HYDRA INSURANCE COMPANY Ltd

Solvency and Financial Condition Report (SFCR)

Reference Date: 31/12/2017
Submission Date: May 2018

Table of Contents

List of Tables

List of Figures

1 Executive Summary

1.1 Overview

Hydra Insurance Limited, (hereafter also referred to as "Hydra", "Hydra Insurance" or "the Company") was established in Cyprus in 2001. The Company operates in the Non-Life Insurance field.

This document, namely the Solvency and Financial Condition Report (SFCR), has been prepared in accordance to the Commission Delegated Regulation (EU) 2015/35 of October 2014, supplementing the Directive 2009/138/EC of the European Parliament and of the Council. This is a publicly available document that provides information regarding the Company's performance for the year ending in 31 December 2017.

The SFCR report has been approved by the Board of Directors of Hydra Insurance and has also been audited and approved by the Company's external auditors.

1.2 Business and Performance

Hydra Insurance operates in Cyprus only. The table below details the Gross and Net Premiums by line of business.

YE 2017	Gross (€ 000) *		Ceded (€ 000)		Net (€ 000)	
LoB	Written	Earned	Written	Earned	Written	Earned
Health & Accident	568	712	3	9	564	703
Motor	10.761	10.701	248	478	10.512	10.223
Marine	29	23	1	2	28	22
Fire	1.434	1.433	942	648	492	784
General Liability	652	319	50	103	602	216
Misc.	0	23	0	3	0	21
Total	13.442	13.212	1.244	1.244	12.198	11.968

** Gross data include policy fees*

Table 1: Executive Summary – Gross/Earned Premiums YE 2017

The Underwriting Performance of the Company is presented in the table below

Underwriting performance	2017 (€ 000)
Net earned premiums	11.968
Other insurance income	1.231
Net claims cost	-5.837
Expenses	-6.351
Taxes	-103
Net Profit After Tax	908

Table 2: Executive Summary – Profit after tax YE 2017

The investment portfolio is presented in the table below (in comparison to the previous reporting period):

Investment Portfolio	2017	2016	Evolution
Asset Class	(€ 000)	(€ 000)	%
Shares	167	100	68.0%
Cash in Bank	13.076	12.081	8.2%
Investment Properties	3.108	3.115	-0.2%
Total	16.351	15.296	6.9%

Table 3: Executive Summary – Investments Performance evolution

1.3 System of Governance

The Board of Directors is the oversight body of Hydra Insurance. It bears the ultimate responsibility for ensuring that Corporate Governance arrangements within the Company are sufficient and appropriate to the size, nature and complexity of its business.

The Executive Committee, Risk and Reserving Committee, Audit Committee and Investment Committee have been set up by the BoD for monitoring and overseeing specific aspects of the Company's business. The Company has also established the Risk Management, Compliance, Internal Audit and Actuarial function to ensure effective oversight of its operations.

1.4 Risk Profile

As at the reference date the company is exposed mainly to the Insurance, Market, Credit, Liquidity and Operational risk. The table below summarizes the capital requirement as at the end of 2017:

Type of Risk	31/12/2017 € 000
Interest rate	0
Equity risk	209
Property risk	622
Spread risk	570
Concentration risk	2.425
Currency risk	0
Counter - Cyclical Premium	0
Diversification Market Risk	-1.112
Market Risk	**2.714**

Type of Risk	31/12/2017 € 000
Counterparty risk	**1.981**
Health Non-SLT Underwriting	**251**
Non-life Underwriting	**3.256**
Life Underwriting	**0**
Diversification BSCR	-2.193
BSCR	**6.008**
Operational Risk	**396**
Tax adjustment	**-231**
SCR Total	**6.174**
Available Capital	**10.995**
SCR (%)	**178,1%**

Table 4: Executive Summary – Risk Profile

1.5 Valuation for solvency purposes

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

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	9.437	10.507
TP calculated as a whole (Best estimate + Risk margin)	-	10.507
Best Estimate	8.776	-
Risk margin	661	-
Gross technical provisions - health (similar to non-life)	221	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	184	-
Risk margin	37	-
(Re)insurance accounts payable	-	-
Insurance & Intermediaries Payables	634	634
Deferred tax liabilities	393	393
Amounts owed to credit institutions	369	369
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	373	373
Total Liabilities	11.427	12.276

Table 5: Executive Summary – Liabilities

1.6 Capital Management

As at 31/12/2017, the Company's own funds amounted to €10,99m and are mainly comprised of ordinary share capital and revaluation reserves. The total Own Funds represent 297% of the MCR and 178% of the SCR.

Key Risk	Risk Type	Solvency Capital Requirements € 000
Non Life Underwriting Risk	**Total Non Life Underwriting Risk**	**3.256**
	Non-Life premium and reserve risk	3.119
	Non Life Lapse Risk	-
	Non-Life CAT Risk	438
	Diversification effects	-301
Market Risk	**Total Market Risk**	**2.714**
	Interest rate risk	-
	Equity risk	209
	Property risk	622
	Spread risk	570
	Currency risk	-
	Concentration risk	2.425
	Illiquidity premium risk	-
	Diversification effects	-1.112
Counterparty Default Risk	**Counterparty Default Risk**	**1.981**
	Counterparty default risk of type 1 exposures	864
	Counterparty default risk of type 2 exposures	1.249
	Diversification effects	-132
Health Underwriting Risk	**Health Underwriting Risk**	**251**
	Non-SLT Health (similar to non-life technique)	197
	Health CAT	114
	Diversification effects	-60
Basic Solvency Capital Requirement (BSCR) pre diversification		8.201
Diversification Effect		-2.193
Basic Solvency Capital Requirement (BSCR)		6.008
Operational Risk		396
Adjustment for Deferred taxes		-231
Capital at Risk	SCR	6.174
	MCR	3.700

Table 6: Executive Summary – SCR and MCR

For the calculation of the SCR and the MCR the Company uses EIOPA's Solvency II Standard Formula.

2 Business and Performance

2.1 Business

2.1.1 Company Information

Hydra Insurance Limited was established in 2001, as a natural development of the successful presence of its founders in the Cyprus Insurance Market for more than 50 years, based on their long standing commitment to customer service, customer satisfaction and customer trust.

The Company specializes in general insurance business, providing a full range of innovative insurance products: Personal Insurances, catering for the needs of individuals and Commercial Insurances catering for the needs of the business community. Over these years, and notwithstanding the highly competitive local insurance environment, Hydra Insurance has managed to grow into a large organization, with a consistent superior performance both in terms of business development as well as profitability.

The Company has a significant market share, with a premium income of €12,2m surpassing other insurance companies, transacting general business with longer presence in the market.

The address of the Company's registered office and of its external auditors are shown below:

Registered Office

Hydra Insurance Co Ltd
11 Strovolou Avenue,
SEK Building, 5th Floor
2018 Strovolos,
P.O Box 24653 – 1302, Nicosia, Cyprus
Tel: +357 22 454700
Fax: +357 22 454704
www.hydrainsurance.com

External Auditors

APO Audit Services Ltd
31 Evagorou Avenue
Evagoras Complex, Office 32
1066 Nicosia
Cyprus
Tel: +357 22256160
Fax: +357 22318390
www.apoaudit.com.cy

2.1.2 Supervisory authority responsible for financial supervision

The insurance Companies Control Service is the supervisory authority responsible for the financial supervision of Hydra Insurance.

The address and contact details of the supervisory authority is shown below:

Insurance Companies Control Service
Address: P.O. Box 23364, 1628 Nicosia
Telephone Number: 22602990, Fax Number: 22302938
Email: insurance@mof.gov.cy

2.1.3 Qualifying holdings

The shareholders of the company with more than 25% holding are Mr. Polys Kleanthous and Mr. Kleanthis Kleanthous.

2.1.4 Position within the legal structure of the Group

Hydra Insurance does not belong to a group

2.1.5 Material Lines of Business by Operating Segment, Solvency II and geographical areas

Hydra Insurance writes business only in Cyprus and maintains offices in Nicosia, Larnaca, Kiti and Paralimni. It offers the following lines of business:

- Motor Insurance including Third Party and Comprehensive Coverage
- Fire and other damage to property
- Accident and Health insurance
- Marine, aviation and transport
- Liability Insurance including professional, employers' and public liability

The table below indicates the level of the Gross/Earned premiums by Solvency II line of business.

YE 2017	Gross (€ 000) *		Ceded (€ 000)		Net (€ 000)	
LoB	Written	Earned	Written	Earned	Written	Earned
Health & Accident	568	712	3	9	564	703
Motor	10.761	10.701	248	478	10.512	10.223
Marine	29	23	1	2	28	22
Fire	1.434	1.433	942	648	492	784
General Liability	652	319	50	103	602	216
Misc.	0	23	0	3	0	21
Total	13.442	13.212	1.244	1.244	12.198	11.968

** Gross data include policy fees*

Table 7: Gross/Earned Premiums YE 2017

For comparison purposes, the Gross/Earned premiums of the previous valuation date are presented below:

YE 2016	Gross (€ 000)*		Ceded (€ 000)		Net (€ 000)	
LoB	Written	Earned	Written	Earned	Written	Earned
Health & Accident	509	514	9	9	500	505
Motor	10.423	10.427	325	324	10.097	10.103
Marine	25	29	2	2	23	28
Fire	1.403	1.408	818	817	586	591
General Liability	468	473	16	15	452	458
Misc.	69	73	1	1	67	72
Total	12.896	12.924	1.170	1.168	11.726	11.757

** Gross data include policy fees*

Table 8: Gross/Earned Premiums YE 2016

2.1.6 Significant Events during the reporting period and up to the date of the report

No significant business or other events have occurred over the reporting period that have had a material impact on the company. However, the financial crisis of the last years have imposed significant challenges to the insurance sector which has to face as well the all – increasing regulatory requirements stemming from the EU – legislation. The insurance sector is facing a large number of EU – level regulatory requirements and more resources and time have to be dedicated to regulation – related work. More specifically, the transposition of the new EU Insurance Distribution Directive (IDD) into national law, as well the new Data Protection Regulation (GDPR) remain high priorities of the insurance sector.

