:

1) Compensation: The amount given to the employee that is composed from the (a) Annual Basic Salary (fixed amount) and the (b) Annual Target Bonus amount (variable amount). Any variable incentive could be granted in cash and is related to the Seniority level of the employee.

2) Allowances: Other monetary amounts additional to the Total Compensation, either permanently or temporarily, due to a specific condition.

3) Commission: The monetary amount given as reward to the Sales Staff.

Base salary adequacy

The base salary will be determined with regards to market standards and surveys. This will be reviewed on an annual basis or in case of a vacancy with a new recruitment. This is to ensure that this component always covers the general needs for appropriate living and to allow that variable pay could be set to zero in difficult years.

Variable compensation

Variable compensation is based on an individual and corporate performance assessment.

Grading

EH Hellas has adopted the Grading system. The Grading System refers to the position and not the jobholder. It represents a common structured approach within Euler Hermes Group for all positions.
Grading System allows comparing external and internal market leading to consistent, differentiated and fair pay system.
Cross-divisional mobility is enhanced as well as organizational clarity and transparency. It enables the establishment of expert and leadership career tracks allowing succession planning and career pathing focused on job content and responsibilities.

Re-grading of a position is triggered in cases of:

i) Re-organization
ii) Substantial Change of Position Scope
iii) Creation of a New Position

If a re-grading trigger is fulfilled, grading is done at next possible event and reported to Regional HR for Approval.

B.1.2.3. Assessment of performance

Individual, divisional, corporate performance

Individual performance is measured based on a combination of quantitative and qualitative targets which are designed to avoid any conflict of interest and unwanted risk taking. Individual targets are specific to each function and typically include, a) for the quantitative part: KPIs such as new business volumes or loss ratio levels; b) for the qualitative part: on-time completion of a project or the fulfillment of a specific task, as well as the adherence to regulations and EH policies.
Divisional and corporate performance is assessed based on a set of financial KPIs including: turnover, operating profit, net income, net loss ratio, gross cost ratio and jaw ratio (defined as the difference between the percentage growth in income and the percentage growth in operating expenses).

Sustainable performance approach

Mid-Term-Bonus assesses performance over a 3 year period and applies to top management (Management Committee and Heads of Regions).
Annual goals are determined on past year's actual figures and a 5 year projection. For this reason they are put in a longer term context to ensure sustainable growth and avoid abnormal swings.

KPIs modeled on risk, cost of capital (portfolio/grade evolution)

KPIs include expected loss projections. The expected loss is calculated based on the exposure and probability of default.

Individual performance assessment

Individual performance assessment is based on the goals set at the beginning of the year.

B.1.2.4. Governance of the remuneration policy and principles

Preemption of conflicts of interest, clear documentation and transparency

Performance assessment and compensation standards are drafted with the perspective to avoid any conflict of interest.
Independent Control Function holder's goals do not include divisional or corporate financial performance to avoid any potential conflict of interest.
Performance is documented in detail in our Performance Management tool Success Factors.
The decision making process for remuneration is documented in Remuneration Committee Minutes and documents.

Establishment of a Remuneration and Nomination Committee (RNC) and composition

The RNC is composed of non-executive BoD (Board of Directors) members and supported by the Compensation & Benefits (C&B) advisor of EH Group Human Resources.

Remuneration of the Management Committee and Administrators

Remuneration of the Management Committee is approved by the Board of Directors based on RNC recommendation.

To ensure independence, the remuneration of non-executive administrators is not impacted by company performance but determined based on attendance.

General principles of the remuneration policy
BoD establishes remuneration Governance and Policy and controls its execution.

Responsible for the approval of remunaration changes is the Compensation Committee (CoCo).
CoCo is formed at Local, Regional and Group level.
The Local CoCo is consisted of the local CEO, CFAO and HR Director and are responsible for the implementation of the local Compensation and Benefits Policy.
All types of increases should be included in the Compensation Committee 1 file (hereafter CoCo1 file) as well as Compensation Committee 2 file (hereafter CoCo2 file). These file are subject to approval by the Regional Compensation & Benefit Committee. Regional Compensation and Benefit Committee monitors and approves CoCo1 file & CoCo2 and further submits them for approval to Group Compensation and Benefits Committee.

Independent control functions and Human Resources
Independent control functions are involved in constituting the remuneration Governance and Policy based on HR and where needed external C&B expertise.

Expertise and Independence
Members of the BoD and the RNC are independent from the operational departments that are impacted by the remuneration Governance and Policy.

Implementation of the remuneration Policy and Governance
Group HR is in charge of implementing the remuneration Policy and Governance while respecting the duties of the RNC and the BoD. Control functions will assist in controlling the implementation. In this context special attention must be given to the prevention of excessive risk taking.

Independence of people involved from the operational departments
Independent Control Functions are independent from the operational departments on which they exercise their control.

Access to remuneration Policy and Governance
All staff has access to the remuneration Policy and Governance via Intranet. All staff is aware of their own annual goals since they are agreed in writing between the manager and individual staff at the beginning of the annual performance cycle.

B.1.3. Material transactions in 2016 with shareholders/key stakeholders

No material transactions occurred in 2016 with the shareholders

B.2. Fit & Proper

The application of the Solvency II directive requires a high Fit and Proper standard for Senior Management and Key Function Holders across the company. For these positions, a policy establishes the core principles (general principles, fitness and propriety) and processes necessary to ensure sufficient knowledge, experience and professional qualifications as well as the necessary integrity and soundness of judgment.

B.2.1. Definitions

Senior Management

Senior Management is defined as the persons effectively running the undertaking i.e.

- Members of the Board of Management, which is defined as the collective body responsible for the steering of EH Hellas business and handling of the day-to-day business;

Key function holders

The Key Function Holders are the persons responsible for carrying out the Key Functions (as defined below). They are the heads of the respective departments with a direct reporting line to the Management Committee. For each Key Function there is one Key Function Holder.

The Key Function Staff comprises further persons working within Key Functions, including those with a direct reporting line to the Key Function Holders and, in addition, experts with independent decision rights.

The Key Functions and their respective holders are:

- The risk management function: "Effie Dravalia ", CRO
- The compliance function: "Charalampos Bourekas", "Legal Advisor, Compliance, Head of Policy Administration & Operations" ;
- The internal audit function: "Amedeo Conti", "Regional Auditor";
- The actuarial function: "Effie Dravalia ", Head of Actuarial function

Fitness

A person is considered fit (Fitness) if their professional qualifications, knowledge and experience are adequate to enable sound and prudent fulfilment of his role. This includes leadership experience and management skills, as well as the relevant qualifications, knowledge and experience for the specific role.

Propriety

A person is considered proper (Propriety) if he is of good repute and integrity, depending on his character, personal behavior and business conduct, including criminal, financial and supervisory aspects. A proper person is able to provide for the honesty and financial soundness required for him to fulfil his position in a sound and prudent manner.

B.2.2. Fit & Proper principles

Fitness

As regards Fitness, the qualifications, knowledge and experience required depend on the position.

- Members of the Management Committee

The members of the Management Committee shall collectively possess qualification, knowledge and expertise about:

- Credit Insurance, asset management and financial markets, i.e. an understanding of the business, economic and market environment in which EH Hellas operates;
- The business strategy and business model of EH Hellas;
- EH Hellas' system of governance, i.e. an understanding of the risks EH Hellas is facing and the capability of managing them and of assessing the capacity of EH Hellas to deliver effective governance, oversight and controls;
- Financial and actuarial analysis, i.e. the ability to interpret Hellas' financial and actuarial information, identify key issues, put in place appropriate controls and take necessary measures based on this information; and
- Regulatory framework and requirements, i.e. an understanding of the regulatory framework in which EH Hellas operates and the capacity to adapt to changes to it.

Appropriate diversity of qualifications, knowledge and experience within the Management Committee shall be ensured and the collective fitness shall be maintained at all times when changes occur within the Management Committee.

While each individual member of the Management Committee is not expected to possess expert knowledge, competence and experience within all areas of EH, he must possess the qualification, experience and knowledge which is necessary for carrying out the specific responsibilities within the Management Committee assigned to him.

- Members of the Senior Management (other than Management Committee)

Members of the Senior Management other than members of the Management Committee must possess the qualification, experience and knowledge as outlined with regard to the Management Committee to the extent they are relevant for their responsibility. This depends on the degree of autonomy within the overall organization of EH Hellas which the organizational unit has for the business.

- Key Function Holders

Each Key Function Holder must possess the Fitness required to fulfill the tasks assigned to him by the policy of the respective Key Function, if any, and applicable law. In cases where a Key Function is outsourced according to the EH Hellas Outsourcing policy, the Fitness requirements for the person are identical to those applying to the respective Key Function Holder himself.

Propriety

Whereas certain requirements must be positively fulfilled for a person to be considered Fit, in respect of Propriety there are no such positive criteria, but rather negative circumstances, which are hints that a person may not be Proper. Thus the Propriety assessment does not consist, like the Fitness assessment, in the verification that requirements are fulfilled, but in the consideration of any hint which may cast a doubt on a person's Propriety.

Such hints are:

- Any previous conviction, or current procedure possibly leading to a conviction, of a criminal offence, in particular offences under any financial services legislation (e.g. laws on money laundering, market manipulation or insider dealing, fraud and financial crime), breaches of companies, insolvency and consumer protection laws;
- Any previous conviction, or current procedure possibly leading to a conviction, of a relevant disciplinary or administrative offence;
- Any administrative sanctions for non-compliance with any financial services legislation and any current investigation or enforcement action by any regulatory or professional body;
- Any relevant inconsistency with regard to a candidate's education or professional experience; and
- Any further circumstance resulting in the risk of financial crime, non-compliance with law or the jeopardizing of the sound and prudent management of EH Hellas business.

B.2.3. Processes for ensuring Fitness and Propriety

Sound processes during recruiting and regular and ad-hoc reviews as well as appropriate training are necessary to ensure Fitness and Propriety.

Fit and Proper assessment

- Recruiting

EH Hellas ensures that, during the recruiting process of any member of the Senior Management or of a Key Function Member, whether internal or external to the EH Group, their Fitness and Propriety are assessed. An employment or service contract may only be entered into after the successful completion of a recruiting process as described below.

(a) Job descriptions / Fitness requirements for the position

Job descriptions are used to fill open positions for members of Senior Management other than members of the Management Committee and for Key Function Members, both internally and externally. The HR department ensures that the job descriptions for open positions are in place, in line with corporate communication requirements and local laws and regulations, including anti-discrimination regulations. Each job description specifies the job role and the tasks and key responsibilities associated with it, as well as the Fitness required to perform the job role in a sound and prudent manner.
As regards the members of the Management Committee, candidates are assessed in accordance with the Fitness requirements described above as well as further criteria defined by the Board of Directors.

(b) Curriculum vitae; background checks

<u>External candidates:</u>

All candidates must submit current curriculum vitae at the beginning of the recruiting process. The final candidate for a position within the Senior Management or as Key Function Holder must be subject to a background check, comprising of:

- The submission by the candidate of copies of his required qualifications;
- The submission by the candidate of a proof of good reputation and of no previous bankruptcy, including a certificate of good conduct or adequate docu-

ments (e.g. criminal records check, police clearance certificate), presented not later than three months after the date of issue; and
  - A reference check and a public media search conducted by the recruiting HR department, subject to applicable privacy laws and regulations.

Each respective Key Function Holder shall determine for which Key Function Staff positions the final candidates shall be subject to a (partial) background check. In doing so the Key Function Holder shall consider the positions' level of responsibility, e.g. direct reporting line to the Key Function Holder.
In the event that any of the documents to be submitted by the candidate for the background check is not available, the HR department, responsible for the recruitment, decides on the adequate measure (e.g. request for a statutory self-declaration to serve as proof).

Internal candidates

When candidates have been employed by EH Hellas for less than four years, or uncertain justified cases, it must be secured that their curriculum vitae is available. Besides they shall be subject to background checks as described above.

Irrespective of their tenure within EH Hellas, internal candidates applying to assume an executive position for the first time must undertake a global assessment, including:

  - An interview with a professional interviewer;
  - References from the candidate's superiors, peers, direct reports and other stakeholders; and
  - Psychometrics to assess the candidate's leadership styles and the organizational climate he creates (optional).

(c) Interviews

For head positions the candidates have an interview with three members of the Management Committee and a HR professional.

All other candidates for Executives positions (including key function holders) have an interview with the responsible member of the Management Committee and, if applicable, with the functional member of the Management Committee as well as a HR professional.

- Regular reviews

A person's Fitness and Propriety shall be assessed on a regular basis, to ensure ongoing Fitness and Propriety of the person for his position, for instance, as part of annual performance reviews or Career Development Conferences.

- Ad-hoc reviews

Ad-hoc reviews are required in certain extraordinary situations which give rise to questions regarding a person's Fitness or Propriety, e.g. in case of:
  - Relevant breach of the EH Hellas Code of Conduct;
  - Failure to submit required self-disclosure statements, e.g. statements of accountability or disclosure of security trading;
  - Investigation or any other procedure possibly leading to a conviction of a criminal, disciplinary or administrative offence (in the case of an administrative or

disciplinary offence, the relevance to the EH Hellas business and the person's position shall be taken into account), or to administrative sanctions for non-compliance with any financial services legislation; and
    - Substantiated complaint within the EH Hellas (e.g. whistle-blowing) or from supervisors.
- Outsourcing of a Key Function

In cases where a Key Function is outsourced according to the EH Hellas Outsourcing Policy, the due diligence of the Provider by the Business Owner comprises a description of the process used by the Provider to ensure the Fitness and Propriety of its personal and a written confirmation that the Provider's personal working within the outsourced Key Function is Fit and Proper (Fit and Proper Test).

At the date of the writing of the narrative report, no key function is outsourced.

- Assessment results

Based on the information gathered during recruiting, a regular or ad-hoc review or an outsourcing due diligence, each case must be assessed individually, considering the following:

    - As regards Fitness, if it appears that a member of the Senior Management, a Key Function Member or a candidate to such a position suffers from a specific lack of knowledge, competencies or skills, it shall be considered whether this lack is curable through specific professional training and if so, the person must be provided with such training;
    - Regarding Propriety, whereas any hint of a possible lack of Propriety must be taken into account for the assessment, factors such as the type of misconduct or conviction, the severity of the case, the level of appeal (definitive vs. non-definitive conviction), the lapse of time since and the person's subsequent conduct are also taken into account, as well as the person's level of responsibility within EH Hellas and the relevance of the finding for the respective position (i.e. the position's exposure to integrity and fraud risks). Furthermore, any finding with respect to a person's Propriety must be shared with the compliance department, as well as the legal department where adequate. At the date of the writing of the narrative report, all members of senior management and all key function holders have been approved by NBB as fit and proper.

Training

EH Hellas ensures that, on an on-going basis, relevant professional training, including eLearning, is available (internally or via external providers) to the Senior Management and Key Function Members, to enable them to constantly meet the Fitness requirements of their roles.

As regards Propriety, EH Hellas' compliance department provides regular training on ethical business behavior such as anti-fraud and anti-corruption topics, providing employees with clear rules for proper behavior, both for themselves and their reports.

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

B.3.1. The Risk Management system

OVERVIEW

For all material quantitative and qualitative risks a comprehensive risk management framework shall be in place and incorporates (i) risk identification, (ii) risk assessment, (iii) risk response and control activities, (iv) risk monitoring, and (v) risk reporting. The framework is implemented and conducted within the confines of a clearly defined risk strategy and risk appetite and periodically assessed for adequacy.

