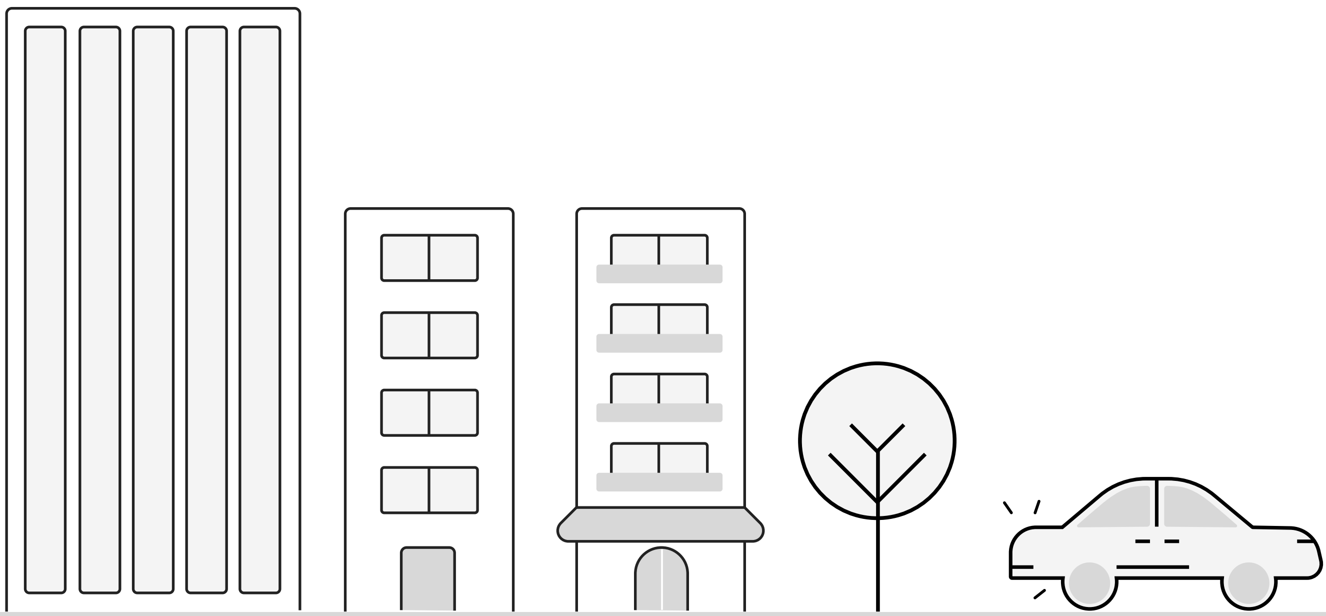
SFCR
Solvency and Financial Condition Report

Year ended 31 December 2022



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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. The Company underwrites motor vehicle insurance for all regions in Greece and Romania. 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 insurance policies 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.

In October 2022, the Company obtained regulatory approval to passport its motor insurance licence to Romania. In early November, it commenced selling MTPL insurance via its Romanian branch.

During 2022, the Company acquired 34% of the share capital of 3P Insurance Agents I.K.E., a Greek insurance broker, and 40% of the share capital of MGA Alpha Protect SRL, a Romanian company established to manage HD's portfolio in the country.

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. During 2022, HD 360 Limited established a branch in Greece.

On 31 January 2019, HD 360 Limited acquired 100% of the share capital of a Cypriot road assistance provider, N.T. Rescue Line Auto Services Ltd. This forms part of the Group's long-term strategy to enter the wider mobility ecosystem.

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 2022, gross written premiums grew by 34% year on year, and the Company closed the year with a portfolio of 287,406 cars in Greece and 29,988 cars in Romania, representing net portfolio growth of 18%. The loss ratio for the year increased from 41% to 54%. Loss ratios have begun ticking upwards across all channels, reflecting no lockdowns in 2022, and the effect of price softening. Average claims frequency in 2022 was 7.9% compared to 7.3% in 2021.

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 B 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.

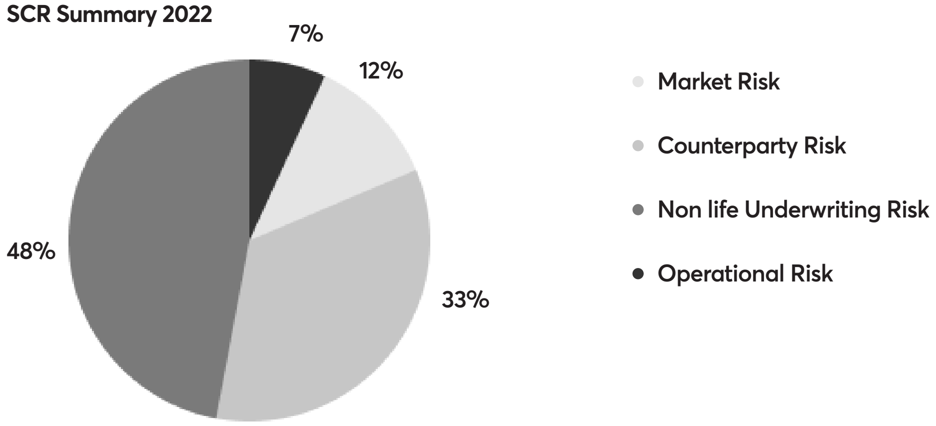
No material changes have occurred during 2022 regarding the system of governance other than the implementation of various structural and procedural enhancements.

Risk Profile
The risk profile of the Company is described in Section C 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 2022 was as follows:

SCR Summary 2022



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.

	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	(15,611,012)	(15,611,012)
Total basic own funds after adjustments	28,036,081	28,036,081
Total eligible own funds to meet the SCR/ MCR	28,036,081	
SCR	13,397,135	
MCR	4,449,222	
Ratio of Eligible own funds to SCR	209%	
Ratio of Eligible own funds to MCR	630%	

Solvency Capital Requirement at 31 December 2022 is estimated at €13.4m and is covered by €28.1m of eligible own funds resulting in a Solvency coverage ratio of 209%.
The Company concluded a capital increase on 31st December 2020. The form of the financing was a mandatory convertible credit facility which is eligible for use as both IFRS equity and Tier 1 solvency capital. The facility closed and was fully drawn down by the end of May 2021, with a total of €17.3m having been committed by four Major Investors and five Additional Investors. The convertible debt mandatorily converts to equity by 31st December 2023.

Operational readiness and possible implications due to economic crisis (war in Ukraine and Covid-19)

The lack of a resolution to the war in Ukraine has dampened hopes of a post-pandemic economic recovery for emerging and developing economies in Europe, despite somewhat better than expected economic performance in 2022.

Expectations for growth in 2023 are minimal, with depressed economic activity driven by energy price fluctuations and ongoing uncertainty.

Economic performance in Europe deteriorated in the second half of 2022, due to supply chain disruption and a decline in consumer and business confidence. High energy prices and the rising cost of spare car parts are the two most immediate impacts on the Company's business. Inflation levels have risen to unprecedented levels, putting significant strain on household finances across the region.

Impact on insurance production, reserving and investment portfolio

Challenging geopolitics, volatility in financial markets and a lack of clarity around future interest rate movements mean that the macroeconomic outlook for insurers is highly uncertain. Claims inflation and pricing practices remain a challenge.

The increasing cost of fuel is expected to reduce the usage of personal vehicles even further, with a resulting reduction in claims frequencies and hence loss ratios. Conversely, there is a risk that if fuel costs rise above a certain level, consumers will opt for public transport, potentially giving up their cars with a knock-on impact on the Company's sales.