2.1.7 Distribution channel and Customer Service

Hydra Insurance offers insurance services both directly and through its intermediaries.

The Company's mission is to put the customer at the center of all its operations by constantly seeking to develop innovative solutions that exceed the customer's needs. The Company's aims to be the insurance company of choice for customers, agents and all other associates, with innovative insurance solutions to satisfy clients' needs with exemplary personalized service.

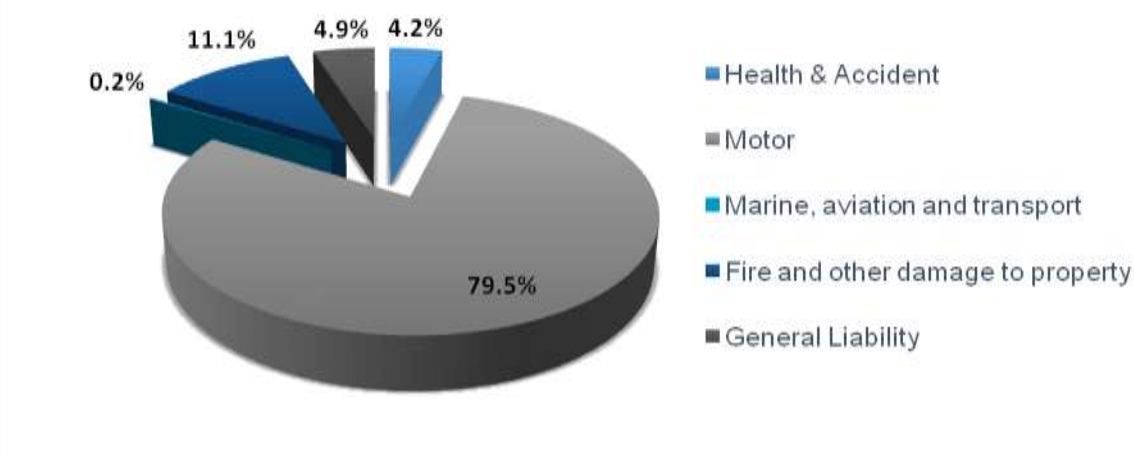
2.2 Underwriting

The Company's Net Premium Earned for the year was €12,0m compared to €11,76m for the year 2016, (an increase of 3%). Similarly, the Company's total income has shown an increase of 5% over the previous year something that is also driven from a 20% year-on-year increase of the investment income. Nevertheless, the total Profit After Tax is slightly reduced compared to 2016 (by 5.3%) due to an increase in the net claims and total expenses. The results PAT of 2017 amounted to €0,9m.

2.2.1 Underwriting performance by Solvency II line of business

The Company operates in the Non-Life field and offers a wide range of insurance products in the General Business. The main business lines' distribution is as follows:

- Motor Insurance including Third Party and Comprehensive Coverage: **79,5%**
- Fire and other damage to property: **11,1%**
- Accident and Health insurance: **4,2%**
- Marine, aviation and transport: **0,2%**
- L



surance including professional, employers' and public liability: **4,9%**

Figure 1: Distribution of Premiums

As per the financial statements the Company's underwriting performance for 2017 is shown below:

Underwriting performance	2017 (€ 000)
Net earned premiums	11.968
Other insurance income	1.231
Net claims cost	-5.837
Expenses	-6.351
Taxes	-103
Net Profit After Tax	908

Table 9: Profit after tax YE 2017

Gross Earned Premiums	2017	2016	Evolution
LoB	€ 000	€ 000	%
Health & Accident	712	514	39%
Motor Other	10.701	10.427	3%
Marine	23	29	-20%
Fire	1.433	1.408	2%
General Liability	319	473	-32%
Misc.	23	73	-68%
Total	13.212	12.924	2%

Table 10: Gross Earned Premiums evolution

2.3 Investment Performance

The table below indicates the Company's Investment portfolio by asset class.

Investment Portfolio	2017	2016	Evolution
Asset Class	(€ 000)	(€ 000)	%
Shares	167	100	68.0%
Cash in Bank	13.076	12.081	8.2%
Investment Properties	3.108	3.115	-0.2%
Total	16.351	15.296	6.9%

Table 11: Investments Performance evolution

The investment income reached the €138k in 2017, an increase of 125pp compared to the corresponding figure of 2016.

2.3.1 Gains and Losses Recognized in Equity

The change in fair value of the available for sale financial assets amounted to €55k in 2017 compared to nil in 2016

2.3.2 Investments in Securitization

The company does not hold any investments in securitization instruments.

2.4 Performance of other Activities

The Company does not carry out any other significant activities other than its insurance and related activities.

2.5 Any other disclosures

There are no other material issues to be disclosed.

3 System of Governance

3.1 General Information on the System of Governance

3.1.1 Structure of Administrative and Management Body

Corporate governance is essential in reinforcing the BoD's oversight role and its independence in making decisions and in the production of transparent and timely information. The Company is committed to implementing a sound governance framework through which objectives are set and the means of attaining these objectives and monitoring performance is determined.

To achieve this, the Company operates within a set of corporate governance principles. These principles require that the Company has:

- Established strategic objectives and a set of corporate values that are communicated throughout the Company
- Set and enforced clear lines of responsibility and accountability throughout the Company
- Ensured that 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
- Ensured that there is appropriate oversight of the Company's activities by Senior Management
- Effectively utilized the work conducted by internal and external auditors, as well as other control functions, given their critical contribution to sound corporate governance
- Ensured that compensation policies and practices are consistent with the Company's ethical values, objectives, strategy and control environment
- Conducted corporate governance in a transparent manner
- Maintained an understanding of the Company's operational structure, including when operating in jurisdictions, or through structures, that impede transparency
- Continued to balance the needs of its shareholders.

The organizational structure of the Company is presented in the diagram below:

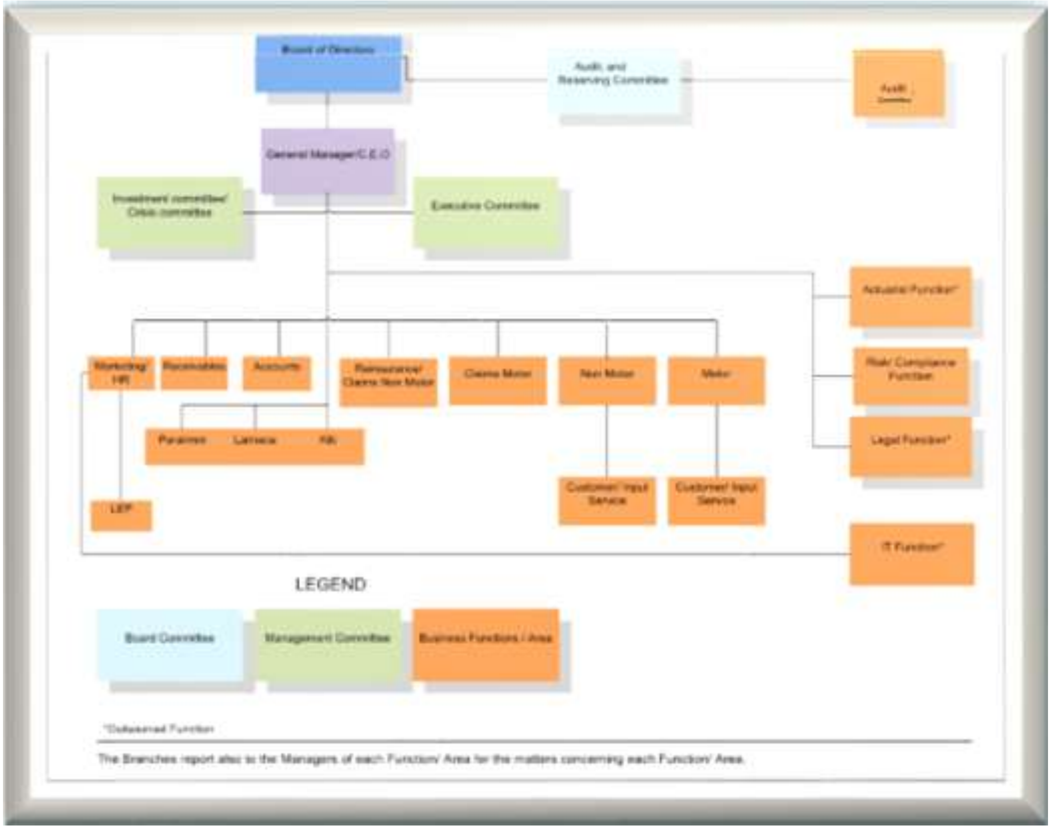


Figure 2: Organizational Structure

3.1.1.1 Board of Directors

This refers to the controlling body of Hydra Insurance Company, i.e. the BoD. The Governing Body bears the ultimate responsibility for ensuring that Corporate Governance arrangements within the Company are sufficient and appropriate to the size, nature and complexity of its business. The BoD may delegate authority to certain Committees in order that they monitor and oversee specific aspects of the business. Delegating to specialized Committees does not in any way release the BoD from collectively discharging its duties and responsibilities. Specifically the BoD has regular and robust interaction with the Committees it establishes, requesting information from them proactively and challenging it when necessary.

3.1.1.1.1 Composition of the Board

The Board of Directors of the Company is structured as follows:

Name	Role
Charis Solomonides	Chairman
Pavlos Kleanthous	Member
Polys Kleanthous	Member
Ioannis Kleanthous	Member
Andreas Magos	Member
Andreas Kamilaris	Member
Chrysanthos Chrysanthou	Member

Table 4: Composition of the Board

3.1.1.2 Board Committees / Executive Committees

For its more effective operation the BoD has established the following Committees with oversight responsibility over key functions. The ultimate responsibility and approval of relevant issues remains with the BoD.

