Generali Hellas Insurance Company SA

Financial Statements

generali.gr

In accordance to the International Financial Reporting Standards
for the fiscal year concluded December 31st, 2017

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Board Of Directors' Report

2017

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Board of Directors
as at 31/12/2017

Chairman
Antonio Cassio Dos Santos

CEO and General Manager
Panagiotis Dimitriou

Members
Riccardo Candoni
Konstantinos Venetis

Secretary of the Board of Directors
Athanasios Anadiotis

Internal Auditor
Georgios Theodorakopoulos

Letter from the CEO

Panagiotis

Dimitriou

In 2017, Generali Hellas surpassed its targets as defined by its shareholders, both in terms of productivity and profitability. The company's market share, based on current available data, has now exceeded 5,2%, as for the 5th consecutive year the company was able to achieve a significant increase in written premiums compared to the insurance market and its competitors. More specifically, Generali Hellas recorded an increase of 8,9% compared to the market average which ranged at a marginal increase of 0,05%.

In terms of profitability, a marked improvement compared to the previous fiscal year was achieved, while operating result exceeded targets and forecasts, thus highlighting the effectiveness of the Company's strategy which is focused on qualitative growth, without sacrificing profitability. For yet another year, this goal was successfully realized.

The Company's priority in the continued training and advancements of its employees and intermediaries, was also reflected in the initiatives of 2017. Overall hours dedicated by the company for the purpose of training its people, surpassed those of previous years.

The continued focus on further understanding and showcasing our clients' needs, was further explored during the year through various research means. These findings played a key role during 2017, and will comprise a significant point of reference, decisively guiding the Company actions in the coming years.

Innovative insurance programs and services were developed during 2017, laying the groundwork for the Company's transformation strategy, with client-oriented direction and an emphasis on providing qualitative insurance services.

Continued, health growth is the cornerstone of the Company's future development. Its clear and dynamic strategy will enable Generali Hellas to remain a consistent, reliable and trustworthy choice for its customers.

Overall Performance

Gross Written Premiums

€200,2
million
+8,9%

57%
P&C Segment Premiums

43%
Life Segment Premiums

5,2%
Market Share

4,5%
Life Segment Premiums

5,9%
P&C Segment Premium

Result after taxes	Total Assets under Management	Own Funds	Solvency II Ratio
€ 6,2 million	€ 403 million	€ 71,2 million	131,9%
+21,6%	+12,0%	+11,4%	

Our People

+0%
255
Employees

46%
Men

54%
Women

+1,8%
2.778
Intermediaries

+5,2%
293.973
Customers

The Company's total GWP's for the 2017 fiscal year stand at € 200,2 mln. marking an increase of 8,9% compared to 2016. It is especially noteworthy, that for quite a number of years, the Company has consistently outperformed its competitors, recording figures that are steadily above those of the market average, while also increasing its market share, which at year end 2017 stands at 5,2%.

Assessing our portfolio mix, it is clear that the performance of the P&C sector, which comprised 57% of our production, was the key of our operations. For yet another year, Life sector also showed dynamic growth, closing the year with an increase of 43%. Most of the indices marked an increase compared to the previous year, indicating the excellent performance of the Company. More specifically, Results after taxes closed very positively at €6,2 mln., increased by 21,6% compared to the previous year. Own Funds marked an increase of 11,4% reaching € 71.2 mln., our solvency was recorded in the Solvency II Ratio of 131,9% decreased by 2,6 pps due to more strict stress tests of market from Regulatory body, when Total Assets under Management, reached €403 mln. increased by 12,0%. Finally, the Company did not distribute any dividend during 2017. For another year, Generali Hellas presented surplus on capital requirement coverage under the regulatory framework of Solvency II, with Solvency II ratio standing at 131.9%, decreased by 2.6 points from the previous reporting period due to the tighter implementation of the stress tests by Supervisory Authority.

Additionally of the financial results, the European Regulatory Framework continues to be evolved including the development of new legislative adjustments so that insurance companies become even more reliable and shielded against external threats and take the opportunities arising from market growth. These developments include continuous alignment with Solvency II, the new principles of the Insurance Distribution Directive (IDD), the General Data Protection Regulation (GDPR) and the Packaged Retail and Insurance-based Investment Products (PRIIPs).

Performance per Sector

Property & Casualty

In 2017, gross written premiums for P&C marked an upward of 1,6% compared to 2016, reaching 114,3 mln. Euro.

Result before taxes ranged at € 5,5 mil., marking a decrease of 29,6%, which was expected following the previous year's exceptional result. Also, Net Combined Ratio remained at the exceptional level of 92,7%, increased by 4,7 units.

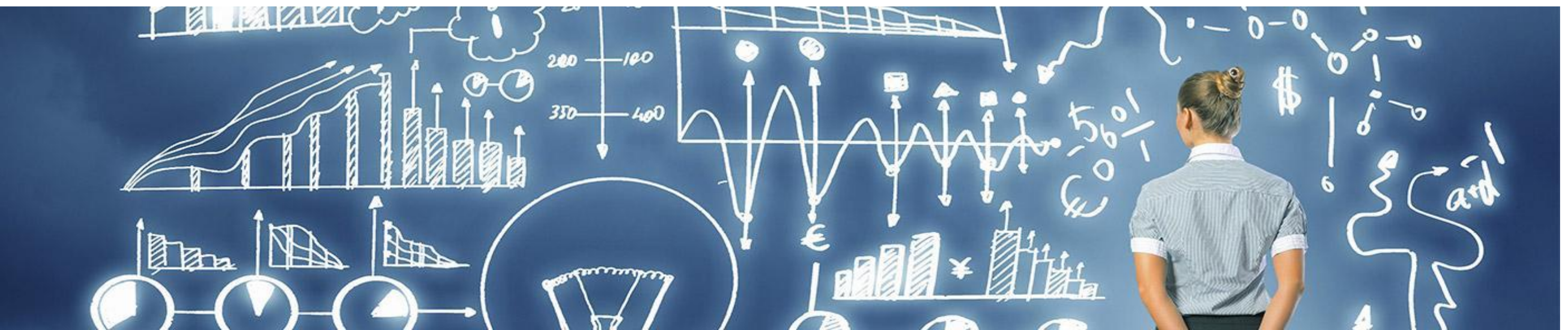
Gross Written Premiums	Result Before Taxes	NCR
€ 114,3 million (+1,6%)	€ 5,5 million (-29,5%)	92,7% (+4,5 pps.)

Life

The Company's solidification and continuing growth of its position in the Life sector with innovative products that secured gross written premiums of € 85,9 mln. in 2017, increased by 20,6%.

Result before taxes was significantly profitable at €3,7 mln marking especially positive movement reaching 516,7% compared with the prior fiscal year. Also, Net Business Value closed very favorably at € 3,6 mln. increased by 28,5%.

Gross Written Premiums	Result Before Taxes	NBV
€ 85,9 million (+20,6%)	€ 3,7 million (+516,7%)	€ 3,6 million (+28,5%)



131 Year Presence In Greece

1886 – the company enters the Greek market with the establishment of a brokerage named “Trieste Non-Life Insurance”.

1980 – the brokerage becomes a branch office of Assicurazioni Generali.