RISK STRATEGY AND RISK APPETITE

The Board shall define the strategy and objectives of the Euler Hermes Hellas according to relevant risk and return criteria, and shall include an overall risk appetite for the Euler Hermes Hellas with respect to all material quantitative and qualitative risks in a manner that) takes into account shareholders' expectations and requirements imposed by regulators.

The Euler Hermes Hellas risk strategy and associated risk appetite are documented in the Euler Hermes Hellas Risk Strategy. EH Hellas ensures that a local risk strategy is in place and that it is consistent with both the risk strategy and risk appetites imposed by Euler Hermes Group.

SOLVENCY ASSESSMENT

The entirety of the processes and procedures employed to identify, assess, monitor report and manage material risks shall be periodically assessed and documented via the performance of a solvency assessment (ORSA) in line with regulatory requirements and the Risk Policy Framework requirements. The assessment should ensure that adequate own funds exist to satisfy overall solvency needs against current liabilities and short and long term risks.

RISK MANAGEMENT PROCESS

At a minimum, the following quantitative and qualitative risk management process requirements shall be adhered to at EH Hellas.

Risk Category	Standard Model Risk Capital	Top Risk Assessment	Specific Risk Management Process
Market Risk	✓	✓	✓
Credit Risk	✓	✓	✓
Counterparty Default risk	✓	✓	✓
Underwriting Risk	✓	✓	✓
Intangible Risk	✓		
Business Risk		✓	✓
Operational Risk	✓	✓	✓
Reputational Risk		✓	✓
Liquidity Risk		✓	✓
Strategic Risk		✓	✓

STANDARD MODEL RISK CAPITAL

All material and quantifiable risks, including market, credit, underwriting, business and operational risks shall be accounted for within the Standard risk capital model at EH Hellas.

Standard model risk capital shall be calculated on a quarterly basis in order to ensure that adequate capital exists.

To implement the principles EH Hellas uses the Standard Model and its Risk Capital calculations with respect to each of the Risk Categories in business or decision-making and risk management processes. As a minimum, EH Hellas shall consider the Standard Model in the following decisions, or justify why they don't:

Setting the business strategy (cf. Risk Strategy) and Capital allocation as well as the Risk strategy including limit systems (Risk considerations with respect to all Risk Categories);

Setting the reinsurance strategy (Underwriting Risk considerations in non-life insurance business); as well as

The strategic asset allocation (analysis of the risk bearing capacity with respect to Market and Credit Risk).

TOP RISK ASSESSMENT

All material quantifiable and non-quantifiable risks, including market, credit, underwriting, business, operational, liquidity, reputational and strategic risks, as well as risk concentrations, shall be analysed, at least on an annual basis, via the performance of a Top Risk Assessment.

The principle objective of the Top Risk Assessment is to identify and remediate significant threats to financial results, operational viability or the delivery of key strategic objectives, regardless of whether they relate to quantifiable or non-quantifiable risks.

RISK GOVERNANCE

To ensure an appropriate and rigorous system of governance, Euler Hermes has defined key functions that address all areas of the company. The second level key functions are also detailed here below. Risk Management as shown in the chart

Second Line of Defence: Risk Management, Actuarial, Compliance

The key functions are those considered important and critical in the system of governance. They are organized as follow.

Functions	Role
Risk management	The risk management function has the following duties: • Providing a consistent framework for all risk-related activities in EH Hellas (Risk policies, standardized risk methods and models, EH risk strategy, limit systems, risk diagnostic reviews); • Protecting the capital base of EH Hellas (New risks, risk capital situation, early warning for solvency and rating capital, comprehensive risk analyses/evaluations, concentration risks, risk mitigating measures, recommendations for vetoing line management decisions); • Supporting the value creation in EH Hellas (Risk perspective for risk/return optimization, Risk and capital information for management dialogue, transaction or product analyses and reviews); • External reporting on risk and capital issues; • Monitoring of new regulatory requirements for risk capital and solvency, like Basel II, Solvency II, as well as requirements under financial conglomerates supervision
Actuarial	The key objectives of the EH actuarial function are the following: Coordinate the calculation of technical provisions; Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions; Assess the sufficiency and quality of the data used in the calculation of technical provisions; Compare best estimates against experience; Inform the administrative or management body of the reliability and adequacy of the calculation of technical provisions; Oversee the calculation of technical provisions; Express an opinion on the adequacy of reinsurance arrangements and Contribute to the effective implementation of the risk-management system.
Compliance	The purpose of the Compliance Risk Management framework is to support EH Hellas with: Embedding compliance with laws, regulations, business principles, rules of conduct and established good business practices in every aspect of the organization (for instance, governance, strategy, people,

Functions	Role
	processes, policies, culture, communications); Establishing and maintaining effective compliance risk management and control systems, including monitoring and reporting; Providing timely advice to Euler Hermes organization on relevant changes in the compliance environment; Promoting integrity of Euler Hermes, its business and its employees.

EH Hellas Risk Committee

The Euler Hermes Hellas Risk Committee plays one defining role within the Euler Hermes risk management system along with other Committees dealing, for example, with the investment strategy and underwriting strategy.

Above all, it serves
- transparency on company's capitalization and risk profile;
- monitoring the implementation of the Solvency II directive
- establishing a comprehensive risk culture and processes within the company by means of open communication and a common understanding of the risk profile.

Scope of Function and competence

In order to achieve the goal mentioned in the previous paragraph, the Euler Hermes Hellas Risk Committee is ensuring the following roles and responsibilities:

- Risk Governance
  - Ensure the implementation of a risk policy framework, including the definition of the Risk Policy and Strategic Risk Capital Framework covering limits, guidelines and reporting and monitor compliance
  - Ensure the implementation of a risk management framework in compliance with all necessary requirements e.g. regulatory
  - Ensure that the control framework satisfies all necessary requirements e.g. regulatory, legal
  - Ensure the adequacy of risk organization and resources on a regular basis
  - Promote and enhance the Euler Hermes Hellas Risk Culture

- Risk Management and Reporting
  - Discuss the standard model results and its use for risk management and business decisions including an analysis of risk concentrations
  - Monitor Euler Hermes Hellas risk position, including risk appetite, based on consolidated information on risk types, risk guideline implementation status, audit reports with material findings on risk-relevant issues
  - Define mitigation actions to be undertaken for protecting the risk capital basis
  - Review at least once a year the approach of the Own Risk and Solvency Assessment (ORSA) and define the necessary actions to be taken
  - Ensure that appropriate internal reporting is in place, both on regular and ad-hoc basis
  - Monitor risk-related audit follow-ups
  - Monitor regulatory breaches and actions plan

B.4. Own Risk and Solvency Assessment

B.4.1. Description ORSA process

The ORSA draws upon the whole risk management system in order to conclude on the risk profile adequacy over time and different scenarios.

Risks and capital needs are hence considered as an integral part of the business decision making processes of the company. So as to be exhaustive, all kinds of risk (quantitative and qualitative) are thus taken into account.

Therefore, the ORSA has to be considered as being performed on an ongoing basis during normal execution of the risk management framework. This ongoing performance is complemented by a regular comprehensive annual assessment and report, as well as non-regular (i.e. ad-hoc) assessment following significant changes in the risk profile.

Macro process ORSA

The ORSA Process is driven through five main steps:

1. Update and alignment of the risk appetite and risk limits with the business strategy and check the alignment with group requirements.

   Main EH Hellas supporting processes:

   - Follow a risk strategy that defines its risk appetite during the establishment of business objectives, updated whenever changes in business strategy occur.
   - Monitor compliance with capitalization, financial exposure, asset allocation and other exposure limits.
   - Perform periodic analysis: evolution of legal and regulatory environment, new scenarios of risk, analysis of the limitation of standard model.

2. Identification of all risks to be considered, quantifiable and non-quantifiable, by performing several approaches.

   Main EH Hellas supporting processes:

- Perform a Top risk assessment (TRA) quarterly in order to identify risks that pose the greatest threat to EH Hellas, leading by the risk function.
- Perform yearly the risk control self-assessment (RCSA) leading to a mapping of the existing controls and an assessment of their efficiencies.
- Conclude on the effectiveness of the internal control system yearly through consideration of the most recent testing and review results as well as recent operational failures.
- Train periodically staff on several topics such as internal fraud and compliance issues

3. Assessment of all risks based on the Standard model. Moreover, projections of own funds, risk capital and solvency ratio under base case and stress scenarios.

Main EH Hellas supporting processes:

- Calculate risk capital with respect to all risks.
- Calculate economic and regulatory solvency positions and their sensitivity to stress scenarios.
- Develop a capital plan that ensure ongoing compliance with the target capital ratios established in the risk appetite, taking into account projections over the following three years (planned figures), both under base case and stress case scenarios.

4. Statement of the overall solvency needs in quantitative terms with a qualitative description of all material risks. Then, demonstration of the compliance of future business with the risk strategy and assessment of the deviation between the risk profile and the assumptions underlying the calculation of the SCR.

Main EH Hellas supporting processes:

- Calculate the capital available to offset risks (own funds, including the MVBS and TP) and identification of variations.
- Implement various business committees in which the control functions (risk, compliance, audit or actuary) are present: MMCD, risk underwriting committees, financial committees.

5. Reporting of the performed results and analysis by filling the ORSA report and diffusing it to all relevant stakeholders. The report has then to be validated by the BOD before any official communication. Appropriate results are sharing with relevant other reporting/ analysis process.

ORSA governance / responsibilities

Board of Directors	• **Ensuring** proper **implementation** of its standard • **Challenging** the outcome of the ORSA and **signing-off** on the final report • **Instructing** on any **follow-up** actions to be taken
Risk Committee	• **Overseeing** the ORSA process • **Reviewing** and **pre-approving** the ORSA results report prior to submission to the BoD • **Monitoring** the execution of any follow-up actions • **Requesting** performance of a non-regular ORSA if any events potentially altering the last overall ORSA conclusions occur
Chief Risk Officer	• **Coordinating** the ORSA process, the various contributors and **preparing** the ORSA Results Report • Annually **assessing the compliance** of the ORSA report/ process with regulatory requirements • **Reporting** the ORSA results to the risk committee and **distributing** them/it to all key stakeholders related to business strategy, risk strategy and risk and capital management • **Providing** the ORSA results report to the BoM • **Communicating** with supervisory authorities

B.4.2. *Integration in the management process*

The ORSA as a key component of the Planning Dialogue
After communication of the goals throughout the EH Group, Euler Hermes Hellas prepares its strategic analysis. Together with the Board of Management the key data of the detailed action plan is discussed in a "Planning Dialogue" and appropriate targets are agreed on.
The detailed action plan derived from this discussion notably includes new business planning, premium, expenses, investment, strategic asset allocation and capital allocation requirements resulting in fixed targets for the following year, in line with the Group Strategy.
The Risk strategy is derived at Euler Hermes Hellas level to ensure that the risk return aspects are taken into consideration and that the final plan approved is in line with Euler Hermes Group Risk appetite and that it is consistent with the achievement of the EH Group targets.

Existence of an ad-hoc ORSA performed under specific circumstances

Euler Hermes has determined the circumstances which would trigger a non-regular ORSA. This decision is ultimately made by CRO to perform a non-regular ORSA whenever significant perceived changes to the risk profile of EH Hellas, (since performance of the last ORSA, are recognized), in case of significant and unexpected changes of EH Hellas risk profile.
Those circumstances are mainly:

- Solvency ratio under 100%;
- Major change in business situation or in the business strategy;
- Significant capital market dislocation;
- Severe reputational damage;
- Change in the organization;
- Major change in business situation.

- A monitoring of the couple risk capital/profitability for each legal entity of the Group has been put in place in order to implement diversified approaches given the positioning of the entity

B.5. Internal control system

B.5.1. *Definitions*

The internal control system of EH Hellas consists of specific risk controls and further control elements. Its objectives are:

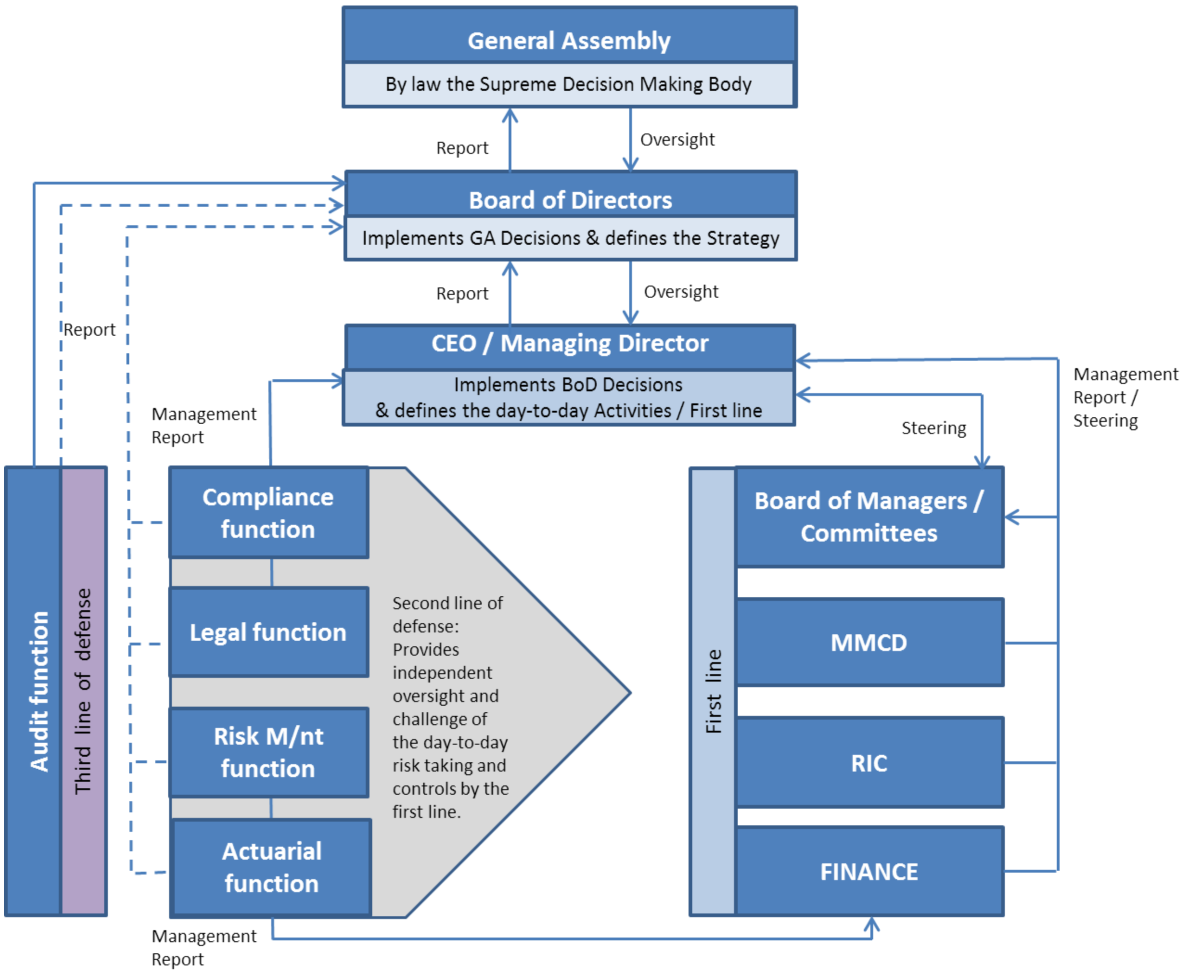
- Safeguarding EH Hellas' existence and business continuity;
- Creating a strong control environment, ensuring that all personnel are aware of the importance of internal control and their role in the internal control system;
- Conducting control activities commensurate to the risks arising from activities and processes in EH Hellas;
- Providing the management bodies with the relevant information for their decision-making processes;
- Ensuring compliance with applicable laws and regulations.

