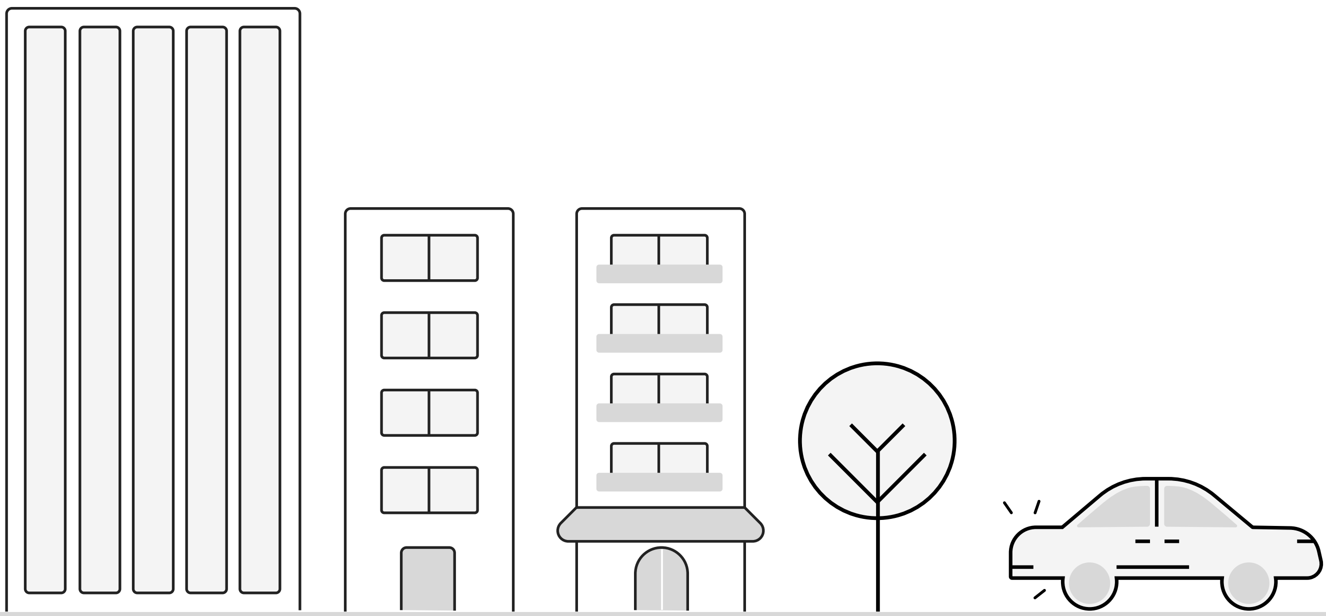
SFCR
Solvency and Financial Condition Report

Year ended 31 December 2020



Contents

Executive Summary

HD Insurance Limited ("Hellas Direct") is a general insurance company established in 2011, incorporated in Cyprus and regulated by the Cyprus Superintendent of Insurance. Up until May 2018, the Company specialized in private motor vehicle insurance for all regions in Greece. As of May 2018, the Company also underwrites residential property insurance in both Greece and Cyprus.

Hellas Direct sells insurance direct to the customer through its website and customer service centre located in Athens. In April 2019 the Company commenced the distribution of motor insurance policies in Greece, through insurance intermediaries.

Since September 2014, Hellas Direct has operated a branch in Greece. Prior to establishing a branch, insurance services in Greece were provided under EU "Freedom of Services" legislation.

The Company sold its first insurance policy in August 2012, and since that date, has achieved rapid sales growth. As a scale-up, the Company is currently loss-making.

The Company has a wholly-owned subsidiary undertaking, HD 360 Limited, which was incorporated on 29th June 2016. The IT and analytics operations of HD Insurance Limited were transferred to its subsidiary on this date. The principal activity of HD 360 Limited is software development and data analytics.

On 31 January 2019, HD 360 Limited acquired 100% of the share capital of a Cypriot road assistance provider, N.T. Rescue Line Autoservices Ltd.

This Solvency and Financial Condition Report (SFCR) has been prepared in order to satisfy the public disclosure requirements under the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management. This report should assist the Company's stakeholders, including the supervisory authorities, in their understanding of the capital position of HD Insurance Ltd under Pillar I of Solvency II following its implementation on 1 January 2016.

Material changes to business and performance
During 2020, gross written premiums increased by 47% year on year, and the Company closed the year with a portfolio of over 200,000 cars, representing net portfolio growth of 56%. The loss ratio for the year decreased from 49% to 33%, resulting in a gross profit (i.e revenue less claims incurred) improvement of 91%.

System of Governance
The solvency and financial condition report includes the following information regarding the system of governance of the Company (as detailed in Section 2 of this report):

a) the structure of the Company's administrative, management, or supervisory body, providing a description of its main roles and responsibilities and a brief description of the segregation of responsibilities within this body, with particular reference to the relevant committees within it, as well as a description of the main roles and responsibilities of key management functions;

(b) any material changes in the system of governance that have taken place during the reporting period;

(c) information on the remuneration policy and practices regarding the administrative, management or supervisory body and, unless otherwise stated, employees, including:
(i) principles of the remuneration policy, with an explanation of the relative importance of the fixed and variable components of remuneration; and
(ii) information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based.

No material changes have occurred during 2020 regarding the system of governance other than the implementation of various structural and procedural enhancements.

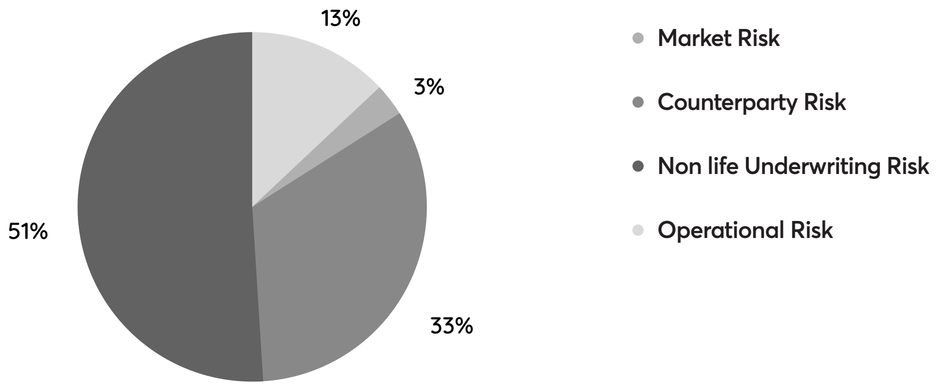
Risk Profile

The risk profile of the Company is described in Section 3 of this report. The Board of Directors is responsible for the overall governance of the Company, and the Risk Management Committee is specifically responsible for risk governance.

The Company's risk appetite is conservative. Where possible, the Company prefers to avoid unnecessary risk altogether; in cases where risk is inherent to the Company's business (e.g. insurance risk, fraud risk), strong controls are put in place to mitigate it.

The Company uses the standard formula to calculate its Solvency Capital Requirement ("SCR"). The formula divides the SCR computation into several risk modules. The allocation of SCR as at 31 December 2020 was as follows:

SCR Summary 2020



Capital Management

Effective capital management is essential for the Company to maintain the financial strength necessary to ensure financial stability even in stress scenarios, whilst securing commitments made to policyholders and other stakeholders.

The prudent deployment of capital by the Company must as far as possible meet the diverse expectations of all stakeholders:

- Clients: appropriate capitalisation to ensure client confidence;
- Financial analysts: evaluation of the Company's financial strength;
- Management (internal requirements): appropriate capital allocation to business segments to support strategy/growth; efficient capital structure to minimise cost of capital;
- Regulatory authorities: compliance with Minimum Capital Requirement and Solvency II compliance;
- Shareholders: maximise returns by optimising capital allocation and deployment.

Hellas Direct's strategic plans and budgets are prepared giving full consideration to their impact on the Company's risk profile and capital adequacy under Solvency II.

Solvency Capital Requirement at 31 December 2020 is estimated at €7.115k and is covered by €7.785k of eligible own funds resulting in a Solvency coverage ratio of 109.41%.

	TOTAL (€)	TIER 1 - UNRESTRICTED
Ordinary share capital	1,281,738	1,281,738
Share premium account related to ordinary share capital	22,245,204	22,245,204
Reconciliation reserve	(15,742,295)	(15,742,295)
Total basic own funds after adjustments	7,784,647	7,784,647
Total eligible own funds to meet the SCR/ MCR	7,784,647	
SCR	7,114,792	
MCR	3,700 ,000	
Ratio of Eligible own funds to SCR	109.41%	
Ratio of Eligible own funds to MCR	210.40%	

On 31st December 2020, the Company entered into a mandatory convertible financing facility which qualifies as Tier 1 solvency capital. The drawdown of the €16.3m committed under this facility at the first closing is expected by the end of April 2021.

It is estimated that this will increase the Company's SCR coverage to around 300%, ensuring that the Company will have sufficient capital to meet the regulatory requirements for a period of at least 12 months.

Operational readiness and possible implications due to Covid-19

With the recent and rapid spread of the Coronavirus (COVID-19) pandemic, the global economy entered a period of unprecedented crisis that has already caused considerable disruption in business activities and everyday life across the world. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including Greece and the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services have been indirectly affected and their results may also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the pandemic spreads and the high level of uncertainty arising from the inability to reliably predict the outcome.

The management of the Group has considered the special conditions that could have a significant impact on the business activities and main risks that the Group is exposed and has concluded that the main impact on the Group's profitability/liquidity is likely to occur from:

- Operational risk, in terms of unavailability of staff;

- Business risk, in terms of reduction of premium income due to reduced disposable income in the population as a result of the impact on other industries.

The Group's advanced digital infrastructure has thus far enabled it to manage the risks associated with the situation with minimal impact.
From the early stages of the outbreak, management established an Emergency Team to form and execute an action plan to ensure that client service could continue uninterrupted whilst providing a safe working environment for the Group's employees.

Business Continuity Planning / Operational Continuity

- All employees, including the 24/7 emergency line and customer support teams, were immediately able to work from home. Since Tuesday 17 March, 100% of the employees of HD Insurance and HD 360 have been working remotely, ensuring that neither business continuity nor customer experience were disrupted in any way.

- The work that the Group has done over the past 4 years to digitalise every aspect of its value chain ensures that it has been able to continue to sell/renew/endorse policies and pay claims to garages and policyholders through digital banking without the need for any physical interaction.

Impact on insurance production, reserving and investment portfolio

- The Group's experience from the start of the crisis to the date of approval of these financial statements has been a drop in frequency of both motor claims and road assistance usage.

- All policies are paid in full at inception through digital means hence the Group has not experienced any issues related to credit risk.

- The Company has noted an uptick in consumer appetite for purchasing insurance via digital channels.

- The Company has not experienced any delays in the claims notification, assessment or payment process. The Company has commenced the process of evaluating its claim reserves in light of the current circumstances and will continue to do so on an ongoing basis as fact patterns emerge.

- The Company's reserves are synced up on a quarterly basis with its reinsurance partners – all claims are appropriately reserved according to the latest available data.

- The Group has no asset risk (no exposure to stocks, bonds, real estate, etc.) and its risk is well diversified across three multi-year quota share agreements.

Impact on business plans and the Company's solvency position

- Management has re-examined its business plans and solvency in light of the above developments.

- The Board is cognizant of the potential downside risks and is focussed on how the Group can most appropriately respond to this situation, ensuring that the wellbeing of our policyholders remain at the forefront of the strategy.

Despite the pandemic, Hellas Direct has seen very strong sales growth in 2020, deriving both from its direct portfolio and from its broker distribution channel. The Company has leveraged its presence on Greece's main online aggregator site. In July 2020, motorcycle insurance was launched enriching the product portfolio in motor insurance. In conjunction with this, a re-pricing exercise took place in February 2020, with the aim of targeting profitable client segments, and pricing out unprofitable clients such as those with multiple prior claims or young drivers. In addition, the Company allowed customised cover selection for the first time: this enabled Hellas Direct to compete with insurers offering Third Party Liability (TPL) only products, where the competition is entirely price-driven.

The pandemic appears to have significantly accelerated the penetration of digital uptake among the Greek population. Revenue in the eCommerce market is expected to reach $2.802m by the end of 2020 and reach $4.299m by 2025. An additional effect of the virus-related lockdown has been a significant drop in loss ratio, which has fallen from 49% in the year to December 2019 to 33% in the year to December 2020 (Hellas Direct overall net earned loss ratio). The Company believes that this is a result of the combination of people driving less due to the lockdown, and the pricing and underwriting improvements made by the Company.

Management is of the opinion that the Group and the Company can successfully manage the above risks, and also that it has adequate financial resources to continue its operations for the foreseeable future. As a result, the financial statements of the Group and the Company continue to be prepared on a going concern basis.

1
Business and Performance

1.1
Business

HD Insurance Limited is a Cyprus incorporated and regulated non-life insurance undertaking. The Company is a private limited liability company. The Company has one wholly-owned subsidiary, HD 360 Limited, whose principal activity is software development and data analysis.

In January 2019, HD 360 acquired 100% of the share capital of N.T. Rescue Line Auto Services Limited, the leading Cypriot road assistance provider. This forms part of the Group's long term strategy to enter the wider mobility ecosystem.