1986 – an SA company for Life business is established, named Generali Life Hellenic Insurance Company.

1991 – the branch office of Assicurazioni Generali becomes and SA company and is renamed to, Generali Hellas Property & Casualty Insurance Company.

1993 – the company purchases the portfolio of Schweiz Life.

1998 – the company purchases the non-life operations of Zurich Insurance in Greece.

1999 - the company undertakes the claims portfolio of Schweiz Insurance (under liquidation).

2010 - Generali Hellas and Generali Life merge under a combined licence with the brand name Generali Hellas Insurance Company SA.

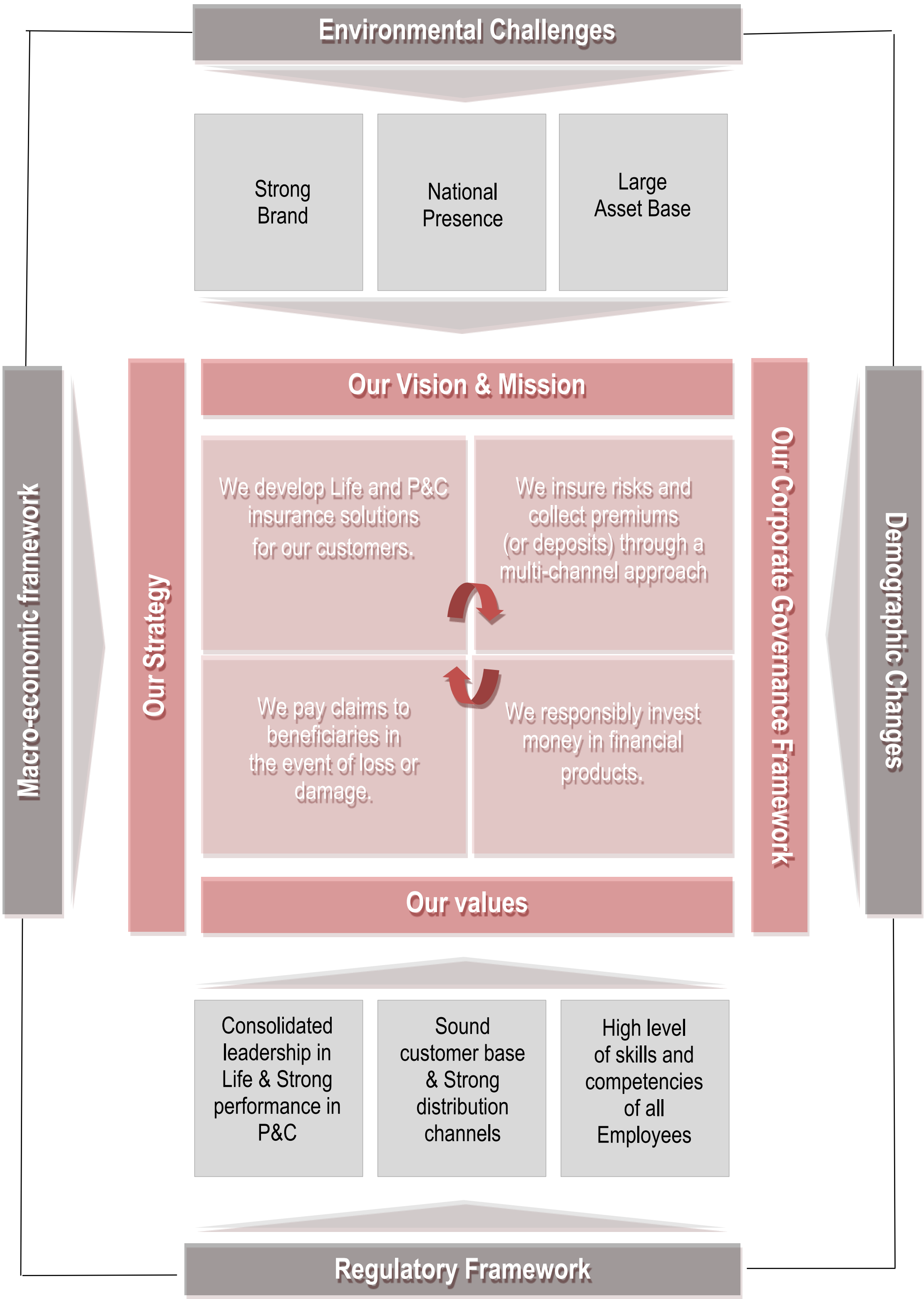
Generali Hellas AAE is 99,99% subsidiary of Assicurazioni Generali – Trieste, and does not participate in other enterprises in Greece.

With more than a century of active involvement in the country’s financial life and development, Generali has solidified its position, and distinguished itself in the insurance market as a significant provider capable of fulfilling the most demanding and specialized needs of today’s market.

With the support of a well-organized sales network and a wide spectrum of versatile and dynamic products, designed to meet the most demanding insurance needs. Generali reaffirms its dedication towards offering its clients the very best. Its years of experience, its financial strength and global know-how, certify the Company’s commitment to excellence.

With a precise action plan, and a clear developmental strategy, Generali focuses on building strong relations with its agents and associates, and supports their continual development through specialized training, instilling in them the main principles of the Company’s vision and its customer oriented philosophy.

Our Business Model



Our Vision, Mission and Values

Our Vision

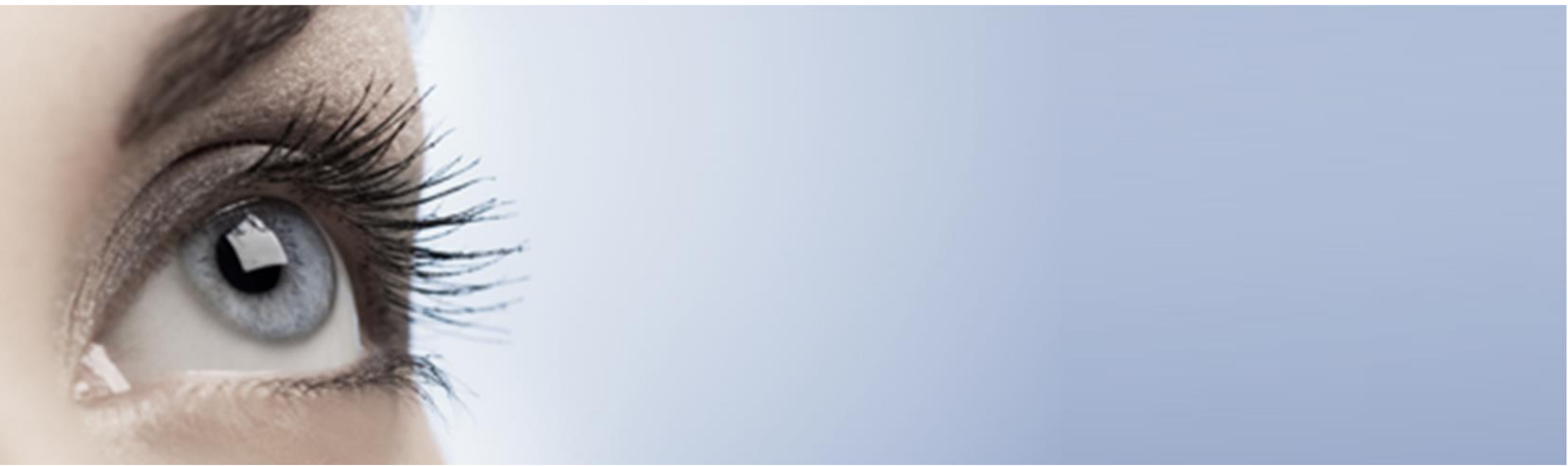
Our purpose is to actively protect and enhance people's lives

- Actively - We play a proactive and leading role in improving people's lives through insurance
- Protect - We are dedicated to the heart of insurance – managing and mitigating risks of individuals and institutions
- Enhance - Generali is also committed to creating value
- People - We deeply care about our clients and our people's future and lives
- Lives Ultimately, we have an impact on the quality of people's lives, wealth, safety, advice and services are instrumental in improving people's quality of life for the long term

Our Mission

Our mission is to be the first choice by delivering relevant and accessible insurance solutions.