B.5.2. *Three lines of defense model*

Implementation of Internal Control Framework
(1) Distinction of Functions

(a) Consistent with distinction of Group Functions, any function not deemed as 2nd or 3rd line perform first line controls.
(b) Second line controls are exercised by:
- Actuarial function
- Compliance function
- Legal function
- Risk Management function.
(c) Third level controls are performed by the internal audit function.

(2) EH Hellas follows all Group standards described in the attached Group Policy.
The following picture shows an illustration of the control framework:



B.5.3. Entity Level Controls (ELCA)

ELCA Controls represent control activities whose conduct has a fundamental impact on the operating effectiveness of the Euler Hermes group and its process level controls. EH Hellas is not in scope of the full implementation of ELCA controls which are implemented in Group level, based on the principle of proportionality (e.g. size, complexity, risk profile). Though EH Hellas is implementing a lighter version of these controls.

B.5.4. Implementation of internal control framework

B.5.4.1. Specific internal control frameworks

In order to identify and mitigate the risk of material errors in EH group's consolidated financial statements and the Allianz Group Management report, EH has implemented controls around its financial reporting.

These controls are subject to documentation and testing requirements.

Euler Hermes Hellas internal control system is consistent Euler Hermes Group and Allianz Group internal Control system, which are compliant with the COSO 2013 internal control framework requirements.

Euler Hermes Hellas Board of Directors adopted the "Euler Hermes Hellas Governance and Control Policy", based on the "Euler Hermes Group Governance and Control Policy". This policy represents an institutionalization and formalization of the Euler Hermes Hellas system of internal control and responsibility for assessing its effectiveness.

The internal control system defined in the policy comprises various control concepts. Besides general elements applicable to many control activities and the overarching risk management framework, specific control areas are defined in the pursuit of targeted control objectives.

B.5.4.2. Internal control function

Consistent with Solvency II regulation, Euler Hermes Hellas has implemented key functions and a three-lines-of-defense model; each key function has a proper policy to define its major principles and processes.

Functions	Key function	Line of defense	Documentation
Operational departments		1	Set of corporate rules
Actuarial	X	2	Actuarial policy
Legal		2	Legal minimum standards
Compliance	X	2	Compliance policy
Risk Management	X	2	Group risk policy and Risk governance framework
Internal Audit	X	3	Audit policy

The internal controls includes the following control areas:

- Risks & Controls Self-Assessment (RCSA)
- IT General Controls
- Controls Around Risk Capital Calculation
- Controls around Property & Casualty underwriting
- Controls around investments

The following table presents a brief description of the above control areas:

Control area	Perimeter	Responsibility	Main documentation
RCSA	Mapping and evaluation of process-level risks and controls	RCM	Guidelines for RCSA and ScA
IT General controls	Key controls around all IT operating systems.	IT	ICOFR policies and procedures manual

Controls around risk capital calculation		RCM	Standard model guidance
Controls around P&C underwriting	Control framework: principles, limits, control samples,…	Management committee	Standards for P&C underwriting
Controls around investments	Control framework for the investment of own financial assets , based on the risk management framework	Asset Management	Standard for Investment Management Organization

B.5.5. Compliance function

Euler Hermes Hellas integrates into its Risk Management framework the "Euler Hermes Group Compliance Policy" and "Allianz Group Compliance Policy" coming from the Allianz Solvency II policy framework.

The Policy establishes fundamental regulatory requirements and incorporates best practice compliance standards. It captures core principles regarding the key responsibilities, the organizational framework and reporting and monitoring duties of a Compliance Function within the Company.

The term 'function' shall be understood as the capacity to fulfil all compliance tasks including the compliance related governance, irrespective of the organization of the function (including the allocation of the respective roles and responsibilities). The organizational set-up of the Compliance Function, therefore, may differ from one entity to another within the Group.

The Compliance Function covers the following areas with the relevant policy for each area:

Code of conduct
Anti-Fraud Policy
Gifts and Entertainment Policy
Sponsoring and Hospitality Policy
Anti-Corruption Policy
Money Laundering Prevention Policy
Antitrust Policy
Conflict of Interest Policy
Competition Law Policy
Capital Markets Compliance Policy
Sales Compliance Policy
Economic Sanctions Policy
Data Protection Policy
Record Retention Policy
Speak-Up Policy

The Compliance Function structures the OE's Compliance Plan at the beginning of each year and prepares a Quarterly Report for its activities.

B.6. Internal audit function

B.6.1. Internal audit function implementation within Euler Hermes Hellas

Euler Hermes Hellas internal audit complies with the Euler Hermes audit Policy updated to comply with Solvency II requirements.

EH Hellas taking into account parameters like its size, the complexity of its structure, the close control by Euler Hermes and Allianz Groups using the rule of proportionality opted to outsource the Internal Audit Function to Euler Hermes Group. In this context Euler Hermes Group appointed as EH Hellas' Internal Auditor a person from the Group Audit Function. This person is in charge of to: Comply with legal constraints in MMEA Region (Regulatory issues, HR, Work Council), Inform area Regional Head of MMEA about audits and pending due recommendations, Organize local SAC and MAC and reporting to the BoD if needed, Cooperate with Regional and Local Head of Risk Management and Head of Compliance in MMEA and with External Auditors.

Internal Audit is organized by function: Risk, Sales/Marketing, Finance/Accounting, Operations and Corporate Governance. Regional correspondents have been put in place.

An annual program of audit assignments is drawn up every year at Group Level. This program, based on risk mapping and a pragmatic approach to requirements, includes global audits of the subsidiaries, cross company audits of processes performed simultaneously in the main subsidiaries, and vertical audits of all the processes of a given function within a subsidiary. It is drawn up in accordance with a structured procedure in the second half of the year. It is the subject of a discussion, communication and validation process with operational staff, General Management and the Audit Committees.
The last stage of the validation process is the presentation of the program to the Audit and Risk Committee for approval in the fourth quarter. The audit program is consistent with achieving five year risk cover, in accordance with Allianz guidelines, while at the same time providing short-term cover of the most sensitive risks.

The audit activity is governed by an audit charter. It sets out in detail the missions and organization of the various control levels within the Group and its subsidiaries. It is complemented by the development of audit standards and procedures at local and Group levels.

The Internal Audit function has intense interfaces and a close cooperation with other functions. In line with regulatory requirements, reciprocal oversight shall be exercised amongst the other control functions Risk, Legal, Compliance and Actuarial as generally outlined in the Allianz Group Governance and Control Policy, notwithstanding the Internal Audit Function's responsibility to review and audit these functions.

A quality review of the internal audit function is performed every three years by the Allianz group Audit function. This review covers all the activities: the functions, the methods, the audit plans, the missions, compliance with the audit standards, the organization and resource planning. It qualifies as external quality review of the function.

B.6.2. Independence and objectivity of the internal audit function

In order to ensure the objectivity and the independence of the Internal Audit function, the following specific requirements have been set:

Independence
The Internal Audit Function must be independent from first line and second line functions. Internal Audit must avoid conflicts of interest. Internal Auditors and the Internal Audit function have the authority to express assessment and recommendations but cannot give orders (except in cases of suspicion of illegal activities/fraud).

Reporting Lines
Internal Audit reports directly to the CEO and to the Board of Directors.

Unrestricted information access
Internal Audit has the responsibility and the right to review activities, procedures and processes in all areas of the company, without scope limitation.
Internal Audit has the unlimited right to communicate with any employee to obtain information and to join meetings and committees. Internal audit should have access to all minutes of meetings and committees. And management must inform Internal Audit of serious deficiencies and major changes in internal control systems (e.g. introduction of new lines of business, new products, changes and working procedures, new systems or detection of security deficiencies). This information must be handled with discretion and confidentiality.

Fitness and Propriety
Internal auditors must possess analytical skills, knowledge in the field of accounting as well as an understanding of the organization of insurance and/or finance companies, and an IT knowledge.
In order to achieve and maintain the required professional skill level, continuing training is necessary. Skills in effective communication are also important. Consequently, the head of Internal Audit must be familiar with all Internal Audit relevant standards, publications and practices.

B.7. Actuarial function

B.7.1. Actuarial function implementation within Euler Hermes Hellas

B.7.1.1. Actuarial function scope

The Actuarial function is exclusively in charge of the reporting, oversight and controlling activities, which include but are not restricted to:

- Calculation of technical reserves for accounting and regulatory purposes
- Pricing and profitability oversight
- Support of business planning, reporting and result monitoring
- Reserving oversight
- Contribution to the effective implementation of the risk management system

B.7.1.2. Governance and organization of the actuarial function

Actuarial work governance / responsibilities

The Board of Directors	**The Board of Directors**, which is responsible for sound organizational and operational structures and procedures to ensure compliance with the Group Policy. It establishes and maintains an appropriate and effective Actuarial Function, in proportion to the risk exposure.
Euler Hermes Actuarial Function	**The EH Hellas Actuarial Function**, is responsible for the actuarial work in oversight and controlling activities. It performs the calculation of reserves in accordance with the guidelines communicated by EH Group, and Allianz Group Actuarial Functions and communicates the results and issues the following reports: • An Actuarial report which attests the adequacy of Euler Hermes Hellas's technical provisions • An opinion on the underwriting policy and reinsurance structure

Committees

The Loss Reserve Committee (LRC) is a consultative committee of the Management Committee of the Company. The mission of the LRC is to determine on an IFRS basis the reserves for loss payments, loss adjustment expenses and salvages & subrogations of the Company needed for the closure of each calendar quarter.

The LRC has the following functions and competences:
- Maintain adequate carried reserves for the Company.
- Take notice of the Company's reserves and if necessary ask for further explanations and/or changes.
- Provide rationale for any change in carried reserves

The LRC is convened by the Chairperson of the LRC, whenever the corporate interest of the Company requires it. It meets at least four times per year in March, June, September, December before the IFRS reserve amounts for loss payments, loss adjustment expenses and salvages & subrogations of the Company are booked.

Organization

The Head of Actuarial function reports to the CFO.

B.8. Outsourcing

As part of the Solvency II Directive's implementation, Euler Hermes has adopted the "*Allianz Group Outsourcing Policy*" within its Risk Management Framework. This Policy outlines the minimum standards of the Allianz Group's outsourcing framework, and in particular, establishes the core principles and processes for the Outsourcing of Functions and Services by the Allianz Group.

Its main objective is to determine the relevant processes and strategies for Outsourcing on Group level to ensure adherence to regulatory requirements. This, in particular, includes key definitions for Outsourcing, criteria for selecting, mandating and monitoring Providers, determination of clear roles and responsibilities as well as controlling rights, and rules for the close and termination of Outsourcing Agreements.

EH Hellas follows the policy set by the Group since it is consistent with Greek law v.4364/2016.

The Outsourcing Policy is applicable to the outsourcing of Functions or Services provided by a third party (intercompany provider or external provider) to the Operational Entity. All Euler Hermes operating entities shall follow two steps to determine whether this Policy applies:

- Determine whether the Function or Service qualifies as outsourcing in the meaning of this Policy
- Determine whether the outsourced Function or Service concerns a Key Function, is critical or important, or a simple outsourcing.

In the context, a Function is defined as an internal capacity to undertake practical tasks within a system of governance, including the Key Functions (Risk Management, Internal Audit, Compliance, Actuarial, Legal and Accounting & Reporting)

A Service is defined as an activity, which specifically relates to conducting the core business of the Outsourcing Operating Entity.

The Policy fully adopts the outsourcing processes laid out in *the Allianz Group Outsourcing Policy*, which consist of the following phases:

- Decision Phase
- Implementation Phase - Entering Into Outsourcing
- Operational Phase - Ongoing Management and Oversight of Outsourcing Relationships
- Exit Phase - End of Outsourcing

EH Hellas in 2016 until today is outsourcing the Information Technology (IT) Function and the services of Tax consulting.

Roles and Responsibilities in the Outsourcing process

Board of Directors (BoD) of Euler Hermes Hellas	• **Adopting the Group Outsourcing Policy**, adjusted as necessary in order to comply with local regulatory requirements • **Ensuring compliance** with the GOP at all times
Euler Hermes Hellas Procurement	• **Drafting and updating** supplementary rules regarding details of the Outsourcing Process in line with the Policy • **Ensuring implementation**, including the setting-up and maintenance of an inventory of all Outsourcing agreements by the Local Outsourcing Function • **Monitoring** adherence to this policy • Collecting relevant information to fulfill Group Regulatory **reporting** obligations
Euler Hermes Hellas Legal	• **Monitoring and interpreting** regulatory requirements relating to Outsourcing
Euler Hermes Hellas Compliance	• **Drafting and reviewing** the Policy • **Interpreting** the Policy and **resolving** conflicts with local law, in coordination with Group Legal
Euler Hermes Hellas Risk	• **Monitoring operational risk** related to Outsourcing • **Setting-up** group standards for the risk assessment for outsourcing • **Ensuring** an adequate **reflection** of outsourced Functions and Services in the Outsourcing OE's risk management and internal control system • **Coordinating** the support to the Business Owners in the performance of the Risk Assessment and Due Diligence process
Business Owner	• **Classifying** the outsourcing according to the Policy • **Setting-up** the necessary **Business Plan** and **Risk Assessment**, including the screening of any Outsourcing against the criteria of the Policy • **Undertaking the Due Diligence** with regard to the Provider, with the support of the Procurement function, as necessary • **Monitoring** the Outsourcing and making amendments to the Outsourcing where necessary • **Taking the appropriate measures** in case of any adverse event or termination of the Outsourcing, involving the relevant departments (legal, compliance, procurement, etc.) • Adequately **documenting** each individual step of the Outsourcing process and ensuring the correct storage of the documentation in the Euler Hermes Contract Database.

B.8.1. Control framework on outsourced activities

Euler Hermes Hellas outsources some services to others entities, mainly within Euler Hermes Group and Allianz Group.

As part of the Solvency II Directive's implementation, the entity has adopted a Group Outsourcing Policy in order to secure the outsourced functions or services within or outside the Group, optimize the cost structure, improve the quality of services to clients and be in line with Solvency II requirements. The scope, processes and controls are clearly detailed in this policy for each phase of the relationship: decision phase, implementation phase, operational phase and exit phase. A toolkit has been designed to guide each phase (business case template, risk assessment template, contract models…). Each Business Owner has the responsibility to adapt and monitor the agreements. A tool to collect all the contracts and associated documents (EHCD) is operational and allows a continuous monitoring.

The entity has organized training sessions to present the policy and train the involved staff to the correct use of the related tools and templates.

Moreover a synthesis on outsourcing is presented to the Board of Directors each year. The last one was performed on February 2017.

B.9. Assessment of adequacy of system of governance

The management body has established an effective system of governance which provides for sound and prudent management and is proportionate to the nature, scale and complexity of the operations of EH Hellas.