Audit Committee

The Committee is accountable to the BoD and shall assist the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance and for meeting its external financial reporting obligations, including its obligations under applicable laws and regulations and shall be directly responsible on behalf of the BoD for the selection, oversight and remuneration of the external auditor.

The Composition of the Audit Committee is the following:

Name	Role
Chrysanthos Chrysantou	Chairman
Andreas Magos	Member
Charis Solomonides	Member

Table 4: Composition of the Audit Committee

The Committee has the following responsibilities, powers, authorities and discretions:

- To monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them.
- To monitor and review the effectiveness of the Internal Audit Function.
- Ensure co-ordination between the internal and external auditors and shall approve the appointment and removal of the head of internal audit.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- To develop and implement policy on the engagement of the external auditor to supply non-audit services.
- To ensure a timely response is provided to the issues raised in the external auditor's Management letter.
- The effectiveness of the Company's internal control systems and procedures for compliance with the Company's compliance Manual.
- The Committee alone shall meet with the external auditor and with the head of internal audit at least once each year to ensure that there are no unresolved issues or concerns.

Risk and Reserving Committee

The Committee as an advisory Committee to the BoD assists with the formulation of the Company's overall risk strategies and polices for managing significant business risks, and is responsible for designing and implementing the Company Risk Management Framework. In addition the Committee ensures that the Company's overall system of internal control operates effectively, and monitors and reviews risk exposures and breaches and monitors and approves Reserves.

The Composition of the Risk and Reserving Committee is the following:

Name	Role
Pavlos Kleanthous	Chairman
Charis Solomonides	Member
Polys Kleanthous	Member
Ioannis Kleanthous	Member
Andreas Magos	Member
Andreas Kamilaris	Member
Chrysanthos Chrysantou	Member

Table 12: Composition of the Risk and Reserving Committee

The duties of the Committee are:

- Oversee the development, implementation and maintenance of the Company's overall Risk Management Strategy and Framework and system of internal control.
- Monitor the development and approval of detailed risk policies across the Company ensuring that these are consistent with the Company risk appetite and policies.
- Ensure the key risks of the Company are managed cost effectively and within the Company risk appetite, tolerances and strategies set out in policies approved by the BoD.
- Monitor the volume and value of errors over time, including error trends within a specific area of the business.
- Monitor and review the performance of the Company's RMF.
- Review Management, internal audit and external advisors reports on the effectiveness and integrity of risk management systems.
- Reviews and challenges actuarial reserves and advises the BoD on their approval.

Investment Committee

The Committee as an advisory Committee to the BoD assists with the formulation of the Company's overall investment strategy and policy, oversees and reports on the implementation of the investment strategy, and recommends any material changes to such strategy to the BoD.

The composition of the Investment committee is the following:

Name
Georgios Athanasiou
Pavlos Kleanthous
Ioannis Kleanthous
Costas Savvides

Table 13: Composition of the Investment Committee

The duties of the Committee are:

- Formulate and recommend to the BoD an overall Investment policy.
- Review the appointment and remuneration of external investment managers and custodians.
- Recommend to the BoD relevant performance benchmarks.
- Monitor performance of investment managers against the benchmarks and against the Investment policy on at least a quarterly basis, ensuring compliance with the Investment policy.
- Monitor as far as possible performance against industry peers.
- Receive and review regular reports from the external investment managers.
- Ensure that the Committee takes a proactive approach to risk management and keeps abreast of emerging trends and concepts.
- Support and/or challenge the work being carried out by the ExCo and the CFO is appropriate and effective.

Executive Committee

In accordance with best practice and in order to promote the effective operation of management, the Senior Management has set up an Executive Committee (ExCo).

The Executive Committee enables the coordination of all internal business areas and functions within the Company and discusses the Company's strategic decisions. In addition, the Executive Committee is responsible for the regular review of the Company's performance, Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.

The Committee consists of the key members of the Senior Management team. The Company's Management Committees are proportionate to the Company's size, nature of business and complexity.

3.1.1.3 Key Functions, Roles and Responsibilities (risk-management, compliance, internal audit, actuarial)

In accordance with articles 44, 46, 47 and 48 of Solvency II the Company has established the following functions to ensure effective oversight of its operations:

- Risk Management
- Compliance
- Internal Audit
- Actuarial

Risk Management

The RMF is responsible for the identification, measurement and management and reporting of the key risks that the Company faces.

It reports to the CEO / General Manager. It also has a direct reporting line to the BoD through the Risk and Reserve Committee in order to ensure its operational independence and safeguard its ability to escalate important issues. The RMF is subject to the audit of the Internal Audit Function regarding the adequacy and effectiveness of its control procedures.

The responsibilities of the function are governed by the Risk Management Manual. The Risk Management Manual is approved by the BoD and reviewed annually.

Compliance

The Compliance Function reports to the CEO / General Manager.

The main function of the Compliance Function is the establishment and application of suitable procedures for the purpose of achieving a timely and on-going compliance of the Company with the existing legal and regulatory framework. The activities and responsibilities of the Function are governed by the Compliance Manual, which is approved by the BoD and reviewed annually.

The function is subject to audit by the Internal Audit Function.

Internal Audit

The Internal Audit function of the Company is administratively independent of any functions which have operational responsibilities and carry out its assignments with impartiality. The Internal Audit function reports to the BoD through the Audit Committee. It does not subordinate to any other operational function of the Company however, all its reports are communicated to the Company's Senior Management.

The Internal Audit Function is responsible for evaluating the adequacy and effectiveness of the internal control system and other elements of the system of governance. The responsibilities of this function are governed by the Internal Audit Manual, which is approved by the BoD and reviewed annually.

The duties and responsibilities of the Internal Audit Function were assigned to an external audit firm, which reports significant findings and any other matters in an Internal Audit reporting format deemed appropriate to both Senior Management and the Audit Committee.

The Internal Audit Function has the following responsibilities:

- The IAF staff is sufficient in number and appropriately trained
- All auditing methodology (including audit objectives, programmes and procedures), is documented by the Internal Audit staff
- Compliance with recommendations is verified with the follow-up procedures
- To monitor the performance and effectiveness of the Internal Control System
- To conduct general or sample ex-post audits of the functions and transactions of the Company
- To evaluate compliance with and the efficiency of risk control / management procedures
- To evaluate the efficiency of the Company's accounting and information systems
- To evaluate the efficiency of the organizational structure and reporting lines
- To evaluate the adequacy of mechanisms set by the BoD
- To carry out special investigations and special audits in situations where it is possible to relate with suspected fraud.
- To prepare, at least on an annual basis, a risk assessment and audit plan
- To assess, at least on an annual basis, the need to operate in jurisdictions or through complex structures that reduce transparency
- To assess the risk management procedures
- To assess the data upon which the Company has calculated its Pillar 1 and Pillar 2 solvency requirements as well as the data that the actuarial function has used for the valuation of the technical provisions
- To assess the compliance procedures followed by the Company
- To assess the Internal Governance System, as well as the Company's Business Continuity and Disaster Recovery Plans

Senior Management is responsible for risk management and the operation and enhancement of internal control. This includes responsibility for implementing the action plans as endorsed by the Audit Committee.

Actuarial

The Actuarial function reports to the CEO / General Manager and to the Risk and Compliance Function. It is subject to the audit of the Internal Audit Function regarding the adequacy and effectiveness of its procedures. It is part of the System of Governance of the Company and must therefore undertake its duties in an objective, fair and independent manner.

The Actuarial function advises the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. Additionally it is responsible for the technical pricing of products within the scope defined by the BoD. The responsibilities of the Actuarial Function are governed by the Actuarial Function Manual.

The duties and responsibilities of the Actuarial Function were assigned to an external firm, which reports to the CEO / General Manager, Risk and Compliance Function and where necessary, cooperates with other functions to carry out its role.

3.1.2 Three Lines of Defense model

The Corporate Governance framework for the Company is based on the 'three lines of defense model'. The " three lines of defense" model supports the implementation of a robust internal control system and is aligned with the 'four eye principle' that the Company is required to comply with under Article 41 (1) of Level 1 text of Solvency II i.e. the Company is effectively run by at least two persons. In practice, there is sufficient control and challenge at all levels of the organization.

1st line of defense:

Origination and primary risk management. This refers to the control activities carried out by business line management (i.e. controls within the risk-taking functions, operations, HR, IT etc). These control activities will usually be built into policies, systems, processes and procedures of the specific business.

2nd line of defense:

Challenge and risk control. This refers to the bodies that provide challenge and oversight over the activities of the 1st line of defense. These include Risk Management, Actuarial and Compliance Functions which, together with Internal Audit (3rd Line of defense) comprise the Company's key control functions.

3rd line of defense:

Assurance. This refers to bodies that provide independent and objective assurance of the effectiveness of the Company's systems of internal control established by the first and second lines of defense. In practice this is the Company's Internal Audit Function and ultimately the Audit Committee.