- First Choice - Logical and natural actions that acknowledges the best offer in the market based on clear advantages and benefits
- Delivering - We ensure achievement striving for the highest performance.
- Relevant - Anticipating or fulfilling a real life need or opportunity, tailored to local and personal needs and habits, perceived as valuable.
- Accessible - Simple, first of all, and easy to find, to understand and to use; always available, at a competitive value for money.
- Insurance Solutions - We aim at offering and tailoring a bright combination of protection, advice and service.



Our Values

Deliver on the Promise, Value our People, Live the Community, Be Open

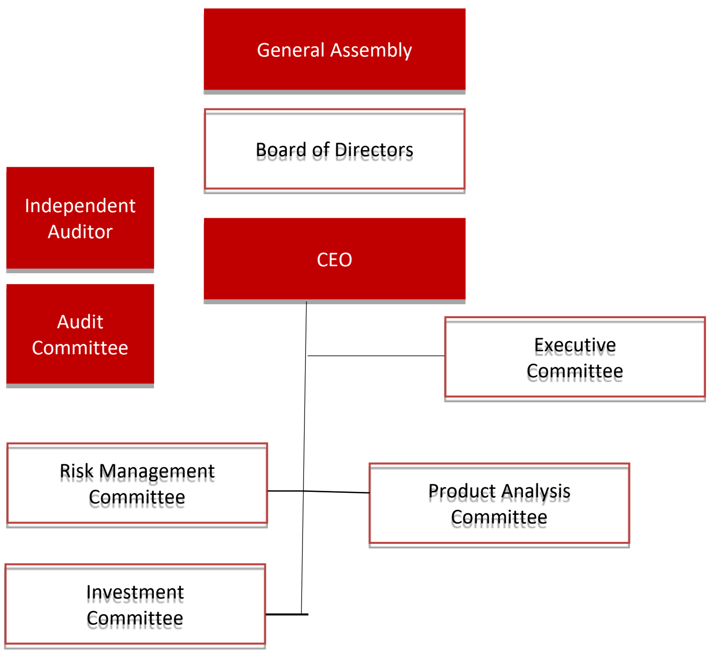
- Deliver on the Promise - We tie a long-term contract of mutual trust with our people, clients and shareholders; all of our work is about improving the lives of our clients. We commit with discipline and integrity to bringing this promise to life and making an impact within a long lasting relationship
- Value our People - We value our people, encourage diversity and invest in continuous learning and growth by creating a transparent, cohesive and accessible working environment. Developing our people will ensure our company's long term future
- Live the Community - We are proud to belong to a global group with strong, sustainable and long lasting relationships in every market in which we operate. Our markets are our homes.
- Be Open - We are curious, approachable and empowered people with open and diverse mindsets who want to look at things from a different perspective.

The Corporate Governance Framework

The corporate governance framework of Generali Hellas aims to create sustainable added value in the long term. In pursuing this objective, the Company is committed to achieve its excellent organization, the securing of stability, reliability, transparency and professionalism in all areas of its operation. Combined with an effective business strategy, the above elements constitute the value system on which the Company operates, in order to achieve its targets, and satisfy the needs and expectations of its stakeholders.

The corporate governance system is based on a modern and efficient model of administration and control, which includes the General Assembly of Shareholders, the Board of Directors, the Management Committee and specialized committees which make decisions on specific issues.

The audit of financial statements is performed by an independent auditor.



Representatives

Board of Directors

- Antonio Cassio Dos Santos
- Riccardo Candoni
- Panagiotis Dimitriou
- Konstantinos Venetis
- Athanasios Anadiotis (Committee Secretary)

Executive Committee

- Panagiotis Dimitriou
- Panagiotis Vasilopoulos
- Ilias Rigas
- Dionisis Moschonas
- Aggelos Befon

Audit Committee

- Konstantinos Venetis
- Roberto Gasso
- Georgios Soulis
- Georgios Theodorakopoulos (Committee Secretary)

Risk Management Committee

- Panagiotis Dimitriou
- Panagiotis Vasilopoulos
- Ilias Rigas
- Manolis Tsironis
- Ioannis Sinos
- Stylianos-Antonis Dimitriou
- Maria Skouteropoulou

Investment Committee

- Panagiotis Dimitriou
- Ilias Rigas
- Manolis Tsironis
- Ioannis Sinos

Product Analysis Committee

- Panagiotis Vasilopoulos
- Ilias Rigas
- Ioannis Sinos
- Stylianos – Antonis Dimitriou
- Maria Skouteropoulou

MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

Risk Management System

The Company considers the existence of an effective risk management system necessary to limit its exposure to risks. For this purpose, the Company adopts risk management practices and methodologies and has developed an effective risk management system that is in line with the Company's strategic objectives as well as the relevant Solvency II directives and requirements. For this reason, the Risk Management Committee and the Risk Management Division have also been set up.

The risk management system includes the framework of corporate governance, policies, procedures for tracking, measuring, monitoring, controlling and reporting risks, in conjunction with Actuarial Operations, Regulatory Compliance Function and Internal Audit Function.

Insurance Risk

The insurance policies issued by the Company include insurance risk related to the probability of the insured event occurring and the uncertainty about the amount of the final compensation. The risk is based on random and unpredictable events.

The Company has developed a policy to mitigate its exposure to insurance risk by broadening its dispersion in a large portfolio and creating a sufficiently large population of risks. This dispersion is further improved through the implementation of an appropriate risk-taking policy and an appropriate reinsurance policy.

Credit Risk

Credit risk is reflected by the inability of a debtor or reinsurer to make the required contractual obligations. In particular, insured persons / partners may not be able to pay the premiums and reinsurers may not be able to cover their proportion of the insurance indemnities already paid to the beneficiaries. The Company is also exposed to credit risk as it invests in Bonds.

The Company's policy is to enter into transactions with third parties that meet specific standards and have a high level of creditworthiness.