- Written policies covering risk management, internal control, internal audit, actuarial function and outsourcing have been implemented and are regularly reviewed.
- The system of governance is well structured around the committees and key functions with the three lines of defense principle being respected.
- All those who perform governance functions are fit and proper.
- The risk management system covers underwriting and reserving, investment and Asset Liability Management, operational risk management and reinsurance and other risk mitigation techniques.
- EH Hellas conducts at least every year an ORSA that takes into account the overall solvency needs, the risk profile and risk appetite and the respect of the requirements regarding the determination of the technical provisions.
- EH Hellas complies with principles regarding the establishment of a remuneration policy and the remuneration of key management.

C. Risk profile

C.1. Euler Hermes risk definition and categorization

Euler Hermes categorizes all risks into one of the following broad risk categories, which may then be further broken down into risk types.

Risk Category	Definition
Solvency II risk categories	
Market Risk	Unexpected losses arising due to changes in market prices or parameters influencing market prices or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. In particular, these include changes driven by equity prices, interest rates, real estate prices, exchange rates, credit spreads and implied volatilities. By that it also includes changes in market prices due to a worsening of market liquidity.
Counterparty Default Risk	Unexpected losses in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments (i. e. payment overdue).
Underwriting Risk	Unexpected financial losses due to the inadequacy of premiums for catastrophe and non-catastrophe Risks, due to the inadequacy of reserves or due to the unpredictability of premiums.
Operational Risk	Unexpected losses resulting from inadequate or failed internal processes and systems, from human misbehaviour or errors or from external events.
Other material risks	
Reputational Risk	Unexpected drop in the value of Allianz share price, value of in-force business or value of future business caused by a decline in the reputation of Allianz Group or one or more of its specific OEs from the perspective of its stakeholders.
Strategic Risk	Unexpected negative changes in company's value arising from the adverse effect of management decisions regarding business strategies and their implementation.

C.2. Risk exposure including exposure from off-B/S positions and the transfer of risk

C.2.1. Measures to assess risks

Risk management relies on two main measures to assess risks:

- The Top Risk Assessment (TRA)
- The Standard Model

C.2.1.1. Top risk assessment

The Top Risk Assessment (TRA) is a structured and systematic process implemented. Its objective is to identify and remediate significant threats to financial results, operational viability and the delivery of key strategic objectives, regardless of whether they can be quantified or not.

The TRA scope covers all risk categories defined in the Risk Policy (i.e. market, credit, underwriting, business, operational, reputational, liquidity and strategic risk) as well as concentration and emerging risks. For each of the (major) top risks, respective EH Hellas Board Members are defined as risk owners and define a target score.

The target ratings of all top risks are part of the overall risk appetite, which is formally approved by the Risk committee. If the actual risk rating is higher than the target risk rating, the risk owner is responsible for ensuring that a documented risk mitigation plan is in place.

The TRA process is based on a quarterly review and monitoring, with a full run exercise once per year.

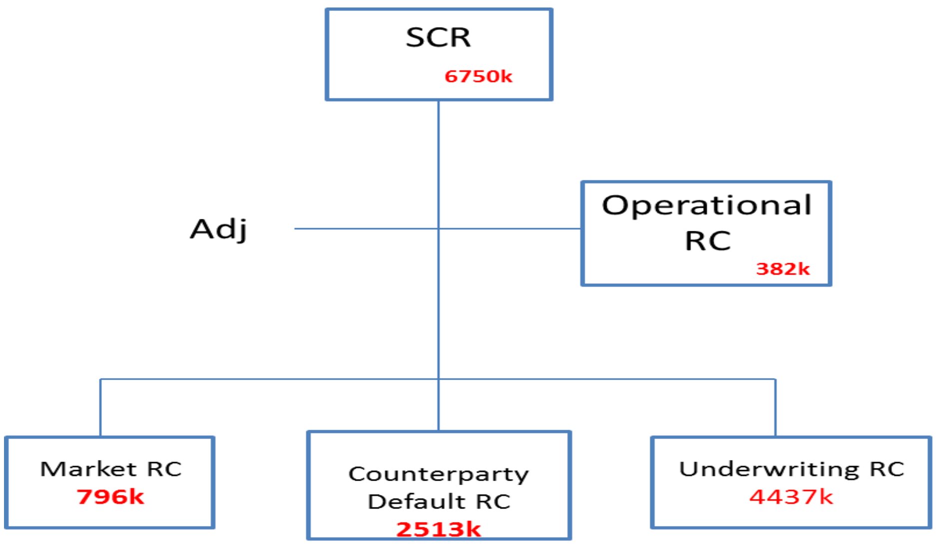
C.2.1.2. Standard Model Risk Capital

All material and quantifiable risks, including underwriting, market, counterparty default risk and operational are accounted for within the Standard model following the Solvency II regulations.

C.2.2. Material risks exposures

C.2.2.1. Overview of material risks

This section presents an overview of the material risks quantified via the Standard model.



C.2.2.2. Market risk

Market risk for EH Hellas arises mostly from variations in the level of financial variables such as interest rates. The market risk measures the impact of those financial variables movements in the balance sheet. Other sub modules affecting EH Hellas market risk are equity, spread and concentration. Sub modules of market risks such as property, currency are not applicable to EH Hellas since it does not owe any real estate property and uses only the local currency. The total market risk is calculated at 795.911euro. The allocation on each risk module capital charge is analysed below:

Market risk - Basic information	Solvency Capital Requirement
Interest rate risk	609.230
interest rate down shock	0
interest rate up shock	609.230
Equity risk	1.399
type 1 equities	0
type 1 equity	
strategic participations (type 1 equities)	
duration-based (type 1 equities)	
type 2 equities	1.399
type 2 equity	
strategic participations (type 2 equities)	
duration-based (type 2 equities)	
qualifying infrastructure equities	0
Property risk	0
Spread risk	444.594
bonds and loans	444.594
loans and bonds (qualifying investment infrastructure)	0
loans and bonds (other than qualifying investment infrastructure)	444.594
credit derivatives	0
downward shock on credit derivatives	0
upward shock on credit derivatives	0
Securitisation positions	0
type 1 securitisations	0
type 2 securitisations	0
resecuritisations	0
Market risk concentrations	252.417
Currency risk	0
increase in the value of the foreign currency	0
decrease in the value of the foreign currency	0
Diversification within market risk module	-511.729
Total market risk	**795.911,00**

C.2.2.3. Counterparty Default Risk

The total Counterparty and default risk is calculated at 2.637K euro and concerns both Type 1 and Type 2 exposure. The allocation on each risk module capital charge is analysed below:

Counterparty default risk	Solvency capital requirement
Type 1 exposures	1.994.995
Type 2 exposures	642.450
Receivables from Intermediaries due for more than 3 months	642.450
All type 2 exposures other than receivables from Intermediaries due for more than 3 months	
Diversification within counterparty default risk module	-124.424
Total counterparty default risk	**2.513.021**

The Counterparty Default Risk reflects possible losses due to unexpected default or deterioration in the credit standing of the counterparties and debtors over the forthcoming twelve months. EH Hellas has included in this module the reinsurance arrangements, debtor's receivables and other credit exposure not covered in Spread risk module. Type 1 refers to reinsurance counterparties and banks while Type 2 refers to debtors receivables.

C.2.2.4. Underwriting risk

The non-life underwriting risk module is split into Premium & Reserve Risk, Lapse Risk and Catastrophe risk (CAT risk).

	Solvency capital requirement				
Non-life premium and reserve risk	3.057.314,25				
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Solvency capital requirement**
Non-life lapse risk	0,00	950.038,42	425.408,98	1.375.447,40	0,00
	Solvency capital requirement				
Non-life catastrophe risk	2.540.706,85				
Diversification within non - life underwriting risk module	-1.161.104,23				
Total non-life underwriting risk	**4.436.917**				

Premium and Reserve risk is calculated using a driver based approach. This approach is summarized as follows:

- Approach is based on factors applied to volume measures
- Separate volatility factors are specified to be applied to the premium and reserve volume measures
- Based on Premium volume estimates future net earned premium based on a combination of earned premiums over the past year, next year and future years and "Reserve Volume" i.e. best estimate net claims outstanding reserves.

The total premium and reserve risk is calculated at euro 3.06Me for 2016.

Lapse risk is the risk that the actual lapse experience turns out to be different from the assumptions about exercise rates of policyholder options considered in the Best Estimate Liabilities and therefore that own funds may be smaller than anticipated due to unexpected profits not materializing. The calculation of Lapse Risk uses a driver based approach. The stress applied is the loss in basic Own Funds from a discontinuance of 40%of the insurance policies. The Lapse risk is 0.

Catastrophe Risk
EH Hellas as it is classified as Credit & Surety business has calculated the Catastrophe risk based on the instantaneous and simultaneous default of the two largest Credit insurance exposures plus the recession risk. The gross loss of the default of the two largest buyers is determined based on a 10% LGD (loss given default) for each of the two exposures. The Cat risk SCR integrates the impact of the proportional reinsurance treaties: Quota Share and Excess of Loss (XoL). The capital requirement for Recession risk has been calculated as 100% of the gross earned premium in the last 12 months. The gross loss has been netted down applying only the Quota Share reinsurance program.
Cat Risk is calculated at 2.5M euro.

C.2.2.5. Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from external events. The capital requirement for the Operational Risk is calculated at 382Ke.

Operational risk	
Life gross technical provisions (excluding risk margin)	0
Life gross technical provisions unit-linked (excluding risk margin)	0
Non-life gross technical provisions (excluding risk margin)	12.209.000
Capital requirement for operational risk based on technical provisions	366.270
Operational risk - Information on earned premiums	
Earned life gross premiums (previous 12 months)	0
Earned life gross premiums unit-linked (previous 12 months)	0
Earned non-life gross premiums (previous 12 months)	12.732.366
Earned life gross premiums (12 months prior to the previous 12 months)	0
Earned life gross premiums unit-linked (12 months prior to the previous 12 months)	0
Earned non-life gross premiums (12 months prior to the previous 12 months)	13.014.553
Capital requirement for operational risk based on earned premiums	381.971
Operational risk - calculation of the SCR	
Capital requirement for operational risk charge before capping	381.971
Percentage of Basic Solvency Capital Requirement	1.910.386
Capital requirement for operational risk charge after capping	381.971
Expenses incurred in respect of unit linked business (previous 12 months)	0
Total capital requirement for operational risk	**381.971,00**

Alternatively of the Standard Formula calculation, EH Hellas use Top Risk Assessment and Risk Control & Self-Assessment (RCSA) to achieve improved assessment and better understanding of the operating risk.

In accordance with Euler Hermes Group risk policy framework, EH Hellas has implemented comprehensive Operational Risk Management processes, aiming at keeping the operational risks under control.

- The Risk and Control Self-Assessment (RCSA) aims at mapping and evaluating the process-level risks and controls. This "in-depth" assessment is performed on a yearly basis and reviewed on a quarterly basis.
- The Operational Risk Event Capture (OREC) is an ongoing process aiming at identifying operational risks through: The identification and assessment of operational events and losses, the feeding of an operational losses database.
- The Top Risk Assessment (TRA) is explained in the section C.2.1. Among others, it covers an operational dimension.

C.3. Risk concentration

On the basis of the requirement that insurance technical liabilities are to be covered or secured at all times with investment portfolios showing low volatility, the diversification of risk within the portfolios is of special importance. Diversification is a central part of EH Hellas's Investment Policy and is pursued:

- across asset classes (strategic asset allocation),
- within asset classes (e.g. geographic and industry diversification),
- at the securities level (e.g. the number and weighting of the counterparties),
- across investment styles,
- across asset managers for mandates with a dedicated alpha focus.

C.4. Risk mitigation

C.4.1. Investment strategy in accordance with the prudent person principle

EH Hellas actively manages its investment portfolio and is actively taking investment risks in a controlled and limited manner. This is based on the firm belief that by taking risks on the investment side, additional value can be generated on a mid to long-term basis, i.e. that the additional return on investments overcompensates the additional cost of capital in the mid- to long-run.
This approach results in a mid- to long-term focused investment policy with an emphasis on strategic asset allocation and the goal of realizing the long-term risk premium of asset classes.
Tactical asset allocation is used on a limited basis as an enhancement to the strategic asset allocation in order to profit from market opportunities. The investment activities follow the general principles of a congruent Asset Liability Management with a sufficient duration and currency matching within prescribed limits. All technical reserves are supported by investments in respect with local regulation.

EH Hellas's investment strategy aims for a positive global mid- to long-term (3-5 years) risk adjusted after tax investment return considering:

- local as well as group-wide external and internal regulations, and policies,
- its risk-bearing capacity and risk tolerance
- the general principles of a congruent Asset Liability Management,
- the return objectives, expectations, and risk tolerance of the shareholder
- the expectations of external parties (e.g. regulators, rating agencies, clients).

EH Hellas only invests in assets and instruments whose risks can be properly identified, measured, monitored, managed and controlled, taking into account the assessment of its overall solvency needs.
All assets are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole.

Assets held to cover the technical provisions are also invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets are invested in the best interest of policyholders and beneficiaries.

In comparison with traditional P&C Euler Hermes exhibits a very low liability duration. Liabilities being exposed to macroeconomic factors, the best hedge is to invest in core sovereign and securitized bonds. This is reflected in the structure of the financial asset portfolio. The average rating of the fixed income portfolio is AAA (46% of the exposure is rated AAA).

C.4.2. Reinsurance

The Reinsurance primarily aims to define the adequate internal and external reinsurance structures of Euler Hermes Group according to its solvency position taking into account available and required capital positions.

The Reinsurance strategy purpose is to transfer some risks on which BU's are exposed to selected reinsurers via a centralized reinsurance transversal entity (EH RE) in order to:
- protect the business against adverse fluctuations of the results,
- reduce the impact of large losses,
- optimize the capital allocation and
- ensure that commitments under insurance contracts can be met at all times

- **EH Hellas reinsurance structure**

The reinsurance treaties have been settled between EH Hellas and Euler Hermes Ré Luxembourg and Euler Hermes Ré Switzerland.

- **Quota share (QS)**

The Quota Share treaty is a proportional treaty between a cedant (the insurance Company) and a reinsurer (the reinsurance company). The reinsurer will receive a proportion of Premium and will pay the same percentage of Claims.

- **Excess of Loss (XoL)**

A XoL treaty is a non-proportional treaty between a cedant (the insurance Company) and a reinsurer. Here the reinsurer will only pay for the Claims higher than a predefined threshold and under some conditions specific to the contract.
A XoL treaty is compound of a set of Layers. Each Layer is defined by:

- a Limit or Maximum Liability (i.e. Maximum Amount which can be ceded within this layer),
- a Priority (i.e. a threshold)
- a number of Reinstatement (i.e. the number of times the Limit can be reinstated),
- an event which activates the Layer.

C.4.3. Business limit system framework (Gric limit system)

Since trade credit insurance is the core business of EH Hellas, a sharp and overarching credit limit system has been put in place where both the most sensitive buyers and the most sensitive countries are closely monitored. Indeed, these two are key elements in the given credit rating for each EH Hellas's policyholder.

C.4.3.1. Sensitive Buyer: Buyer with critical grade above limit threshold

EH Hellas has defined thresholds (see table below) for weakest grades (from 6 to 10). Buyers exceeding those thresholds are subject to a closer monthly monitoring and are included into a list of sensitive buyers.

