ETHNIKI
FIRST IN INSURANCE

Group Solvency & Financial Condition Report

2021

DISCLAIMER: This document is a translation into English of the original Greek "Έκθεση Φερεγγυότητας & Χρηματοοικονομικής Κατάστασης Ομίλου 2021". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the Greek version, which is the authentic text.

Contents

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Disclosure Framework

The content of the Group Solvency and Financial Condition Report ("the Report"), is based on Article 211 of Greek Law 4364/2016, the Executive Committee Act No. 77/12.02.2016 of the Bank of Greece («BoG») and Articles 359 to 364 of the Delegated Regulation (EU) 2015/35. The structure of the Report follows Annex XX of the Delegated Regulation (EU) 2015/35 and is depicted in Chapters 1 to 5.

The Executive Summary and Independent Auditors' report form an integral part of this Report and are published along with it.

Annex I of this Report includes the templates included in Article 5 of the European Commission Implementing Regulation (EU) 2015/2452 of 02.12.2015. According to the Commission Implementing Regulation (EU) 2015/2450 as amended, the quantitative template S.05.02.01 "Premiums, claims and expenses by country" is not required to be submitted as at 2021 if the Participant's gross written premiums represent more than 90% of Group's gross written premiums.

All amounts in the tables of the Report, are presented in thousands of euros, while all amounts included in the commentary are presented in millions of euros (unless otherwise stated).

For the calculation of "ETHNIKI" Hellenic General Insurance Group ("the Group") Solvency method 2 ("deduction and aggregation method"), referred to in article 191 of Greek Law 4361/2016, is applied, in accordance with the decision No. 184/4/25.04.2016 of the Credit and Insurance Committee ("CIC") of BoG.

For the implementation of the above method, the "ETHNIKI" Hellenic General Insurance Participant is defined as "Participant" and as "related undertakings" which are taking part in the calculation of Group Solvency the below companies are defined as follows:

- ✓ Ethniki Insurance (Cyprus) Ltd ("Ethniki Cyprus Life Insurance"), based in Cyprus
- ✓ Ethniki General Insurance (Cyprus) Ltd ("Ethniki Cyprus Non-Life Insurance"), based in Cyprus
- ✓ Garanta Asigurari S.A. ("Garanta"), based in Romania.

The Participant according to the decision No. 184/6/25.04.2016 of the CIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016, has received approval for using the reduction of the transitional measure on technical provisions. Furthermore, the Participant uses the transitional measure for the equity risk sub-module, for the type 1 equity that it maintained in its portfolio on 01.01.2016.

Ethniki Cyprus Life Insurance as of 01.01.2019 calculates its technical provisions using the risk free curve. Ethniki Cyprus Life Insurance holds 100% of the Ethniki Cyprus Non-Life Insurance, which uses the risk free curve as well.

Garanta calculates its technical provisions using the risk free curve.

BoG as Supervisory Authority, in accordance with Article 42 paragraph 3 of Greek Law 4364/2016, shall require modification or revision of the Group published reports or disclose of any additional information, as well as any other necessary actions needed to be taken by Management. The original Greek Report for the year ended 31 December 2021 has been approved by the Participant's BoD on 16 May 2022.

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Executive Summary

Set out below is the executive summary of the Group's Report, which includes key figures and information on the Business and Performance, System of Governance, Risk Profile, Valuation for solvency purposes, Capital Management, Change of shareholder composition of the Participant and its Future Prospects.

Key Figures

The following table depicts the key figures of the Group for the financial years 2021 and 2020:

Solvency II Key Figures	31.12.2021	31.12.2020
(€ in thousands)		
Group eligible own funds		
Tier 1	668.270	597.456
Tier 2	125.000	-
Tier 3	57.836	57.093
Total Group eligible own funds	**851.106**	**654.549**
Capital Requirement		
Group Solvency Capital Requirement (SCR)	408.086	401.979
Group Solvency Ratio[1]	209%	163%

As indicated in the above Table, as at 31.12.2021 , the Group's eligible own funds exceed both the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR").

For 2021, no dividend will be distributed by any of the Group's Companies.

Business and Performance

The Group is present in Greece through the Participant and in Cyprus and Romania through Ethniki Insurance (Cyprus) Ltd, Ethniki General Insurance (Cyprus) Ltd, Garanta Asigurari S.A. (collectively: "the related undertakings") and Ethniki Insurance Agents and Consultants Ltd.

In 2021, the Group maintained strong levels of profitability, remaining a financially sound and robust beacon of stability for its policyholders.

The financial results of 2021 confirmed the Group's positive performance which continued its impressive profitability with Profit before Tax ("PBT") of €90,4m in 2021FY (before Voluntary Exit Scheme for Employees (VES) cost of €21,2m), compared to €87,9m in 2020FY. Profit before Tax for 2021FY including the Voluntary Exit Scheme for Employees (VES) cost reached €69,1m. Total Premium Production of the Group for 2021 reached €733,5m (2020: €710,7m)[2] increased by 3,2% compared to 2020. The increase is mainly due to the successful sales of single and regular premium savings products, both for the new unit-linked products launched in 2021 and the guaranteed interest rate products whose sales were discontinued during 2021. The increase in production also benefited from higher sales of individual Health business. Out of total production

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

[2] Including GWP of €141,6m (2020: €182,7m) relating to contracts classified as Investment Products according to the provisions of International Financial Reporting Standards.

in 2021, an amount of €534,3m[2] is attributed to Life business (2020: €508,3m) and €199,2m is attributed to Non-Life business (2020: €202,4m).

The Group dealt efficiently with the challenges and risks that emerged by the Covid-19 outbreak, while maintaining robust levels of capital adequacy and remained able to provide insurance services to its policyholders effectively.

System of Corporate Governance

The Group has an effective Corporate Governance System which ensures sound and prudent management and promotes the Group's continuity, consistency and proper operation.

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

The System of Corporate Governance includes:

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

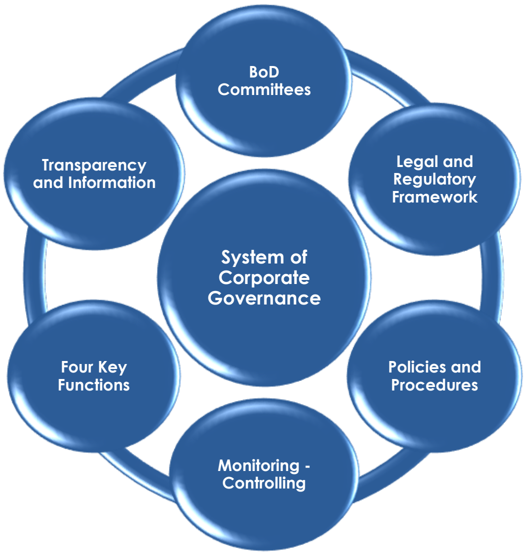


Diagram: Illustration of System of Governance

Risk Profile

The Participant and its related undertakings monitors its Risk Profile through coordinated procedures for the identification, evaluation, management and reporting of the risks undertaken with the involvement of all business units.

In this framework, the following risks have been identified and managed through the development of policies and respective procedures:

Business environment both in Greece and worldwide, was characterized by increased uncertainty in 2021, which is reinforced by Covid-19 pandemic and geopolitical instability. The ongoing pandemic has had an adverse impact on Greek & Global economy, causing uncertainty to the society and markets, as its duration and evolution cannot be determined.

The impact from the pandemic and the respective mitigating actions put pressure on the economy, as the majority of economic activity is contained, thus measures are taken by the government to support the sectors affected.

Under this regime, there is likelihood that the Greek economy, along with other vulnerable economies, is most affected by the pandemic and the restrictive measures if the pandemic persists, as well as with the increased geopolitical uncertainty, which is likely to be reflected in the credit spreads of both government and corporate bonds.

Despite the recent upward trends, the low interest rate environment that was observed in the previous period, is preserved and is likely to be preserved for a long period in order to boost economic development, putting pressure on the Participant's insurance portfolios and more specifically on the Life portfolios with high technical guaranteed rates.

The Group successfully participated in 2021 in a supervisory exercise to examine possible effects of the unstable business environment on its financial position and its liquidity and to examine actions to deal with extreme conditions. At the same time, it prepares for the revision of the regulatory framework regarding Solvency II, when it is finalized and takes measures for its adequate harmonization with the requirements of the regulatory framework.

Due to the current conditions in Greece and globally, the main strategic risks that affected the Group's activities are those stemming from the unstable financial and operating business environment (macroeconomic risks at European and Greek level), which is deteriorating due to the pandemic and its consequences, as well as geopolitical instability in Eastern Europe. At the same time, the Group closely monitors developments in the field of cyber security, where there is an increase in the complexity and frequency of cyber-attacks.

For the calculation of Group Solvency, the alternative method referred to in article 191 of Greek Law 4364/2016 is followed ("deduction and aggregation method") and is based on the following:

i. The use of transitional measures and volatility adjustment to the relevant risk free interest rate term structure for the Participant ("adjusted curve")
ii. The use of risk free curve for Ethniki Insurance (Cyprus) Ltd.
iii. The use of risk free curve for Ethniki General Insurance (Cyprus) Ltd.
iv. The use of risk free curve for Garanta Asigurari S.A.

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

The Group Solvency Capital Requirement as at 31.12.2021, with the use, by the Participant, of the adjusted curve and the transitional measures on technical provisions and on the equity risk sub-module ("transitional measures"), amounts to €408,1m as opposed to €402,0m as at 31.12.2020.

The solvency capital requirements of the Participant as well as of its related undertakings, as calculated for 31.12.2021 and 31.12.2020 are presented in the following tables:

A. Solvency Capital Requirements as at 31.12.2021

Solvency Capital Requirements (€ in thousands)	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Market Risk	221.251	4.826	2.402	2.538
Credit Risk	29.774	2.662	1.911	1.825
Insurance risk Life	116.785	5.622	-	382
Insurance risk Health	107.186	635	1.775	550
Insurance risk Non - Life	76.768	-	2.704	4.174
Diversification	*(192.179)*	(4.048)	(2.925)	*(2.760)*
Basic Solvency Capital Requirement ("BSCR")	**359.585**	**9.697**	**5.867**	**6.709**
Operational Risk	25.748	508	559	322
LAC	-	-	-	(582)

Solvency Capital Requirements	385.333	10.205	6.426	6.449

B. Solvency Capital Requirements as at 31.12.2020

Solvency Capital Requirements (€ in thousands)	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Market Risk	191.226	4.283	2.060	3.016
Credit Risk	24.393	2.659	1.921	1.897
Insurance risk Life	154.333	5.435	-	594
Insurance risk Health	104.394	564	1.803	516
Insurance risk Non - Life	80.105	-	2.798	4.157
Diversification	*(199.219)*	(3.813)	(2.852)	*(3.074)*
BSCR	**355.233**	**9.128**	**5.730**	**7.106**
Operational Risk	*24.721*	*479*	*564*	*298*
LAC	-	-	-	(956)
Solvency Capital Requirements	**379.954**	**9.607**	**6.294**	**6.448**

In the above tables where total SCR is presented, the amounts refer to each group entity in their totals. For the purpose of calculating Group SCR, they are multiplied by the share of the Participant in each affiliated company.

There was no material change to the Group's total risk profile, compared to the previous reporting period.

The Group has performed a sensitivity analysis, in order to estimate the effect of changes in risk factors on its own funds as at 31.12.2021. The sensitivity analysis was performed with:

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

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

Scenarios	Value	Change (amounts in € thousands): Own capital	Capital Adequacy ratio
Change in interest rates	0.50%	35.392	217%
Change in interest rates	-0.50%	-40.749	199%
Change in bonds credit spreads	50 bps	-113.586	181%
Change in bonds credit spreads	-50 bps	123.472	239%
Change in equity prices	25%	41.382	219%
Change in equity prices	-25%	-41.382	198%
Change in property values	25%	60.834	223%
Change in property values	-25%	-60.834	194%

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

Valuation for Solvency Purposes

Group undertakings measure assets and liabilities and calculate technical provisions in accordance with Chapter VI, section 1 and 2 of Greek Law 4364/2016 and Chapter VI, section 1 and 2 of Directive 2009/138/EC of the European Parliament and of the Council.

For assets and liabilities which are measured at fair value in accordance with International Financial Reporting Standards ("IFRS"), no further adjustments are performed. The remaining assets and liabilities, are adjusted to fair value. Technical provisions are measured in accordance with the valuation rules of technical provisions.

Compared to the previous reporting year, the Group did not make any changes or adjustments to the valuation methods used.

For the calculation of Group eligible own funds, Method 2 (alternative method) is applied, in accordance with article 233 of Directive 2009/138/EC of the European Parliament and of the Council (article 191 of Greek Law 4364/2016) and therefore a Solvency II balance sheet is not prepared for the Group. The BoG, with the decision No. 184/4/25.04.2016 of its CIC, approved the use of method 2 for the calculation of the Solvency capital requirement, effective from 01.01.2016.

Capital Management

Through capital management, the Group aims to optimize the balance between risk and return, while ensuring that its funds are adequate to cover capital requirements. In order to achieve this task, a Capital Management Policy has been developed, which is in line with the Group's risk appetite and strategy.

To effectively monitor the capital position of the Group are set out in the Policy, capital adequacy limits on the solvency ratio of the Group.

The Participant, with decision No 184/6/25.04.2016 of the CIC of BoG, has received an approval for using the transitional measure on technical provisions amounting to €238,3m, on which it applies a linear amortization for 16 years.

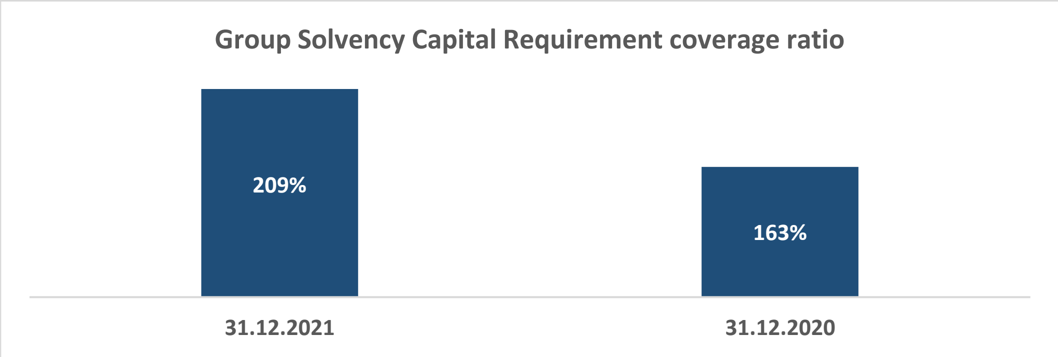
According to the decision No. 269/5/09.05.2018 of the CIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016, the transitional measure was set at €205,8m. The reduction of the technical provisions relates to the liability of the health legacy portfolio with a restriction on premium adjustment and is amortized linearly over a sixteen (16) year period. As at 31.12.2021 the unamortized value of the transitional measure on technical provisions amounting to €141,4m (i.e. 11/16 of the initial amount of the transitional measure of €205,8m) and for 2022 will amount to €128,6m (i.e. 10/16 of €205,8m).

The Group Solvency Capital Requirement ratio with the use, by the Participant, of the volatility adjustment on the relevant risk free interest rate term structure and transitional measures reached 209% at 31.12.2021, compared to 163% at 31.12.2020.

The Solvency Capital Requirement ratio without the use of the transitional measure for technical provisions but using the volatility adjustment and the transitional measure for the equity risk sub-module, by the Participant, amounts to 174% as at 31.12.2021 compared to 124% as at 31.12.2020.

The Group, as at 31.12.2021 exceeds the solvency capital requirement target set in its Capital's Management Policy. The total eligible own funds at Group level with the aggregation and deduction method amount to €851,1m as at 31.12.2021, and the Group solvency capital requirement stands at €408,1m.

Taking into account the above, the Group Solvency capital adequacy ratio reached 209%, with the use of transitional measures, increasing by 46 percentage points compared with last year's ratio.



The increase in the ratio is due to the increase of eligible own funds by €196,6m as at 31.12.2021, while capital requirements increased by €6,1m.

The increase of capital requirements is attributed mainly to the significant increase (by € 30,5m) of capital requirements for Market Risk, as well as smaller increases of Credit Risk (by € 5,3m) and and health insurance risk (by €2,9m)and was offset by the decrease of capital requirements for life insurance risk (by € 37,6m) and non-life insurance risk (by € 3,4m).

The increase of eligible own funds with the use of the transitional measures, by €196,6m, in 2021 compared to 2020, is mainly driven by:

- The issuance of subordinate loan of € 125m.
- The continuous profitability of the Group (€69,1m in 2021), as it happened in 2020.
- The decrease of technical provisions by € 107,9m due to the upward movement of the interest rate curve.

On 1 January 2021 the transitional measure on technical provisions was amortized by €12,9m.

Finally, according to Own Risk and Solvency Assessment Results that was carried out in 2021, the Solvency Capital Requirement Coverage Ratio for 2022 is expected to be increased compared to 2021 (with and without use of transitional measures). The ongoing pandemic, despite the availability of vaccines, as well as its impact, together with the increased inflation stemming from higher energy prices, help to maintain a fluid economic environment while preserving insecurity. The Group is constantly monitoring the developments and is taking precautionary measures to secure the health of its personnel, the insured and third parties that transact with the Group , and is also monitoring closely financial risks to secure its capital position.

Change of shareholder composition of the Participant

On March 31, 2022, National Bank of Greece (NBG) completed the divestment of 90.01% of the Participant's share capital to CVC Capital Partners 'Fund VII (" CVC "). The transaction includes the sale and transfer of all the shares of the Participant from NBG to the newly established subsidiary of CVC: Ethniki Holdings S.à.r.l, and the purchase by the NBG of 9.99% in the share capital of Ethniki Holdings S.à.r.l.

The above transfer followed the approval of the European Commission on February 25, 2022, as well as the supervisory authorities of the countries in which the Participant operates and its subsidiaries.

The Annual Ordinary General Meeting of the sole shareholder «Ethniki Holdings S.à.r.l.» of the Participant, elected on Thursday 14th of April 2022, a new Board of Directors, whose composition is presented in section 1.1.4 "BoD Members".

Outlook for 2022

The prospects for 2022 remains positive for the insurance market, which is expected to benefit from the accelerated economic recovery. The Company's interest is focused on the digital transformation and the adoption of technological innovations, while at the same time intensifying the actions for the preparation for the implementation of the new accounting standards IFRS 17 and IFRS 9 but also for the adoption of ESG criteria that will influence the choice of investment policy, the behavior for environmental protection, governance and risk management and finally the risk-taking policy with the issuance of new insurance products that will meet the criteria of sustainability.

The Group showed quick reflexes and differentiated its strategy with the outbreak of the pandemic, while at the same time they managed to maintain its growth dynamics based on long-term experience, a stable value system, a clear business policy and above all the tireless effort of their people.

The three-year business plan aims to the growth of the Group at a faster than the market, with consequent expansion of market share, achieving a strong and healthy capital base and helping to tackle climate change and build a sustainable future.

Looking to the future, the Group proceeds to achieve their strategic goals that are indicative:

- Increase operating profitability and maximize dividend yield
- Modernization of the product composition
- Retaining operating costs and enhancing capital adequacy
- Development of environmental awareness and integrity and targeting of ESG investments
- Investment in new technologies and strategic transformation

The Group has renewed its products, by offering more options to its policyholders in both Life and Non-Life. As of December 2020, the Participant offers in Greece a new regular premium product "Full Life Plan" linked to investments (Unit-Linked without guarantee), both through agency and through the bancassurance distribution channel, while from the first quarter of 2021 offers a corresponding single premium product "Full Capital Plan".

In addition, the promotion of "Full" health products with extremely competitive pricing and benefits continues dynamically in Greece, while at the same time significant additional coverages are redesigned and the contracts with hospitals are improved. In Fire, new "Full Home" products are offered with the aim of the most complete response to the current needs of the policyholders, while in Motor, products are designed using telematics technology. In terms of modernization of its processes, the application Robotic Process Automations (RPAs) brings significant improvement in the efficiency of claims management and the speed of service of policyholders, while new actions are already planned in the context of the Participant's digital transformation with emphasis on the modernization of the IT environment.

The primary, timeless and non-negotiable goal of the Group remains the immediate, complete and quality coverage of all the needs of the policyholders, along with ensuring the health and protection of its human resources and associates.

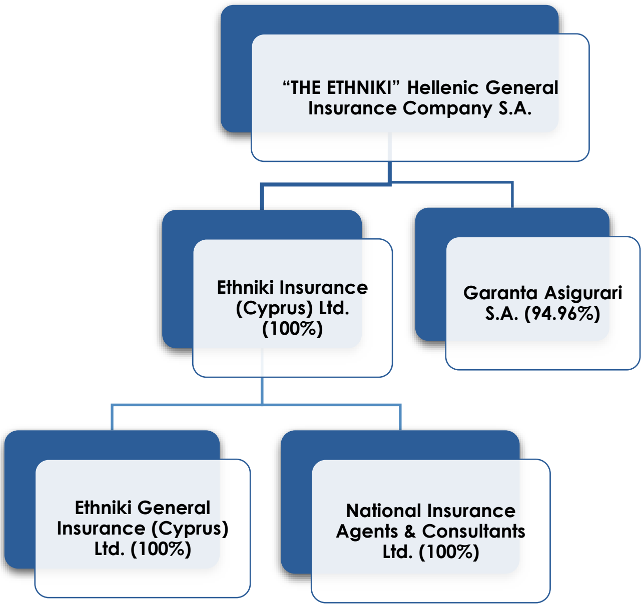
1. Business & Performance

1.1. Business

1.1.1. The Group

The Group consists of the Participant and its related undertakings.