The company is regulated by the Cyprus Superintendent of Insurance. Contact details are as follows:

Tonia Tsangaris, Acting Superintendent of Insurance
Insurance Companies Control Service,
PO Box 23364, Nicosia 1682, Cyprus

The contact details of the officers who directly supervise the company are as follows:

Sophocles Ioannides
sioannides@mof.gov.cy
+357 22602908

George Hadjizorzis
ghadjizorzis@mof.gov.cy
+357 22602908

The company's external independent auditor is PricewaterhouseCoopers. Contact details are as follows:

George Kazamias, Partner
PricewaterhouseCoopers Ltd

PwC Central, 43 Demostheni Severi Avenue
CY1080 Nicosia, Cyprus
george.kazamias@cy.pwc.com
+357 22555797

The entities holding more than 10% of the company's share capital as at 31 December 2020 are detailed below:

NAME	%HOLDING	DESCRIPTION
Portag 3 Ventures II Investments L.P.	18.02%	Institutional investor, Canada
Moulton Goodies Limited	15.88%	Jon Moulton family office, Guernsey
Bletchley Park Limited	12.61%	Founder co, Cyprus

Following the January 2018 capital increase, the International Finance Corporation holds a qualifying interest in the Company. Although its shareholding is lower than the 10% threshold at 8.13%, by virtue of the provisions of a Subscription and Shareholder Agreement signed on 20th December 2017, it is considered to exercise a degree of influence over the Company's operations which lead it to be classified as a qualifying interest. The remainder of the shares are widely spread between the remaining shareholders, with no one party holding more than 10%.

On 31 January 2019, Third Point Hellenic Recovery Fund, LP transferred its entire shareholding to Portag3 Ventures II International Investments Inc. which as at 31 December 2020 holds 18.02% of the Company's issued share capital. On 14th December 2020, the shares held by the FounderCo, Adric Holdings Limited, were transferred to a Cyprus company, Bletchley Park Limited, an entity held by the same ultimate beneficial owners. The other shareholdings disclosed above remain unchanged. As the Company's share capital is spread as set out above there is no controlling or ultimate controlling party.

On 31 December 2020, the Company entered into a Mandatory Convertible Credit Facility Agreement with four counterparties: the European Bank of Reconstruction and Development, International Finance Corporation, Portag3 Investments II LP, and Thames Temese Management. The latter three entities are existing shareholders of the Company. The Mandatory Convertible Credit Facility Agreement provides the Company with committed funds totaling EUR16.3m which are eligible for deployment as Tier 1 Solvency Capital. As at the year end, the funds had not yet been drawn down and are hence not reflected in the balance sheet as at 31 December 2020. Applications for drawdown were issued on 31 March 2021 and the capital increase was accounted for at this date.

The Company holds a licence to transact the following non-life insurance lines of business ("LoB"):

PER "IFRS" FINANCIAL STATEMENTS	PER SOLVENCY II
Accident	Other motor insurance
Land Vehicle	Other motor insurance
Motor Vehicle Liability	Motor vehicle liability insurance
Legal Expenses	Legal Expenses Insurance
Assistance	Assistance
Property	Fire and other damage to property

Currently, only the property lines of business are transacted in Cyprus.

1.2

Underwriting Performance

The Company issued its first insurance policy on 7th August 2012.

The underwriting performance of Hellas Direct can be summarized as:

Motor Greece

	2020 (€)	2019 (€)
Number of policies	373,460	263,790
Gross Written Premium (GWP including policy fee income)	29,819,550	20,324,089
Net earned premium	10,419,196	7,901,683
Net Claims incurred	(4,116,914)	(4,226,105)
Expenses	(435,310)	(513,736)
Underwriting profit	5,866,972	3,161,842

Property (Greece and Cyprus)

2020	TOTAL (€)	GREECE (€)	CYPRUS (€)
GWP	200,263	141,243	59,020
Net written premium	49,262	45,517	3,745

2019	TOTAL (€)	GREECE (€)	CYPRUS (€)
GWP	145,836	99,397	46,439
Net written premium	34,453	31,127	3,326

The Company grew its top line revenue by 37% compared to 2019, and closed the year with an active portfolio of over 1,135 houses. The property portfolio is too small to draw meaningful conclusions regarding loss ratios.

1.3

Investment Performance

The company holds cash in the UK, Cyprus, Greece and Switzerland, and a small number of Bank of Cyprus shares obtained in the 2013 haircut of deposits.

The income and expenses related to these investments in each year were as follows:

	2020 (€)	2019 (€)
Bank balances at year end	8,531,546	9,750,338
Shares held at year end	1,418	2,330
Net interest income	355,685	235,898
Fair value movements re shares	(912)	(680)

The Company's investment performance has been negatively affected by extremely low, nonexistent and in some cases, negative, interest rates. The majority of the interest income in 2020 relates to an intercompany loan receivable.

1.4

Performance of Other Activities

The Company continues to invest in technology and innovation, launching, amongst other things, a telematics product and a digital garages management platform. As of May 2018, the Company was able to in-source its Accident Care service, thus reducing reinsurance costs as well as enabling the Company to fully own the claims value chain and enhance customer experience.

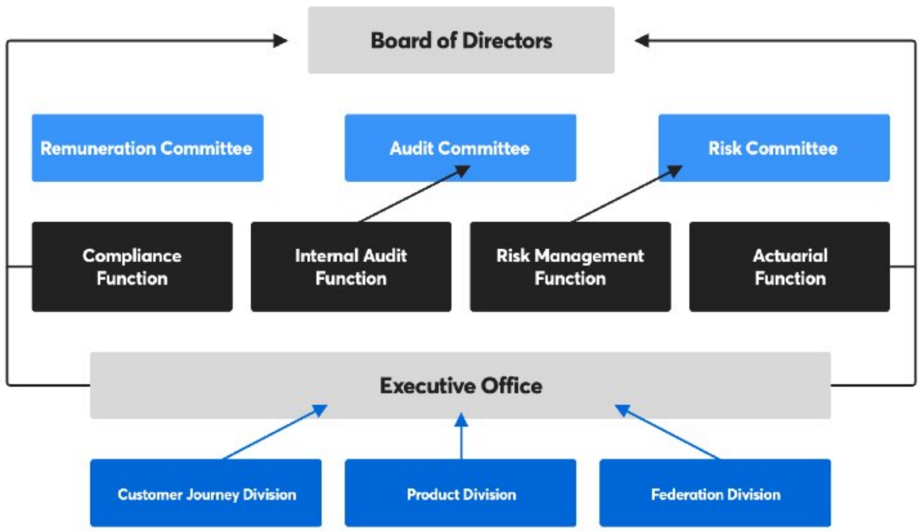
2

System of Governance

2.1

General Information on the System of Governance

The current governance structure of Hellas Direct is as per the below diagram:



Responsibilities of the Board

The Board of Directors has responsibility for the overall stewardship of the Company, and for setting the highest possible standards for the Company's business conduct – 'tone at the top'. The Board's key objectives are to oversee the conduct of the business of the Company, to create and preserve long-term shareholder value and to safeguard the interests of the policyholders. The Board should also ensure that the Company meets its obligations on an ongoing basis and operates in a reliable and safe manner. As part of its duties, the Board also takes into consideration the legitimate interests of the Company's other stakeholders, such as employees, suppliers and the various government authorities in the jurisdictions in which the Company operates.

The current governance arrangements are as follows:

- The minimum number of Directors is five.
- There is no maximum number of Directors.
- The Board of Directors meets at least 6 times per year, at intervals of at least once every 10 weeks.

The members of the Board of Directors as at 31st December 2020 were as follows:

- Adam Felesky (Chairman)
- Hélène Falchier (Non-executive Director)
- James Smouse (Non-executive Director)
- Jeremy Downward (Non-executive Director)
- Tassos Anastasiou (Independent Non-executive Director)
- Sofia Maroudia (Independent Non-executive Director)
- Emilios Markou (Executive Director)
- Alexis Pantazis (Executive Director)

Other Committees

The Directors delegate such of their powers as are considered appropriate to the following committees of the Board:

Audit Committee

Consists of at least two Directors, a majority of whom should be non-executives. The audit committee meets at least once a year to approve the annual financial statements. The audit committee also meets with respect to the internal audit function of the Company.

This committee is headed by Tassos Anastasiou. During the year, a new independent non-executive director with a financial background, Sofia Maroudia, joined the Board and the committee. The audit committee now comprises the two independent non-executives, and one additional non-executive, such that in accordance with the law, the independent non-executives form the majority. As a result of legislation which was passed in Cyprus in May 2017, in relation to EU corporate governance legislation affecting public interest entities, the Chairman of the Audit Committee is required to be both independent and to have an accounting or auditing qualification or experience.

Remuneration Committee

Consists of at least two Directors, both of whom should be non-executives. The remuneration committee meets on an as-needed basis, to discuss and approve the salaries of the Executive Directors. This committee is headed by Tassos Anastasiou and comprises all the non-executive directors.

Risk Committee

Is headed by Mrs Hélène Falchier and comprises all the Company's directors. Meetings are held on an as-needed basis.

Organizational Structure of the Company

The operational functions of the Company have been split into the following departments, each of which has its own manager, and has been assigned to the oversight of one of the Executive Directors:

- Executive Office
- Product Division
- Federation Division
- Customer Journey Division

Within each division, the following people are in positions of responsibility:

Division	Name
Executive Office	Emilios Markou Alexis Pantazis
Product Division	Michalis Antoniou, Insurance Product and Lead Generation Product Manager Michalis Hadjiyiannis, Services Product Manager Stelios Kyprou, VP of Software Engineering

Division	Name
Federation Division	Natalie Curry, CFO, Compliance
	Yiannis Hartoutsios, FC, Actuarial
	Elli Akroteriadou, Risk
	Katerina Seich Al Basatena, Strategic Intelligence Manager
	Michalis Perivolaris, Infrastructure and Automation Manager
	Marilaura Cambanis, Head of People and Culture
Customer Journey Division	Tina Boulougoura – Head of Customer Journey and Business Development
	Nikos Chrysocherakis, Firms Claims Manager
	Antonis Geroulis, Emergency Room Manager
	Silia Tsingou, Special Projects Manager
	Elina Nomicou, Marketing Manager

Conflicts of interest and segregation of duties
Appropriate controls around conflict of interest and segregation of duties have been put in place. For instance:

- invoice approval limits have been put in place for each function. Amounts in excess of the agreed limits must be approved for payment by the Executive Directors
- all invoice and claims payments are made by the finance function; each payment run is reviewed and approved by the Executive Directors before payments are made
- there is segregation of duties within the online payments systems in bank: one person inputs the payment whilst a different person authorises
- the Company requires Board approval to enter into any agreements with a value in excess of €250K

Senior Management and Committee oversight and control
The Board of Directors is responsible for overseeing and monitoring the performance of senior management during its regular meetings.

A high-level breakdown of the responsibilities of the board committees is as follows:

Committee	Role & Responsibilities
Audit	To oversee the financial reporting and disclosure process; overseeing the work of the Internal Audit function; monitoring choice of accounting policies and principles
Remuneration	To determine the appropriate level of remuneration for executive directors and other senior management
Risk	To assist the Board in its oversight of the Company's risk governance structure, risk management and risk assessment processes and policies, risk tolerance, capital liquidity and funding management

2.2

Fit and Proper Requirements

The Board is keen to ensure high standards of integrity, as well as appropriate levels of qualifications, knowledge and skills from those who are in key positions of responsibility within the Company.

The Company has established procedures that must be followed in order to ensure that the Directors, Senior Managers or persons who hold other key functions such as the appointed auditors or other key service providers of the Company are 'fit and proper'.

The Fit and Proper policy of the Company establishes procedures to ensure that the professional qualifications, knowledge and experience of those in positions of responsibility ("Responsible Persons") are adequate to enable sound and prudent management ("fit") and that the individuals themselves are of good repute and integrity ("proper"). The position of each Responsible Person is assessed on a case by case basis in order to determine whether notification to the supervisory authorities of their fitness and propriety or otherwise is required.

The Company's Fit and Proper procedures are focused on ensuring that:

- A complete fit and proper assessment is prepared on an annual basis and upon appointment/hiring of Responsible People.

- Determining the matters that will be considered before deciding whether a person is fit and proper to be a Senior Manager.

- Include an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and whether these are adequate to enable sound and prudent management.

- Include an assessment of that person's honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and regulatory aspects relevant for the purpose of the assessment.

- Take account of the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of that person.

The Company's board and senior management should collectively possess an appropriate level of knowledge about at least:

a) Insurance and financial markets;
b) Business strategy and business models;
c) System of governance;
d) Financial and actuarial analysis;
e) Regulatory framework and requirements.

On an ongoing basis, the Company will provide training to the members of the Board of Directors in order to ensure that they are fully updated regarding the legal and regulatory environment in which the Company operates, specifically with regards to Solvency II. Such training sessions will take place on an as needed basis.

If a person is found not to be fit and proper, and the post in question is that of a Director, the person must immediately vacate the directorship (if already in place) or withdraw his/her candidacy for directorship.

If the person in question is a senior manager, the Executive Directors will, whilst having regard for the terms and conditions of that person's employment contract, either re-deploy the individual to a more suitable role, or terminate their employment with the Company.

2.3

Risk Management System including the Own Risk and Solvency Assessment

The Risk Management function is part of the overall ERM framework of the Company and it is the responsibility of the Board of Directors to maintain an effective ERM within the Company. The Risk Committee oversees the role and the effectiveness of the Risk Management Function, which consists primarily of the Executive Directors and the finance team.

The role of the Risk Management Function is to ensure that the Board's decisions on risk appetite and risk tolerance limits are embedded in the day-to-day operations of the Company, specifically ensuring that:

- All risk management activities, business planning and actions are undertaken within the risk appetite
- No tolerance level is deliberately breached without prior reference to the Board
- Any inadvertent or unavoidable tolerance level breach is reported to the Board immediately

The Risk Management Function is responsible for monitoring the risk profile of the Company and for providing the Board with sufficient information to allow it to make informed decisions regarding the Company's risk appetite and risk tolerance limits.