Thresholds for sensitive buyers

	Thresholds
Grade 6	> 1M
Grade 7	> 500K
Grade 8-10	> 200K

The highest sensitive buyers and exposures are monitored and steered to keep them continuously under a close control with specific actions.

C.4.3.2. Sensitive countries

Euler Hermes has defined 4 Country Risk Levels: Low, Medium, Sensitive and High risk":

- "Sensitive risk" countries are those with a serious risk of payment disruption.
- "High risk" countries are those with a higher risk of payment disruption.

When sanctions prohibit any type of activity with or in a particular country, then the concerned country would be given off-cover status. So, EH Hellas does not have any exposure in such countries. Countries are mentioned below.

For all other cases, sanctions would target only certain types of activities or trade sectors, while perfectly allowing business in other fields.

• Current Off Cover countries are (the date in brackets indicates the date from when they were first considered D-OFF COVER): (Off Cover designation first introduced in September 2003)

1. Afghanistan (Mar 2006)
2. Iran (Jun 2010)
3. Iraq (Mar 2006)
4. North Korea (Sep 2003)

5. Somalia (Sep 2003)
6. South Sudan (Dec 2010)
7. Sudan (Nov 2004)
8. Syria (Feb 2012)
9. Yemen (June 2015)
10. Zimbabwe (Sep 2003)

C.4.4. Operational risk management

Operational risk is managed in accordance with the policy laid down in the Group's operational risk policy, and is based on the deployment and maintenance of an appropriate and consistent internal control organization, guaranteeing appropriate operational risk management.

The operational risk management system is based on:

- crisis management and business continuity plans;
- internal management rules and operational procedures specifying the manner in which operations should be carried out;
- a periodic disclosure process for operating losses above €10,000 and regular analysis of scenarios that could, if they materialized, result in an operating loss.

The operational risk control system is based on two levels of control, with responsibilities and control plans suited to each level:

- permanent self-monitoring at the operational level and continuous management control;
- Periodic checks conducted in each entity by the internal audit function.

C.5. Risk sensitivity

C.5.1. Base case stress testing related to market risk

C.5.1.1. Methodology / assumptions

EH Hellas solvency positions were analyzed under the influence of different plausible stress scenarios. The following stresses were thus considered:
- 100 bp decrease in interest rates
- 100 bp increase in interest rates
- 50 bp decrease in interest rates
- 50 bp increase in interest rates
- 10%, 20%, 30% & 50& decrease in equity markets (asset and real estate prices)
- 100bps increase in interest rates and 50% decrease in equity market.

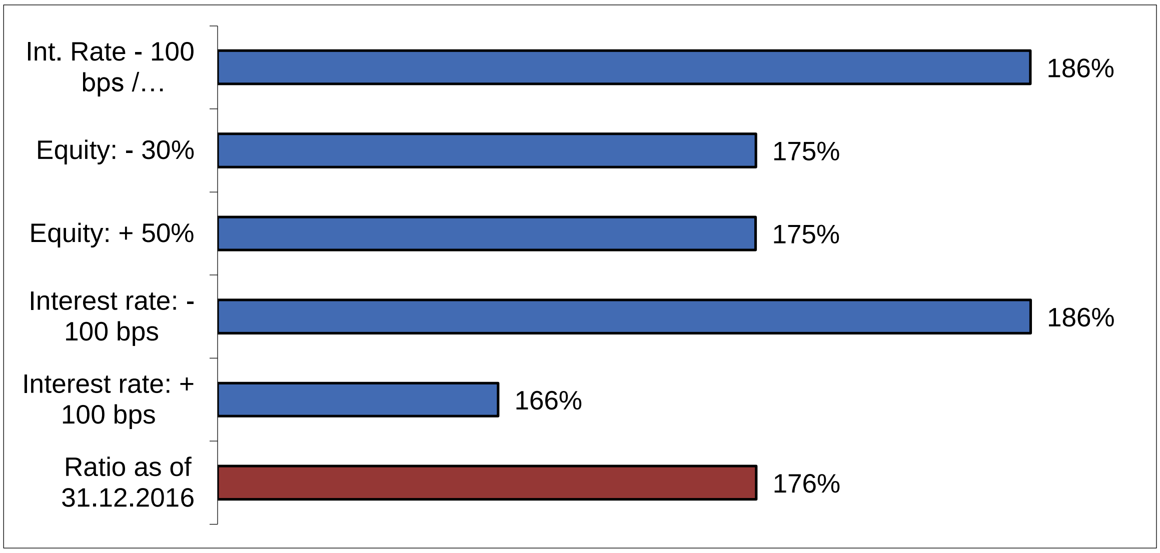
These stress test scenarios are standard scenarios recommended by Allianz and in line with EIOPA recommendation. The following figure presents the impact of various standard shocks on market indicators and the sensitivity of P&L to these shocks and the variation of the regulatory solvency ratio on one year.

Sensitivities	Shocks (impacts estimated at Q4 2016)

Interest rate Sensitivity	-100 bps	+100bps	-50bps	+50bps
economic P&L	704.94	-663.44	347.11	-3.37

Equity Sensitivity	-10%	-20%	-30%	-50%
economic P&L	-0.29	-0.59	-0.88	-1.47

IR -100 bps & Equity - 30%	
economic P&L	704.06



C.5.1.2. Conclusions

The current solvency position enables EH Hellas to stay within the limits set in both minimum and target capital ratios set in the EH Hellas risk appetite. Even the major adverse scenario from the above occurs EH Hellas risk profile is not affected.

C.6. Other material risks

C.6.1. Reputational risk

C.6.1.1. Reputational risk definition

Reputational-risk events can be triggered by direct or indirect sources and could generate - on top of an undesirable evolution of the Euler Hermes' reputation - financial impacts.

C.6.1.2. Management at operational level

From an operational aspect, Euler Hermes has implemented "Standards for reputational risk and issues management". The reputational risk appetite of the Euler Hermes Group is based on a soft boundary (subject to management decision) that triggers case-by-case decision making at EH level. The target level in terms of reputational risk has been defined at a level

of 3 out of 5. It corresponds to situations when a large number of people, or a small number of important groups, are affected.
Based on these standards and target level, the reputational risk is monitored and assessed in commercial underwriting, risk underwriting and investment processes. The operations are rated in terms of risk and accepted or not on this basis.

C.6.1.3. Management at strategic level

Euler Hermes Hellas is exposed to reputational risks arising from both direct and indirect sources. Direct reputational risks are caused by any Euler Hermes Hellas behaviour which itself might have a negative impact on Euler Hermes perception by important stakeholders.
EH Hellas has been exposed to reputational risk the last years due to Greek macroeconomic crisis. EH Hellas captures this risk in the TRA processes as follows:

Description:

- Credit insurance is inherently exposed to reputation risk as it imposes underwriting and coverage restrictions or price increases could occur in hard economic times.

- The most sensitive reputation scenario would consist of:
- A negative article on EH Hellas in a national paper with a wide coverage of professional sectors
- A negative opinion of credit insurance or EH Hellas made public by an important number of professional federations
- This would result in significant, durable damage to the brand, and potentially lead to important clients' losses.

Rationale for assessment

- As operating in a volatile economic environment that often demands a change in strategy, probability is deemed high.
- In a worst case scenario, EH Hellas would risk mainly a non-financial impact which could be in a period of time high since bigger efforts would be required to reverse negative rumors.
- History reveals that EH was exposed to threats of bad publicity rather than to actual negative vision.
- However, financial impact is expected moderate as the mitigation framework is proved operational as EH Hellas capability to respond to crisis in a timely and adapted manner was tested.
- The actual level of risk is seen as inherent to the credit insurance business and thus accepted.

Risk Mitigation

- Communication actions were established with public sector, related associations and regulatory authorities.
- Group communication Department is supporting EH Hellas to deal with such negative events.
- EH Hellas is proactive by establishing communication plans in every action taken that could potentially result to a negative rumour

These processes allow EH Hellas to manage the Reputation Risks pro-actively within a defined risk appetite framework. In case of reputation events, EH has also developed specific crisis communication processes.

D. Valuation for Solvency purposes

D.1. Assets

D.1.1. Valuation of assets and liabilities for Solvency purposes (MVBS) vs Local GAAP

The official financial statements for the year end 2016 of EH Hellas have been constructed according to IFRS. Assets are aggregated in classes based on their nature and function and their materiality for solvency purposes. The table below shows the value of assets in MVBS and in IFRS.

QRT S.02.01.l Solvency II Balance sheet

		Solvency II value	Statutory accounts value
Assets		**C0010**	**C0020**
Goodwill	R0010		
Deferred acquisition costs	R0020		75.228
Intangible assets	R0030		771.995
Deferred tax assets	R0040	315.298	21.287
Pension benefit surplus	R0050		
Property, plant & equipment held for own use	R0060	163.160	163.160
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	16.291.961	16.031.001
Property (other than for own use)	R0080		
Holdings in related undertakings, including participations	R0090	483	0
Equities	R0100	2.940	3.423
Equities - listed	R0110		
Equities - unlisted	R0120	2.940	3.423
Bonds	R0130	16.288.538	16.027.578
Government Bonds	R0140	7.932.738	7.156.114
Corporate Bonds	R0150	8.355.800	8.871.464
Structured notes	R0160		
Collateralised securities	R0170		
Collective Investments Undertakings	R0180		
Derivatives	R0190		
Deposits other than cash equivalents	R0200		
Other investments	R0210		
Assets held for index-linked and unit-linked contracts	R0220		
Loans and mortgages	R0230		
Loans on policies	R0240		
Loans and mortgages to individuals	R0250		
Other loans and mortgages	R0260		
Reinsurance recoverables from:	R0270	5.550.000	6.530.320
Non-life and health similar to non-life	R0280	5.550.000	6.530.320
Non-life excluding health	R0290	5.550.000	6.530.320
Health similar to non-life	R0300		
Life and health similar to life, excluding health and index-linked and unit-linked	R0310		
Health similar to life	R0320		
Life excluding health and index-linked and unit-linked	R0330		
Life index-linked and unit-linked	R0340		
Deposits to cedants	R0350		
Insurance and intermediaries receivables	R0360	3.025.839	3.025.839
Reinsurance receivables	R0370	57.858	57.858
Receivables (trade, not insurance)	R0380	95.163	162.094
Own shares (held directly)	R0390		
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400		
Cash and cash equivalents	R0410	5.383.630	5.383.630
Any other assets, not elsewhere shown	R0420	139.765	139.765
Total assets	R0500	31.022.674	32.358.755

Liabilities		Solvency II value C0010	Statutory accounts value C0020
Technical provisions – non-life	R0510	10.354.000	11.167.712
Technical provisions – non-life (excluding health)	R0520	10.354.000	
TP calculated as a whole	R0530		
Best Estimate	R0540	9.939.000	
Risk margin	R0550	415.000	
Technical provisions - health (similar to non-life)	R0560		
Technical provisions calculated as a whole	R0570		
Best Estimate	R0580		
Risk margin	R0590		
Technical provisions - life (excluding index-linked and unit-linked)	R0600		
Technical provisions - health (similar to life)	R0610		
Technical provisions calculated as a whole	R0620		
Best Estimate	R0630		
Risk margin	R0640		
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650		
Technical provisions calculated as a whole	R0660		
Best Estimate	R0670		
Risk margin	R0680		
Technical provisions – index-linked and unit-linked	R0690		
Technical provisions calculated as a whole	R0700		
Best Estimate	R0710		
Risk margin	R0720		
Other technical provisions	R0730		
Contingent liabilities	R0740		
Provisions other than technical provisions	R0750	523.563	523.563
Pension benefit obligations	R0760	321.924	321.924
Deposits from reinsurers	R0770		
Deferred tax liabilities	R0780		
Derivatives	R0790		
Debts owed to credit institutions	R0800		
Financial liabilities other than debts owed to credit institutions	R0810		
Insurance & intermediaries payables	R0820	4.620.269	4.143.651
Reinsurance payables	R0830	1.227.516	1.033.488
Payables (trade, not insurance)	R0840	95.908	95.908
Subordinated liabilities	R0850		
Subordinated liabilities not in BOF	R0860		
Subordinated liabilities in BOF	R0870		
Any other liabilities, not elsewhere shown	R0880	2.032.671	2.509.289
Total liabilities	R0900	19.175.851	19.795.534
Excess of assets over liabilities	R1000	11.846.823	12.563.220

- Deferred acquisition costs (DAC)

Deferred acquisition costs present the part of acquisition costs allocated to future periods. In MVBS, they are modelled as part of the best estimate of the technical provisions and therefore the DAC asset accounts are revalued to zero. In IFRS, they are recognized separately on the asset side.

- Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. If intangible assets are separable and there is an evidence of exchange transactions for the same or similar assets, indicating they are saleable in the market place, such intangible assets are recognized and measured at fair value in MVBS. Intangible assets are not recognized in MVBS if a fair value measurement is not possible.

In IFRS intangible assets mainly include internally generated software, therefore in MVBS the value of intangible assets is zero.

- Deferred tax assets (DTA)

Temporary differences are the differences between the Solvency 2 value of assets and liabilities and their corresponding tax bases. They are assessed consistently on a single asset or liability basis. The starting point for MVBS calculation is IFRS DTA. Next, the tax is calculated on the valuation difference per item between IFRS value and MVBS value.

- Property, plant & equipment held for own use

Property, plant and equipment held for own use include tangible assets which are intended for permanent use and property held by the undertaking for own use.
In MVBS and IFRS they are recorded at their historical value which is not expected to have a significant variation with fair value. Depreciation is calculated using the straight line method.

- Equities

This category includes unlisted equity. In MVBS and IFRS equity was recorded at historical value due to low materiality.

- Bonds

This category includes government and corporate bonds. All financial assets as defined in IAS 39 are valued at fair value in MVBS and IFRS. All bonds are classified as Available for Sales investments (AFS).

- Reinsurance recoverables from Non-life excluding Health

The calculation of reinsurance recoverables leads either to the recognition of reinsurance recoverables calculated as a whole or the best estimate for the reinsurance recoverable. No risk margin is reported in the section of the reinsurance recoverable as the risk margin recognized within the technical provisions is already net of reinsurance. In addition, a credit default adjustment is calculated. More details are included in section D2 Technical provisions.
In IFRS, the reinsurance share of reserves is calculated based on the technical provisions and the applicable cession rates agreed in the reinsurance treaties: reinsurance share in unearned premium provisions; claims provisions; provision for bonus and rebates.

- Insurance & intermediaries receivables

Receivables from insurance and intermediaries are measured at historical cost under IFRS. Due to the short term nature of the receivables, this value is considered to be the market value. The value after the valuation allowances is considered a good proxy for fair value.

- Receivables (trade, not insurance)

Receivables (trade, not insurance) include amounts owed by various business partners which are not insurance-related and tax related receivables.
Receivables are measured at historical value under statutory accounts. Due to the short term nature of the receivables, this value is considered to be the market value. However, the valuation allowances have to be eliminated in MVBS, therefore, the fair value of the receivables differs from the amortized cost value when there are valuation allowances.

- Cash and cash equivalents

Cash and cash equivalents include deposits which can be used to make payments at any time and they are exchangeable for currency or transferable deposits without any kind of significant restriction or penalty. Cash and cash equivalents are measured at nominal value, both in MVBS and IFRS.