Global supply chain pressures have resulted in shortages of vehicle spare parts and hence an

increase in the cost of repairs. The effect is most strongly felt in newer cars, with values over €7K, and hence has a relatively limited impact on the Company's portfolio.
An ongoing decline in the number of large bodily injuries claims has been noted over the last five years, as a result of safer driving following various government initiatives.

Affordability is expected to continue to be a big issue for consumers over the next few years. The Company's lower-cost products ensure that it is well positioned to attract customers wanting to make savings wherever possible as a result of the cost of living crisis.

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.

During 2022, the Company established a branch in Romania, and its subsidiary, HD 360 Limited, established a branch in Greece. The Company also acquired 34% of the share capital of 3P Insurance Agents I.K.E., a Greek insurance broker, and 40% of the share capital of MGA Alpha Protect SRL, a Romanian company established to manage HD's portfolio in the country.

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 KPMG. Contact details are as follows:

Pangratios Vanezis, Partner
KPMG Ltd

Esperidon 14,
CY1087 Nicosia,
Cyprus
pangratios.vanezis@kpmg.com.cy
Tel +357 22209000

The entities holding more than 10% of the company's share capital as at 31 December 2022 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

International Finance Corporation also 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%.

As the Company's share capital is spread as set out above there is no controlling or ultimate controlling party.

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.

Since October 2022, the Company is licenced to conduct MTPL insurance business within Romania via EU freedom of establishment provisions.

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

	2022 (€)	2021 (€)	2020 (€)
Gross Written Premium	37,605,451	31,723,281	28,138,906
Net earned premium	25,266,308	16,301,044	10,912,336
Net Claims incurred	(15,843,225)	(8,117,856)	(5,280,889)
Underwriting profit	9,423,083	8,183,189	5,631,447

Motor Romania

	2022 (€)	2021 (€)
Gross Written Premium	4,540,732	n/a
Net earned premium	182,244	n/a
Net Claims incurred	(151,361)	n/a
Underwriting profit	30,883	n/a

[1] Parent company (not consolidated)

Property (Greece and Cyprus)

2022	TOTAL (€)	GREECE (€)	CYPRUS (€)
GWP	339,477	265,483	73,994
Net written premium	80,143	83,216	(3,073)

2021	TOTAL (€)	GREECE (€)	CYPRUS (€)
GWP	283,069	217,156	65,913
Net written premium	108,292	102,530	5,762

The Company grew its top line revenue in the property line of business by 20% compared to 2021. The property portfolio is too small to draw meaningful conclusions regarding loss ratios.

1.3

Investment Performance

During 2022, the company commenced the implementation of its investment strategy.
The allocation of the cash and investment portfolio as at 31st December 2022 was as follows:

	2022 (€)
Cash at bank (current accounts and term deposits)	19,540,272
Investment in bonds and mutual funds	5,030,285
Investment in money market funds and treasury bills	4,985,305
Investment in shares	3,340

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

	2022 (€)	2021 (€)
Interest income	292,540	75,677
Interest expense	(80,660)	(99,999)
Fair value gains/(losses)	45,143	641

1.4

Performance of Other Activities

The Company continues to invest in technology and innovation, enabling it to easily diversify both its distribution channels and geographical reach.

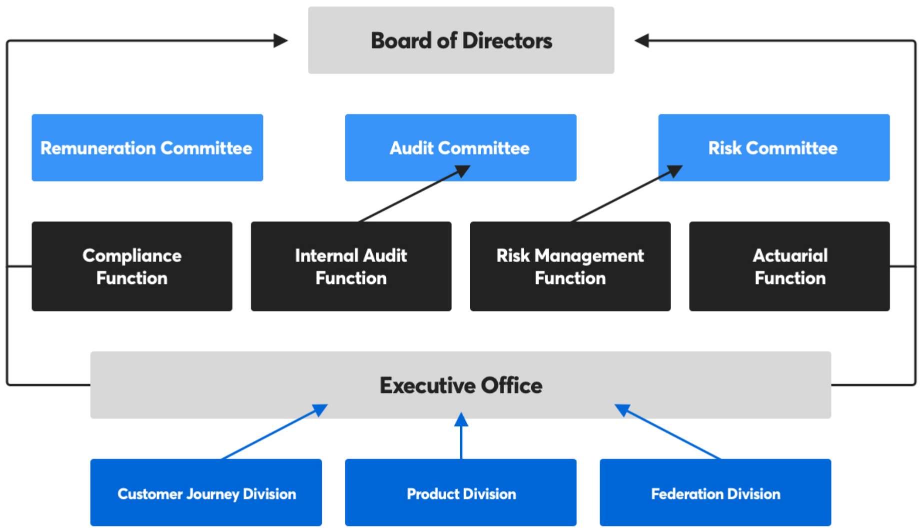
2

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 2022 were as follows:

- Adam Felesky (Chairman)
- Hélène Falchier (Non-executive Director)
- Jeremy Downward (Non-executive Director)
- Sofia Maroudia (Independent Non-executive Director)
- Emilios Markou (Executive Director)
- Alexis Pantazis (Executive Director)
- Xanthos Vrachas (Independent Non-executive Director)
- Nicky Goulimis (Independent Non-executive Director)
- Levan Shalamberidze (Non-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, both of whom should be non-executives. The composition of the committee should ensure that there is a majority of independent directors. 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 Xanthos Vrachas, an independent director with appropriate finance/insurance qualifications and experience. The members of the committee include both the other independent directors, plus a representative from IFC. 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 Sofia Maroudia and comprises two independent directors and the Chairman of the Board.

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

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 CFO 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 which are outside the Company's normal course of business or in excess of the limits/in relation to reserved matters defined in the Shareholder and Noteholder Agreement and Articles of Association

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 focus 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.

Due to the small size of the Company, there is currently no internal audit function. The Company has engaged Baker Tilly Cyprus to cover this function.

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 internal audit in relation to the year ended 31 December 2021 was carried out by Baker Tilly Cyprus during 2022. It was structured and performed as per the guidelines and responsibilities set out in the Charter and was approved by the Audit Committee on 25th May 2022. The internal audit of the first half of 2022 was carried out in July and August and the report was approved by the Audit Committee on 22th September 2022. The internal audit of the second half of 2022 was carried out in January and February 2023 and the report was distributed to the Audit Committee on 13th March 2023.

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.

During 2022, the Compliance Function was outsourced to one of the Company's lawyers, Agni Livera LLC.

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

Outsourcing is defined as an arrangement of any form between the Company and a service provider whereby the service provider performs a process, a service or an activity which would otherwise be performed by the Company itself.

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.

The Company will ensure that any agreements with service providers for the outsourcing of key functions will include appropriate termination clauses to allow the Company to either find an alternative service provider or take the function in-house. It is suggested that the notice period should not be shorter than 3 months.

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).