The core responsibilities of the Risk Management Function comprise the following:

- Promote a risk awareness culture within the Company.
- Coordinate, review and control risk management tasks.
- Ensure that risks identified and monitored encompass all types of risk that can threaten the Company operationally and financially.
- Measurement and assessment of the overall risk situation, including early identification of potential future risks.
- Choose the models, tools and ratios for the identification, evaluation, measurement and monitoring of risks to which the Company is exposed.
- Ensure that the risk mitigation measures, processes and procedures are adequate in order to maintain risk within the guidelines and parameters set by the Board.
- Assist line management in communicating the potential risks relating to their areas of responsibility to the CEOs and the Board.
- Establish early warning systems in case of breaches of the Company's risk appetite or risk tolerance levels.
- Monitor the development of the Company's risk profile over time.
- Maintain and update the Risk Register.
- Reporting to the Board on the risk exposure of the Company.
- Ensure ongoing communication with the CEOs and the Board to keep them updated on risk management.
- Provide appropriate information to the internal audit function in order to assess the adequacy, implementation and effectiveness of the risk management function.
- Producing guidelines for the development of strategies and processes for identifying, monitoring, managing and reporting risks by the line managers.
- Prepares the ORSA report, in close cooperation with the Actuarial and Finance Functions.
- Annual updates of all risk management related policies.
- Assessment and management of Operational Risk, as described in the Operational Risk Management Policy.
- Carry out an annual risk assessment of all risks faced by the Company, as described in the Risk Assessment Procedures Manual documented in the Annual Risk Assessment programme.

The Risk Management Function carries out an annual Risk assessment in order to evaluate the risks to which the company is exposed and assess the controls that are in place in order to mitigate the risks. The methodology followed is as follows:

1. Risk identification
2. Risk assessment and evaluation
3. Identification of control measures to mitigate risks
4. Monitoring and review of the risks identified
5. Recording the results of the risk assessment and reporting to the Board of Directors

The role of the Risk Management Function is not limited to identifying, measuring, monitoring, managing and reporting of the specific risks identified for the calculation of the SCR. The Risk Assessment process, carried out annually, is oriented towards identifying, evaluating and recording all the risks that could negatively impact the financial results, business operations or reputation of the Company and its subsidiary and prevent them from achieving their business objectives.

The Risk Management Function ensures that the Company's operational risk management system focuses on proactive measures in order to ensure business continuity as well as the accuracy of information used internally and reported externally, a competent and well-informed staff, and its adherence to established rules and procedures as well as on security arrangements to protect the physical and IT infrastructure of the Company.

2.4

Internal Control System

Internal audit is an independent, objective assurance activity which should bring a systematic, disciplined approach to evaluating and improving the effectiveness of the risk management, control and governance processes.

The role of the internal audit function is to provide extra value to the Company and this is achieved through improving the efficiency and effectiveness of the internal procedures and controls, ensuring compliance and confirming that resources and assets are economically acquired and adequately protected.

The Company has engaged Baker Tilly Cyprus as the internal auditors.

All the Company's activities are subject to internal audit and the key responsibilities of the internal audit function are as follows:

- to evaluate and provide reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Company's objectives and goals to be met
- to report risk management issues and internal controls deficiencies identified directly to the audit committee and provide recommendations for improving the Company's operations, in terms of both efficient and effective performance
- evaluate information security and associated risk exposures
- evaluate regulatory compliance
- evaluate the organisation's readiness in case of business interruption
- maintain open communication with management and the audit committee
- provide support to the Company's anti-fraud programs.

The Company has its own 'Internal Audit Charter' that defines the scope and purpose of the Internal Audit, the roles and responsibilities of the Internal Auditors, their independence and their authorities and describes the main procedures to be followed.

The internal auditor reports directly to the Audit Committee.

The latest internal audit was carried out by Baker Tilly Cyprus during 2020 with reference to the year ended 31 December 2019. It was structured and performed as per the guidelines and responsibilities set out in the Charter. The Internal Auditors presented their draft report to the Chairman of the Audit Committee of the Board of Directors on 15th October 2020. The internal audit for 2020 is intended to be carried out in H1 of 2021, with the internal audit of 2021 being carried out on an 'in year' basis during the second half of 2021.

Compliance Function role
The Compliance Function is responsible for risk control in respect of compliance risk. Compliance risk is defined as the risk of incurring legal or regulatory sanctions, significant financial loss or damage to reputation resulting from the company's failure to comply with laws or regulations.

The Company's Compliance policy is explained in detail in the Compliance Manual along with the procedures and specific requirements for its implementation. Policies, procedures, responsibilities and controls have been established in order to ensure that the Company and its employees are in compliance at all times with the applicable laws and regulations and the system of internal controls of the Company.

The Compliance Function reports directly to the Board of Directors and its principal role is to identify, assess, monitor and report the potential risks of non-compliance with the external laws and regulations and the system of internal controls established by the Company. In this respect, the Function is responsible for the screening of projected revisions and changes in the legislation and the regulatory environment of the Company, assessing their impact and ensuring full compliance by the Company.

In addition, the Company has a Compliance Plan to ensure that the systematic procedures which have been developed by the Company in order to ensure compliance with legal and regulatory requirements are being carried out.

The Company's Compliance Plan is focused on the following high-risk areas, expanding its scope into other areas as and when they are identified as potential high-risk areas:

• Non-compliance with legal and regulatory obligations, including the risk of impairment of company's compliance with regulatory obligations due to failure of outsourced functions.
• Non-compliance with the established system of internal controls
• Exposure to fraudulent activities either related to insurance claims or related to employees' behaviour at work.
• Non-compliance with tax and accounting regulations.

The legal and regulatory framework within which the Company operates is categorised into the following two areas:

• Regulations governing the insurance activities of the company. These regulations include the Solvency II framework, reporting requirements set by the national regulatory authorities, both in Cyprus and Greece, and capital requirements.
• Other laws governing company's operations in Cyprus and Greece. These include the Companies' law, the Income Tax law, the VAT law, the Social Insurance Law and data protection laws.

The objective of the Company is to be in compliance at all times with all external legal and regulatory requirements.

The Compliance Function specifically sets the actions to be taken by the Company in order to fulfil its obligations and ensure compliance in its agreements with suppliers, promotional activities, complaints from clients, in case of conflict of interest, money laundering, public interest disclosure and in the protection of sensitive and important data.

The Compliance Function prepares an annual Compliance Report which is submitted to the Board of Directors, along with a half-yearly compliance summary.

2.5 Actuarial Function

The Actuarial Function consists of a team of people from the Finance and Analytics departments that have actuarial, mathematical and data analysis qualifications and is supported by an external firm of actuaries, Cronje & Yiannas Actuaries & Consultants Ltd. The Head of the Actuarial Function is the Financial Controller of the Company.

The role of the Actuarial Function falls into three main areas:

• Coordination and monitoring of the evaluation of technical provisions, including methodology, assumptions and data
• Reporting
• Supporting the Risk Management Function

Members of the Actuarial Function must have a clear understanding of the individual model components, their interdependencies and the way the model depicts and takes account of the resultant diversification effects in the calculation of technical provisions.

Information on technical provisions submitted to internal or external parties by the Actuarial

Function, shall include at least a reasoned analysis on the reliability and adequacy of their calculation and on the sources and the degree of uncertainty of the estimate of the technical provisions.

The Actuarial Function reports directly to the Board of Directors. The Actuarial Report is prepared on an annual basis covering the results of the underwriting activity, the effectiveness of the underwriting strategy, an analysis of the external environment, a review of the reinsurance agreements and an assessment of the technical provisions and capital requirements.

In this respect, and in compliance with the laws and regulations, the Actuarial Function must express an opinion on the Company's overall underwriting policy and on the adequacy of the reinsurance arrangements of the Company.

The Actuarial Function is responsible for supporting the Risk Management Function in respect of the calculation and modelling of underwriting risks, and also in respect of the methodology used to calculate own funds and capital requirements.
Along with the Risk Management Function, it will contribute to the preparation of the ORSA report by confirming that the technical provisions have been calculated in accordance with Solvency II requirements.

2.6 Outsourcing

Solvency II allows the outsourcing of any task or function to an external service provider. The company has outsourced its internal audit function. The outsourced service provider is located in Cyprus.

Before outsourcing any of the Company's critical functions, management must assess and ensure that the outsourcing of the function will not lead to:

- Material impairment of the quality of the system of governance
- An undue increase in the operational risk
- Impairment of the ability of the supervisory authorities to monitor the Company's compliance with its obligations
- Continuous and satisfactory service to policyholders being undermined

The outsourcing of any critical function to an external provider should be approved by the Company's Board of Directors.

Choice of outsourcing provider
The Board of Directors has the responsibility for ensuring that appropriate due diligence has taken place prior to the commencement of any outsourcing arrangement. The Board also has the responsibility for approving the written contracts between the Company and the service provider.

Appropriate due diligence includes the following:

- An assessment of the service provider's ability, capacity and authorisation required by law to carry out the relevant function
- An assessment of any conflicts of interest
- The service provider's adherence to data protection and other laws
- Whether the agreement with the service provider would undermine the safety and confidentiality of information relating to the company and its policyholders
- An assessment of the adequacy of the financial resources of the service provider and the qualifications of its staff
- The putting in place of adequate contingency plans in the case of business interruption on the part of the service provider
- A named person at the service provider must satisfy the "fit & proper" requirements applicable to the function being outsourced

In all cases where the entirety or an element of any key function is outsourced, a written agreement must be put in place setting out the respective rights and obligations of both the Company and the service provider.

Duties and responsibilities of both parties

The written agreement which shall be concluded between the Company and the service provider should cover the following matters:

- The duties & responsibilities of both parties
- The service provider's commitment to comply with all applicable laws and regulations
- The service provider's obligation to disclose any development which may materially affect its ability to fulfil its obligations under the terms of the agreement
- Provision of a notice period for the termination of the contract which is sufficiently long to enable the Company to make alternative arrangements
- The Company should be in the position to terminate the agreement without detriment to the continuity or quality of its provision of services to policyholders
- The Company has the right to be informed about the service provider's performance of its functions, and also to issue general guidelines and individual instructions relating to the outsourced activities
- The service provider shall protect any confidential information relating to the Company and its stakeholders
- The Company, its external auditor and the supervisory authority may have access to the service provider's information and business premises and can address questions directly to the service provider
- The terms & conditions under which the service provider may sub-outsource any of the outsourced activities
- The fees to be charged in respect of the services provided

Reporting and monitoring arrangements

The Company must appoint an internal member of staff to continue to be responsible for the function involved. The person concerned must be named in a written document and will be required to verify performance of the outsourced task and the quality of the service provider's work.

The internal function head should ensure on a continuous basis that:

- The service provider's risk management and internal control systems are fit for purpose
- The service provider has the appropriate financial resources and appropriately trained and qualified staff to perform the outsourced services
- The outsourcing of the relevant activities is not adversely affecting the provision of continuous and satisfactory services to policyholders
- The service provider has adequate contingency plans in place to deal with emergency situations or business disruptions
- The service provider complies with data protection regulations.

The internal function head should report to the Board of Directors (relevant committee) on a timely basis regarding any issues that may arise with regards to the outsourced function.

Termination and transition arrangements

The Company will ensure that any agreements with service providers for the outsourcing of key functions will include appropriate termination clauses. In the event of termination by the service provider, the notice period should be sufficiently long in order to enable the Company make other arrangements and either find an alternative service provider or take the function in-house. It is suggested that this notice period should not be shorter than 3 months.

Communication with regulatory authorities & other external stakeholders

The decision to outsource one of the Company's critical functions, or changes in any outsourcing arrangements, must be notified to the supervisory authorities in a timely manner (which is defined as at least 6 weeks in advance of the commencement of such arrangements).

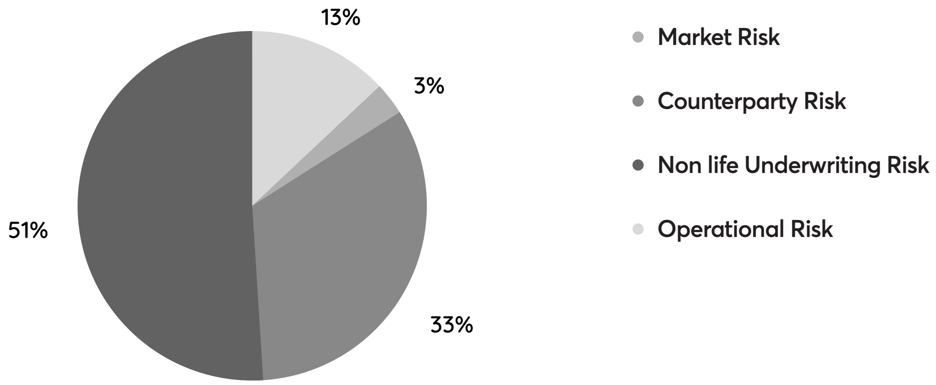
3
Risk Profile

The Company aims to maintain sufficient available capital to cover all risks faced by the Company and to satisfy regulatory capital requirements at all times.

The Solvency Capital Requirement ("SCR") represents the capital that needs to be held to ensure that the Company will meet its insurance obligations with certain probability. The Company applies the standard SCR formula as provided by the European Insurance and Occupational Pensions Authority ("EIOPA").