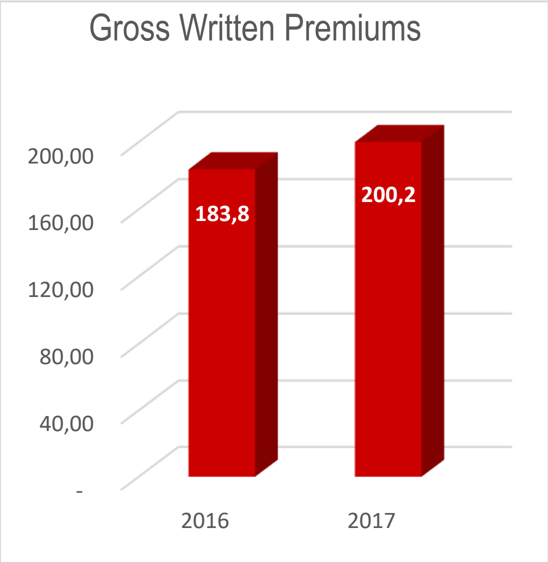
Liquidity Risk

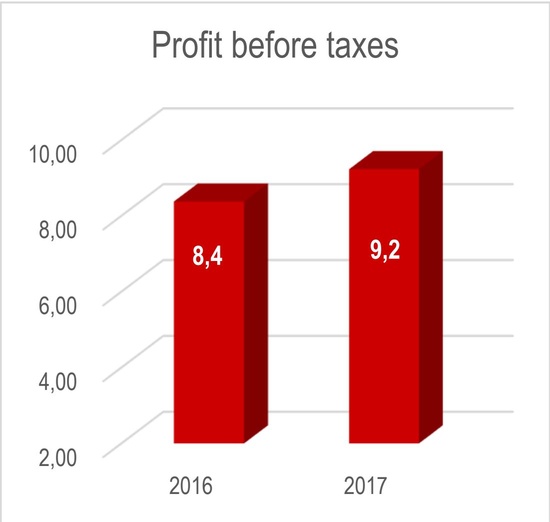
The Company manages liquidity risk with a specific policy. A key pillar is to monitor cash flows in order to maintain sufficient cash and an appropriate level of instantly liquid securities.

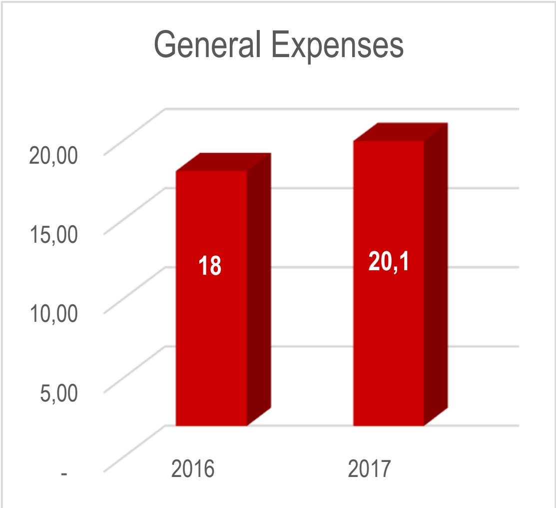
Market Risk

Market risk refers to the likelihood of losses due to a change in the level or volatility of market prices, such as interest rates and exchange rate differences. The Company monitors the impact of risk by looking at the portfolio's duration in conjunction with developments in money markets, minimizing interest rate guarantees, and where these are close to the market rate while preparing and monitoring relevant sensitivity analyzes.

Our Performance







At year-end 2017 the Greek insurance market, recorded an marginal increase in gross written premiums of 0,05%, compared to year-end 2016.

Generali Hellas, recorded an increase in gross insurance premiums, compared to year-end 2017, of 8,9% at €200,2mln., from €183,8mln.

For yet another year, continuing its positive course of steady increase, noted consistently during the last several years, steadily conquering market share, these results confirm the Company's strategic choices and the commitment of its people to fulfil its targets.

Despite the particularly unstable economic and business environment of the country, Generali has managed to maintain its efficiency, achieving its targets in terms of continued profitability.

Profit before Taxes, was particularly high for yet another year, in line with exceptional operational profitability, standing at €9,2mln reaching an increase of 9,5% compared to the previous year.

The Company focuses with great discipline on its General Expenses maintaining a considerably low expense ratio of 10%. For the 2017 fiscal year, the Company presented General Expenses at €20,1mln., recording an increase of 11,6%, compared to 2016 mainly due to the development of the company's digital transformation and changes in processes and tools to be closer to its partners and customers.

Generali Hellas having as first prioritization the easy cooperation with distribution networks and the direct service of its clients has simplified its structures and processes by offering digital services with investments in new technologies and specialized, experienced staff.

Our People

Number of Employees

255

people

Average Age of Employees

42

years

Average Duration of Service

11

years

Human Resources strategy was developed focused on the achievement of business strategy and the respect on our values. It is based on four priorities; which are the promotion of the commitment and the empowerment of our employees, the strengthening of the talent leadership, the creation of an agile organization and the acquisition of new skills and finally, the mindset change focused on the client.

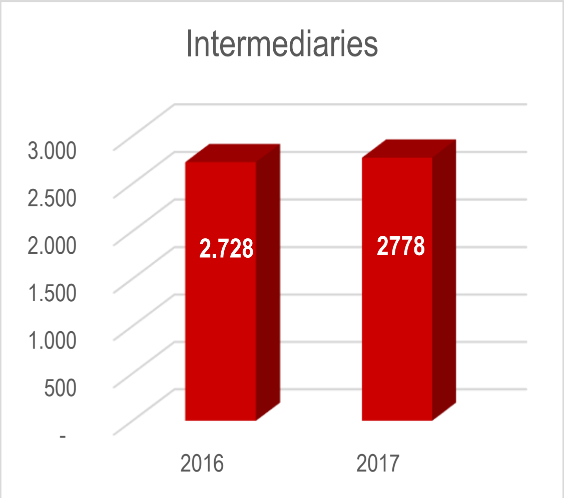
We wish the accelerate of the process of “perfection search”, utilizing our powers and acting directly to the opportunities opened to us. We are committed to the continuance of focusing on our people development and strengthening the strategy and communication, to become quicker and more efficient while enhancing an open-minded environment for innovation and diversification.

We attract, choose and retain the best employees through internal mobility, rotation and professional training programs.

We are supporters of “smart ways of work” developing a new approach of work which empowers us increasing the flexibility, autonomy and responsibility of our people.

We invest in the mental health and emotional balance of our employees by offering psychological support services. We work together to strengthen their personal skills through workshops and seminars which are related to stress management, parents and development groups.

Our Intermediaries



For yet another year, the Distribution networks played important role in the increase of our operations and our market share.

Over the time, we continue to support and trust our intermediaries, both independent and non, achieving one more year with them our Company's goals. We consider their role precious and decisive for the future and the development of the Company and we want them with us in every step.

The commitment of our Network Partners to our Company and the ever-increasing positive effects of this cooperation justify the strategy we have chosen to pursue in terms of supporting and developing human-centered networks.

In the future, we will continue to implement the same strategy, providing our intermediaries with the necessary tools (competing products, adequate training, and quality services), rewarding their valuable contribution to a highly demanding era.

Athens, 2nd of May 2018

President of the Board of Directors

Antonio Cassio Dos Santos
Passport No. FT35432

Independent Auditor's Report

To the Shareholders of Generali Hellas Insurance Company S.A.