The three lines of defense, as implemented in the Company, are presented in the diagram below:

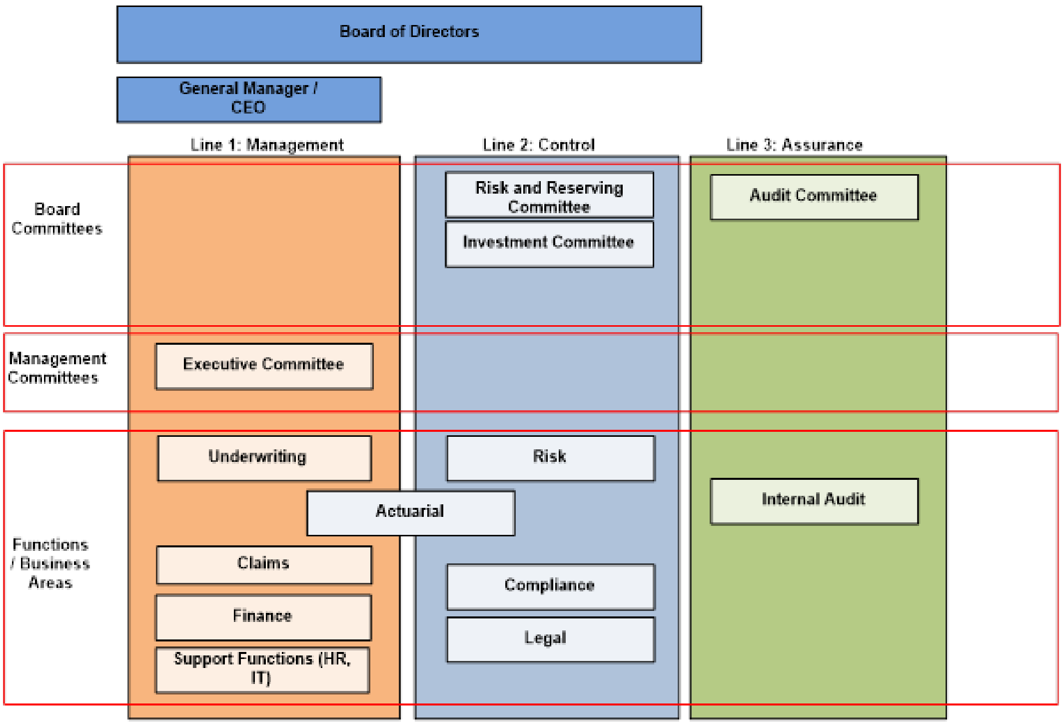


Figure 3: Three lines of defence

3.1.3 Other Material transactions

No other material transaction have taken place during the reporting period.

3.2 Fit and Proper Requirements

In accordance with the supervisory requirements, the company requires that all the persons who effectively run the company and the holders of key functions to be fit and proper, to Conduct and achieve competence.

3.2.1.1 Fitness

In assessing the fitness of a person his/hers professional competence and capability are considered.

The assessment of professional competence covers the assessment of the competence in terms of Senior Management and in the area of business activities carried out by the Company (technical competence).

This assessment is based on the person's previous experience, knowledge, and professional qualifications and should demonstrate due skill, care, diligence and compliance with the relevant standards for the area sector they have worked in.

The Company will have regard to whether the person is competent, and demonstrate, through experience and training; they are able to perform the key functions. Any previous dismissal or suspensions from employment, including for drug or alcohol abuses, may also be considered.

All individuals must maintain their competence for the role they fulfil. The HR function is responsible for ensuring that all individuals receive appropriate training for maintaining their competence.

Professional qualifications applicable to each key function are in line with the supervisory authority's requirements.

With regards to the BoD, the collective knowledge, competence and experience of its members, should at a minimum include:

- Market knowledge, i.e. an awareness and understanding of the wider business, economic and market environment in which the Company operates.
- Business strategy and business model, i.e. an appropriately detailed understanding of the Company's business strategy and model.
- System of governance, i.e. the awareness and understanding of the risks the Company is facing and the capability of managing them. Furthermore the ability to assess the effectiveness of the Company's arrangements to deliver effective governance, oversight and controls in the business.
- Financial and actuarial analysis, i.e. the ability to interpret the Company's financial and actuarial information, identify key issues, put in place appropriate controls and take necessary measures based on this information.
- Regulatory framework and requirements, i.e. an awareness and understanding of the regulatory framework in which the Company operates, and the regulatory requirements and expectations relevant to it and the capacity to adapt to changes which stem from the regulatory framework without delay.
  - By collective knowledge the members of the BoD are not each expected to possess expert knowledge, competence and experience within all areas of the undertaking.

However, the collective knowledge, competence and experience of the BoD as a whole has to provide for a sound and prudent management of the undertaking.

- When changes occur within the BoD, e.g. replacement of one of its members, the undertaking is expected to be able to demonstrate that the collective knowledge of the members of the BoD is maintained on an adequate level so that the sound and prudent management of the undertaking will continue.

3.2.1.2 Propriety

In assessing the propriety of a person the Company assesses its honesty, integrity, reputation and financial soundness.

The Company may take into account convictions for criminal offences, adverse findings in civil proceedings, or disciplinary actions by regulators in Cyprus or abroad.

The criteria include an assessment of reasons to believe from past conduct that the person may not discharge their duties in line with applicable rules, regulations and guidelines. Such reasons may arise from criminal antecedents, financial antecedents, and supervisory experience with that person or past business conduct. This approach does not imply that all previous infringements will automatically result in a failure to meet the requirements, but rather than they will be assessed on a case by case basis by the Company before an appointment and application to the supervisory authority is made.

At application, criminal records checks will be performed for approved persons, and other selected roles. Annual criminal records checks of approved persons will not be conducted. Approved persons will self-certify that they remain proper.

The Company will also consider whether the person has a debt that remains outstanding or was not paid within a reasonable period and/or has been involved in bankruptcy proceedings or other insolvency arrangements.

3.3 Risk Management System

Risk is inherent in the Company's business activities and is linked to strategic and capital decisions. The Company aims through appropriate risk management, to achieve the Company's business and financial strategy without exceeding set risk tolerances and by considering internal constraints (solvency, liquidity) and external constraints set by regulators and other stakeholders.

3.3.1 Risk Management framework

The Company Risk management framework objectives are, to provide:

- A clearly defined and well documented risk management strategy that:

  - Sets the Company's risk management objectives, key risk management principles, overall risk appetite and assignment of responsibilities for Risk across all the activities of the Company
  - Is consistent with the Company's overall business strategy
- Adequate written policies that:
  - Include a definition and categorization of the material risks faced by the Company, by type, and the levels of acceptable risk limits for each risk type
  - Implement the Company's risk strategy
  - Facilitate control mechanisms
  - Take into account the nature, scope and time horizon of the business and the risks associated with it
- Appropriate processes and procedures which enable the Company to identify, assess, manage, monitor and report the risks it is or might be exposed to.

The Company's risk management framework is an embedded part of the business and fully interacts with the strategic planning and the capital management process and is the guiding framework for the implementation of the ORSA process.

The risk management framework establishes the mechanism and strategy through which the Company manages risk, taking into account its business objectives and vision, as well as its overall risk appetite. In this way, the risk strategy sets the principles for risk governance, which in turn feed into the Company's organisational structure for the forming of business functions and Committees, the assignment of roles and responsibilities and the definition of lines of reporting.

Acting on their responsibilities, the relevant functions then prepare or contribute to the preparation of the policies and procedures for the identification, measurement, monitoring and mitigating of the Company's risks, which is achieved through the establishment of the appropriate infrastructure (i.e. information systems and software programs which facilitate the management and measurement of risks). At the same time, a proper and user-friendly infrastructure enables Company Senior Management and staff to comply with the set policies and procedures, responding to their duties and responsibilities defined under the organisational structure, and meeting the goals of the Company's risk strategy.

To cascade the strategic framework the Company has developed specific risk frameworks for each risk category which include the principles, risk appetite, limits and policies for its management. The guiding methodology for these risk processes is documented in the key risks section of this Manual and, in more detail, in the dedicated risk Manuals as stated earlier.

The Company defines key risk categories for mapping risk events into meaningful groups. The risk categories align with regulatory requirements, and with the Company's risk profile and activities and are the following:

- Underwriting risk and Reserving Risk
- Credit risk
- Investment (Market) risk
- Operational risk (includes legal and compliance risk)
- Asset Liability risk
- Liquidity risk
- Concentration risk
- Strategic risk
- Reputational risk

The Company's risk categories are further broken into sub-categories of risks that are precise, specific and mutually exclusive. These sub-categories are used for identifying and assessing existing and emerging risk exposures as part in the risk management process and are registered in the Company's risk register. The aggregation of risk exposures into the above categories creates the risk profile of the Company.

3.4 Own Risk and Solvency Assessment

Hydra Insurance has as an integrated part of its business strategy, a regular practice of assessing the Company's overall solvency needs with a view to its specific risk profile (Own-risk and Solvency Assessment or ORSA). Other than fulfilling a potential requirement of Solvency II, Hydra Insurance is also performing the ORSA exercise in order to comply with the requests of the Cyprus Insurance Services Control Department.

The strategies and practices shall be subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of the activities of the Company

3.4.1 Process

ORSA can be defined as the entirety of the processes and procedures employed by Hydra Insurance to identify, assess, monitor, manage, and report the short and long term risks which the Company faces or may face in the future, and to determine the own funds necessary to ensure that its overall solvency needs are met at all times.

This last ORSA of Hydra Insurance performed had reference date the 31st December 2016.

The ORSA process and report is clearly owned and approved by the Board of Directors of Hydra Insurance.

From the Company's perspective, the benefits from implementing the ORSA are the following:

- enhancing the BoD and Senior Management's ability to understand the risks faced and set the appetite;
- analysing how its risk situation may change according to external factors or its own business plans in the longer term;
- identifying the major issues affecting its overall solvency needs;
- enabling the Company to understand impact on capital under different stress testing scenarios;
- enhancing the linkage between strategy, risk and capital e.g. through capital planning and stress testing; and
- strengthening the Company's ability to evaluate and document its risks and substantiate appropriate capital allocation.

3.5 Internal Control System

Internal Control is an important aspect of corporate governance which is run by the Risk and Compliance department and is fundamental to the safe and sound management of the Company. Notably, effective internal controls can:

- protect and enhance the shareholders' value
- reduce the possibility of unexpected losses or damage to its reputation
- reduce the possibility of significant errors and irregularities and assists in their timely detection when they do occur.