The Group is mainly active in Greece while on 31.12.2021 has related insurance undertakings operating in Greece, Cyprus and Romania as depicted in the diagram below:



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

				31.12.2021
	Participant	**Ethniki Cyprus Life Insurance**	**Ethniki Cyprus Non-Life Insurance**	**Garanta**
Country of activity	Greece	Cyprus	Cyprus	Romania
Shareholding %	-	100%	100%	94.96%
Supervisory Authority	BoG	Insurance Companies Control Service (Cyprus)	Insurance Companies Control Service (Cyprus)	Autoritatea de Supraveghere Financiara

1.1.2. The Participant

The Participant is the oldest insurance Participant in Greece and conducts business continuously for over 130 years. It was established in 15 June 1891 and its headquarters are located at Syngrou Ave. 103-105, 11745, Athens (Reg. 12840/05/B/86/20), tel.: +30 210 90 99 000, website: www.ethniki-asfalistiki.gr. Pursuant to its Articles of Association, the purpose of the Participant is to carry out insurance, reinsurance and, in general, financial activities allowed for insurance companies under the applicable Greek and EU law, and operates in line with the provisions of Greek Law 4548/2018 "Overhaul Law on Société Anonyme Companies" as well as Greek Law 4364/2016 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency

II) and the provisions of the legal and regulatory framework governing its operation and activities. The Participant and its related undertakings (the "Group") offer a full range of retail and business insurance services. The Group is mainly active in Greece, while its subsidiaries are active in Romania and Cyprus. On 31.12.2021, the Participant was a subsidiary of National Bank of Greece (NBG), which held 100% of the Participant's shares. On March 31, 2022, the NBG completed the divestment of 90.01% of the Participant's share capital to CVC Capital Partners 'Fund VII (" CVC "). The transaction includes the sale and transfer of all the shares of the Participant from NBG to the newly established subsidiary of CVC: Ethniki Holdings S.à.r.l, and the purchase by the NBG of 9.99% in the share capital of Ethniki Holdings S.à.r.l.

The above transfer followed the approval of the European Commission on February 25, 2022, as well as the supervisory authorities of the countries in which the Participant operates and its subsidiaries.

The Participant conducts its business in Greece through 136 Sales Offices, 1.834 Insurance Agents and 1.185 Insurance Brokers. The network is supported by 11 branches located in Athens, Agrinio, Heraklion, Thessaloniki, Kavala, Corinth, Lamia, Larisa, Patras, Rhodes and Chania. Participant's products are also available via the extensive network of NBG Branches, as well as through direct selling.

1.1.3. Related Undertakings

Insurance Companies

Ethniki Insurance (Cyprus) Ltd.

Ethniki Insurance (Cyprus) ltd. offers a full range of Life insurance, as well as Non-life insurance in all lines of business. Its distribution network is supported by 7 branches and 2 Sales Offices, located in all major cities of Cyprus (Nicosia, Limassol, Larnaca, Paphos, Ammochostos), 120 Insurance Agents and 53 cooperating Insurance Brokers.

Garanta Asigurari S.A. (Romania)

GARANTA S.A. (Garanta Asigurari S.A.) carries out insurance and reinsurance activities and offers a full range of retail and business insurance services. The company conducts its business through 19 branches in the following Romanian cities: Bucharest, Bacau, Brasov, Cluj-Napoca, Craiova, Constanta, Deva, Iasi, Pitesti, Ploiesti, Oradea, Sibiu, Timisoara and Targoviste. Its distribution network includes 152 Insurance Brokers, 4 Insurance Agents, whereas its insurance products are also available via Bancassurance channel through Banca Romaneasca, Alpha Bank Romania and First Bank Romania.

Other Companies

The Participant on 31.12.2021 held a share in the following companies:

National Insurance Agents and Consultants Ltd

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

1.1.4. BoD Members

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

Participant's BoD

The Board of Directors of the Participant on 31.12.2021 consisted of the following members:

Christophoros B. Sardelis	Chairman, Non-executive member	
Panagiotis A. Dasmanoglou	Vice-Chairman A', Non-executive member	
Stavros St. Konstantas	CEO, Executive member	
Aggeliki I. Skandaliari	Deputy General Manager, Executive member	
Stavros E. Karagrigoriou	Deputy General Manager, Executive member	
Nikolaos E. Fragkos	Independent Non-executive member	
Nikolaos G. Milios	Independent Non-executive member	
Petros I. Lirintzis	Independent Non-executive member	
Vasileios G. Mastrokalos	Non-executive member	
Christina Th. Theofilidi	Non-executive member	
Christos D. Christodoulou	Non-executive member	from 23.04.2021

The Uninvited General Extraordinary General Meeting of Shareholders which took place on 22.4.2021, with No. 170/22.04.2021, decided that the Board will comprise of eleven members. The tenure of the aforementioned Board of Directors was set for one year, spanning from 22.04.2021 up to 22.04.2022.

It is noted that the Annual Ordinary General Meeting of the sole shareholder «Ethniki Holdings S.à.r.l.» of the Participant (14th of April 2022), elected a new Board of Directors, which comprises of the following persons:

Andrzej Piotr Klesyk	Chairman, Independent Non-executive member
Stavros St. Konstantas	CEO, Executive member
Tassos Anastasiou	Executive member
Stavros E. Karagrigoriou	Executive member
Stuart Jeffrey Davies	Independent Non-executive member
Vasileios G. Mastrokalos	Independent Non-executive member
Matthew George Alfred Bryant	Non-executive member
Alexandros Fotakidis	Non-executive member
Konstantinos Rokas	Non-executive member
Peter William James Rutland	Non-executive member
Christina Th. Theofilidi	Non-executive member

The BoD members' tenure will be for 3 years, lasting up to the 14th of April 2025.

Ethniki Cyprus Life & Non-Life Insurance's BoD

The Board of Directors of Ethniki Cyprus Life Insurance and Ethniki Cyprus Non-Life Insurance on 31.12.2021 consisted of the following members:

Stavros St. Konstantas	Chairman
Eleftherios Vasiliou	CEO
Stavros E. Karagrigoriou	Non-Executive Member
Aggeliki I. Skandaliari	Non-Executive Member
Christos D. Christodoulou	Non-Executive Member
Andreas Theofanous	Independent Non-Executive Member
Christoforos Loutsios	Independent Non-Executive Member

Garanta BoD

The Board of Directors of Garanta on 31.12.2021 consisted of the following members

Stavros St. Konstantas	Chairman	
Petru Rares	Vice-Chairman	
Theodoros Bardis	CEO	
Elena Petculescu	Member	
Ioannis Kougionas	Member	
Sotiris Sofopoulos	Member	
Paul Mitroi	Member	since 28.05.2020

1.1.5. Supervisory Authority & External Auditor

The Supervisory Authority for the Group is BoG located at Eleftheriou Venizelou, 21, Athens, tel.: +30 210 32 01 111, website: www.bankofgreece.gr.

External Auditor for the Group is Price Waterhouse Coopers SA ("PwC") located at Kifisias Avenue, 268, Halandri, tel.: +30 210 68 74 400, website: www.pwc.com/gr.

1.2. Insurance Activity Results

Group's Insurance activity results by line of business for 2021 and 2020 are presented in the following tables:

Group's Results 2021[4]	Life L.o.B.	Motor L.o.B.	Fire L.o.B	Other Non-Life L.o.B.	Total
(€ in thousands)					
Gross written premiums and related income	534.336	81.724	72.373	45.098	733.531
Gross earned premiums and related income	532.224	82.405	72.310	41.684	728.623
Less: Ceded premiums	(8.000)	(7.489)	(39.572)	(16.304)	(71.365)
Net earned premiums and related income	**524.224**	**74.916**	**32.738**	**25.380**	**657.258**
Investment income	82.153	9.087	2.907	1.526	95.673
Impairment of financial assets	(1.283)	(87)	(45)	(22)	(1.437)
Total Investment income	**80.870**	**9.000**	**2.862**	**1.504**	**94.236**
Other income	3.956	747	298	184	5.185
Insured claims	(340.214)	(33.445)	(6.429)	(7.562)	(387.650)
Earned commissions (net amount)	(60.802)	(12.365)	(3.004)	(5.347)	(81.518)
Change in mathematical Insurance provisions	(96.565)	-	-	-	(96.565)
General & Administrative Expenses	(54.159)	(26.199)	(10.163)	(10.072)	(100.593)
Profit / (Loss) before tax & VES	**57.310**	**12.654**	**16.302**	**4.087**	**90.353**
VES[4]					(21.236)

Profit before tax					69.117

Group's Results 2020[3]	Life L.o.B.	Motor L.o.B.	Fire L.o.B	Other Non-Life L.o.B.	Total
(€ in thousands)					
Gross written premiums and related income	508.260	84.519	79.012	38.899	710.690
Gross earned premiums and related income	507.564	84.505	78.433	37.018	707.520
Less: Ceded premiums	(5.582)	(7.376)	(40.448)	(16.337)	(69.743)
Net earned premiums and related income	**501.982**	**77.129**	**37.985**	**20.681**	**637.777**
Investment income	104.579	8.351	1.084	1.024	115.038
Impairment of financial assets	(9.093)	(740)	(413)	(181)	(10.427)
Total Investment income	**95.486**	**7.611**	**671**	**843**	**104.611**
Other income	5.685	653	280	313	6.931
Insured claims	(344.363)	(26.032)	(1.412)	(10.424)	(382.231)
Earned commissions (net amount)	(57.482)	(12.641)	(1.748)	(3.536)	(75.407)
Change in mathematical Insurance provisions	(100.754)	-	-	-	(100.754)
General & Administrative Expenses	(54.410)	(24.315)	(14.187)	(10.130)	(103.042)
Profit / (Loss) before tax	**46.144**	**22.405**	**21.589**	**(2.253)**	**87.885**

The Group presented high profitability for another year, with PBT in 2021 amounting to €90,4m (excluding VES Cost €21,2m) compared to €87,9m in 2020. The PBT for 2021 including VES Cost reached €69,1m. Total GWP for 2021 amounted to €733,5m (2020: €710,7m)[4], increased by 3,2% compared to 2020.

1.2.1. Life Insurance

The PBT of Life insurance amounted to €57,3m in 2021, compared to €46,1m in 2020. GWP increased by 5,1% compared to 2020, amounting to €534,3m[5] in 2021 compared to €508,3m in 2020.

1.2.2. Non-Life Insurance

The profitability of Non-Life business continued for 2021. The profit before tax amounted €33,1m in 2021, compared to €41,7m in 2020.

The PBT of the Motor insurance sector amounted to €12,7m in 2021 compared to €22,4m in 2020. Regarding the Fire and Loss of profit insurance sector the profit before tax amounted to €16,3m in 2021 compared to €21,6m in 2020. The PBT of the other Non-Life insurance sector amounted to profit €4,1m compared to losses €(2,3)m in 2020.

The GWP of Non-Life LoB (including premiums from reinsurance activities and policy fees) amounts to €199,2m in 2021 compared to €202,4m in 2020.

Technical result of Non-Life insurance LoB is further analyzed as follows:

[3] The amounts in the above tables do not include the reclassification of investment products, which is conducted within the framework of the preparation of financial statements for the Company and the Group for IFRS purposes.

[4] Including GWP €141,6m (2020: €182,7m) relating to contracts classified as investment products according to the provisions of International Financial Reporting Standards.

[5] Including GWP of investment products.

Technical result of Non-Life (€ in thousands)	31.12.2021	31.12.2020	Difference
Motor	29.106	38.456	(9.350)
Fire	23.305	34.825	(11.520)
Other Non-Life	12.471	6.721	5.750
Total Technical Result	**64.882**	**80.002**	**(15.120)**

1.3. Investment Income

Investment income of the Group (before impairment & before return to DAF contract holders) amounted to €95,7m in 2021, decreased by €19,4m compared to 2020. The decrease in investment income was mainly due to lower gains from bond sales in 2021, as in 2020 bond sales were increased to offset the negative effects of the increase of technical reserves, due to the reduction of risk-free curve.

The above results are summarized in the following table.

Investment Income *(€ in thousands)*	31.12.2021	31.12.2020	Difference
Listed equities	7.304	6.180	1.124
Bonds, Deposits & Loans	56.840	73.842	(17.002)
Mutual Funds (M/Fs)	13.020	14.367	(1.347)
Derivatives	(788)	191	(979)
Rental Income	3.830	3.891	(61)
Profit/(Losses) from holdings in related undertakings, including participations	-	-	-
Dividends	-	-	-
Unit-Linked valuation differences	15.467	16.566	(1.099)
Investment Income before impairment & before return on investments contracts	**95.673**	**115.037**	**(19.364)**
Return to DAF contract holders	(15.798)	(18.559)	2.761
Investment Income before impairment	**79.875**	**96.478**	**(16.603)**
Impairment	(1.437)	(10.427)	8.990
Investment Income	**78.438**	**86.051**	**(7.613)**

Movement of Available-for-Sale Reserve

The movement of the available for sale portfolio is presented in the table below (net of tax):

Movement of Available-for-Sale securities Reserve *(€ in thousands)*	31.12.2021	31.12.2020	Difference
Balance at the beginning of the period	**331.336**	**233.408**	**97.928**
Net gains/(losses) from changes in fair value	(72.390)	123.350	(195.740)
Net gains/(losses) transferred to the income statement	(25.397)	(34.252)	8.855
Impairment losses	1.340	8.828	(7.488)
Effect from change in tax rate	7.606	-	7.606
Other movements	(1)	2	(3)
Balance at the end of the period	**242.494**	**331.336**	**(88.842)**

Losses from changes in fair value are due to the increase in interest rates during 2021, but also due to the increase in the credit margin between Southern European bonds and the risk free rate.

1.4. Operating Expenses

The breakdown of the Group's operating expenses for 2021 and 2020 is provided in the table below:

(€ in thousands)	31.12.2021	31.12.2020	Difference
Personnel costs	(49.705)	(50.018)	313
Third party fees	(13.918)	(13.836)	(82)
Advertising and promotion	(3.262)	(2.752)	(510)
Taxes / duties	(1.571)	(1.821)	250
Depreciation & impairment of assets	(10.431)	(9.359)	(1.072)
Telecommunications-Postage	(5.524)	(5.493)	(31)
Rentals	(175)	(315)	140
Transport and travel expenses	(971)	(448)	(523)
Stationary	(551)	(499)	(52)
Repair and maintenance	(1.631)	(2.322)	691
Insurance cost	(480)	(478)	(2)
Provision for non-performing receivables	2.375	(689)	3.064
Provision for litigations	231	(604)	835
Obstetrics	(2.087)	(3.812)	1.725
Other expenses	(5.924)	(5.458)	(466)
Total general and administrative expenses	**(93.624)**	**(97.904)**	**4.280**
Total financial expenses	**(6.899)**	**(5.042)**	**(1.857)**
Other expenses	**(70)**	**(96)**	**26**
Total Operating expenses (before VES cost)	**(100.593)**	**(103.042)**	**2.449**
VES Cost	(21.236)		(21.236)
Total Operating expenses	**(121.829)**	**(103.042)**	**(18.787)**

Operating Expenses before VES amount to €100,6m in 2021 compared to €103,0m in 2020, decreased by €2,4m.

Operating Expenses include a cost of €21,2m relating to VES.

1.5. Other Information

1.5.1. Intragroup Transactions

(€ in thousands)								
	31.12.2021				31.12.2020			
Related Undertakings	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities	Income	Expenses
Ethniki Cyprus Life Insurance	-	20	-	5	-	15	2	-
Ethniki Cyprus Non-Life Insurance	2	-	24	2	1	-	21	2
Garanta	-	191	22	37	-	187	90	30
Total	**2**	**211**	**46**	**44**	**1**	**202**	**113**	**32**

Ethniki Cyprus Non-Life Insurance

Treaty Assumptions 2021 Related undertaking with the Participant

For the year 2021 there are no treaty assumptions agreed.

Treaty Assumptions 2020 Related undertaking with the Participant

For the year 2020 there are no treaty assumptions agreed.

1.5.2. Significant events

Voluntary Exit Scheme for personnel

The Board of Directors of the Participant approved, during the meeting no. 2305 / 29.12.2021, the program of Voluntary Exit Scheme (VES) which was announced on 31/12/2021.

Eligible to participate was all staff of the Participant in Greece, with a contract of indefinite employment as well as the salaried lawyers, given they have reached the age of 30, with at least 7 full years of service in the Participant.

The deadline for applications was set for February 4, 2022, with the final number of participants being 116 employees.

The total cost for the Participant from this action amounts to €21,2m and it is estimated that in addition to the reduction of operating expenses by €7,8m per year, it will further improve the Participant's competitiveness and create opportunities for development for existing staff.

1.5.3. Events after the reporting period

Change of shareholder composition of the Participant

On March 31, 2022, National Bank of Greece (NBG) completed the divestment of 90.01% of the Participant's share capital to CVC Capital Partners 'Fund VII (" CVC "). The transaction includes the sale and transfer of all the shares of the Participant from NBG to the newly established subsidiary of CVC: Ethniki Holdings S.à.r.l, and the purchase by the NBG of 9.99% in the share capital of Ethniki Holdings S.à.r.l.

The above transfer followed the approval of the European Commission on February 25, 2022, as well as the supervisory authorities of the countries in which the Participant operates and its subsidiaries.

The Annual Ordinary General Meeting of the sole shareholder «Ethniki Holdings S.à.r.l.» of the Participant, elected on Thursday 14th of April 2022, a new Board of Directors, whose composition is presented in section 1.1.4 "BoD Members".

1.5.4. Outlook for 2022

The prospects for 2022 remain positive for the insurance market, which is expected to benefit from the accelerated economic recovery. The companies' interest is focused on the digital transformation and the adoption of technological innovations, while at the same time intensifying the actions for the preparation for the implementation of the new accounting standards IFRS 17 and IFRS 9 but also for the adoption of ESG criteria that will influence the choice of investment policy, the behavior for environmental protection, governance and risk management and finally the risk-taking policy with the issuance of new insurance products that will meet the criteria of sustainability.

The Group showed quick reflexes and differentiated its strategy with the outbreak of the pandemic, while at the same time they managed to maintain its growth dynamics based on long-term experience, a stable value system, a clear business policy and above all the tireless effort of its people.

The three-year business plan aims at a faster growth rate for the Group than the market, with consequent expansion of market share, achieving a strong and healthy capital base and finally helping to tackle climate change and build a sustainable future.

Looking to the future, the Group proceed to achieve their strategic goals that are indicative:

- Increase operating profitability and maximize dividend yield
- Modernization of the product composition
- Retaining operating costs and enhancing capital adequacy
- Development of environmental awareness and integrity and targeting of ESG investments
- Investment in new technologies and strategic transformation

The Group has renewed its products, by offering more options to its policyholders in both the Life and Non-Life. As of December 2020, the Participant offers in Greece a new regular premium product "Full Life Plan" linked to investments (Unit-Linked without guarantee), both through agency and through the bancassurance distribution channel, while from the first quarter of 2021 offers a corresponding product of a single premium "Full Capital Plan".

In addition, the promotion of "Full" health products with extremely competitive pricing and benefits continues dynamically, while at the same time significant additional coverages are redesigned and the contracts with hospitals are improved. In Fire, new "Full Home" products are offered with the aim of the most complete response to the current needs of the insured, while in Motor, products are designed using telematics technology. In terms of modernization of its processes, the application Robotic Process Automations (RPAs) brings significant improvement in the efficiency of claims management and the speed of service of policyholders, while new actions are already planned in the context of the Participant's digital transformation with emphasis on modernization IT environment.

The primary, timeless and non-negotiable goal of the Group remains the immediate, complete and quality coverage of all the needs of the insured, along with ensuring health and protecting its human resources and associates.

2. System of Governance

2.1. General information about the System of Governance

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

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

The Corporate Governance Code defines:

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

Special reference is made to the eligibility criteria of the BoD members, namely the required qualifications and the conditions of independence of the BoD members, and the prevention and management of possible cases of conflict of interest and transactions of the latter with third parties.

Corporate Governance includes the following Policies and Codes, which are adopted and implemented at Group level:

1. Conflict of Interest Prevention Policy for the Participant's Senior Executives
2. Code of Conduct and Ethics
3. Fit and Proper Policy
4. Outsourcing Policy
5. Remuneration Policy

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

2.1.1. Main Duties of BoD

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

1. general responsibility for the operation, including the approval and supervision of its strategic objectives, corporate governance and corporate values,
2. approval of the strategic direction of the Participant and its related undertakings
3. ensuring the effectiveness of the Risk Management system on Group level,
4. ensuring that the composition, organization, Policies and Procedures of the BoD fully meet the legal and regulatory framework, governing the Participant and the international best practices of Corporate Governance
5. review and approval of the Report and quarterly results prior to their publication and active participation in ORSA, providing guidance and coordinating how it is conducted,

6. ensuring the effectiveness of the Participant's Internal Control System, including the financial audit of the Participant and its subsidiaries as well as ensuring the independence and effectiveness of the Participant's four key functions,
7. ensuring the efficient operation of the governance system, with a clear allocation and appropriate segregation of duties and an effective mechanism for the transmission of information,
8. approval, updating and supervision of the implementation of Corporate Governance Policies, which are implemented at Group level.

2.1.2. Responsibilities of BoD

BoD of each company of the Group exercises the management and represents it at all times and before all and is competent to decide on any matter concerning the operation of the Participant, except for those which, according to law or / and the Articles of Association of the Participant, fall within the exclusive competence of the General Meeting of Shareholders.

However, within its jurisdiction, the BoD has delegated all the responsibilities of its management and representative authority to the CEO, who binds each Company of the Group with only his signature, except for specific responsibilities. BoD of each Company of the Group, with the support of the Corporate Governance and Nominations Committee, approves and reviews on an annual basis the above delegation of responsibilities and powers.

2.1.3. Structure of the BoD

Participant's BoD consists of at least seven members, with a maximum of fifteen. At least two-thirds of the BoD are non-executive members.

The composition of BoD, on 31.12.2021, is analyzed in Chapter 1.1.4.

2.1.4. Committees of BoD

The Committees of BoD have defined responsibilities, allocated to them by the BoD. The Committees are supported by the Management and Executives of the Participant or / and external consultants with specialized knowledge on the issues under consideration. The Committees carry out assessments and audits and then make relevant suggestions to the BoD. They also supervise, on a case-by-case basis, the implementation of these decisions, thus facilitating the Participant to adapt quickly and effectively to the changes.

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

1. Audit Committee
2. Corporate Governance and Nominations Committee
3. Human Resources and Remuneration Committee
4. Risk Management Committee
5. Strategy Committee

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

The BoD of the related undertakings is supported by the following Committees: (a) Audit Committee, (b) Risk Management Committee, (c) Human Resources and Remuneration Committee and Corporate Governance.

The purpose, the required skills of the Members and the responsibilities of each Committee, in accordance with the approved Operating Regulations, are summarized as follows:

1. Audit Committee

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

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

2. Corporate Governance & Nominations Committee

The Committee supports the BoD of the Participant to ensure that its composition, structure, Policies, operation and procedures are fully in line with the legal and regulatory framework governing the Participant and advances the harmonization of corporate governance at NBG Group level, with international best practices.

The members of the Committee are appointed on the basis of their skills and experience in corporate governance issues.