The SCR is divided into modules and sub-modules and the summary of the SCR (before diversification) for the year ended 31 December 2020 was as follows:

SCR Summary 2020



Non-Life Underwriting risk and Counterparty Default risk are the main components of the Company's SCR. Non-Life underwriting risks include premium, reserve and catastrophic events which are mitigated through adequate reinsurance covers that are in place.

The way in which the ratings are derived can be seen in the Risk Register. The ratings buckets are as follows:

Low	1-4
Medium	5-8
High	9-12
Critical	15-25

The risk categories and their ratings are summarised below:

Risk category per SII	Specific risks included within the category	Overall risk rating level	Risk rating 2020	Risk rating 2019
Market Risk	Investments, interest rate & currency risk	Low	3.0	3.0
Concentration risk	Concentration in individual exposure	Medium	8.0	8.0

Risk category per SII	Specific risks included within the category	Overall risk rating level	Risk rating 2020	Risk rating 2019
Credit risk	Counterparty default, subsidiary default, uncollectable claims recoverables	High	9.3	9.3
Insurance risk	Underwriting risk: policy violation, pricing & competition, renewal rates, reinsurance, loss ratios, fraudulent claims	Medium	6.5	6.8
Insurance risk	Catastrophe risk	Low	4.0	4.0
Liquidity risk	Liquidity risk	Low	4.0	4.0
Business risk	Strategic risk, competitive risk, available capital	High	9.3	9.3
Operational risk	Social media risk, people and culture, brand dilution, health and safety, physical assets, business continuity, key man risk & staff turnover, model risk, design & implementation of new systems, compliance risk , IT & cybersecurity risk	Medium	5.6	6.7
Political risk	Political, geopolitical and economic risk, capital controls effect	Medium	6.5	6.5
Overall risk rating		**Medium**	**6.3**	**6.7**

The particulars of each risk area are documented below.

3.1

Insurance / Underwriting Risk

Non-life underwriting risk is the risk arising from non-life insurance obligations, in relation to the perils covered and the processes used in the conduct of business.

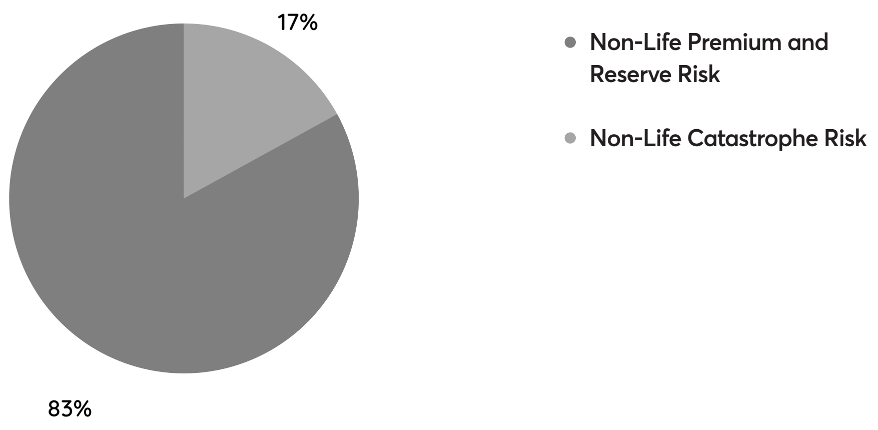
Non-life underwriting risk also includes the risk resulting from uncertainty included in assumptions about exercise of policyholder options like renewal or termination options.

The class “Insurance Risk” encompasses the following risk categories, as per the Company’s Risk Register:

Risk category	Risk level	Risk rating 2020	Risk rating 2019
Policy Violation	Low	4	4
Pricing & Competition	Medium	6	6
Policy Lapses	Medium	6	6
Reinsurance	Low	4	4
Loss Ratios	High	10	10
Reserving	High	9	9
Fraudulent Claims	Medium	6	6
Large Claims	Medium	8	8
Ageing of Claims	Medium	6	6
Catastrophic Natural Phenomena	Low	4	4
Overall risk rating	**Medium**	**6.3**	**6.5**

Non-Life Underwriting risk represents 51% of the Company’s SCR. Underwriting risk is divided in two sub modules, Premium and Reserve Risk and Catastrophe Risk.

Non-life risk summary as at 31 December 2020 was as follows:



Non-life premium and reserve risk combines a treatment for the two main sources of underwriting risk, premium risk and reserve risk. The Company has a low exposure to underwriting risk, consistent with its documented risk appetite.

Its calculation of provisions complies with regulatory and actuarial professional guidance.

Additionally, as a result of its comprehensive reinsurance agreement any exposure to large losses, either through a single event or accumulation of losses is limited.

The limitation of exposure to large losses means that the Company can continue writing new business subject to its availability of capital and is not at a level that will hinder the Company from achieving its growth targets.

The main business of the Company continues to be writing private motor vehicle insurance in Greece; from May 2018, the Company also started writing residential property insurance in both Greece and Cyprus.

The Company offers cover for the following risks:

MOTOR INSURANCE	PROPERTY INSURANCE
Third Party Liability	Fire
Collision with uninsured	Electrical
Accident care	Earthquake
Road assistance	Natural Phenomena
Glass	Collision Damage
Legal protection	Malicious Damages
Personal accident	Third Party Liability
Fire	Water Damages
Natural phenomena	Personal Accident
Theft	Glass Covers
Own damages	Legal Protection
Green card scheme	Home Assistance
Loss of documents	Accidental Damages
Key replacement	Theft
Side view mirrors	Earth Movement
Car replacement	Rent Loss

The risk profile of both the motor vehicle and property insurance businesses is intrinsically short-tail, and historically has had very low levels of reporting delays.

Reinsurance – Overview
The Company is party to three sets of reinsurance treaties, as follows:

1. Digital direct motor portfolio: quota share, road assistance & Excess of Loss
2. Brokers motor portfolio: quota share, road assistance, accident care & Excess of Loss
3. Digital direct property portfolio: quota share.

Further details of each set of reinsurance arrangements are below.

Digital direct motor portfolio reinsurance

The reinsurance arrangements for the Company's digital direct motor vehicle portfolio have evolved over time, as described below. In effect, these arrangements limit the Company's maximum exposure to €500K per claim. There is no annual limit to the exposure.

- All covers with the exception of Accident Care, Road Assistance, Personal Accident and Legal Protection were reinsured via a 50% quota share treaty, from start of business until 30 June 2017.
- Accident Care and Road Assistance were fully reinsured with Mapfre until April 2018. As of 1st April 2018, Accident Care is now managed entirely in-house. Road Assistance continues to be reinsured with Mapfre. A fixed fee is paid per policy and Mapfre assumes the entire risk of claims in this category.
- Legal Protection was fully reinsured until October 2015, with a fixed fee being paid per policy and the reinsurer assuming the entire risk of claims in this category. As of October 2015, the Company took this cover in-house without the benefit of reinsurance, until July 2019, when it entered into a 37.5% quota share reinsurance treaty covering Legal Protection and Personal Accident

The Company's management team keeps the performance of its reinsurance arrangements under constant review. The Directors monitor in particular the impact of the quota share arrangements on the results of the Company, in order to assess whether the % of ceding should be decreased or increased, or whether there are any other changes to the terms which could be beneficial to the Company, particularly with respect to ceding commission rates.

The Company also has excess of loss insurance for its digital direct motor portfolio provided by a consortium of four reinsurers. This covers losses in excess of €1m and is currently paid for via a fixed annual fee. Due to specific exclusions in the treaty, however, the Company retains some exposure to a degree of catastrophe, namely:

- Natural disasters such as hail, flood and earthquakes are only covered between €1 million to a maximum of €4 million.
- Terrorist acts and war are excluded completely.

Reinsurance – Brokers Motor Portfolio

The portfolio is reinsured via a Quota Share treaty. The following perils are reinsured:

- Motor TPL (bodily injury and material damage)
- Motor own damages, fire, theft and natural phenomena, windscreen and airbag
- Acts of terrorism and malicious damage
- Personal accident

The ceding rate was 90% for UY1 and 85% for UY2. The quota share limit is €1m ultimate net loss for each and every loss or series of losses arising from one loss occurrence. This effectively limits the Company's liability to €100K in UY1 and €150K in UY2.

The Accident Care and Road Assistance covers written for the Brokers portfolio are reinsured by Mapfre for a fixed fee per annum.

The Company is also party to an Excess of Loss treaty in respect of its Brokers portfolio. The treaty covers losses in excess of €1m.

Reinsurance - Property

For its property portfolio, the Company has a quota share reinsurance agreement under which it cedes 85% of premiums for all covers except Legal Protection, Home Assistance, Personal Accident and Earthquake. The Earthquake risk is reinsured under the same treaty, via a tariff of 0.35 per mille for Greece and 0.48 per mille for Cyprus, based on the sum assured. The maximum exposure per claim cannot exceed €225,000 for the reinsured covers. The Company retains only 15% of the losses incurred on the reinsured covers with Swiss Re covering the remaining 85% of all losses. On an aggregate basis, the Company is exposed if its aggregate claims from one natural peril loss event exceed €20 million. The Company is also exposed if its losses in relation to terrorism claims exceed €3 million per event and per year.

The Company's property portfolio is currently too small to require additional Excess of Loss reinsurance. The Company's management will continuously monitor its exposure to catastrophe risk in its property portfolio, to assess at what point Excess of Loss reinsurance should be purchased.

Management understanding of the risk profile
The Company's management continuously monitors its risk exposure in the following ways:
Direct digital portfolio

- All policies are purchased direct by the consumer over the internet, which means that detailed information regarding the vehicles and drivers insured are available for management information and monitoring purposes in real time at the touch of a button
- The Company has a Strategic Intelligence Unit which has developed a Business Intelligence system which can be used to track developments in the market, to monitor loss ratios and to update risk factors etc.
- Detailed claims data is kept by the Company and all claims more than €5K are reviewed on a case-by-case basis by the Firm Claim committee.
- Monthly claims reporting data is summarised by the actuarial team and a detailed report tracking KPIs such as claims frequencies, cost per type of claim, claims delays etc. is provided to the Executive Directors and the Board
- The claims team aims to close claims in a fast and efficient manner. The Company believes that this enhances the customer experience and the Company's reputation, reduces the SCR requirements due to high claims reserves, and reduces exposure to adverse developments in claims that remain open for extended periods.
- The Company's recent diversification into the property line of business is expected to reduce overall loss ratios in the long term, once the Company has grown its property insurance portfolio to the level at which it can dilute the effect of the motor portfolio

Brokers portfolio

- All covers with the exception of Accident Care, Road Assistance, Car Replacement and other ancillary covers are reinsured via a 90% quota share treaty for the period to 31.12.2019 and 85% quota share for the consecutive period to 31.12.2020
- For any amounts in excess of €1m, the Company is party to an Excess of Loss treaty for the period to 31.12.2020.
- Accident Care and Road Assistance are fully reinsured with Mapfre until 31.08.2021. A fixed fee is paid per policy according to the type of the vehicle insured and Mapfre assumes the entire risk of claims in this category.

Management believes that the Company's risk profile is well understood and is appropriate for the nature of the business. Due to the sophisticated IT infrastructure developed by the Company, very granular information is available for analysis on a real-time basis, which enables the management team to keep abreast of developments in the insured portfolio and the wider macro-economic environment.

Risk Profiles – Underwriting – Digital Portfolio
The underwriting models and procedures followed by the Company in order to determine the price of each policy are based on various key drivers that are appropriate for each insurance sector. Car age, value and power to weight ratio, driver's age, claims history and post code are major pricing factors in the motor line of business, whilst location, year of build, the value of the building and its contents are major pricing factors for property underwriting.

The vehicle value insured is limited to €75K per vehicle and the property value insured is limited to €1.5m. The average sum insured per vehicle is currently €4,672.

As at 31.12.2020, 92,950 cars were insured in 1,333 different postcodes and the highest concentration of risk in any one postcode was 1.3% in Petroupoli Athens.

The Company does not insure cars with a power to weight ratio of higher than 20% and specific types of cars are also not insured at all, mainly sports cars. In terms of driver age group, the Company again targets drivers in age groups which are proven to be statistically less likely to report a claim. As of 31/12/2020 only 2.6% of insured drivers were aged 30 & under.

The Company's systems are updated with databases providing information on the technical characteristics of cars or details about the location of properties. The information is automatically retrieved at the time of the purchase of a policy, preventing customers from entering wrong information regarding the cars or the properties to be insured. Geolocation technology is also used in the pricing mechanism for property insurance: this has been developed by the Company to identify and price high-risk areas.

The Company can instantly freeze specific postcodes, precluding clients in areas affected by natural phenomena, fire or other catastrophic events from obtaining prices and purchasing a policy. The Company can also send weather alert messages to its clients to warn them of bad weather conditions.

Risk Profiles – Underwriting – Brokins MGA Portfolio

The average sum insured per vehicle is currently €3,256 for cars, €2,622 for taxi and €2,191 for trucks.

As at 31/12/2020, 100,578 cars were insured in 1,152 different postcodes and the highest concentration of risk in any one postcode was 3.7% in South Aegean.

As of 31/12/2020, only 2.4% of insured drivers were aged 25 & under.

Risk Profiles – Claims

Claims are managed in the same way across the Company's portfolios – both the digital and broker lines.

The Company is focussed on maintaining loss ratios at low levels. It has internal procedures for the fast closure of claims, especially of low value claims where liability is undisputed, in order to reduce reserving and adverse development risks. The largest claims are assessed on a claim-by-claim basis in biweekly meetings of the Firm Claim Committee. Professional advice from lawyers, doctors, accident experts, etc is obtained as necessary. Claims which have been open for long periods of time remain open due to factors that are outside the control of the Company. As an insurer, the Company has an inherent risk of fraudulent claims. For this reason it has fraud detection procedures and systems in place in order to ensure that any fraudulent claims are identified and rejected before proceeding to the payment stage.

