

Ethniki Holdings S.à r.l.

Group Solvency & Financial Condition Report

2024

Executive Summary

Set out below is the executive summary of the Solvency & Financial Condition Report ("Report") of Ethniki Holdings S.à r.l. Group (the "Group"), headed by Ethniki Holdings S.à r.l. (the "Participant").

The following companies are each individually defined as the "related undertakings":

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

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

Key Figures

The following table depicts the key figures of the Group for the financial years 2024:

Solvency II Key Figures	31.12.2024	31.12.2023 Restated	Adjustments	31.12.2023 As reported in 2023 Group SFCR	% Change 2024 vs 2023 Restated
(€ in thousands)					
Investments	3.368.922	3.428.041	-	3.428.041	-1,7%
Other Assets	702.377	628.839	71.982	556.857	11,7%
Total Assets	4.071.299	4.056.880	71.982	3.984.897	0,4%
Technical provisions	3.034.318	2.987.675	27.626	2.960.049	1,6%
Other liabilities	579.037	570.774	88.932	481.841	1,4%
Excess of assets over liabilities	457.944	498.431	(44.576)	543.007	-8,1%
Subordinated liabilities	177.128	177.171	-	177.171	0,0%
Total Own Funds	635.072	675.602	(44.576)	720.179	-6,0%
Eligible own funds to meet SCR					
Tier 1	351.878	405.088	(42.665)	447.753	-13,1%
Tier 2	129.099	129.147	-	129.147	0,0%
Tier 3	28.212	24.167	1.158	23.009	16,7%
Total Eligible Own Funds to meet SCR	509.190	558.402	(41.507)	599.909	-8,8%
Capital Requirement					
Solvency Capital Requirement (SCR)	314.623	306.627	2.316	304.312	2,6%
Solvency Ratio (SCR Coverage Ratio)[1]	162%	182%	-15%	197%	-21 pp
Minimum Capital Requirement (MCR)					
Minimum Capital Requirement (MCR)	107.467	106.265	(1.702)	107.966	1,1%
Eligible own funds to meet MCR					
Tier 1	351.878	405.088	(42.665)	447.753	-13,1%
Tier 2	21.493	21.253	(340)	21.593	1,1%
Total eligible own funds to meet MCR	373.372	426.341	(43.005)	469.346	-12,4%
Solvency Ratio (MCR Coverage Ratio)[2]	347%	401%	-34%	435%	-54 pp

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

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

In 2024, following a regulatory request, the Greek subsidiary resubmitted its 2023 SFCR, restating EOF and SCR for all transactions reported in its financial statements and adjusting post-balance sheet events in line with Solvency II.

A Group-level resubmission was not required; however, 2023 comparative figures in the 2024 Group SFCR were restated to reflect the Greek entity's adjustments.

Key restatements include:

- Dividend & income tax: (49,9m €)
- Other adjustments: primarily related to claims and reinsurance recoverables, finalization of employee benefit liabilities (IAS 19), and other minor items

As indicated in the above Table, on 31.12.2024 the Group's eligible own funds exceed both the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR").

Business and Performance

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

In 2024, the Group's Net Insurance Service Result amounted to €26,2m 2024, recovering from a loss making 2023. Total production for 2024 in terms of GWP and related income reached €902,8m, stemming mainly from Life business €648,9m, and strong performance in Property €122m, Motor €83,2m and Other Non-Life €48,6m.

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

System of Governance

The Participant has recently taken steps to strengthen its governance framework by formalizing a service agreement with Ethniki Insurance. Under this agreement, Ethniki Insurance staff with adequate expertise will be responsible for preparing the Participant's reports, including Quarterly QRTs, Annual QRTs, SFCR, RSR, and ORSA. This arrangement establishes a formal framework to ensure the effective management and preparation of these reports, enhancing the Participant's governance and operational integrity in these key areas.