The main responsibilities of the Committee are:

i. Reviewing Corporate Governance Policies and practices.
ii. Examining possible cases of conflict of interests of BoD members with those of the Participant.
iii. Coordinating the process for the selection of BoD members and the annual re-assessment of their suitability and appropriateness.
iv. Coordinating the process for the assessment of effectiveness of the work of the BoD and submitting relevant suggestions to the BoD.

3. Human Resources and Remuneration Committee (HRRC)

The Committee supports the BoD of the Participant in attracting, managing and developing staff of a high professional and ethical standard, developing a merit-based framework of objective evaluation and fair remuneration of executive performance, creating and maintaining a coherent system of values and incentives and ensuring the implementation of the Remuneration Policy on Group level.

The main duties of the Committee include:

i. Suggesting to the BoD for the regular review of the Remuneration Policy of the Participant and its related undertakings with special emphasis on the impacts and incentives created in the management of risk, capital and liquidity.

ii. Submitting proposals to the BoD regarding the total amount of the annual variable remuneration in the Participant and its related undertakings.
iii. (Re-)assessing and annually reviewing the remuneration of the Senior Executives.

4. Risk Management Committee

The Committee supports the BoD in the performance of its duties related to risk management for all the activities of the Participant and its related undertakings, which is in line with the framework of NBG Group and the regulatory framework.

More information for the Risk Management Committee can be found on Chapter 2.3.3.

Corresponding are the responsibilities of the Committees of the related undertakings, at company level, based on their Operating Regulations and according to the nature and complexity of their work.

5. Strategy Committee

The Committee supports the BoD of the Participant in the decision-making process on issues related to the Group's strategy and the support of the executive members of the BoD in shaping its strategic choices. It is also its responsibility to regularly supervise the implementation of the Participant's and Group's strategy.

2.1.5. Remuneration Policy & Practices

The Policy sets guidelines for the management and payment of remuneration and in particular of variable remuneration to the members of the BoD, other persons of the Management, persons exercising other key responsibilities (including the heads of the four key functions) as well as Executives whose professional activities have a significant impact on the Risk Profile undertaken by the Participant and each company of the Group.

Remuneration includes all forms of payments and benefits, fixed and variable payment by Group companies on behalf of the Participant and vice versa. Remuneration is expressed in monetary value or not.

Variable remuneration means additional payments or benefits, which are paid at irregular intervals and do not have a fixed character. However, indicatively and not restrictively, variable remuneration includes any benefits, related to staff performance and incentives for taking risks.

The general principles of the Policy are the following:

i. remuneration is established, implemented and maintained in accordance with the Participant's business and risk management strategy, its Risk Profile, objectives, risk management practices and its long-term interests and performance as a whole and includes measures aiming at avoiding conflicts of interest,
ii. remuneration is primarily comprised of fixed components and is balanced to the appropriate ratio between fixed and variable components,
iii. the allocation of the components of variable remuneration to staff members shall take into account the full range of existing and future risks,
iv. Variable remuneration shall only be paid if it is acceptable based on the overall financial standing of the Participant and / or the companies of the Group and is justified based on the performance of the business Unit involved and the staff member concerned,
v. the total of variable remuneration should not limit the ability of the Participant and / or the companies of the Group to strengthen their capital base,

vi. any deficiencies or failures regarding issues of non-compliance of a staff member with the procedures and Policies of the Participant, cannot be offset by the achievement of the objectives.

The non-executive members of the BoD of the Participant receive only fixed remuneration in order to avoid conflicts of interest. However, in case the use of variable remuneration is deemed necessary, it should not be related to the short-term results of the Participant and each Participant of the Group and should be strictly adapted to the relevant responsibilities of the above individuals.

The Participant did not pay any variable remuneration during year 2021, that would be eligible for Remuneration Policy definition and which would be linked with the employees' performance.

2.1.6. Related party disclosures

(€ in thousands)	31.12.2021				31.12.2020			
	Receivables	**Liabilities**	**Income**	**Expenses**	**Receivables**	**Liabilities**	**Income**	**Expenses**
NBG								
-Time deposits	4.000	-	15	-	13.000	-	249	-
-Sight deposits	20.718	0	0	0	8.386	-	-	-
-Insurance services	327.684	4.453	4.699	14.144	329.460	4.045	4.289	13.699
-Other transactions	508	173.765	0	6.208	533	47.318	541	4.521
NBG Group Associates	2.938	6.241	1.867	929	3.939	6.192	2.160	955
Total	**355.848**	**184.459**	**6.581**	**21.281**	**355.318**	**57.555**	**7.239**	**19.175**

All the transactions with related parties were conducted under the light of the usual business framework, and with the same terms with those provided to third parties.

The Group maintain deposits in NBG and NBG Cyprus Ltd. of €6,1m and €2,3m respectively, linked to insurance products of the Group (2020: €5,7m and €5,1m respectively).

Moreover the Group owns investments in customized NBG deposit products, linked to investment products of the Group amounting to €327,4m as at 31.12.2021 (2020: €329,0m). The above balance included under the "Insurance services", which also includes uncollected premium receivables from other insurance activities. More specifically, the Participant has established an internal variable fund (IVF) named "Efapax Ethnikis", in order to back the respective group life insurance contracts, as well as to individual life insurance contracts. The entire IVF is placed on a customized time deposit product in NBG. The distribution of this product has been discontinued.

The Participant has capitalized a total amount of €1,0m (2020: €1,8m) relating to transactions with NBG.

The Participant has issued (i) subordinated debt loan of infinite duration amounting to €50m, which included under line item "Other transactions", out of which €45m with NBG and €5m with NBG Bank Malta, a 100% subsidiary of NBG and (ii) subordinated debt loan of €125m with NBG. The loan of €50m meets the criteria for recognition under Tier 1 of own funds, whereas the loan of €125m meets the criteria for recognition under Tier 2 of own funds.

The Participant manages DAF contracts for the employees of the NBG Group amounting to €4,0m as at 31.12.2021 (2020: €3,4m).

Transactions with the BoD members and the Management

All transactions with the related parties were conducted under the light of the usual business framework, and with the same terms with those provided to third parties or those agreed in employment contracts.

The Group and the Participant, in the ordinary course of business, have entered into transactions with the BoD members, the General Managers and the Deputy General Managers, as well as with their immediate family or entities controlled or jointly controlled by those persons. The composition of the Participant's BoD is presented under Chapter 1.1.2.

Specifically, as at 31.12.2021, receivables and liabilities amounted to €4th. and €464th. respectively (2020: €4th. and €395th.), while in 2021 premiums and claims amounted to €30th. and €75th. respectively (2020: €42th. and €27th.).

Total compensation in 2021 amounted to €1.847th. (2020: €2.033th.), including short-term benefits of €1.815th. (2020: €2.001th.) and post-retirement benefits of €32th. (2020: €32th.). Provision for compensation in case of retirement amounted to €114th. (2020: €117th.).

The Group has not provided or received any guarantees or any sort commitments, with respect to related party transactions.

As at 31.12.2021, as well as at 31.12.2020, the Group has not established any provision for non-performing receivables, relating to amounts due from related parties, as the credit risk of such a risk is considered limited.

2.2. Fit & Proper requirements

Fit & Proper Policy aims at acquiring and retaining competent persons who will ensure the exercise of sound and efficient management for the benefit of the Participant and all interested parties. The Policy covers the members of the BoD, the General / Deputy General Managers and the heads of the four key functions.

This Policy, inter alia, defines:

1. the suitability and appropriateness criteria of the above Persons,
2. the main points of the procedure of assessing the suitability and appropriateness of these persons, both at their appointment and on a periodic basis,
3. the cases in which the fulfillment of the suitability and appropriateness criteria is reviewed, on an ad hoc basis,
4. the Participant's Bodies that are responsible for the implementation of the relevant procedures.

2.2.1. Suitability and appropriateness criteria

The suitability and appropriateness criteria concern the following:

1. adequate knowledge, professional training and competence, working experience, skills and any other qualifications deemed necessary for the assessment of suitability (fit). The BoD members should have, collectively, appropriate professional qualifications, experience and knowledge of insurance and financial markets, business strategy, governance system, financial and actuarial analysis and regulatory requirements in order to be able to supervise all operations of the Participant,

2. honesty, integrity, financial soundness, in accordance with the specific provisions of the Solvency II framework and any other qualifications deemed necessary for the assessment of appropriateness (proper), such as absence of conflicts of interest / pending legal proceedings for criminal offenses / removal of candidates from previous positions etc.

2.2.2. Procedures for assessing Suitability & Appropriateness

Assessments procedures include:

1. collection of the required supporting documents,
2. preparation of Assessment Reports,
3. proposal to the competent Bodies for the suitability and appropriateness of the candidates, based on the criteria defined in the Fit and Proper Policy and the related Policies of the Participant, such as the Policy for Prevention of Conflict of Interest and
4. final decision for the selection and assignment of the Person who is selected based on the abovementioned processes.

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

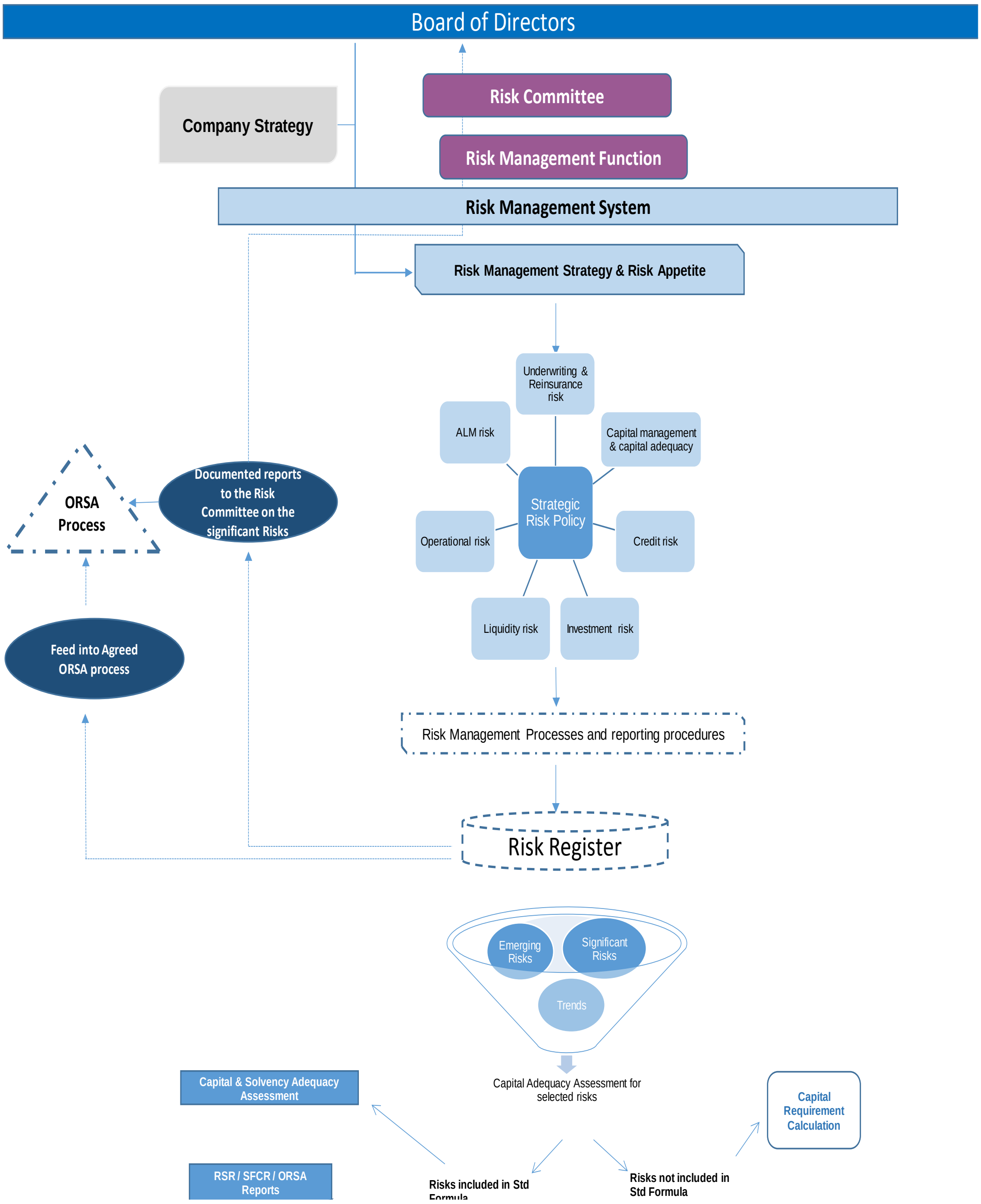
2.3. Risk Management System, including the Own Risk & Solvency Assessment

The Group, acknowledging its exposure to risks and the need for their effective management, has developed a risk management system which is supported by a suitable operational framework, in order to avoid and/or reduce any potential loss. The risk management system is aligned with the regulatory requirements as well as with the relative guidelines of the NBG Group.

The system and the risk governance framework are briefly presented below.

2.3.1. Description of the Risk Management System

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



The risk management system is summarized in the following:

1. the Group's risk management system is mainly supported by:
   i. the BoDs of the Participant and of its related undertakings;
   ii. the Board Risk Committees of the Participant and of its related undertakings; where applicable;
   iii. the Risk Management Division of the Participant,
   iv. the Risk Management executives of the related undertakings.
2. The BoD defines the risk appetite as well as the total risk tolerance levels and approves the Group's risk management strategy and the Participant's risk management policies.

3. The BoDs of the related undertakings define the risk appetite as well as the total risk tolerance levels and approve the risk management strategy and the risk management policies of each company.
4. The Participant's Board Risk Committee supervises and provides guidance in order to ensure the effective implementation of the Group's risk management system.
5. The risk management function of each company evaluates and ensures the design adequacy and the effective operation of the risk management system. It monitors the risks undertaken in relation to the risk appetite and submits relevant reports to the Board Risk Committee or/ and to the BoD.
6. The risk management strategy sets out the objectives, principles, total risk appetite and the roles of those involved in the system.
7. The specific objectives and the risk tolerance levels are defined in the risk management policies and are in line with the risk appetite. The methods and responsibilities of those involved in risk management are prescribed in the policies.
8. The approved risk management strategy and the risk management policies of the Participant are forwarded to its related undertakings in order to be adopted, after being adjusted in the special risk profile of each company,
9. The risk management and reporting procedures, as derived by the relevant policies, are incorporated in the group's procedures and in decision making. Through reporting procedure, the level of the undertaken risk of each company is monitored,
10. The identification, the evaluation, the management and the monitoring of risks are accomplished through the creation and the regular update of a Risk Register with the participation of all the involved parties in the risk management.
11. The Risk Register supports the ORSA procedure through the identification and the evaluation of significant risks, existing and emerging, and is updated through this procedure.

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

1. The approved by the BoD risk management strategy,
2. The approved by the BoD risk management policies

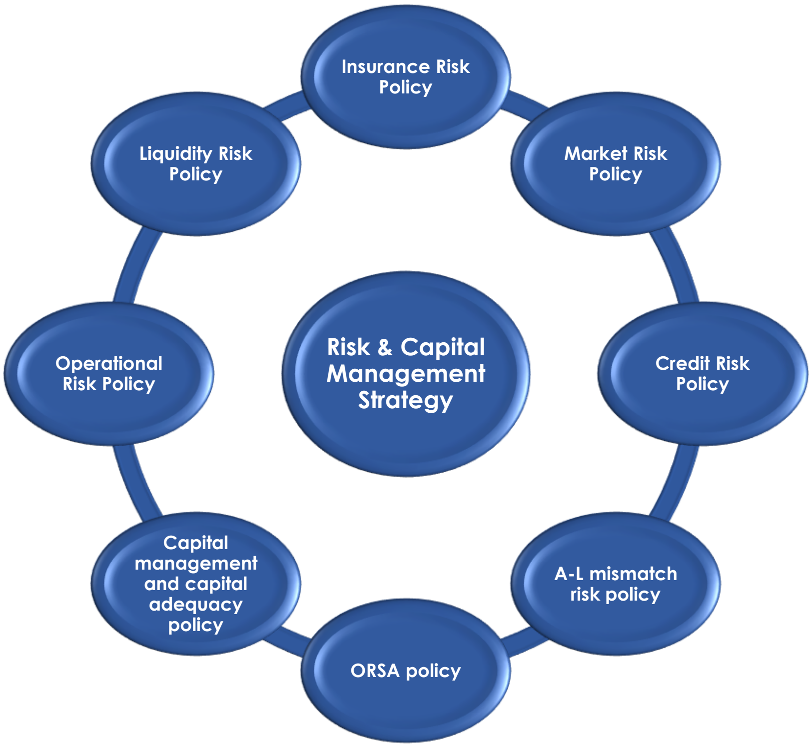
Along with the appropriate "risk culture".

«Risk Culture»

"Risk culture" is defined as the set of behaviors of individual members and groups in an Organization, which determine the collective ability to identify, understand, discuss openly and act effectively to manage existing and future risks. The risk culture influences the decisions of the Management and the personnel in the daily business activities and in the undertaking of risks.

2.3.2. Strategy and Risk Management Policies

The risk management strategy expresses the Group's position regarding the risks it deals with and will possibly deal with in the future, and describes the risk appetite, as well as the framework of undertaking and effective management of risks. The strategy is the basis for the development of risk management policies for the individual risk categories. The risk management policies specify the risk tolerance levels, which are set in the risk management strategy, the roles of those involved in the management of the risks and the risk management procedures. The risk management policies are presented in the diagram below.



The risk management policies are the bases for the development of effective procedures for the identification, evaluation, management, monitoring and reporting of risks. At the same time the strategy, the policies and the risk management procedures aim at formulating the appropriate "risk culture" in the Group.

Risk Management Strategy & Risk Appetite

Risk appetite, as reflected in the risk management strategy and in the risk appetite framework, represents the level of risks that the Group is willing to undertake, in order to implement its strategic planning. The Group has specified in both, the risk management strategy and the risk appetite framework its risk appetite, setting limits of capital adequacy and specifying actions that it may take in order for the Solvency ratio to reach the desired target. The desired limit and related actions are described in the Capital Management and Capital Adequacy Policy.

Risk appetite is expressed in the risk management strategy in general, in quantitative and qualitative terms, as follows:

Risk appetite in quantitative terms

The risk appetite represents the loss absorpsion capacity, arising from overall level of risk undertaken, beyond which the Solvency and liquidity of the Participant is set at Risk.

Risk appetite is the ultimate limit that the Group does not intend to reach and corresponds to a Solvency II ratio of 100% at Group level and 110% at Participant level.

The Group wishes to remain supervisory solvent (capital adequacy ratio: 100%) **after** the occurence of an event that may occur once in 10 years.

Risk appetite in qualitative terms

The Group's ability to achieve its strategic goals will not undergo substanctial adverse change.

The reputation as well as the brandname of the Group will be protected. Therefore, the Group will not engange in activities that may jeopardize in whole or in part, its reputation.

The Group will comply on an ongoing basis with its regulatory operating framework.

The risk management function will be incorporated in all business decisions of the Participant, with the existence of appropriate risk awareness at all levels of its operation.

Risk reports

The Management of the Participant receives regular, and whenever necessary ad-hoc, information about the type and the level of the risks undertaken. The level of the risks undertaken in relation to the set limits is being monitored and relevant reports are submitted to the Board Risk Committee and through it to the BoD.

The regular reporting is performed quarterly. At the same time, the BoD is informed and involved whenever necessary, in risk management issues which are discussed in the Board Risk Committee and in the Asset – Liability Committee ("ALCO"), as well as about the ORSA results.

2.3.3. Operational Framework – Risk Governance Framework

The risk management function is organized based on the adopted governance model of the "3 lines of defense", which is described below.

The risk management activities that are exercised by the Units of the 1st line of defense, are monitored by the Board Risk Committee, which has been established by the BoD, with the support of Units in the 2nd line of defense, primarily of the Risk Management Unit, as well as the contribution of the ALCO.

The risk governance framework is completed by the Internal Audit Unit (3rd line of defense). which acts as an independent unit aiming at ensuring compliance with the risk management framework and the effectiveness of the risk management framework and of the control environment and directly reports to the BoD through the Audit Committee.

The risk governance model is briefly the following:

1. **1st line of defense** – the 1st line consists of the Units that undertake risks (operating units) which are responsible for the evaluation and the reduction of risks for a given level of expected return.

2. **2nd line of defense** – the 2nd line consists of those Units that support the Management in risk management. Especially the Risk Management Unit identifies, monitors, controls and evaluates risks, coordinates and supports the risk-taking Units and ensures the availability of suitable methodologies and risk management tools. It reports to the authorized competent bodies of the Participant and proposes risk mitigation measures with the assistance of local and specialized Units of the risk management framework.
3. **3rd line of defense** – the 3rd line consists of the Internal Audit Unit which is responsible for the independent evaluation of the level of compliance with the current risk management framework and the evaluation of its effectiveness.

The governance model of the "3 lines of defense" is adopted by the Participant and the related undertakings of the Group, adapted to the size, the complexity and the nature of the activities of each company.

Board of Directors

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

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

Board Risk Committee (BRC)

The Board Risk Committee supports the BoD tasks and aims at the establishment, preservation, periodical evaluation and improvement of a risk management framework which will cover Group's entire business.

More specific targets of the Committee are:

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

Asset – Liability Committee («ALCO»)

The objective of the ALCO is the design and implementation of the strategy and policy regarding the management of the assets and liabilities, taking into account current market conditions and the defined risk limits. The Committee is the body where issues regarding the management of assets, liabilities and capital requirements are discussed.

Risk Management Function

The Risk Management Function, in cooperation with the "1st line of defence" Units and with the assistance of other supportive or specialized Units, monitors compliance with the risk management framework. The Participant's Risk Management Division, in cooperation with the risk management executives of the related undertakings, has the responsibility for the operation of Risk Management in the Group.

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

The Risk Management Unit's responsibilities include:

1. the specification, in cooperation with the competent operating Units, of the Group's risk tolerance limits and in cooperation with the risk management executives of the Group's related undertakings for their respective limits,
2. ensuring the existence of written policies for the implementation of the risk management strategy,
3. the definition of early warning criteria for the individual, as well as for the total portfolio,
4. the monitoring of the risk profile and exposure levels against the set risk limits. The reporting of deviations from the set limits to the Board Risk Committee and the proposal of corrective action for the restoration of the risks undertaken within the acceptable limits,
5. the periodical evaluation of the adequacy of the methods and systems used for the identification, measurement and monitoring of risks and the proposal of corrective action, if necessary,
6. the estimation of the capital requirement and the participation in the development of evaluation methodologies,
7. the coordination of the regular and non-regular ORSA,
8. the coordination and the performance of stress tests.