The internal control system is people-dependent and for this reason every member of the Company has a significant role for its effective execution since its strength dependents on people's attitude toward internal control and their attention to it:

- The BoD is responsible for setting the strategy, tone, culture and values of the Company
- Management, Risk and Compliance function and the 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

In accordance with the standardized framework for internal control used by COSO, there are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Assessment
- Control Activities
- Reporting

- Monitoring

The Company has established three lines of defence model for assessing its internal control system as this is described in section 3.1.2.

3.6 Outsourcing Arrangements

The Company has a documented framework for the management and monitoring of outsourcing activities.

The main activities outsourced by the Company are the following:

- Actuarial Function
- Internal Audit Function
- Motor Assistance
- IT services
- Legal services.

In order to get the final approval of the outsourcing service, a detailed examination is performed to allow the Company to understand the main risks that might arise from the outsourcing and identify the most suitable strategies for the mitigation / management of these risks and ensure that the service provider has the ability, capacity and any authorisation required by law to perform the outsourced activities reliably and professionally. For any critical or important functions or activities approval is required from the BoD.

4 Risk Profile

According to the Solvency directive, the Company is required to maintain enough capital in order to cover its Underwriting, Market, Credit and Operational risks. The Solvency Capital Requirement (SCR) is the amount of capital that the Company has to hold in order to be able to meet its obligations to both its policyholder and shareholders over the next year with a confidence level of 99,5%.

For the purposes of estimating risk exposure, the Pillar 1 methodology (Standard formula) under Solvency II Directive is used to quantify the key risks and assign capital. Based on the results of the Pillar 1 exercise as at 31st December 2017, the Company has allocated capital to various risks and has achieved a Solvency Coverage Ratio of 178,1% which is well above the Company's target.

The table below summarizes the capital requirement as at the valuation date:

Type of Risk	31/12/2017 € 000
Interest rate	0
Equity risk	209
Property risk	622
Spread risk	570
Concentration risk	2.425
Currency risk	0
Counter - Cyclical Premium	0
Diversification Market Risk	-1.112
Market Risk	**2.714**
Counterparty risk	**1.981**
Health Non-SLT Underwriting	**251**
Non-life Underwriting	**3.256**
Life Underwriting	**0**
Diversification BSCR	-2.193
BSCR	**6.008**
Operational Risk	**396**
Tax adjustment	**-231**
SCR Total	**6.174**
Available Capital	**10.995**
SCR (%)	**178,1%**

4.1 Insurance (Underwriting) Risk

The Company is exposed to various insurance risks that arise from its underwritings activities. The main types of insurance risks that the Company is exposed to are non-life risk and health risk.

A standardised approach in line with the EIOPA specifications was used by the Company for calculating the Solvency Capital Requirement for non-life and health underwriting risks.

Based on the results of the Pillar 1 exercise for Year 2017, the total diversified Non-Life underwriting risk is €3,26m out of which €3,12m derives from Premium and Reserve Risk and €0,44m derives from Catastrophic Risk (including the diversification effect), while the total diversified Health underwriting risk is €0,25m

Underwriting Risk	Capital Requirement 31/12/2017
	€ 000
Health Risk	
Premium & Reserves Risk	197
Health Catastrophe	114
Diversification effect	-60
Total Health Diversified	**251**
Non-Life Risk	
Premium & Reserves Risk	3.119
Catastrophe Risk	438
Diversification effect	-301
Total Non-Life Risk Diversified	**3.256**

Table 14: Underwriting risk – Diversified Capital Requirement

Premium risk is the risk resulting from fluctuations in the timing, frequency and severity of insured events. It relates to policies to be written (including renewals) during the period, and to unexpired risk on existing contracts. Hydra's exposure to premium risk mainly comes from its dependency on Motor and to a smaller extend to Fire insurance, which both together contribute by more than 90% to the Company's premium income (as indicated in the figure below).

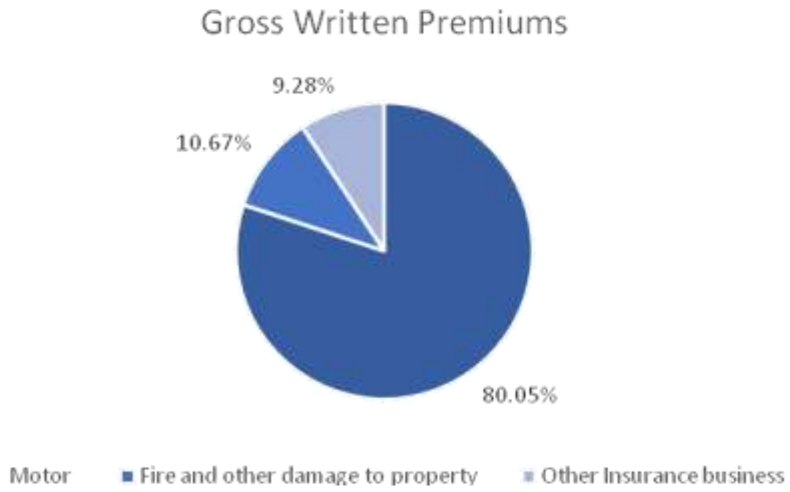


Figure 4: Total Gross Written Premiums

Dependency to motor insurance also increases the risk of low profitability due to the Claims Ratios observed with motor insurance.

Reserve risk is the risk that results in fluctuation in the timing and amount of claims settlements. Hydra Insurance, as all other insurance undertakings, is also exposed to Reserve risk mainly due to the nature of the industry, which increases the risk for the correct quantification and development of claims.

The Company's exposure to Catastrophe Risk stems from extreme or irregular events that are not sufficiently captured by the capital requirements for premium and reserve risk. The total diversified gross catastrophe risk consists of Natural Catastrophes and Man-made Catastrophes. In Cyprus the only peril with regards to natural catastrophes is earthquake.

4.1.1 Insurance Risk Mitigation Techniques

To mitigate its exposure to Insurance risk to less material levels, Hydra Insurance performs the Claims management and Reserving tasks in cooperation with expert external professionals, who evaluate reserves and claims provisions, taking into consideration the Company's risk profile, policies and procedures.

In addition, the Company's management together with other staff with underwriting responsibilities, determine the Company's pricing policy, taking into consideration exposure to underwriting risk.

The Company transfers its exposure to catastrophic risk using reinsurance arrangements with reputable providers.

4.2 Market Risk

Market Risk is the risk of loss or of adverse change in the Financial situation, resulting directly or indirectly from fluctuations in the level and in the volatility of market prior of assets, liabilities and financial instruments.

With regards to Market Risk, the Company is mainly exposed to Concentration Risk, Equity, Property and Spread risk. The total diversified Market Risk Capital Requirement, as per the results of the Pillar 1 for Year 2017 is approximately €2,7m while the non-diversified Capital Requirement of the Market risk's components is detailed below:

Market Risk	Capital Requirement 31/12/2017
	€ 000
Interest rate risk	-
Equity risk	209
Property risk	622
Spread risk	570
Currency risk	-
Concentration risk	2.425
Diversification effect	-1.112
Total Market Diversified	**2.714**

Table 15: Market Risk – Diversified Capital Requirement

Concentration risk is defined as all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of insurance and reinsurance undertakings.

The total Concentration Risk Capital Requirement for Hydra Insurance as at 31st of December 2017, is approximately €2,4m.

The main impact of concentration risk is high due to the high concentration of assets in Bank of Cyprus Public Co Ltd, Russian Commercial Bank, Cooperative Central Bank and Hellenic Bank Public Company Ltd.

Property risk is 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.

The total Property Risk Capital Requirement for Hydra Insurance as at 31st of December 2017, is approximately €0,62m.

4.2.1 Mitigation Techniques

Overall, the Company management has adopted the following policies and controls to mitigate its exposure to concentration risk.

To mitigate the risk of single counterparty default and reduce the impact high concentrations have on the Company's Solvency II capital requirements, the Executive Committee has set a limit to the maximum acceptable exposures, in line with the Company's investment policy. Part of the Company's risk appetite includes the following:

- Total deposits placed in approved banks should not exceed 50-75% of Company's Total Assets.
- The aggregate exposures to individual banks should not exceed €1,5m.

The Company's policy with regards to liaising with intermediaries has also become stricter in the light of the current economic situation.

Investments in financial assets and equities are monitored by the Investment Committee and approved by the BoD, and are in line with the Company's Investment Policy. Equity participations are in line with pre-determined limits.

With regards to property risk, the Company aims at maintaining a low level of property risk.

Investments in properties are also closely monitored by the Investment Committee and approved by the BoD, and are in line with the Company's Investment Policy. The Company has no plans to increase its property assets.

4.3 Credit Risk

Credit risk is the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

Based on the risk assessment exercise, the Company's has the following exposures with respect to credit risk:

- Exposure to counterparties including financial institutions, intermediaries and reinsurance providers.
- Concentration of financial assets to poorly rated or unrated financial institutions.

The counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of the counterparties and debtors of the Company. Counterparty risk includes the exposures with the Company's:

- Intermediaries (agents and brokers)
- Reinsurance providers
- Other debtors (clients and other balances)

The Company's exposure to Counterparty Default Risk is mainly due to the high concentration of its assets to Cypriot Banks and due to the outstanding balances with its intermediaries.

The Company's exposure to credit risk with regards to counterparty default risk has also been quantified using the Pillar 1 methodology which is based on Delegated Regulation (EU) 2015/35 released on the 10th October 2014. For year 2017, based on the results of the Pillar 1, the total diversified Counterparty Default risk under Solvency II is estimated to be €1,98m.

Counterparty Default Risk	Capital Requirement 31/12/2017
	€ 000
Counterparty default risk of type 1 exposures	864
Counterparty default risk of type 2 exposures	1.249
Diversification effect	-132
Total Counterparty Default Risk	**1.981**

The class of type 1 exposures covers the exposures which are not-diversifiable and where the counterparty is usually rated e.g reinsurance arrangements, securitisations and derivatives, cash at bank etc.