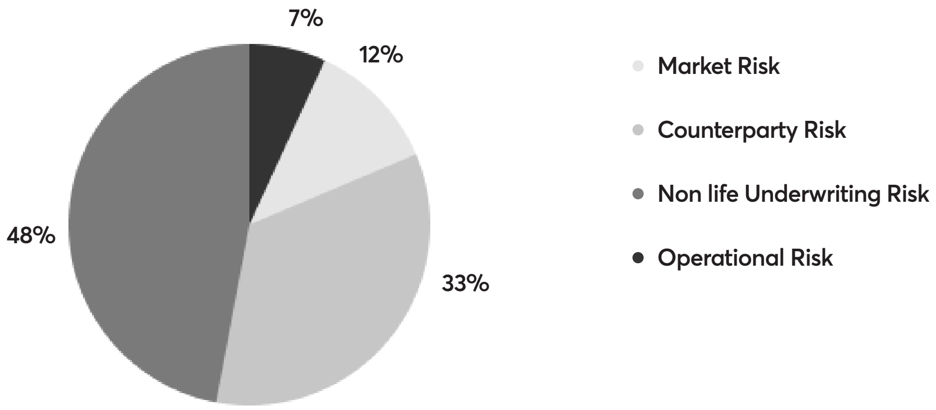
3
Risk Profile

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 2022 was as follows:

SCR Summary 2022



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 risk categories and their ratings are summarised below:

Risk category per SII	Specific risks included within the category	Overall risk rating level	Risk rating 2022	Risk rating 2021
Market Risk	Investments, interest rate & currency risk	Low	4.8	3.0
Concentration risk	Concentration in individual exposure	Medium	6.0	6.0
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	7.4	7.1

Risk category per SII	Specific risks included within the category	Overall risk rating level	Risk rating 2022	Risk rating 2021
Insurance risk	Catastrophe risk	Low	4.0	4.0
Liquidity risk	Liquidity risk	Low	6	3.0
Business risk	Strategic risk, competitive risk, available capital	High	8	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	6.4	6.3
Political risk	Political, geopolitical and economic risk, capital controls effect	Medium	8.0	8.0
Overall risk rating		**Medium**	**6.8**	**6.7**

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 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.

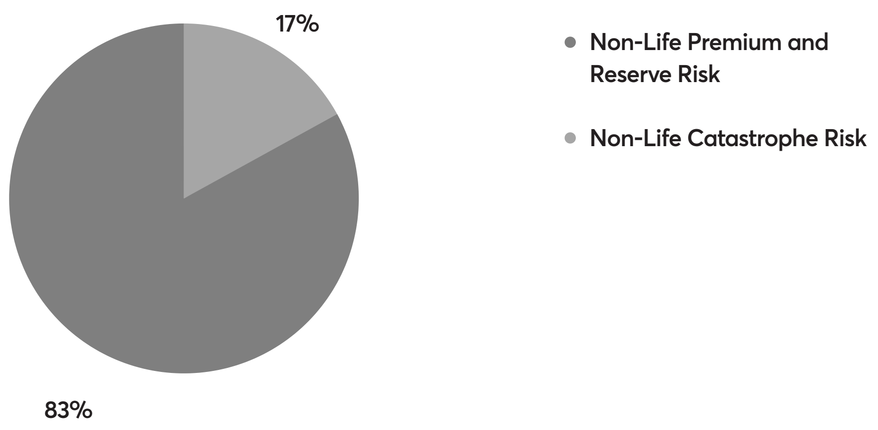
Non-life underwriting risk also includes the risk resulting from uncertainty included in assumptions about exercise of policyholder options like renewal or termination options.

The class "Insurance Risk" encompasses the following risk categories, as per the Company's Risk Register:

Risk category	Risk level	Risk rating 2022	Risk rating 2021
Policy Violation	Low	4	4
Pricing & Competition	Medium	6	6
Policy Lapses	Medium	6	6
Reinsurance	Medium	8	8
Loss Ratios	High	10	10
Reserving	High	9	9
Fraudulent Claims	Medium	9	6
Large Claims	Medium	12	12
Ageing of Claims	Medium	6	6
Catastrophic Natural Phenomena	Low	4	4
Overall risk rating	**Medium**	**7.4**	**7.1**

Non-Life Underwriting risk represents 48% 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 2022 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 is the underwriting of private motor vehicle insurance. The Company underwrites motor insurance in Greece, and as of November 2022, in Romania. Since 2018, the Company has also been underwriting residential property insurance in both Greece and Cyprus.

The Company offers cover for the following risks:

GREECE MOTOR COVERS	PROPERTY COVERS – CYPRUS AND GREECE	ROMANIA MOTOR COVERS
Third Party Liability	Fire	Third Party Liability
Collision with uninsured	Electrical	Direct Settlement
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	
Loss of documents	Home Assistance	
Key replacement	Accidental Damages	
Excess	Theft	
Total Loss	Earth Movement	
Side-view mirrors	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 has in place reinsurance arrangements with reputable highly rated reinsurance companies.

The treaties adequately protect the company from the catastrophic scenarios required under the standard formula Solvency Capital Requirement calculation of Solvency II. The current reinsurance structure of the Company consists of both Proportional and non – Proportional reinsurance treaties.

The retention percentages of the Quota Share/Surplus Share level of the treaties contribute towards the company maintaining its Underwriting & Reserving SCR within the stated risk appetite limits.

The reinsurers have long term credit ratings of at least BBB+, again within the Company's stated counterparty risk appetite. In conclusion, the company's reinsurance agreements satisfy the company's stated risk appetite.

The Company is party to two sets of reinsurance treaties, as follows:

Proportional Reinsurance Treaties

Property Insurance - Quota share reinsurance: A quota share treaty is in place with Swiss Reinsurance Company Limited (100% of the treaty) ceding 85% of all premiums and claims, with the exception of legal claims, home assistance and personal accident. Expenses are shared in the same proportion.

Brokers - Quota share reinsurance [in run-off]: A quota share treaty was in place with Munich Reinsurance Company Limited (100% of the treaty) ceding 70% of all premiums and claims from 1 January 2021, 85% over 2020 and 90% for 2019, except for legal claims, personal accident, accident care, road assistance and some small ancillary covers (mirror damage, loss of documents, key replacement, etc.). This quota share agreement was not renewed from 2023 onwards and is now in run-off.

Greece Motor Insurance (direct/aggregators) [in run-off]: Quota share reinsurance: Since 1 July 2019 and for policies written up to 30 June 2021, a quota share treaty was in place with Swiss Reinsurance Company Limited (100% of the treaty) ceding 50% of all premiums and claims, except for Personal Accident and Legal Protection for which reinsurance ceding 37.5% and the exemption of Accident Care and Road Assistance with no ceding. From 1 July 2021, the quota share treaty was not renewed for all covers of HD motor insurance and this (and the previous 50% quota share with Munich Re) is now in run-off.

Romania Motor Insurance - Quota share reinsurance: the underwriting of the Romanian branch, which commenced in November 2022, is covered by a 60% Quota Share treaty with Munich Re.

Non - Proportional Reinsurance Treaties

HD Motor Insurance Greece - Excess of loss reinsurance: An excess of loss treaty is in place with Swiss Re, Munich Re, Hannover Re, Liberty Mutual and QBE Reinsurance. This treaty covers losses in excess of €1 million for any one event. It is noted that Natural Phenomena are only covered under the first layer of the current excess of loss treaty (€1 million to €4 million).

HD Motor Insurance Romania - Excess of loss reinsurance: An excess of loss treaty is in place with Swiss Re, Munich Re and Hannover Re. This treaty covers losses in excess of €600K for any one event.

Property Insurance – Excess of loss reinsurance: For any policies underwritten after 1st of November 2021, a catastrophe excess of loss treaty is in place with Munich Re for any losses over €100,000 up to €1 million on the net retention (i.e. €900,000 insurance layer).

The Company uses reinsurance to protect against claims volatility. Each class of business has its own reinsurance treaty and facultative reinsurance is used if a risk falls outside the reinsurance treaties and the Company's risk appetite. A detailed analysis is undertaken on an annual basis to assess the most appropriate reinsurance structure in accordance to the business, capital and risk strategies of the Company. The Actuarial function issues an opinion on the reinsurance arrangements on an annual basis. The credit rating and the financial position of the key reinsurance counterparties are reviewed on a quarterly basis so that corrective action is taken in the event of deterioration in their financial quality.

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.