Report on the audit of the annual financial statements

Opinion

We have audited the accompanying financial statements of "Generali Hellas S.A." (the "Company") which comprise of the statement of financial position as of 31 December, 2017, the income statement, comprehensive income, the statement of changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Generali Hellas SA as at 31 December, 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated in Greek Law. Our responsibilities, under those standards, are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Conduct for Professional Accountants (IESBA Code), as incorporated by the Greek Law together with the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The most significant risks of material misstatements, including the assessed risks of material misstatements due to fraud

The most significant risks of material misstatements, including the assessed risks of material misstatements due to fraud are those risks that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These risks and the related risks of material misstatement, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

For each risk below, our description of how our audit addressed the risk is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report, including those relating to the most significant risks of material misstatements, including the assessed risks of material misstatements due to fraud. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the risks below, provide the basis for our audit opinion on the accompanying financial statements.

The most significant risks of material misstatements, including the assessed risks of material misstatements due to fraud	How our audit addressed the most significant risks of material misstatements, including the assessed risks of material misstatements due to fraud
Estimation of life insurance contract liabilities The valuation of life insurance liabilities includes assumptions about expected mortality, voluntary termination of contracts, returns on investments supporting the insurance liabilities and the rate of increase in management costs. Due to the fact that the Management of the Company makes assumptions and estimations that affect the balances of above liabilities, we consider this, as one of the most significant risks of material misstatements, including the assessed risks of material misstatements due to fraud. The Company's disclosures on life insurance liabilities are included in the accounting policies and at Notes 30 and 31 of the financial statements.	Among other things, we have completed the following procedures: ▪ We have updated our understanding about the process of estimating technical provisions of the life insurance contract liabilities. ▪ We have evaluated the methodology and key assumptions used by the Company's internal actuaries, estimating life insurance policy liabilities through the involvement of actuary specialists included in the audit team. ▪ We have compared the analysis of the insurance contract liabilities carried out by the actuarial division of the Company with the General Ledger and the analysis used for the preparation of insurance contract liabilities in the financial statements. For the purposes of evaluation of the methodology followed by the Company, we examined the actuarial evidence used by the Company for the calculation of the insurance contract liabilities in the financial statements. ▪ We selected a sample of contracts and checked the completeness of the data between the Company's insurance systems and the actuarial system. ▪ We evaluated the adequacy of the disclosures in the notes to the financial statements including the actuary specialists in the audit team.
Estimation of provisions for Outstanding Claims Reserves for Non-Life Contracts Provisions for outstanding claims reserves for non-life insurance claims is an area that includes significant judgment, estimations and assumptions, since their calculation requires management to forecast possible claims to be paid to policyholders. The Company uses external and internal legal advisors to calculate possible future claims for requisitions to be settled in court and also other experts where it seems necessary. The assessment of the adequacy of the provisions for Outstanding Claims Reserves for Non-Life Contracts requires the use appropriate actuarial methodology and calculations. We consider this risk to be a most significant risk of material misstatements, including the assessed risk of material misstatements due to fraud because the amount of provisions for outstanding claims for non-life insurance claims is significant and their calculation is subjective.	Among other things, we have completed the following procedures: ▪ We have updated our understanding of the process of provision calculation for outstanding claims reserves or non-life insurance contracts. ▪ We have assessed the provision for existing claims, on a sample basis. Our audit work included sending confirmation letters to lawyers dealing with specific cases to inform us about recent developments of the cases and their assessment of the outcome, the review of the relevant files and the analysis of each case based on the supporting documentation of the cases, including the legal documents, the assessment of the external specialists and the assessment of the company's Legal Department. ▪ We have assessed the actuarial calculations for the adequacy of the outstanding claims reserves regarding the reasonableness of the methodologies and assumptions with the involvement of the actuary specialists in the audit team.

The disclosures of the Company for the provision for outstanding claims reserves for non-life insurance contracts are included in note 30 of the financial statements.	• We evaluated the estimations and assumptions made by the management for the calculation of the related provision, by comparing the payments made in 2018 with the forecasts calculated in the previous year for the same claims on a sample basis. • We have assessed the adequacy of the disclosures in the notes to the financial statements.

Other Information

Management is responsible for the other information in the financial statements. The other information, included in the Annual Report, comprises of the Board of Directors Report, for which reference is also made in section "Report on Other Legal and Regulatory Requirements" but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, risks related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (article 44 law 4449/2017) is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other risks that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the risks communicated with those charged with governance, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore the most significant risks of material misstatements, including the assessed risks of material misstatements due to fraud.

Report on Other Legal and Regulatory Requirements.

1. Board of Directors' Report

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein according to the provisions of paragraph 5 of article 2 (part B) of Law 4336/2015, we report that:

a) In our opinion, the Board of Directors' Report has been prepared in accordance with the legal requirements of article 43a of Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements of the year ended 31 December 2017.

b) Based on the knowledge and understanding concerning the Company and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on the financial statements is consistent with our Additional Report to the Audit Committee of the Company, in accordance with Article 11 of the European Regulation (EU) 537/2014.

3. Provision for non-audit services

We have not provided any prohibited non-audit services per Article 5 of EU Regulation (EU) 537/2014.
Non-audit services provided by us to the Company during the year ended 31 December 2017 are disclosed in Note 14 of the financial statements.

4. Appointment of the Auditor

We were firstly appointed as auditors of the Company by the General Assembly on 30/06/2006. Our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 12 years.

Athens, May 07 2018

The Certified Auditor Accountant
Vassilis Kaminaris
(A.M. SOEL 20411)

ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS
(A.M. SOEL 107)
Chimarras 8B
151 25 Maroussi

Building a better working world

INCOME STATEMENT

(Amounts in '000 €)	Note	2017	2016
Gross earned premiums		180.093	167.877
Premiums ceded to reinsurers		(28.066)	(29.265)
Net earned premiums	**6**	**152.027**	**138.612**
Investment income	**8**	6.870	6.429
Fees and commission income	**7**	4.180	4.343
Net realized gains (losses)	**9**	(90)	(300)
Net income from financial instruments at fair value through profit or loss	**10**	1.037	262
Other operating income		38	233
Other income		**12.035**	**10.967**
Total income		**164.062**	**149.579**
Claims and insurance benefits paid		(81.537)	(69.796)
Claims ceded to reinsurers		7.248	5.245
Change in outstanding claims reserve		(16.033)	(15.200)
Net claims and insurance benefits	**11**	**(90.323)**	**(79.751)**
Change in mathematical provisions	**12**	**(880)**	**(4.450)**
Commission and other acquisition costs	**5**	(41.038)	(36.070)
Other operating and administrative expenses	**14**	(22.162)	(20.481)
Finance costs	**13**	(489)	(448)
Other expenses		**(63.689)**	**(56.999)**
Total expenses		**(154.892)**	**(141.200)**
Earnigs before taxes		**9.170**	**8.379**
Income taxes	**16**	(2.999)	(3.312)
Earnigs after taxes		**6.171**	**5.067**

The notes on pages 25 to 82 are an integral part of these Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