Comparison with risk appetite

The risks taken by the Company are extensively reinsured. Due to this, the Company's maximum exposure per motor claim is capped at €500K, with the exception of losses due to terrorism, or to natural phenomena >€4m, which are excluded from the Company's reinsurance programme. The property portfolio is also well reinsured, with the Company's maximum exposure per claim capped at €225,000 for the reinsured covers. On an aggregate basis, the Company is exposed on the property side if its aggregate claims from one natural peril loss event exceed €20 million. The Company is also exposed if its losses in relation to terrorism claims exceed €3 million per event and per year.

Stress Testing and sensitivity analysis

As part of the ORSA process the Company carries out stress and scenario testing for the material underwriting risks to which is exposed to.

Stress-testing is the process of determining the ability of the Company to withstand plausible severe adverse conditions. As implied by the definition given above, stress-testing is designed to identify and quantify potential vulnerabilities which the Company's operations and asset portfolio might have.

Summary of the relevant stress and scenario testing is as follows:

Scenario	Description/ Assumptions	Impact	Conclusions
High loss ratio in motor	• Increase in gross loss ratio by 3% - 8% for motor insurance and 3% for property insurance. • Current Reinsurance structure applied	• Decrease in overall SCR ratio by 54% to 59% during the budgeted period	• Reassessment of the reinsurance structure • Review and reassessment of the pricing model and policies

CAT Risk

Under the non-life underwriting risk module, catastrophe risk is defined in the Solvency II Framework Directive (Directive 2009/138/EC) as: "the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events."

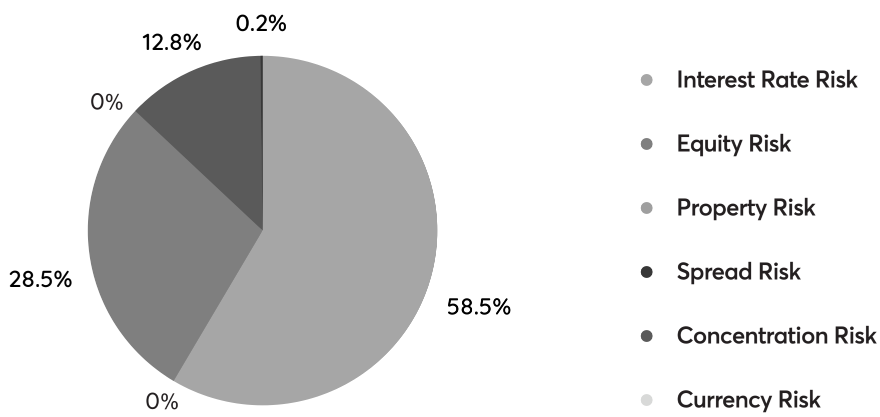
The Company's assumption is that catastrophic events are exceptionally rare although they can have a major effect on the company mainly as regards liquidity and the operations. For this reason, it maintains reinsurance agreements that reduce the exposure of the Company to €500K per event in motor and to €225K per claim in property (excluding the risk relating to aggregate natural phenomena claims mentioned in the previous section).

3.2 Market Risk

Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, immovable property prices and exchange rates.

The Company has been successful in limiting its exposure to market risk to a negligible level, representing 3% of the total SCR (before diversification).

Market Risk Summary



Interest Rate Risk

Interest rate risk exists for all assets and liabilities which are sensitive to changes in the term structure of interest rates or interest rate volatility. The Company is only exposed to reinsurance recoverable amounts arising from the best estimates of technical provisions.

Equity Risk

Equity risk arises from the level or volatility of market prices for equities. Exposure to equity risk refers to all assets and liabilities whose value is sensitive to changes in equity prices. The Company's exposure to equity risk is limited.

Spread Risk

Spread risk results from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. The Company's exposure to spread risk is limited since there is small exposure in fixed term deposits.

Concentration Risk

The scope of the concentration risk sub-module extends to assets considered in the equity, spread risk and property risk sub-modules, and excludes assets covered by the counterparty default risk module in order to avoid any overlap between both elements of the standard calculation of the SCR. Exposure to concentration risk is very low.

Other Risks

The Company has also been successful in substantially matching the currency of its cash inflow and outflow, thus limiting its exposure to adverse foreign exchange movements.

During 2020, the majority of assets were held as cash deposits. All expenses, with the exception of some IT consultancy costs, were incurred in Euros, which matches the currency of the Company's income. This is in accordance with the limits set in the Company's risk appetite statement.

The Company has no exposure to property risk as well.

Comparison with risk appetite

During the year, all assets were held as cash deposits with no investments in volatile assets. All revenue and almost all costs incurred by the Company were in Euros, therefore:

a. The majority of the company's deposits are held in A-rated banks that give zero interest income. Therefore there is no effect from a reduction in the interest rates.
b. Since there were no big payments or obligations in foreign currencies, the financial effects from the fluctuations in the exchange rate of Euro with other currencies is immaterial.
c. The exposure to investment risk is also very low, as the Company was not exposed to any form of investments other than cash deposits.

As analysed above the Market Risk remains exceptionally low and consistent with the Company's appetite.

3.3
Credit Risk

The Credit Risk (counterparty default risk) module reflects possible losses due to unexpected default of the counterparties and debtors of undertakings over the forthcoming twelve months.

The scope of the counterparty default risk module includes risk-mitigating contracts, such as reinsurance arrangements and receivables from intermediaries, as well as any other credit exposures which are not covered in the spread risk sub-module.

Exposures included in the Counterparty default module are analyses as follows:

- Type 1 exposures which include cash deposits at bank and reinsurance recoverable balances.
- Type 2 exposures which include the exposures which are usually diversified and where the counterparty is likely to be unrated.

The Company is exposed to a low level of credit risk due to the fact that the majority of its counterparties (banks and reinsurers) have excellent credit ratings.

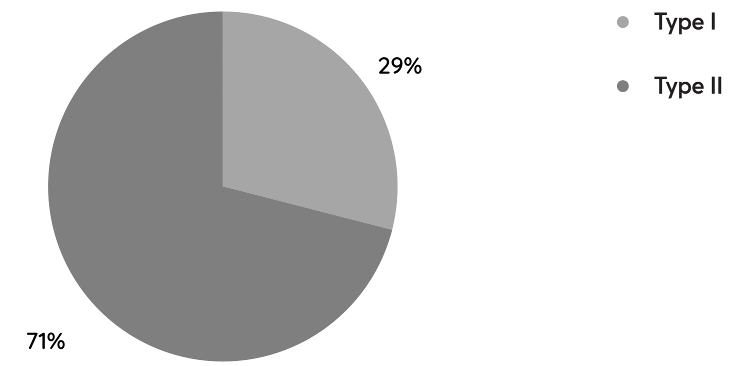
The Company has committed to holding the majority of its assets in banks rated A by international rating agencies and which hence have a low probability of default.

The Company has exposure mainly to type 1 exposures which relate to cash at bank and risk mitigation contracts including reinsurance arrangements.

Due to its direct to consumer business model and the fact that it receives all premium in advance for the whole period of the insurance contracts, the Company's exposure to type 2 receivables comes mainly from claims recoverables, a loan receivable due from its subsidiary, HD 360 and premium receivables from its brokerage partner.

The summary of the Counterparty risk as at 31 December 2020 was as follows:

Counterparty Risk Summary



Capital requirement for Type I exposures mainly arises from cash deposits with financial institutions. The high capital requirement for Type II exposure arises from a specific related party receivable balance and insurance receivable from one insurance intermediary.

In terms of concentration risk inherited by these Type II exposures the Company is currently assessing various scenarios to minimise this exposure. It is believed that exposure to Type II counterparties will be moderated in the near future.

Stress Testing and sensitivity analysis

During the ORSA process, the Company assessed the credit risk exposure to the specific related party to which is exposed to and the results are summarised as follows:

Scenario	Description / Assumptions	Impact	Conclusions
Recoverability of receivable balance from related parties	• Write off of 20% of the receivable balance outstanding due to inability to pay	• Decrease in overall SCR ratio by 8%	• Minimal impact on the SCR ratio

The management of the Company believes that the probability that this scenario will materialise over the three-year horizon is small. In the case that this risk crystallises the management of the Company provides assurance that it will take actions that will guarantee the solvency position of HD Insurance.

3.4
Liquidity Risk

Due to the fact that the Company's assets are held almost exclusively in cash with highly creditworthy banks, the Company has a limited exposure to liquidity risk.

The extensive reinsurance arrangements also mean that the probability of needing an amount of cash in excess of reserves held at any one point is very low.

As at the year end, the majority of the Company's assets were held as instant access cash accounts, with the remainder being fixed assets for use in the business and working capital balances such as prepayments, deposits and amounts due from reinsurers.

3.5
Operational Risk

The Company has some sources of operational risk as detailed below.
Operational Risk, which has been assessed as Medium overall, comprises the following sub-categories:

Risk category	Risk level	Risk rating 2020	Risk rating 2019
IT & Cybersecurity	Medium	8	8
Social Media Risk	Medium	6	6
Human Resources	Low	4	4
Key Man Risk & Staff Turnover	Medium	6	6
Health and Safety	Low	4	4
Physical Assets	Low	6	3
Brand Dilution / Centralised Business Functions	Medium	6	6
Business continuity	Medium	6	8
Model risk	Low	4	4
Design and Imple-mentation of new systems/programs	Medium	6	6
Compliance risk	Medium	6	7
Overall Risk	**Medium**	**5.6**	**5.6**

The main areas of operational risk which could be of concern are as follows:

- Downtime of its data storage systems and cloud based IT services could result in reputational damage
- Destruction or loss of sensitive or important data would expose the company to reputational and compliance risk
- Cybersecurity around handling of privacy issues, breaches of which could lead to reputational risk.

- Cybersecurity around failure to prevent cyber attacks (e.g. ransomware attacks) that can disrupt the operations of the Company
- Reputational risk stemming from the decision to reject some prospective policyholders such as those with vehicles which have values above the acceptable limit

Comparison with risk appetite
Operational risk is inherent in the Company's activities. In mitigation, the Company has an appropriate infrastructure of people, systems and procedures in place to ensure that it keeps reputational risk and operational risk very low.

On the specific risks documented in the risk register:

- The Company's call centre has been available 99.999% of the time (2019: 99.999%), better than the limit set of 98%
- The Company's website has been available 99.999% of the time (2019: 99.999%), better than the limit set of 98%
- The current customer retention rate is 80% (2019: 92%), better than the limit set of 75%

Under Solvency II, Operational Risk is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. Operational risk should include legal risks, as well as risks arising from strategic decisions. The operational risk module is designed to address operational risks to the extent that these have not been explicitly covered in other risk modules.

Using the standard formula the Solvency Capital Risk as at date, was calculated as follows:

As at 31.12.2020	Capital requirement €
SCR - Operational risk - Premiums	1,025,511
SCR - Operational risk - Provisions	619,213
SCR - Operational risk (maximum of the above)	1,025,511

3.6
Reputational Risk

A factor that would render the Company's business model unviable is reputational damage.

Reputational Risk is the risk of potential loss to the Company through deterioration of its reputation or standing due to a negative perception of the Company's image among customers, counterparties, shareholders and supervisory bodies.

In order to minimise the risk of reputational damage, the Company has internal procedures and practices in place to ensure that staff are well trained and competent. The main aim is to provide the best service to clients and avoid any actions that can cause reputational damage to the Company and lead to financial losses. The same applies to the people managing the Company's online media. Management is committed to protecting and maintaining the Company's positive image and safeguarding shareholder value.

3.7
Business Rsk

Business Risk comprises the following sub-categories:

Risk category	Risk level	Risk rating 2020	Risk rating 2019
Strategic Risk	Medium	8	8
Competitive Risk	Medium	12	12
SCR / Available Capital Risk	Medium	8	8
Overall Risk Level	**Medium**	**9.3**	**9.3**

"Competitive risk" is the risk of the Company not earning the targeted market share from its competitors in the direct motor insurance market segment; "Strategic risk" comprises the risk of the Company making a value-destructive acquisition and the risk that the Company's strategy is ill-judged or poorly implemented.

The Company's management assesses, on a continuous basis, opportunities that may arise during this volatile economic period regarding potential acquisitions of insurance portfolios/entities. This dynamic capital modelling can be used to help the Company's management make well-informed decisions about strategic and capital risk management.

2020 was a challenging year across the board, due to the global Covid-19 pandemic. Despite this however, the Company managed to grow its gross written premiums by 54%, increase its active portfolio to just under 200,000 policies, whilst at the same time lowering its loss ratio from 49% to 33%.

The company invests in the development of systems, databases and procedures that in the short run, can enhance the Company's sales without a commensurate increase in costs. The Company focuses on organic growth by investing mainly in promotional and marketing activities as needed in order to purse more sales.

The Company has the capacity to monitor its pricing and adjust it depending on its loss ratio experience, prices offered by competitors and customer needs in order to remain competitive and profitable.

Comparison with risk appetite
The Company's management recognises the materiality of the business risk faced by the Company, and took steps in 2016 to slow the depletion of capital by spinning out non-core operations (IT and analytics) into a separate statutory entity, HD 360 Limited. Additionally, the Company's management has proactively pursued opportunities for acquisitions/joint ventures in order to leverage the Company's cost base and expertise.