The Risk Management Unit submits:

1. quarterly reports regarding the identification, evaluation, management and monitoring of risks,
2. ad-hoc reports, if considered necessary, for issues such as deviations from the set risk tolerance limits, adequacy of the methods and systems for the identification, measurement and risk monitoring etc.
3. reports regarding the regular and non-regular ORSA,
4. reports to the Board Risk Committee regarding the results of the stress tests that were conducted or coordinated by it and proposal of suitable risk management policies that to address such results,
5. annual report to the CEO and the Board Risk Committee regarding the Risk Management Unit's activities.

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

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

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

The Board Risk Committee coordinates the procedure and provides guidance to the Units involved in the ORSA procedure, supported mainly by the Risk Management Unit and the Executive Committee. The implementation of any corrective action that resulted from the ORSA procedure is monitored by the Board Risk Committee with the support of the Executive Committee.

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

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

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

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

2.4. Internal Control System

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

2.4.1. Description of Internal Control System

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

1. configuration and approval by the BoD of a 5-year Business Plan, on an annual basis,
2. clear and detailed allocation of responsibilities to Executives and Staff,
3. detailed recording of Job Descriptions,
4. recording and posting on the website of the Participant procedures for the work carried out by each business Unit of the Participant and its related undertakings,

5. establishment and documentation of controls, the implementation of which ensures, to the extent possible, compliance with the recorded procedures. Such controls include:
    i. ensuring that at least two people are involved in each activity (four eyes principle),
    ii. effective segregation of duties to avoid cases of incompatible roles, conflict of interest, etc.,
6. consulting involvement of key functions in critical activities,
7. carrying out audits to confirm that access is granted only to authorized persons,
8. carrying out regular and extraordinary audits by the Internal Audit and Regulatory Compliance Units of the Participant and its related undertakings to determine the degree of implementation of rules and procedures.

2.4.2. Description of Regulatory Compliance Function

Regulatory Compliance Function is an administratively independent function. Employees and Executives of the Participant who are part of the Regulatory Compliance & Corporate Governance Division, provide services only to this Division to prevent conflicts of interest.

The head of the Participant's Regulatory Compliance & Corporate Governance Division:

1. is responsible for the supervision and coordination of the Regulatory Compliance Function of the Participant and its related undertakings,
2. reports administratively to the CEO and through the Audit Committee to the BoD of the Participant,
3. has access to all documents and files of the Group.

Priority of the Regulatory Compliance & Corporate Governance Division of the Group is the timely prevention and deterrence of risks related to potential violation of the current legislative and regulatory framework, the Corporate Governance framework and the Codes of Ethics, in order to ensure the Participant's and the Group's good reputation and credibility towards its customers / traders, the Supervisory Authorities and the NBG, through the following:

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

The responsibilities of the Regulatory Compliance & Corporate Governance Division of the Group include:

1. identification and assessment of the regulatory compliance risk,
2. establishment and implementation of appropriate procedures to timely achieve the full and continuous compliance of the Participant with the current regulatory framework,
3. dealing with any kind of implications resulting from the Participant's failure to comply with the current regulatory framework and the codes of ethics,
4. conducting sample checks to prevent any violations of the provisions of the respective institutional framework,
5. communication and representation of the Participant in the Supervisory and other Authorities,
6. control to prevent conflicts of interest by locating their sources and implementing effective procedures to prevent them,
7. supervision and coordination of every activity related to the Participant's obligations regarding the prevention of money laundering and financing of terrorism,
8. shaping a regulatory compliance culture in the Participant's staff as a model of corporate behaviour and a measure to strengthen corporate identity.

The Regulatory Compliance & Corporate Governance Division submits:

1. annual Report to the BoD and the Supervisory Authority, which includes a review of activities of the previous year, a schedule of activities for the current year and general issues of identification and management of the Participant's regulatory risk, including the method and results of regulatory risk assessment, actions of the Participant and the Regulatory Compliance Unit to manage the risk,
2. report to the competent committees of the BoD regarding the results of the regulatory risk assessment,
3. extraordinary reports, whenever significant issues arise.

2.5. Internal Audit Function

The Internal Audit Function is an independent, objective assurance and consulting activity, designed to constitute the 3rd line of defense in the Group. It is the responsibility of the Group's Internal Audit Division ("IAD") to perform the Internal Audit function, by systematically evaluating the adequacy and effectiveness of the Participant's internal control processes, risk management and corporate governance. IAD assists the Participant in improving its operations and in accomplishing its strategic objectives.

IAD, as an administrative division, according to its Charter:

1. is independent of the audited activities and not involved in the design, selection, implementation or operation of specific internal control measures.
2. performs its assignments on its own initiative, in an unbiased manner, in all areas and activities of the Participant. Its independence is not impaired when, following respective senior management's request, on risk management and / or internal control, since it does not assume management responsibility. However, its independence is not impaired when, following respective senior management's request, IAD provides advisory services on matters of risk management and/or internal control, since it does not assume management responsibility.
3. is staffed by personnel that is:
    i. exclusively, full-time employed, without any executive or operational duties or management duties relating to any other activity of the Participant,
    ii. assigned or relieved of its duties upon Participant's Board of Directors, decision, after relevant proposal by the Head of IAD and after informing the Audit Committee on the aforementioned issue.

Head of IAD:

1. is assigned or relieved of its duties by the Participant's Board of Directors, after relevant proposal by the Audit Committee, in cooperation with the Chief Executive Officer,
2. reports functionally, through the Audit Committee, to the Participant's Board of Directors and administratively, directly to the Participant's Chief Executive Officer,
3. is not authorized to:
    i. perform any duties related to the Participant's operation and activities,
    ii. execute or approve accounting entries,
    iii. direct the activities of any Participant employee, not employed by the Internal Audit Function, with the exception of the employees who have been assigned to him or to audit teams or to assist the Internal Audit Function of the Participant.

In order to provide independent and objective information to the Participant's Management and Board of Directors, IAD is responsible for:

1. communicating the audit results to Heads of the audited units and to the competent bodies within the Participant, through audit reports that include findings, applicable recommendations and the timeframe for Management's corrective action plans,
2. reporting to the Board of Directors through the Audit Committee, at least quarterly or when required by the Audit Committee, on:
    i. the execution of the Annual Audit Plan, which is based on a risk assessment methodology,
    ii. the main findings and recommendations of the audits and special/fraud investigations and
    iii. significant audit issues that have not been remediated. When required and upon approval by the Chief Audit Executive, extracts from the reports are forwarded to the relevant Participant Executives and competent bodies.
3. submitting to the Audit Committee, on an annual basis, a status report regarding the activities of the Participant's Internal Audit Function, along with a risk-based Annual Audit Plan,
4. submitting to the Board of Directors through the Audit Committee, on an annual basis, a report regarding the adequacy and effectiveness of the System of Internal Control across the Participant,
5. submitting other periodic reports to the Audit Committee, Board of Directors, other competent bodies of the Participant and to national, European or other relevant supervisory authorities, as appropriate, and according to the respective regulatory framework requirements.

Participant's IAD abides by the provisions of the International Professional Practices Framework (IPPF) for the Professional Practice of Internal Auditing of Institute of Internal Auditors (IIA) and the IIA's Code of Ethics. Furthermore, it takes into consideration and deploys as applicable the IIA's recommended Guidance which includes Implementation and Supplementary Guidance, international internal audit best practices published by world leading Institutions and/or Supervisory Authorities.

2.6. Actuarial Function

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

The Actuarial Function is responsible for:

1. Coordinating the calculation of technical provisions.
2. Assesses whether the methodologies and assumptions used in the calculation of the technical provisions are suitable for the specific lines of business of the undertaking and for the way the business is managed, taking into account all available data.
3. Assesses whether the Information Technology Systems used in the calculation of technical provisions sufficiently support the Actuarial and statistical procedures.
4. Assesses the efficiency, the quality and consistency of internal and external data used in the calculation of technical provisions and addresses recommendations for the improvement of internal procedures of the Participant regarding the afore mentioned characteristics.
5. Compares the best estimated technical provisions against experience, and reviews the quality of past best estimates and uses the insights gained from this assessment to improve the quality of current calculations.
6. Updates the BoD of the Participant and the Supervisory Authority for the reliability and adequacy on the calculation of technical provisions.
7. Provides an opinion on the overall insurance or re-insurance underwriting policy.

8. Provides an opinion on the suitability of reinsurance treaties of the Participant.
9. Participates in the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements (SCR and MCR) and the assessment of this model.
10. Contributes to the development of the IT application for the calculation of total capital requirements and to the generation of all required information used for public disclosure in the solvency and financial condition report.

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

2.7. Outsourcing

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

The Group applies an Outsourcing Policy, in line with the Solvency II framework and the corresponding framework of NBG Group, in order to determine outsourcing of its critical or important functions to service providers.

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

While assigning critical or important functions to third parties, the Group sets as a priority the selection of reliable and specialized in the outsourcing activity providers and the establishment of a secure regulatory environment governing the relevant business relationships.

For this reason and in the context of the aforementioned Policy, procedures have been established so that before making the outsourcing decisions, but also during the relevant business relationships, the factors that could cause a significant decrease in the quality of the system of governance or unduly increase the operational risk of the Participant or undermine continuous and satisfactory service to its policyholders are taken into consideration. In particular, the Policy defines:

1. the meaning of critical or important operational function,

2. the responsibilities of the Bodies involved in its implementation,

3. the General Principles of outsourcing,

4. the basic steps of the outsourcing procedure, which include the conduct of a feasibility study and the approval by the BoD,

5. the conditions of cooperation with service providers, which indicatively include experience, qualifications, licenses required by the regulatory framework for the performance of work etc.,

6. the signing of a contract between the Participant and the service provider, which precisely regulates the rights and obligations of both parties,

7. the procedures for monitoring and managing risks that may arise from outsourcing during the relevant business relationships.

The following is a list of critical functions outsourced by the Participant to third parties and the country of jurisdiction of the latter.

Service Provider	Provided Service	Country of jurisdiction
National Bank of Greece S.A. (NBG)	Disaster Recovery Plan	Greece
AWP P&C S.A. (Mondial Assistance)	Road – Travel – Medical Assistance	France
AXA France (Greek branch) **- Credit & Lifestyle Protection.**	Payment Protection insurance for loans (NBG) (claims handling)	France

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

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

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

Ethniki Insurance (Cyprus) Ltd has not outsourced critical or important functions.

2.8. Other information

There is no other important information to be mentioned about the Group's Governance System.

3. Risk Profile

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

The Participant and its related undertakings monitor their Risk Profile through coordinated procedures for the identification, evaluation, management and reporting of the risks undertaken with the involvement of all business units.

In this regard, the Participant recognizes the following risks, which it manages through the development and implementation of risk management policies and procedures:

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

The techniques as well as the risk mitigation processes, are described in the various risk management policies. The Group indicatively:

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

Significant Risks

The main strategic risks that affect the activities of the Group are the risks arising from the unstable financial and business environment in which it operates (macroeconomic risks at European and

Greek level), which is worsened by the pandemic and its consequences, as well as geopolitical developments

The Group constantly evaluates these developments and takes measures, both to safeguard the health of the personnel, the insured and other associates, as well as to ensure its solvency position. However, the real impact of the above on the Economy and the Group cannot be accurately assessed. The crisis may affect the Group's investment portfolio and its insurance activities.

Finally, the increase in the complexity and frequency of cyber attacks has been assessed as a significant risk for the Group. The Group closely monitors developments in the field of cyber security and takes measures to shield itself against cybercrime, which has intensified due to the conditions created by the pandemic and the increase it has brought to remote working and electronic transactions.

Developments in the Business & Regulatory Environment

Business Environment

The business environment, both in Greece and worldwide, is characterized by increased uncertainty which is intensified by the COVID-19 pandemic and the geopolitical instability. In order to limit the spread of Covid-19, the authorities imposed a number of restrictive measures such as prohibitions and restrictions on travel and movement and restrictions on business activities, including suspension of activities, which led to a global economic slowdown.

The rapid increase in market volatility due to the Covid-19 pandemic initially prompted investors to seek safe haven in highly credit rated bonds, leading to a fall in the risk-free interest rate curve and a rise of government and corporate bond spreads of the weakest economies in the Eurozone.

Government spending to support sectors of the economy affected by the pandemic is leading to additional fiscal pressure. At the same time, the European Union intends to allocate through the Recovery and Sustainability Mechanism an amount of more than € 700bn, in the form of loans and grants, to support Member States from the effects of the pandemic, but also to better prepare them for future challenges and opportunities and to ensure sustainable development.

Despite the recent upward trends, the low interest rate environment observed in the previous period remains and is expected to keep in the coming years. Typically, the average interest rate for the first 10 years of the risk-free interest rate curve is at negative levels as at 31/12/2021, same as in previous years (31/12/2020, 31/12/2019). The European Central Bank recently decided (December 2021) not to change its basic interest rates, which are hovering around 0%, and expects them to remain at current or even lower levels until it notices that inflation is approaching 2% target. Keeping a low interest rate environment puts additional pressure on the Group's insurance portfolio and especially on the Life products portfolio with high guaranteed technical interest rates and entails an increased risk of reinvestment. Reduced interest rates and the general scarcity of safe, high-yield alternative investments may lead to a reduction in the lapse rate of traditional individual Life contracts.

The consequence of the pandemic and other factors, such as the recovery of national economies as well as geopolitical developments, is, among other things, the significant rise in oil prices within 2021 and the appreciation of products.

Developments in the medical field are expected to lead to a further increase in life expectancy and the cost of medical procedures, especially in developed countries, resulting in an increase in the relevant liabilities of insurance companies to their policyholders.

The increasing complexity and frequency of cyberattacks, in addition to the financial and operational challenges posed by the development of digital applications, also leads to an increase in customer demand for protection against them. The challenge facing modern companies, struggling to maintain security and business continuity, is to take advantage of new remote service and remote working practices, both to protect their employees and to ensure their smooth operation and customer service. But by shifting most of their business to the digital domain, they increase their risk of being attacked by cybercriminals, who seize the opportunity to exploit potential security vulnerabilities of the companies by their fast moves to operate online and stay competitive. For the resilience and flexibility of the organization against the risk of cyber attacks, the Group supports a complete action plan, based on the threefold technology-process-human.

The above contribute to an environment of increased uncertainty with significant opportunities, but also risks.

Climate change refers to long-term changes in temperatures and weather patterns. These changes are mainly the result of human activities due to the burning of fossil fuels such as coal, oil and gas. The consequences of climate change include severe droughts, water scarcity, severe fires, rising sea levels, floods, melting polar ice caps, catastrophic storms and biodiversity loss. The risks associated with climate change are:

- Natural risks: The risks arising from the effects of natural phenomena and include:
    - Severe natural risks: risks arising from specific phenomena, and in particular weather phenomena, such as thunderstorms, floods, fires or heat waves.
    - Chronic natural risks: the risks arising from long-term climate change, such as changes in temperature, rising sea levels, shortages of drinking water, losses in biodiversity, changes in land productivity.
- Transition risks: The risks arising from the transition to low carbon and climate stabilization economies.

The Group monitors and evaluates the above risks in the context of the Own Risk and Solvency Assessment.

Regulatory Environment

In the year 2021 took place the application of regulations and changes that had been passed or had occurred in the immediately preceding years. Additional regulatory requirements are expected to be implemented within 2022, such as:

- Regulation (EU) 2019/1238 (establishing a pan-European individual pension product (PEPP). Uniform rules are laid down for individual pension product with common characteristics in the Member States and an obligation of registering new PEPPs in a central registry to be kept at EIOPA.
- Regulation (EU) 2020/852 (establishing a framework for facilitating sustainable investment) & delegated Regulations. A single classification system is established by establishing the criteria on the basis of which it will be determined at European level whether an economic activity is characterized as environmentally sustainable, in order

to determine the degree to which an investment is environmentally sustainable. In addition, the sustainability reporting obligations introduced by Regulation (EU) 2019/2088 are completed.

- Delegated Regulation (EU) 2021/1257 and Delegated Regulation (EU) 2021/1256. Sustainability factors and sustainability risks are integrated into the IDD Directive and the Solvency II Directive respectively.

- PEE 195/4 / 29.11.2021 (Government Gazette B 5672/ 03.12.2021). A framework of guidelines for insurance and reinsurance undertakings in relation to the security and governance of Information and Communication Technology (ICT) shall be established for the implementation of the governance requirements set out in Solvency II.

The Group takes constantly measures for its adequate compliance to the requirements of the new regulatory framework, such as indicatively deviation analysis, by drawing up a roadmap of actions that provide for the development of new policies and procedures, as well as the re-organization of internal operations, etc.

It should finally be noted that one of the biggest challenges facing the entire insurance market is the adoption of the new International Financial Reporting Standards IFRS 17 and IFRS 9, effective in 2023. The changes brought by the new standards in the operating model focus on the following:

- System of Governance (revision of procedures, safeguards, human resources training),

- Financial management framework (revision of accounting design and accounting policies, product classification and selection of appropriate measurement approach by product category, recording of calculation methodologies, benchmarking, result volatility management),

- Information Technology Systems (systems upgrade, review of actuarial models, improvement of data quality and creation of reports in a new framework).

Solvency Capital Requirement

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

For the calculation of Group Solvency, the alternative method is followed ("deduction and aggregation method") and is based on the following:

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

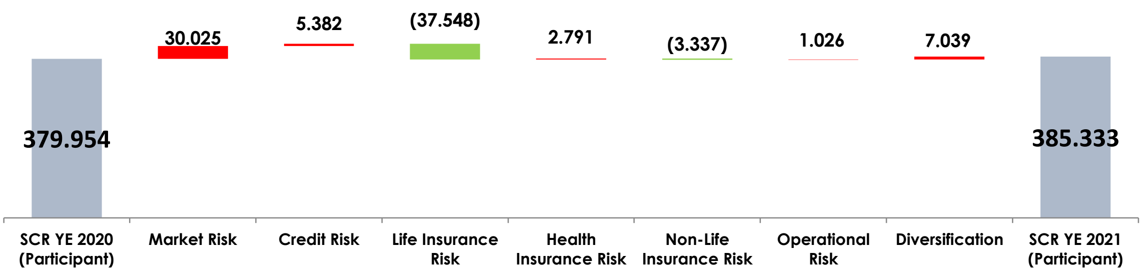
The Group Solvency Capital Requirement as at 31.12.2021, amounts to €408,1m as opposed to €402,0m as at 31.12.2020. The solvency capital requirements of the Participant as well as of its related undertakings, consolidated at Group level, are presented in the following figures:

Note: The above diagram depicts the total solvency capital requirements of each Group entity, for the purpose of calculating Group SCR, is multiplied by the share of the Participant in each affiliated company

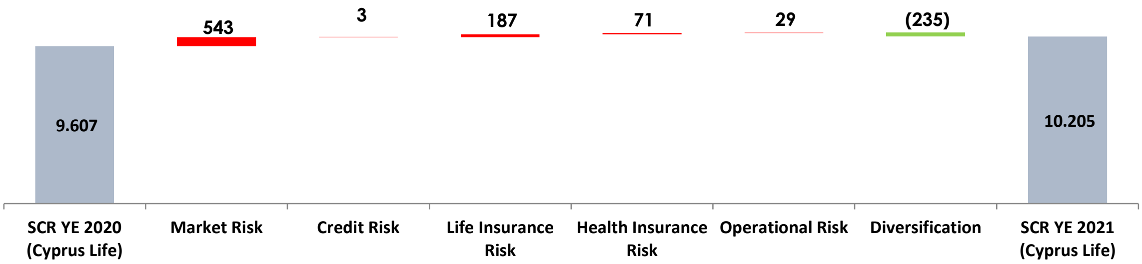
As depicted in the figure above, the solvency capital requirements of the Group on 31.12.2021 mainly come from the capital requirements of the Participant. The same was true on 31.12.2020. The Participant's capital requirements show an increase which came mainly from the increase in market risk, credit risk and life and health insurance risk. The capital requirements of Ethniki Cyprus Life increased, mainly due to life and health insurance risk, while for Ethniki Cyprus Non-Life the capital requirement increased mainly due to due market risk and for Garanta it remained stable as the decreased capital requirements from market risk and life insurance risk were offset by the reduced diversification benefit and the decreased Loss Absorbing Capacity (LAC).

The following figures present the changes of the capital requirements, between 31.12.2021 and 31.12.2020 per risk module for each company of the Group separately.