- Any other assets, not elsewhere shown

“Other assets” is a residual category for any asset amount, which cannot be allocated to another asset category presented above. This position includes the items such as:
- Deferred expenses: they are recorded at their historical cost on accrual basis in IFRS; due to the short-term nature of these items, the IFRS value is considered to be the MVBS value.

- Provisions other than technical provisions

Provisions other than technical provisions refer to liabilities of uncertain timing and amount. They include, provisions for the bonus that might paid to the employees the following year. The IAS 37 approach is considered reasonable for Solvency 2 purposes. The value of these provisions is equal to the expected present value of future cash flows required to settle the provision. Due to short time of lifetime the provision is not discounted.

In IFRS, provisions are recorded to cover all planned or expected risks and charges. These provisions are set up based on the principle of prudence, sincerity and good faith. Unjustified provisions are reversed through the profit and loss account. When a provision is used, it is first reversed and then, the underlying expense is allocated.

- Pension Benefit Obligations

Pension benefit obligations include net obligations related to the staff pension scheme. In MVBS and IFRS, they are measured in accordance with IAS 19.

- Insurance & intermediaries payables

In IFRS and MVBS insurance and intermediaries payables are recorded at their historic cost due to the short-term nature of these items. They include debts due to policyholders (premiums paid before their due date, pending claims to be paid…) and debts due to brokers. Due to short term nature of these payables historic cost is considered a good proxy of fair value.

- Reinsurance payables

In IFRS, reinsurance payables are recorded at their historical cost due to the short-term nature of these items. They include liabilities from ceded business operation, and deferred commission on ceded business. Due to short term nature of these payables historic cost is considered a good proxy of fair value.

- Payables (Trade, not Insurance)

In IFRS and MVBS, trade payables are recorded at their historical cost due to the short-term nature of these items .They include: fiscal and social debts (current income taxes payables, VAT payables,); payables to suppliers. Due to short term nature of these payables historic cost is considered a good proxy of fair value.

- Any Other Liabilities, not Elsewhere Shown

“Other liabilities” is a residual category for any liabilities amount, which cannot be allocated to another asset category presented above. This position includes items such as:

- Accrued expenses and deferred revenues are recorded at their historical cost in IFRS. Due to their short-term nature, the nominal value is also considered to be the market value in MVBS.
- Deferred revenues which include the UPR & PSB on policy fees. Deferred revenues are recorded at their historical cost in IFRS and MVBS due to their short-term nature.

D.1.2. Explanations of MVBS and IFRS valuation differences

- Deferred acquisition costs

Deferred acquisition costs amount to 75.2K€ in the IFRS accounts and are estimated at 0 € in MVBS. In contrast to IFRS, DAC are not recognized in MVBS.

- Intangible assets

Intangible assets are estimated at 772K€ in the statutory accounts and most of it, includes internally developed software licenses and applications. In contrast to IFRS, intangible assets are not recognized in MVBS.

- Deferred tax assets (DTA)

Deferred tax assets amount to 21K € in the IFRS and 315K € in MVBS. Net Deferred tax assets relevant analysis below:

Deferred tax asset in IFRS refers to a) write of intangibles and their depreciation, b) the change in IAS 19, and c) the recognition of loss from PSI, d) equalization reserve, e) bonds amortization, e) provisions for non-deductible expenses and f) bond valuation

	IFRS		Solvency II
Write off intangibles assets and their depreciation	9.787,00	Write off of Defered Acquisition Costs	21.816
PSI Tax Losses	538.820,00	Write off of Intangibles Assets	223.879
Temporary difference on Defined Benefit Plan	93.358,00	Differences in valuation of Reisurance recoverables	284.293
Temporary difference on Staff bonus Provision	24.261,18		
Deferred Tax Asset	**666.226**	**Deferred Tax Asset**	**529.988**
Temporary difference on Valuation of Bonds	-95.768,50	Differences in valuation of Technical Provisions	-235.976
Temporary difference on Equalization Reserve	-549.170,48		
Deferred Tax Liabilities	**-644.939**	**Deferred Tax Liabilities**	**-235.976**
Deffered Tax Asset	21.287	**IFRS DTA**	21.287
		Total SII DTA	**315.298**

- Reinsurance recoverables and technical provisions

Reinsurance recoverables amount to 6.5M€ in the IFRS accounts and are estimated at 5.5 M€ in MVBS while Technical Provisions amount to 11.1M€ in the IFRS accounts and are estimated at 10.3M€ in MVBS
Further details about reinsurance recoverables and technical provisions are presented in following section D2.

- Bonds

Government bonds amount to 7.9Me in MVBS vs 7.8Me in IFRS. Additionally corporate bonds amount to 8.3Me vs 8.2Me. The differences in all bonds compared to IFRS are attributed to the fact that MVBS includes the accrued interests while IFRS not.

- Receivables (trade not insurance)

Receivables trade not insurance amounts to 95Ke in MVBS vs 162Ke in IFRS. The difference is attributed to reclassification. An asset account with credit amount was mapped in liabilities specifically in Reinsurance Payables.

- Reinsurance payables

Reinsurance payables amount to 1.2Me in MVBS vs 1Me in IFRS. The difference is attributed to reclassification. An asset account with credit amount was mapped in Reinsurance Payables

D.2. Technical provisions

D.2.1. Valuation of MVBS Technical Provisions

The calculation of technical provisions is equal to the sum of a best estimate and a risk margin, which are valued separately:

- **Best estimate**

The best estimate liability is the market value (before company tax) of the obligations of the company to policyholders and beneficiaries and includes policyholder tax. The calculation of the best estimate is based on up-to-date and credible information and realistic assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods.

Best estimate are split into the following parts:

- Undiscounted Claims Provisions
- Undiscounted Premium Provisions
- Discounting of Claims and Premium Provisions
- Counterparty Default Adjustment (CDA)

- **Risk margin**

The risk margin ensures that the value of the technical provisions is equivalent to the amount that the entity is expected to require in order to take over and meet the insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance obligations over the lifetime thereof. The risk margin is included as a net value in the MVBS, i.e., the value net of reinsurance.

QRT S.17.01.b Technical Provision in Solvency II

		Direct business and accepted proportional reinsurance	
		Credit and suretyship insurance	Total Non-Life obligation
Premium provisions			
Gross - Total	**R0060**	2.044.000	2.044.000
Gross - Direct Business	**R0070**	2.044.000	2.044.000
Gross - accepted proportional reinsurance business	**R0080**		
Gross - accepted non-proportional reinsurance business	**R0090**		
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	**R0100**	826.000	826.000
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	**R0110**	826.000	826.000
Recoverables from SPV before adjustment for expected losses	**R0120**	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	**R0130**	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	826.000	826.000
Net Best Estimate of Premium Provisions	**R0150**	1.218.000	1.218.000
Claims provisions			
Gross - Total	**R0160**	7.895.000	7.895.000
Gross - Direct Business	**R0170**	7.895.000	7.895.000
Gross - accepted proportional reinsurance business	**R0180**		
Gross - accepted non-proportional reinsurance business	**R0190**		
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	**R0200**	4.725.000	4.725.000
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	**R0210**	4.725.000	4.725.000
Recoverables from SPV before adjustment for expected losses	**R0220**		
Recoverables from Finite Reinsurance before adjustment for expected losses	**R0230**		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	4.724.000	4.724.000
Net Best Estimate of Claims Provisions	**R0250**	3.171.000	3.171.000
Total Best estimate - gross	**R0260**	9.939.000	9.939.000
Total Best estimate - net	**R0270**	4.389.000	4.389.000
Risk margin	**R0280**	415.000	415.000
Amount of the transitional on Technical Provisions			
TP as a whole	**R0290**	0	0
Best Estimate	**R0300**	0	0
Risk margin	**R0310**	0	0
Technical provisions - total			
Technical provisions - total	**R0320**	10.354.000	10.354.000
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	5.550.000	5.550.000
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	4.804.000	4.804.000
Line of Business: further segmentation (Homogeneous Risk Groups - HRG)			
Premium provisions - Total number of homogeneous risk groups (HRGs)	**R0350**	1	1
Claims provisions - Total number of homogeneous risk groups (HRGs)	**R0360**	1	1
Cash-flows of the Best estimate of Premium Provisions (Gross)			
Cash out-flows			
Future benefits and claims	**R0370**	3.057.360	3.057.360
Future expenses and other cash-out flows	**R0380**	0	0
Cash in-flows			
Future premiums	**R0390**	1.013.460	1.013.460
Other cash-in flows (incl. Recoverable from salvages and subrogations)	**R0400**	0	0
Cash-flows of the Best estimate of Claims Provisions (Gross)			
Cash out-flows			
Future benefits and claims(NL 39)	**R0410**	6.947.912	6.947.912
Future expenses and other cash-out flows	**R0420**	938.668	938.668
Cash in-flows			
Technical provisions without transitional on interest rate	**R0470**		
Best estimate subject to volatility adjustment	**R0480**	9.939.000	9.939.000
Technical provisions without volatility adjustment and without others transitional measures	**R0490**	0	0

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D.2.2. Calculation of TP: actuarial methodologies and assumptions

D.2.2.1. Methodologies

Undiscounted Claims Provisions

The undiscounted claims provisions are identical to IFRS claims provision which include the estimate of the claim costs, the estimate of the claim expenses, the I.B.N.R. provision (incurred but not reported) and an estimate of the claim handling costs.
Technical Provisions consists of the following reserves:

- Threatening Reserve (Case by Case)
- IBNR
- ULAE reserve

For the estimation of Ultimate Loss Ratio two actuarial methods are used. These methods are Chain Ladder Method for prior years and Bornhuetter-Ferguson method for current year.
Company is estimating on a monthly basis the remaining reserve (IBNR) to Ultimate Loss Ratio from the Threatening reserve. (Reserve Case by Case). IBNR reserve represents the additional amount set up to cover the cost for claims which are still unknown, plus any anticipated deficiency in Case Reserve. Finally the ULAE reserve is calculated taken into consideration the expense ratio linked to claims settlement and the total outstanding claims.

Undiscounted Premium Provisions
In general the premium provisions are defined as the present value of all future outflows less inflows from future events post the evaluation date that will be incurred under the insurer's existing policies that have not yet expired.

The Undiscounted Best Estimate of Premium Provision (gross & ceded) is defined as follows:

Gross BEL
= (Gr_CR - Gr_AE) · (Gr_UPR + Gr_FP*) - Gr_FP + Gr_RR + Gr_Reb_UPR + Gr_Reb_FP*
= Gr_CR · (Gr_UPR + Gr_FP*) - Gr_DAC - Gr_FP* + Gr_RR + Gr_Reb_UPR + IME_PP*

where

- Gross BEL = Best Estimate of Gross Premium Provision Liability (Undiscounted);
- Gr_CR = Gross Combined Ratio (Sum of expense & loss ratio; cf. below for further specification);
- Gr_AE = Already Paid Gross Acquisition expense ratio (consider the Gross DAC in the IFRS Balance Sheet as proportion of Gross UPR Ultimate basis (After rebates adjustments), i.e. Gr_AE = Gr_DAC / (Gr_UPR* + Gr_FP*);
- Gr_DAC = Gross DAC (booked in IFRS); cf. below for further specification of respective accounts;
- Gr_UPR* = Gr_UPR - Gr_Reb_UPR;
- Gr_UPR = Premium received or due, but the risk not yet earned i.e. Gross UPR on premium due basis (booked in IFRS; for LEs/branches booking UPR on ultimate basis in IFRS Gr_UPR only reflects a part of the booked Gross UPR);
- Gr_Reb_UPR = Estimated rebates amount implicitly included in Gr_UPR.
- Gr_FP* = Gr_FP – Gr_Reb_FP
- Gr_FP = Gross Future premium that one is contractually bound to (incl. tacit renewals) but not yet due (and not yet earned, hence EBNR does not belong to Future Premium). Please take note of the below section about the unilateral right to cancel limits and the respective impact on FP.
- Gr_Reb_FP = Estimated rebates amount implicitly included in Gr_FP.
- Gr_RR = Gross Rebate Reserves (booked in IFRS).

- IME_PP = Gross Investment Management Expenses related to Premium Provisions

Ceded BEL
= (Ced_CR - Ced_AE) · (Ced_UPR' + Ced_FP*) - Ced_FP + Ced_RR + Ced_Reb_UPR' + Ced_Reb_FP*
= Ced_CR · (Ced_UPR' + Ced_FP*) - Ced_DAC - Ced_FP* + Ced_RR + Ced_Reb_UPR'*

where

- Ceded BEL = Best Estimate of Ceded Premium Provision Liability (Undiscounted);
- Ced_CR = Ceded Combined Ratio (Sum of expense & loss ratio; cf. below for further specification);
- Ced_AE = Already Paid/received Ceded Acquisition expense ratio (consider the Ceded DAC in the IFRS Balance Sheet as proportion of Ceded UPR Ultimate basis (After adjustments), i.e. Ced_AE = Ced_DAC / (Ced_UPR'* + Ced_FP*);
- Ced_DAC = Ceded DAC (booked in IFRS); cf. below for further specification of respective accounts;
- Ced_UPR'* = Ced_UPR' - Ced_Reb_UPR';
- Ced_UPR' = Ced_UPR + Delta_UPR
- Delta_UPR = adjustment amount of Ceded UPR, which can be used in case the ratio (Ced_UPR / Gr_UPR) does not well reflect the expected cession rates (which can lead to the following adjustment: Delta_UPR = Gr_UPR * expected cession rate – Ced_UPR). It is up to the local actuarial teams to check if an adjustment is needed. This adjustment amount is not booked in IFRS. Cf. below for further MVBS adjustments regarding the payables resulting from Delta_UPR.
- Ced_UPR = Ceded Premium paid or due, but the risk not yet earned i.e. Ceded UPR on premium due basis (booked in IFRS; for LEs/branches booking UPR on ultimate basis in IFRS Ced_UPR only reflects a part of the booked ceded UPR);
- Ced_Reb_UPR' = Estimated rebates amount implicitly included in Ced_UPR'.
- Ced_FP* = Ced_FP – Ced_Reb_FP
- Ced_FP = Ceded Future premium; can be calculated by multiplying Gr_FP with the expected cession rate.
- Ced_Reb_FP = Estimated rebates amount implicitly included in Ced_FP.
- Ced_RR = Gross Rebate Reserves (booked in IFRS).

In general the Future Premium is calculated by analyzing the relevant information (e.g. policy period, policy period premium, already invoiced premium etc.).

The ceded premium provisions are calculated analogously to the gross premium provisions (by analogously applying the above formula). Ceded FP is calculated by multiplying an appropriate cession rate (80%) with the Gross FP.

Discounting of Claims and Premium Provisions

The main input for the calculation of the discounting is the cash flows. The absolute cash flows indicate which amounts of the respective reserves are paid out in which future period (independently from AY).

Claims provisions:
The claims provisions cash flow follows the payments of claims and can be directly calculated using triangles.

Premium provisions:

In General Premium Provisions can be split into a claims/expenses related part (i.e. (CR - AE) * (PR + FP)) and a premium related part (i.e. (– FP + RR)).

The premium provisions cover risk exposure where the insurer is bound to business by in force policies with exposure in the future. Hence the claims behind have not happened yet. But in general the claims/expenses related part of premium provisions covers future claims. Therefore the cash flow behavior of the claims/expenses related part should be similar to the cash flow behavior of the claims provisions. The only difference is that the premium provisions are mainly related to claims attached to the next future period/year. Hence their cash flow behaves like a cash flow of the ultimate claims costs (The ultimate cash flow indicates how claims costs (of one AY) are paid over the development periods starting with the AY as the first development period.). So for estimating the cash flow of the claims/expenses related part of the premium provisions the ultimate cash flow (pattern) is used.