This risk has been reviewed in more detail in the stress tests performed for the purposes of the ORSA as follows:

Scenario	Description/ Assumptions	Impact	Conclusions
Yearly motor premium growth is lower relative to the 3-year budget	• Yearly premium growth is 14%, 10% and 1% lower compared to 3-year budgeted period	• Decrease in overall SCR ratio by 4% - 12% over the budgeted period	•Review and re-assessment of the pricing model and policies • Control over overhead and capital expenditure

4

Valuation for Solvency Purposes

4.1

Assets

The primary objective for valuation requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the risk-based approach of Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the asset or the liability.

The default reference framework for valuing assets and liabilities, other than technical provisions, should be, unless otherwise stated, the international accounting standards as adopted by the European Commission.

If those standards allow for more than one valuation method, only valuation methods that are consistent with Article 75 of Directive 2009/138/EC shall be used. In most cases those international accounting standards, herein referred to as "IFRSs", are considered to provide a valuation consistent with principles of Solvency II.

Also, the IFRSs' accounting bases, such as the definitions of assets and liabilities as well as the recognition and derecognition criteria, are applicable as the default accounting framework, unless otherwise stated.

On this basis, the following hierarchy of high level principles for valuation of assets and liabilities should be used in the valuation of the Solvency II balance sheet:

i. Quoted market prices in active markets for the same or similar assets or liabilities.

ii. Where the use of quoted market prices for the same assets or liabilities is not possible, quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences shall be used.

iii. If there are no quoted market prices in active markets available, should use mark-to-model techniques, which are alternative valuation techniques that must be benchmarked, extrapolated or otherwise calculated as far as possible from a market input.

iv. Must make maximum use of relevant observable inputs and market inputs and rely as little as possible on undertaking-specific inputs, minimising the use of unobservable inputs.

Description of valuation bases, methods and main assumptions as at 31 December 2020:

	SOLVENCY II BALANCE SHEET		FINANCIAL STATEMENTS ("IFRS")	
NAME OF ASSET	VALUE - €	VALUATION METHODOLOGY	VALUE - €	VALUATION METHODOLOGY
Plant and equipment	772,030	Same as IFRS	772,030	- Cost less accumulated depreciation (IAS 16) Management assumes cost model to be representative of fair value as at year end. -Right of use of asset (IFRS 16).
Intangible assets	-	They cannot be sold separately and there is no active market for the same or similar assets hence zero value under Solvency II	60,073	Cost less accumulated amortization.
Financial assets at fair value through profit and loss	1,418	Same as IFRS. Market value listed equities.	1,418	Fair Value
Investment in subsidiary	1,000	Same as IFRS. Equity method.	1,000	Cost less impairment
Investments in fixed term deposits	14,019	Market value - Difference due to reclassification of short-term fixed deposits shown in cash and cash equivalents as per IFRS Financial Statements.	-	-
Insurance and intermediaries receivables	2,916,528	Valuation as per IFRS, some differences in classification	-	Amortised cost less impairment (IAS 39)
Trade and other receivables	11,870,544	Valuation as per IFRS, some differences in classification	14,752,131	Financial instruments are carried at amortised cost less impairment as per IAS 39. Non financial instruments are carried at cost less impairment.
Loan receivable	-	-	122,445	Amortised cost less impairment (IAS 39)
Reinsurance recoverables	11,308,344	Valuation as per IFRS, some differences in classification	13,295,163	Share of insurance contracts liabilities (IFRS 4)
Cash and cash equivalents	8,588,570	Same as IFRS. Difference due to reclassification of short-term fixed deposits shown in cash and cash equivalents as per IFRS and due to reclassification of customer c/a shown in any other assets, not elsewhere shown as per IFRS.	8,531,546	Amortised cost less impairment (IAS 39)
Any other assets, not elsewhere shown	31,410	Valuation as per IFRS, some differences in classification		

Differences in Valuation Bases between IFRS accounting and solvency purposes:

Intangible Assets
The Company's intangible assets relate to software licenses that have been paid up front. For the IFRS financial statements, these are recorded as assets and amortised over three years.

According to the Solvency II intangible assets, other than goodwill, can be recognised and measured at a value other than zero only if they can be sold separately and if there is a quoted market price in an active market for the same or similar intangible assets." Since there is no active market for the assets in question, they have been valued at zero for Solvency II purposes.

Reinsurance recoverable
Reinsurance recoverable relate to the amounts recoverable from Company's reinsurance treaties in relation to the Technical Provisions as at 31.12.2020 (see Section 4.2 below).
In general, the reinsurance recoverable amounts are recognised on a cash flow basis in the Solvency II balance sheet, where us the valuation basis in Statutory accounts is based on the Share of insurance contacts liabilities as per IFRS 4.

4.2
Technical Provisions

Technical provisions correspond to the current amount which the Company would have to pay if it were to transfer its insurance obligations immediately to another undertaking. The value of technical provisions is equal to the sum of a best estimate and a risk margin.

The Actuarial Function is responsible for the calculation of Technical provisions according to Solvency II Regulation and Cyprus Insurance Law.

The Company segments the insurance obligations by line of business which represent homogeneous risk groups, when calculating technical provisions.

Technical Provisions consist of the best estimates of claims provisions, the best estimates of premium provisions and the risk margin.

The risk margin is a part of technical provisions in order to ensure that the value of technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

Summary of technical provisions as at 31st December 2020:

	GROSS PROVISIONS DISCOUNTED - €	REINSURANCE PROVISIONS DISCOUNTED - €	NET PROVISIONS DISCOUNTED - €
"Third Party Liability" Cover	10,743,864	4,655,130	6,088,734
"Other" Cover	1,580,804	637,807	942,997
"Legal" Cover	167,164	43,930	123,235
Direct - Motor Insurance Total	**12,491,832**	**5,336,866**	**7,154,966**
Cyprus	65,726	55,864	9,862
Greece	147,917	125,723	22,194
Property Insurance Total	**213,643**	**181,587**	**32,055**
"Third Party Liability" Cover	7,323,567	5,377,501	1,946,066
"Other Ceded"	592,617	412,390	180,227
"Retained"	18,764	-	18,764
Other distribution channels - Motor Insurance Total	**7,934,948**	**5,789,891**	**2,145,057**
Total	**20,640,423**	**11,308,344**	**9,332,078**

Summary of the risk margin as at 31st December 2020:

	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	FIRE AND OTHER DAMAGE TO PROPERTY INSURANCE	LEGAL EXPENSES INSURANCE	TOTAL
Risk margin	661,165	128,855	5,995	5,443	**801,458**

Claims Provision

The claims provision is the discounted best estimate of all future cash flows (claims payments, expenses and future premiums) relating to claim events prior to the Reporting date.

This section provides an overview and the methodology for calculating the following elements of the claims cost:

- Outstanding Claims
- Incurred But Not Reported Claims («IBNR»)
- Allocated Loss Adjustment Expenses («ALAE»)

For motor insurance the above elements are shown for separate types of cover, gross of reinsurance:

- Third Party Liability ("TPL")
- Other Covers ("Other")
- Legal Cover ("Legal")

For property insurance the above elements are shown for separate types of cover, gross of reinsurance:

- Fire & Other ("Fire")
- Liability Covers ("Liability")
- Miscellaneous Covers ("Misc")
- Legal Cover ("Legal")

HD Motor Insurance Outstanding Claims (Reported But Not Settled)

Outstanding Claims relate to the claims provision for claims that, at the Reporting date, have been reported but not yet settled.

The amount of outstanding claims cost for each reported but not settled claim was set equal to the case reserve for the claim.

There is some evidence that historically, the initial case reserves over-estimated the eventual settlement amount. However, as the case estimates for the outstanding claims represent the latest estimate for each claim (including adjustments for partial payments, reimbursements and revised reserve estimates. As such, the case estimates were adopted unadjusted in all cases and for all types of claims.

Property Insurance Outstanding Claims (Reported But Not Settled)

Outstanding Claims relate to the claims provision for claims that, at the Reporting Date, have been reported but not yet settled.

Since the inception of the property insurance offer in May 2018, there have only been 127 claims (31 in Cyprus and 96 in Greece) and the case estimate was used.

In order to project the full run-off of claims, the link-ratios implied by the industry claims development from the Statistical Yearbook for Property Insurance 2017 from the Greek Insurance Association showing an 80% run-off after 6 years were investigated. The run-off pattern has been extrapolated by 3 years to imply a full run-off after 9 years.

HD Motor Insurance - Incurred But Not Reported Claims ("IBNR")

Incurred But Not Reported Claims relate to the claims provision for claims that, at the Reporting Date, have been incurred but not yet reported.

After evaluating the different methods, it was agreed to adopt the IBNR as calculated using the Average Cost Per Claim approach (as adopted in the previous valuation).

Property Insurance - Incurred But Not Reported Claims ("IBNR")
There is limited claims history to analyse for the Company for either Greece or Cyprus in respect of property insurance. We have referenced the industry claims development from the Statistical Yearbook for Property Insurance 2017 from the Greek Insurance Association showing an implied IBNR of around 13% of earned premium based on 2013 – 2017 data. No similar benchmark was available for Cyprus and given the very low volume of business the same metric was applied for both Greece and Cyprus. This approach will be reviewed at the next valuation.

HD Motor Insurance Allocated Loss Adjustment Expenses («ALAE»)
Allocated Loss Adjustment Expense are expenses that can be attributed to the settlement of an individual claim. The costs can occur either when the claim is reported, processed or finally settled. The claims provision must include an allowance for ALAE in respect of both outstanding and IBNR claims.

The ALAE for the Company includes:

- Claims assessor fees
- Medical fees
- Other expenses that can be directly attributed to each claim
- Administration expense payable to Friendly Settlement for all «Own Blame» claims
- Administration expense reimbursement receivable from Friendly Settlement

The ALAE are calculated as loading on the claims cost for both outstanding and IBNR claims. In order to derive a suitable loading, the historic ALAE are analysed for closed and open claims. Analysis was also carried out by type of claim (bodily injury, damage, glass etc.) and size of claim. However, given the limited data available, this categorisation did not yield robust results and aggregation at cover level was retained.

Property Insurance Allocated Loss Adjustment Expenses («ALAE»)
The claims provision must include an allowance for ALAE in respect of both outstanding and IBNR claims.

There is limited claims or expense history to analyse for the Company. We have referenced the industry data from the Greek Insurance Association and included a 15% ALAE loading until more data is available.

Motor Insurance - Reinsurance Claims Provision
The Reinsurance Claims Provision is the discounted best estimate of all future cash flows (claims payments, expenses and future premiums) relating to claim events prior to the Reporting Date due from and payable to the reinsurance providers.

In the case of the reinsurance claims provision, the quota share agreement means that the quota share reinsurance partners reimburse the Company for a proportion of all claims' costs.

Property Insurance – Reinsurance Claims Provision
In the case of the reinsurance claims provision, the quota share agreement means that the quota share reinsurance partners reimburse the Company for a proportion of most claims' costs. The only exception is the legal cover, home assurance and personal accident, which are fully borne by the Company.

Reinsurer Counterparty Default
Allowance for counterparty default of the reinsurer was made in the reinsurance claims and premium provisions using the following simplification with parameters consistent with the

Solvency Capital Requirement calculation for the reinsurer default in respect of receivables.

Given the very low probability of default and relatively short duration of the cash flows, this adjustment had a limited impact on the provisions.

Premium Provision

The premium provision is the discounted best estimate of all future cash flows (claims payments, expenses and future premiums) relating to claim events after the Reporting date in respect of policies in force at the Reporting date.

This section provides an overview and the methodology for calculating the following elements of the claims provision:

- Future Claims Cost
- Allocated Loss Adjustment Expenses («ALAE»)

The impact of the cancellation of policies before the expiration of the contracts was considered, however the conclusion is that no explicit allowance for policy lapses is required.

All of the above elements are shown for separate types of cover, both gross and net of reinsurance:

- Third Party Liability («TPL»)
- Other Covers («Other»)
- Legal Cover («Legal»)

HD Motor Insurance - Future Claims Cost

The future claims cost is the reserve in respect of claims from unexpired periods of risk.

Claims Ratios

The expected future claims cost can be derived by applying a claims ratio to the earned premium for each future period. The claims ratio can be set with reference to historic claims ratios for each cover, with more weight to recent underwriting periods given that claims ratios fluctuate over time, due to, amongst other factors, changes in underwriting. This is particularly true for the Company, since a flexible and dynamic pricing policy is in place to adapt swiftly to market pricing.

Property Insurance - Future Claims Cost

The future claims cost is the reserve in respect of claims from unexpired periods of risk.

Claims Ratios

Industry benchmarks indicate modest claims ratios for property insurance, although this varies greatly by company, and up to 40% for both Cyprus and Greece. The claims ratio for 2019 and 2020 on the aggregate property portfolio of the Company was 49.0%.

The Company's property insurance policies include an extensive range of covers and the claims ratios may not be directly comparable. Given the small level of unearned premium as at 31 December 2020, a claims ratio of 49.0% was applied to establish the future claims cost for both Greece and Cyprus which will be reviewed as more Company specific claims experience emerges.

Motor Insurance Allocated Loss Adjustment Expenses («ALAE»)

Allocated Loss Adjustment Expenses are expenses that can be attributed to the settlement of an individual claim. The costs can occur either when the claim is reported, processed or finally settled. The claims provision must include an allowance for ALAE in respect of both outstanding and IBNR claims.

The ALAE for the Company includes:

- Claims assessor fees
- Medical assessment fees
- Other expenses that can be directly attributed to each claim
- Administration expense payable to Friendly Settlement for all «Own Blame» claims
- Administration expense reimbursement receivable from Friendly Settlement

Based on the historical data, a loading of 1.0% of claims cost was applied.