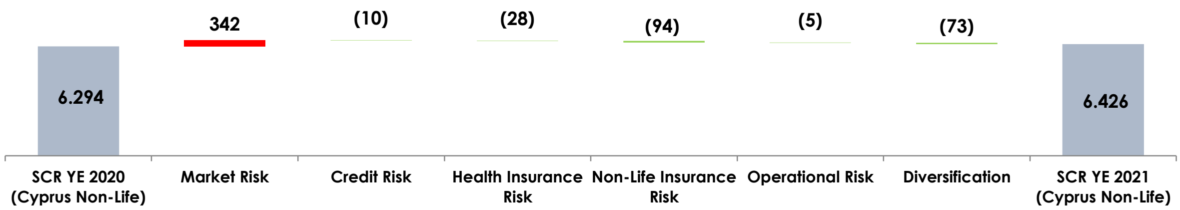
A. For the Participant



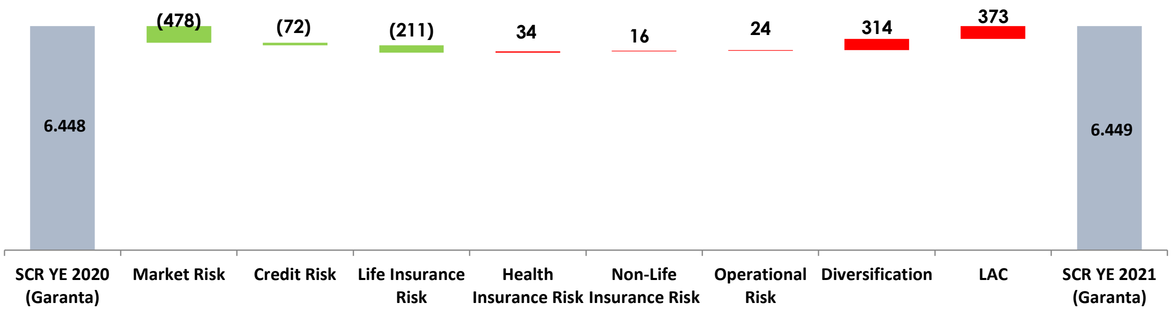
B. For Ethniki Cyprus Life Insurance



C. For Ethniki Cyprus Non-Life Insurance



D. For Garanta



The solvency capital requirements of the Participant as well as of its related undertakings, as calculated for 31.12.2021 and 31.12.2020 are presented in the following tables:

A. Solvency Capital Requirements as at 31.12.2021

Solvency Capital Requirements (€ in thousands) 31.12.2021	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Market Risk	221.251	4.826	2.402	2.538
Credit Risk	29.774	2.662	1.911	1.825
Life underwriting risk	116.785	5.622	-	382
Health underwriting risk	107.186	635	1.775	550
Non-Life underwriting risk	76.768	-	2.704	4.174
Diversification	*(192.179)*	*(4.048)*	*(2.925)*	*(2.760)*
BSCR	**359.585**	**9.696**	**5.867**	**6.709**
Operational Risk	25.748	508	559	322

LAC	-	-	-	(582)
Solvency Capital Requirements	**385.333**	**10.205**	**6.426**	**6.449**

B. Solvency Capital Requirements as at 31.12.2020

Solvency Capital Requirements (€ in thousands) 31.12.2020	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Market Risk	191.226	4.283	2.060	3.016
Credit Risk	24.393	2.659	1.921	1.897
Life underwriting risk	154.333	5.435	-	594
Health underwriting risk	104.394	564	1.803	516
Non-Life underwriting risk	80.105	-	2.798	4.157
Diversification	*(199.219)*	*(3.813)*	*(2.852)*	*(3.074)*
BSCR	**355.233**	**9.128**	**5.730**	**7.106**
Operational Risk	24.721	479	564	298
LAC	-	-	-	(956)
Solvency Capital Requirements	**379.954**	**9.607**	**6.294**	**6.448**

On 31.12.2021, compared to 31.12.2020 the total capital requirement increased by €6,1m at Group level.

The solvency capital requirements are attributed mainly to the Participant, which on 31.12.2021 constitute 94,4% of the Group solvency capital requirements. The same was true on 31.12.2020.

The risk profile of the Group remained virtually unchanged in 2021. The main risk for the formation of the Group solvency capital requirements on 31.12.2021 is the market risk. Subsequently, the main risks that formed the Group capital requirements are the insurance risks of life, health and Non-Life, in this order of importance. The situation was similar on 31.12.2020.

Sensitivity Analyses

The Group has performed sensitivity analyses, in order to determine the sensitivity of changes in significant risk factors on its solvency ratio as at 31.12.2021. The sensitivity analysis was performed with:

a. The use of transitional measures and adjusted curve for the Participant.

b. The use of risk free curve of the part of Ethniki Cyprus Life Insurance.

c. The use of risk free curve of the part of Ethniki Cyprus Non-Life Insurance.

d. The use of risk free curve of the part of Garanta.

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

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

Scenarios	Value	Change (amounts in € thousands): Ίδια κεφάλαια	Capital Adequacy ratio
Change in interest rates	0.50%	35.392	217%
Change in interest rates	-0.50%	-40.749	199%
Change in bonds credit spreads	50 bps	-113.586	181%
Change in bonds credit spreads	-50 bps	123.472	239%
Change in equity prices	25%	41.382	219%
Change in equity prices	-25%	-41.382	198%
Change in property values	25%	60.834	223%
Change in property values	-25%	-60.834	194%

Based on the above results, it is observed that the greater negative impact on the Group's solvency ratio comes from the scenario of the increase in credit spreads. This scenario would result in a reduction in the solvency ratio by 28 percentage points.

Subsequently, significant impact on the Group's solvency ratio comes from the scenario of the fall of interest rates. This scenario shows a decrease in the solvency ratio by 15 percentage points.

Explanation of the Sensitivity Analysis Parameters

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

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

3.1. Insurance Risk

Insurance risk is defined as the risk of loss or adverse change in the value of insurance obligations due to a change in the assumptions applied at the time of pricing and reserving.

The following risks are included in insurance risk:

Life Underwriting Risk	Non-Life Underwriting Risk	Health Underwriting Risk

The life insurance risk includes the following risks:

- **Mortality.** The risk of mortality is related to those insurance liabilities in which an increase in the mortality rate leads to an increase in the value of insurance liabilities.
- **Longevity.** Longevity risk is associated with those insurance liabilities in which a reduction in the mortality rate leads to an increase in the value of insurance liabilities.
- **Disability – Morbidity.** The risk of disability or morbidity is associated with the types of insurance that provide for compensations due to morbidity or disability. It is linked to those insurance liabilities in which a change in the level, trend or variability of disability or morbidity rates leads to their increase.
- **Lapse.** Lapse risk is the risk of loss (or adverse change in the best estimate of liabilities) arising from unforeseen (higher or lower) lapsation rates.
- **Expenses.** The risk of expenses is related to those insurance liabilities in which a permanent increase in expenses, but also in the inflation of expenses, leads to an increase in the value of insurance liabilities.
- **Catastrophe Risk.** Catastrophe risk results from catastrophic events, such as pandemics.

The health insurance risk includes the following risks:

- **Mortality.** The risk of mortality is related to insurance liabilities in which an increase in the mortality rate leads to an increase in the value of insurance liabilities.
- **Longevity.** Longevity risk is associated with those insurance liabilities in which a reduction in the mortality rate leads to an increase in the value of insurance liabilities.
- **Disability – Morbidity.** The risk of disability or morbidity is linked to those insurance liabilities in which a change in the level, trend or variability of disability or morbidity rates leads to their increase.
- **Lapse.** Lapse risk is the risk of loss (or adverse change in the best estimate of liabilities) arising from unforeseen (higher or lower) lapsation rates.
- **Expenses.** The risk of expenses is related to those insurance liabilities in which a permanent increase in expenses, but also in the inflation of expenses, leads to an increase in the value of insurance liabilities.
- **Premium and Reserve risk.** Premium risk is defined as the risk that the premium will not be sufficient to cover the risk undertaken. Reserve risk is defines as the risk of insufficiency of technical provisions formed for receivables created on the valuation date.
- **Catastrophe Risk.** Catastrophe risk in health insurance is defined as the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty in the pricing assumptions and the creation of technical provisions, in relation to serious epidemic outbreaks, as well as the unusual accumulation of risks under such extreme circumstances.

The non-life insurance risk includes the following risks:

- **Premium and Reserve risk.** Premium risk is defined as the risk that the premium will not be sufficient to cover the risk undertaken. Reserve risk is defines as the risk of insufficiency of technical provisions formed for receivables created on the valuation date.
- **Lapse.** Lapse risk is the risk of loss (or adverse change in the best estimate of liabilities) arising from unforeseen (higher or lower) lapsation rates.
- **Catastrophe Risk.** Non-life catastrophe risk includes the following sub-modules:
    1. the natural disaster risk sub-module;
    2. the catastrophic risk sub-module for non-proportional asset reinsurance;
    3. the risk of man-made disaster sub-module;
    4. the other non-life disaster risks sub-module.

Insurance Risk Underwriting

The identification and assessment of insurance and reinsurance risks and the relevant management procedures are carried out by each main line of business (life insurance, non-life insurance, health insurance), which can be divided into further lines of business. Insurance risk is identified in the underwriting of insurance risk, as well as in the creation of insurance technical provisions. The main sources of insurance risk are considered to be deviations from the expected levels of claims incurred, expenses, concentration (geographical, risk, product, etc.), from insufficient pricing, from the unexpected change in macroeconomic and microeconomic parameters, such as interest rates, inflation, unemployment, income levels (which affect portfolio retention), as well as the unexpected change in biometric parameters of mortality, disability and morbidity.

Risk-taking rules have been established. In this context, the required data that must be calculated for each risk have been identified in order to determine the insurance coverage of the risk and its terms.

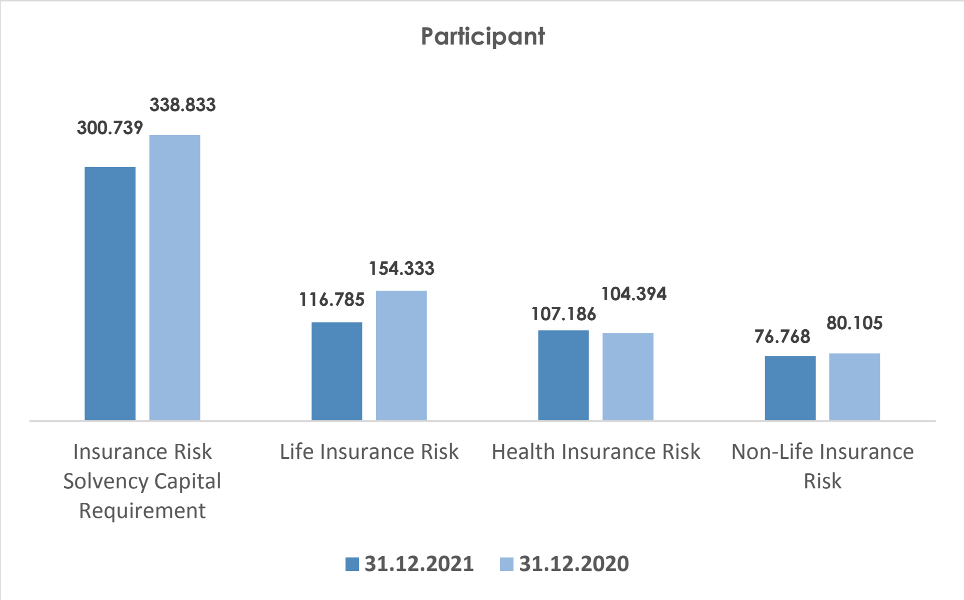
Insurance Risk Management

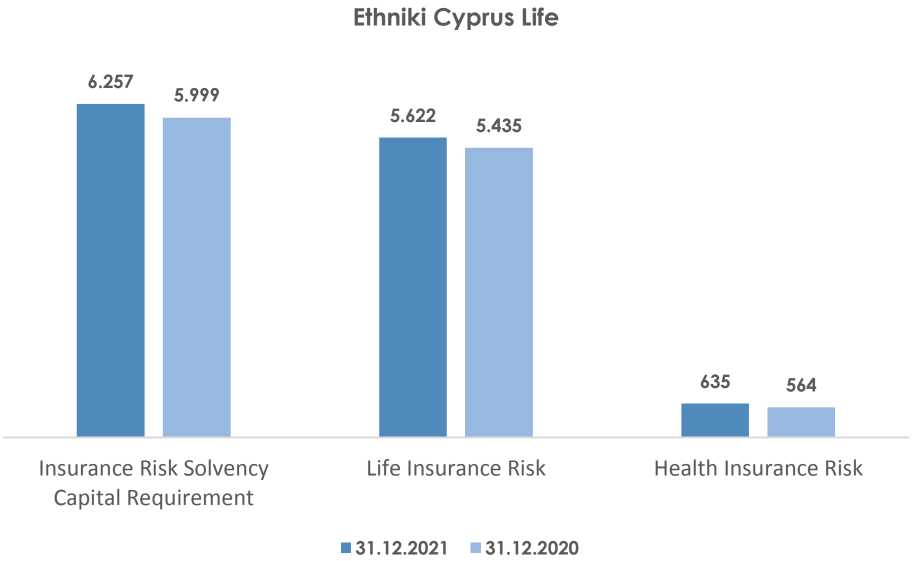
The Group undertakings in order to effectively manage and reduce their exposure to insurance risk take measures such as:

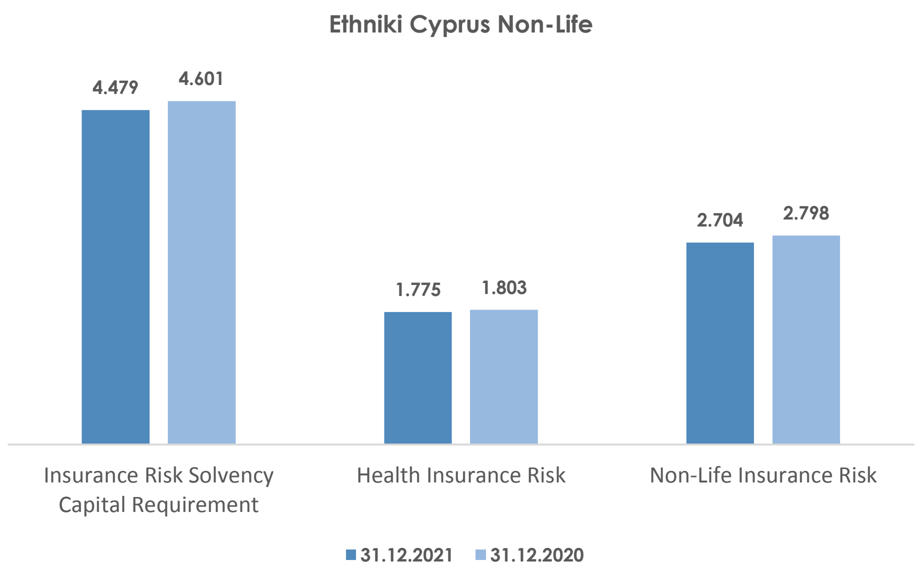
1. Establishment of policy and procedures for undertaking insurance risks,
2. Principles and predefined procedures for the calculation of technical provisions, taking into account the appropriate accounting and actuarial standards in force, as well as internal and also best practices,
3. Establishment of operational limits and of other practices for maintaining the exposure to risks within the approved limits and also for avoiding unacceptable concentration levels in certain insurance risk types,
4. Principles and predefined procedures for the development and introduction of new products,
5. Establishment of principles and criteria for the selection of suitable counterparties (reinsurers),
6. Procedure for mitigating insurance risk through an effective reinsurance policy, as well as with the use of other techniques where necessary,
7. Existence of adequate systems and procedures for the identification of every source of substantial risk, for monitoring, evaluation (measurement) and reporting of the risks undertaken and the use of corrective actions when necessary,
8. Assessment of insurance risk under extreme conditions. The results of these assessments are used in the revision of Policies and of the exposure to insurance risk limits.
9. Monitor claim frequency, claim volume, the settlement and administration cost; and the claims evolution pattern. Furthermore, in order to improve profitability and reduce the risk, measures are being taken such as premium increases, agreements with medical centers for the reduction of claims' cost, etc.

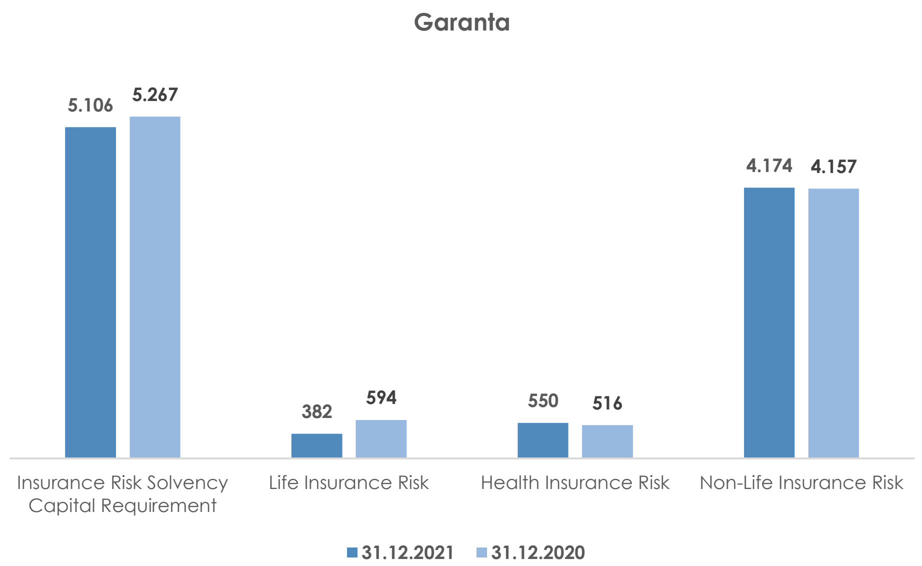
3.1.1. Insurance Risk Solvency Capital Requirement

The Solvency Capital Requirement for insurance risk per insurance sector for each company of the Group on 31.12.2021 and the corresponding on 31.12.2020, is analyzed as follows:


Participant
300.739
338.833
116.785
154.333
107.186
104.394
76.768
80.105
Insurance Risk Solvency Capital Requirement
Life Insurance Risk
Health Insurance Risk
Non-Life Insurance Risk
31.12.2021
31.12.2020


Ethniki Cyprus Life
6.257
5.999
5.622
5.435
635
564
Insurance Risk Solvency Capital Requirement
Life Insurance Risk
Health Insurance Risk
31.12.2021
31.12.2020



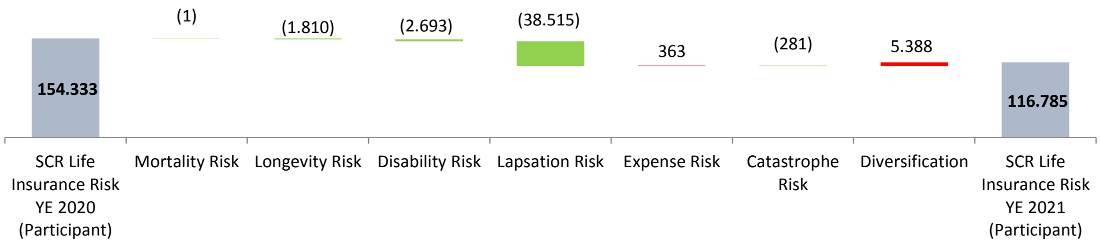


As depicted in the tables above, the main risk for the formation of the insurance risk Group solvency capital requirements on 31.12.2020 comes mainly from the insurance risk of the Life line of business.

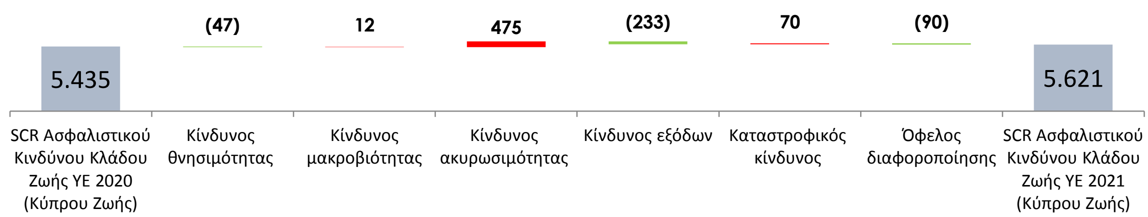
Life underwriting Risk Solvency Capital Requirements

The following figures present the changes of capital requirements, between 31.12.2021 and 31.12.2020 per sub-module of life underwriting risk, for each company of the Group separately. The Participant's capital requirements increased which came mainly from the increase of the lapse risk. The capital requirements of Ethniki Cyprus Life increased, mainly due to expenses risk, while those of Garanta decreased mainly due to lower lapse risk.

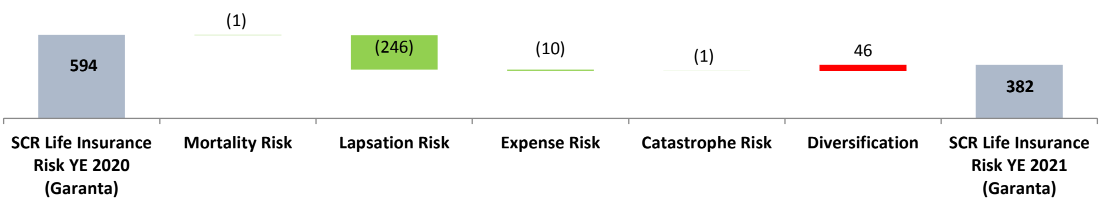
A. For the Participant



B. For Ethniki Cyprus Life Insurance



C. For Garanta



Solvency capital requirements analysis as at 31.12.2021

Life underwriting risk solvency capital requirements (€ in thousands) 31.12.2021	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Mortality risk	9.224	982	-	6
Longevity risk	15.716	123	-	-
Disability – Morbidity risk	24.541	-	-	-
Lapse risk	94.511	2.991	-	187
Expense risk	17.894	3.090	-	62
Revision risk	-	-	-	-
Catastrophe risk	4.083	276	-	252
Insurance risk before diversification	***165.969***	***7.463***	**-**	***507***
Diversification	(49.184)	(1.841)	-	(125)
Total Life Insurance Risk Solvency Capital Requirements	**116.785**	**5.622**	**-**	**382**

Solvency capital requirements analysis as at 31.12.2020

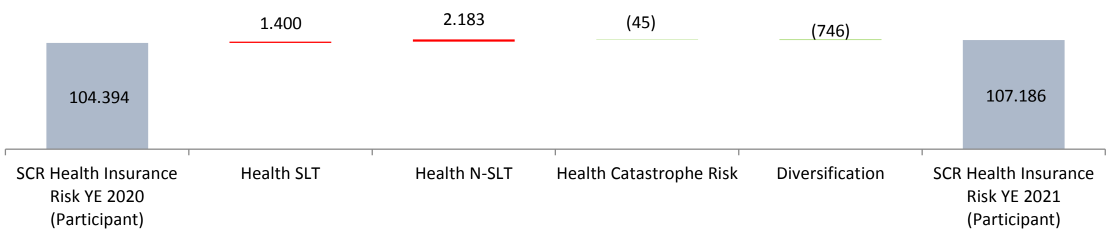
Life underwriting risk solvency capital requirements (€ in thousands) 31.12.2020	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Mortality risk	9.225	1.029	-	7
Longevity risk	17.526	111	-	0
Disability – Morbidity risk	27.234	0	-	0
Lapse risk	133.026	2.516	-	433
Expense risk	17.531	3.324	-	71
Revision risk	0	0	-	0
Catastrophe risk	4.364	206	-	253
Insurance risk before diversification	***208.905***	***7.186***	**-**	***764***
Diversification	(54.572)	(1.751)	-	(171)
Total Life Insurance Risk Solvency Capital Requirements	**154.333**	**5.435**	**-**	**594**

As depicted in the tables above, there was, cumulatively a decrease in capital requirements for life insurance risk. The main risk at Group level on 31.12.2021 is the lapse risk and comes mainly from the Participant. The same was true for the fiscal year 2020. During 2021, the lapse risk decreased mainly due to the increase of interest rate curve.