The Company is exposed to Counterparty default type 1 exposures through its deposits in Banks and reinsurance arrangements.

The class of type 2 exposures covers the exposures which are usually diversified and where the counterparty is unrated e.g. receivables from intermediaries, policyholder debtors etc.

The Company is exposed to Counterparty default type 2 exposures through its receivables from policyholders and intermediaries.

4.3.1 Credit Risk Mitigation Techniques

The Company manages its counterparty exposures such that the expected loss in the event of a single counterparty default does not exceed the highest of 30% of Own Funds or €3,5m.

Counterparty exposures are usually monitored taking into consideration the credit rating of each counterparty.

In order to deal with the Company's exposure to Counterparty Risk, the management has adopted the following policies and controls set by the Company's management, and approved by the BoD, to mitigate its exposure to credit counterparty risk, and ensure compliance with the Company's risk appetite:

- Engagement exclusively with counterparties that have a long-term rating of at least CCC (or equivalent) in Cyprus and A- abroad with a recognized external credit rating agency. Exposures to unrated counterparties should not exceed 15% of the Company's overall counterparty exposure and meet capital requirements.

- Cover is placed through reputable, professional reinsurance providers with minimum long-term credit ratings of A-, and exposures to single name reinsurer should not exceed the predetermined large exposure limit.
- The Company's exposures are only placed with banks with credit rating no worse than CCC in Cyprus and A- abroad, and the total deposits placed in pre-approved banks shall not exceed set threshold of the Company's Total Assets or €3,5m.
- With regards to its intermediaries, management has formed strict policies and procedures in order to reduce and monitor intermediaries' exposures in the future. These include a maximum credit period of 4 months, limit on past due exposures i.e. over 90 days, monitoring of receivables in accordance with the guidelines issued by the Company's Collection Department, Escalation procedures for BoD notification, etc.

In addition to the above, the Company's Risk and Compliance Function is closely monitoring customers and intermediaries with a deteriorating financial standing.

4.4 Liquidity Risk

Liquidity Risk is the risk that the Company will be unable to realise investments and other assets in order to settle its financial obligations when they fall due.

Liquidity risk arises if there are circumstances where the Company has insufficient liquid or readily realizable assets to meet its commitments and is forced to rely on assets that cannot be realized at short notice at a reasonable value. Liquidity risk arises from both the assets (source of liquidity) and the liabilities (use of liquidity) of the Company.

4.4.1 Liquidity Risk Mitigation Techniques

To control and maintain its exposure to Liquidity risk at its current low levels, the Company takes the following mitigating steps:

- It maintains a pool of liquid assets sufficient enough to meet short term liquidity demands of up to 3 months, as well as a buffer for unexpected cash demands.
- Its liquid assets consist primarily of high liquidity instruments in the form of Cash and Term deposits. The size and composition of the liquid asset portfolio is determined by the Company's management and is approved by the Company's Investment Committee in order to be in line with the Company's Investment Policy.
- Lastly its liquid assets are regularly reviewed and it is ensured that the value of the liquid asset buffer is stable under normal and stressed market conditions.

4.5 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

As per Pillar 1 results for year 2017, Capital Requirements for Operational risk amounted to €0,39m.

The Board bears ultimate responsibility for setting the operational risk appetite and strategy and for the management of operational risk, while the overall oversight of the operational risk policy lies with the Company's Audit and Risk Reserving Committee. Maintenance of the operational risk policy and day to day monitoring of compliance with the limits determined within the Company's overall risk framework, lies with the Risk and Compliance Function.

Operational Risk management in Hydra is centered on a measurement and control system. The objective is to manage the operational risk that the Company is exposed to in order to ensure minimization of losses, through monitoring, early identification and assessment of exposure to operational risk.

4.5.1 Operational Risk Mitigation Techniques

To mitigate exposure to Operational Risk, the Company's management in cooperation with the Risk and Compliance Function have formed procedures to deal with such as adequately and effectively as possible.

The Company's Internal Audit function has assessed the effectiveness and suitability of the Company's processes and has made suggestions in the case where problematic areas and trigger events were increasing the Company's exposure to Operational Risk.

4.6 Risk Sensitivities

A stress is an adverse development of an individual risk factor or event. It demonstrates its effect on corresponding key performance indicators and gives an insight of the company's exposure or vulnerabilities based on these exceptional adverse but possible developments.

In the insurance sector, stress testing is used to demonstrate the effect of such rare events on key financial performance indicators such as the solvency ratio, earnings, liquidity, etc.

4.6.1 Stress Tests and Sensitivities

The following stress scenarios were performed as part of the Company's 2016 Own Solvency Risk Assessment (ORSA):

- Scenario 1 assumes an increase in Claims incurred by 10% and a decrease in Premiums written by 10%, compared to the expected Claims and Premiums for the years 2017, 2018 and 2019. As a result, under this stress scenario the Solvency Capital Requirement coverage decreases from an average of 186,0% to an average of 165,3%

- Scenario 2 assumes the default of the Company's financial counterparties. These include all Banks that the Company holds deposits with. Consequently, Hydra needs to impair its financial assets held with the counterparties by 20%. As a result, there is a reduction in the Company's Available Capital accompanied by a reduction in SCR from lower concentration of term deposits and counterparty default risk of cash balances deposited in current accounts. The Company's Solvency Coverage Ratio is therefore reduced from an average of 186,0% to an average of 160,6% for the forecasted period
- Scenario 3 assumes that 90% of the outstanding receivables from the Company's Debtors are to be non-recoverable and essentially written-off. As a result of this scenario, the Company's Available Capital is reduced by the impairment suffered on the Company's Assets from the write off of the debtor receivables net of the decrease in the risk margin. In addition, the Company's SCR requirement is also reduced. The Company's Solvency Coverage Ratio is therefore reduced from an average of 186,0% to an average of 128,2% for the forecasted period
- Scenario 4 assumes an increase in Claims incurred by 15% and 20%, compared to the expected Claims for the years 2018 and 2019 respectively. As a result, the Solvency Capital Requirement coverage under this stress scenario, decreases from an average of 186,0% , over the forecast period, to an average of 173,6%
- Scenario 5 assumes that the Company's biggest reinsurer which is Partner Re, will default in 2017 and the Company will not be able to replace the defaulted reinsurer by the end of 2017. As a result there will be an increase in Non Life Risk Capital Requirement coming specifically from the Non Life Catastrophe Risk as the risk reinsured by Partner Re will be transferred to the Company. As a result, the Solvency Coverage Ratio under this stress scenario in 2017, decreases from 175,0% to 119,3%

The table below indicates the impact on the Solvency Coverage Ratio and the Minimum Coverage Ratio of the above scenarios:

Solvency II Capital Coverage (%)						
	2016		2017		2018	
Scenario	**SCR(%)**	**MCR(%)**	**SCR(%)**	**MCR(%)**	**SCR(%)**	**MCR(%)**
Base Scenario	175,0%	314,4%	187,2%	345,1%	195,8%	375,9%
Scenario 1	168,2%	285,7%	168,6%	277,8%	159,0%	269,4%
Scenario 2	147,9%	245,4%	161,9%	276,0%	171,9%	306,8%
Scenario 3	115,1%	185,7%	129,2%	214,5%	140,2%	243,5%
Scenario 4	175,0%	314,4%	173,8%	323,5%	172,1%	326,2%
Scenario 5	119,3%	299,8%	185,9%	339,2%	194,4%	370,0%

Table 16: Stress scenarios as part of the 2016 ORSA

The company has also built a reverse stress test with the purpose of examining what needs to happen in order for the Company's Solvency ratio to drop below the Minimum Capital Requirement. Under this scenario, it was assumed that all of the following extreme scenarios happen at once:

- Default of all the Company's financial counterparties in which case the Company has to impair all its bank deposits by 20%
- 90% of all receivables will not be received and therefore are written off
- The Company will experience a decrease in sales by 10% over the forecast horizon

4.7 Other Material Risks

4.7.1 Regulatory Risk

Regulatory risk is the risk of adverse effects resulting from non-compliance with the statutory and other legislation and regulations in place.

Based on the risk assessment exercise, post-mitigation exposure to this risk is considered to be low. The Company always strives to comply with the authority's requirements and the regulator's guidelines. Where additional advice in relation to compliance with the laws and regulations, the Company is also acquiring professional advice from external consultants.

4.7.2 Political Risk

Political risk is the risk of unfavorable political conditions, new legislation / taxation, terrorism, or other political problems. Regulatory risk is the risk of adverse effects resulting from non-compliance with the statutory and other legislation and regulations in place.

The Company's financial performance is indirectly linked to political conditions. For example, government decisions and legislations may have an impact on the potential for new business income for the Company.

Political instability is a factor which none can influence in advance, and the Company cannot have any controls in place to protect itself from it. However, the political environment in Cyprus is currently undergoing through a reform and is more closely regulated by the European authorities and hopefully any risks of political instability will be reduced.

4.7.3 Business and Reputational Risk

The Company's exposure to Business Risk comes mainly from a capital perspective and relates to inability of the Company in raising capital when unexpectedly required, during microeconomic depression.

Exposure to Business Risk is considered significant also due to the Reputational Risk that is faced by all insurance and other undertakings in the Financial service sector. The happening of adverse events like dissatisfied customers or conduct of unauthorized activities could harm Hydra's perception as a reputable insurance provider.

The management is continuously monitoring the Company's solvency position and capital availability which is at the moment above the required level and it is keeping capital buffers in case of any unexpected event.

To mitigate exposure to Reputational Risk, the Company's management has created and enforced strict codes of conduct and Company policies which are implemented throughout the organization.

