MINERVA
INSURANCE COMPANY PUBLIC LTD

Solvency and Financial Condition Report 2017

SFCR REPORT

Contents

A. Executive Summary

A.1 Purpose of the report

This report represents the Solvency and Financial Condition Report (SFCR) for Minerva Insurance Company Public Limited (hereinafter ''Minerva'' or ''Company'') for the year ended 31 December 2017. The purpose of the SFCR is to meet public disclosure requirements set out by the regulations for Insurance Companies (Solvency II).

The report presents different aspects of Minerva's solvency and financial condition. In particular it sets out Minerva's business and performance, system of governance, risk profile, valuation methods used in preparation of its balance sheet on a Solvency II basis, and overview of its capital management.

The Report should be read in conjunction with quantitative reporting templates presented in Annex I of this report.

A.2 Business and Performance

Minerva Insurance Company Public Limited was founded and began its operations in 1970. Minerva is composite insurer operating in Cyprus.

The Company is licenced under article 19 of the Insurance and Reinsurance Services and Other Related Issues Law of 2016 to underwrite accident and health, motor – including third party liability, marine and transit risks, fire and other property damage and general liability insurance business.

Even though it underwrites a wide range of insurance products, the Company mainly focuses on the underwriting of motor products (comprises of 77% of its portfolio).

During the year ended 2017 the Company increased its Gross Written Premium (GWP) to €11,8 million (2016: €11,3 million) representing an increase of 4,1% compared to last year. The Company has generated a net profit of €26 thousand compared to €103 thousand in 2016.

The Company maintains a solid capital position. At the reference date, the Solvency Capital Requirement amounted to €6,922 million and the eligible own funds available to cover this requirement amounted to €8,050 million. Hence, the ratio of eligible own funds to SCR at the reference date amounted to 116.29% and the Solvency II surplus amounted to €1,128 million.

The Business performance of the Company is further analysed in section B of this report.

A.3 System of Governance

Minerva's Board recognises the importance of strong corporate governance and has the responsibility of ensuring its long-term sustainability. To ensure that the Board's responsibilities are met, the Board has established a governance framework overseen and supported by two subcommittees (the Risk Management and Reserving Committee and the Audit Committee) and the Management of the Company. The governance structure sets out clear accountabilities and responsibilities across all the functions of the Company and in particular the key functions (Actuarial, Compliance, Risk Management and Internal Audit).

Additionally, Minerva in anticipation of the regulatory requirements has formalised its written policies and procedures and improved its overall risk management and internal control system based on the nature, complexity and size of the Company.

The System of governance of the Company is further analysed in section C of this report.

A.4 Risk Profile

The risk profile of Minerva is predominately driven by non-life underwriting risk, market risk and counterparty risk.

The primary basis used by Minerva to quantify the risks is the Solvency Capital Requirement (SCR) which is calculated as Solvency II Own Funds at risk.

The following table shows Minerva's diversified SCR by most significant components as at 31 December 2017:

	€'000
Non-life underwriting risk	3,957
Market risk	2,728
Counterparty risk	2,073
Life and health risk	490
Operational risk	396
Diversification	(2,529)
Loss absorbing capacity of deferred taxes	(193)
Solvency Capital Requirement (SCR)	**6,922**

The Risk profile of the Company is further analysed in section D of this report.

A.5 Valuation for Solvency Purposes

The valuation of the assets and liabilities of the Solvency II balance sheet is carried out by the Valuation Policy and Reserving Policy endorsed by the Company's Board of Directors.

The Company prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS's) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

As at the valuation date the total value of Company's assets is €30,976m on an IFRS basis and €28,687m on a Solvency II basis. The difference in the value of assets between the two bases is fully explained by the exclusion of "Intangible Assets" and "Deferred Acquisition Costs" and the revaluation of the "Reinsurance Recoverables".

As at the valuation date the IFRS liabilities reported on the valuation date are €24,276m. This compares to €20,638m of Company's Solvency II technical provisions calculated as at the same valuation date. The difference is primarily due to the way Solvency II accounts for the premium reserves which is different from the way IFRS measures them.

The €1.349m difference is accounted as follows:

Own Funds Reconciliation	**€'000**
Equity (IFRS Financial Statements)	6,700
Deferred Acquisition costs	(1,508)
Intangible Assets	(180)
Reinsurance Recoverables	(601)
Technical provisions	3,081
Deferred Tax Liabilities	(193)
Subordinated Liabilities	750
Own Funds (Solvency II)	**8,049**

The valuation for solvency purposes of the Company is further analysed in section E of this report.

A.6 Capital Management

At 31 December 2017, the Own Funds of the Company amounted to 8,050m.

The coverage ratio of the Company is 116.29% as at the valuation date and is analysed as follows:

Own Funds	**€'000**
Ordinary share capital	13,331
Share premium account related to ordinary share capital	4,317
Reconciliation reserve	(10,348)
Other own fund items approved by the supervisory authority	750
Total Basic Own Funds	**8,050**

The following table shows the SCR split by risk modules as at 31 December 2017:

Solvency Capital Requirement	€'0000
Market risk	2,728
Counterparty default risk	2,073
Life Underwriting risks	277
Health underwriting risk	213
Non-Life underwriting risk	3,957
Sum of risk components	**9,248**
Diversification effects	(2,529)
Diversified risk	6,719
Intangible asset risk	-
Basic SCR	6,719
Operational risk	396
Adjustments	(193)
SCR	**6,922**

Under Solvency II all insurance entities must satisfy at any point in time the requirements of having sufficient available capital to meet the Minimum Capital Requirement (MCR) to retain its licence to sell insurance business in Cyprus.

The Company was compliant with the MCR thought out the year under review.

As at the valuation date, the MCR of the Company was determined to be €3.700m which means that the Company needs to have at least €3.700m of available capital (own funds) to retain its licence to sell insurance business in Cyprus. Given its available capital is at a level of €8.050m, the Company can cover its minimum capital requirement by approximately 2.17 times.

The Capital management of the Company is further analysed in section F of this report.

A.7 Material changes during 2017

As a result of a continuous action plan in relation to Solvency II, the Company continue to invest in upgrading its products, procedures and systems so as to reduce risks faced by the Company and thus enhanced its profitability and it's Solvency Ratio.

During the year the Company enhanced its corporate governance processes by upgrading its procedure manuals and automating its operating systems. Throughout the year the Company continued investing in technology; it enhanced the Document Management System software in order to improve service quality and facilitate an affective and reliable business continuity plan to be in place as well as the security of data files, paper files and documents, electronic files and databases.

On 13th November 2017, the BoD of the Company decided to proceed with the merger under the provisions of the Companies Law Cap. 113 of the wholly owned subsidiary of Minerva Estate Limited pursuant to the Merger Plan approved by the Boards of Directors of the two companies.

On 19th of December 2017, the Company's shareholders, in an Extraordinary General Meeting were reviewed the above Merger Plan and were unanimously agreed the following:

(i) Approves and validates the terms and conditions as described in the Merger Plan dated 13th November 2017, in relation to the proposed merger of the Company with Minerva Estate Limited

(ii) Approves the execution, delivery and fulfillment of the Company's obligations under the Merger Plan as presented to the Company's Shareholders.

Furthermore, the Company authorized the Board of Directors of the Company, in coordination with the Board of Directors of Minerva Estate Limited, to take the necessary measures and procedures prescribed by law for the execution of the Reorganization and Merger Plan, including the filing of an application for final approval by the Nicosia District Court.

Additionally, during the year, the Company taken all necessary measures and plans so as to comply with the provisions of the Directive issued by the Superintend of Insurance, regarding the collection and return of insurance premiums which will be applicable from 1st of January 2018.

In addition, during 2017, the Company has commenced the preparations for implementing the regulations of General Data Protection Regulation (GDPR), which will have a material effect on the Company with its enforcement on 25 of May 2018.

Moreover, the Company is in the process of formulating and adapting its policies and procedures so that it fully aligns with the provisions of the Insurance Distribution Directive (IDD) by its implementation on 1st of October 2018.

Any changes in the processes, tools, bases, methodologies and assumptions applied by the Company to calculate its financial and regulatory requirements, obligations and reporting should be found in the individual sections.

A.8 Annex I

Annex I, shows the quantitative templates submitted to the local Regulator on behalf of the Company for the valuation date. The following templates are reproduced in this Annex:

Code	Template Name
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.22.01.21	Impact of long term guarantees measures and transitionals
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.25.02.21	Solvency Capital Requirement – for undertakings using the Standard Formula and partial internal model
S.25.03.21	Solvency Capital Requirement – for undertakings on Full Internal Models
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity
S.28.02.01	Minimum Capital Requirement – both life or non-life insurance activity

B. Business Performance

This section of the report describes Minerva's business structure, key operations, and financial performance over the reporting period.

B.1 Business

B.1.1 Name and legal form of undertaking

Minerva Insurance Public Company Limited (hereafter the "Company") was incorporated in Cyprus on 29 October 1970 as a private limited liability company and on 20 November 1997 was converted into a public company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. In December 1997 the Company made a public issue of new shares and was listed in the Cyprus Stock Exchange with company Registration Number HE3282.

Its registered office is at 165 Athalassas Avenue, Anna Maria Court, 2024, Strovolos, Cyprus.

The principal activity of the Company is the transaction of general insurance business.

B.1.2 Supervisory authority

The Superintendent of Insurance is the competent authority for the supervision of the insurance sector in the Republic of Cyprus and exercises all the powers granted to her by the Law on Insurance and Reinsurance Services and Other Related Issues of 2016 [Law 38(I) 2016] and by the relevant Regulations, for the purpose of protecting the policyholders and the insurance beneficiaries. The supervisor contact details are:

Insurance Companies Control Service

Address: P.O. Box 23364, 1682 Nicosia
Telephone Number: 22602990
Fax Number: 22302938
E-mail: insurance@mof.gov.cy

B.1.3 External Auditors

The Company's appointed auditor for the year ended 31 December 2017 was KPMG Ltd.

Address: Esperidon 14, 1087 Nicosia
Telephone Number: 22209000
Fax Number: 22513294
E-mail: www.kpmg.com.cy

The information in this Report has been subject to external audit according to the Orders of the Superintendent of Insurance April 2017. The Auditor's Report is presented in Appendix C.

B.1.4 Shareholders

The shareholders of the Company that had directly or indirectly significant participation (over 5%) in the Company's share capital as at 31 December 2017 were as follows:

Costakis Koutsokoumnis - 50,572%

Following the death of Costakis Koutsokoumnis on 5th of March 2018 the shareholding will be transfer to his legal estate.

B.1.5 Material lines of business and material geographical areas where the Company carries out business

Motor insurance

The Company writes motor insurance in Cyprus. This consists of both property and liability benefits, and therefore, includes both shorter and longer tail coverage. The payments that are made quickly indemnify the policyholder against the value of loss on motor physical damage claims and property damage (liability) claims, at the time the incident occurs, subject to any limits or excesses. The payments that take longer to finalise, and are more difficult to estimate, relate to bodily injury claims. These indemnities cover the motor vehicle against compensation payable to third parties for death or personal injury.

Liability (Professional Indemnity, Employers Liability, Public Liability, Engineering)

The Company writes liability insurance in Cyprus. Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.

Fire insurance and other damage on property

The Company writes insurance against fire and other damage on property in Cyprus. Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property.

Accident and health insurance

Personal Accident products pay benefits of fixed amount in the event of an accident or cover the medical expenses due to accident. Medical insurances offered on an individual basis (either stand alone or as supplementary benefits to life policies) provide only inpatient cover while group medical policies provide both inpatient and outpatient cover. Generally, medical insurances indemnify the insured person fully or partially for the cost of medical treatment due to either accident or illness.

Yacht, Marine and Cargo

The Company writes very few of the above insurance risks covering the loss or damage of ships, yachts, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination.

Life Business

The Company ceased writing new life business as from 15th November 2012. A closed portfolio consisting of less than 1000 in force and paid up policies is currently administered by the Company's life department of which the majority are unit linked type policies and the remaining are conventional endowment and whole life policies with and without profit participation and standalone term policies.

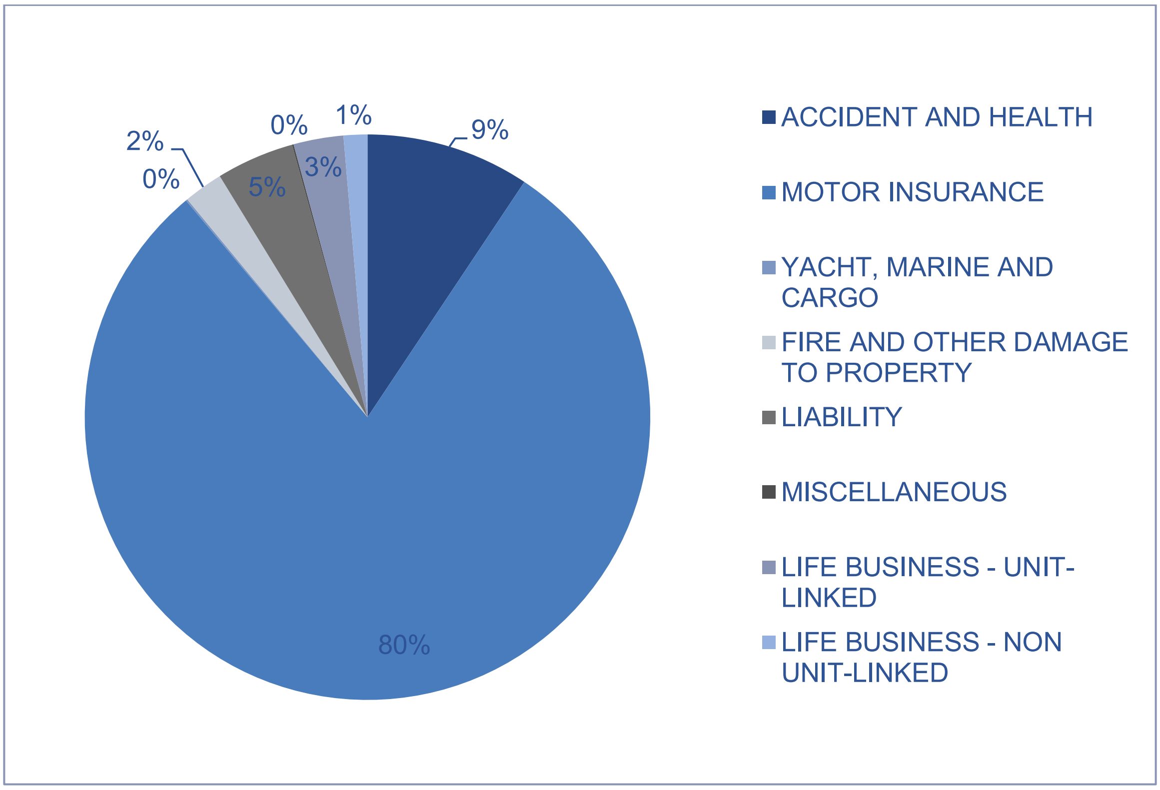
Life business - Unit-linked insurance contracts

These are contracts without fixed benefits and consist mainly of regular unit-linked endowments and whole of life products where the primary purpose is to provide an investment return. In addition, the policyholder is also insured against death. Unit-linked contracts operate by investing the policyholders' premiums into pooled investment funds of the Company. The policyholders' share of the fund is represented by units. The benefit is payable on maturity, or death if earlier. The amount payable on death is subject to a guaranteed minimum amount. The maturity or surrender value depends on the investment performance of the underlying fund and the level of charges levied by the Group for policy administration fees, mortality and other charges. A small number of these contracts also provide a minimum guaranteed surrender value at specific dates.

Life Business – Non unit linked

In addition the Company maintains non-unit linked contracts all written before 2003. These contracts may be of pre-defined duration, or whole of life, and they accrue for specific benefits both in the case of maturity of the contract, or death whichever is earlier. The surrender value of the contract is either pre-determined or defined for each contract by the Company. A small number of these contracts participate on the profits of Life Business as defined for each contract by the Company.