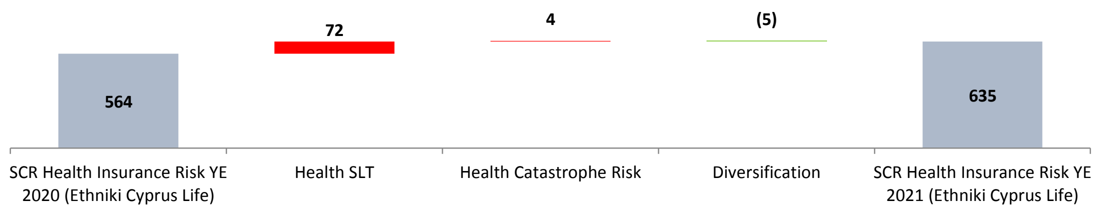
Health underwriting Risk Solvency Capital Requirement

The following figures show the changes in capital requirements between 31.12.2021 and 31.12.2020, per submodule of underwriting risk of health business line, for each company of the Group separately. The Participant's capital requirements increased, which came mainly from the increase in the risk in Health insurance similar to Life underwriting risk. Likewise capital requirements increased for Ethniki Cyprus Life, mainly from the increase in the risk in Health insurance similar to Life underwriting risk. The capital requirements for health insurance for Ethniki Cyprus Non-Life decreased due to lower catastrophe risk in Health insurance similar to Non-Life underwriting risk. As regards the Garanta the capital requirements for health insurance increased due to higher catastrophe risk.

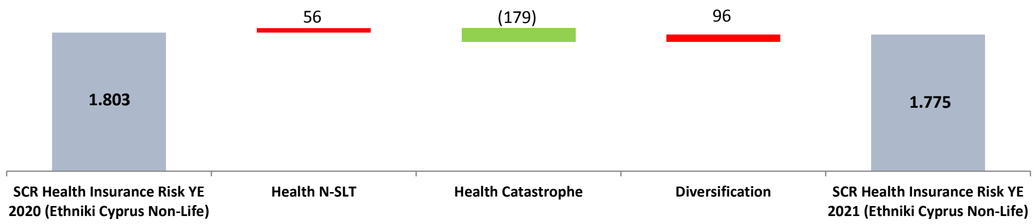
A. For the Participant



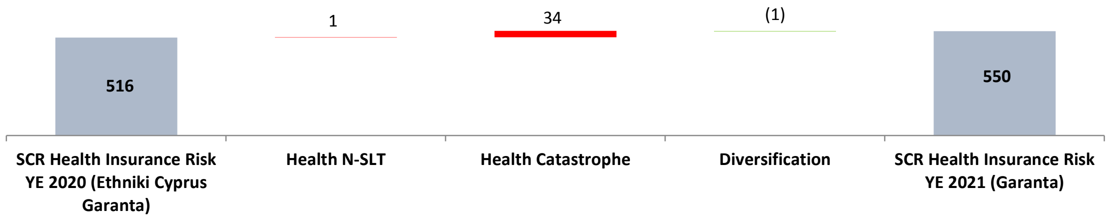
B. For Ethniki Cyprus Life Insurance



C. For Ethniki Cyprus Non-Life Insurance



D. For Garanta



The solvency capital requirements of the Participant as well as of its related undertakings, as calculated for 31.12.2021 and 31.12.2020 for health underwriting risk are presented in the following tables:

Solvency capital requirements analysis as at 31.12.2021

Health underwriting risk solvency capital requirements (€ in thousands) 31.12.2021	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Health similar to Life (SLT)	92.542	571	0	0
Health similar to Non-Life (non-SLT)	23.909	0	1.667	63
Catastrophe risk	2.321	170	323	531
Health underwriting risk before diversification	***118.772***	***741***	***1.990***	***593***
Diversification	(11.586)	(106)	(214)	(44)
Total Health underwriting risk solvency capital requirement	**107.186**	**635**	**1.775**	**550**

Solvency capital requirements analysis as at 31.12.2020

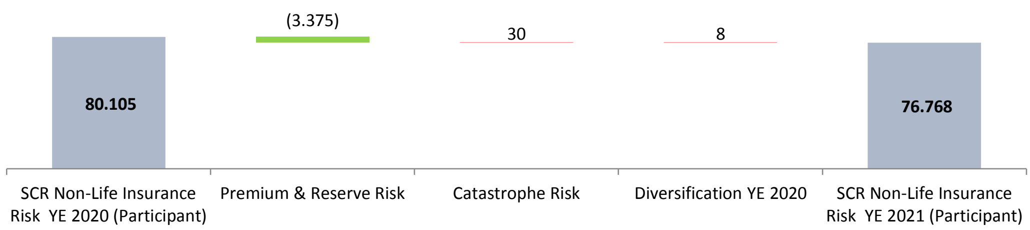
Health underwriting risk solvency capital requirements (€ in thousands) 31.12.2020	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Health similar to Life (SLT)	91.142	499	0	0
Health similar to Non-Life (non-SLT)	21.726	0	1.611	62
Catastrophe risk	2.366	166	502	497
Health underwriting risk before diversification	**115.234**	**665**	**2.113**	**559**
Diversification	*(10.840)*	*(101)*	*(310)*	*(43)*
Total Health underwriting risk solvency capital requirement	**104.394**	**564**	**1.803**	**516**

The aggregated solvency capital requirements for the health underwriting risk module increased. The main risk, at Group level, for the formation of capital requirements on 31.12.2021, is the risk of health similar to life and stems mainly from the Participant. The same was true on 31.12.2020.

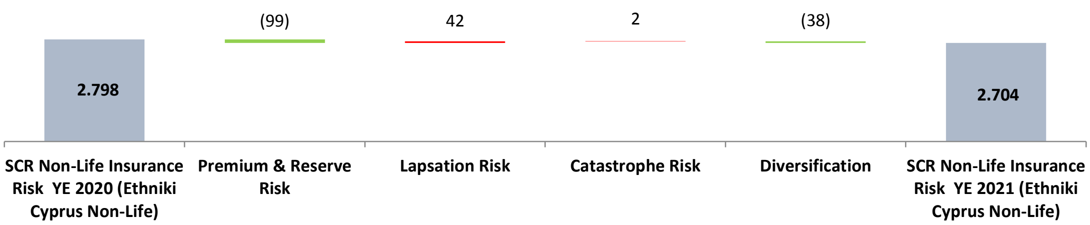
Non-Life Insurance Underwriting Risk Solvency Capital Requirement

The following figures show the changes in capital requirements between 31.12.2021 and 31.12.2020, per submodule of underwriting risk of non-life business lines, for each company of the Group separately. The Participant's capital requirements decreased, resulting mainly from the decrease in premium and reserve risk. The capital requirements for Ethniki Cyprus Non-Life showed a slight decrease. due to lower premium and reserve risk, while for Garanta the small increase in capital requirements is due to the higher premium and reserve risk.

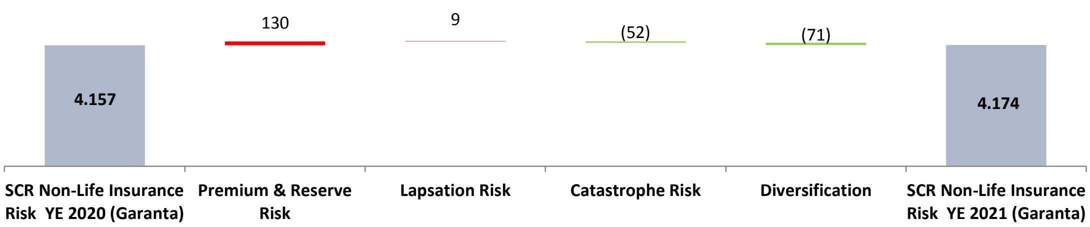
A. For the Participant



B. For Ethniki Cyprus Non-Life Insurance



C. For Garanta



The solvency capital requirements of the Participant as well as of its related undertakings, as calculated for 31.12.2021 and 31.12.2020 for non-life underwriting risk are presented in the following tables:

Solvency capital requirements analysis as at 31.12.2021

Non-Life underwriting risk solvency capital requirements (€ in thousands) 31.12.2021	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta

Premium and reserve risk	73.578	-	2.539	1.248
Lapse risk	0	-	237	213
Catastrophe risk	10.207	-	467	3.677
Non-Life insurance risk before diversification	***83.785***	**-**	***3.243***	***5.138***
Diversification	(7.017)	-	(539)	(965)
Total Non-Life underwriting risk solvency capital requirements	***76.768***	**-**	**2.704**	**4.174**

Solvency capital requirements analysis as at 31.12.2020

Non-Life underwriting risk solvency capital requirements (€ in thousands) 31.12.2020	**Participant**	**Ethniki Cyprus Life Insurance**	**Ethniki Cyprus Non-Life Insurance**	**Garanta**
Premium and reserve risk	76.953	-	2.638	1.118
Lapse risk	0	-	196	204
Catastrophe risk	10.177	-	465	3.729
Non-Life insurance risk before diversification	**87.130**	**-**	**3.299**	**5.051**
Diversification	*(7.025)*	-	*(501)*	*(894)*
Total Non-Life underwriting risk solvency capital requirements	**80.105**	**-**	**2.798**	**4.157**

The aggregated solvency capital requirements for the non-life underwriting risk showed a decrease. The main risk, at Group level, for the formation of capital requirements on 31.12.2021, is the premium and reserve risk and comes mainly from the Participant. The same was true on 31.12.2020.

3.2. Market Risk

Market risk is defined as the risk of loss or adverse change in the financial conditions stemming, directly or indirectly, from fluctuations in the level and in the volatility of market value of assets, liabilities and financial instruments.

The following risks are included in market risk:

- Interest rate risk
- Equity risk
- Property risk
- Spread risk
- Currency risk
- Market concentration risk

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

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

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

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

The currency risk, arises from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of exchange rates.

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

3.2.1. Market Risk Management

The companies of the Group in order to effectively manage and reduce its exposure to market risk, takes measures such as:

1. establishment of an investment policy in line with business strategy and the acceptable investment risk limits,
2. establishment of operational limits and of other practices, so as to maintain risk exposures within the approved limits, as well as to avoid unacceptable concentration levels in specific investment types, issuers, etc. Within these limits, Value at Risk ("VaR"), exposure and stop loss limits, are also included,
3. predetermining the type of financial instruments in which the Group's funds are invested and clear procedures for investing in a new financial instrument,
4. mitigation of investment risk through effective hedging methods, the effectiveness of which is regularly evaluated,
5. adequate systems and procedures for the identification of each substantial source of investment risk, in order to monitor, evaluate (measure) and report risks undertaken allowing corrective actions to be taken when necessary. The assessment of the adequacy and the control of compliance of the Investment Policy and the related risk management framework, is carried out under the supervision of the Assets-Liabilities Management Committee and the Risk Management Committee,
6. evaluation of the market risk under extreme conditions. The results of these tests are used for the revision of policies and of the market risk exposure limits.

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

3.2.2. Market Risk Capital Requirement

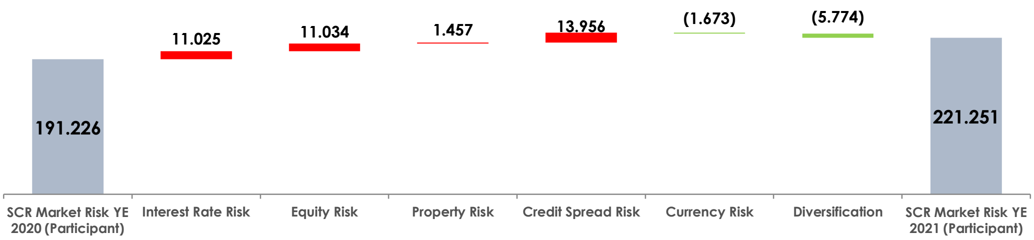
For the calculation of market risk solvency capital requirement, the Group uses the look through approach, where applicable, for investments in undertakings for collective investment in transferrable securities ("UCITS") and other investment funds. The Participant uses the transitional measure for the equity risk sub-module, for the type 1 equity that it maintained in its portfolio on 01.01.2016, applying the instantaneous reductions provided by Greek Law 4364/2016.

The solvency capital requirement for market risk for each company of the Group on 31.12.2021 and the corresponding on 31.12.2020, is analyzed as follows:

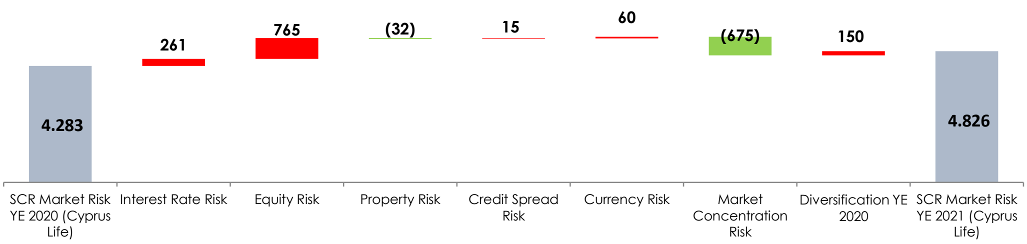
As depicted in the figure above, the solvency capital requirements for the market risk of the Group on 31.12.2021 mainly come from the capital requirements of the Participant. The same was true on 31.12.2020. The Participant's capital requirements showed an increase which came mainly from the increase of the following risk sub-modules: credit spread risk, equity risk and interest rate risk. The capital requirements of Ethniki Cyprus Life as well as of Ethniki Cyprus Non-Life increased, while on the contrary the capital requirements of Garanta decreased.

The following figures show the changes in capital requirements between 31.12.2021 and 31.12.2020, per submodule of market risk, for each company of the Group separately.

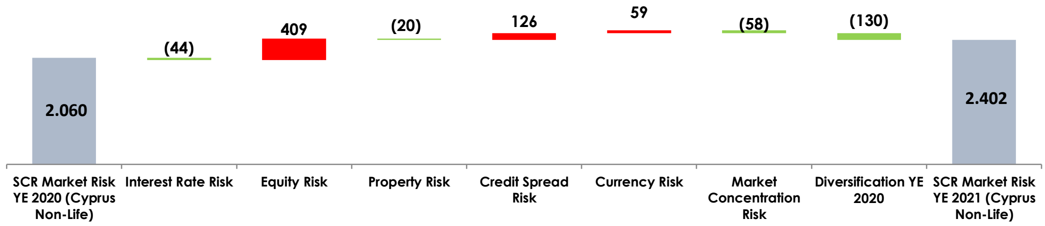
A. For the Participant



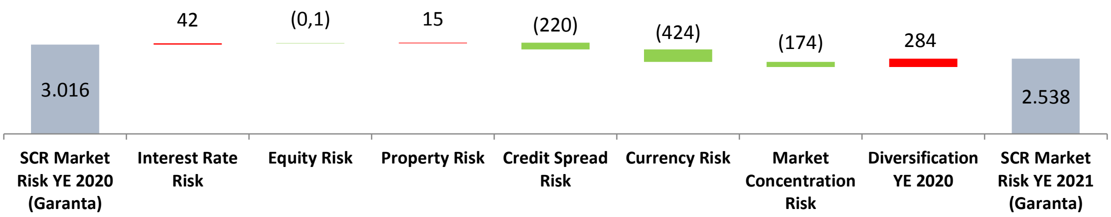
B. For Ethniki Cyprus Life Insurance



C. For Ethniki Cyprus Non-Life Insurance



D. For Garanta



The solvency capital requirements of the Participant as well as of its related undertakings, as calculated for 31.12.2021 and 31.12.2020 for market risk, are presented in the following tables:

A. Solvency Capital Requirements as at 31.12.2021

Market Risk Solvency Capital Requirements (€ in thousands) 31.12.2021	**Participant**	**Ethniki Cyprus Life Insurance**	**Ethniki Cyprus Non-Life Insurance**	**Garanta**
Interest rate risk	27.025	588	465	572
Equity risk	72.534	3.495	811	3
Property risk	58.720	725	433	974
Spread risk	91.967	186	925	704
Currency risk	21.941	96	89	1.083
Market concentration risk	0	1.557	1.294	1.260
Market risk before diversification	*272.187*	*6.646*	*4.016*	*4.595*
Diversification	(50.936)	(1.820)	(1.615)	(2.057)
Total Market Risk Solvency Capital Requirement	**221.251**	**4.826**	**2.402**	**2.538**

B. Solvency Capital Requirements as at 31.12.2020

Market Risk Solvency Capital Requirements (€ in thousands) 31.12.2020	**Participant**	**Ethniki Cyprus Life Insurance**	**Ethniki Cyprus Non-Life Insurance**	**Garanta**
Interest rate risk	16.000	327	508	529
Equity risk	61.500	2.730	402	3
Property risk	57.263	757	454	959
Spread risk	78.011	171	799	924
Currency risk	23.613	37	30	1.507
Market concentration risk	0	2.232	1.352	1.434
Market risk before diversification	**236.387**	**6.254**	**3.545**	**5.357**
Diversification	*(45.161)*	*(1.971)*	*(1.485)*	*(2.341)*
Total Market Risk Solvency Capital Requirement	**191.226**	**4.283**	**2.060**	**3.016**

The aggregated solvency capital requirements for the market risk on 31.12.2021, compared to 31.12.2020 showed an increase. The main risks, on 31.12.2021 at Group level, comes mainly from the Participant and are in order of significance the spread risk, equity risk and property risk, while on 31.12.2020 the order of significance was the same.

3.3. Credit Risk

Credit risk is defined as the risk of loss or adverse change in the financial conditions that derive from fluctuations in the credit standing of issuers of financials instruments, as well as from any counterparties and debtors to whom the Group is exposed to. The aforesaid risk appears either as a default risk or as a risk stemming from unsettled or partially settled obligations of the counterparty.

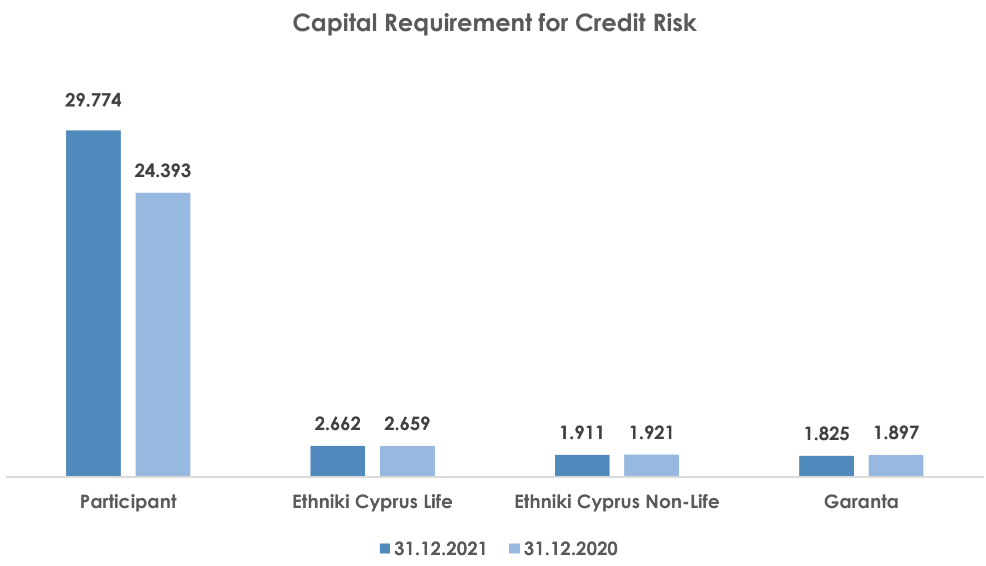
3.3.1. Credit Risk Management

The companies of the Group, in order to effectively manage and reduce their exposure to credit risk, take measures such as:

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

3.3.2. Credit Risk Solvency Capital Requirement

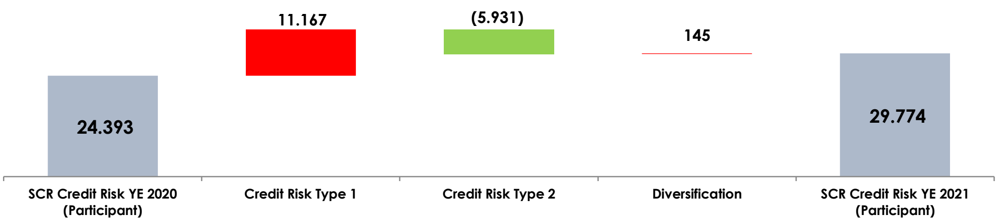
The Solvency Capital Requirement for credit risk for each company of the Group on 31.12.2021 and the corresponding on 31.12.2020, is analyzed as follows:



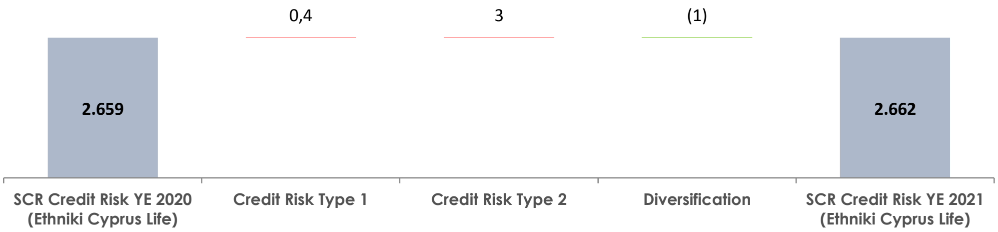
As depicted in the figure above, the solvency capital requirements for the credit risk of the Group on 31.12.2021 mainly come from the capital requirements of the Participant. The same was true on 31.12.2020. The Participant's capital requirements for credit risk on 31.12.2021 showed an increase compared to 31.12.2020, whereas the capital requirements of Ethniki Cyprus Life remained stable and for Garanta have decreased.

The following figures show the changes in capital requirements between 31.12.2021 and 31.12.2020, per submodule of credit risk, for each company of the Group separately.