In addition, the Company's management have set up a Customer Services department which operates in line with the Company policies and deals any potential customer complaints in accordance with the Complaints handling manual.

5 Regulatory Balance Sheet (Valuation for Solvency purposes)

5.1 Assets

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

Assets	Solvency II Value € 000	Statutory Accounts Value € 000
Goodwill	-	-
Other intangible assets	-	23
Property, plant & equipment held for own use	300	300
Investments (other than assets held for unit-linked funds)	11.698	11.698
Reinsurance recoverables	154	452
Intermediaries recoverables	2.955	2.955
Insurance recoverables (excluding Intermediaries)	2.143	2.143
Deferred acquisition costs	-	1.115
Receivables (trade, not insurance)	102	102
Cash and cash equivalents	-	-
Short term bank deposits	5.021	5.021
Any other assets, not elsewhere shown	48	48
Total Assets	22.422	23.858

Table 17: Assets

As the table above indicates, the goodwill, deferred acquisition costs and the other intangible assets are not recognised as an asset in the Solvency II valuation rules.

5.2 Technical Provisions

5.2.1 Summary of Technical Provisions

The table below illustrates the premium and claim provision for the calculation of the Gross Best Estimate as well as the Risk margin for the calculation of the Gross technical provision:

Gross Technical Provisions	Premiums provisions € 000	Claims Provisions € 000	Gross Best Estimate € 000	Risk Margin € 000	Gross Technical Provisions € 000
Accident	112	73	184	37	221
Motor vehicle liability	2.747	3.570	6.317	484	6.801
Other motor	687	893	1.579	111	1.691
Marine, aviation and transport	1	-	1	2	3
Fire and other damage to property	151	52	203	37	240
General liability	396	279	675	25	700
Miscellaneous financial loss	-	-	-	2	2
Total (Solvency II)	4.093	4.867	8.960	698	9.658

Table 18: Technical Provisions

5.2.2 Valuation Basis, Methods and Main Assumptions

The Company is calculating the Technical Provisions using Actuarial techniques and full cash flow models as per Solvency II requirements. Specifically:

- Actuarial Chain Ladder methods have been incorporated in calculating the Incurred But Not Reported and Incurred but Not Enough reported Claim amounts
- An Unallocated Loss Adjustment Expense calculation has been carried out in order to reserve for the expense that will be incurred until the outstanding and IBNR claims are paid out
- Premium Provisions have been calculated on a Policy by Policy level. For each policy the cash inflows and cash outflows have been calculated and then discounted using the EIOPA provided risk free rates

5.2.3 Comparison between the Solvency II and the IFRS valuation

The difference between the IFRS and the Solvency II technical provisions is due to:

- Different bases
- Discounting of future cash flows
- Unallocated Loss Adjustment Expenses

The table below sumamrises the Technical provisions under Solvency II and IFRS.

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	9.437	10.507
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	8.776	-
Risk margin	661	-
Gross technical provisions - health (similar to non-life)	221	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	184	-
Risk margin	37	-
Total Liabilities	9.658	10.507

Table 19: Techincal Provisions under Solvency II and IFRS

5.2.4 Transitional measures: Matching Adjustment

Not applicable.

5.2.5 Transitional Measures: Volatility Adjustment

Not applicable.

5.2.6 Transitional measures: Risk Free Interest Rate

Not applicable.

5.2.7 Transitional measures: Impact

Not applicable.

5.2.8 Reinsurance Recoveries

The table below indicates the reinsurance recoverables by line of business. These represent the difference between the gross and net provisions.

Line of Business	Reinsurance Recoverables € 000
Accident	0
Motor vehicle liability	12
Other motor	2
Marine, aviation and transport	-
Fire and other damage to property	63
General liability	77
Miscellaneous financial loss	-
Total	154

Table 20: Reinsurance Recoverables

5.2.9 Risk Margin

The risk margin, (in accordance with the Solvency II framework) is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet 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 their lifetime thereof. This rate, called the cost-of-capital, is prescribed at 6%.

The method used is method 3 as specified in Guideline 61 of the "EIOPA guidelines on the valuation of technical provisions". More specifically, for each future year we have used a proportional method (based on the development of the best estimate) to estimate the future SCRs.

The risk margin is allocated to the individual lines of business using the simplification outlined in Guideline 63 of the EIOPA guidelines on the valuation of technical provisions.

5.3 Other Liabilities

5.3.1 Summary of the valuation of Other Liabilities

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

Liabilities	Solvency II Value € 000	Statutory Accounts Value € 000
Gross technical provisions – non-life (excluding health)	9.437	10.507
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	8.776	-
Risk margin	661	-
Gross technical provisions - health (similar to non-life)	221	-
TP calculated as a whole (Best estimate + Risk margin)	-	-
Best Estimate	184	-
Risk margin	37	-
(Re)insurance accounts payable	-	-
Insurance & Intermediaries Payables	634	634
Deferred tax liabilities	393	393
Amounts owed to credit institutions	369	369
Any other liabilities (excluding subordinated liabilities), not elsewhere shown	373	373
Total Liabilities	11.427	12.276

Table 21: Liabilities

5.4 Alternative Valuation Method

The Company does not use any alternative methods for valuation.

5.5 Any other disclosures

None.

6 Capital Management – Annex – Quantitative Reporting Templates S (QRTs)

6.1 Own Funds

The objective of the Company is to maintain at all times sufficient own funds to cover the Minimum Capital Requirement and the Solvency Capital Requirement. As at 31/12/2017, the Company's own funds amounted to €10,99m and are mainly comprised of ordinary share capital and revaluation reserves. The total Own Funds represent 297% of the MCR and 178% of the SCR.

Basic Own Funds	Total € 000	Tier 1 – unrestricted € 000
Basic Own Funds		
Ordinary share capital (gross of own shares)	2.565	2.565
Surplus funds	-	-
Reconciliation reserve	8.430	8.430
Subordinated liabilities	-	
Total basic own funds after deductions	10.995	10.995
Ancillary own funds		
Available and eligible own funds		
Total available own funds to meet the SCR	10.995	10.995
Total available own funds to meet the MCR	10.995	10.995
Total eligible own funds to meet the SCR	10.995	10.995
Total eligible own funds to meet the MCR	10.995	10.995
SCR	6.174	
MCR	3.700	
Ratio of Eligible own funds to SCR	178,09%	
Ratio of Eligible own funds to MCR	297,16%	

Table 22: Own Funds

The Company's Own Funds are not subject to transitional arrangements and as the table above indicates, the Company has no ancillary Own Funds. Furthermore, no deductions are applied to the Own Funds and no material restrictions affect their transferability and availability.

6.2 Solvency Capital Requirements and Minimum Capital Requirement

The Company's Solvency Capital Requirement is €6,2m and its Minimum Capital Requirement is €3,7m.

Key Risk	Risk Type	Solvency Capital Requirements € 000
Non Life Underwriting Risk	**Total Non Life Underwriting Risk**	**3.256**
	Non-Life premium and reserve risk	3.119
	Non Life Lapse Risk	-
	Non-Life CAT Risk	438
	Diversification effects	-301
Market Risk	**Total Market Risk**	**2.714**
	Interest rate risk	-
	Equity risk	209
	Property risk	622
	Spread risk	570
	Currency risk	-
	Concentration risk	2.425
	Illiquidity premium risk	-
	Diversification effects	-1.112
Counterparty Default Risk	**Counterparty Default Risk**	**1.981**
	Counterparty default risk of type 1 exposures	864
	Counterparty default risk of type 2 exposures	1.249
	Diversification effects	-132
Health Underwriting Risk	**Health Underwriting Risk**	**251**
	Non-SLT Health (similar to non-life technique)	197
	Health CAT	114
	Diversification effects	-60
Basic Solvency Capital Requirement (BSCR) pre diversification		8.201
Diversification Effect		-2.193
Basic Solvency Capital Requirement (BSCR)		6.008
Operational Risk		396
Adjustment for Deferred taxes		-231
Capital at Risk	SCR	6.174
	MCR	3.700

Table 23: SCR and MCR

For the calculation of the SCR and the MCR the Company uses EIOPA's Solvency II Standard Formula.

6.3 Use of Duration-based Equity Risk Sub-Module in the Calculation of the SCR

The Company does not use the equity risk sub-module for the calculation of the SCR.

6.4 Differences between the Standard Formula and any Internal Model used

The Company does not use an internal model for the calculations of the SCR and its MCR.

6.5 Non-Compliance with the MCR and Non-Compliance with the SCR

The Company complies with both the SCR and the MCR.

6.6 Any other disclosures

None.