The following graph shows an analysis of the line of business of the Company as at 31 December 2017 based on net premiums earned as at the reporting period:



B.1.6 Significant changes that have had a material impact on the undertaking

During the year 2017 there were some changes within the Company that have had an impact on the business as analysed below:

1. Some new procedures have been set up and implemented and actions taken in order to set up the mechanisms and systems required (hardware and software) which will enable the timely and efficient continuation of business in the event of a disastrous event and strengthen the information security system of the Company. These relate to alternative location building, alternative AS400 hardware system (or AS400 system hosted by a third party), lease lines, agreements with third party software and hardware providers.
2. A new comprehensive Fire Policy was launched by the Company at the end of the year. The new product expected to be contributing to increase the currently low share of fire and other damages to property in the foreseeable years.
3. At the end of the year, the Company proceeds with the merger of Minerva Estate Limited, one of its subsidiaries. The merger which is expected to be implemented during the first quarter of 2018, will increase the ratio of eligible own funds to SCR by 4,02 basis points. In particular the post-merger Property and Concentration risk (from property) SCR will be lower than the pre- merger Equity and Concentration risk SCR from the participation of the parent company in its abovementioned subsidiary.

B.2 Underwriting performance

B.2.1 Non-Life Portfolio

The Company registered a growth of 4,9% (2016: 3,7%) in its GWP mainly attributed to the Motor vehicle liability and other motor lines of business.

Gross Written Premium €	2017	2016	%change
Medical expense insurance	999,532	897,159	11,4%
Income protection insurance	26,524	159,250	-83,3%
Workers' compensation insurance	-	-	-
Motor vehicle liability insurance	7,918,731	7,664,848	3,3%
Other motor insurance	799,534	793,578	0,8%
Marine, aviation and transport insurance	29,170	16,534	76,4%
Fire and other damage to property insurance	832,547	717,754	16%
General liability insurance	667,921	508,327	31,4%
Credit and suretyship insurance	-	-	-
Legal expenses insurance	-	-	-
Assistance	-	-	-
Miscellaneous financial loss	27,354	18,779	45,7%
Total	**11,301,313**	**10,776,229**	**4,9%**

The incurred claims of the Company, in 2017, increased by 17,2%, compared to last year, mainly attributed to the General Liability line of business.

Incurred Losses €	2017	2016	%increase
Medical expense insurance	624,808	602,604	3,7%
Income protection insurance	(16,063)	268,150	-106,0%
Workers' compensation insurance	-	-	-
Motor vehicle liability insurance	4,862,702	4,637,670	4,9%
Other motor insurance	130,897	124,106	5,5%
Marine, aviation and transport insurance	(433)	2,210	-119,6%
Fire and other damage to property insurance	43,476	13,111	231,6%
General liability insurance	442,914	(463,529)	-195,6%
Credit and suretyship insurance	-	-	-
Legal expenses insurance	-	-	-
Assistance	-	-	-
Miscellaneous financial loss	-	11,812	-100%
Total	**6,088,301**	**5,196,134**	**17,2%**

The Company forecasts its results over its business planning horizon as part of its Own Risk and Solvency Assessment. According to our forecasts, we expect to maintain the same levels of growth and profitability to be enhanced further.

B.2.2 Life Portfolio

The Company registered a reduction of 9,9% in its GWP mainly attributed to the runoff nature of the business. The incurred losses of life portfolio for the year ended 31 December 2017 were €341.773, (2016: loss €265.540) which was 28,7% lower compared to last year.

B.2.3 Underwriting performance over the business planning horizon

The anticipated growth of business volumes, compared to previous year, by product line are as follows:

Gross Written Premium €	2018	2019
Medical expense insurance	1,003,687	1,033,797
Income protection insurance	27,073	28,426
Workers' compensation insurance	-	-
Motor vehicle liability insurance	7,958,324	8,197,073
Other motor insurance	803,531	831,654
Marine, aviation and transport insurance	30,628	31,699
Fire and other damage to property insurance	998,833	1,018,809
General liability insurance	719,164	733,547
Credit and suretyship insurance	-	-
Legal expenses insurance	-	-
Assistance	-	-
Miscellaneous financial loss	28,721	30,157
Total	**11,569,961**	**11,905,162**

Overall the projected portfolio of Minerva is expected to remain profitable over the business planning horizon. Availability of reinsurance remains critical for the Company to maintain its competitiveness as well as its risk taking capacity.

B.3 Investment Performance

The composition of the Company's investment portfolio (excluding Unit Linked) as at 31.12.2017 was as follows:

Type	2017	2016
	€	€
Property	7,213,910	6,897,312
Holdings in related undertakings	2,426,367	2,513,562
Equities	229,772	194,742
Bonds	2,285,581	2,313,307
Deposits other than cash equivalents	5,447,954	6,581,920
Cash and cash equivalents	891,916	526,618

A graph shows the above analysis is presented in section D.1.5 below.

B.3.1 Income and expenses arising from investments by asset class

An analysis of the Company's income and expenses arising from investments by assets class is analysed below:

Type	2017	2016
	€	€
Property, plant and equipment held for own use	64,382	63,142
Income from Fixed Deposits	104,308	130,270
Gain/(loss) on equities/other shares - listed	55,118	(107,506)
Other investments	182,396	185,317

Income arising is composed of dividends, interest, rental income received and unrealised capital gains.

B.3.2 Any gains and losses recognised directly in equity

No other material items have been recognised in the Other Comprehensive income in 2017 other than the profit on revaluation on investment property amounted to €128.436.

B.3.3 Investment Projections

When compiling projections, no market movements are factored. Dividends are projected to remain stable year on year based on the most recent data available and interest on debt securities reflects actual coupons receivable. Rental income projections are based on contracts in force.

B.4 Performance of other activities

There have been no other significant activities undertaken by the Company other than its insurance and related activities.

B.5 Any other information

There is no other material information regarding the business and performance of the Company which has not already been disclosed in the sections above.

C. System of Governance

This section sets out information in relation to Minerva's system of governance. It provides a description of Minerva's key functions as defined by Solvency II regulations (Risk Management, Compliance, Internal Audit, and Actuarial functions).

This section also describes the internal control system which utilised the Three Lines of Defence model.

C.1 General information on the system of governance

The Company is committed to implement a sound governance framework that should ensure that the management of the business is based on the following principles:

- Transparent organisational structure
- Strategic objectives and corporate values communicated throughout the Company
- Clear lines of responsibility and accountability throughout the Company
- BOD members and Senior Management are qualified for their positions, have a clear understanding of their role in corporate governance and are able to exercise sound independent judgment about the affairs of the Company and that Fit and Proper requirements are met
- There is appropriate oversight of the Company's activities through the three lines of defence model
- Effective utilisation of the work conducted by internal and external auditors, as well as other control functions, given their critical contribution to sound corporate governance
- Compensation policies and practices are consistent with the Company's ethical values, objectives, strategy and control environment

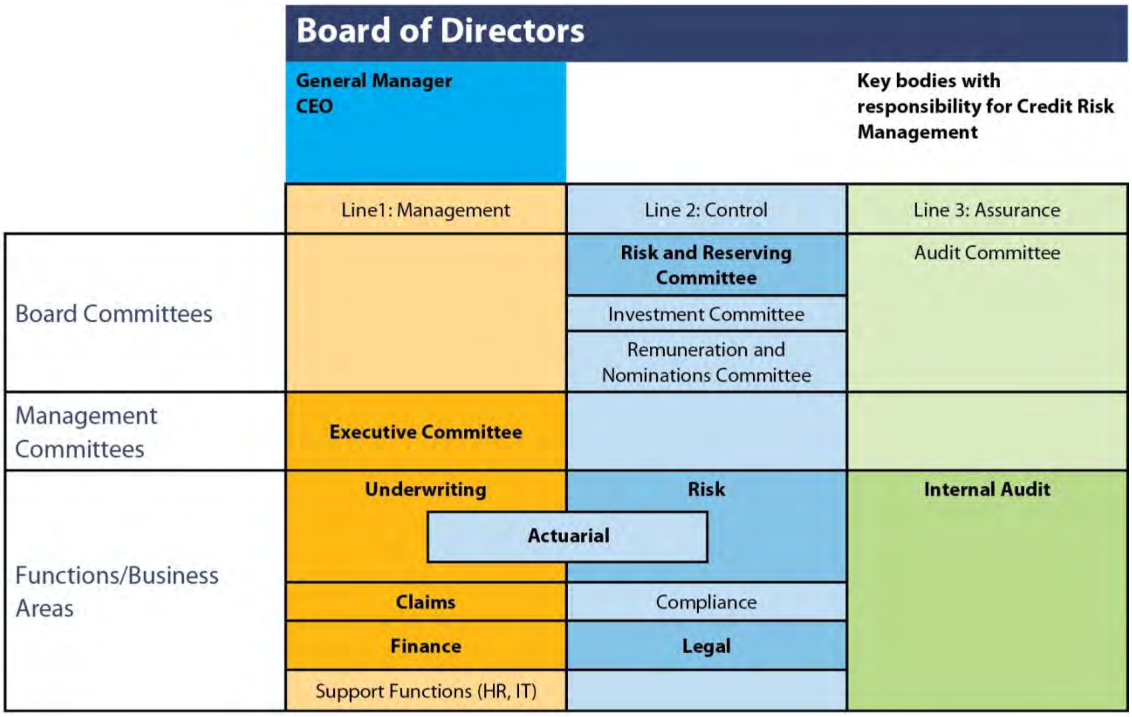
The Corporate Governance framework for the Company is based on the 'three lines of defence model' which supports the implementation of a robust internal control system and is aligned with the ''four eye principle'' that the Company is required to comply.

The First Line of Defence owns the risk and is responsible for identifying, recording, reporting, managing the risks and ensuring that the right controls and assessments are in place to mitigate these risks.

The Second Line of Defence sets the policy and guidelines for managing the risks and provides advice, guidance and challenge to the First Line of Defence on effective risk management.

The Third Line of Defence is Internal Audit which independently ensures that the Company manages the risk effectively.

The ''Three Lines of Defence Model'' is presented in the diagram below:



C.1.1 The Board of Directors (BoD)

The BoD which is the ultimate supervisory body of the Company is responsible for leading and controlling the Company, devising strategies and plans for their implementation and reviewing and evaluating the Company's performance against such strategies and plans.

The BoD organises and directs the affairs of the Company in a manner that seeks to protect its policyholders' funds, maximize the value of the Company for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

The BoD is responsible for setting the appropriate "tone at the top" by providing appropriate Organisational values, ethics and priorities and by establishing and embedding an Organisational culture that supports the effective operation of the system of governance

Furthermore, the members of the BoD act as advisers and counsellors to the CEO and Senior Management and oversee the Senior Management's performance.

The Directors are responsible for the general governance of the Company, its proper administration and management and for the general supervision of its affairs. The day-to-day management of the Company is delegated by the Directors to an executive committee (the "Executive Committee") consisting of the Company's senior management.

C.1.1.1 Election and Appointment of Board Members

The Directors are appointed by election at the annual general meeting of the Company.

The Board of Directors consists of three executive directors (including the Chairman) and five non-executive directors, four of which are independent.

The current members of the Board of Directors of the Company are presented below:

Costas Koutsokoumnis - Executive Chairman – (Up to 5 March 2018)

Marios Koutsokoumnis - Executive Chairman – (Appointed on 14 March 2018)

Loukis Papaphilippou - Deputy Chairman

Michael Mylonas - Executive Director

Danis Kliriotis - Executive Director

Marios Lefkaritis – Non Executive Director

Chrysostomos Mitsides – Non Executive Director

Constantinos Malekos – Non Executive Director

Andreas Siakas – Non Executive Director

All members of the Board remained fit and proper according to the Solvency II requirements.

- Mr. Marios Koutsokoumnis is a graduate of the English University of Economics, ACII and Chartered Insurer of the Chartered Insurance Institute in London. He was a General Manager of the General Business of Minerva Insurance Company Public Limited from 1983 to 16 December 1999 on which he left the Company.

- Mr. Loukis Papafilippou is a lawyer since 1963. President of the Nicosia Bar Association from 1981 to 1987. President of the Pancyprian Bar Association from 1988 to 1994. Member of the Legal Council from 1985 to 1986. Chairman of the Board of Directors of the ANTENNA TV station. Author of several legal books.

- Mr. Michael Mylonas holds BA in Economics and BSc in International Business of American Universities. Currently, holds the position of General Manager in the Insurance and Development Services Department of Minerva Insurance Company Public Ltd.

- Mr. Danis Kliriotis is a Fellow Certified Chartered Accountant (FCCA) and a member of the Association of Certified Public Accountants of Cyprus. He worked for the KPMG Audit Firm. Currently holds the position of General Manager of Administrative and Financial Services (CFO) of Minerva Insurance Company Public Ltd.

- Mr. Marios Lefkaritis studied economics and marketing at the Central London Polytechnic and subsequently obtained from the same Polytechnic a postgraduate Diploma in Management Studies. In 1971 he began working in family businesses and until 1975 he was involved in the regional management of petroleum products in Limassol and Pafos. Since 1976 he has been working in the shipping industry and with the financial management of other companies of the Petrolina Holdings Ltd. Group. He served as chairman of the Cyprus Football Federation from 1991 to 2001 and was declared a lifelong Honorary President. Additionally he was involved in the management of UEFA and FIFA.

- Mr. Chrysostomos Mitsides studied Business Studies at City & East London College and then Milling Technology at the Swiss Milling School in St. Gallen, Switzerland. He has been working for Mitsides Public Company Ltd since 1979. He is a member of the International Association of Operational Millers of Middle East & East Africa.

- Mr. Constantinos Malekos studied Economics at the London School of Economics with specialization in actuarial science. He is founder and CEO of NewLife Insurance Consultants as well as Epos Insurance Agents from 1994 until today. He is a consultant to Fred TV and a Non-Executive Director at Hotforex-HF Markets (Europe) Ltd. He worked from 1983 to 1994 in Universal Life Insurance Company initially as Insurance Group Manager and subsequently as Sales Manager.

- Mr. Andreas Siakas studied Economics and Business at Higher School of Athens. He is a Certified Public Accountant (Member of the Association of Chartered Certified Accountants), Certified internal Auditor, (CIA- Member of the Institute of Internal Auditors of the United States), Certified Government Financial Manager (CGFM) and holds a Master's Degree in Human Resource. He is Director of Apserou Shiaka & Co Ltd from 2009 until today. He served as Director of the Audit Office of Co-operative Bank from 2000 to 2009. He also served as Senior Auditor at the Audit Office of the Republic of Cyprus since 1985-2000. Previously he worked as an auditor in accounting firms in London and Athens.

C.1.1.2 Board Meetings

The BoD shall meet formally at least four times per annum in the context of its regular duties in the annual business cycle. Additional meetings may also be held upon such need as identified by the senior management or by members of the BoD or its Committees.

C.1.1.3 Board Committees

For a more effective organisation of the Company, the Board established the below-mentioned Committees.

Committee	Brief Terms of Reference	Composition
Audit Committee	Ensures the operation of an effective system of internal controls within the Company and oversees the selection and remuneration of external auditor	1. Andreas Shiakas (Chairman) 2. Chrysostomos Mitsides
Investment Committee	Reviews and challenges the policy of the Company and its implementation regarding Investments	1. - Marios Koutsokoumnis (Chairman) (from14/03/2018) - Costas Koutsokoumnis (Chairman) (up to 05/03/2018) 2. Danis Kliriotis 3. George Skordis
Risk and Reserving Committee	Monitors compliance initiatives including regulatory as well as voluntary and ensures codification of processes of the Company. It also considers the exposure of the Company to significant risk and ensures the overall risk profile of the Company is sound and proficient	1. Constantinos Malekos (Chairman) 2. Marios Koutsokoumnis (from14/03/2018) 3. Danis Kliriotis 4. Michalis Mylonas

C.1.2 Organisational Structure

The Organisational structure and reporting lines of the Company are designed to:

- Enable apportionment of responsibilities and clear accountabilities and responsibilities
- Facilitate prompt transfer of information to all persons who need it
- Prevent conflicts of interest
- Ensure the prudent and effective management of the Company

As previously mentioned the Company’s ultimate supervisory body is the BoD.

The Senior Management, through the CEO has the day to day responsibility for the implementation of the Company’s approved strategy and reports to the BoD. Reporting to the BoD is both structured, through planned meetings and regular reporting and ad hoc as required. The operation and responsibilities of senior management are outlined in this Report.

The Business Functions of the Company have the responsibility for the implementation of the BoD's strategy in their business functions. They report directly to the CEO with regards to their day-to-day duties.

In order to minimize the probability of a potential conflict of interest and preserve their operational independence, the key control functions have additional direct reporting lines to the BoD or Board Committees. These additional reporting lines are implemented in order to ensure that these functions have the ability to escalate important issues directly to the BoD. Consequently, the Risk, Compliance and Actuarial Functions have a reporting line to the Risk Committee.

The Organisational structure of the Company is presented in Appendix B.

C.1.3 Key Functions

In accordance with the Solvency II framework they Key Functions recognised by the BoD are the following:

- Actuarial Function
- Risk Management Function
- Compliance Function
- Internal Audit Function

Details of the duties of these functions are shown in subsequent sections.