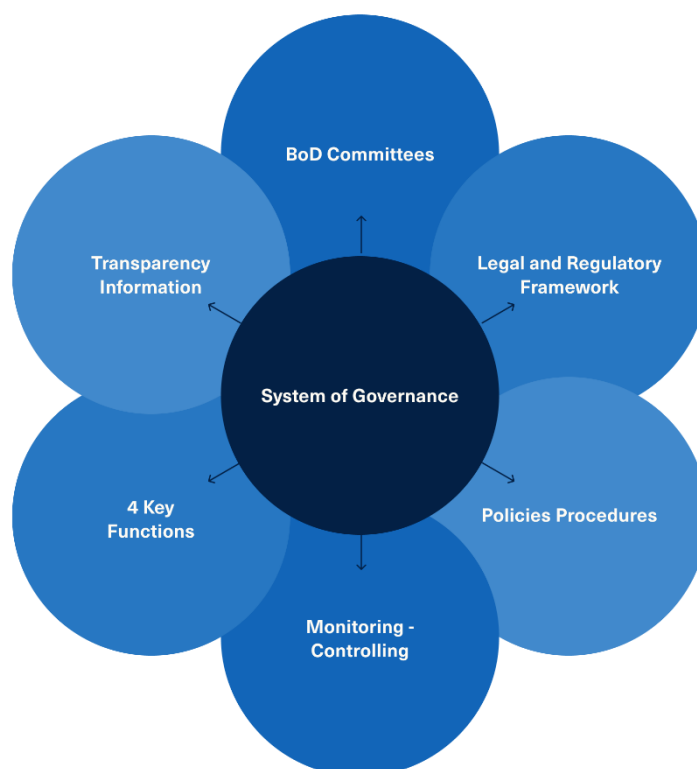
The BoD of Ethniki Insurance, supported by the BoD Committees, is responsible for setting the strategic direction, supervising the operations carried and exercising adequate control of the Sub-Group, aiming at the maximization of its long-term value, the advocacy of general corporate and Sub-Group interest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

The Sub-Group's System of Governance includes:

1. Policies and Procedures, approved by the BoDs of Ethniki Insurance and its related undertakings, such as the Compliance Policy, the Fit & Proper Policy, the Remuneration Policy and the Outsourcing Policy.
2. An Internal Control System ("ICS") aiming at ensuring, to the extent possible, that internal control mechanisms are implemented as designed, are adequate and promote the consistent implementation of business strategy, the timely identification and effective risk management, and the provision of reliable financial management information. In

this context, ICS includes, inter alia, allocating responsibilities to Staff, establishing and recording procedures and safeguards, carrying out regular and ad hoc audits by the competent Units,

3. A Risk management system, aiming at the timely identification, adequate assessment and effective monitoring, management and reporting of existing and emerging risks, throughout the range of the Sub-Group business activities. For the effective operation of the Risk Management System, Risk Management Strategies and Policies are adopted and Own Risk & Solvency Assessment ("ORSA") is performed,
4. Four key functions: Internal Audit, Actuarial, Risk Management and Compliance function, which operate on the basis of approved Charters are supervised by the Committees of the BoD or / and directly by the BoD.



Risk Profile

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

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

Market Risk	Credit Risk	Insurance Risk	Operational Risk	Liquidity Risk
Asset - Liability Mismatch Risk	Concentration Risk	Reputation Risk	Strategic Risk	Sustainability Risk

The macroeconomic landscape slightly improved compared to the year 2023 with lower inflation rate and broadly stable economic growth for Greece. Nevertheless, the fragile macroeconomic conditions still remain due to the ongoing global geopolitical tensions and the fear of rising protectionism.

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

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

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

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

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

Solvency Capital Requirements as at 31.12.2024:

Solvency Capital Requirements (€ in thousands) 31.12.2024	Companies consolidated under method 1 ⁽¹⁾	Ethniki Cyprus Life Insurance ⁽²⁾	Ethniki Cyprus Non-Life Insurance ⁽²⁾	Garanta ⁽²⁾
Market Risk	151.507	5.842	2.906	1.650
Credit Risk	23.634	605	1.695	1.395
Life underwriting risk	67.915	8.481	-	421
Health underwriting risk	92.209	1.381	1.714	503
Non-Life underwriting risk	69.177	-	3.284	4.249
Diversification	(145.150)	(4.154)	(3.135)	(2.281)
BSCR	259.292	12.155	6.464	5.938
Operational Risk	29.523	640	678	332
LAC	-	-	-	(400)
Solvency Capital Requirements (method 1)	288.815	12.795	7.143	5.871
Solvency Capital Requirements (method 2)	25.808			
Group Solvency Capital Requirements	314.623			

(1): The Participant and Ethniki Insurance

(2): Consolidated under method 2

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

The Solvency Capital Requirement as at 31.12.2024, with the use of the volatility adjustment on the relevant risk free interest rate term structure ("adjusted curve") and the transitional measures

on technical provisions ("transitional measures"), amounts to €314,6m as opposed to €306,6m as at 31.12.2023.