Appendix A – Balance Sheet (S.02.01.02)

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	299.716
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	11.698.478
Property (other than for own use)	**R0080**	3.108.000
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	167.418
Equities - listed	**R0110**	167.418
Equities - unlisted	**R0120**	-
Bonds	**R0130**	-
Government Bonds	**R0140**	-
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	-
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	8.423.060
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	154.222
Non-life and health similar to non-life	**R0280**	154.222
Non-life excluding health	**R0290**	153.771
Health similar to non-life	**R0300**	451
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	5.098.765
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	102.180
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**	5.021.401
Any other assets, not elsewhere shown	**R0420**	47.538
Total assets	**R0500**	22.422.301

Liabilities		Solvency II value C0010
Technical provisions – non-life	**R0510**	9.657.983
Technical provisions – non-life (excluding health)	**R0520**	9.436.840
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	8.775.911
Risk margin	**R0550**	660.929
Technical provisions - health (similar to non-life)	**R0560**	221.143
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	184.455
Risk margin	**R0590**	36.688
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	392.658
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	368.841
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	634.467
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**	373.438
Total liabilities	**R0900**	11.427.387
Excess of assets over liabilities	**R1000**	10.994.914

Appendix B – Premiums, Claims and Expenses by Line of Business (S.05.01.02)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							Total
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0020	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0120**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	567.550	8.608.434	2.152.109	28.841	1.433.785	651.737	-	13.442.455
Gross - Proportional reinsurance accepted	**R0120**	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0130**								-
Reinsurers' share	**R0140**	3.312	201.236	46.963	1.138	941.558	49.778	-	1.243.985
Net	**R0200**	564.238	8.407.198	2.105.146	27.704	492.227	601.959	-	12.198.471
Premiums earned									
Gross - Direct Business	**R0210**	712.345	8.600.535	2.100.548	23.454	1.432.567	319.283	23.456	13.212.188
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0230**								-
Reinsurers' share	**R0240**	9.384	198.353	49.182	1.934	648.322	334.261	2.549	1.243.985
Net	**R0300**	702.961	8.402.182	2.051.366	21.520	784.245	- 14.978	20.907	11.968.203
Claims incurred									
Gross - Direct Business	**R0310**	65.966	5.498.321	-	12.598	215.863	161.664	-	5.954.412
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0330**								-
Reinsurers' share	**R0340**	2.749	135.366	-	2.339	11.312	- 33.922	-	117.844
Net	**R0400**	63.217	5.362.955	-	10.259	204.551	195.586	-	5.836.568
Changes in other technical provisions									-
Gross - Direct Business	**R0410**	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	**R0420**	-	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	**R0430**								-
Reinsurers' share	**R0440**	-	-	-	-	-	-	-	-
Net	**R0500**	-	-	-	-	-	-	-	-
Expenses incurred	**R0550**	143.931	5.552.226	-	21.695	503.697	129.832	-	6.351.381
Other expenses	**R1200**								-
Total expenses	**R1300**								6.351.381

Appendix C – Premiums Claims and Expenses by Country (S.05.02.01)

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	13.442.455						13.442.455
Gross - Proportional reinsurance accepted	R0120	-						-
Gross - Non-proportional reinsurance accepted	R0130	-						-
Reinsurers' share	R0140	1.243.985						1.243.985
Net	R0200	12.198.471						12.198.471
Premiums earned								
Gross - Direct Business	R0210	13.212.188						13.212.188
Gross - Proportional reinsurance accepted	R0220	-						-
Gross - Non-proportional reinsurance accepted	R0230	-						-
Reinsurers' share	R0240	1.243.985						1.243.985
Net	R0300	11.968.203						11.968.203
Claims incurred								
Gross - Direct Business	R0310	5.954.412						5.954.412
Gross - Proportional reinsurance accepted	R0320	-						-
Gross - Non-proportional reinsurance accepted	R0330	-						-
Reinsurers' share	R0340	117.844						117.844
Net	R0400	5.836.568						5.836.568
Changes in other technical provisions								
Gross - Direct Business	R0410	-						-
Gross - Proportional reinsurance accepted	R0420	-						-
Gross - Non- proportional reinsurance accepted	R0430	-						-
Reinsurers' share	R0440	-						-
Net	R0500	-						-
Expenses incurred	R0550	6.351.381						6.351.381
Other expenses	R1200							-
Total expenses	R1300							6.351.381

Appendix D – Non Life Technical Provisions (S.17.01.02)

		Direct business and accepted proportional reinsurance							
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	Total Non-Life obligation
		C0030	C0050	C0060	C0070	C0080	C0090	C0130	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**	111.638	2.746.782	686.696	1.422	150.628	396.289	-	4.093.455
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	451	- 4.334	- 1.081	-	13.812	49.974	-	58.821
Net Best Estimate of Premium Provisions	**R0150**	111.187	2.751.116	687.778	1.422	136.816	346.315	-	4.034.634
Claims provisions									
Gross	**R0160**	72.817	3.570.477	892.619	-	52.420	278.577	-	4.866.910
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	15.872	3.270	-	49.526	26.734	-	95.401
Net Best Estimate of Claims Provisions	**R0250**	72.817	3.554.605	889.350	-	2.895	251.843	-	4.771.510
Total Best estimate - gross	**R0260**	184.455	6.317.259	1.579.316	1.422	203.048	674.866	-	8.960.366
Total Best estimate - net	**R0270**	184.004	6.305.722	1.577.127	1.422	139.711	598.159	-	8.806.144
Risk margin	**R0280**	36.688	484.189	111.462	1.994	36.876	24.833	1.576	697.617
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**	221.143	6.801.448	1.690.777	3.416	239.924	699.699	1.576	9.657.983
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	451	11.538	2.188	-	63.338	76.707	-	154.222
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	220.692	6.789.910	1.688.589	3.416	176.586	622.991	1.576	9.503.761

Appendix E – Non-life insurance claims (S.19.01.21)

Accident year / Underwriting year	Z0010	Accident year [AY]

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**											0,00		**R0100**	-	16.817.368
N-9	**R0160**	4.449.657	1.095.799	375.686	128.195	210.290	189.818	1.500	-	285	2.880			**R0160**	2.880	6.454.110
N-8	**R0170**	4.135.293	803.323	436.355	70.250	621	156.590	87.280	-	-				**R0170**	-	5.689.711
N-7	**R0180**	3.936.662	890.073	155.623	114.698	1.315	309.387	174.334	65.740					**R0180**	65.740	5.647.831
N-6	**R0190**	4.189.480	943.952	64.227	36.701	19.428	6.598	15.406						**R0190**	15.406	5.275.793
N-5	**R0200**	4.179.485	759.229	130.948	111.340	17.848	3.570							**R0200**	3.570	5.202.420
N-4	**R0210**	3.742.616	800.671	118.697	12.432	3.533								**R0210**	3.533	4.677.949
N-3	**R0220**	4.126.804	1.250.905	129.697	135.507									**R0220**	135.507	5.642.913
N-2	**R0230**	3.808.585	980.977	188.624										**R0230**	188.624	4.978.186
N-1	**R0240**	4.062.776	1.445.651											**R0240**	1.445.651	5.508.427
N	**R0250**	3.987.800												**R0250**	3.987.800	3.987.800
													Total	**R0260**	5.848.710	69.882.507

Appendix E – Non-life insurance claims (S.19.01.21)

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											8049,05
N-9	**R0160**	-	-	-	-	-	-	-	-	-	60.216	
N-8	**R0170**	-	-	-	-	-	-	-	-	- 21.322		
N-7	**R0180**	-	-	-	-	-	-	-	139.965			
N-6	**R0190**	-	-	-	-	-	-	252.736				
N-5	**R0200**	-	-	-	-	-	145.881					
N-4	**R0210**	-	-	-	-	91.572						
N-3	**R0220**	-	-	-	384.972							
N-2	**R0230**	-	-	703.609								
N-1	**R0240**	-	785.488									
N	**R0250**	2.338.269										

		Year end (discounted data)
		C0360
	R0100	8.075
	R0160	59.898
	R0170	- 21.204
	R0180	139.220
	R0190	251.619
	R0200	145.686
	R0210	91.095
	R0220	384.003
	R0230	699.950
	R0240	781.542
	R0250	2.327.027
Total	**R0260**	4.866.910

Appendix F – Own Funds and Reconciliation Reserve (S.23.01.01)

Own funds

		Total	Tier 1 - unrestricted
		C0010	C0020
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	2.565.000	2.565.000
Share premium account related to ordinary share capital	R0030	-	-
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	8.429.914	
Subordinated liabilities	R0140	-	
An amount equal to the value of net deferred tax assets	R0160	-	
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	
Deductions			
Deductions for participations in financial and credit institutions	R0230	-	-
Total basic own funds after deductions	R0290	10.994.914	10.994.914
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	10.994.914	10.994.914
Total available own funds to meet the MCR	R0510	10.994.914	10.994.914
Total eligible own funds to meet the SCR	R0540	10.994.914	10.994.914
Total eligible own funds to meet the MCR	R0550	10.994.914	10.994.914
SCR	R0580	6.173.717	
MCR	R0600	3.700.000	
Ratio of Eligible own funds to SCR	R0620	178,09%	
Ratio of Eligible own funds to MCR	R0640	297,16%	

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	10.994.914
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	-
Other basic own fund items	**R0730**	2.565.000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	8.429.914
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	-

Appendix F –Solvency Capital Requirement - for undertakings on Standard Formula (S.25.01.21)

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	2.713.863		
Counterparty default risk	R0020	1.980.874		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	250.749		
Non-life underwriting risk	R0050	3.255.714		
Diversification	R0060	- 2.193.296		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	6.007.904		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	396.366
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	- 230.553
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	6.173.717
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	6.173.717
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Appendix G – Minimum Capital Requirements - Only life or only non-life insurance or reinsurance activity (S.28.01.01)

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	1.869.040

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**	-	-
Income protection insurance and proportional reinsurance	**R0030**	184.004	564.238
Workers' compensation insurance and proportional reinsurance	**R0040**	-	-
Motor vehicle liability insurance and proportional reinsurance	**R0050**	6.305.722	8.407.198
Other motor insurance and proportional reinsurance	**R0060**	1.577.127	2.105.146
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	1.422	27.704
Fire and other damage to property insurance and proportional reinsurance	**R0080**	139.711	492.227
General liability insurance and proportional reinsurance	**R0090**	598.159	601.959
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**	-	-
Non-proportional health reinsurance	**R0140**	-	-
Non-proportional casualty reinsurance	**R0150**	-	-
Non-proportional marine, aviation and transport reinsurance	**R0160**	-	-
Non-proportional property reinsurance	**R0170**	-	-

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	**R0200**	-

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

Overall MCR calculation

		C0070
Linear MCR	**R0300**	1.869.040
SCR	**R0310**	6.173.717
MCR cap	**R0320**	2.778.172
MCR floor	**R0330**	1.543.429
Combined MCR	**R0340**	1.869.040
Absolute floor of the MCR	**R0350**	3.700.000
		C0070
Minimum Capital Requirement	**R0400**	3.700.000