Each key function reports directly to the Board without any restrictions and the Board is ultimately responsible for reviewing the performance of the key functions and considering any recommendations made by these functions.

The Board is also responsible for ensuring that all key functions are operationally independent, which implies that each function should be free from any undue influence, control or constraint from any other key function or the Board itself.

The positions of each function in the "Three Lines of Defence Model" are also clearly shown in the diagram in the previous section.

C.1.4 Material changes in the system of governance over the reporting period

There were no material changes in the system of governance during the reporting period. However, on 5th of March 2018 Costas Koutsokoumnis, the Executive Chairman and CEO of the Company, passed away and Mr. Marios Koutsokoumnis appointed by the BoD in his position on 14 March 2018.

Additionally, Mr. Marios Anastassiades resign his position as the Compliance Officer of the Company on 30th of September 2017 and Mr. Nicolas Kyriakides on behalf of Harris Kyriakides LLC was appointed on 1st of October 2017 in his position.

Moreover, Mrs. Maria Kyriakou resign her position as Internal Auditor of the Company on 20th of June 2017 and Mrs. Eftychia Democratous was appointed on 1st of September 2017 in her position.

- Mr. Marios Koutsokoumnis – CV:

Mr. Marios Koutsokoumnis is a graduate of the English University of Economics, ACII and Chartered Insurer of the Chartered Insurance Institute in London. He was a General Manager of the General Business of Minerva Insurance Company Public Limited from 1983 to 16 December 1999 on which he left the Company.

C.1.5 Remuneration policy and practices for the BoD and employees

The Company's remuneration is in line with the market norms in order to enable the Company attract competent and experienced resources and ensure that any resources that it engages do not take excessive risks that could be detrimental to the Company. It also reduced the risk of significant employees' turnover rate which could potentially increase operation uncertainty and risk.

The remuneration of BoD members during 2017 was €285.443 in aggregate, which remained the same like last year.

C.1.6 Information about material transactions during the reporting period:

During 2017, there were no material transactions between the Company and its shareholders or members of the BoD other than the renewal of subordinated loan of Costas Koutsokoumnis to the Company amounted to €750.000, for a period of 10 years.

C.2 Fit and proper requirements

Prior to the appointment of any member of the BoD and member of senior management of Key Function the Company carries out an evaluation of the fitness and propriety of that individual. Furthermore, such appointments are subject to approval by the Superintended of Insurance.

The function delegated with the responsibility for the Fit and Proper test is the Compliance function. The Compliance Function also bears the responsibility for monitoring the fitness and propriety of individuals on an ongoing basis.

The fit and proper test criteria satisfy at a minimum the relevant regulatory requirements as well as additional criteria laid down by the Company.

The Fitness test assesses the individual's professional and technical competence through a consideration of:

- previous experience, knowledge and professional qualifications and whether these are adequate to enable sound and prudent management of the Company;
- proof of skill, care, diligence and compliance with the relevant standards of the area/sector he/she has previously worked in;

The Propriety test assesses honesty, integrity, reputation and financial soundness of the individual by considering their:

- reputation, including an enquiry as to whether there have been any criminal or financial antecedents or past experience with regulatory authorities which may cast doubt on the ability of that person to adequately discharge his/her duties in line with applicable rules, regulations and guidelines.

The assessment is facilitated through:

- personal questionnaires
- academic and/or professional qualification certificates
- certificate of non-bankruptcy
- clear criminal record certificate
- personal resume and
- personal declaration

In particular, with regards to members of the BoD they must always have the collective knowledge of the financial and insurance market, business strategy, system of governance, financial and actuarial analysis and the regulatory framework and requirements.

The detailed criteria and documentation requirement in the context of the fit and proper test are described in the Company's governance policy which is also subject to review on an annual basis.

The fitness of employees is implemented through the recruitment process.

Furthermore, all Directors and members of staff must comply with the Company's code of conduct.

Persons in key Positions / Functions

The persons holding Key Function roles in the Company are as follows:

Position / Function	Name
Chief Executive Officer	Marios Koutsokoumnis (from 14/03/2018)
General Manager (Finance and Administration)	Danis Kliriotis
General Manager (Insurance and Development)	Michalis Mylonas
Head of Finance	Andri Hanna
Risk Management & Actuarial Functions	George Skordis
Claims Manager	Nantia Tselinga
Information Technology Manager	Christos Dorotheou
Compliance Function	Nicolas Kyriakides (from 01/10/2017)
Internal Audit Function	Eftychia Democratous (from 01/09/2017)

C.3 Risk management system including the own risk and solvency assessment

C.3.1 Description of the undertaking's risk management system

The Company has implemented an effective risk management system which is designed to ensure timely identification and assessment of existing and emerging risk exposures as well their effective management. The risk management system is comprehensively addressed in the Company's risk management policy which provides for the risk governance, a risk appetite statement and the risk management framework.

The risk management policy comprises of sub-policies for all main categories of risk namely: Underwriting Risk, Investment and Asset Liability Risk, Credit Risk, Liquidity Risky, Concentration Risk, Operational Risk and Reinsurance. It is approved by the BoD and is reviewed at least once a year.

C.3.1.1 Risk Appetite Statement

The risk appetite statement lays down the level and nature of risks that are considered acceptable for the Company and the constraints within which it should operate in pursuing its strategy.

The Company manages its risk appetite through a set of limits. The limits are set, not such that they are likely to be fully used, but rather so that limited exceptions are reported. The aggregate risk limits and the risk category limits are to be used by the Risk Management Function (RMF) for the monitoring and reporting of overall risk exposure and by the BoD and Risk Committee for making decision on the Company's risk profile.

Overall the Company sees itself as a low risk entity and risk tolerance limits have been set to reflect that.

The Company has a target of maintaining a solvency coverage ratio at all times in excess of 115%.

In this context, tolerance limits are set for all risk categories to ensure that on a worst-case scenario basis, risk exposures will not lead to losses threatening this target solvency ratio.

The risk appetite statements are disclosed in Appendix A.

C.3.1.2 Risk Governance

The risk governance of the Company forms an integral part by defining the role of each function of the Company in the Risk Management Framework. It is organised in a way that ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels.

As mentioned in previous sub-sections, the system of governance is based on the "three lines of defence model" safeguarding that risk management is embedded into the organisational structure and decision-making processes of the Company and that the risk management system is supported by appropriate internal controls and by information systems that provide relevant, accurate and reliable information.

C.3.1.3 Risk Management Processes

The risk management framework is a continuous process encompassing of the following key stages:

- **Risk Identification**

The identification process is facilitated by a continuous use and review of internal and external sources of information.

Quantitative risks are identified through observation of the Company's exposures through its financial records. Emerging risks are identified through external data or information.

Qualitative risks are identified through identification of events, actions or inactions (risks) that have the potential to materially impact the achievement of the objectives or the intended operation of functions and business processes. These can relate to both threats to operations or failures to take advantage of opportunities.

Stress testing, scenario analysis and sensitivity analysis are also adopted for the purposes of identifying risk exposures over the business planning horizon through the ORSA process which is described in the next section.

- **Risk Assessment / Measurement**

The main metric for assessing quantifiable risk exposures is the 99.5% value at risk. This is a measurement of the maximum loss occurring from predefined events with a probability of 1 in 200. Additional risk metrics are a predefined set of key risk indicators encompassing all risk areas. All risk metrics correspond to a risk tolerance limit explicitly stated within the risk appetite statement. This enables the comparison of actual risk exposures against the Company's tolerances indicating where further mitigating action is necessary.

Non-quantifiable risks are measured and ranked based on established criteria for frequency and severity. The frequency and severity associated with risks are assessed on an inherent and residual basis, having considered both the existence and effectiveness of the controls, by following a four-step process:

- Assessing the frequency of risk events and their resulting severity (inherent risk);
- Identifying the controls in place that prevent or detect the occurrence of the risk event or mitigate its severity;
- Assessing the design and performance of each control; and
- Assessing the frequency of risk events and their resulting severity, having considered the effectiveness of existing controls (residual risk).

Once identified and measured, material risks are documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls. The Risk Register is monitored regularly and amended where necessary to capture changes in risks facing the business or in the controls used to mitigate existing risks.

- **Risk Control and Mitigation**

The Company has a strong risk controls culture to ensure the mitigation of all risks in its risk universe. Controls are developed and used to safeguard the integrity of the Company's processes and systems.

Additionally, the RMF evaluates and adopts appropriate risk transfer methods to mitigate its exposure to the identified risks. Such methods may include purchasing reinsurance coverage, using derivatives as hedging instruments.

Unexpected risks exposures are also covered by own funds, in accordance with the Solvency II requirements.

Company's policies on risk transfer including the use of reinsurance or other instruments is documented in the Company's Reinsurance and Other Risk Mitigation Techniques Policy.

Once Company has identified and quantified its risks, it can implement a strategy for mitigating them with appropriate policies, procedures, systems, and controls. Within the established risk appetite and tolerance, the Company would retain a certain portion of risk, transfer another portion (through insurance), and then finance those risks it could not insure.

- **Risk Monitoring and Reporting**

The RMF has the responsibility to ensure that all material risk exposures are monitored on an on-going basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk Committee.

Specifically, the RMF monitors the following for each risk:

- Actual exposure vs. Limit at an aggregate base
- Key Risk Indicators
- Risk data and model validation
- Appropriateness and assumptions of risk measurement methodologies
- Unusual or material events
- Early warning indicators (in the internal and external environment of the Company)
- Policy breaches

In addition, on an annual basis:

- the Risk Register is formally reviewed by the Risk Management Function and any actions deemed necessary following such review are brought to the attention of the Board; and
- the Risk Management Function runs stress and scenario tests and reports the results and suggested courses of action to the Board

C.3.2 Significant Risk Exposures

The main risk exposures as at 31 December 2017 as measured through the Solvency II standard formula are shown in the table below:

99.5% Value at risk (SCR)	€'000
Market risk	2,728
Counterparty default risk	2,073
Life Underwriting risks	277
Health underwriting risk	213
Non-Life underwriting risk	3,957
Intangible asset risk	-
Operational risk	396

C.3.3 Material Risks not included in the calculation of the Solvency Capital Requirement

There were no material risks other than those captured in the calculation of the SCR.

C.3.4 Prudent Person Principle

The Company manages its investments in a prudent manner and in accordance with "The Prudent Person Principle". The performance and risk profile of the investment portfolio is monitored on a quarterly basis.

C.3.5 Credit Assessments

Credit assessments are used for the Company's main counterparties through its reinsurance program and its asset portfolio. The ratings used are those of the main global rating agencies such as AM Best, Standard & Poor's, Fitch and Moody's. The ratings are obtained by the asset managers and the reinsurers themselves and are verified through ad hoc research through the internet.

The Company considers these external ratings as adequate for the purpose of the credit risk assessment of these counterparties unless information emerges which is thought to compromise their credit worthiness and has not yet been allowed for by the rating agencies.

C.4 Own Risk and Solvency Assessment (ORSA)

C.4.1 ORSA Process

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times. The ORSA policy is the policy which governs the ORSA process.

Strategic decisions such as the introduction of new products, utilisation of additional distribution channels etc. are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity.

The Company follows the steps below to implement its ORSA:

i. **Identify and classify risks, including governance** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.

ii. **Assessment and measurement of risks** - the Company collects data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics. This also includes and assessment of the Solvency II standard formula and whether it adequately reflects the underlying risk profile of the Company.

iii. **Capital Allocation –** According to its risk profile, the Company determines the necessary risk capital required at that point in time.

iv. **Capital planning** – The Company projects its risk profile based on its business plan and prepares a capital plan over the business planning horizon. The capital plan depends on its strategic objectives and financial projections and assumptions on future economic conditions.

v. **Stress testing** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future. Stress tests complement the use of the standard formula by assessing the financial effect of events or sequence of events that lead to specific adverse scenarios. Thus, they can be used to understand the Company's vulnerability to its various risk exposures and the level of financial strain that it can withstand.

vi. **Communicate and document the results** – The Company presents the results of the process to senior management and the BoD and prepares the ORSA Report. The BoD reviews and challenges the results of the ORSA through discussions.

C.4.2 Governing the ORSA

The ultimate responsibility for the ORSA process lies with the BoD. The BoD defines the corporate objectives and the risk strategies of the company which form significant inputs to the ORSA. The BoD also defines the stress testing program and also reviews, challenges and approves the ORSA Report. The BoD also sets the ORSA policy and reviews it every year.

The function which is the most responsible for carrying out the ORSA is the Risk Management Function. However, due to its very nature, the ORSA requires input from across the whole Company and hence the Risk Management Function coordinates the ORSA process in conjunction with all the other functions as risk owners.

Significant input is required from the finance function for the preparation of the financial projections in accordance with the Company's business plan and from the Actuarial Function in quantifying future risks and assisting with the financial modelling of forecasted solvency assessments.

C.4.3 ORSA and decision making processes

ORSA is considered as a very valuable assessment in addressing the risks inherent with the Company's strategy and the BoD confirms that it is embedded in the decision-making processes of the Company. In particular, the ORSA allows the management to take into account all the risks associated with the Company's business strategies and the required level of capital that the Company requires commit, explore alternative options and assess their impact and decide on the optimal strategy and advise to BoD accordingly.

C.4.4 Frequency of the ORSA

The Company currently intends to perform the ORSA annually. Furthermore, the assessment will be performed immediately following any significant changes to the environment that the Company operates.

These changes include, but are not limited to:

- Significant changes to the financial and political environment in which the Company operates
- Significant operational losses
- Material changes to the new business volumes
- Planned changes to the operating model of the Company
- Significant changes in the Company's risk profile

C.4.5 Solvency needs and Risk Profile

In 2017, the Company undertook a detailed risk and solvency assessment as well as a forward-looking assessment of capital requirements comprising of the years 2018-2020. These assessments encompass all material risks that the Company faces or could expect to face over its planning period.

The assessment also addressed the adequacy of the standard formula and how it relates to the underlying risk profile of the Company. The assessment provided satisfactory evidence for the adequacy of the standard formula and comfort that we can continue using this as a key risk metric.

Furthermore, it provided confidence that the capital requirements address the material risk exposures and the available own funds provide a satisfactory buffer in safeguarding business continuity beyond the 99.5% confidence threshold.

Any risks not covered by capital are believed to be adequately mitigated through the control measures applied internal and no additional capital beyond the SCR was deemed necessary.

The following table summarises the financial and solvency projections over the business planning horizon. The BoD confirms that it has adequate capital availability for implementing its strategy. All amounts are in Euro.

Capital Adequacy €'000	YE2017	YE2018	YE2019	YE2020
SCR	6,922	6,946	7,037	7,091
MCR	3,700	3,700	3,700	3,700
Eligible own funds	8,050	8,386	9,006	9,641
Solvency ratio	116,29%	120,72%	127,97%	135,95%

C.5 Internal control system

Internal control is a process effected by Company's Board of Directors, management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Every member of the Company has a role in the system of internal control. Internal control is people-dependent and its strength depends on people's attitude toward internal control and their attention to it:

- The Board is responsible for setting the strategy, tone, culture and values of the Company
- Management, Risk Management, Compliance and Actuarial function design policies and procedures to ensure that an effective internal control system is established within the Company
- The Internal Audit function monitors the effectiveness of the internal control system

There are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Management
- Control Activities
- Reporting
- Monitoring

Each of these are outlined below and described in detail in the Company's Internal Control Policy:

C.5.1 Control environment

The control environment sets the tone of the Company, influencing the control consciousness of its people. It is the foundation for all other components of the Company's internal control system, providing discipline and structure. Control environment factors include:

- Integrity and ethical values
- Commitment to competence
- Management's philosophy and operating style
- Organisational structure
- Assignment of authority and responsibility
- HR policies and practices

C.5.2 Risk Management

The risk management system entails the identification and analysis of relevant risks which threaten the achievement of the Company's objectives, forming a basis for determining how the risks should be managed. As an integral part of its Risk Management system, the Company identifies all reasonably foreseeable material risks and assesses the frequency and severity of such risks, recording such identification and assessment in the Risk Register.

The process is overseen by the Board and Risk Management function. The risk management process is described in detailed in the Company's Risk Management Policy.