The premium related part (–FP + RR) is expected to be paid in/out within the next year (assuming that the business is profitable and accordingly only FP of the next 12 months are considered) and hence do not have the same maturity than the claims/expenses related part of the premium provisions. Therefore the absolute cash flow is calculated by multiplying (CR - AE) * (PR + FP) with the ultimate cash flow pattern (cf. above) and adding the premium related amount to the first year of the cash flow.

As quota shares are the main contributors to the reinsurance portfolio it is considered as appropriate using the assumption of having the same cash flow patterns for gross and ceded reserves.

As described above the main task is to calculate the cash flows of the claims provisions and the premium provisions and the respective discount effect. For this purpose the following cash flow patterns are calculated on a yearly basis and then are kept constant for one year:
The ultimate cash flow pattern indicates which share of the ultimate claims costs (of one AY) is paid out in which development period. This pattern starts with the AY as first development year.
The reserves cash flow pattern indicates which share of the (total) reserves is paid out in which future period.

The cash flow patterns are calculated using annual triangles and standard actuarial methods (e.g. Chain Ladder and Bornhutter Ferguson).

Finally the cash flow patterns are applied to the undiscounted claims provisions resp. premium provisions to calculate undiscounted cash flows. To allow for a currency specific discounting the undiscounted cash flows / reserves are split into the main settlement currencies (e.g. by using keys like net claims reserves).

The cash flows are then multiplied with discount factors to come up with discounted cash flows. The sum of the discounted cash flows results in the discounted reserves.

The discount factors are calculated for each relevant currency by using the respective currency related risk free rate including the volatility adjustment.

<u>Risk Margin</u>
The market value of liabilities is defined as the discounted best estimate reserve plus a risk margin (RM, also known as Market Value Margin or MVM), representing the cost of capital to run off the business until final settlement. In other words, the Risk Margin is the cost of holding the necessary capital in excess of the best-estimate of the liabilities. Hence, the Risk Margin is integral part of the market value of liabilities and links the calculation of liabilities to risk models.

The calculation of the risk margin is based on the assumption that the whole portfolio of (re)insurance obligations, including any related reinsurance contracts is transferred to another (re)insurance undertaking – called reference undertaking - immediately (i.e. t=0). The transfer scenario is defined in the "Technical Specifications for the Solvency II valuation and Solvency Capital Requirements calculations (Part I)" (2012), TP.5.5, such that only non hedgeable risks need to be considered. Especially it is assumed that the transfer of insurance and reinsurance obligations includes any reinsurance contracts relating to these obligations and that the reference undertaking is assumed not to have any (re)insurance obligations and any own funds before the transfer takes place. Only after the transfer of the portfolio the reference undertaking would raise eligible own funds, these assets should be considered to be selected in such a way that they minimize the SCR for market risk that the reference undertaking is exposed to. For non-life insurance obligations market risk can be considered to be nil, TP.5.18., as a result of the above 'transfer' assumptions.

The risk categories to be captured are Underwriting risk, Operational Risk , and Counterparty default risk.

The formula for the calculation of the risk margin at AZ is (using continuous compounding):

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

where CoC = 6% the current Solvency II and AZ cost of capital rate, SCR(t) is the SCR for year t≥0 as calculated for the reference undertaking and r(t) is the risk free rate for maturity t (swap rates).

<u>Counterparty Default Adjustment (CDA)</u>
In order to separate the individual risks as specified under Solvency II, a Counterparty Default Adjustment (CDA) has to be calculated. In the calculation, the risk mitigation effect of reinsurance is taken into account even though the risk of the counterparties' default remains. This has to be considered separately and an adjustment is made to the reinsurance recoveries in form of the CDA.

The following (simplified) version of the CDA (=AdjCD) is calculated:

$$Adj_{CD} = -\max\left((1-RR).\frac{PD}{1-PD} \cdot Dur_{\text{mod}} \cdot BE_{rec};0\right),$$

where:

- RR = Recovery Rate = the possible % of retrieval even after a Reinsurer defaults
- PD = Probability of Default of the counterparty within the next 12 months.
- Durmod = modified Duration of the (ceded) recoverables
- BErec = Best-Estimate of the (ceded) recoverables, i.e. the total ceded reserves

Motivation of the formula: (a) the formula is a time-discrete simplification of the time-continuous formula with "ln(1-PD)" inside, i.e. the 1st order Taylor-Approx. (b) The CDA is like the Expected Loss for ceded recoverables with a duration of "Durmod" years.

<u>Calculation Details:</u>

- **RR**: The Solvency II suggestion is to use a factor of 50%, which is followed.
- **PD**: the current PD results from the current rating of reinsurers. A complete updated list of reinsurers' ratings and PDs can be retrieved from the Allianz systems CRISP and ORGS. Whenever a reinsurance partner has assigned a rating "NR" or none, it is considered as not-rated and the PD should then be set equal to the PD of a "BBB" rating. "AA-" is used for Az and EH internal reinsurers.

- **Duration**: the *modified* duration is the discounted Macaulay Duration ($Dur_{mod} = Dur_{Mac} / (1+r)$), while the Macaulay Duration is the weighted arithmetic mean of pay-out dates, i.e. in this context the time-weighted average pay-back of the (ceded) recoverables.
- **Best-Estimate-Recoverables**: These are the "(total) best estimate ceded reserves" to any reinsurance partner. While it should be the discounted reserves, it is allowed for the nominal values as a conservative simplification. The amounts should equal the ceded claims and premium reserves.
- As PDs usually vary from one reinsurance partner to another, the CDA calculation needs to take place on each single reinsurer and is afterwards aggregated to the total CDA (cf. implementation in the attached CDA-calculation file).

D.2.2.2. Impact of Volatility Adjustment

In accordance with the Technical Provisions Guidance under Solvency II the discount effect is currently calculated by taking into account the volatility adjustment (VA) inside the risk-free SWAP (yield) curves provided by Allianz Group. At reporting date the volatility adjustment is set to 20 bps (vs 22 bps published by EIOPA).

Doing a study on SWAP curves without VA results are almost the same and the impact of the volatility adjustment is negligible Own Funds would result at 11.842.437€ vs 11.846.823€.

The impact of the volatility adjustment is negligible (only 0.04% deviation between the discounted reserves with VA and without VA). Technical Provisions without VA would result to 10.370Ke instead of 10.354Ke.

Hereafter the Technical Provisions without volatility adjustment are presented.

B/S Liabilities	
1. BEL Claims provisions	-7.905
1.1 Undiscounted BEL claims provisions	-7.887
1.1.1 IFRS loss reserves	
1.2 Discount	-19
1.3 Other	
2. BEL Premium provisions	-2.050
2.1 Premium reserves undiscounted	-2.039
2.2 Discount	-11
2.3 Other	
3. Risk Margin	-415
4. Technical Provision	-10.370
B/S Assets	
1. Reinsurance Recoverables claims provisio	4.731
1.1 Undiscounted reinsurance recoverables	4.720
1.1.1 IFRS ceded reserves	
1.2 Discount	11
1.3 Other	
2. Reinsurance recoverables premium provisi	830
2.1 Undiscounted reinsurance recoverables -	824
2.2 Discount	6
2.3 Other	
3. Counterparty default adjustment (CDA)	-2
4. Reinsurance recoverable under SII	5.560

D.2.2.3. Assumptions

Assumptions of the Technical Provisions calculations are described in the respective Actuarial reports provided to the Management and Board of Directors.

- Future premium (FP)

As mentioned above FP is future premium that one is contractually bound to (incl. tacit renewals) however have not yet received i.e. the difference between the UPR on ultimate & cash basis.
EH Hellas does not include FP in IFRS accounting figures therefore it needs to be estimated.
For the estimation of FP, the commercial department downloads a report from Policy system which includes data regarding the current portfolio (premiums to be written in the following twelve months). The expected premiums are then split in the months of policy duration. The premiums until the date of calculation are considered as invoiced premium and the rest as FP.

D.3. Other liabilities

The table below shows the value of other liabilities in Solvency II and in IFRS

S.02.02b

Liabilities			
Technical provisions (excluding index-linked and unit-linked contracts)	R0110	10.354.000	10.354.000
Technical provisions - index-linked and unit-linked contracts	R0120		
Deposits from reinsurers and insurance, intermediaries and reinsurance payables	R0130	5.847.785	5.847.785
Derivatives	R0140		
Financial liabilities	R0150		
Contingent liabilities	R0160		
Any other liabilities	R0170	2.974.066	2.974.066
Total liabilites	**R0200**	19.175.851	19.175.851

D.3.1. Valuation of other liabilities for Solvency purposes Solvency II vs IFRS

- Provisions other than technical provisions

Provisions other than technical provisions refer to liabilities of uncertain timing and amount. They include, provisions for the bonus that might paid to the employees the following year. The IAS 37 approach is considered reasonable for Solvency 2 purposes. The value of these provisions is equal to the expected present value of future cash flows required to settle the provision. Due to short time of lifetime the provision is not discounted.

In IFRS, provisions are recorded to cover all planned or expected risks and charges. These provisions are set up based on the principle of prudence, sincerity and good faith. Unjustified provisions are reversed through the profit and loss account. When a provision is used, it is first reversed and then, the underlying expense is allocated.

- Pension Benefit Obligations

Pension benefit obligations include net obligations related to the staff pension scheme. In MVBS and IFRS, they are measured in accordance with IAS 19.

- Insurance & intermediaries payables

In IFRS and MVBS insurance and intermediaries payables are recorded at their historic cost due to the short-term nature of these items. They include debts due to policyholders (premiums paid before their due date, pending claims to be paid…) and debts due to brokers. Due to short term nature of these payables historic cost is considered a good proxy of fair value.

- Reinsurance payables

In IFRS, reinsurance payables are recorded at their historical cost due to the short-term nature of these items. They include liabilities from ceded business operation, and deferred commission on ceded business. Due to short term nature of these payables historic cost is considered a good proxy of fair value.

- Payables (Trade, not Insurance)

In IFRS and MVBS, trade payables are recorded at their historical cost due to the short-term nature of these items .They include: fiscal and social debts (current income taxes payables, VAT payables,); payables to suppliers. Due to short term nature of these payables historic cost is considered a good proxy of fair value.

- Any Other Liabilities, not Elsewhere Shown

"Other liabilities" is a residual category for any liabilities amount, which cannot be allocated to another asset category presented above. This position includes the following items:

- Accrued expenses and deferred revenues are recorded at their historical cost in IFRS. Due to their short-term nature, the nominal value is also considered to be the market value in MVBS.
- Deferred revenues which include the UPR & PSB on policy fees. Deferred revenues are recorded at their historical cost in IFRS and MVBS due to their short-term nature.

- Contingent Liabilities

Contingent Liabilities are defined according to IAS 37 and are liabilities a) from a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or b) a present obligation that arises from past events but is not recognized because i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or ii. the amount of the obligation cannot be measured with sufficient reliability.

EH Hellas does not have any off balance sheet items to report in Solvency II balance sheet.

D.4. Alternative Valuation Method

EH Hellas is applying an alternative valuation method to Cash & Cash Equivalents & plant and equipment. In cash and cash & equivalents the company uses nominal values to evaluate cash & cash equivalents under Solvency II rules. Moreover in plant and equipment the company uses the historical value less depreciations (straight line).

D.5. Other material Information

EH Hellas does not have any other material to report.

E. Capital Management

E.1. Own funds

E.1.1. Valuation of own funds for solvency purposes

The difference between total assets and total liabilities represents the excess of assets over liabilities. It is the amount of other items complementing the balance between assets and liabilities. The excess of assets over liabilities is the starting point for the calculation of own funds.

The total amount of Equity from IFRS is estimated at 12.5M€ whereas the Excess of assets over liabilities valued under MBVS, amounts to 11.8M€.

	Q4 2016	Q4 2015	Variation
Total Assets	31023	34873	-3850
Total Liabilities	-19176	-21139	1963
Excess of asset over liabilities	11847	13734	-1887
SOLVENCY II OWN FUNDS	**11847**	**13734**	**-1887**

The line-by-line description of differences can be found in section D.1 (assets), in section D.2 (liabilities).

QRT S.23.01.b Own funds in Solvency II

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	8.862.000	8.862.000		0	
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	2.669.525	2.669.525			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	315.298				315.298
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	11.846.823	11.531.525		0	315.298
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					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	11.846.823	11.531.525		0	315.298
Total available own funds to meet the MCR	R0510	11.531.525	11.531.525		0	
Total eligible own funds to meet the SCR	R0540	11.846.823	11.531.525		0	315.298
Total eligible own funds to meet the MCR	R0550	11.531.525	11.531.525		0	
SCR	R0580	6.749.920				
MCR	R0600	3.700.000				
Ratio of Eligible own funds to SCR	R0620	1,7551				
Ratio of Eligible own funds to MCR	R0640	3,1166				

E.1.2. Reconciliation of Own Funds from IFRS to Solvency II

(amounts in thousands euros)	2016
Own Funds (total Equity) per IFRS	**12.567**
Intangible Assets	75
Deferred Acquistion Costs	772
Adjustments on Reinsurance recoverables	980
	0
Adjustments in Technical Provisions	814
Adjustments in Deffered Tax Asset	294
Own Funds per Solvency II	**11.847**

E.1.3. Basic own funds and ancillary own funds

Under Solvency 2, Own Funds are distinguished into Basic Own Funds and Ancillary Own Funds. Basic Own Funds are defined as the excess of assets over liabilities plus any qualifying subordinated liabilities. Ancillary Own Funds are defined as any capital resources other than Basic Own Funds that could be called up in order to absorb losses. Ancillary Own Funds are off-balance sheet and require regulatory approval in order to qualify.

Own funds of EH Hellas are considered as Basic as the company does not hold any off balnce sheet items

The EH Hellas Own Funds of 11.8M€ consist entirely of Basic Own Funds.

The Basic Own Funds consist of 11.5M€ Tier 1 unrestricted and Tier 3 315K€.
They are made up of:

- The reconciliation reserve, for 2.669M€;
- The ordinary share capital for 8.862M€;

E.1.4. Solvency II Own Funds classified by tiers

The Basic Own Funds consist of 11.5M€ Tier 1 unrestricted and Tier 3 315K€.

They are made up of:

- The reconciliation reserve, for 2.669M€;
- The ordinary share capital for 8.862M€;

Tier 3 amount refers to the Deferred Tax Asset.

E.1.5. Capital management strategy

To meet Solvency II requirements in an efficient manner, EH Hellas has set in place target capitalization ratios and limits to fulfil any regulatory and financial obligations it could have.

In accordance with the standards and guidelines coming from EH Group, EH Hellas updated its capital management policy in 2016, willing to have an even more precise capital management.