Brokers portfolio

- All covers with the exception of Accident Care, Road Assistance, Car Replacement and other ancillary covers up to 31.12.2022 are reinsured via a quota share treaty.
- For any amounts in excess of €1m, the Company is party to an Excess of Loss treaty for the period to 31.12.2023.
- Accident Care and Road Assistance are fully reinsured with Intersalonika (Mapfre until 30.06.2022). A fixed fee is paid per policy according to the type of the vehicle insured and Intersalonika 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 €4,270.

As at 31.12.2022, 220,524 cars (2021: 132,791) were insured in 1,363 different postcodes in Greece (2021: 1,318) and the highest concentration of risk in any one postcode was 0.90% in Kerkira, Ionian Islands (2021: 0.85% in Kerkira, Ionian Islands).

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 31.12.2022 2.2% of insured drivers were aged 30 & under (31.12.2021: 2.3%).

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 €4,543 for cars, €532 for taxi and €3,462 for trucks (2021: €3,800 for cars, €2,731 for taxi and €2,459 for trucks).

As at 31.12.2022, 96,609 cars were insured (31.12.2021: 132,791) in 1,121 different postcodes (31.12.2021: 1,318) and the highest concentration of risk in any one postcode was 4.3% in Rhodes (31.12.2021: 0.85% in Kerkira, Ionian Islands).

As of 31.12.2022, 3.1% of insured drivers were aged 30 & under (31.12.2021: 4.13%).

Risk Profiles – Underwriting – Romania
Romanian law defines to a large extent the underwriting that the Company can do in the country. The Company is obliged to offer prices to all clients who request them. It is also obliged to take its share of vehicles from the Insurance Association high risk pool in proportion to the number of insurance companies operating in Romania. The Company endeavours to control the risks it underwrites via its pricing and claims management.

Risk Profiles – Claims
Claims are managed in the same way across the Companies 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 from direct motor insurance policies commencing up to 30/06/2021, 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. For direct insurance policies underwritten in Greece commencing from 01/07/2021 onwards the maximum exposure per motor claim is capped at €1 million due to the termination of the quota share arrangement.

In Romania, the Company has a 60% quota share reinsurance treaty in place, along with an Excess of Loss treaty which caps the Company's maximum exposure at €240K (40% retained of losses up to €600K).

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. In addition to the quota share reinsurance agreement the Company has commenced a Property Catastrophe Excess of Loss Program with Munich Re in order to minimise the retained risk arising from Catastrophic events. The limit of this agreement is €900k in excess of €100K for any ultimate loss or series of losses arising out of one event. 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.

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 Romania	• Increase in gross loss ratio by 5%-10% for motor Romania insurance. • Current reinsurance structure applied	• Decrease in overall SCR ratio by 8% to 9% during the bud-geted 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 exposure to catastrophe risk is hence very low, consistent with the Company's aversion to such risks.

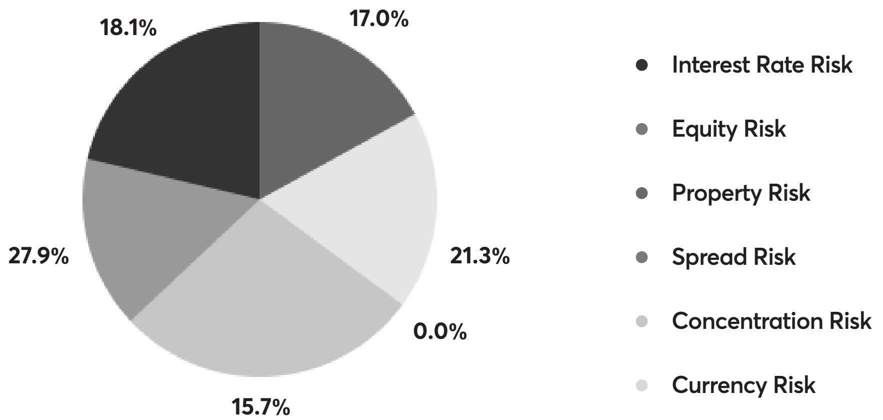
The covers offered by the Company to its clients are fully aligned with its reinsurance cover, with the exception of terrorism and losses due to natural phenomena with a value of >€4m. In the Property line of business, reinsurance limits for natural phenomena are €20m per event and €3m per event and per annum for terrorism. Management decided to continue to offer these covers, as the probability of catastrophic loss arising from such events is considered to be low.

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 low level, representing 12% 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 mainly relating to three strategic participations in associated companies.

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 relating to its exposure in fixed term deposits and bond securities.

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 increased in 2022 compared to 2021 due to the implementation of the investment strategy during the last quarter of the year.

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.

The Company has no exposure to property risk as well.

Comparison with risk appetite

During the year, majority of assets were held as cash deposits with no investments in volatile assets. Up to November 2022 all revenue and almost all costs incurred by the Company were in Euros, and as at the year end the Company had operations in Romanian Lei as well.

In September 2022, the company initiated the implementation of its investment strategy.

A total amount of €5m was transferred to the discretionary asset management portfolio and was invested to European Government and Corporate Bonds. Investments predominantly consist of Mutual Funds (€4.4m), with direct positions in 3 Cyprus Government Bonds (€0.6m)

An amount of €9m was transferred to the advisory portfolio and invested as per below:

- €2.5m in Money-Market Funds,
- €2.5m in highly rated (AAA) European Government / Organisations Treasury Bills
- €4.0m in trading account

As analysed above the Market Risk remains 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.

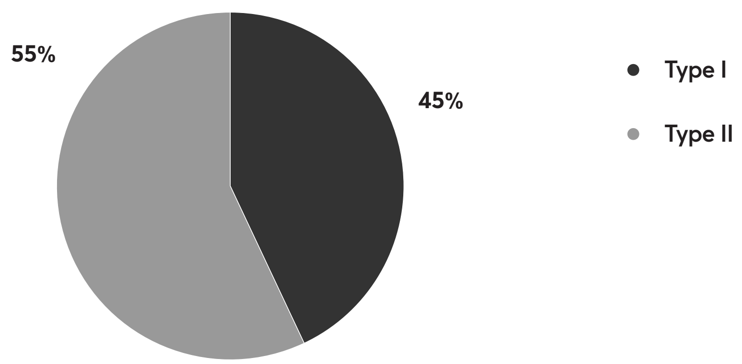
The Company is exposed to a low level of credit risk due to the fact that the majority of its counterparties (banks and reinsurers) have excellent credit ratings.

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 (for the direct and aggregator channels), the Company's exposure to type 2 receivables comes mainly from claims recoverables, intercompany balances due from its subsidiaries, HD 360 and Rescue Line and premium receivables from its brokerage partners.

The summary of the Counterparty risk as at 31 December 2022 was as follows:



Capital requirement for Type 1 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 17%	• 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 all held in highly creditworthy banks and money market instruments, 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 and money market instruments 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 2022	Risk rating 2021
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	6
Brand Dilution / Centralised Business Functions	Medium	4	6
Business continuity	Medium	6	6
Model risk	Low	6	4
Design and Implementation of new systems/programs	Medium	6	6
Compliance risk	Medium	6.6	6
Overall Risk	**Medium**	**6.4**	**6.3**

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 (2021: 99.999%), better than the limit set of 98%
- The Company's website has been available 99.999% of the time (2021: 99.999%), better than the limit set of 98%
- The current customer retention rate is 76% (2021: 80%), better than the limit set of 75%. The customer retention rate of digital motor reached 86%, the overall retention is affected though by the lower rates coming from Aggregator and Brokerage sales.