C.5.3 Control Activities

Control activities are the policies and procedures that are designed to ensure that management directives are carried out, strategies are properly implemented and the necessary actions are taken to address material risks to the achievement of the Company's objectives. Control activities occur throughout the entire Company, at all levels and in all functions. They include a range of activities as diverse as:

- approval and authorization requirements, as required by the Company's procedure manual;

- segregation of duties, as reflected in the Company's organisational structure and in other controls outlined in the procedure manual;
- controls required by the Company's various policies, such as the Outsourcing Policy;
- verifications, reconciliations, reviews, controls over assets and other controls as identified in the procedure manual and which are primarily aimed at implementing the four-eyes principle

The Company has appropriate documented policies, procedures, techniques, and mechanisms in place for each of its business areas (e.g. Underwriting, Claims) and control functions (Risk and Compliance). All relevant objectives and associated risks for each significant activity are identified in conjunction with conducting the risk identification process.

Up to date Company policies and procedures are distributed to all relevant personnel, who read and understand them. Management oversees the implementation of the Company's policies and procedures and ensure that control activities are properly applied. Monitoring personnel review the functioning of established control activities and remain alert for instances in which excessive control activities should be streamlined. They act timely on exceptions, implementation problems, or information that requires follow-up.

Control activities are regularly evaluated to ensure that they are still appropriate and working as intended.

C.5.4 Reporting

Financial and other information must be identified, captured and communicated in a form and timeframe that enables the management and the BoD to carry out their responsibilities. Management accounts, solvency assessments and risk reports are submitted to the BoD on a quarterly basis. Moreover, all key functions report to the Board at least once a year on their activities, the adherence to their respective Company's policies together with any proposals for changes to the policy as considered necessary by the relevant function.

C.5.5 Monitoring of internal controls

The Company has established the necessary monitoring mechanisms that facilitate the understanding of the Company's situation and provide the Board with relevant information for the decision-making process. Management and monitoring personnel know their responsibilities for internal control and make control and control monitoring part of their regular operating processes.

Regular monitoring occurs during normal operations and includes on-going management activities and actions taken by all personnel when performing their duties. It is performed continually and on a real-time basis, reacts dynamically to changing conditions and is ingrained in the Company's operations.

The effectiveness of the internal control system is monitored on a continuous basis by business areas and control owners, any deficiencies of the system are identified and rectified in a timely manner. As part of the internal control monitoring, the quality of performance over time is assessed and the findings of audits and other reviews are promptly resolved.

C.5.6 Compliance Policy and Compliance Function

The Compliance Function ensures that compliance awareness is promoted internally and externally and that compliance is an integral part of the corporate culture of all licensed entities. Employees within the organization receive adequate training on compliance on a set periodic basis and are encouraged to identify and report all breaches as necessary so that corrective action can be immediately taken and risks mitigated.

The role of the Compliance Function includes:

a) advising the Board of Directors on compliance with any legislation, regulations and any other applicable laws, in so far as they apply to the Company,

b) the assessment of possible impact as regards changes in the legal environment on the Company,

c) the identification and assessment of any compliance/regulatory risks

d) providing the Board of Directors with regular reports on the progress of the Compliance plan, and any other matters which need to be brought to the attention of the Board of Directors

C.6 Internal audit function

The Company establishes and maintains an Internal Audit Function, the objectives of which are:

- to independently examine and evaluate the functioning and effectiveness of the internal controls and all other elements of the system of governance;
- to assess compliance with internal strategies, policies, processes and reporting procedures

The Internal Audit Policy and principles are outlined in the Internal Audit Charter and the Internal Audit manual which are approved by the Audit Committee of the BoD and reviewed at least annually for their adequacy.

The Internal Audit Function reports to the Board through the Audit Committee.

The Internal Audit Function has an unrestricted right to obtain information relevant to the discharge of its responsibilities. This entails the prompt provision of all necessary information, the availability of all essential documentation and the ability to look into all activities and processes of the Company. To this effect, the Internal Audit Function has full, free and unrestricted access to all the personnel of the Company who shall, in turn, ensure that the Internal Audit Function obtains the necessary information about, and has the necessary access to, the Company's outsourced functions.

C.7 Actuarial Function

The Actuarial Function is a critical function for the Company. It is subject to the fit and proper criteria and according to the relevant legislation it should at all times be carried out by persons who are fit and proper to carry out the duties outlined below, in an objective manner and free from any undue influences. The Actuarial Function of the Company is executed by a Fellow of the Institute of Actuaries who fulfils all above criteria.

The Actuarial Function reports to the Chief Executive Officer and to the BoD and is subject to the audit of the Internal Audit Function regarding the adequacy and effectiveness of its procedures. The operating procedures of the function are described in detail in the Actuarial Function Manual.

The role of the Actuarial Function is to establish and maintain appropriate procedures, processes and systems sufficient to allow the Company to reasonably estimate its insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised professional standards. In this context, the Actuarial Function coordinates the assessment and validation of internal data to determine the level of compliance with recognised standards for data quality and, if necessary, recommends improvements.

Furthermore, the Actuarial Function is involved in the profit testing process of new products assessing them for profitability, capital intensiveness, risk profile, system compatibility and marketability. It also contributes all financial modelling in relation to risk management activities and the ORSA in particular.

The Actuarial Function is responsible to:

- Calculate the technical provisions on a quarterly basis in accordance with all relevant regulatory requirements
- Submit reports in relation to the above calculations to the BoD and inform them about the reliability and adequacy of the technical provisions
- Provide modelling assistance for the calculation of Solvency Capital Requirements on a quarterly basis
- Assess the adequacy and quality of data used during the calculation of technical provisions
- Profit testing of new products
- Express an opinion for the overall underwriting and reinsurance policy
- Contribute to the effective implementation of the risk management system
- Provide the modelling for carrying out the financial and solvency projections of the ORSA
- Investigations to the Company's experience in terms of claims, lapses, expenses and new business volumes

C.8 Outsourcing

The Company outsources the Compliance Function.

The Company has opted to outsource this function given the high level of specialisation and the limited availability of such skills in the domestic market. Furthermore, we have selected providers with significant expertise in their areas who can introduce knowhow and skillset in a beneficial way for the Company. Outsourcing is also believed to be a cost efficient approach for the selected function.

It also saves on infrastructure and technology since the Company does not need to invest in specialised software and relevant IT solutions.

C.8.1 Outsourcing Policy

The criteria for the selection of service providers and the process for their appointment is laid down in the Company's outsourcing policy which is approved by the BoD and reviewed once a year. In particular the Outsourcing Policy states that when choosing a service provider for any critical or important functions or activities the Company ensures that:

- The potential service provider has the ability and capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, taking into account the undertaking's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with the Company impairs the needs of the outsourcing undertaking
- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the undertaking and the service provider
- The general terms and conditions of the outsourcing agreement are authorised and understood by the CEO. The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to provisions on the safety and confidentiality of information relating to the Company or to its policyholders or beneficiaries

In order to ensure against an undue increase in Operational Risk, when outsourcing critical or important functions or activities the Company shall:

- Verify that the service provider has adequate financial resources to take on the additional tasks the Company plans to transfer and to properly and reliably discharge its duties towards the Company and that the staff of the service provider is chosen on the basis of criteria that give reasonable assurance that they are sufficiently qualified and reliable
- Make sure the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and has periodic testing of backup facilities where that is necessary having regard to the function, service or activity outsourced

Furthermore, the Policy lays down the minimum required contents of an outsourcing agreement safeguarding the quality of service provided, protecting the interests of the Company, ensuring that conflicts of interest are avoided and that the service provider cooperates with internal or external auditors as well as the supervisory authority.

C.9 Adequacy of the system of governance

In light of the Company's nature, scale and complexity, the system of governance and in particular the critical functions are considered adequate. It is important that all key persons fulfil the fit and proper requirement tests that have been applied by the Company.

C.10 Any other information

There is no other material information regarding the system of governance of the undertaking.

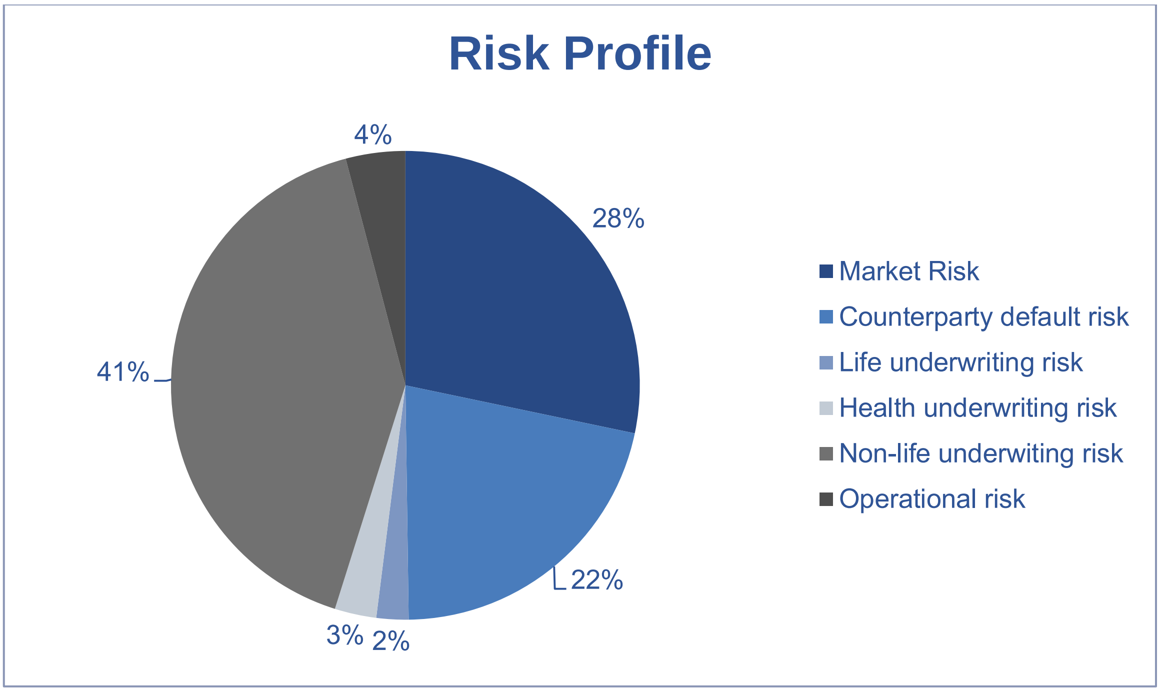
D. Risk Profile

This section of the report provides information on Minerva's risk exposure. A description of material risks is provided along with measures used to asses these risks and how they are mitigated.

Quantifiable risks are assessed through the 99.5% Value at risk as measured with the Solvency II standard formula (SCR). The Company aims to hold sufficient capital at all times to protect itself from losses occurring due to such risks. Non-quantifiable risks are measured through qualitative analyses and a frequency/severity approach.

In addition to capital, the Company manages all risks through its processes and procedures and its internal control framework and by monitoring exposures and benchmarking those against its risk appetite.

The table below shows the SCR allocated by risk type as at 31 December 2017:



Non-life Underwriting risk forms around 41,03% of the total risk portfolio of the Company. The second largest exposure (28,28% of undiversified SCR) arises from Market Risk and specifically the Property and Concertation risks. The third material risk exposure of the Company is the result of the counterparty risk.

The risk profile of the Company as at 31 December 2017 was in line with its risk strategy.

D.1 Underwriting Risk

Underwriting risk is defined as the risk of loss, or adverse change in the value of insurance liabilities, due to inadequate pricing and/or reserving practices. Underwriting risk may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectations at the time of underwriting.

The Company controls and monitors its underwriting risk by ensuring that:

- reasonable and effective controls are in place to support the risk selection and underwriting process;
- the Company's reinsurance programme provides secure coverage appropriate to the Company's strategy, level of capital and risk profile;
- the risks arising out of reinsurance as a risk mitigation technique are properly understood, addressed and monitored;
- claims are managed fairly and recorded properly in line with reinsurance agreements and all amounts recoverable from reinsurers are duly collected;
- a consistent methodology for the calculation of, and the accounting for, outstanding loss reserves (OSLR) and incurred but not reported reserves (IBNR) is maintained.

The non-life portfolio of the Company is not focused only on residential, commercial, industrial or agricultural. With regards to geographical diversification, we note that our portfolio is diversified both geographically and in respect of the type and time of cat losses. Furthermore, the portfolio contains no sub-portfolios split per region that might generate positively correlated losses.

The life portfolio of the Company is on a runoff state, hence the Life underwriting risk is relatively small compared to the Non-life underwriting risk.

D.1.1 Risk Assessment/Measurement

The Company measures its Underwriting risk primarily using the standard formula, the adequacy of which was assessed during the latest ORSA. The measurement addresses four sources of risk; Premium and Reserve Risk, Lapse Risk, Catastrophe risk. These exposures are assessed by calculating the impact on the own funds when allowing in the projections for a number of risk events.

The results of the risk assessment as described above are summarised below:

Risk Type	SCR
Non-Life underwriting risk	3,957,133
Health underwriting risk	213,190
Life underwriting risk	277,294

D.1.2 Risk Concentration

No material risk concentrations have been identified. This is because of:

- The Company's diversified insurance portfolio;
- Reinsurance: The Company manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to the Company is generally limited to its retention.

No future risk concentrations are anticipated over the business planning period.

D.1.3 Risk Mitigation

D.1.3.1 Reinsurance

The Company uses reinsurance to protect against claims volatility. Proportional and non-proportional reinsurance arrangement is in place for all product lines. The actuarial function also issues an opinion on the adequacy of reinsurance arrangements annually. The credit rating and the financial condition of the key reinsurance counterparties are reviewed, so that corrective action is taken in the event of deterioration in their financial quality.

The effectiveness of the current reinsurance structure as well as that of potential reinsurance agreements considered are also assessed in the ORSA with respect to their impact on profitability and solvency coverage ratio over the business planning horizon.

Use of reinsurance protection enables the Company to manage and optimise its underwriting portfolio, whilst protecting its balance sheet and maintaining its exposure to the risk limits set by the Board of Directors. The steps taken to ensure that both the reinsurance structure and the reinsurance counterparties are appropriate have enabled the Company to remain profitable with little volatility in its financial results.

During the year there were some reinsurance arrangements alterations as follows:

A. A decrease of the Company's retention in the excess of Reinsurer's share in the Fire Catastrophe Excess of Loss Treaty and Property Surplus (from 10% to 0%)

B. A reduction of excess under the Fire Catastrophe Excess of Loss treaty from €750.000 to €250.000 and

C. The alteration of the first Layer of the Motor and Employers Liability Excess of Loss treaty from a swing rate basis to a fixed rate basis without a "burning cost" clause.

D.1.3.2 Portfolio Monitoring

The senior management of the Company receives and reviews:

- Regular reports on the gross written premium, risks written , claims and reserves; and
- Regular detailed profitability analyses and reviews undertaken by the Actuarial Function

The management of the Company undertakes the reviews above to ensure that the Company is protected against the risk of inadequate pricing. The frequency of the reviews will enable the management to take quick action to resolve any issues identified.

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken and the risk mitigation techniques are adjusted accordingly.

The Company will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. The Company does not plan to enter or purchase any additional risk mitigation products over the planning period.

D.1.4 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

The stress test performed in relation to underwriting risk as reported in the 2017 ORSA Report is described below.

Under the scenario a 40% reduction of motor written and earned premiums is assumed as a result of the booming of on-line and direct business or product innovation driven by technology innovation such as "usage-based insurance" or "pay as you drive" or "pay how you drive" requiring investment in GPS or Radio Frequency Connector or any other new technology which will enable premiums to be charged on the basis of usage, time of the day and place the vehicle is used, distance and driver's behaviour, i.e. not just on how much you drive but how, where, and when one drives.

For example a new product is launched, by a leader in the market, which requires investment in new advanced technology which the Company for various reasons cannot accommodate at least in the short term. Although on its own such a development will not deteriorate the solvency ratio, indirectly through potential anti-selection effect, may increase substantially the claims experience. Therefore, a consequent very prudently determined unfavourable worsening of the motor claims experience by 4000 basis points is also assumed under this scenario. Management expenses and intermediary's commissions are assumed to be non-flexible and constant for prudency reasons only.