EH Hellas thereby put in place an additional set of limits, to supplement the previous minimum ratios and target ratios. The current Capital Management strategy, Dividend policy and limits are defined as follows:

EH Hellas targets to stay within the Capital Management Range (the “Minimum Capital Ratio”) and (the “Upper Bound”) in the normal course of business.
The bounds of the Capital Management Range are defined in line with the Capital Management Ratio as defined in the Group Risk Appetite.
In case of a breach of the Capital Management Range in any of the two dimensions, the BoD will evaluate the situation in their next regular board meeting and evaluate any potential countermeasures to get back within the Capital Management Range. In particular, any capital held in excess of the Upper Bound is deemed excess capital. This excess capital shall be made available to EH Group as early as possible over the plan horizon.
If EH Hellas falls below the Minimum Capital Ratio (100%) the BoD will take measures to re-establish the Minimum Capital Ratios in due time.
Euler Hermes Hellas strives to fulfil all regulatory solvency requirements at all times. Therefore, target capitalization ratios and limits are in place to ensure an adequate buffer above these requirements.

E.2. SCR & MCR

E.2.1. SCR

Solvency capital requirement has been estimated for 2016 at 6.7M euro. Hereunder, the SCR per Standard Formula sub module is presented.

SCR and MCR are subject to review by Bank of Greece.

QRT S.25.01.b

Basic Solvency Capital Requirement

	Net solvency capital requirement
	C0030
Market risk	795.911
Counterparty default risk	2.513.021
Life underwriting risk	0
Health underwriting risk	0
Non-life underwriting risk	4.436.917
Diversification	-1.377.897
Intangible asset risk	0
Basic Solvency Capital Requirement	6.367.952

Calculation of Solvency Capital Requirement	**C0100**
Adjustment due to RFF/MAP nSCR aggregation	0
Operational risk	381.971
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency Capital Requirement excluding capital add-on	6.749.923
Capital add-on already set	0
Solvency capital requirement	6.749.923
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	0
Total amount of Notional Solvency Capital Requirement for ring fenced funds	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	(4) No adjustment
Net future discretionary benefits	0

Underwriting and Counterparty Default Risks are the major risks for the company and amount to 85% of the total risk capital. Details per risk have been in detail described in section C (Risk Profile).

E.2.2. MCR

The Minimum Capital Requirement ensures a minimum level below which the amount of financial resources should not fall. The MCR by year end 2016 has been calculated at 3.7M

QRT S.28.01.b

Overall MCR calculation	
Linear MCR	1.172.978
SCR	6.749.923
MCR cap	3.037.465
MCR floor	1.687.481
Combined MCR	1.687.481
Absolute floor of the MCR	3.700.000
Minimum Capital Requirement	3.700.000

F. Quantitative Reporting Templates

Report:	SE.02.01.b
Reporting entity:	RC530
Due date:	Dec 31, 2016
Cluster:	OETEST-RSR-Y-1113
Report exported on:	17.03.2017 09:59:00

Variant of Solvency II template S.02.01.b with ECB add-ons
Balance sheet

		Solvency II value	Statutory accounts value	Reclassification adjustments
Assets		C0010	C0020	EC0021
Goodwill	R0010			
Deferred acquisition costs	R0020		75.228	
Intangible assets	R0030		771.995	
Deferred tax assets	R0040	315.298	21.287	
Pension benefit surplus	R0050			
Property, plant & equipment held for own use	R0060	163.160	163.160	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	16.291.961	16.031.001	
Property (other than for own use)	R0080			
Holdings in related undertakings, including participations	R0090	483		
Equities	R0100	2.940	3.423	
Equities - listed	R0110			
Equities - unlisted	R0120	2.940	3.423	
Bonds	R0130	16.288.538	16.027.578	
Government Bonds	R0140	7.932.738	7.156.114	
Corporate Bonds	R0150	8.355.800	8.871.464	
Structured notes	R0160			
Collateralised securities	R0170			
Collective Investments Undertakings	R0180			
Derivatives	R0190			
Deposits other than cash equivalents	R0200			
Other investments	R0210			
Assets held for index-linked and unit-linked contracts	R0220			
Loans and mortgages	R0230			
Loans on policies	R0240			
Loans and mortgages to individuals	R0250			
Other loans and mortgages	R0260			
Reinsurance recoverables from:	R0270	5.550.000	6.530.320	
Non-life and health similar to non-life	R0280	5.550.000	6.530.320	
Non-life excluding health	R0290	5.550.000	6.530.320	
Health similar to non-life	R0300			
Life and health similar to life, excluding health and index-linked and unit-linked	R0310			
Health similar to life	R0320			
Life excluding health and index-linked and unit-linked	R0330			
Life index-linked and unit-linked	R0340			
Deposits to cedants	R0350			
Insurance and intermediaries receivables	R0360	3.025.839	3.025.839	
Reinsurance receivables	R0370	57.858	57.858	
Receivables (trade, not insurance)	R0380	95.163	162.094	
Own shares	R0390			
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400			
Cash and cash equivalents	R0410	5.383.630	5.383.630	
Any other assets, not elsewhere shown	R0420	139.765	139.765	
Total assets	R0500	31.022.674	32.358.755	

Liabilities		Solvency II value C0010	Statutory accounts value C0020	Reclassification adjustments EC0021
Technical provisions – non-life	R0510	10.354.000	11.167.712	
Technical provisions – non-life (excluding health)	R0520	10.354.000	11.167.712	
TP calculated as a whole	R0530			
Best Estimate	R0540	9.939.000		
Risk margin	R0550	415.000		
Technical provisions - health (similar to non-life)	R0560			
TP calculated as a whole	R0570			
Best Estimate	R0580			
Risk margin	R0590			
Technical provisions - life (excluding index-linked and unit-linked)	R0600			
Technical provisions - health (similar to life)	R0610			
TP calculated as a whole	R0620			
Best Estimate	R0630			
Risk margin	R0640			
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650			
TP calculated as a whole	R0660			
Best Estimate	R0670			
Risk margin	R0680			
Technical provisions – index-linked and unit-linked	R0690			
TP calculated as a whole	R0700			
Best Estimate	R0710			
Risk margin	R0720			
Other technical provisions	R0730			
Contingent liabilities	R0740			
Provisions other than technical provisions	R0750	523.563	523.563	
Pension benefit obligations	R0760	321.924	321.924	
Deposits from reinsurers	R0770			
Deferred tax liabilities	R0780			
Derivatives	R0790			
Debts owed to credit institutions	R0800			
Debts owed to credit institutions resident domestically	ER0801			
Debts owed to credit institutions resident in the euro area other than domestic	ER0802			
Debts owed to credit institutions resident in rest of the world	ER0803			
Financial liabilities other than debts owed to credit institutions	R0810			
Debts owed to non-credit institutions	ER0811			
Debts owed to non-credit institutions resident domestically	ER0812			
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813			
Debts owed to non-credit institutions resident in rest of the world	ER0814			
Other financial liabilities (debt securities issued)	ER0815			
Insurance & intermediaries payables	R0820	4.620.269	4.143.651	
Reinsurance payables	R0830	1.227.516	1.033.488	
Payables (trade, not insurance)	R0840	95.908	95.908	
Subordinated liabilities	R0850			
Subordinated liabilities not in basic own funds	R0860			
Subordinated liabilities in basic own funds	R0870			
Any other liabilities, not elsewhere shown	R0880	2.032.671	2.509.289	
Total liabilities	R0900	19.175.851	19.795.534	
Excess of assets over liabilities	R1000	11.846.823,040	12.563.220	

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Assets and liabilities by currency

Currency code

		Total value of all currencies	Value of the solvency II reporting currency	Value of remaining other currencies
		C0020	**C0030**	**C0040**
Assets				
Investments (other than assets held for index-linked and unit-linked contracts)	**R0020**	16.291.478	16.291.478	
Other assets: Property, plant & equipment held for own use, Cash and cash equivalents, Loans on policies, Loans & mortgages to individuals and Other loans & mortgages (other than index-linked and unit-linked contracts)	**R0030**	5.546.790	5.546.790	
Assets held for index-linked and unit-linked contracts	**R0040**			
Reinsurance recoverables	**R0050**	5.550.000	5.550.000	
Deposits to cedants, insurance and intermediaries receivables and reinsurance receivables	**R0060**	3.083.697	3.083.697	
Any other assets	**R0070**	550.709	550.709	
Total assets	**R0100**	31.022.674	31.022.674	
Liabilities				
Technical provisions (excluding index-linked and unit-linked contracts)	**R0110**	10.354.000	10.354.000	
Technical provisions - index-linked and unit-linked contracts	**R0120**			
Deposits from reinsurers and insurance, intermediaries and reinsurance payables	**R0130**	5.847.785	5.847.785	
Derivatives	**R0140**			
Financial liabilities	**R0150**			
Contingent liabilities	**R0160**			
Any other liabilities	**R0170**	2.974.066	2.974.066	
Total liabilites	**R0200**	19.175.851	19.175.851	

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Non-life Technical Provisions

		Direct business and accepted proportional reinsurance	Total Non-Life obligation
		Credit and suretyship insurance	
		C0100	C0180
Premium provisions			
Gross - Total	R0060	2.044.000	2.044.000
Gross - Direct Business	R0070	2.044.000	2.044.000
Gross - accepted proportional reinsurance business	R0080		
Gross - accepted non-proportional reinsurance business	R0090		
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	826.000	826.000
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	826.000	826.000
Recoverables from SPV before adjustment for expected losses	R0120	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	826.000	826.000
Net Best Estimate of Premium Provisions	R0150	1.218.000	1.218.000
Claims provisions			
Gross - Total	R0160	7.895.000	7.895.307
Gross - Direct Business	R0170	7.895.000	7.895.307
Gross - accepted proportional reinsurance business	R0180		
Gross - accepted non-proportional reinsurance business	R0190		
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	4.725.000	4.725.000
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	4.725.000	4.725.000
Recoverables from SPV before adjustment for expected losses	R0220		
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230		
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	**4.723.439**	4.723.000
Net Best Estimate of Claims Provisions	R0250	3.172.000	3.172.307
Total Best estimate - gross	R0260	9.939.000	9.939.307
Total Best estimate - net	R0270	4.389.000	4.390.307
Risk margin	R0280	415.000	415.000
Amount of the transitional on Technical Provisions			
TP as a whole	R0290	0	0
Best Estimate	R0300	0	0
Risk margin	R0310	0	0
Technical provisions - total			
Technical provisions - total	R0320	10.354.000	10.354.307
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	5.550.000	5.550.000
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	4.804.000	4.804.307
Line of Business: further segmentation (Homogeneous Risk Groups - HRG)			
Premium provisions - Total number of homogeneous risk groups (HRGs)	R0350	1	1
Claims provisions - Total number of homogeneous risk groups (HRGs)	R0360	1	1
Cash-flows of the Best estimate of Premium Provisions (Gross)			
Cash out-flows			
Future benefits and claims	R0370	3.057.360	3.057.360
Future expenses and other cash-out flows	R0380	0	0
Cash in-flows			
Future premiums	R0390	1.013.460	1.013.460
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400	0	0
Cash-flows of the Best estimate of Claims Provisions (Gross)			
Cash out-flows			
Future benefits and claims(NL 39)	R0410	6.947.912	6.947.912
Future expenses and other cash-out flows	R0420	938.668	938.668
Cash in-flows			
Future premiums	R0430	0	0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440	0	0
Percentage of gross Best Estimate calculated using approximations	R0450		
Best estimate subject to transitional of the interest rate	R0460	0	0
Technical provisions without transitional on interest rate	R0470		
Best estimate subject to volatility adjustment	R0480	9.939.000	9.939.000
Technical provisions without volatility adjustment and without others transitional measures	R0490	0	0

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	8.862.000	8.862.000		0	
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	2.669.525	2.669.525			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	315.298				315.298
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	11.846.823	11.531.525		0	315.298
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					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	11.846.823	11.531.525		0	315.298
Total available own funds to meet the MCR	R0510	11.531.525	11.531.525		0	
Total eligible own funds to meet the SCR	R0540	11.846.823	11.531.525		0	315.298
Total eligible own funds to meet the MCR	R0550	11.531.525	11.531.525		0	
SCR	R0580	6.749.923				
MCR	R0600	3.700.000				
Ratio of Eligible own funds to SCR	R0620	1,7551				
Ratio of Eligible own funds to MCR	R0640	3,1166				

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Solvency Capital Requirement - for undertakings on Standard Formula

Article 112? (Y/N)	**Z0010**	(0) No

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	**C0040**	**C0050**
Market risk	**R0010**	795.911	795.911	0
Counterparty default risk	**R0020**	2.513.021	2.513.021	0
Life underwriting risk	**R0030**	0	0	0
Health underwriting risk	**R0040**	0	0	0
Non-life underwriting risk	**R0050**	4.436.917	4.436.917	0
Diversification	**R0060**	-1.377.897	-1.377.897	
Intangible asset risk	**R0070**	0	0	
Basic Solvency Capital Requirement	**R0100**	6.367.952	6.367.952	

Calculation of Solvency Capital Requirement		**C0100**
Adjustment due to RFF/MAP nSCR aggregation	**R0120**	0
Operational risk	**R0130**	381.971
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency Capital Requirement excluding capital add-on	**R0200**	6.749.923
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	6.749.923
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirement for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	**R0450**	(4) No adjustment
Net future discretionary benefits	**R0460**	0

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Overall MCR calculation		**C0070**
Linear MCR	**R0300**	1.172.978
SCR	**R0310**	6.749.923
MCR cap	**R0320**	3.037.465
MCR floor	**R0330**	1.687.481
Combined MCR	**R0340**	1.687.481
Absolute floor of the MCR	**R0350**	3.700.000
Minimum Capital Requirement	**R0400**	3.700.000

G. Key terms and abbreviations

Terms/Abbreviations	Description
ABS	Asset Backed Security
AE	Acquisition Expense
ALAE	Allocated Loss Adjustment Expense
ASMC	Allianz Standards Model Change
ASMG	Allianz Standards Model Governance
AY	Accident Year
BEL	Best Estimate Liabilities
BErec	Best-Estimate of the (ceded) recoverables
BoD	Board of Directors
CBFA	Banking, Finance and Insurance Commission
CDA	Counterparty Default Adjustment
CF	Cash Flow
CFP	Cash Flow Pattern
CI	Credit insurance
CR	Combined Ratio
DAC	Deferred Acquisition Costs
DTA	Deferred Tax Assets
DTL	Deferred Tax Liabilities
EBNR	Earned But Not Reported
EH BU	EH Business Units
EH Group	Euler Hermès Group
EH RE	EH Reinsurance GA
EH SA	Euler Hermès SA
FP	Future premium
FX	Foreign Exchange
GA	Group Actuary
IAS	International Audit Standards
ICOFR	Internal Controls over Financial Reporting
IDS	Investment Data Services
IFRS	International Financial Reporting Standards
IMAP	Internal Model Approval Process
LAE	Loss Adjustment Expense
LoB	Line of Business
MCR	Minimum Capital Requirement
MVBS	Market Value Balance Sheet
BoG	Bank of Greece
OE	Operating Entities
ORSA	Own Risk and Solvency Assessment
OTC	Over-the-counter
PD	Probability of Default
PIT	Point-in-Time
PR	Premium received
PR+	Public Rating +

QRT	Quantitative Reporting Template
RCM	Risk and Capital Management
RCSA	Risk and Control Self-Assessment
RiCo	Risk Committee
RNC	Remuneration and Nomination Committee
RR	Rebate Reserves
RD	Recovery Date
ScA	Scenario Analysis
SCR	Solvency Capital Requirement
TRA	Top Risk Assessment
TTC	Through-The-Cycle
UPR	Unearned Premium Reserve
VaR	Value at Risk
VAT	Value Added Tax
WA	World Agency