(Amounts in '000 €)	Note	2017	2016
Other comprehensive income			
Net unrealized gains on available-for-sale assets		(223)	3.484
Effects of Changes in shadow Reserves		880	(243)
Actuarial gain /(losses) on defined benefit plan		(50)	(103)
Other changes		460	327
Income tax relating to components of other comprehensive income		79	(980)
Other comprehensive income	**17**	**1.146**	**2.484**
Total comprehensive income		**7.317**	**7.551**

The notes on pages 25 to 82 are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

(Amounts in '000 €)	Note	31.12.2017	31.12.2016
ASSETS			
Intangible assets	**18**	562	496
Property, plant and equipment	**20**	6.847	6.982
Investment property	**21**	215	0
Deferred acquisition costs and other related expenses	**19**	17.044	17.293
Financial assets	**22**	390.766	330.985
Held to maturity financial assets		7.948	7.571
Loans and receivables		3.566	3.859
Available-for-sale financial assets		350.952	294.254
Financial assets at fair value through profit or loss		15.724	13.536
Financial assets where the risk is borne by the policyholders		12.576	11.765
Receivables arising out of insurance operations	**23**	25.817	27.304
Receivables arising out of reinsurance operations	**24**	50.515	46.034
Deferred tax assets	**25**	5.648	6.296
Other receivables	**27**	15.295	15.069
Cash and cash equivalents	**26**	12.336	28.783
Total assets		**525.045**	**479.242**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of parent			
Share capital	**28**	22.776	22.776
Share premium	**28**	9.080	9.080
Reserve for unrealized gains or losses on available for sale financial assets	**29**	7.714	7.872
Other reserves	**29**	10.204	7.734
Retained earnings	**29**	21.463	16.457
Total equity		**71.237**	**63.920**
LIABILITIES			
Insurance contract liabilities	**30**	307.976	291.915
Investment contract liabilities	**31**	75.798	64.280
Payables arising out of insurance operations	**33**	9.849	8.073
Payables arising out of reinsurance operations	**33**	38.730	29.429
Pension benefit obligation	**32**	1.688	1.596
Income tax payables	**25**	1.790	465
Other payables	**34**	17.977	19.564
Total liabilities		**453.808**	**415.322**
Total equity and liabilities		**525.045**	**479.242**

The notes on pages 25 to 82 are an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

(Amounts in '000 €)	Note	Share capital	Share premium	Reserve for unrealized gains or losses on available for sale financial assets	Other reserves	Retained earnings	Total equity
Amounts at 1 January 2016		**22.776**	**9.080**	**5.399**	**7.018**	**12.095**	**56.369**
Earnings after taxes						5.067	5.067
Other comprehensive income/(loss)				2.473	11		2.484
Total comprehensive income/(loss)		**0**	**0**	**2.473**	**11**	**5.067**	**7.551**
Increase in statutory reserve					850	(850)	0
Other					(145)	145	
Increase in share capital							0
Amounts at 31 December 2016		**22.776**	**9.080**	**7.872**	**7.734**	**16.457**	**63.920**
Earnings after taxes						6.171	6.171
Other comprehensive income/(loss)				(158)	1.304		1.146
Total comprehensive income/(loss)		**0**	**0**	**(158)**	**1.304**	**6.171**	**7.317**
Increase in statutory reserve	**29**				1.400	(1.400)	0
Other	**29**				(234)	234	0
Amounts at 31 December 2017		**22.776**	**9.080**	**7.714**	**10.204**	**21.463**	**71.237**

The notes on pages 25 to 82 are an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

DIRECT METHOD

(Amounts in '000 €)	2017	2016
Operating activities		
Collected gross written premiums and policy fees	226.733	209.127
Reinsurance premiums payments	(25.864)	(20.983)
Insurance claim payments	(89.386)	(74.534)
Proceeds from reinsurers on losses	7.248	5.245
Commission payments and related expenses	(39.013)	(36.886)
Collected reinsurance commissions	3.755	3.914
Proceeds / Payments of taxes and charges on insurance policies and of compulsory contributions	(26.332)	(23.579)
Other expenses / income and other items paid /collected	(20.675)	(16.928)
Collected dividends, interest and rents from assets backing insurance liabilities	7.456	6.454
Net payments for acquisition of assets backing insurance liabilities	(277.347)	(114.158)
Net collections from disposal of assets backing insurance liabilities	218.464	65.480
Income tax paid	(464)	(2.308)
Net cash flows used in operating activities	**(15.425)**	**843**
Investing activities		
Payments for acquisition of tangible and intangible assets	(1.022)	(986)
Net cash flows used in investing activities	(1.022)	(986)
Financing activities		
Collections/Payments from increase/decrease in share capital	0	0
Net cash flows from/(used in) financing activities	0	0
Net (decrease)/increase in cash and cash equivalents	**(16.447)**	**(143)**
Cash and cash equivalents at 1st ofJanuary	28.783	28.926
Cash and cash equivalents at 31st of December	**12.336**	**28.783**

Athens 2nd of May 2018

Chairman of BoD	**Managing Director**	**C.F.O**	**Actuarial Manager**	**Accounting Supervisor**
Antonio Cassio Dos Santos Passport No. FT35432	Dimitriou Panagiotis Identification No. AE 009165	Rigas Ilias Economic Chamber no.0098693 / Ά Level	Sinos Ioannis Identification No. AK 053511	Nanos Konstantinos Economic Chamber no.002352 / Ά Level

The notes on pages 25 to 82 are an integral part of these Financial Statements.

Note 1: CORPORATE INFORMATION

GENERALI HELLAS INSURANCE COMPANY S.A. (the Company) is a societe anonyme Insurance Company which operates in the insurance sector, under the supervision of the Department of Private Insurance Supervision (DEIA), which is the Greek regulator of the insurance industry, providing a wide range of general insurance and life insurance services to individuals and businesses. Its statutory aim is conducting all insurance, reinsurance and general financial services permitted in societe anonyme insurance companies from the current respective Greek and Community law and operates under the provisions of Codified Law 2190/1920 "For societe anonyme companies", Law Decree. 4364/2016 (GG A' 13/5-2-2016) "Regarding Private Insurance Undertakings" and the decisions of the Ministry of Development as they have developed to date. Company's Parent Company is Assicurazioni Generali SpA, which participates in the share capital of the Company with 99.99%. Consequently these financial statements are consolidated in the consolidated statement of financial position of Assicurazioni Generali Trieste. Generali Hellas A.A.E. has no holdings in other companies in Greece.

In particular the company's share capital is as follows:

	%
Assicurazioni Generali SpA	99,99
Participatie Maatschappij Graafschap Holland N.V	0,01
Total share capital	**100**

The Company was established in 1991 and is already operating for 26 years, located in Greece and its registered office is Neos Kosmos, Ilia Iliou 35-37 & Pitheou,117 43, Athens

The number of employees as at December 31st, 2017 amounts to 255 (31.12.2016 : 255).

The financial statements of the company for the year ended as at 31 December 2017 were approved by the Board of Directors as at 2nd of May 2018 and are subject to the approval by the Annual General Meeting of Shareholders.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the Financial Statements

The financial statements of the Company have been prepared based on International Financial Reporting Standards ("IFRS") that have been issued by the International Accounting Standards Board ("IASB") as well as their Interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC") that have been adopted by the European Union and are mandatory applicable for fiscal years ending on December 31, 2017. There are no standards and interpretations of standards that have been applied before their effective date.