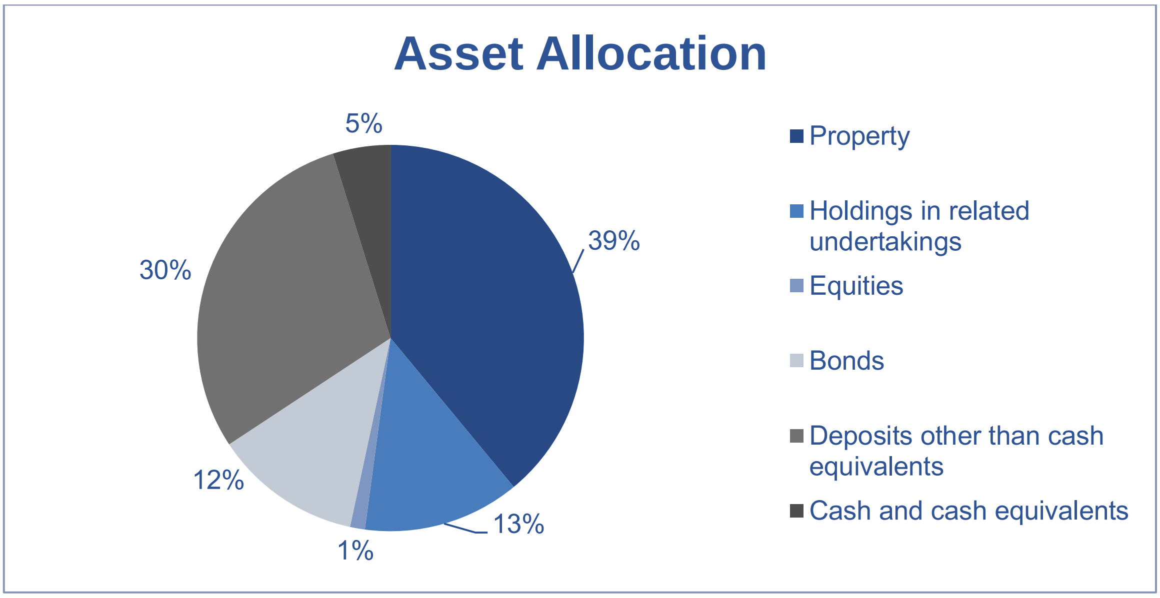
Although the above scenario will deteriorate the solvency position of the Company is not expected to be fatal to the Company.

Based on the results of the stress scenario above the Company's risk exposures are in line with its strategy and that adequate processes and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

D.1.5 Market risk

The Company is exposed to market (Investment) risk through its asset portfolio and in particular from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets of the Company.

Market risk reflects the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company.



As at 31 December 2017, Company's investment assets include property, equity, bank deposits, cash and current accounts. Current accounts are subject to credit risk (including counterparty default risk, spread risk and concentration risk) and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms both on the asset and on the liability side as the value of technical provisions depends on market conditions:

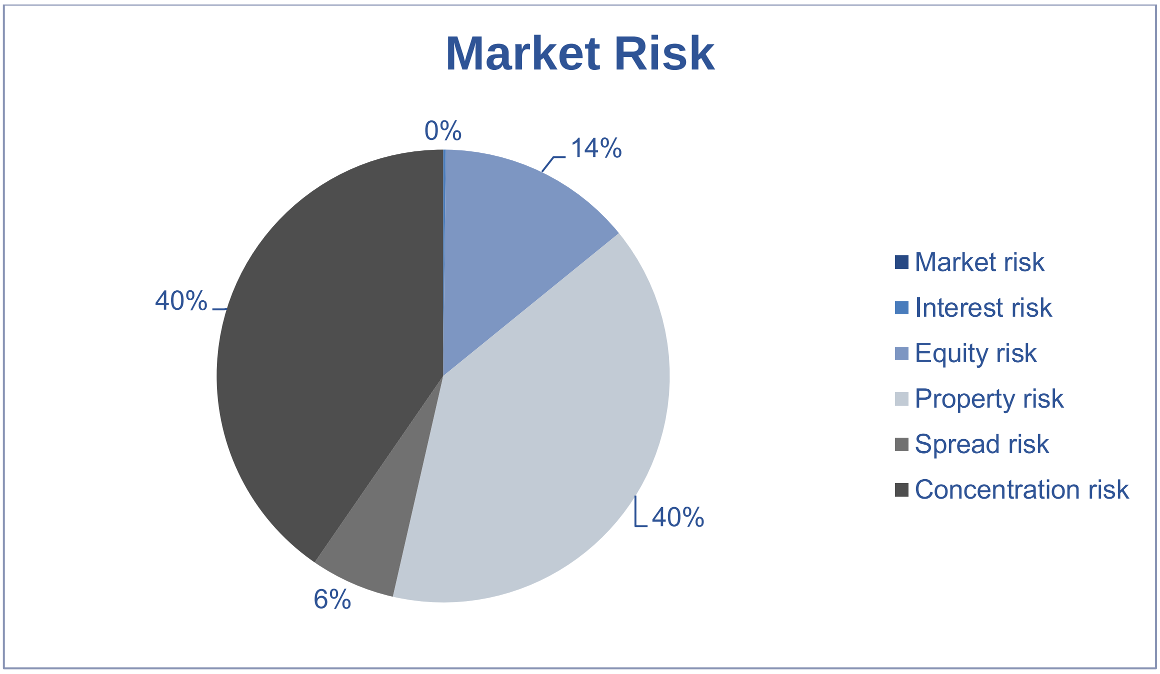
- **Interest rate risk**: the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates
- **Equity risk:** the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities
- **Property risk:** the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate

D.1.6 Risk Assessment/Measurement

The Company measures its market risk using the standard formula, the adequacy of which was assessed during the latest ORSA. The measurement is done separately for the sub-categories mentioned above. Then the aggregate market risk measure allows for diversification between its components.

The Company also adopts other risk assessment tools such as stress and scenario testing (both on the current position and over the business planning horizon), maintenance of a risk register, comparison of actual exposure and risk tolerance limits and use of Key Risk Indicators.

With the support of the RMF, the Company assesses the impact of any material investment decisions on its solvency coverage ratio.



The primary sources of market risk are property and concentration risks arising from exposure to investment in real estate. The overall current market risk exposure is considered to be high.

- **Interest Rate Risk**

As at 31 December 2017 the 99.5% value at risk for interest rate risk was €7,435k (2016:€0).

- **Equity Risk**

The total Equity portfolio of the Company as at 31 December 2017 was €229,772 (2016: €194,742) and the total SCR for Equity risk on the same date was € 560,031 (2016: €681,003).

- **Property Risk**

The Company has a significant portion of its asset portfolio invested in properties. This relates to the Company's head office. The composition of the property portfolio is as follows:

The total property portfolio of the Company as at 31 December 2017 was €7,213,910 (2016: €6,897,312) and the total SCR for property risk on the same date was € 1,582,680 (2016: €1,533,980)

- **Currency Risk**

The Company has no exposure to foreign exchange as at the reference date

D.1.7 Risk Concentration

One of the main market risk sub-modules of the Company is Concentration Risk. The Company's portfolio is concentrated to property investments.

The investment mix is not expected to change over the business planning period and hence the Company anticipates the same level of market risk concentration.

D.1.8 Risk Mitigation

Market risk is mitigated through the continued review and monitoring of the Company's investment exposures.

The Company does not plan to enter or purchase any additional market risk mitigation products over the planning period.

D.1.9 Prudent Person Principle

The Solvency II regulations require investment of assets in accordance to the "Prudent Person Principle". In light of this, the Company has aligned its investment policy and ALM strategy with this principle.

The Company regularly reviews the financial condition of its investment counterparties and ensures that the currency, nature and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location. The Company has not invested in derivatives or other inadmissible financial instruments.

D.1.10 Risk Sensitivity

D.1.10.1 Stress tests and scenario analyses

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

The stress tests performed in relation to underwriting risk as reported in the 2017 ORSA Report are described below.

- **Scenario 1: "Bank triggered Property Crash Scenario"(BTPC scenario)**

Under this scenario a prolonged period of low housing prices is triggered by a deterioration of the commercial banks non-performing loans, an increase in the bank's required bad debt provisions and a consequent increase of house supply, necessitated from non performing mortgage loans and the bank's consequent solvency problems, and ultimately leading to a prolonged period of declining house prices and an ultimate and permanent reduction of 25%.

Under this scenario the surplus will be reduced as a result of an immediate fall of the market value of property owned by the Company and its subsidiaries (excluding unit funds). Such a reduction will threaten the solvency of the Company and the solvency ratio will be marginally above 100%.

The above scenario has been identified, by the ORSA team, through the risk management process aiming to identify events that will render the Company's business model unviable and insolvent, as the relatively most likely onerous event, for the circumstances of the Company that will lead to the insolvency of the Company.

- **Scenario 2: "Bail in" Scenario**

Under this scenario as a result of a local or global recession one of the banks, with which the Company keeps 10% of its term deposits, is forced under the new European Directive to follow a "bail in" procedure which ultimately proves to be unsuccessful and the Company loses 100% of its deposits in that bank. The insurance industry is assumed not to be exempted from the bail in mechanism under the scenario.

Under this scenario and taking into the account the above management decisions, the Company will prove resilient and remain solvent.

Based on the results of the stress scenarios above the Company's risk exposures are in line with its strategy and that adequate processes and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

D.2 Credit risk

D.2.1 Overview of any material risk exposures anticipated over the business planning period and how they are managed

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. The Company is exposed to credit risk rising from the following exposures:

- Cash at bank
- Bank deposits
- Reinsurance recoverables
- Premium receivables

D.2.2 Risk Assessment/Measurement

The Company measures its credit risk using the standard formula, the adequacy of which was assessed during the latest ORSA. With respect to exposures to banks, bond issuers, loan holders and reinsurers the assessment depends highly on the credit rating of the counterparties which defines the probability of default. On the other hand, for premium receivables the assessment is based on how long overdue these are and the probability of default is determined based on that.

Credit risk as measured through the SCR is composed of counterparty default risk by 90%, and spread risk by 10%. Credit risk forms 24.5% of the total undiversified SCR.

The overall credit risk exposure is considered to be medium.

Credit risk is not expected to change materially over the business planning horizon

D.2.3 Risk Concentration

The Company's exposure to credit risk is mainly driven by Premium receivables.

The counterparty loss given default is summarised in the table below:

Counterparty	LGD
Hannover Re	1,700
Amlin Re	1,160
SCOR	172
Korean	1,236
Insurers Pool	374
MUNICH Re	255
Hellenic Bank	256
Bank of Cyprus	375
Receivables from intermediaries due for more than 3 months	1,062
Receivables due for more than 3 months	1,062
All type 2 exposures other than receivables from Intermediaries due for more than 3 months	5,225

The Company does not anticipate that the credit risk will change materially over the planning period.

D.2.4 Risk Mitigation

The credit rating and the financial condition of all key counterparties are reviewed at least quarterly and management is ready to take action in the event of a deterioration in the credit quality.

The Company does not plan to enter or purchase any additional credit risk mitigation products over the planning period.

D.2.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated through controls implemented, through timely remedial actions or through the commitment of additional capital.

This "Bail in" Scenario mentioned above was also used to assess the sensitivity of the Company to the exposure in Cypriot Banks. The Company's risk exposures are in line with its strategy and that adequate processes and controls are in place to ensure that such risk exposures are identified, measured, mitigated where necessary and reported.

D.3 Liquidity risk

Liquidity risk is defined as the risk that the Company is unable to realise investments and other assets (or realise them at excessive cost) in order to settle its financial obligations when they fall due.

The liquidity risk of the Company is generally very low as:

- A significant proportion of the assets is invested in short-terms products, including cash and bank deposits.
- Most of the assets held are highly tradeable which enables fast and low cost liquidation of assets.

The composition of the asset portfolio is not expected to change over the business planning horizon in a way that would introduce liquidity risk.

D.3.1 Risk Assessment/Measurement

The Company's liquidity requirements are assessed regularly in order to meet the Company's stated liquidity objectives.

D.3.2 Risk Concentration

Sources of cash in and cash out flows such as insurance premiums, claims expenses etc., are diversified and to a large extent independent. This risk concentration within liquidity risk is limited.

The Company does not anticipate deterioration in its liquidity position or risk during the business planning period.

D.3.3 Risk Mitigation

The Company also minimizes liquidity risk by:

- ensuring that the Accounting function designs and implements proper controls, documented in the procedure manual, to ensure that inflows are actively managed, monitored and followed up;
- ensuring that income generated from the investment portfolio is duly received by the Company;
- catering for unexpected cash flows, since the quota for highly liquid assets provides a good buffer over and above the maximum historic cash outflows;
- considering the effect of any proposed new business on liquidity and liquidity risk at Board level;
- closely monitoring the timing of claims payments and reinsurance recoveries.

The Company does not deem necessary to adopt any risk mitigation techniques given the low level of its liquidity risk.

D.3.4 Expected profit included in future premiums

As at valuation date, there are no future premiums cash-flows within the contract boundaries of unexpired policies and therefor there is no expected profit included for future premiums.

The contract boundaries are defined as:

- the future date where the insurance or reinsurance undertaking has a unilateral right to terminate the contract; or
- the future date where the insurance or reinsurance undertaking has a unilateral right to reject premiums payable under the contract; or
- the future date where the insurance or reinsurance undertaking has a unilateral right to amend the premiums or the benefits payable under the contract in such a way that the premiums fully reflect the risks.

D.4 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions in the course of conducting the Company's business, including but not limited to, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance.

D.4.1 Risk Assessment/Measurement

The Company commits capital as a buffer to absorb losses due to operational risks as measured through the standard formula.

D.4.2 Risk Concentration

Currently there are no material operational risk concentrations.

The operational risk profile of the Company is not expected to change over the business planning period.

D.4.3 Risk Mitigation

The Company addresses its operational risk through the following:

- an internal control system is in place
- a business continuity plan is in place to ensure continuity and regularity in the performance of activities
- Regular Internal Audit
- Performance management and reviews to ensure employees are satisfied with their work and perform to the best of their abilities

- Legal advice is sought at the earliest opportunity from specialised lawyers
- Peer review of material work and appropriate underwriting, claims and other authority limits in place
- Insurance against property damage that could cause business disruption

The Company will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. The Company does not plan to enter or purchase any additional operational risk mitigation products over the planning period.

D.4.4 Risk Sensitivity

Due to the complexity of the Operational risk, no explicit sensitivities have been performed for the particular risk. The Company capital provides an adequate buffer to absorb losses due to operational risks as higher than those assumed by standard formula.

E. Valuation for solvency purposes

This section of the report provides a description of the bases, methods and main assumptions employed in the valuation of Minerva's assets and liabilities. This section also provides an explanation of material differences between valuations presented in Minerva's financial statements under International Financial Reporting Standards (IFRS's) and Solvency II valuations.

E.1 Assets

E.1.1 Value of assets

All assets listed in the table below are valued in accordance with the Solvency II Framework. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuations methods occurred during the year under review.

The Company does not have any off-balance sheet assets or liabilities.

As at 31 December 2017, the Company held the following Assets:

Asset Class	Solvency II Value	IFRS Valuation
	€000	€000
Investments	15,710	15,629
Deferred Tax Asset	-	-
Reinsurance Assets	880	1,519
Property	1,894	1,894
Goodwill	-	-
Intangible Assets	-	180
Deferred Acquisition Cost	-	1,508
Cash and cash equivalents	892	892
Insurance and intermediaries receivables	4,261	4,261
Other Assets	5,051	5,093
Total Assets	**28,688**	**30,976**

E.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

Investments:

The fair value of quoted financial assets is based on quoted market prices at the end of the reporting period. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Reinsurance Assets:

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurers' share of technical provisions or receivables from reinsurers (unless netted off against amounts payable to reinsurers). These assets consist of short term balances due from reinsurers (classified within receivables), as well as receivables (classified as reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Properties:

Investment properties are initially measured at cost including related transaction costs. Investment properties are subsequently carried at fair value, representing open market value determined annually by external valuers, or by virtue of a Directors' valuation. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The Company proceed with the valuation of all its properties by external independent valuer as at 31 December 2017.

Cash and Cash Equivalents:

They represent mainly bank deposits to current accounts. They are measured at fair value which is equivalent to the face value plus accrued interest.

Insurance and intermediaries receivables:

Insurance and intermediaries receivable balances represent premiums owed from policyholders. Outstanding premiums are measured at fair value and due to the short-term nature of the receivable no adjustments to valuation are required. The value of insurance and intermediaries receivables in the Company's financial statements is the same as for Solvency II.

Other Assets:

They comprise of amounts receivable from Hire Risk Pool and other trade receivables. They are measured at fair value.

E.1.3 Differences between IFRS and Solvency II valuation

The differences in valuation between Solvency II and IFRS's are the following:

Reinsurance recoverable:

Reinsurance Recoverable represents the difference between Gross and Net provisions. Under Solvency II valuation these are valued on a best estimate basis.

Deferred Acquisition Cost (DAC):

Deferred Acquisition Cost is not recognised as an asset in Solvency II valuation rules. The premium provision only allows for future expense cash flows for those policies already in-force. Initial expenses such as up-front commission will have occurred in the past and so not been allowed in the premium provision. For this reason, initial expenses need only be allowed for in respect of uninspected business where these expenses have not yet been paid at the valuation date.