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 31.12.2022	Capital requirement €
SCR - Operational risk - Premiums	1,266,932
SCR - Operational risk - Provisions	1,257,270
SCR - Operational risk (maximum of the above)	1,266,932

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 2022	Risk rating 2021
Strategic Risk	Medium	8	8
Competitive Risk	Medium	8	12
SCR / Available Capital Risk	Medium	8	8
Overall Risk Level	**Medium**	**8**	**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 overall risk level for this category has been assessed as Medium, mainly due to the fact that as a loss-making scale-up, the Company still faces uncertainty regarding the success of its strategies, and also its capital levels. The main source of business risk faced by the Company relates to the possibility of not having sufficient available assets to meet the Capital Requirement (either MCR or SCR), which would result in regulator action and reputational damage. "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.

During Q1 2021, the Company raised an additional €17.3m in Tier 1 regulatory capital, which raised its solvency coverage ratio to comfortable levels.

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 13%, 22% and 28% lower compared to 3-year budgeted period	•Decrease in overall SCR ratio by maximum 4% over the budgeted period	•Review and reassessment 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 2022

	SOLVENCY II BALANCE SHEET		FINANCIAL STATEMENTS ("IFRS")	
NAME OF ASSET	VALUE - €	VALUATION METHODOLOGY	VALUE - €	VALUATION METHODOLOGY
Plant and equipment	139,302	Same as IFRS. Classified in Property, Plant & equipment held for own use	139,302	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)	195,214	Same as IFRS. Classified in Property, Plant & equipment held for own use	195,214	IFRS16
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	17,488	Cost less accumulated amortisation.
Deferred acquisition costs	-	Valued at zero	2,541,613	Calculated on a basis compatible with that used to determine unearned premiums (IFRS 4)
Financial assets at fair value through profit and loss	-	Same as IFRS. Difference classification as per Solvency II mapping	5,033,625	Fair Value (IAS 39)
Investments in Equities / Collective Investments Undertakings / Government Bonds	10,018,930	Same as IFRS.	-	Fair Value (IAS 39)
Investment in subsidiaries	1,677,657	Cost less impairment. Classified in Holdings in related undertakings, including participations	1,677,657	Cost less impairment
Investment in associates	1,610,161	Equity method. Classified in Holdings in related undertakings, including participations	1,610,161	Equity method
Investments in fixed term deposits	5,014,015	Same as IFRS	-	Classified as Cash and cash equivalents in IFRS accounts.
Trade and other receivables / Insurance and intermediaries receivables	22,766,995	Valuation as per IFRS, some differences in classification	7,504,313	Amortised cost less impairment (IAS 39). Included in Trade and other receivables, Non-financial assets and Loans receivable in IFRS accounts
Reinsurers' receivable balances	-		4,925,510	
Non-financial assets		Classified in Trade and other receivables under Solvency II	17,151,667	
Loans receivable		Classified in Trade and other receivables under Solvency II	859,345	
Reinsurance recoverables	12,113,185	Valuation as per IFRS, some differences in classification	15,885,188	Share of insurance contracts liabilities (IFRS 4)

	SOLVENCY II BALANCE SHEET		FINANCIAL STATEMENTS ("IFRS")	
NAME OF ASSET	VALUE - €	VALUATION METHODOLOGY	VALUE - €	VALUATION METHODOLOGY
Cash and cash equivalents	15,585,811	Same as IFRS. Difference due to reclassification of short-term fixed deposits and money market instruments 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	24,525,577	Amortised cost less impairment (IAS 39)

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 31.12.2022 (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.

Deferred acquisition cost
Deferred acquisition costs are recognised as assets under IFRS but valued at zero under Solvency II.

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 2022:

	GROSS PROVISIONS DISCOUNTED - €	REINSURANCE PROVISIONS DISCOUNTED - €	NET PROVISIONS DISCOUNTED - €
"Third Party Liability" Cover	14,185,759	2,252,722	11,933,037
"Other" Cover	1,852,065	66,271	1,785,793
"Legal" Cover	199,915	(11,233)	211,148
Direct - Motor Insurance Total	**16,237,738**	**2,307,760**	**13,929,978**
Cyprus	36,573	21,545	15,028
Greece	179,765	135,338	44,427
Property Insurance Total	**216,338**	**156,883**	**59,455**
"Third Party Liability" Cover	11,663,422	8,149,070	3,514,352
"Other Ceded"	608,915	358,627	250,288
"Retained"	101,499	(1,700)	103,199
Brokins Insurance Total	**12,373,836**	**8,505,997**	**3,867,839**
"Third Party Liability" Cover	2,669,608	1,142,268	1,527,339
Romania Insurance Total	**2,669,608**	**1,142,268**	**1,527,339**
Total	**31,497,520**	**12,112,909**	**19,384,611**

Summary of the risk margin as at 31st December 2022

	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	FIRE AND OTHER DAMAGE TO PROPERTY INSURANCE	LEGAL EXPENSES INSURANCE	TOTAL
Risk margin	878,453	153,067	(2,291)	12,044	**1,041,273**

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»)
- Incurred But Not Enough Reported Claims ("IBNER")
- Allocated Loss Adjustment Expenses («ALAE»)
- Unallocated Loss Adjustment Expenses ("ULAE")

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")

For Brokins policies the above elements are shown for separate types of cover, gross of reinsurance:

- Third Party Liability ("TPL")

- Other Ceded
- Retained

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 before adding an allowance for both IBNR and IBNER.

Motor Insurance – Incurred But Not Enough Report ("IBNER")
An IBNER reserve is calculated for claims that have been reported as at the reporting date, but the outstanding estimate reserve set by the Company will not be adequate to cover the expected ultimate loss. Conversely, a negative IBNER reserve would indicate that the expected ultimate loss would be lower than the outstanding estimate reserve set by the Company as at the reporting date.

The valuation methodology combines the incurred chain ladder method and the expected loss ratio method. The triangles used for the purpose of the total IBNR and IBNER reserve are taking accident years from 2016 and onwards into account, since the Company modified its case estimates process significantly in 2016, making claim developments of accident years prior to 2016 non appropriate for use for accident years after 2016.

The incurred chain ladder method was tested on the Motor Third Party Liability, Motor other and Property line of businesses to capture the total of the IBNR and IBNER reserves. The IBNER was then calculated by subtracting the calculated IBNR (as above) from the total reserve.

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).

No comparable industry benchmark was available due to exclusively direct channel distribution, as opposed to predominantly agent-sourced business for the industry statistics.

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 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 business in May 2018, there have been a relatively low number of claims incurred. For this reason, individual case estimates are adopted for outstanding claims.
Given the limited number of policies and claims since May 2018, the cashflows are all assumed to occur in year 1.

Property Insurance - Incurred But Not Reported Claims ("IBNR")
Given the availability of property data for a period of 4 years, the methodology adopted for calculating the IBNR Reserve was changed from a proportion of Earned Premium to the Incurred IBNR Triangle method.

Property Insurance – Incurred But Not Enough Report ("IBNER")
Since this line has only limited experience and claim amounts, it was deemed inappropriate to carry out the calculation using the incurred chain ladder method.

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

Due to the relatively limited claims or expense history to analyse for the Company industry data from the Greek Insurance Association has been referenced, which has resulted in the inclusion of a 15% ALAE loading until more data is available.

Brokins 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 April 2019, there has been 84,734 claims reported (of which 59,708 claims have been closed).

The claims run-off patterns are assumed to be in line with the HD motor portfolio.

Brokins Insurance – Incurred But Not Enough Report ("IBNER")
The data for Brokins Insurance and HD Motor Insurance were aggregated for the IBNER analysis and therefore the development factors applied in deriving the IBNER are consistent.