Property Insurance Allocated Loss Adjustment Expenses («ALAE»)

The premium provision must include an allowance for ALAE in respect of both future claims cost.

There is no expense history to analyse for the Company, and as such we have referenced the industry data from the Greek Insurance Association and included a 15% ALAE loading until more data is available.

HD Motor Reinsurance Premium Provision

In the case of the reinsurance premium provision, the quota share agreement means that the quota share reinsurance partners reimburse the Company for a proportion of all claims' costs.

Property Insurance – Reinsurance Premium Provision

In the case of the reinsurance premium provision, the quota share agreement means that the quota share reinsurance partners reimburse the Company for a proportion of most claims' costs. The only exception is the legal cover, home assurance and personal accident, which are fully borne by the Company.

Given the limited number of claims and policies in force, the reinsurance premium provision was set equal to a specific proportion of all claims and expenses. This will be refined as the portfolio increases in size. Also, it is noted that no excess of loss cover is currently in place for property insurance.

Expenses (Motor Insurance only)

The technical provisions should allow for all future expenses that will be incurred in servicing existing insurance obligations. These expenses include:

- Overheads
- Administrative expenses (incl. salaries, rent, IT costs and management)
- Claims management expenses

All acquisition expenses and provisional reinsurance ceding commission income are recognised on the payment of the premium by the client. Since premiums are received in advance of the contract start, acquisition expenses have been excluded altogether from this assessment. In this section, the other expenses are considered.

Level of uncertainty associated with the value of technical provisions

It should be noted that the Company commenced operations in 2011 and issued its first policy in 2012.

Furthermore, property insurance was launched in May 2018.

Given the modest claims experience available from the Company, the relatively unique distribution model for the majority of the portfolio in the Greek market and lack of directly comparable industry benchmarks, it is expected that the methodologies may be adjusted from time to time and calculation of the claims and premium provisions may exhibit some volatility between assessments.

The allowances for the unallocated loss adjustment expenses and other overheads are largely based on the budgets provided by the finance department of the Company for the next 12 months.

It is further our understanding that the assumptions used in the calculation of the technical provisions in this report are consistent with those used in the calculation of Own Funds and Solvency Capital Requirement.

Given the relatively unique distribution model of the majority of the portfolio of the Company in the Greek & Cypriot market, the limited claims experience and lack of directly comparable industry benchmarks, it is expected that the methodologies may be adjusted from time to time and calculation of the claims and premium provisions may exhibit some volatility between assessments.

The data provided for the calculation of the Technical provisions was suitable and provided in sufficient detail for the calculation of the technical provisions, substantially reflecting the underlying risks being underwritten and reflecting some Company-specific trends.

For property insurance, very little Company data was available, and we have mainly referenced data from the 2019 report from the Greek Insurance Association. In addition, for the Brokers portfolio was only launched in April 2019, with very limited data available in respect of run-off patterns and loss ratios.

In respect of motor insurance, it should be noted that during the latter part of 2016, the Company adopted a new claims IT system. The way in which claims are captured and the speed at which claims are being settled has therefore changed. The Company transposed the data into a more consistent format to aid the comparability of the data for different periods.

In addition, the claims handling team has been expanding over the last couple of years to enable the team to deal internally with the assessment of claims, resulting in a substantial reduction in the external cost of allocated loss adjustment expenses. Therefore, only the more recent data was considered in the assessment of appropriate loadings for this type of expense.

Generally, the data have been consistent and recorded in a timely manner for the purposes of the Technical provision calculation.

4.3
Other Liabilities

Other liabilities include short term trading balances arising from the Company's ordinary activities. These are recognised as liabilities in the Solvency II and IFRS balance sheets and are valued based on the expected value of resources required to settle the liability over the lifetime of that liability.

Description of valuation bases, methods and main assumptions:

LIABILITY	VALUE AS PER SOLVENCY II - €	VALUATION METHODOLOGY	VALUE AS PER IFRS - €
Reinsurance Payables	2,439,362	Same as IFRS. Any difference arises due to reclassification of receivable balances from Reinsurers.	2,439,362
Any other liabilities, nor elsewhere shown (Trade and other payables, Lease liabilities & Employee benefit obligations)	3,837,997	Same as IFRS. Any difference arises due to reclassification of receivable balances from Reinsurers.	3,823,029

Reinsurance contracts

The contracts entered into by the Company with the reinsurers under which the Company is compensated for losses on one or more insurance contracts issued by the Company and that meet the classification requirements for insurance contracts, as detailed in the accounting policy "Insurance contracts-classification" above, are classified as reinsurance contracts held.

The insurance contracts entered into by the Company, under which the contract holder of the insurance contract is another insurer (inwards reinsurance), are included in reinsurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Any amounts recoverable from reinsurers that derive from the reinsurance contracts of the Company are recognised in the assets of the Company as "Claims outstanding-reinsurers' share". The amounts recoverable from or payable to reinsurers are calculated based on the amounts related to the reinsurance contracts and based on the terms of each reinsurance contract. The reinsurance liabilities are mainly premiums payable for reinsurance contracts and are recognised as expenses on an accrual basis.

The Company evaluates its reinsurance assets on a periodic basis for impairment. If there is objective evidence that the reinsurance asset is subject to impairment, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the decrease in its value in the profit or loss.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

5

Capital Management

5.1

Own Funds

According to Solvency II, Company's capital is defined as own funds. The Company has three components of own funds, all of which are tier 1 basic own funds; ordinary share capital, share premium and retained earnings. Capital of the highest quality is categorised as Tier 1 and capital of lower quality is categorised either as Tier 2 or Tier 3.

The Company has developed a capital planning process which is performed through a collaboration between the finance department and the Risk Management function of the Company. The finance department is responsible for preparing Company's budget based on the business plan set by the management of the Company, which is then approved by the Board of Directors. The Risk Management function is responsible for assessing the risks inherent in the Company's operations, the Company's business plan and its assets in order to mitigate excess risks.

Capital planning encompasses financial projections, forecasted own funds and solvency capital and the forecast future solvency position in order to ensure that the Company will be able to execute its business plan, finance new growth opportunities and protect Company's economic viability.

Total available own funds to meet the Solvency Capital Requirement (SCR) amounted to €7,784,647 as at 31st December 2020.

Total assets according to the Solvency II valuation amounted to € 35,503,863. Cash and cash equivalents and fixed term deposits amounted to € 8,588,570.

The structure and quality of basic own funds is driven by the Company's investment strategy which aims for minimum risk position and the liquidity management strategy driven by Solvency II considerations.

	TOTAL- €	TIER 1- UNRESTRICTED- €
Ordinary share capital	1,281,738	1,281,738
Share premium account related to ordinary share capital	22,245,204	22,245,204
Reconciliation reserve	(15,742,295)	(15,742,295)
Total basic own funds after adjustments	7,784,647	7,784,647
Total eligible own funds to meet the SCR/ MCR	7,784,647	
SCR	7,114,792	
MCR	3,700 ,000	
Ratio of eligible own funds to SCR	**109.41%**	
Ratio of eligible own funds to MCR	**210.40%**	

On 31st December 2020, the Company entered into a mandatory convertible financing facility which qualifies as Tier 1 solvency capital. The drawdown of the €16.3m committed under this facility at the first closing is expected by the end of March 2021.

It is estimated that this will increase the Company's SCR coverage to around 300%, ensuring that the Company will have sufficient capital to meet the regulatory requirements for a period of at least 12 months.

5.2

Solvency Capital Requirement and Minimum Capital Requirement

The Company calculates the Solvency Capital Requirement (SCR) according to the standard formula.

Through the risk assessment exercise, the Company's management determines which risks are material and for which it is committed to assign additional capital.

Those risks not captured or not considered under the quantification analysis of Solvency II and the standard formula are still assessed by the Company's management and then if found to be significant, appropriate measures are put into place to reduce the Company's exposure to those risks.

A summary of the Solvency Capital Requirement (SCR) can be found in the following table:

RISK TYPE	2020 SOLVENCY CAPITAL REQUIREMENTS	2019 SOLVENCY CAPITAL REQUIREMENTS
Interest Rate Risk	247,005	156,192
Equity Risk	120,404	158,056
Spread Risk	1,052	1,052
Currency Risk	-	-
Concentration Risk	53,916	233,333
Diversification within Market Risk module	(142,008)	(225,031)
TOTAL CAPITAL REQUIREMENT FOR MARKET RISK	**280,369**	**322,602**
Type I	834,474	964,884
Type II	2,046,599	1,627,696
Diversification within Counterparty Risk Module	(152,215)	(156,148)
TOTAL CAPITAL REQUIREMENT FOR COUNTERPARTY RISK	**2,728,858**	**2,436,433**
Non-Life Premium and Reserve Risk	3,886,996	2,458,182
Non-Life Lapse Risk	-	-
Non-Life Catastrophe Risk	785,991	714,976
Diversification within Non-Life Risk module	(519,183)	(446,875)
TOTAL CAPITAL REQUIREMENT FOR NON-LIFE RISK	**4,153,805**	**2,726,283**

Diversification within modules	(1,073,750)	(908,414)
Basic Solvency Capital Requirements	6,089,281	4,576,905
Operational Risk	1,025,511	666,018
Total Solvency Capital Requirements	7,114,792	5,242,922
Loss Absorbing Capacity	-	-
NET SOLVENCY CAPITAL REQUIREMENTS	**7,114,792**	**5,242,922**
MINIMUM CAPITAL REQUIREMENTS	**3,700,000**	**3,700,000**
TOTAL OWN FUNDS	**7,784,647**	**8,031,077**
Total Tier 1 - Unrestricted	7,784,647	8,031,077
Eligible Own Funds for SCR	7,784,647	8,031,077
SCR RATIO (%)	**109.41**	**153.18**
MCR RATIO (%)	**210.40**	**217.06**

Minimum Capital Requirement
The Minimum Capital Requirement of the Company equals the relevant absolute floor as defined for its business lines i.e. €3,700,000.

Summary of the Minimum Capital Requirement at 31st December 2020:

AS AT 31 DECEMBER 2020	AMOUNT (€)
SCR	7,114,792
Absolute floor of the MCR	3,700,000
Minimum Capital Requirement	3,700,000

5.3
Differences

Differences between the standard formula and any internal model used

The Company uses the standard formula.

5.4
Non-compliance

Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Company was fully compliant with the Minimum Capital Requirement throughout 2020.

5.5

Any Other Information

Capital planning is performed in collaboration between the finance department and the Risk Management function of the Company.

The finance department is responsible for preparing Company's budget based on the business plan set by the management of the Company, which is then approved by the Board of Directors.

The Risk Management function is responsible for assessing the risks inherent in the Company's operations, the Company's business plan and its asset in order to mitigate excess risks.

Capital planning encompasses financial projections, forecasted own funds and solvency capital and the forecast future solvency position in order to ensure that the Company will be able to execute its business plan.

Appendix I

Balance sheet

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	772,031
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	16,437
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	1,000
Equities	**R0100**	1,418
Equities - listed	**R0110**	1,418
Equities - unlisted	**R0120**	0
Bonds	**R0130**	0
Government Bonds	**R0140**	0
Corporate Bonds	**R0150**	0
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	0
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	14,019
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	11,308,344
Non-life and health similar to non-life	**R0280**	11,308,344
Non-life excluding health	**R0290**	11,308,344
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	2,916,528
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	11,870,544
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	8,588,570
Any other assets, not elsewhere shown	**R0420**	31,410
Total assets	**R0500**	35,503,863
Liabilities		
Technical provisions – non-life	**R0510**	21,441,881
Technical provisions – non-life (excluding health)	**R0520**	21,441,881
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	20,640,423
Risk margin	**R0550**	801,458
Technical provisions - health (similar to non-life)	**R0560**	0
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	0
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	0
Technical provisions - health (similar to life)	**R0610**	0
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	0
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	0
Risk margin	**R0680**	0
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	0
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	0
Reinsurance payables	**R0830**	2,439,338
Payables (trade, not insurance)	**R0840**	0
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	3,837,997
Total liabilities	**R0900**	27,719,216
Excess of assets over liabilities	**R1000**	7,784,647

Appendix II

Premiums, Claims and Expenses by Line of Business

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**				17,335,990	5,241,559	0	179,482	6,695	0	457,266.99	6,794,384.52	4,436					30,019,813
Gross - Proportional reinsurance accepted	**R0120**																	0
Gross - Non-proportional reinsurance accepted	**R0130**																	0
Reinsurers' share	**R0140**				10,441,878	2,916,199	0	142,405	5,078	0	219,354	2,256,108	3,518					15,984,539
Net	**R0200**				6,894,113	2,325,360	0	37,077	1,617	0	237,913	4,538,277	918					14,035,274
Premiums earned																		
Gross - Direct Business	**R0210**				15,807,911	5,169,838	0	155,665	5,079	0	517,772	5,717,227	3,345					27,376,837
Gross - Proportional reinsurance accepted	**R0220**																	0
Gross - Non-proportional reinsurance accepted	**R0230**																	0
Reinsurers' share	**R0240**				9,459,304	2,831,127	0	125,262	3,883	0	250,479	2,071,435	2,676					14,744,165
Net	**R0300**				6,348,607	2,338,711	0	30,403	1,196	0	267,293	3,645,792	669					12,632,671
Claims incurred																		
Gross - Direct Business	**R0310**				11,974,415	2,330,574	0	130,576	0	0	98,329	0	0					14,533,894
Gross - Proportional reinsurance accepted	**R0320**																	0
Gross - Non-proportional reinsurance accepted	**R0330**																	0
Reinsurers' share	**R0340**				7,999,417	1,549,509	0	110,993	0	0	28,770	0	0	0	0	0	0	9,688,689
Net	**R0400**				3,974,998	781,065	0	19,583	0	0	69,559	0	0	0	0	0	0	4,845,205
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**				7,746,518.04	2,342,169.68	0.00	108,637.45	4,052.16	0.00	205,856.90	3,036,043.59	2,684.87	0	0	0	0	13,445,963
Other expenses	**R1200**																	
Total expenses	**R1300**																	