There was change to the Group's Risk Profile, compared to the previous reporting period. Total capital requirements increased by 2,6%. The increase came mainly from market risk, and health underwriting risk and operational risk (by 2,4%, 9% and 12% respectively). As an offset, counterparty default risk was decreased by 14,3%.

The Group has performed a sensitivity analysis, in order to estimate the effect of changes in risk factors on its own funds as at 31.12.2024. The sensitivity analysis was performed with:

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

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

Scenarios	Value	Change (amounts in € thousands): Own Funds	Capital Adequacy ratio
Change in interest rates	0.50%	(12.465)	158%
Change in interest rates	-0.50%	7.169	164%
Change in bonds credit spreads	50 bps	(105.031)	128%
Change in bonds credit spreads	-50 bps	120.287	200%
Change in equity prices	25%	28.872	171%
Change in equity prices	-25%	(28.771)	153%
Change in property values	25%	55.536	179%
Change in property values	-25%	(55.339)	144%

Valuation for Solvency Purposes

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

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

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

Capital Management

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

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

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

According to the decision No. 269/5/09.05.2018 of the CIIC of BoG and in accordance with the provisions of article 275 of Greek Law 4364/2016, the transitional measure on technical provisions for Ethniki Insurance was set at €205,8m. The reduction of the technical provisions relates to the liability of the health legacy portfolio with a restriction on premium adjustment and is amortized linearly over a sixteen (16) year period. As at 31.12.2024 the unamortized value of the transitional

measure on technical provisions amounting to €102,9m (i.e. 8/16 of the initial amount of the transitional measure of €205,8m) and for 2025 will amount to €90,0m (i.e. 7/16 of €205,8m).

The Solvency Capital Requirement coverage ratio with the use of the volatility adjustment on the relevant risk free interest rate term structure and transitional measures reached 162% as at 31.12.2024, compared to 182% as at 31.12.2023 and the eligible own funds to cover the SCR reached €509,2m as opposed to €558,4m as at 31.12.2023.

The Solvency Capital Requirement coverage ratio excluding the use of the transitional measure but using the volatility adjustment amounts to 129% as at 31.12.2024, compared to 144% as at 31.12.2023 and the eligible own funds to cover SCR reached €406,3m as opposed to €442,7m as at 31.12.2023.

The Solvency Capital Requirement coverage ratio with the use of the risk free yield curve, amounts to 115% as at 31.12.2024, compared to 132% as at 31.12.2023 and the eligible own funds to cover SCR reached €362,9m as opposed to €410,9m as at 31.12.2023.

Solvency Ratio (€ thousands)	With transitional measures		Without the use of transitional measures on technical provisions		Risk-free yield curve	
	31.12.2024	31.12.2023 Restated	31.12.2024	31.12.2023 Restated	31.12.2024	31.12.2023 Restated
Eligible own funds to meet the SCR	509.190	558.402	406.251	442.659	362.893	410.892
SCR	314.623	306.627	315.086	306.627	316.930	312.056
Solvency Ratio	162%	182%	129%	144%	115%	132%

On 1 January 2024 the transitional measure on technical provisions was amortized by €12,9m.

Sale Process

On March 12, 2025, the Participant's majority shareholder entered into a share purchase agreement for the sale of the 90.01% of the share capital of the Participant to Piraeus Bank S.A. The total consideration is €600m, on a 100% basis. The closing of the transaction is subject to the approvals of the competent regulatory bodies.

Subsidiary held for sale

On 14.04.2025, the Company announced that it has entered into a Share Purchase Agreement (hereinafter "SPA") to sell 100% stake in its subsidiary Ethniki Cyprus (the "Transaction") to the Bank of Cyprus Holdings Public Limited Company.

The Transaction is subject to the approvals of the competent regulatory bodies.