Brokins Insurance - Incurred But Not Reported Claims ("IBNR")
Consistent with the methodology adopted for the HD Motor Insurance the Average Cost per Claim method was used on an aggregate basis and distributed for each cover-type in line with the outstanding claims reserve.

Brokins Insurance Allocated Loss Adjustment Expenses («ALAE»)
No data is available to date in respect of ALAE for Brokins Insurance. Until further data is available for analysis all ALAE for Brokins Insurance have been set to zero.

Romanian 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.

Since November 2022, 113 claims have been reported (of which 37 claims have been closed). Very limited market data was available to base any assumptions on run-off patterns, and as a result the claims run-off patterns have been assumed to be in line with the TPL covers for the HD motor portfolio in Greece.

Romanian Motor Insurance – Incurred But Not Enough Report ("IBNER")
The total IBNR & IBNER for the Motor business in Romania was calculated using the expected loss ratio method. The expected loss ratio was applied to the earned premiums, and then the incurred claims have been subtracted. The remaining constitutes to the total IBNR & IBNER.

Romanian Motor Insurance - Incurred But Not Reported Claims ("IBNR")
For this portfolio, the current very low level of claims data does not allow for credible estimates to be produced using a statistical method.

As a result, the expected loss ratio method was applied to calculate the total IBNR and IBNER.

Romanian Motor Insurance Allocated Loss Adjustment Expenses («ALAE»)
The ALAE is assumed to be embedded within the loss ratio assumption for Romania, as a result no additional calculation has been carried out for ALAE for Romania.

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.

Brokins Insurance - Reinsurance Claims Provision
The reinsurance claims provision was set equal to 90.0% for claims in respect of policies commencing in 2019, 85.0% for policies in 2020 and 70% for policies after 1 January 2021.

Romanian Motor Insurance - Reinsurance Claims Provision
The reinsurance claims provision was set equal to 60.0% of claims of policies sold in Romania, in line with the quota share treaty issued on the 1st of January 2022.

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»)
- Policy Cancellations
- Unallocated Loss Adjustment Expenses ("ULAE")

The impact of the cancellation of policies before the expiration of the contracts is also being considered and explicit allowance for policy lapses is recognised for this year onwards..

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»)

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 goes up to 40% for both Cyprus and Greece. The Company's property insurance policies include an extensive range of covers and the claims ratios may not be directly comparable to the Company's own experience.

However, based on the size of the claims relative to the portfolio, the derivation of the claims ratio was adjusted to give each year equal weight (i.e. normalized). Based on this method, the claims ratio for 2019, 2020, 2021 and 2022 on the aggregate property portfolio of the Company was calculated and applied on the unearned premium as at 31 December 2022.

Brokins Insurance - Future Claims Cost

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.

Romania Motor Insurance - Future Claims Cost

The expected future claim cost for the Motor TPL business in Romania was derived from the pricing technical note provided by the Company ("Technical note on MTPL pricing") for Romania, which includes an initial expected loss ratio of 65%.

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 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

Property Insurance Allocated Loss Adjustment Expenses («ALAE»)

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

The ALAE loading of 15% has been based on industry data provided by the Greek Insurance Association.

Brokins Insurance Allocated Loss Adjustment Expenses («ALAE»)

No data is available to date in respect of ALAE for Brokins Insurance.
Until further data is available for analysis all ALAE for Brokins Insurance have been set to zero.

Romania Motor Insurance Allocated Loss Adjustment Expenses («ALAE»)

For the business in Romania, the ALAE is included within the expected loss ratio assumption.

Motor Insurance Policy Cancellations
Historically, very few policy cancellations were observed in respect of the HD Motor Insurance portfolio, and the impact on the premium reserve was considered immaterial. Starting from the 2021 Q4 valuation, an explicit allowance for policy cancellations has been included in the calculations.

Property Insurance Policy Cancellations
There has been a very limited number of policy cancellations in respect of Property Insurance. Given the small size of the portfolio, no allowance for policy cancellations were included for this assessment.

Brokins Insurance Policy Cancellations
The calculation is consistent with the calculation adopted for the HD Motor Insurance Portfolio.

Romania Motor Insurance Policy Cancellations
Since the portfolio in Romania has been very recently established, there is not an adequate amount of data to base any cancellation assumptions on.

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 exceptions are 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.

Brokins Reinsurance Premium Provision
The reinsurance premium provision was set equal to 70% of all claims.

Romania Motor Reinsurance Premium Provision
The reinsurance premium provision was set equal to 60% of all claims.

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

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.

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

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.

No difference arises in the valuation bases, methods and main assumptions between Solvency II and IFRS Financial statements other than reclassification differences as described in the following table.

Description of valuation bases, methods and main assumptions:

LIABILITY	VALUE AS PER SOLVENCY II - €	VALUATION METHODOLOGY	VALUE AS PER IFRS - €
Reinsurance Payables	1,830,263	Same as IFRS. Any difference arises due to reclassification of receivable balances from Reinsurers.	6,755,773
Payables (trade, not insurance)	6,508,980	Same as IFRS. Any difference arises due to reclassification of receivable balances from Reinsurers.	8,501,385
Any other liabilities, not elsewhere shown (Lease liabilities)	207,154	Same as IFRS.	207,154

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 €28,036,081 as at 31st December 2022.

Total assets according to the Solvency II valuation amounted to € 69,121,269. Cash and cash equivalents and fixed term deposits amounted to € 15,585,811.

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	(15,611,012)	(15,611,012)
Total basic own funds after adjustments	28,036,081	28,036,081
Total eligible own funds to meet the SCR/ MCR	28,036,081	
SCR	13,397,135	
MCR	4,449,222	
Ratio of eligible own funds to SCR	**209%**	
Ratio of eligible own funds to MCR	**630%**	

The Company's solvency level at 31 December 2022 was 209%.

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	2022 SOLVENCY CAPITAL REQUIREMENTS	2021 SOLVENCY CAPITAL REQUIREMENTS
Interest Rate Risk	587,107	59,450
Equity Risk	738,154	111,771
Spread Risk	544,127	631
Currency Risk	627,112	-
Concentration Risk	965,103	5,490
Diversification within Market Risk module	(1,538,333)	(26,194)
TOTAL CAPITAL REQUIREMENT FOR MARKET RISK	**1,923,269**	**151,149**
Type I	2,615,093	2,104,745
Type II	3,178,082	2,756,117
Diversification within Counterparty Risk Module	(370,502)	(308,114)
TOTAL CAPITAL REQUIREMENT FOR COUNTERPARTY RISK	**5,422,674**	**4,552,749**
Non-Life Premium and Reserve Risk	7,352,002	4,708,950
Non-Life Lapse Risk	-	-
Non-Life Catastrophe Risk	1,546,480	1,205,276
Diversification within Non-Life Risk module	(1,016,325)	(769,842)
TOTAL CAPITAL REQUIREMENT FOR NON-LIFE RISK	**7,882,157**	**5,144,385**

Diversification within modules	(2,949,276)	(1,400,264)
Basic Solvency Capital Requirements	12,278,824	8,448,019
Operational Risk	1,118,311	922,815
Total Solvency Capital Requirements	13,397,135	9,370,833
Loss Absorbing Capacity	-	-
NET SOLVENCY CAPITAL REQUIREMENTS	**13,397,135**	**9,370,833**
MINIMUM CAPITAL REQUIREMENTS	**4,449,222**	**3,700,000**
TOTAL OWN FUNDS	**28,036,081**	**26,937,977**
Total Tier 1 - Unrestricted	28,036,081	26,937,977
Eligible Own Funds for SCR	28,036,081	26,937,977
SCR RATIO (%)	**209**	**287**
MCR RATIO (%)	**630**	**728**

Minimum Capital Requirement
The Minimum Capital Requirement of the Company equals the relevant absolute floor as defined for its business lines i.e. €4,000,000.