Appendix III

Premiums, Claims and Expenses by Country

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	59,020	29,960,793					30,019,813
Gross - Proportional reinsurance accepted	R0120		0					0
Gross - Non-proportional reinsurance accepted	R0130		0					0
Reinsurers' share	R0140	55,275	15,929,264					15,984,539
Net	R0200	3,745	14,031,529					14,035,274
Premiums earned								0
Gross - Direct Business	R0210	52,418	27,324,419					27,376,837
Gross - Proportional reinsurance accepted	R0220		0					0
Gross - Non-proportional reinsurance accepted	R0230		0					0
Reinsurers' share	R0240	50,028	14,694,137					14,744,165
Net	R0300	2,390	12,630,282					12,632,671
Claims incurred								0
Gross - Direct Business	R0310	51,461	14,482,433					14,533,894
Gross - Proportional reinsurance accepted	R0320		0					0
Gross - Non-proportional reinsurance accepted	R0330		0					0
Reinsurers' share	R0340	43,768	9,644,921					9,688,689
Net	R0400	7,693	4,837,511					4,845,205
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	0	13,445,963					13,445,963
Other expenses	R1200							
Total expenses	R1300	0	13,445,963					13,445,963

Appendix IV

Non-life Technical Provisions

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance									Accepted non-proportional reinsurance				
		Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010														
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050														
Technical provisions calculated as a sum of BE and RM															
Best estimate															
Premium provisions															
Gross	R0060	5,114,422	1,200,409	0	66,678	0	0	24,436	0	0					6,405,946
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	2,629,647	527,426	0	56,674	0	0	4,112	0						3,217,858
Net Best Estimate of Premium Provisions	R0150	2,484,775	672,983	0	10,005	0	0	20,325	0						3,188,088
Claims provisions															
Gross	R0160	12,953,008	991,775	0	146,964	0	0	142,728	0	0	0	0	0	0	14,234,476
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	7,402,983	522,771	0	124,913	0	0	39,818	0	0	0	0	0	0	8,090,486
Net Best Estimate of Claims Provisions	R0250	5,550,025	469,004	0	22,051	0	0	102,910	0	0	0	0	0	0	6,143,990
Total Best estimate - gross	R0260	18,067,431	2,192,185	0	213,643	0	0	167,164	0	0	0	0	0	0	20,640,423
Total Best estimate - net	R0270	8,034,800	1,141,988	0	32,056	0	0	123,235	0	0	0	0	0	0	9,332,078
Risk margin	R0280	661,165	128,855	0	5,995	0	0	5,443	0	0	0	0	0	0	801,458
Amount of the transitional on Technical Provisions															
Technical Provisions calculated as a whole	R0290														
Best estimate	R0300														
Risk margin	R0310														
Technical provisions - total															
Technical provisions - total	R0320	18,728,596	2,321,039	0	219,638	0	0								
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	10,032,630	1,050,197	0	181,587	0	0								
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	8,695,965	1,270,842	0	38,051	0	0								

Appendix V

Non-life Insurance Claims

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Motor vehicle liability insurance

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											
N-9	**R0160**											
N-8	**R0170**											
N-7	**R0180**	160,461	108,977	-12,186	1,858	0	71,197	3,510	-839			
N-6	**R0190**	929,534	-8,601	179,404	87	17,827	15,898	20,720				
N-5	**R0200**	858,048	568,252	21,602	9,904	28,274	21,655					
N-4	**R0210**	1,479,736	523,231	390,967	269,856	36,758						
N-3	**R0220**	1,828,284	852,306	628,573	93,390							
N-2	**R0230**	2,295,131	798,231	505,950								
N-1	**R0240**	3,021,541	1,672,425									
N	**R0250**	4,730,417										

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100		
	R0160		
	R0170		
	R0180	-839	332,978
	R0190	20,720	1,154,869
	R0200	21,655	1,507,735
	R0210	36,758	2,700,549
	R0220	93,390	3,402,553
	R0230	505,950	3,599,312
	R0240	1,672,425	4,693,967
	R0250	4,730,417	4,730,417
Total	**R0260**	7,080,477	22,122,379

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											
N-9	**R0160**											
N-8	**R0170**											
N-7	**R0180**	5,648	0	0	0	0	0	0	0			
N-6	**R0190**	38,065	0	0	0	0	0	0				
N-5	**R0200**	12,776	0	0	0	0	0					
N-4	**R0210**	288,385	0	5,648	0	0						
N-3	**R0220**	598,540	435	0	0							
N-2	**R0230**	973,432	0	0								
N-1	**R0240**	2,172,634	24,963									
N	**R0250**	8,689,130										

		Year end (discounted data)
		C0360
	R0100	
	R0160	0
	R0170	0
	R0180	5,648
	R0190	38,065
	R0200	12,776
	R0210	294,033
	R0220	598,975
	R0230	973,432
	R0240	2,197,597
	R0250	8,689,130
Total	**R0260**	12,809,655

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Other motor insurance

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160											
N-8	R0170	0	422	0	0	0	0	0	0	0		
N-7	R0180	133,466	45,079	0	0	-1,674	0	0	0			
N-6	R0190	253,212	106,632	0	0	0	1,402	500				
N-5	R0200	438,999	123,999	1,709	1,700	-942	0					
N-4	R0210	845,875	189,867	-1,480	250	1,100						
N-3	R0220	755,169	194,592	5,185	3,003							
N-2	R0230	1,258,862	165,707	13,237								
N-1	R0240	2,041,118	600,661									
N	R0250	1,925,937										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100		
	R0160		
	R0170	0	422
	R0180	0	176,871
	R0190	500	361,746
	R0200	0	565,465
	R0210	1,100	1,035,611
	R0220	3,003	957,950
	R0230	13,237	1,437,807
	R0240	600,661	2,641,779
	R0250	1,925,937	1,925,937
Total	R0260	2,544,438	9,103,587

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10&+**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											
N-9	**R0160**											
N-8	**R0170**											
N-7	**R0180**	435	0	0	0	0	0	0	0			
N-6	**R0190**	2,935	0	0	0	0	0	0				
N-5	**R0200**	985	0	0	0	0	0					
N-4	**R0210**	22,233	0	435	0	0						
N-3	**R0220**	46,144	34	0	0							
N-2	**R0230**	75,045	0	0								
N-1	**R0240**	167,496	1,924									
N	**R0250**	669,877										

		Year end (discounted data)
		C0360
	R0100	
	R0160	0
	R0170	0
	R0180	435
	R0190	2,935
	R0200	985
	R0210	22,668
	R0220	46,177
	R0230	75,045
	R0240	169,421
	R0250	669,877
Total	**R0260**	987,543

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	Legal expenses insurance

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160											
N-8	R0170											
N-7	R0180	0	0	0	211.96	0	43.4	0	0			
N-6	R0190	0	0	0	0	0	0	0				
N-5	R0200	0	968.47	965.84	2005.05	737.72	362.44					
N-4	R0210	9324.4	23400.73	17952.99	9399.19	4439.77						
N-3	R0220	12,287	35,555	8,529	598							
N-2	R0230	16,731	35,945	7,574								
N-1	R0240	25,314	30,085									
N	R0250	33,593										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100		
	R0160		
	R0170		
	R0180	0	255
	R0190	0	0
	R0200	362	5,040
	R0210	4,440	64,517
	R0220	598	56,969
	R0230	7,574	60,250
	R0240	30,085	55,399
	R0250	33,593	33,593
Total	R0260	76,651	276,023

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10&+**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											
N-9	**R0160**											
N-8	**R0170**											
N-7	**R0180**	62	0	0								
N-6	**R0190**	421	0	0	0	0	0	0				
N-5	**R0200**	141	0	0	0	0	0					
N-4	**R0210**	3,190	0	62	0	0						
N-3	**R0220**	6,622	5	0	0							
N-2	**R0230**	10,769	0	0								
N-1	**R0240**	24,036	276									
N	**R0250**	96,130										

		Year end (discounted data)
		C0360
	R0100	
	R0160	0
	R0170	0
	R0180	62
	R0190	421
	R0200	141
	R0210	3,253
	R0220	6,627
	R0230	10,769
	R0240	24,312
	R0250	96,130
Total	**R0260**	141,716

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Fire and other damage to property insurance

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160											
N-8	R0170											
N-7	R0180											
N-6	R0190											
N-5	R0200											
N-4	R0210											
N-3	R0220											
N-2	R0230	1,422	3,670	0								
N-1	R0240	9,727	4,758									
N	R0250	14,824										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100		
	R0160		
	R0170		
	R0180		
	R0190		
	R0200	0	0
	R0210	0	0
	R0220	0	0
	R0230	0	5,092
	R0240	4,758	14,485
	R0250	14,824	14,824
Total	R0260	19,582	34,401

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											
N-9	R0160											
N-8	R0170											
N-7	R0180											
N-6	R0190											
N-5	R0200											
N-4	R0210											
N-3	R0220											
N-2	R0230	418										
N-1	R0240	26,904										
N	R0250	119,184										

		Year end (discounted data)
		C0360
	R0100	
	R0160	0
	R0170	0
	R0180	0
	R0190	0
	R0200	0
	R0210	0
	R0220	0
	R0230	418
	R0240	26,904
	R0250	119,184
Total	R0260	146,506

Appendix VI

Own Funds

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,281,738	1,281,738			
Share premium account related to ordinary share capital	R0030	22,245,204	22,245,204			
Iinitial 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	-15,742,295	-15,742,295			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
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	7,784,647	7,784,647			
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	7,784,647	7,784,647			
Total available own funds to meet the MCR	R0510	7,784,647	7,784,647			
Total eligible own funds to meet the SCR	R0540	7,784,647	7,784,647			
Total eligible own funds to meet the MCR	R0550	7,784,647	7,784,647			
SCR	R0580	7,114,792				
MCR	R0600	3,700,000				
Ratio of Eligible own funds to SCR	R0620	109.41%				
Ratio of Eligible own funds to MCR	R0640	210.40%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	7,784,647	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	0	
Other basic own fund items	R0730	23,526,942	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0	
Reconciliation reserve	R0760	-15,742,295	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770		
Expected profits included in future premiums (EPIFP) - Non- life business	R0780		
Total Expected profits included in future premiums (EPIFP)	R0790		

Appendix VII

Solvency Capital Requirement - for undertakings on Standard Formula

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	280,369		
Counterparty default risk	R0020	2,728,858		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	0		
Non-life underwriting risk	R0050	4,153,805		
Diversification	R0060	-1,073,750		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	6,089,281		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,025,511
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	7,114,792
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	7,114,792
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Appendix VIII

Minimum Capital Requirements - Only Life or Only non-life Insurance or Reinsurance Activity

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	2,012,521

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**	0	0
Income protection insurance and proportional reinsurance	**R0030**	0	0
Workers' compensation insurance and proportional reinsurance	**R0040**	0	0
Motor vehicle liability insurance and proportional reinsurance	**R0050**	8,034,800	6,894,113
Other motor insurance and proportional reinsurance	**R0060**	1,141,988	2,325,360
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	0	0
Fire and other damage to property insurance and proportional reinsurance	**R0080**	32,056	37,077
General liability insurance and proportional reinsurance	**R0090**	0	1,617
Credit and suretyship insurance and proportional reinsurance	**R0100**	0	0
Legal expenses insurance and proportional reinsurance	**R0110**	123,235	237,913
Assistance and proportional reinsurance	**R0120**	0	4,538,277
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	0	917.92
Non-proportional health reinsurance	**R0140**	0	0
Non-proportional casualty reinsurance	**R0150**	0	0
Non-proportional marine, aviation and transport reinsurance	**R0160**	0	0
Non-proportional property reinsurance	**R0170**	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	**R0200**	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**		
Obligations with profit participation - future discretionary benefits	**R0220**		
Index-linked and unit-linked insurance obligations	**R0230**		
Other life (re)insurance and health (re)insurance obligations	**R0240**		
Total capital at risk for all life (re)insurance obligations	**R0250**		

Overall MCR calculation

		C0070
Linear MCR	**R0300**	2,012,521
SCR	**R0310**	7,114,792
MCR cap	**R0320**	3,201,656
MCR floor	**R0330**	1,778,698
Combined MCR	**R0340**	2,012,521
Absolute floor of the MCR	**R0350**	3,700,000

		C0070
Minimum Capital Requirement	**R0400**	3,700,000

Appendix IX

Independent Auditor’s Report

Independent Auditor's Report

To the Board of Directors of HD Insurance Limited

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of HD Insurance Limited (the "Company"), prepared as at 31 December 2020:

- S.02.01.02 - Balance sheet
- S.17.01.02 – Non-Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 – Minimum Capital Requirement – Only non-life insurance or reinsurance activity

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

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2020 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Emphasis of Matter

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

Other information

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

Narrative sections:

- Business and Performance
- System of Governance
- Risk Profile
- Valuation for Solvency Purposes
- Capital Management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Other Matter

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

PricewaterhouseCoopers

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 6 April 2021

HELLAS DIRECT
RETHINK INSURANCE