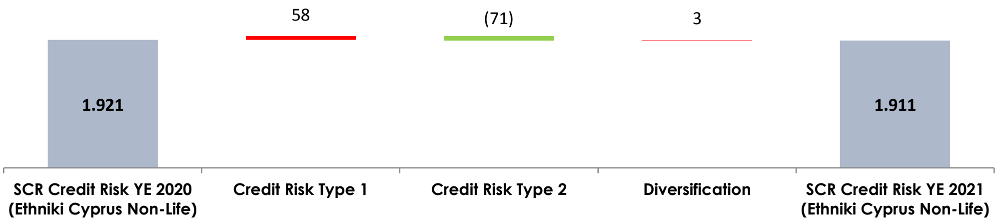
A. For the Participant



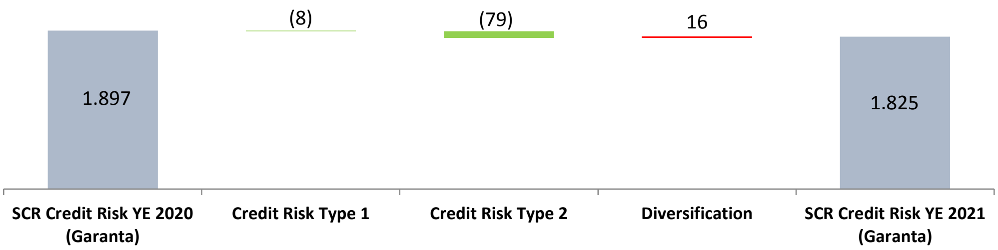
B. For Ethniki Cyprus Life Insurance



C. For Ethniki Cyprus Non-Life Insurance



D. For Garanta



The solvency capital requirements of the Participant as well as of its related undertakings, as calculated for 31.12.2021 and 31.12.2020 for credit risk, are presented in the following tables.

Solvency capital requirements analysis as at 31.12.2021

Credit Risk Solvency Capital Requirements (€ in thousands) 31.12.2021	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Credit risk type 1	23.276	2.642	1.159	1.669
Credit risk type 2	8.028	27	881	202
Credit risk before diversification	***31.304***	***2.669***	***2.040***	***1.871***
Diversification	*(1.530)*	*(7)*	*(129)*	*(46)*
Total Credit Risk Solvency Capital Requirements	**29.774**	**2.662**	**1.911**	**1.825**

Solvency capital requirements analysis as at 31.12.2020

Credit Risk Solvency Capital Requirements (€ in thousands) 31.12.2020	Participant	Ethniki Cyprus Life Insurance	Ethniki Cyprus Non-Life Insurance	Garanta
Credit risk type 1	12.109	2.641	1.101	1.677
Credit risk type 2	13.959	24	952	281
Credit risk before diversification	**26.068**	**2.665**	**2.053**	**1.958**
Diversification	*(1.675)*	*(6)*	*(132)*	*(61)*
Total Credit Risk Solvency Capital Requirements	**24.393**	**2.659**	**1.921**	**1.897**

The aggregated solvency capital requirements for the credit risk on 31.12.2021, compared to 31.12.2020 showed an increase. This increase results from the type 1 credit risk.

3.4. Liquidity Risk

Liquidity risk is defined as the risk for profits and capital that derives from the inability of each company of the Group to sell investments and other assets in order to meet its obligations, when these become due.

3.4.1. Liquidity Risk Management

The companies of the Group in order to effectively manage the liquidity risk takes measures briefly such as:

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

The tables below present the maturity of financial assets and liabilities, according to their contractual cash flows and including those relating to Unit–Linked products, for 2021 and 2020.

Maturity of assets and liabilities for 31.12.2021

31.12.2021 (€ in thousands)	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Assets	706.124	183.097	692.291	2.640.765	**4.222.277**
Liabilities	550.988	221.486	420.406	1.943.302	**3.136.182**
Balance	**155.136**	**(38.389)**	**271.885**	**697.463**	**1.086.095**

Maturity of assets and liabilities for 31.12.2020

31.12.2020 (€ in thousands)	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Assets	697.300	47.468	686.226	2.593.378	4.024.372
Liabilities	474.945	207.888	395.871	1.832.988	**2.911.692**
Balance	222.355	**(160.420)**	**290.355**	**760.390**	**1.112.680**

The current liabilities (up to 1 year), are covered by respective assets on 31.12.2021 (same on 31.12.2020). Cumulatively, the Group shows a surplus in both fiscal years, therefore the deficit of the second year will be covered by the surplus of the up first year.

3.5. Operational Risk

Operational risk is defined as the risk of loss arising from deficiencies and from inadequacies of internal procedures, IT and other operational systems, from human resources, or from external factors.

3.5.1. Operational Risk Management

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

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

Categories of Operational Risk	Category Description
Internal Fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/ discrimination events, which involves at least one internal party.
External Fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.
Employment Practices and Workplace Safety	Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity / discrimination events.
Clients, Products & Business Practices	Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.

Damage to Physical Assets	Losses arising from loss or damage to physical assets from natural disaster or other events
Business Disruption and System Failures	Losses arising from disruption of business or system failures.
Execution, Delivery & Process Management	Losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

Management procedures of Operational Risk

In addition to the management model of the three lines of defense followed by the Group, recognizing the roles and responsibilities of business entities in risk management, individual roles are assigned during the implementation of operational risk management procedures.

Specifically:

An “operational risk assessment exercise” is conducted annually, where every Unit of the Group identifies the major risks that may obscure its operation, and consequently prevent the achievement of their business objectives. The activities and procedures model are assessed as a whole and the identified risks are classified according to their significance, by examining both their qualitative and quantitative characteristics. After the evaluation of the existing internal controls framework and at a minimum for the risks with medium significance and above, action plans are prepared for their mitigation, aiming at restoring the control environment within the acceptable limits. All action plans are monitored on a monthly basis in terms of the progress of their implementation actions, emphasizing on the already overdue and those where the completion dates are approaching. At the same time, high significance risks have been quantified, where possible, in order to monitor them through the establishment of key indicators.

According to the planning for the development of new or modification of existing products, a special, on a case-by-case basis, evaluation is carried out to identify existing risks that may worsen, as well as emerging ones arising from the nature and characteristics of the product examined. Actions to mitigate the identified risks are decided and implemented, taking into account the desired launch date and the required implementation timeline.

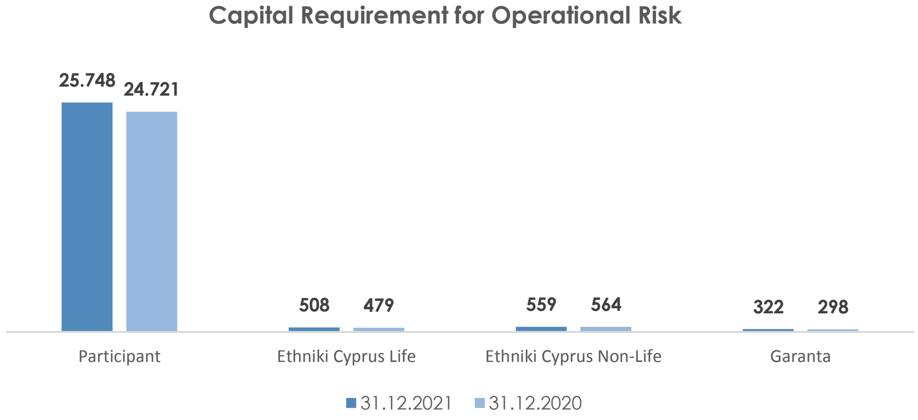
The operational risk incidents are collected, even those with zero financial or qualitative effect, in order to enable the Group to concentrate the maximum potential experience on a continuous basis. Beyond their recording, the definition of the causes but mainly of the corrective actions for each incident, as well as those elements that will prevent its reoccurrence, are the main goal of the procedure.

The Group recognizing the critical situation that developed after the emergence and evolution of the new coronavirus (Covid-19) pandemic, and having as its main concern the assurance of the health of both its employees and customers, as well as the uninterrupted and smooth operation, proceeded to:

1. Carried out an "exercise" for the identification and evaluation of emerging risks on the new and modified procedures, as these were formed in the context of the Group's adaptation to the new conditions and requirements due to the pandemic.
2. Conducted an ORSA exercise, by examining two operational risk scenarios related to the pandemic. The first scenario concerned the effect of the human factor on the Participant's results in a possible wide spread of the coronavirus to the Participant employees and the second possible loss of corporate information after a cyber-attack and intruders' access to the Participant's systems due to remote work settings. For each scenario, the necessary administrative actions to prevent the occurrence of risk were defined.

3.5.2. Operational Risk Solvency Capital Requirement

The Solvency Capital Requirement for operational risk on 31.12.2021 compared to 31.12.2020 for each company of the Group is presented below.



The solvency capital requirements for operational risk on 31.12.2021 showed an increase compared to 31.12.2020.

3.6. Other Significant Risks

3.6.1. Asset – Liability Mismatch Risk

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

Asset – Liability Mismatch Risk Management

The Group in order to effectively manage the asset – liability mismatch risk take measures such as:

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

3.6.2. Concentration Risk

Concentration risk is defined as the risk for profits and capital that derives from the low dispersion, thus the concentration of assets or insurance liabilities in individual items of assets or liabilities, such as: financial sector, business sector, geographical area, counterparty or group of connected counterparties, etc.

Concentration Risk Management

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

Significant concentrations

The Group acknowledges significant concentrations in counterparties from investment and reinsurance activities, as well as from its liabilities. Regarding the investment and reinsurance activities, significant concentrations are identified in the following counterparties:

• Greek Government	• Italian Government	• Spanish Government	• Portuguese Government
• EFSF	• Irish Government	• Netherlands Government	• Cyprus Government
• Belgian Government	• ESM	• French Government	• Mytilineos
• Alpha Services and Holdings	• Eurobank Ergasias Services	• NBG Group	• Hellenic Telecom Org.
• Telefonica	• Titan Cement International		

Regarding its liabilities, among the above counterparties, a significant concentration in NBG Group is recognized.

3.6.3. Reputation Risk

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

Reputation Risk Management

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

1. Develops insurance products characterized by clarity and transparency and adopts appropriate business practices for their promotion with professionalism, based on the provisions of the respective regulatory framework.
2. Specially examines the reputation risk in the applied by it operational and compliance risk framework.
3. Applies a wide modern system of handling claims, complaints and requests of its clients as well as of its partners.
4. Maintains a set of ethics and conduct regulations that ensure the acknowledgement / acceptance from all involved parties of both the required standards, as well as of the consequences of any breaches.

3.6.4. Country Risk

Country risk is defined as the current or emerging risk for profits and capital due to events that occur in a certain country that are under the total or partial control of the central government, but for no reason under the control of individuals or corporate enterprises. Such events may include the deterioration of financial conditions, political and social turmoils, nationalisations and expropriations, or currency devaluations resulting to the disruption of the market's smooth operation.

Country Risk Management

The Group identifies and monitors the risks that arise from its activities in Greece as well as in other countries. It has a positive but moderate appetite for undertaking country risk and is willing to become active, or invest in other, apart from Greece, countries at the level that such a choice is in line with its basic strategic orientation.

3.6.5. Basic strategic risks

The main strategic risks that affect the Group's activities are those risks arising from the unstable financial and generally business environment (macroeconomic risks at European and Greek level, which is worsened due to the pandemic and its effects.

The fiscal year 2022, especially the first half, is expected to be significantly affected by the ongoing coronavirus pandemic and the geopolitical instability. Especially for the pandemic, the extent of the impact will depend a great deal on the effectiveness of the measures taken at national, European and global level, as well as the course and effectiveness of vaccinations. The geopolitical instability can influence the economies of countries individually or in general. However, as these are constantly changing conditions, their real impact on the Economy and the Group cannot be accurately assessed.

The Group, considering the above, has generally proceeded in the following actions:

i. Conducting sensitivity analyses and reverse stress tests for most significant risks,
ii. Estimation of the capital requirements deriving from the above stress tests and of the coverage capability during the Group's business plan. Taking of corrective actions where necessary.

3.7. Other information

3.7.1. Future estimates

According to the results of the own risk assessment conducted in 2021, the Group's Solvency Capital Requirement ratio for 2022 is expected to increase compared to 2021. However, the ongoing coronavirus pandemic that affects Greece and Europe in general creates uncertainty as the definite end time of the pandemic is not determined exactly and its effects on the global economy have not been fully experienced.

The Group constantly evaluates these developments and takes measures, both to safeguard the health of the staff, the policyholders and other counterparties, as well as to ensure its solvency.

3.7.2. Risk Profile Monitoring

In order to ensure the effective monitoring of the Participant's risk profile, the solvency capital requirements are calculated quarterly and are reviewed from the Board Risk Committee and the Board of Directors. The Participant's investment portfolio is regularly monitored and the Management is informed accordingly.

The Board Risk Committee and the Board of Directors monitor the profile of the risks undertaken, in relation with the risk appetite, through regular reports of Risk Management function, and corrective actions are taken when necessary.

Reinsurance Policy

The Participant and its related undertakings, aiming at reducing the insurance risk for the period of its business plan, enter into reinsurance agreements with appropriate and creditworthy reinsurers (credit rating of at least A-). These agreements relate to both proportional and non-proportional reinsurance.

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

The mitigation technique of the insurance risk through reinsurance is applied to both non-life insurance and life insurance with proportional and non-proportional contracts.

Risks that exceed the limits of the contracts, are either excluded from their terms, or optionally reinsured.

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4. Valuation for Solvency Purposes

The Group undertakings evaluate assets and liabilities and calculate technical provisions in accordance with Chapter VI, section 1 and 2 of Greek Law 4364/2016 and Chapter VI, section 1 and 2 of Directive 2009/138/EC of the European Parliament and of the Council and Chapter III OF European Commission Delegated Regulation 2015/35 of 10 October 2014.

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

The Group did not make any changes or adjustments to the valuation methods used, compared to the previous reporting year apart from the below:

An agenda decision was published in May 2021 by the IFRS Interpretations Committee (IFRIC) in relation to IAS 19 "employee benefits".

This agenda decision includes material explaining how the applicable principles and requirements in IFRS Standards apply on attributing benefits to periods of service on a specific fact pattern of a defined benefit plan.

Based on the decision is considered that the employee establishes the right to retirement during the last 16 years of his working life, therefore the compensation due to retirement is formed during the last 16 years of the working life of the employee

For the calculation of Group eligible own funds, Method 2 (alternative method) is applied, in accordance with article 233 of Directive 2009/138/EC of the European Parliament and of the Council (article 191 of Greek Law 4364/2016) and therefore a Solvency II balance sheet is not prepared for the Group. The BoG, with the decision No. 184/4/25.04.2016 of its CIC, approved the use of method 2 for the calculation of the Solvency capital requirement, effective from 01.01.2016.

4.1. Valuation methodology

The main objective of the valuation of assets and liabilities is the achievement of the «economic» approach that is, all items should be measured at market values (market consistent).

In accordance with article 75 of Directive 2009/138/EC of the European Parliament and of the Council,

i. the assets are valued at the amount for which, they can be exchanged between well-informed and willing economic entities in the context of a fair transaction whereas,
ii. the liabilities are valued at the amount for which, they can be transferred, or settled between well-informed and willing economic entities in the context of a fair transaction.

Group undertakings use only those valuation methods that are consistent with the article 75 of Directive 2009/138/EC. When the valuation methods included in the international accounting standards are not consistent, either temporary or permanently, with the valuation methods defined in article 75 of Directive 2009/138/EC, the Group undertakings use other valuation methods which are considered compatible with the provisions of article 75 of Directive 2009/138/EC.

During the valuation, the following hierarchy is used:

i. Use of market values which are derived from an active market and relate to the same elements for valuation.

ii. Where the use of market values in an active market of the same elements is not available, the use of market values of similar products can be used, with the use of appropriate adjustments if necessary.
iii. If market values in active markets are not available, the Participant makes use of mark to model techniques, which constitute an alternative and acceptable method if evaluated comparatively (benchmarked) and extrapolated, taking into account market information as much as possible.
iv. During the valuation, it should be used as much information derived from the market or from relevant studies as possible, and as less information relating to the Participant that carries out the valuation as possible.

The valuation method of each Asset and Liability category of the Group undertakings, is analyzed per line item as follows.

4.1.1. Assets

4.1.1.1. Intangible Assets

According to Solvency II, intangible assets are not recognized, as they cannot be evaluated separately, as there is no price in active markets for these or similar intangible asset.

4.1.1.2. Deferred acquisition costs

Deferred acquisition costs are not recognized under assets, according to Solvency II, as they are included in the calculation of technical provisions.

4.1.1.3. Deferred tax assets

According to Solvency II, deferred tax is calculated based on the temporary differences between the values of the assets and liabilities of the Participant based on Solvency II valuation and the balances calculated under the existing tax regime.

4.1.1.4. Property, plant & equipment held for own use

In Solvency II balance sheet, property held for own use (land and buildings) are measured at fair value.

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

The rest categories of tangible assets (equipment, vehicles and assets under construction) are measured at book values (acquisition cost less accumulated depreciation and impairment) as they reflect the best estimate of their market value.

4.1.1.5. Property - other than for own use

In Solvency II balance sheet, investment property is measured at fair value.

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

4.1.1.6. Holdings in related undertakings, including participations

The value of the insurance related undertakings is measured as the share held by the Participant in their Solvency II own funds.

The value of the other related undertakings (non-insurance), is measured as the share held by the Participant in their equity under IFRS, as it reflects the best estimate of their fair value.

The Participant, for consolidation purposes, complies with articles 180 and 181 of Greek Law 4364/2016 (articles 222 and 223 of Directive 2009/138/EC), relating to the "Elimination of double use of eligible own funds" and the "Elimination of intra-group creation of capital" respectively.

4.1.1.7. Equites

The equities listed on the Athens stock exchange are valued based on closing market prices i.e. at fair value.

Unlisted equities relate to investments in "Private Equity Funds" and are valued based on the level of participation of the Company in Equity fund. The method of valuation of private equity funds is based on the principles of international auditing standards and is accompanied by a Statutory Auditor Certificate.

4.1.1.8. Bonds

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

a. **Level 1:** Are valued according to the quoted price in an active market

b. **Level 2:** Are valued according to:

    i. quoted price for similar assets or liabilities in an active market;

    ii. quoted price for same assets in markets considered inactive; and

    iii. observable data other than quoted prices ex. Interest rates and yield curves.

c. **Level 3:** Are valued based on models whose parameters include prices which do not result from directly observable market data. The valuation of these bonds is carried out as follows:

    i. based on the interest rate swap curve of euro, the corresponding zero-coupon yield curve is calculated and subsequently the corresponding future flows curve;

    ii. based on historical data, volatility of interest rates and fixed interest rates of each issue, the cash flows of each security are calculated until maturity date.

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

The value of government and corporate bonds also includes the respective accrued interest.

4.1.1.9. Collective investment undertakings

Investments in mutual funds are measured, for Solvency II purposes, at fair value, based on the daily published price of the issuer, and as a result no further adjustment is required from IFRS.

4.1.1.10. Derivatives

Derivatives are valued at fair value based on their quoted price.

4.1.1.11. Deposits other than cash equivalents

The Participant has time deposits in NBG as well as in other Greek banks, with duration of up to three months as at 31.12.2021. Deposits are measured at cost (plus any accrued interest) which reflects the best estimate of their market value.

4.1.1.12. Assets held for Unit-Linked contracts

According to Solvency II, assets held for Unit-Linked contracts are measured at fair value following the valuation methodology of each individual financial asset component, as described in the sections above 4.1.1.7. – Equities, 4.1.1.8. – Bonds and 4.1.1.9. – Collective investment undertakings, of this Report.

4.1.1.13. Loans and Mortgages

Mortgage and consumer loans to employees, agents and life policy holders, are measured at amortised cost which reflects the best estimate of their market value.

4.1.1.14. Reinsurance Recoverables

The valuation of reinsurance recoverables and receivables result from the calculation or the best estimation of reserves.

4.1.1.15. Reinsurance receivables and Deposits to cedants

Deposits to cedants are measured at cost according to the terms of the reinsurance contract. Reinsurance receivables are also measured at cost as the best estimate of their fail value.

4.1.1.16. Insurance and Intermediaries Receivables

The valuation has been performed in accordance with generally accepted IFRS valuation standards IFRS as the best estimate of their fail value.

4.1.1.17. Receivables (trade, not insurance)

Receivables (trade, not insurance) are measured at cost as the best estimate of their fair value.

4.1.1.18. Cash and Cash Equivalents

Cash and Cash Equivalents are measured at cost as the best estimate of their fair value.

4.1.1.19. Any other asset, not elsewhere shown

They are measured at cost as the best estimate of their fair value.

4.1.2. Liabilities

4.1.2.1 Technical Provisions

Technical provisions are valued according to the valuation rules of the existing legal framework.

The adjustments made from financial statements to Solvency II balance sheet include the following:

- Surpluses in relation to provisions resulting from the actuarial and statistical methodologies of adequacy of outstanding claims.
- Surpluses of premium adequacy for the coverage of future losses and expenses in relation to unearned premium reserves.
- Discount of cash flows using the risk-free interest rate term structure – as provided by EIOPA – with volatility adjustment for Greece.
- Cost of the risk margin.
- Reclassification of liabilities relating to contracts classified as investment products according to the provisions of IFRS 4, to technical provisions from insurance contracts.

For **technical provisions of Unit-Linked** contracts, the difference between the financial statements of the Participant and the Solvency II balance sheet is mainly due to the use of a different discount curve (risk-free curve – such as provided by EIOPA – with volatility adjustment for Greece).

For **technical provisions of Health similar to Life**, the difference between the financial statements of the Participant and the Solvency II balance sheet is solely attributed to the diversified health portfolio clustering stemming from the implementation of limits on insurance contracts.

The recalculation of the transitional measure of technical provisions by the Participant was approved, according to the decision No. 269/5/09.05.2018 of the CIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016. The reduction of the technical provisions relates to the liability of the health legacy portfolio with a restriction on premium adjustment.

The related undertaking in Romania, Garanta, calculates its technical provisions using the risk free curve.

As regards Cyprus, Ethniki Cyprus Life Insurance, calculates its technical provisions using the risk free curve. Ethniki Cyprus Life Insurance holds 100% of the Ethniki Cyprus Non-Life Insurance, which also uses the risk free curve to calculate its technical provisions.

The use of the transitional measures and volatility adjustment for technical provisions, for each company of the Group, is summarized in the Table below:

			31.12.2021
Participant	Ethniki Insurance Cyprus Life	Ethniki Insurance Cyprus Non-Life	Garanta
Transitional deduction, according to the provisions of article 275 of Greek Law 4364/2016	Use of risk free curve		

4.1.2.2 Pension benefit obligations

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

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

4.1.2.3 Deposits from reinsurers

Deposits from reinsurers are measured at cost as a best estimate of their fair value.

4.1.2.4 Liabilities to credit institutions

Liabilities to credit institutions are measured at cost as a best estimate of their fair value.

4.1.2.5 Insurance and Intermediaries payables

Insurance and intermediaries payables are measured at cost as a best estimate of their fair value.

4.1.2.6 Reinsurance payables

Reinsurance payables are measured at cost as a best estimate of their fair value.

4.1.2.7 Payables (trade, not insurance)

Payables (trade, not insurance) are measured at cost as a best estimate of their fair value.