Intangible Assets:

Intangible Assets are not recognised as assets in Solvency II valuation rules.

Goodwill:

Goodwill is not recognised as an asset in Solvency II valuation rules.

E.2 Technical provisions

E.2.1 Value of Technical Provisions

E.2.1.1 Non-life Portfolio

The Technical provisions are defined as the probability-weighted average of future cash flows, discounted to take into account the time value of money considering all possible future scenarios. Technical provisions are grouped into the following key components:

- Claims Provisions: Best Estimate of provisions relating to the earned exposure
- Premium Provisions: Best Estimate of provisions that relate to the unearned exposure
- Risk Margin: Additional provision to bring the best estimate to the level required to transfer the insurance obligations to a third party

The table below presents the actual claims and premium provisions for the year ended 31 December 2017:

€'000	Claims Provision		Premium Provision		Risk Margin
Line Of Business	Gross BE	RI Recoverable	Gross BE	RI Recoverable	
Medical expense	44	-	364	4	**25**
Income protection	88	38	6	1	**3**
Workers' compensation	-	-	-	-	**-**
MTPL	8,396	183	2,022	(13)	**390**
Other motor	128	0	308	(3)	**27**
Marine and transport	1	-	4	1	**1**
Fire and other PD	42	20	146	77	**31**
General liability	818	228	121	1	**38**
Credit and Suretyship	-	-	-	-	**-**
Legal expenses	-	-	-	-	**-**
Assistance	-	-	-	-	**-**
Miscellaneous	-	-	3	1	**1**
Total	**9,517**	**469**	**2,974**	**69**	**516**

E.2.1.2 Life Portfolio

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at 31 December 2017 both gross and net of reinsurance (RI) recoverables by line of business:

€'000	INSURANCE WITH PROFIT PARTICIPATION	UNIT-LINKED INSURANCE	OTHER LIFE INSURANCE	TOTAL
Gross Best Estimate	2,283	1,740	655	4,677
Risk Margin	2	8	7	17
Gross technical provisions	**2,285**	**1,748**	**662**	**4,694**
RI Recoverables	-	-	38	38
Net Technical Provision	**2,285**	**1,748**	**624**	**4,656**

E.2.2 Description of the bases, methods and main assumptions used

The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money, using the risk-free interest rate term structure prescribed by European Insurance and Occupational Pensions Authority (EIOPA) for the valuation date.

The estimated future cash flows take account of all the cash inflows and outflows that are expected to be required to settle the insurance obligations over the lifetime thereof, including expenses expected to be incurred in servicing these obligations.

The estimates take account of the uncertainties surrounding the cash flow projections.

Future policyholder behaviour relating to contractual options, namely the likelihood of policy lapse during the remaining period is duly considered where applicable.

The projected future cash flows are based on the Company's past experience and the actuary's expectations regarding the future cash flows that are expected to arise from the underlying insurance contracts.

The best estimate is calculated on a gross basis i.e. without deduction of the amounts recoverable from reinsurance contracts.

E.2.3 Description of the bases, methods and main assumptions used

E.2.3.1 Claims Provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. The components of the claims provision under IFRS are the Case by Case Estimates (OSLR), the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the reserve for Claims Handling Expenses. Under Solvency II, the reserves are discounted to allow for the time value of money.

Several methods have been applied to calculate this reserve namely the Chain Ladder on Paid and Incurred claims, the Loss Ratio method and the Bornhuetter Ferguson method. The methods applied, capture both the IBNR and IBNER reserves. The IBNER was determined by subtracting the IBNR calculation from the total reserve.

When triangulation methods are used, there are a number of issues to consider that may invalidate the underlying assumption that the future claims development is likely to be in line with the past claims development (i.e. Distortions caused by "Large Losses", Changes in claims handling procedures, Changes in Claims reporting processes, One-off Claims Reviews, Changes in Reserving Policy, Changes in Legislation etc.)

Therefore actuarial judgment was used during the reserving process rather than the mechanical application of a triangulation method to the data. In particular, considerable care should be taken in applying the method that prevents unusual and one-off aspects in the data which have a significant impact on the results.

In general, the development factors were chosen based on the average and weighted average of the development factors of the 10 previous accident years but also taking into account any trends of either deterioration or improvement during the last 3-4 accident years.

The small number of non-motor claims makes it difficult to apply any statistical modelling for the purpose of their valuation. Due to the small number of these claims we believe that the Company should continue the practice of applying case estimates that are reviewed and adjusted frequently and appropriately. These reported case estimates can be considered robust and valid reserving basis.

E.2.3.2 Premium Provision

The calculation of the best estimate of the premium provision relates to all future cash flows arising from future events, in relation to unexpired policies. Such cash flows relate mostly to future claims, administration expenses and reinsurance.

Premium provision is determined on a prospective basis taking into account the expected cash inflows, cash outflows and time value of money. The main expected cash flows were estimated by applying an appropriate prospective combined ratio to the Unearned Premium Reserve.

On the basis of the data analysis, this methodology and its underlying model and assumptions are deemed to be realistic for each line of business. The conditions rendering this method valid are met, namely:

- it can be expected that the combined ratio, explained below, remains stable over the run-off period of the premium provision;
- a reliable estimate of the combined ratio can be made;
- the unearned premium provision is an adequate exposure measure for estimating future claims and expenses during the unexpired risk period.

The Combined Ratio is defined as the sum of the expense ratio, the claims ratio and the reinsurance cost ratio. This enables the claims forecast and the expense forecast to be modelled separately. For the purpose of this valuation we assumed that "Expenses", under the Premium Provision, include all expense items, except acquisition costs as allocated to each line of business by the Company.

The difference between the Premium Provision and the current UPR represents profits (losses if negative) that are expected to emerge during the remaining duration of unexpired policies.

E.2.3.3 Life Insurance BE

The BEL for Life Insurance is calculated as the expected present value of all future cash flows arising in relation to life insurance policies (premiums, expenses, claims etc.). The cash flow projections are performed on a best estimate basis (i.e. without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

E.2.3.4 Reinsurance Recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. For the Claim Provision, the reinsurance recoverables were determined as the reinsurers' share on the current outstanding case by case reserves. For the Premium Provision, we have assumed zero reinsurance recoverables for classes with non-proportional reinsurance. Reduction of the reinsurance recoverables to allow for expected losses due to the default of counterparty has also applied.

E.2.3.5 Risk Margin

The risk margin is equivalent to the amount that would be paid to another insurance company to take over the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over the lifetime thereof. This rate, called the Cost-of-Capital, is prescribed by EIOPA and currently stands at 6%.

E.2.3.6 Discounting

The payment pattern of the reserves, for each line of business, has been derived using the historical payment pattern, as observed in the Paid Claims triangles. The euro risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting. As expected, the impact of discounting was very small due to the short-term nature of the business and the prevailing low interest rates.

E.2.4 Level of Uncertainty

For Life portfolio, uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are expenses, lapse rates, mortality rates. A robust assumption setting process, which includes the performance of experience investigations on at least an annual basis, is followed in order to ensure the uncertainty is well understood and minimised.

For Non-life Portfolio ultimate claims, when fully settled, will turn out to be different from the results shown in this report. This uncertainty results from a number of sources and is normal for any actuarial investigation. Some of the sources contributing to uncertainty include:

- The inherent uncertainty in the process of statistical estimation
- The extent to which past development patterns are an indication of likely future development patterns
- Uncertainty in the level of future claims inflation, particularly bodily injury claims
- Uncertainty with regard to claim propensity and severity given the change in the mix of business experienced recently

To calculate the statistical uncertainty in the Motor business which represents 89% of the Net non-life reserves, we used the Mack method, which is a generally accepted actuarial method.

In addition to the above, a number of methods have been used to calculate this Motor reserve (i.e. Chain Ladder on Paid and Incurred Claims, the Expected Loss Ratio method, the Bornhuetter Ferguson method and the Average Cost per Claim).

E.2.5 Differences between Solvency II Valuation and IFRS Valuation

The main valuation principles of Solvency II leading to differences from reserves shown in the Financial Statements are:

- Removal of any implicit or explicit margin for prudence
- Allowance for time value of money through the discounting of future cash flows
- Allowance is possible for negative IBNER where it is expected that there will be a favourable development of case-by-case reserves
- Consideration of ENIDs (Events Not In Data) such as Binary and Extreme events
- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under Solvency I this is disallowed and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve (AURR) is mandatory only where it is positive but not when it is negative.
- The UPR/URR only allows for policies inforce at the valuation date. The Premium Provision needs to include all policies that the (re)insurer is obligated to, at the valuation date, including policies that have not yet incepted.
- There is no explicit allowance in the UPR/URR for ENIDs. Where an AURR is needed, it is sufficient for the URR calculation to allow for reasonably foreseeable events only.
- There is no concept of risk margin under the current IFRS valuation
- In addition to differences streaming from requirements to value in line with gross liabilities, there are also differences in requirements specific to the valuation of reinsurance. These include the requirement to allow for expected non-payment due to default or dispute.

E.2.6 Additional Disclosures

There was no material change in the methodology used when compared to 31 December 2016.

E.3 Valuation of other liabilities

E.3.1 Value of other liabilities

As at 31 December 2017, the Company held the following liabilities:

Liability Class	Solvency II Valuation	IFRS Valuation
	€'000	€'000
Technical Provisions	17,700	20,781
Deferred tax liabilities	774	581
Any other liabilities, not elsewhere shown	2,164	2,914
Total Liabilities	**20,638**	**24,276**

E.4 Any other information

There are no other material information regarding the valuation of assets and liabilities for solvency purposes.

F. Capital Management

This section of the report provides information on Minerva's own funds and Solvency Capital Requirement (SCR).

F.1 Own Funds

F.1.1 Objectives, policies and processes

The objective of capital management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, which are at least quarterly, in which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

F.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at the year end.

Own Funds €'000	2017	2016
Ordinary share capital	13,331	13,331
Share premium account related to ordinary share capital	4,317	4,317
Reconciliation reserve	(10,348)	(9,961)
Other own fund items approved by the supervisory authority	750	750
Total Basic Own Funds	**8,050**	**8,437**

F.1.3 Eligible amount of own funds to cover SCR & MCR

The composition of Own Funds as at 31 December 2017 and the classification into tiers is shown below:

Eligible Own Funds €'000	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital (net of own shares)	13,331	13,331	-	-
Share premium account related to ordinary share capital	4,317	4,317	-	-
Reconciliation reserve	(10,348)	(10,348)	-	-
Other own funds not specified above	750	-	750	-
Total Eligible Own Funds	**8,050**	**7,300**	**750**	**-**

All of the above own funds items are eligible to cover the SCR and MCR.

F.1.4 Material terms and conditions of the main items of own funds held by the undertaking

As shown above, own funds are only composed of Tier 1 ordinary share capital and retained profits and this is not expected to change over the projection horizon. Consequently, these own funds items have no maturity or call dates and therefore their duration expands beyond the duration of liabilities

F.1.5 IFRS Equity vs Own Funds

The following summary table shows the comparisons and movement in the IFRS and Solvency II valuation of assets, liabilities and Own Funds as at 31 December 2017:

	IFRS Valuation €000	Solvency II €000	Movement €000
Total Assets	30,976	28,688	(2,288)
Total Liabilities	24,276	20,638	(3,638)
Total Own Funds	**6,700**	**8,050**	**1,350**

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

Deferred Acquisition Cost (DAC) is not included under Solvency II.

Differences in gross technical provisions and reinsurance recoverables (explained in section E above).

F.1.6 The expected developments of the undertaking's own funds over its business planning period

The development of own funds over the Company's business planning period based on the most recent ORSA projections are summarised in the table below:

Eligible Own Funds to meet SCR	YE2017	YE2018	YE2019	YE2020
Total Own Funds	8,050	8,386	9,006	9,641

F.1.7 Whether there is any intention to repay or redeem any own-fund item

There is no intention to repay or redeem any own-fund item.

F.1.8 Plans to raise additional own funds

The Company is aiming in strengthening its solvency position (Solvency II). Under review are a variety of options currently available to the Company.

F.2 Solvency Capital Requirement and Minimum Capital Requirement

F.2.1 Amounts of SCR and MCR

As at 31 December 2017, the SCR of the Company amounted to € 6,922 and the MCR amounted to €3,700.

F.2.2 Breakdown of SCR by risk modules

The following table shows the SCR split by risk modules:

Solvency Capital Requirement	2017 - €'0000	2016 - €'0000
Market risk	2,728	4,208
Counterparty default risk	2,073	2,732
Life Underwriting risks	277	458
Health underwriting risk	213	332
Non-Life underwriting risk	3,957	4,273
Sum of risk components	**9,248**	**12,003**
Diversification effects	(2,529)	(4,700)
Diversified risk	6,719	**7,303**
Intangible asset risk	-	-
Basic SCR	6,719	7,303
Operational risk	396	406
Adjustments	(193)	-
SCR	**6,922**	**7,709**

F.2.3 Simplifications

No simplifications have been used for any of the modules or sub-modules of the SCR.

F.2.4 Undertaking-specific parameters

The Company has not used undertaking-specific parameters for any of the parameters of the standard formula.

F.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are presented in the table below:

Minimum Capital Requirement	2017 - €'000	2016 - €'000
Linear MCR	2,064	2,039
SCR	6,922	7,709
MCR cap	3,115	3,469
MCR floor	1,731	1,927
Combined MCR	2,064	2,039
Absolute floor of the MCR	3,700	3,700
MCR	**3,700**	**3,700**

F.2.6 The expected development of the undertaking's SCR and MCR over the business planning period

The table below shows the forward-looking figures for the SCR over the business planning horizon:

Solvency Capital Requirement	YE2017	YE2018	YE2019
Market risk	2,728	2,662	2,661
Counterparty default risk	2,073	1,912	1,817
Life Underwriting risks	277	249	223
Health underwriting risk	213	217	222
Non-Life underwriting risk	3,957	4,155	4,325
Sum of risk components	9,248	9,195	9,248
Diversification effects	(2,529)	(2,473)	(2,454)
Diversified risk	6,719	6,722	6,794
Intangible asset risk	-	-	-
Basic SCR	6,719	6,722	6,794
Operational risk	396	424	443
Adjustments	(193)	(193)	(193)
SCR	6,922	6,953	7,044
MCR	3,700	3,700	3,700
Eligible own funds	8,050	8,386	9,006
Solvency ratio	116.3%	120.6%	127.8%

The figures above demonstrate that over the business planning horizon, the Company expects to further strengthen its current levels of capital adequacy.

Finally, the MCR is expected to remain at the same levels over the business planning horizon.

F.3 Non-compliance with the MCR and non-compliance with the SCR

F.3.1 Non-compliance with the MCR & SCR

The Company has been continuously compliant with the both the MCR and the SCR throughout the year.

F.3.2 Any reasonably foreseeable risk of non-compliance with the MCR or SCR

Based on the projections of the solvency position performed as part of the ORSA and on the resilience the Company has shown to the stress tests performed, there is no reasonably foreseeable risk of non-compliance with the MCR or SCR.

F.3.3 Plans to ensure compliance with SCR and MCR is maintained

The Company will closely monitor actual experience compared to what was assumed in the ORSA projections. Should any material deviation occur, an investigation will take place to identify the underlying source and take corrective actions.

Moreover, ORSA projections will continue to be performed every year so as to ensure each and every year that the business strategy of the Company will be in line with its target solvency ratio.

Despite being sufficiently capitalised (based on the above projections), a medium-term capital management plan has been developed which includes realistic plans as to how to raise additional capital if and when required.

APPENDICES

Appendix A: Risk Appetite Statement

F.1 Insurance Risks

F.1.1 Risk Appetite (RA)

RA1: The Company will change the balance of its non-life insurance risks, for the classes of business defined in its business strategy, and take appropriate actions, in a way that its overall insurance risk SCR will have a medium impact on own funds, i.e. be lower than 25% of own funds.

RA2: The Company will reduce its exposure to non-life non-motor business by mitigating the risk to highly rated reinsurers. In particular it will reduce its participation in Property Surplus and Fire Catastrophe Excess of Loss Treaty aiming to a reduction of the non-life catastrophe SCR risk. This has already being materialised through a reduction of Company's participation in the abovementioned treaties from 10% to 0% and the same policy will be followed for the 2018 renewal.