Summary of the Minimum Capital Requirement at 31st December 2022:

AS AT 31 DECEMBER 2022	AMOUNT (€)
SCR	13,397,135
Absolute floor of the MCR	4,000,000
Minimum Capital Requirement	4,449,222

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 2022.

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**	334,516
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	18,320,763
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	3,287,818
Equities	**R0100**	3,340
Equities - listed	**R0110**	3,340
Equities - unlisted	**R0120**	0
Bonds	**R0130**	3,067,827
Government Bonds	**R0140**	3,067,827
Corporate Bonds	**R0150**	0
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	6,947,763
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	5,014,015
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**	12,113,185
Non-life and health similar to non-life	**R0280**	12,113,185
Non-life excluding health	**R0290**	12,113,185
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**	2,060,832
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	20,706,163
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**	15,585,811
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	69,121,269
Liabilities		
Technical provisions – non-life	**R0510**	32,538,792
Technical provisions – non-life (excluding health)	**R0520**	32,538,792
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	31,497,520
Risk margin	**R0550**	1,041,272
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	1,830,263
Payables (trade, not insurance)	**R0840**	6,508,980
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**	207,153
Total liabilities	**R0900**	41,085,188
Excess of assets over liabilities	**R1000**	28,036,081

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**				23,969,033	5,354,360	0	323,457	5,298	0	925,865	13,560,891	3,752					44,142,654
Gross - Proportional reinsurance accepted	**R0120**																	0
Gross - Non-proportional reinsurance accepted	**R0130**																	0
Reinsurers' share	**R0140**				8,011,709	1,240,708	0	280,991	4,649	0	418,347	2,135,060	3,468	0	0	0	0	12,094,932
Net	**R0200**				15,957,324	4,113,652	0	42,465	649	0	507,519	11,425,831	283	0	0	0	0	32,047,723
Premiums earned																		
Gross - Direct Business	**R0210**				18,840,360	4,770,689	0	310,021	5,222	0	771,952	12,394,958	1,605					37,094,807
Gross - Proportional reinsurance accepted	**R0220**																	0
Gross - Non-proportional reinsurance accepted	**R0230**																	0
Reinsurers' share	**R0240**				5,939,535	1,287,092	0	238,102	3,996	0	421,155	1,318,616	1,598	0	0	0	0	9,210,094
Net	**R0300**				12,900,824	3,483,597	0	71,920	1,226	0	350,797	11,076,341	7	0	0	0	0	27,884,713
Claims incurred																		
Gross - Direct Business	**R0310**				19,320,395	3,436,887	0	-51,441	0	0	270,411	0	0					22,976,252
Gross - Proportional reinsurance accepted	**R0320**																	0
Gross - Non-proportional reinsurance accepted	**R0330**																	0
Reinsurers' share	**R0340**				6,110,456	666,795	0	-43,725	0	0	15,407	0	0	0	0	0	0	6,748,933
Net	**R0400**				13,209,939	2,770,092	0	-7,716	0	0	255,004	0	0	0	0	0	0	16,227,319
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**				7,945,537	2,149,747	0	61,310	1,004	0	370,253	5,444,625	711	0	0	0	0	15,973,185
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**	39,527,928	4,614,726					44,142,654
Gross - Proportional reinsurance accepted	**R0120**	0	0					0
Gross - Non-proportional reinsurance accepted	**R0130**	0	0					0
Reinsurers' share	**R0140**	9,344,434	2,750,497					12,094,932
Net	**R0200**	30,183,494	1,864,229					32,047,723
Premiums earned								0
Gross - Direct Business	**R0210**	36,389,361	705,446					37,094,807
Gross - Proportional reinsurance accepted	**R0220**	0	0					0
Gross - Non-proportional reinsurance accepted	**R0230**	0	0					0
Reinsurers' share	**R0240**	8,683,799	526,295					9,210,094
Net	**R0300**	27,705,562	179,151					27,884,713
Claims incurred								0
Gross - Direct Business	**R0310**	22,618,922	357,330					22,976,252
Gross - Proportional reinsurance accepted	**R0320**	0	0					0
Gross - Non-proportional reinsurance accepted	**R0330**	0	0					0
Reinsurers' share	**R0340**	6,542,416	206,518					6,748,933
Net	**R0400**	16,076,507	150,812					16,227,319
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**	15,973,185	0					15,973,185
Other expenses	**R1200**							
Total expenses	**R1300**	15,973,185	0					15,973,185

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	9,432,988	1,626,002	0	109,945	0	0	63,153	0	0					11,232,087
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	2,457,845	218,190	0	68,059	0	0	-29,908	0						2,714,187
Net Best Estimate of Premium Provisions	R0150	6,975,143	1,407,811	0	41,886	0	0	93,061	0						8,517,900
Claims provisions															
Gross	R0160	19,085,801	936,477	0	106,393	0	0	136,762	0	0	0	0	0	0	20,265,433
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	9,086,424	205,074	0	88,824	0	0	18,676	0	0	0	0	0	0	9,398,998
Net Best Estimate of Claims Provisions	R0250	9,999,377	731,403	0	17,569	0	0	118,087	0	0	0	0	0	0	10,866,435
Total Best estimate - gross	R0260	28,518,788	2,562,478	0	216,338	0	0	199,915	0	0	0	0	0	0	31,497,520
Total Best estimate - net	R0270	16,974,519	2,139,214	0	59,455	0	0	211,147	0	0	0	0	0	0	19,384,335
Risk margin	R0280	878,453	153,067	0	-2,291	0	0	12,044	0	0	0	0	0	0	1,041,272
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	29,397,241	2,715,545	0	214,047	0	0	211,959	0	0	0	0	0	0	32,538,792
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	11,544,269	423,265	0	156,883	0	0	-11,232	0	0	0	0	0	0	12,113,185
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	17,852,972	2,292,281	0	57,164	0	0	223,191	0	0	0	0	0	0	20,425,608

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-10	R0150	0	0	0	0	0	0	0	0	0	0	0
N-9	R0160	160,461	108,977	-12,186	1,858	0	71,197	3,510	-839	0	0	
N-8	R0170	929,534	-8,601	179,404	87	17,827	15,898	20,720	-404	864		
N-7	R0180	858,048	568,252	21,602	9,904	28,274	21,655	-4,636	3,486			
N-6	R0190	1,479,736	523,231	390,967	269,856	36,758	173,735	25,305				
N-5	R0200	1,828,284	852,306	628,573	93,390	8,705	146,995					
N-4	R0210	2,295,131	798,231	505,950	408,042	160,003						
N-3	R0220	3,021,541	1,672,425	797,072	345,834							
N-2	R0230	4,730,417	2,246,318	947,978								
N-1	R0240	5,500,752	3,352,660									
N	R0250	7,116,754										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100		
	R0150	0	
	R0160	0	332,978
	R0170	864	1,155,329
	R0180	3,486	1,506,584
	R0190	25,305	2,899,588
	R0200	146,995	3,558,254
	R0210	160,003	4,167,357
	R0220	345,834	5,836,873
	R0230	947,978	7,924,713
	R0240	3,352,660	8,853,412
	R0250	7,116,754	7,116,754
Total	R0260	12,099,879	43,351,843