4.1.2.8 Subordinated liabilities in basic own funds (BOF)

Subordinated liabilities in BOF are measured at cost, which approximates fair value, given that it is a floating rate with an adjustment on a semi-annual basis, without taking into account the credit risk. They are furthermore incorporated as (a) €50m "Tier 1 – Restricted" of the basic own funds, and (b) €125m Tier 2 - supplementary Basic Own Funds, according to the result of the application of quantitative limits of Article 98 of the Directive 2009/138/EC of the European Parliament and of the Council.

4.1.2.9 Any other liabilities, not elsewhere shown

They are measured at cost as a best estimate of their fair value.

5. Capital Management

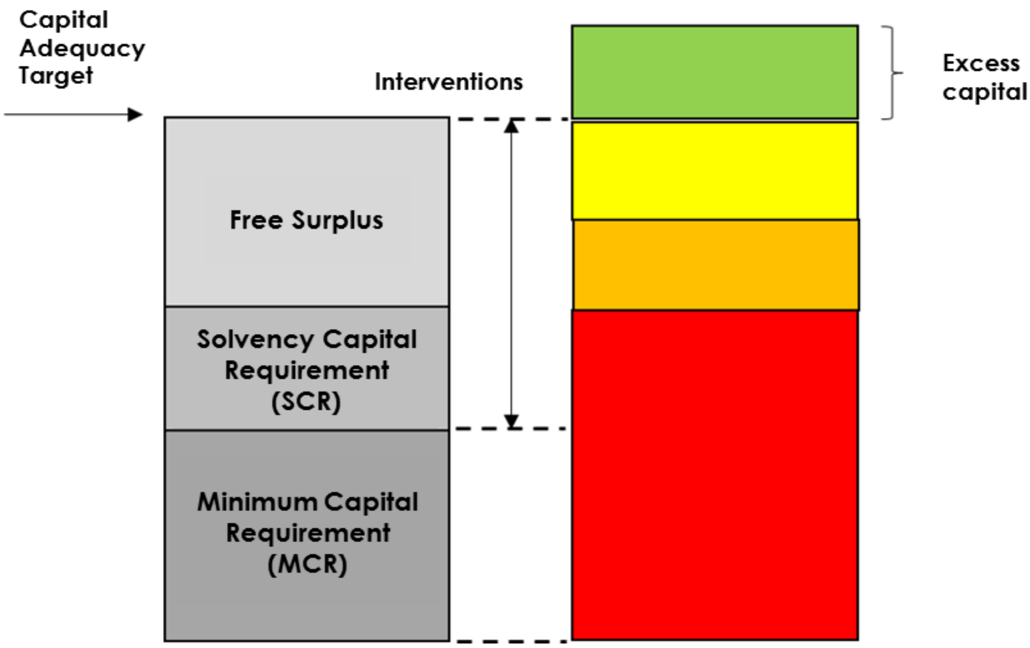
The primary objective of Capital Management is the optimization of the correlation between risk and return, securing capital adequacy supervision, as well as the dividend policy, profits and growth support.

In particular, through Capital Management the Group aims at:

To achieve these objectives, a Capital Management Policy has been developed which is in line with Group's risk appetite and strategy.

To effectively monitor the capital position of the Group, capital adequacy limits on the solvency ratio (with the use of the adjusted curve and the transitional measures) are set in the Policy, specifying actions that the Participant may take in order to restore the ratio to the desired limit.

The above are presented in the following diagram:



The Group aims at maintaining a specific capital surplus. For monitoring its capital position, critical areas are set with the corresponding limits at capital or capital adequacy ratio levels.

The level of capital adequacy is monitored quarterly by the Board Risk Committee in order to adopt measures, if necessary, that will restore it to the desired levels.

The level of capital adequacy is monitored quarterly by the Board Risk Committee in order to adopt measures, if necessary, that will restore it to the desired levels.

The Group Solvency Ratio with the use, by the Participant, of the volatility adjusted curve and the transitional measures, reached 208,6% at 31.12.2021, compared to 162,8% at 31.12.2020. The ratio without the use of the transitional measures on technical provisions, but using the transitional measure for the equity risk sub-module and the volatility adjusted curve, by the Participant, amounts to 173,9% as at 31.12.2021 compared to 124,4% as at 31.12.2020.

As a result of the above, the Group as at 31.12.2021 exceeds the solvency capital requirement target set in its Capital's Management Policy.

The above figures are resulting from the following tables.

A. Solvency ratio as at 31.12.2021

Solvency Ratio (in € thousands) 31.12.2021	With transitional measures	Without the use of transitional measures on technical provisions	Risk-free yield curve
Eligible own funds to meet the SCR	851.106	709.644	701.531
SCR	408.086	408.086	410.847
Solvency Ratio	**208,6%**	**173,9%**	**170,8%**

B. Solvency ratio as at 31.12.2020

Solvency Ratio (in € thousands) 31.12.2020	With transitional measures	Without the use of transitional measures on technical provisions	Risk-free yield curve
Eligible own funds to meet the SCR	654.549	500.226	480.815
SCR	401.979	401.979	407.125
Solvency Ratio	**162,8%**	**124,4%**	**118,1%**

A decrease of the volatility adjustment to the relevant risk-free interest rate term structure, to zero, compared to eligible own funds which were calculated without using transitional measures but using the volatility adjustment, by €8,1m as at 31.12.2021.

Impact of transitional measures on technical provisions

The Participant, with decision No 184/6/25.04.2016 of the CIC of BoG, has received an approval for using the transitional measure on technical provisions amounting to €238,3m, on which it applies a linear amortization for 16 years.

According to the decision No. 269/5/09.05.2018 of the CIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016, the transitional measure was set at €205,8m. The reduction of the technical provisions relates to the liability of the health legacy portfolio with a restriction on premium adjustment and is amortized linearly over a sixteen (16) year period. As at

31.12.2021 the unamortized value of the transitional measure on technical provisions amounting to €141,4m (i.e. 11/16 of the initial amount of the transitional measure of €205,8m) and for 2022 will amount to €128,6m (i.e. 10/16 of €205,8m).

5.1 Own Funds

For the calculation of Group's Own Funds, "deduction and aggregation method" is applied, in accordance with the decision No. 184/4/25.04.2016 of the CIC of BoG. The Group calculates its Eligible Own Funds, as the sum of Eligible Own Funds of each group entity which is multiplied by the share of the Participant in each affiliated company, after eliminating Participant's assets which are relating with the financing of own funds eligible to meet solvency capital requirements of the related undertakings.

The own funds, according to the "deduction and aggregation method" as calculated for 31.12.2021 and 31.12.2020 are presented in the following tables and was performed with:

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

A. Structure of eligible own funds as at 31.12.2021

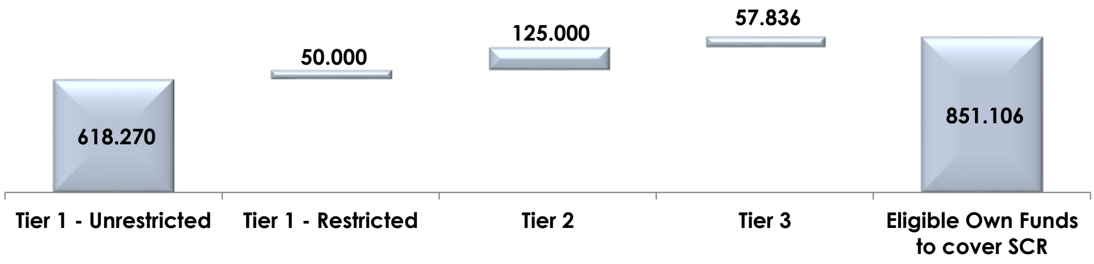
Structure of EOF (*€ in thousands*) *31.12.2021*	Group	Elimination of intra-group creation of capital	Total Group O.F. before intra-group eliminations	Participant	Ethniki Cyprus Life Insurance (100.0%)	Ethniki Cyprus Non-Life Insurance (100.0%)	Garanta (94.96%)
Tier 1 - non restricted	618.270	(49.351)	667.621	618.306	24.393	14.367	10.555
Tier 1 - restricted	50.000	-	50.000	50.000	-	-	-
Tier 2	125.000	-	125.000	125.000	-	-	-
Tier 3	57.836	-	57.836	57.800	-	36	-
Total	**851.106**	**(49.351)**	**900.457**	**851.106**	**24.393**	**14.403**	**10.555**

B. Structure of eligible own funds as at 31.12.2020

Structure of EOF (*€ in thousands*) *31.12.2020*	Group	Elimination of intra-group creation of capital	Total Group O.F. before intra-group eliminations	Participant	Ethniki Cyprus Life Insurance (100.0%)	Ethniki Cyprus Non-Life Insurance (100.0%)	Garanta (94.96%)
Tier 1 - non restricted	547.456	(45.481)	592.937	547.556	20.424	11.902	13.054
Tier 1 - restricted	50.000	-	50.000	50.000	-	-	-
Tier 2	-	-	-	-	-	-	-
Tier 3	57.093	-	57.093	56.993	-	100	-
Total	**654.549**	**(45.481)**	**700.030**	**654.549**	**20.424**	**12.002**	**13.054**

5.1.1 Eligible Own Funds to meet the SCR as at 31.12.2021

The categorization of eligible own funds to meet the SCR at 31.12.2021 is presented in the following diagram.



The Participant issued during 2021 a 10-year subordinated debt loan of €125m with NBG. The loan meets the criteria for recognition under Tier 2 of own funds.

The Participant has also issued subordinated debt loan of infinite duration amounting to €50m, out of which €45m with NGB and €5m with NBG Bank Malta, a 100% subsidiary of NBG. The loan meets the criteria for recognition under Tier 1 of own funds.

5.1.2 Restrictions on substitutability and transferability of own funds

The Group's undertakings can distribute their cumulative gains, as specified in their financial statements, except for the following:

- Distribution of the capital intended to cover Garanta's catastrophe risk reserve is not allowed.
- Transfer of tax losses and of deferred tax assets resulting from the former, between the companies of the Group, is not allowed.

5.1.3 Eligible Own Funds to meet MCR as at 31.12.2021

For the calculation of Group's solvency, the alternative method referred to in article 191 of Greek Law 4361/2016 is applied ("deduction and aggregation method") by the Participant. Based on the specifications of the method, no calculation of minimum capital requirements is provided.

5.2 Solvency Capital Requirement & Minimum Capital Requirement

The quantitative assessment of the Group Solvency Capital Requirement is performed with the use of the standard formula. For the calculation of Group capital requirements, "deduction and aggregation method" is applied, in accordance with the decision No. 184/4/25.04.2016 of the CIC of BoG and is based on the following:

a. The use of transitional measures and adjusted curve for the Participant
b. The use of risk free curve for Ethniki Cyprus Life Insurance.
c. The use of risk free curve for Ethniki Cyprus Non-Life Insurance.
d. The use of risk free curve for Garanta.

Simplified methods for the calculation of capital requirements are used by Garanta for spread risk sub-module of market risk, for credit risk module and for life underwriting risk sub-module.

The Group Solvency Capital Requirements as at 31.12.2021, amounts to €408,1m as opposed to €402,0 m as at 31.12.2020. The solvency capital requirements come mainly from those of the Participant, which on 31.12.2021 constitute 94,4% of the total solvency capital requirements.

Based on the specifications of the applied method ("deduction and aggregation method"), no calculation of minimum capital requirements is provided.

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

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

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

5.4 Differences between the standard formula and the internal models used

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

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

The Group complies fully with the overall MCR as well as SCR for 2021.

5.6 Other information

5.6.2 Business Plan and Capital Management Program

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

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

5.6.3 Dividend payment policy

The Group has formulated a Dividend policy according to its current strategy. For 2021, no dividend will be distributed by any of the Group's Companies.

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[Translation from the original text in Greek]

Independent Auditor's report

To the Board of Directors of "Ethniki Insurance Company S.A."

We have audited the following SII Regulatory Financial Information, the Quantitative Reporting Templates (QRT's) prepared in accordance with the European Union Delegated Act 2015/2452 , which comprise of Own Funds (template S.23.01.22) and Other Information (template S.22.01.22), (the "SII Regulatory Financial Information"), incorporated in the Group Solvency and Financial Condition Report (the "SFCR") of "Ethniki Insurance Company S.A." and the companies which are consolidated in the context of the preparation of these Group SII Regulatory Financial Information (the "Group") as of 31 December 2021.

The SII Regulatory Financial Information is prepared by management of the Group in accordance with the regulatory requirements and the methodology of the Group as described in Chapter 4 and Chapter 5 sections 5.1 and 5.2, of the attached "Group Solvency and Financial Condition Report" and in accordance with Greek Law 4364/2016.

Responsibilities of Management for the Solvency II Regulatory Financial Information

Management is responsible for the preparation and presentation of the SII Regulatory Financial Information in accordance with the regulatory requirements and the methodology, as described in Chapter 4 and Chapter 5 sections 5.1 and 5.2, of the attached "Group Solvency and Financial Condition Report" and in accordance with Greek Law 4364/2016, and for such internal control as management considers necessary to enable the preparation of SII Regulatory Financial Information that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the SII Regulatory Financial Information. We conducted our audit in accordance with International Standards on Auditing which have been transposed into Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the SII Regulatory Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts of the SII Regulatory Financial Information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the SII Regulatory Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Group SII Regulatory Financial Information 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 Group's internal control. An audit also includes evaluating the appropriateness of methodology used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the SII Regulatory Financial Information.

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

Opinion

In our opinion, the SII Regulatory Financial Information as of 31 December 2021, incorporated in the Group's "Solvency and Financial Condition Report" as of 31 December 2021, has been prepared, in all material respects, in accordance with the provisions and requirements of Greek Law 4364/2016 and the methodology described in Chapter 4 and Chapter 5 sections 5.1 and 5.2 in the "Group SFCR".

Basis of Preparation and Restriction of use

We draw your attention to the Chapter 4 and Chapter 5 sections 5.1 and 5.2 of the "Group Solvency and Financial Condition Report", which describes the regulatory provisions and methodology for the preparation of the SII Regulatory Financial Information, which have been prepared to assist the Group's management in fulfilling its obligations in accordance with Law 4364/2016. As a result, the SII Regulatory Financial Statements and our Audit opinion on these may not be suitable for any other purpose. This Audit report is intended solely for use by the Group's management to fulfill its regulatory obligations and should therefore not be used by other parties.

Other Matters

1. The Department of Private Insurance Supervision of the Bank of Greece, as the Supervisory Authority, in accordance to Law 4364/2016, may request the modification or revision of published Group reports or the publication of additional information, as well as other actions taken by management. The preparation of the "Group Solvency and Financial Condition Report", as well as our audit procedures, has been conducted on the assumption that there are no additional requirements by the Supervisory Authority.

2. Our audit of the "Solvency and Financial Condition Information" does not constitute a statutory audit of the Group's Financial Statements for the year ended 31 December 2021 and therefore we do not express an opinion on these Financial Statements.

Athens, 17 May 2022

The Certified Auditor

pwc

PricewaterhouseCoopers S.A.
268 Kifissias Avenue,
Halandri 152 32
SOEL Reg. No. 113

Marios Psaltis

SOEL Reg. No. 38081

Annex I – Annual Quantitative Templates (QRTs)

The current annex includes the Group's annual quantitative templates («QRTs»)[6]:

QRT	Title	Description
S.05.01.02	Premiums, claims and expenses by line of business	Information on premiums, claims and expenses using the valuation and recognition principles used in the Company's financial statements
S.22.01.22	Impact of long-term guarantees measures and transitionals	Information on the impact of the long-term guarantee and transitional measures
S.23.01.22	Own Funds	Information on own funds, including basic own funds and ancillary own funds
S.32.01.22	Undertakings in the scope of the group	Information on the undertakings in the scope of the Group

[6] All amounts in the Templates of the Annex I, are presented in thousands of euros (€ th.)

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)								
		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
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110	62.029	1.016	0	52.492	22.672	2.749	72.229	20.724	4
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	18	68	5	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	149	91	0	2.106	2.846	1.654	39.798	10.318	0
Net	R0200	61.880	925	0	50.386	19.826	1.114	32.499	10.411	4
Premiums earned										
Gross - Direct Business	R0210	59.443	997	0	53.132	22.444	2.530	72.154	18.484	4
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	10	49	13	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	149	88	0	1.988	2.780	1.598	39.512	6.268	0
Net	R0300	59.294	909	0	51.143	19.664	942	32.691	12.230	4
Claims incurred										
Gross - Direct Business	R0310	30.514	160	0	25.901	9.344	294	13.857	4.699	-3
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	1	0	-34
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	57	12	0	907	2.119	115	7.460	1.034	-31
Net	R0400	30.457	148	0	24.993	7.225	178	6.399	3.665	-6
Changes in other technical provisions										
Gross - Direct Business	R0410	-66	-12	0	389	1.773	-1	1.195	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	137	13	1.197	0	0
Net	R0500	-66	-12	0	389	1.636	-13	-2	0	0
Expenses incurred	R0550	19.837	403	0	25.963	9.220	1.350	12.402	6.642	170
Other expenses	R1200									
Total expenses	R1300									

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
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	1.558	5.509	10.983					251.966
Gross - Proportional reinsurance accepted	R0120	0	0	0					91
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0	0
Reinsurers' share	R0140	0	2.889	8.804	0	0	0	0	68.654
Net	R0200	1.558	2.620	2.179	0	0	0	0	183.402
Premiums earned									
Gross - Direct Business	R0210	1.600	5.511	10.227					246.527
Gross - Proportional reinsurance accepted	R0220	0	0	0					72
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	0
Reinsurers' share	R0240	0	2.884	8.086	0	0	0	0	63.353
Net	R0300	1.600	2.627	2.142	0	0	0	0	183.245
Claims incurred									
Gross - Direct Business	R0310	289	0	4.714					89.768
Gross - Proportional reinsurance accepted	R0320	0	0	0			0		-33
Gross - Non-proportional reinsurance accepted	R0330								0
Reinsurers' share	R0340	0	0	4.893					16.565
Net	R0400	289	0	-179					73.170
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	1					3.280
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non- proportional reinsurance accepted	R0430				0	0	0	0	0
Reinsurers' share	R0440	0	0	5	0	0	0	0	1.351
Net	R0500	0	0	1	0	0	0	0	1.933
Expenses incurred	R0550	720	1.103	2.098	0	0	0	0	79.907
Other expenses	R1200								164
Total expenses	R1300								80.072

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

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	118.218	83.357	75.539	204.429	0	0	0	0	**481.544**
Reinsurers' share	R1420	678	529	277	6.837	0	0	0	0	**8.320**
Net	R1500	**117.540**	**82.828**	**75.262**	**197.593**	**0**	**0**	**0**	**0**	**473.224**
Premiums earned										
Gross	R1510	118.890	83.347	76.181	203.612	0	0	0	0	**482.030**
Reinsurers' share	R1520	678	517	277	6.502	0	0	0	0	**7.974**
Net	R1600	**118.212**	**82.830**	**75.904**	**197.109**	**0**	**0**	**0**	**0**	**474.056**
Claims incurred										
Gross	R1610	95.586	93.763	47.347	76.722	0	0	0	0	**313.419**
Reinsurers' share	R1620	-54	-22	17	80	0	0	0	0	**21**
Net	R1700	**95.640**	**93.786**	**47.330**	**76.642**	**0**	**0**	**0**	**0**	**313.398**
Changes in other technical provisions										
Gross	R1710	0	-59.256	32.826	120.182	0	0	0	0	**93.752**
Reinsurers' share	R1720	0	12	0	1	0	0	0	0	**13**
Net	R1800	**0**	**-59.268**	**32.826**	**120.181**	**0**	**0**	**0**	**0**	**93.739**
Expenses incurred	R1900	37.741	30.847	8.291	19.723	0	0	0	0	**96.601**
Other expenses	R2500									1
Total expenses	R2600									**96.602**

S.22.01.22
Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010					
Basic own funds	R0020					
Eligible own funds to meet Solvency Capital Requirement	R0050	851.106	-141.463	0	-8.113	0
Solvency Capital Requirement	R0090	408.086	0	0	2.761	0

S.23.01.22
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						
Ordinary share capital (gross of own shares)	R0010					
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130					
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
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 other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270					
Total deductions	R0280					
Total basic own funds after deductions	R0290					
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	R0410	0	0	0	0	
Institutions for occupational retirement provision	R0420	0	0	0	0	0
Non regulated entities carrying out financial activities	R0430	0	0	0	0	
Total own funds of other financial sectors	R0440	0	0	0	0	
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	900.457	667.621	50.000	125.000	57.836
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	851.106	618.270	50.000	125.000	57.836
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	0	0	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	0	0	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	0	0	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	0	0	0	0	
Minimum consolidated Group SCR	R0610					
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	0				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	851.106	618.270	50.000	125.000	57.836
Group SCR	R0680	408.086				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	209%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve	R0760	
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	

Annex I
S.32.01.22
Undertakings in the scope of the group

Country	Identification code of the undertaking	Identification type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
GREECE	LEI/549300KEWDUFHSXE9Z74	LEI	The Ethniki Hellenic General Insurance Company S.A.	Composite Insurer	Societe Anonyme	Non-mutual	Bank of Greece
ROMANIA	LEI/549300BLM6IEMSO0RW56	LEI	Garanta Asigurari S.A.	Composite Insurer	Joint-Stock Company	Non-mutual	Autoritatea de Supraveghere Financiara
CYPRUS	LEI/5493007ZRLWEW5V2G603	LEI	Ethniki Insurance (Cyprus) Ltd.	Life Insurer	Private Company Limited by Shares	Non-mutual	Insurance Companies Control Service (Cyprus)
CYPRUS	LEI/549300FVF8DP60DVL683	LEI	Ethniki General Insurance (Cyprus) Ltd.	Non-life Insurer	Private Company Limited by Shares	Non-mutual	Insurance Companies Control Service (Cyprus)

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
				Significant		Yes		Method 2: Solvency II
94,96%	100,00%	94,96%		Significant	94,96%	Yes		Method 2: Solvency II
100,00%	100,00%	100,00%		Significant	100,00%	Yes		Method 2: Solvency II
100,00%	100,00%	100,00%		Significant	100,00%	Yes		Method 2: Solvency II

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Annex II – Solvency II Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transitional measures: Measures which facilitate insurance undertakings within a reasonable transitional period to fully comply with Solvency II requirements. Their purpose is generally to normalize the direct effect of the application of Solvency II rules so that, for example, large increases in technical provisions or capital requirements are implemented gradually.

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

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

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

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