RA3: The Company will maintain existing reinsurance arrangement aiming to substantially reduce its CAT produced SCR before diversification within and between modules by 50% (500.000) and by 6% of total non-life risk produced SCR (i.e 240.000 euros) after diversification within and between modules.(relatively to the levels before the implementation of the policy in 2017). This will be achieved by maintaining the reduced priority (250,000 euros) under cat XL treaty and continuing the fixed rate basis instead of a swing rate basis under the motor and employers liability XL treaty.

F.1.2 Tolerance Limits (TL's)

TL1: The business mixture of the Company's non-life portfolio, after taking in consideration their profitability and the results of the risk appetite sensitivity study, will be revised so that Fire and other damages to property (fire & associated perils) policies will be increased from the currently low share of 5% to a minimum of 10% and for General Liability policies will be increased from 6% to 10% as well (gross written premiums).The Company will launch a new upgraded comprehensive fire policy which is expected to contribute towards this aim.

TL2: The Reinsurer's Priority under the Fire Catastrophe Excess of Loss Treaty will be maintained at the reduced level of 250.000 euros and the fixed pricing basis, replacing the previous swing rate pricing basis, under Layer 1 of the Motor and Employers Liability excess of loss treaty will be maintained. This policy has been implemented for the first time in 2017 and the existing terms will be renewed for the next year as well.

TL3: The Company will continue its very stringent underwriting policies with respect to (a) outpatient cover for group schemes under Medical Expense Insurance Class, (b) heavy industry factories/premises and buildings used for storage purposes, under its Property Insurance, and (c) expensive sports cars and/or any heavy weight cars, trucks and trailers, under its Motor Insurance Class.

TL4: The claims ratios in respect of all lines of business should not exceed the respective weighted average for the last 3 years after being adjusted for any unforeseen and unexpected outliers especially for the very small portfolios.

TL5: The Company will maintain its retention amounts under its reinsurance agreements for each and every risk separately and will effect facultative reinsurance agreements for any risks it writes over and above the maximum levels covered by the reinsurers under its Treaty Agreements.

TL6: The Company will reduce its accumulation limits retained or/and increase the maximum limits reinsured if required depending on the level of covers written in the future in order to maintain the pertinent Catastrophe Risk SCR to the current levels.

TL7: Reinsurers' rating: The Company's minimum acceptable rating by an External Credit Assessment Institution for all reinsurers the Company has treaty agreements or facultative agreements with is Credit Quality Step 2 and above.(i.e S&P equivalent A and above or Moody's equivalent A and above or AMBEST a and above or any other ECAIs equivalent rating as allocated by the Joint committee of the European supervisory authorities EBA and EIOPA. The Company will increase the reinsurers the Company has treaty agreements with a Credit Quality Step 1 and above (i.e S&P equivalent AA and above)

TL8: Non-European Reinsurers: Counterparties to reinsurance contracts must be:

- An insurance or reinsurance undertaking which complies with the SCR or
- A third-country insurance or reinsurance undertaking, situated in a country whose solvency regime is deemed equivalent (as defined by Solvency II) and which complies with the solvency requirements of that third-country; or
- A third country insurance or reinsurance undertaking, which is not situated in a country whose solvency regime is deemed equivalent (as defined by Solvency II) with a credit quality which has been assigned to credit quality step 3 or better by an eligible ECAI .

TL9: Placements of risks with other local insurance companies will be allowed only when the other insurance Company's SCR coverage is above 150% and no more than 5% of the total business will be placed under such arrangement.

TL10: Incurred and outstanding claims values and Technical Provisions should be reassessed and redefined at least every 3 months.

F.2 Investments Market Risk and Counterparty Default Risks

F.2.1 Risk Appetite (RA)

RA1 : The Company's medium term objective is to have a well-balanced and diversified investment portfolio with respect to industries, investment types (Bank Deposits and Cash, Government and Corporate Bonds, Collective invest Funds, Property and Equities), liquidity, marketability, industries and stocks. The short term objective is however the further improvement of the diversification of bank deposits including diversification with respect to political risk exposed, the reduction of equity exposure at very low levels and to maintain at current levels the exposure to Government bonds issued by European countries or increase the latter exposure from reinvesting funds currently invested in bank deposits. The diversification of investments and different commercial banks should be such so that the Company's Concentration SCR risk will not exceed 4.5% of its Own Funds (before diversification) after the imminent merger of Minerva Insurance and its Estate subsidiary company. This implies that concentration to single entities should be kept at levels not exceeding by more than 10% the "risk free concentration risk threshold" (i.e 1.5% for banks with a Credit Quality Step 3 and above or 3% for banks with a Credit Quality step 2 or lower of the total amount of assets considered in the market risk concentrations submodule which is currently EUR 17,931,322 i.e EUR 268,970 and EUR 537,940 respectively).

Furthermore, the ORSA team considers that although, at least 70% of the property owned by the Company is considered of prime location and that this property is adequately diversified between regions (Nicosia 54%, Limassol 32%, Larnaca 12%, Paphos 2%) and type of property (52% commercial, 48% residential) the Company's exposure to the real estate market is considered as a risk of crucial importance which needs to be mitigated and monitored closely so that in the medium term and once the investment opportunities arise to be exploited in order to be minimised taking into consideration the risk of declining property market and potential property market crash as well as the macroeconomic crisis and banking sector uncertainty despite the fact that relatively to previous years this risk has been reduced.

RA2 : Concentrations to single counterparties should be kept at low levels, and appropriate actions will be taken so that the Counterparty Default SCR after diversification between risk modules will not exceed 20% in the short term and 15% in the medium term of its own funds. The main risk, constituting 55% of the undiversified overall (type 1 & 2) Counterparty risk, is "Type 2 Exposures arising from receivables from intermediaries' over-due by more than 3 months". This is expected to be reduced gradually both in absolute and in relative terms due to the improvement of the Company's premium collectability ratio in the last three years and the imminently applied new Company policy, with respect of premium payment terms, which will be in compliance of the Company with the pertinent orders (in effect as from 1st January 2018) issued by the regulator which will gradually eliminate the receivables from intermediaries over-due by more than 3 months.

F.2.2 *Tolerance Limits*

TL1: All new intermediaries should be of good repute and should be closely monitored so that to eliminate the risk of increasing the receivables from intermediaries' over-due by more than 3 months and hence the pertinent counterparty SCR .Agreements with intermediaries should include the appropriate clauses and terms required for that aim. In relation to existing intermediaries and in view of the new orders relating to premium payment terms the agreements between the Company and the intermediaries regarding outstanding current amounts owed to the Company should also include the appropriate terms and clauses in that respect.

TL2: The maximum concentration in each of the following investment types (non-unit fund investments) should not exceed an x% of the total non -unit investments:

Investment Type	XX,XX
Short term bank deposits	35.00%
Cash and cash equivalents	3.50%
Collective Investment Funds	2.00%
Government bonds	20.00%
Property	45.00%
Corporate bonds	3.00%
Equities/other shares - listed	3.00%
Equities/other shares - unlisted	0.50%

TL3: The Company's' medium term objective is to reduce property investments to a level not exceeding 30% of total non-unit fund investments.

TL4: The counterparties relating to any of the above investment categories, should be of a good rating and repute, and their rating should be at least BBB (S&P or equivalent) if rated with the exception of local commercial banks (due to the special circumstances following the bail in) Cyprus Government Bonds and unrated banks for which a special permission should be given by the BD.

TL5: No more than 5% of the Company's assets-funds (non unit funds)will be invested to any one single counterparty with rating AA (S&P or equivalent) and above, and no more than 2% to any one single counterparty with rating BBB (S&P or equivalent) and below.(with the exceptions of local commercial banks and unrated banks). With respect to European Government bonds the maximum allowable investment should not exceed 15% of the Company's assets-funds (non unit funds).

TL6: With regards to Non EU sovereign bonds no more than 10% of the Company's bonds investments in sovereign bonds will be invested in bonds of one country.

TL7: With regards to corporate bonds no more than 5% of the Company's bonds investments, will be invested in bonds of one corporation.

TL8: The Asset Liability matching objective should be taken into consideration as an important factor in any investment decision aiming to minimise the divergence between the duration of assets and that of the liabilities.

TL9: With regards to liquidity, at least 45% of the Company's investments should have the ability to be liquated in one week

TL10: The Company has zero tolerance for currency risks.

TL11: No investments to unlisted debt or equity instruments.

TL12: No investments in non-commercial property with the exception of all properties currently owned by the Company

TL13: The Company has zero tolerance for equities listed in non-OECD stock exchanges or unlisted equities (with the exception of a very small portfolio not exceeding EUR25,000 currently held)

TL14: The Company has zero tolerance to speculative or high risk investments.

TL15: The Company has zero tolerance to investments in derivatives, credit default swaps and any other similar products.

TL16: With respect to the diversification of bank deposits the Company's investment in bank deposits will be, in the short to medium term, re-invested aiming to a better diversification which will comply with a maximum exposure of 15% of the total bank deposits with respect to direct or indirect exposure to any specific country other than Cyprus (as this is determined by parent company's/group's main country of activity/registration).

F.3 Operational and legal/compliance Risks

F.3.1 Risk Appetite

RA: The BoD delegated responsibility for overseeing the implementation of the operational risk strategy and policies to the Risk and Reserving Committee. The Risk and Reserving Committee receives and reviews regular reports with regards to the exposure to, and management of operational risk within the Company. The Risk and Reserving Committee monitors operational risk exposure against the BoD's expressed risk appetite and recommends changes to the limits as required. In addition the Company employed an internal auditor and appointed an internal Audit Committee and a compliance officer aiming to enhance further its organizational structure and its system of governance and minimise the risk arising from wrong processes, bad conduct from employees and/or intermediaries, failures in administration systems, non-compliance with laws and regulations and contracts signed with third parties. The objective is to minimise the pertinent operational risk so that SCR arising from operational risk to continue to have a low impact on own funds, and appropriate actions should be taken if required in order to maintain it to levels below 5% of own funds.

F.3.2 Tolerance Limits

TL1: No single loss from operational or legal/compliance risks should exceed €5.000, and aggregate losses from such risks should not exceed 0.5% of total written premiums or €60.000, whichever is lower, in any business year.

TL2: Zero tolerance for no compliance with the Company's fit and proper policy and requirements.

TL3: Zero tolerance for no compliance with the laws and regulations under which the Company is operating.

TL4: No risk threshold and all data security incidents need to be reported immediately. Data security breaches must be zero. Number of new internal audit findings of weak or insufficient IT security must be zero.

TL5: No risk threshold and all physical security incidents need to be reported immediately.

TL6: The Company has no tolerance in relation to fraud. All internal and external fraud must be reported to the BoD.

TL7: All incidents of bribery and corruption and market abuse are to be reported to the BoD.

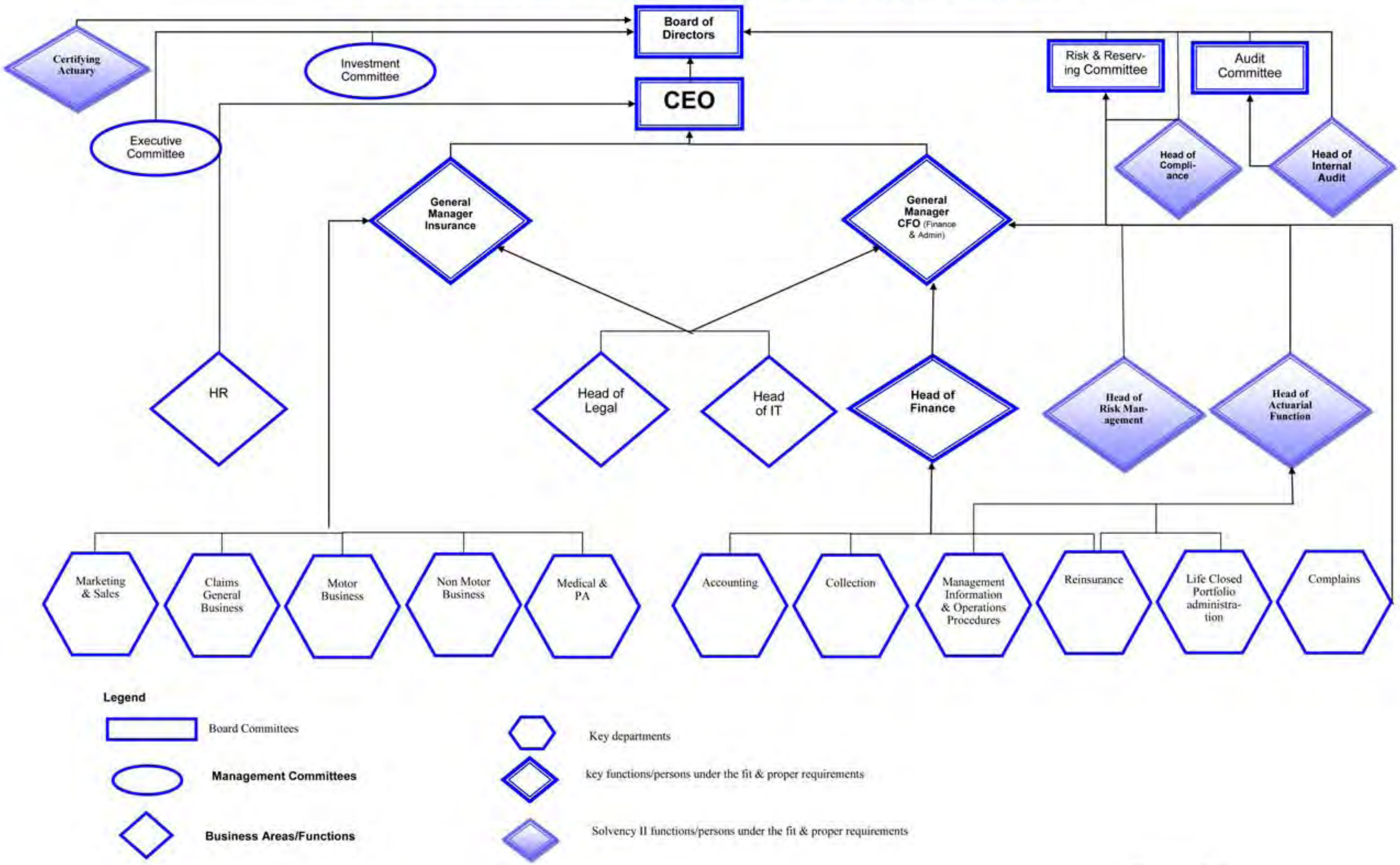
TL8: All money laundering and terrorist financing issues will be reported to the BoD.

TL9: Key System Downtime not to exceed 0.5% on a quarterly basis (accounting and operating system downtime over total time of operation in a quarter).

TL10: Following a major or catastrophic incident customer contact to be available within 24 hours and critical systems to be available within between 6 and 9 days, depending on the systems affected.