The financial statements have been prepared on a historical cost basis, except for properties that have been measured at fair value, available for sale financial assets, financial assets at fair value through profit (including financial assets where the risk is borne by the policy holders) or loss and the "going concern" principle.

As permitted by IFRS 4 Insurance Contracts, the company continues to apply the existing accounting policies that were applied prior to the adoption of IFRS, with certain modifications allowed by the standard effective subsequent to adoption, for insurance contracts.The company operates under the provisions of Codified Law 2190/1920 "For societe anonyme companies", Law Decree 400/1970 "Regarding Private Insurance Undertakings" and the decisions of the Ministry of Development as they have developed to date after the relevant amendments.

The Financial Statements are presented in euros (€) which is the currency of the primary economic environment in which the Company operates. The financial statements values are rounded to the nearest thousand (€), unless otherwise indicated.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes.

2.2 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are described below.

2.2.1 Conversion into Foreign Currency

Functional and presentation currency

The financial statements of the Group are presented in thousands of Euro (€), which is the functional currency of the company.

Transactions And Balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Gains and losses from currency translation differences that derive from the translation of non-monetary items measured at fair value are transferred according to the recognition of the gain or loss on change in fair value (i.e. the exchange differences derived from items whose gain or loss from the change in fair value recognized in other comprehensive income or in the income statement are also recognized in other comprehensive income or in the income statement, respectively).

2.2.2 Property, Plant and Equipment

Property and equipment, except for land and buildings, are stated initially at cost less accumulated depreciation and accumulated impairment losses. Cost comprises its purchase price including import duties, if any, non-refundable purchase taxes and all costs to be incurred to achieve the operation of the items. Also, the cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment require replacement from time to time, the Company recognizes these parts as individual assets with specific useful lives and depreciates them accordingly. Similarly, when performing a basic inspection, the cost is recognized in the carrying amount of the equipment as a replacement cost, if the recognition criteria are met. The cost of repairs and maintenance is charged to the income statement during the financial period in which they are incurred. The present value of the expected restoration costs of the asset after its use, is included in the cost of the related asset provided that the provision recognition criteria are met.

Subsequently of the initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation of a tangible fixed asset begins when it is available for use and ceases only if disposal or transfer of the asset. Thus the depreciation of a tangible asset that ceases to be used is not suspended unless fully amortized but its useful life is reassessed. Depreciation is provided on a straight line basis over the useful lives of the following classes of assets:

Buildings	up to 50 years
Vehicles	up to 5 years
Furniture and Other Equipment	up to10 years
Facilities on third party premises	During the remaining lease term

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

2.2.3 Investment Property

Investment properties include land and buildings (or parts of them), held to earn rentals, for capital appreciation, or both. They are initially measured at cost, including transaction costs.

Subsequently from the initial recognition, investment property are measured at cost less accumulated depreciation and less accumulated impairment losses.

The depreciation for investment properties is allocated on a systematic basis over their useful life, which is not differ significantly from the useful life of assets including in the account “Property,Plan and Equipment”. Valuations from external providers for investment properties are prepared on a regular basis, in order the fair value of asset not significantly differ from its current value.

2.2.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets consist of software and other programs. Intangible assets are amortized using the straight-line method over their useful lives, not exceeding a period of 4 years. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognized.

2.2.5 Financial assets

Financial assets

Initial Recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The classification depends on the features and the purpose for which the investments were acquired or originated. The company determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading or those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. For investments designated as at fair value through profit or loss, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- the assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Subsequent to initial recognition, these investments are remeasured at fair value. Changes in fair value and realized gains and losses are recorded in Income Statement.

Regarding the financial assets at fair value through profit and loss, the company in the end of the period ,evaluates whether the intent to sell them in the near term is still appropriate. When the company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

b. Loans and Receivables

Loans and advances to customers are non-derivatives, financial assets with fixed or pre-defined payments, non-negotiable to active markets. After initial measurement, loans and receivables are measured at amortised cost, using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in 'finance income' in the income statement. Losses are recognised in the income statement when the investments are derecognised or impaired.

c. Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the company has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortisation is included in 'investment income' in the income statement. Losses are recognised in the income statement when the investments are derecognised or impaired.

d. Available-for-sale financial investments

Investment securities classified in this category are those that are not classified as held for commercial purposes, neither as assets at fair value through profit, nor as held to maturity financial assets. Debt securities that are classified as available for sale are those which management intends to hold for an indefinite period and can be sold in order to meet liquidity needs or in response to changes in market conditions

After the initial recognition, financial assets available for sale are measured at fair value as the non-realized gains or losses are recognized in other comprehensive income and credited to the reserve of investments available for sale until their derecognition when accumulated losses or gains are recognized in other operating results. Also, if an item is impaired, the cumulative loss recognized in other comprehensive income is transferred to financial expenses in the income statement. Accrued interest from investments available for sale are recognized as interest income using the effective interest method

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

Derecognition

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (ie to withdraw from the statement of financial position) when:

When the company has transferred its right to receive cash flows from an asset or has entered into a passthrough arrangement, assesses the extent to which it retains the risks and rewards of ownership. If Company has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows and the initial recognition of these assets, the disappearance of an active market for that asset due to financial difficulties, the significant deterioration in the internal or external degree of solvency of the financial instruments of the borrower when they considered with other information.

a. Financial assets carried at amortised cost

The company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Impairment measurement

The amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income Statement.

b. Available-for-sale financial investments

In the case of nvestments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial liabilities

Initial Recognition

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, minus directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on designated or held for trading liabilities are recognised in fair value gains and losses in theincome statement. Financial liabilities that, upon initial recognition are designated as at fair value through profit or loss, are designated upon initial recognition date and only if the criteria of IAS 39 are met.

b. Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.2.6 Fair value measurement

The Company measures its financial instruments such as available-for-sale financial assets and financial assets at fair value through profit or loss (including Life insurance investments with DPF) and non-financial assets such as land and buildings at fair value at each balance sheet date. Also it measures the fair values of financial instruments that carried at amortized cost, for disclosure requirements.

Fair value is the price that would be obtained by selling an asset or transferring a liability in a normal transaction between participants at the measurement date. The fair value measurement assumes that the transaction of sale of an asset or transfer a liability occurs either:

- in primary market for the asset or liability
- In the absence of main market, in the most advantageous market for the asset or liability

The Company should have access to the principal or most advantageous market.

The fair value of the asset or liability is measured using the assumptions that would be used by market participants in pricing the asset or liability, assuming that market participants act in their best economic interest.

Measuring the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits from the use of the asset to highest and best use or from selling it to another market participant that could use the asset in its highest and best use

The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available for the measurement of fair value, maximizing the use of relevant observable data and minimizing the use of unobservable data

All assets and liabilities for which the fair value is measured or disclosed in the financial statements is categorized within the fair value hierarchy described, based on the lowest level input that is significant for the fair value measurement in its entirety, as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities recognized in the financial statements on a recurring basis, the Company determines whether transfers between levels of the hierarchy have been performed by means of reassessment of classification (based on the lowest level of input that is significant to the fair value as a whole) at the end of each reporting period.