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year		0	1	2	3	4	5	6	7	8	9	10&+			Year end (discounted data)
		Development year													
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100													R0100	
N-10	R0150	0	0	0	0	0	0	0	0	0	0	0		R0150	
N-9	R0160	0	0	0	0	0	0	0	0	0	0			R0160	0
N-8	R0170	0	0	0	0	0	0	0	0	0				R0170	0
N-7	R0180	1,969	0	0	0	0	0	0	0					R0180	1,969
N-6	R0190	38,509	0	8,861	0	0	0	0						R0190	47,370
N-5	R0200	367,789	0	0	0	0	0							R0200	367,789
N-4	R0210	231,881	0	0	0	0								R0210	231,881
N-3	R0220	947,652	17,534	5,272	42,688									R0220	1,013,147
N-2	R0230	3,790,040	107,769	17,288										R0230	3,915,097
N-1	R0240	4,402,914	79,716											R0240	4,482,629
N	R0250	10,109,287												R0250	10,109,287
													Total	R0260	20,169,169

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-10	**R0150**	0	422	0	0	0	0	0	0	0	0	0
N-9	**R0160**	133,466	45,079	0	0	-1,674	0	0	0	0	0	
N-8	**R0170**	253,212	106,632	0	0	0	1,402	500	0	0		
N-7	**R0180**	438,999	123,999	1,709	1,700	-942	0	0	0			
N-6	**R0190**	845,875	189,867	-1,480	250	1,100	558	0				
N-5	**R0200**	755,169	194,592	5,185	3,003	0	-1,938					
N-4	**R0210**	1,258,862	165,707	13,237	2,041	-3,465						
N-3	**R0220**	2,041,118	600,661	31,338	27,699							
N-2	**R0230**	1,925,937	490,013	14,788								
N-1	**R0240**	1,897,107	476,826									
N	**R0250**	2,398,587										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100		
	R0150	0	
	R0160	0	176,871
	R0170	0	361,746
	R0180	0	565,465
	R0190	0	1,036,169
	R0200	-1,938	956,012
	R0210	-3,465	1,436,383
	R0220	27,699	2,700,817
	R0230	14,788	2,430,738
	R0240	476,826	2,373,933
	R0250	2,398,587	2,398,587
Total	**R0260**	2,912,498	14,436,720

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-10	R0150	0	0	0	0	0	0	0	0	0	0	0
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0	0		
N-7	R0180	0	0	0	0	0	0	0	0			
N-6	R0190	0	0	0	0	0	0	0				
N-5	R0200	0	0	0	0	0	0					
N-4	R0210	7,379	0	0	0	0						
N-3	R0220	14,640	0	0	0							
N-2	R0230	108,996	0	0								
N-1	R0240	37,381	0									
N	R0250	789,815										

		Year end (discounted data)
		C0360
	R0100	
	R0150	0
	R0160	0
	R0170	0
	R0180	0
	R0190	0
	R0200	0
	R0210	7,379
	R0220	14,640
	R0230	108,996
	R0240	37,381
	R0250	789,815
Total	R0260	958,212

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-10	R0150	0	0	0	0	0	0	0	0	0	0	0
N-9	R0160	0	0	0	212	0	43	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	-1,000	0		
N-7	R0180	0	968	966	2,005	738	362	-714	0			
N-6	R0190	9,324	23,401	17,953	9,399	4,440	-12	2,164				
N-5	R0200	12,287	35,555	8,529	598	2,423	3,880					
N-4	R0210	16,731	35,945	7,574	711	4,058						
N-3	R0220	25,314	30,085	3,564	9,055							
N-2	R0230	33,593	30,414	11,494								
N-1	R0240	23,958	38,194									
N	R0250	57,191										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100		
	R0150	0	0
	R0160	0	255
	R0170	0	-1,000
	R0180	0	4,326
	R0190	2,164	66,669
	R0200	3,880	63,272
	R0210	4,058	65,019
	R0220	9,055	68,018
	R0230	11,494	75,501
	R0240	38,194	62,152
	R0250	57,191	57,191
Total	R0260	126,035	461,402

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-10	R0150	0	0	0	0	0	0	0	0	0	0	0
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0	0		
N-7	R0180	0	0	0	0	0	0	0	0			
N-6	R0190	956	0	0	0	0	0	0				
N-5	R0200	1,142	0	72	0	0	0					
N-4	R0210	2,624	0	0	0	0						
N-3	R0220	8,508	222	0	0							
N-2	R0230	11,241	0	0								
N-1	R0240	38,040	0									
N	R0250	79,448										

		Year end (discounted data)
		C0360
	R0100	
	R0160	0
	R0170	0
	R0180	0
	R0190	956
	R0200	1,214
	R0210	2,624
	R0220	8,731
	R0230	11,241
	R0240	38,040
	R0250	79,448
Total	R0260	142,253

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	1,422	3,670	0	0	0						
N-3	R0220	9,727	2,368	1,972	0							
N-2	R0230	14,824	6,797	0								
N-1	R0240	269,035	6,367									
N	R0250	31,082										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100		
	R0160		
	R0170		
	R0180		
	R0190		
	R0200		
	R0210	0	5,092
	R0220	0	14,067
	R0230	0	21,621
	R0240	6,367	275,401
	R0250	31,082	31,082
Total	R0260	37,448	347,263

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	0	0	0	0	0						
N-3	R0220	0	0	0	0							
N-2	R0230	1,449	0	0								
N-1	R0240	81,848	2,897									
N	R0250	21,875										

		Year end (discounted data)
		C0360
	R0100	
	R0160	0
	R0170	0
	R0180	0
	R0190	0
	R0200	0
	R0210	0
	R0220	0
	R0230	1,449
	R0240	84,746
	R0250	21,875
Total	R0260	108,069

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	-15,611,012	-15,611,012			
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	20,120,150	20,120,150			
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	28,036,081	28,036,081			
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	28,036,081	28,036,081			
Total available own funds to meet the MCR	R0510	28,036,081	28,036,081			
Total eligible own funds to meet the SCR	R0540	28,036,081	28,036,081			
Total eligible own funds to meet the MCR	R0550	28,036,081	28,036,081			
SCR	R0580	13,397,134				
MCR	R0600	4,449,222				
Ratio of Eligible own funds to SCR	R0620	209.27%				
Ratio of Eligible own funds to MCR	R0640	630.13%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	28,036,081	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	0	
Other basic own fund items	R0730	43,647,093	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0	
Reconciliation reserve	R0760	-15,611,012	
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**	1,923,269		
Counterparty default risk	**R0020**	5,422,674		
Life underwriting risk	**R0030**	0		
Health underwriting risk	**R0040**	0		
Non-life underwriting risk	**R0050**	7,882,157		
Diversification	**R0060**	-2,949,276		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	12,278,824		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,118,311
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**	13,397,134
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	13,397,134
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	4,449,222

		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	16,974,519	15,957,324
Other motor insurance and proportional reinsurance	R0060	2,139,214	4,113,652
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	59,455	42,465
General liability insurance and proportional reinsurance	R0090	0	649
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	211,147	507,519
Assistance and proportional reinsurance	R0120	0	11,425,831
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	283
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	4,449,222
SCR	R0310	13,397,134
MCR cap	R0320	6,028,711
MCR floor	R0330	3,349,284
Combined MCR	R0340	4,449,222
Absolute floor of the MCR	R0350	4,000,000
		C0070
Minimum Capital Requirement	R0400	4,449,222

Appendix IX

Independent Auditor's Report

KPMG Limited
Chartered Accountants
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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 2022:

- S.02.01.01 - 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 life or only non-life insurance or reinsurance activity
- S.28.02.01 – Minimum Capital Requirement – Both life and only non-life insurance activity

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

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2022 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Narrative sections:

- Business and performance
- 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.

KPMG

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.

KPMG Limited

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon Street
1087 Nicosia
Cyprus

4 April 2023

HELLAS DIRECT
RETHINK INSURANCE

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