Appendix B: The Company's Organisational Structure

Minerva's Organizational Structure and Reporting Lines



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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF MINERVA INSURANCE COMPANY PUBLIC LTD

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of Minerva Insurance Company Public Ltd (the "Company"), prepared as at 31 December 2017:

- S.02.01.02 - Balance sheet
- S.12.01.02 – Life and Health SLT Technical Provisions
- S.17.01.02 – Non-Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.02.01 - Minimum Capital Requirement – Both life and non-life insurance activity

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

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2017 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Narrative sections:
- Business and performance
- Valuation for solvency purposes
- Capital management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

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

KPMG Limited

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

4 May 2018

Attachment: "Solvency and Financial Condition Report 2017"

Annex I - Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	1,894,310
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	15,709,274
Property (other than for own use)	**R0080**	5,319,600
Holdings in related undertakings, including participations	**R0090**	2,426,367
Equities	**R0100**	229,772
Equities - listed	**R0110**	219,378
Equities - unlisted	**R0120**	10,394
Bonds	**R0130**	2,285,581
Government Bonds	**R0140**	2,258,816
Corporate Bonds	**R0150**	26,765
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	5,447,954
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	1,981,127
Loans and mortgages	**R0230**	594,849
Loans on policies	**R0240**	500,932
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	93,917
Reinsurance recoverables from:	**R0270**	576,168
Non-life and health similar to non-life	**R0280**	538,341
Non-life excluding health	**R0290**	495,125
Health similar to non-life	**R0300**	43,216
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	37,827
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	37,827
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	4,261,437
Reinsurance receivables	**R0370**	304,017
Receivables (trade, not insurance)	**R0380**	-
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	891,916
Any other assets, not elsewhere shown	**R0420**	2,474,257
Total assets	**R0500**	28,687,355

Liabilities		Solvency II value C0010
Technical provisions – non-life	**R0510**	13,006,140
Technical provisions – non-life (excluding health)	**R0520**	12,475,752
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	11,987,980
Risk margin	**R0550**	487,772
Technical provisions - health (similar to non-life)	**R0560**	530,388
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	502,129
Risk margin	**R0590**	28,259
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	2,945,714
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	2,945,714
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	2,937,529
Risk margin	**R0680**	8,185
Technical provisions – index-linked and unit-linked	**R0690**	1,747,865
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	1,739,473
Risk margin	**R0720**	8,392
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	773,801
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	1,100,424
Financial liabilities other than debts owed to credit institutions	**R0810**	482,185
Insurance & intermediaries payables	**R0820**	-
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	-
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	581,539
Total liabilities	**R0900**	20,637,668
Excess of assets over liabilities	**R1000**	8,049,687

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	999,532	26,524	-	7,918,731	799,534	29,170	832,547	667,921	-	-	-	27,354					11,301,313
Gross - Proportional reinsurance accepted	**R0120**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0130**													-	-	-	-	-
Reinsurers' share	**R0140**	8,228	12,683	-	284,478	28,723	16,903	573,476	133,320	-	-	-	15,593	-	-	-	-	1,073,404
Net	**R0200**	991,304	13,841	-	7,634,253	770,811	12,267	259,071	534,601	-	-	-	11,761	-	-	-	-	10,227,909
Premiums earned		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Direct Business	**R0210**	946,034	66,659	-	7,785,576	786,089	25,017	760,671	585,971	-	-	-	22,960					10,978,977
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0230**													-	-	-	-	-
Reinsurers' share	**R0240**	8,009	32,581	-	281,928	28,466	14,693	527,033	124,095	-	-	-	13,360	-	-	-	-	1,030,165
Net	**R0300**	938,025	34,078	-	7,503,648	757,623	10,324	233,638	461,876	-	-	-	9,600	-	-	-	-	9,948,812
Claims incurred		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Direct Business	**R0310**	624,808	- 16,063	-	4,825,387	168,213	- 433	43,476	442,913	-	-	-	-					6,088,301
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0330**													-	-	-	-	-
Reinsurers' share	**R0340**	-	- 8,361	-	83,445	-	- 259	9,003	181,757	-	-	-	-	-	-	-	-	265,585
Net	**R0400**	624,808	- 7,702	-	4,741,942	168,213	- 174	34,473	261,156	-	-	-	-	-	-	-	-	5,822,716
Changes in other technical provisions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross - Direct Business	**R0410**	- 4,727	-	-	11,825	412	-	-	- 964	-	-	-	- 681					5,865
Gross - Proportional reinsurance accepted	**R0420**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non- proportional reinsurance accepted	**R0430**													-	-	-	-	-
Reinsurers' share	**R0440**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	**R0500**	- 4,727	-	-	11,825	412	-	-	- 964	-	-	-	- 681	-	-	-	-	5,865
Expenses incurred	**R0550**	315,834	9,373	-	3,275,762	331,049	1,075	39,229	178,749	-	-	-	954	-	-	-	-	4,152,025
Other expenses	**R1200**																	-
Total expenses	**R1300**																	4,152,025

		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	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**	-	42,180	352,006	120,791	-	-	-	-	514,977
Reinsurers' share	**R1420**	-	1,441	39,085	37,078	-	-	-	-	77,604
Net	**R1500**	-	40,739	312,921	83,713	-	-	-	-	437,373
Premiums earned		-	-	-	-	-	-	-	-	-
Gross	**R1510**	-	44,289	353,271	126,830	-	-	-	-	524,390
Reinsurers' share	**R1520**	-	1,513	41,039	37,078	-	-	-	-	79,630
Net	**R1600**	-	42,776	312,232	89,752	-	-	-	-	444,760
Claims incurred		-	-	-	-	-	-	-	-	-
Gross	**R1610**	-	358,898	340,583	239,643	-	-	-	-	939,124
Reinsurers' share	**R1620**	-	-	-	-	-	-	-	-	-
Net	**R1700**	-	358,898	340,583	239,643	-	-	-	-	939,124
Changes in other technical provisions		-	-	-	-	-	-	-	-	-
Gross	**R1710**	-	- 211,235	- 187,049	- 259,249	-	-	-	-	- 657,533
Reinsurers' share	**R1720**	-	- 1,925	- 164	- 6,039	-	-	-	-	- 8,128
Net	**R1800**	-	- 209,310	- 186,885	- 253,210	-	-	-	-	- 649,405
Expenses incurred	**R1900**	-	7,216	60,222	20,665	-	-	-	-	88,103
Other expenses	**R2500**									-
Total expenses	**R2600**									88,103

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

		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	11,301,313						11,301,313
Gross - Proportional reinsurance accepted	R0120	-						-
Gross - Non-proportional reinsurance accepted	R0130	-						-
Reinsurers' share	R0140	1,073,404						1,073,404
Net	R0200	10,227,909						10,227,909
Premiums earned		-						-
Gross - Direct Business	R0210	10,978,977						10,978,977
Gross - Proportional reinsurance accepted	R0220	-						-
Gross - Non-proportional reinsurance accepted	R0230	-						-
Reinsurers' share	R0240	1,030,165						1,030,165
Net	R0300	9,948,812						9,948,812
Claims incurred		-						-
Gross - Direct Business	R0310	6,088,301						6,088,301
Gross - Proportional reinsurance accepted	R0320	-						-
Gross - Non-proportional reinsurance accepted	R0330	-						-
Reinsurers' share	R0340	265,585						265,585
Net	R0400	5,822,716						5,822,716
Changes in other technical provisions		-						
Gross - Direct Business	R0410	5,865						5,865
Gross - Proportional reinsurance accepted	R0420	-						-
Gross - Non- proportional reinsurance accepted	R0430	-						-
Reinsurers' share	R0440	-						-
Net	R0500	5,865						5,865
Expenses incurred	R0550	4,152,025						4,152,025
Other expenses	R1200							-
Total expenses	R1300	4,152,025						4,152,025

		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400							
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	514,977						514,977
Reinsurers' share	R1420	77,604						77,604
Net	R1500	437,373						437,373
Premiums earned		-						
Gross	R1510	524,390						524,390
Reinsurers' share	R1520	79,630						79,630
Net	R1600	444,760						444,760
Claims incurred		-						
Gross	R1610	939,124						939,124
Reinsurers' share	R1620	-						-
Net	R1700	939,124						939,124
Changes in other technical provisions		-						-
Gross	R1710	- 657,533						- 657,533
Reinsurers' share	R1720	- 8,128						- 8,128
Net	R1800	- 649,405						- 649,405
Expenses incurred	R1900	88,103						88,103
Other expenses	R2500							-
Total expenses	R2600							88,103

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-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	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**	363,734	6,141	-	2,022,183	308,245	3,592	145,836	120,516	-	-	-	3,376	-	-	-	-	2,973,623
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	3,968	1,010	-	- 13,098	- 3,266	1,180	77,304	1,058	-	-	-	608	-	-	-	-	68,764
Net Best Estimate of Premium Provisions	**R0150**	359,766	5,131	-	2,035,281	311,511	2,412	68,532	119,458	-	-	-	2,768	-	-	-	-	2,904,859
Claims provisions																		
Gross	**R0160**	43,633	88,621	-	8,396,457	127,734	667	41,720	817,654	-	-	-	-	-	-	-	-	9,516,486
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	38,238	-	183,141	-	387	20,275	227,536	-	-	-	-	-	-	-	-	469,577
Net Best Estimate of Claims Provisions	**R0250**	43,633	50,383	-	8,213,316	127,734	280	21,445	590,118	-	-	-	-	-	-	-	-	9,046,909
Total Best estimate - gross	**R0260**	407,367	94,762	-	10,418,640	435,979	4,259	187,556	938,170	-	-	-	3,376	-	-	-	-	12,490,109
Total Best estimate - net	**R0270**	403,399	55,514	-	10,248,597	439,245	2,692	89,977	709,576	-	-	-	2,768	-	-	-	-	11,951,768
Risk margin	**R0280**	25,329	2,930	-	390,438	27,144	802	30,663	37,998	-	-	-	727	-	-	-	-	516,031
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	**R0320**	432,696	97,692	-	10,809,078	463,123	5,061	218,219	976,168	-	-	-	4,103	-	-	-	-	13,006,140
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	3,968	39,248	-	170,043	- 3,266	1,567	97,579	228,594	-	-	-	608	-	-	-	-	538,341
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	428,728	58,444	-	10,639,035	466,389	3,494	120,640	747,574	-	-	-	3,495	-	-	-	-	12,467,799

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**	-	-		-	-		-	-	-	-	-		-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	2,282,863	-	1,494,111	245,362	-	654,666	-	-	-	-	-	-	-	-	-	4,677,002
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-	-	-	-	-	37,827	-	-	-	-	-	-	-	-	-	37,827
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	2,282,863	-	1,494,111	245,362	-	616,839	-	-	-	-	-	-	-	-	-	4,639,175
Risk Margin	**R0100**	1,667	8,392		-	6,518		-	-	-	-	-		-	-	-	16,577
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**	-	-		-	-		-	-	-	-	-		-	-	-	-
Best estimate	**R0120**	-	-	-	-		-	-	-	-	-		-	-	-	-	-
Risk margin	**R0130**	-	-		-	-		-	-	-	-	-		-	-	-	-
Technical provisions - total	**R0200**	2,284,530	1,747,865		-	661,184		-	-	-	-	-		-	-	-	4,693,579

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	Acc

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

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100	714,405	52,084,840
N-9	R0160	4,743,497	2,500,210	576,267	194,201	527,660	465,236	693,292	1,067,758	498,015	167,804		R0160	167,804	11,433,940
N-8	R0170	4,944,244	2,392,482	350,386	368,390	288,904	402,171	410,722	379,006	483,015			R0170	483,015	10,019,320
N-7	R0180	5,480,048	2,619,855	830,843	456,284	218,357	253,813	498,153	571,039				R0180	571,039	10,928,392
N-6	R0190	3,284,881	2,153,002	335,361	101,792	163,392	120,613	88,084					R0190	88,084	6,247,125
N-5	R0200	2,836,482	1,316,432	315,948	259,345	144,102	162,314						R0200	162,314	5,034,623
N-4	R0210	2,031,729	831,739	217,267	131,643	141,540							R0210	141,540	3,353,918
N-3	R0220	2,117,324	1,031,388	153,317	85,103								R0220	85,103	3,387,132
N-2	R0230	2,595,209	1,085,860	239,014									R0230	239,014	3,920,083
N-1	R0240	2,489,813	1,120,606										R0240	1,120,606	3,610,419
N	R0250	2,589,475											R0250	2,589,475	2,589,475
												Total	R0260	6,362,399	112,603,317

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100												R0100	439,236
N-9	R0160	-	-	-	-	-	-	-	-	707,808	583,057		R0160	582,756
N-8	R0170	-	-	-	-	-	-	-	452,147	275,783			R0170	275,273
N-7	R0180	-	-	-	-	-	-	1,944,457	1,466,108				R0180	1,464,535
N-6	R0190	-	-	-	-	-	981,028	1,010,737					R0190	1,008,959
N-5	R0200	-	-	-	-	664,200	559,855						R0200	558,393
N-4	R0210	-	-	-	798,507	727,741							R0210	723,795
N-3	R0220	-	-	520,781	370,500								R0220	367,282
N-2	R0230	-	972,340	717,588									R0230	707,702
N-1	R0240	2,138,428	1,085,944										R0240	1,069,332
N	R0250	2,348,604											R0250	2,319,221
												Total	R0260	9,516,484

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	13,330,532	13,330,532	-	-	-
Share premium account related to ordinary share capital	**R0030**	4,317,353	4,317,353	-	-	-
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	-	-	-	-	-
Subordinated mutual member accounts	**R0050**	-	-	-	-	-
Surplus funds	**R0070**	-	-	-	-	-
Preference shares	**R0090**	-	-	-	-	-
Share premium account related to preference shares	**R0110**	-	-	-	-	-
Reconciliation reserve	**R0130**	- 10,348,198	- 10,348,198	-	-	-
Subordinated liabilities	**R0140**	-	-	-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	750,000	-	-	750,000	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds			-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	-	-	-	-	-
Deductions		-	-	-	-	-
Deductions for participations in financial and credit institutions	**R0230**	-	-	-	-	-
Total basic own funds after deductions	**R0290**	8,049,687	7,299,687	-	750,000	-
Ancillary own funds		-	-	-	-	-
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	-	-	-	-	-
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	-	-	-	-	-
Unpaid and uncalled preference shares callable on demand	**R0320**	-	-	-	-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	-	-	-	-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	-	-	-	-	-
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	-	-	-	-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	-	-	-	-	-
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	-	-	-	-	-
Other ancillary own funds	**R0390**	-	-	-	-	-
Total ancillary own funds	**R0400**	-	-	-	-	-
Available and eligible own funds		-	-	-	-	-
Total available own funds to meet the SCR	**R0500**	8,049,687	7,299,687	-	750,000	-
Total available own funds to meet the MCR	**R0510**	8,039,688	7,299,687	-	750,000	-
Total eligible own funds to meet the SCR	**R0540**	8,049,687	7,299,687	-	750,000	-
Total eligible own funds to meet the MCR	**R0550**	8,039,688	7,299,687	-	740,000	-
SCR	**R0580**	6,922,240	-	-	-	-
MCR	**R0600**	3,700,000	-	-	-	-
Ratio of Eligible own funds to SCR	**R0620**	116.29%	-	-	-	-
Ratio of Eligible own funds to MCR	**R0640**	217.29%	-	-	-	-

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	8,049,687	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**	-	
Other basic own fund items	**R0730**	18,397,885	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-	
Reconciliation reserve	**R0760**	- 10,348,198	
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.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	2,727,669		
Counterparty default risk	R0020	2,072,583		
Life underwriting risk	R0030	277,294		
Health underwriting risk	R0040	213,190		
Non-life underwriting risk	R0050	3,957,133		
Diversification	R0060	- 2,528,583		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	6,719,286		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	395,750
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	- 192,798
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	6,922,238
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	6,922,238
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Annex I

S.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		C0010	**C0020**
Linear formula component for non-life insurance and reinsurance obligations	**R0010**	1,928,442	-

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	**C0040**	**C0050**	**C0060**
Medical expense insurance and proportional reinsurance	**R0020**	403,399	991,304	-	-
Income protection insurance and proportional reinsurance	**R0030**	55,514	13,841	-	-
Workers' compensation insurance and proportional reinsurance	**R0040**	-	-	-	-
Motor vehicle liability insurance and proportional reinsurance	**R0050**	10,248,597	7,634,253	-	-
Other motor insurance and proportional reinsurance	**R0060**	439,245	770,811	-	-
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	2,692	12,267	-	-
Fire and other damage to property insurance and proportional reinsurance	**R0080**	89,977	259,071	-	-
General liability insurance and proportional reinsurance	**R0090**	709,576	534,601	-	-
Credit and suretyship insurance and proportional reinsurance	**R0100**	-	-	-	-
Legal expenses insurance and proportional reinsurance	**R0110**	-	-	-	-
Assistance and proportional reinsurance	**R0120**	-	-	-	-
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	2,768	11,761	-	-
Non-proportional health reinsurance	**R0140**	-	-	-	-
Non-proportional casualty reinsurance	**R0150**	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	**R0160**	-	-	-	-
Non-proportional property reinsurance	**R0170**	-	-	-	-

		Non-life activities	Life activities
		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	**R0200**	-	135,542

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	**R0210**	-	-	2,282,863	-
Obligations with profit participation - future discretionary benefits	**R0220**	-	-	-	-
Index-linked and unit-linked insurance obligations	**R0230**	-	-	1,739,473	-
Other life (re)insurance and health (re)insurance obligations	**R0240**	-	-	616,839	-
Total capital at risk for all life (re)insurance obligations	**R0250**	-	-	-	35,932,015

Overall MCR calculation

		C0130
Linear MCR	**R0300**	2,063,985
SCR	**R0310**	6,922,240
MCR cap	**R0320**	3,115,008
MCR floor	**R0330**	1,730,560
Combined MCR	**R0340**	2,063,985
Absolute floor of the MCR	**R0350**	3,700,000
		C0130
Minimum Capital Requirement	**R0400**	3,700,000

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	**R0500**	1,928,442	135,542
Notional SCR excluding add-on (annual or latest calculation)	**R0510**	-	-
Notional MCR cap	**R0520**	2,913,279	204,762
Notional MCR floor	**R0530**	1,618,488	113,757
Notional Combined MCR	**R0540**	1,928,442	135,542
Absolute floor of the notional MCR	**R0550**	3,700,000	-
Notional MCR	**R0560**	3,700,000	135,542