The Company's management in cooperation with the head of the financial instruments of the Company, the chief accountant and chief financial officer sets out policies and procedures for both recurring fair value measurements, as well as non-recurring measurements. In the valuation of buildings external evaluators are also involved.

The involvement of external evaluators is decided on an annual basis. The selection criteria include market knowledge, reputation, independence and whether professional standards are met. The valuation techniques and input data used in each case are decided by the company after discussions with external evaluators. At each reporting date, the movements in the prices of assets and liabilities that are required to be reassessed in accordance with the accounting policies of the Company, are analyzed. For this analysis, source data applied to the most recent valuation is controlled, by agreeing the information from revaluation calculation with contracts and other relevant documents. The Company's management in conjunction with external evaluators of the Company, compare changes in the fair value of each asset and liability related to external sources to determine whether the change is reasonable. For disclosure purposes of fair value, the Company has defined the categories of assets and liabilities by nature, characteristics and risks of the asset or liability and the level of the hierarchy of fair value, as explained above.

2.2.7 Impairment of non-financial assets

On each balance sheet date, the company examines whether there is an indication for impairment. If any such indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to future cash flows after the fifth year.

Impairment losses, including inventory devaluation, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for properties that had been previously revalued and the revaluation was recognized in other comprehensive income. For these properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For non – financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase

2.2.8 Current and deferred tax

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the country where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred Tax

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities that included in the financial statements and the tax value attributed to them in accordance with the relevant tax provisions.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.2.9 Employee benefits

Defined Contribution Pension Plans

The Company provides defined contribution retirement plan. In retirement plan employees have the opportunity for voluntary contributions and participate in the plan if they meet the plan requirements. The annual contributions paid by the Company are recognized as an expense in the period they concern and included in staff costs.

Post Employment Benefits

Post employment benefits are paid when employees retire or in case of dismissal in accordance with applicable legislation.

The obligation for post-employment benefits is measured in the present value of future benefits earned in the current year, based on the recognition of employees' benefits rights during employment period. The aforementioned obligation is calculated based on financial and actuarial assumptions using Projected Unit Credit Method. The actuarial gains or losses are recognized in Other Comprehensive Income and the excepted returns on plan assets are not recognized in the Income Statement while there is a requirement for recognition of interest cost on the net defined benefit liability/(asset) to Income Statement, which is calculated using the discount rateused to measure the defined benefit obligation. The unvested past service costs are recognized in Income Statement on the earlier of the date that the plan amendment and the date of recognition of the related restructuring cost or termination benefits.

2.2.10 Product classification

Insurance contracts are those contracts that the Company (insurer) has accepted significant insurance risk from third party (policyholder) by agreeing to compensate the policyholders if an uncertain future event (insured event) adversely affect the policyholders.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract until its maturity date, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are conventionally defined and based on the performance of a specified pool of contracts or a specified type of contract

Life Insurance Contracts

Life insurance contracts are contracts by which the Company insures risks associated to human life. Life insurance contracts include Death covers, survival, life annuities, pensions, disability, accidents, illness, both on an individual and group basis. Premiums are recognized as revenue (earned premiums) proportionally during the insurance period and are shown before deduction of commission, while the benefits, when they arise, are recorded as expenses.

Life insurance products consist of individual or group contracts for temporary coverage of death, disability, accident or illness. Benefits in case of an incident can be predefined or dependent on the extent of the event, depending on the contract terms. Also, there are life insurance products with pension coverage, survival, mixed or life annuities or unit linked.

a. Traditional individual insurance life policies

This category includes all individual insurance life contracts with guaranteed interest rate, with or without DPF. Contracts in this category involve risk of mortality or longevity throughout the life of the contract. They are divided into the following sub-categories:

- Term life assurance
- Whole life assurance
- Mixed life assurance
- Deferred pension

b. Unit – linked investment policies

This category includes all individual insurance life contracts, that are linked with investments and bear significant insurance risk, as the payable benefit in case of death is the maximum between the insured capital and the value of the asset at the time when the risk materializes. In these contracts the policyholder bears entirely the investment risk.

c. Individual supplementary protection policies

This category includes all supplementary protective coverages that can be attached to basic life coverage, irrespectively of being guaranteed interest or unit link. These coverages bear insurance risk as they pose mortality and / or morbidity risk.

d. Group Life Insurance policies and supplementary coverages

This category includes all benefits provided on a group basis and relate to the life coverage or supplementary to this coverages.

Non-life insurance contracts

The non-life insurance contracts refer to contracts covering risks against property, civil liability, accidents and diseases. Premiums are recognized as revenue (earned premiums) proportionally to the duration of the insurance policy. At the reporting date, the amount of registered premiums attributable to the following year or years is transferred to the unearned premium reserve. Premiums are reported before the deduction of the related commissions.

- Car civil liability: This category includes contracts that cover the risk of car civil liability.
- Other sectors: This category includes contracts that cover the risk of fire, accidents, transport, and general liability, miscellaneous.

Investment Contracts

a. Group deposit administration funds

This category includes group policies providing management defined contribution account and defined benefit. They are divided into the following sub-categories:

- Defined contribution with guaranteed interest and profit participation
- Defined benefit with guaranteed interest and profit participation
- Defined contribution without guaranteed interest rate (unit-linked)

The company does not bear insurance risk as it operates as the administrator of the contracts in the above three categories of contracts. In the first two categories, the company bears the risk of achieving the guaranteed interest rate.

b. Individual unit linked life contracts without life sum assured

This category includes all individual contracts linked to investments and have not insured capital. The payable benefit in case of death is the value of the asset. Therefore there is no insurance risk. In these contracts the policyholder carries the whole risk.

2.2.11 Insurance Provision

The insurance provisions represent the estimate of the company for liabilities arising from insurance contracts. The insurance provisions are analyzed in the following categories

- **Mathematical Reserves:** They include the mathematical reserve of life cover and it derives from the difference arising on the reporting date between the actuarial present value of financial liabilities assumed by the insurance company for each life assurance contract and the actuarial present value of net premiums, payable by policyholders, that is payable to the insurance company within the next years. The difference is calculated using actuarial methods and in accordance with applicable legislation.
- **Unearned premiums:** They represent part of net premiums earned which covers proportionally the period from reporting date by the end of the period for which premiums have been recorded in the registers of the company.
- Regarding the provisions for outstanding claims, the Company implemented a number of statistical methods for the best estimate of the total Company's future liabilities arising from outstanding claims
- **Reserve for outstanding losses file by file (f/f):** Reserve for outstanding losses file by file comprises provisions for claims per file and direct costs related to these claims.
- **Endowment reserves:** The provision includes amounts which are intended to policyholders or counterparties or beneficiaries of insurance policies in the form of participation in technical profits, yields and returns, under the terms of policy contracts.
- **Provisions for Unexpired risk**: it regards the additional provision recognized at the reporting date when it is assed that the reserve of unearned premiums after deduction of the corresponding acquisition costs is not adequate to cover estimated losses and expenses of policies in-force on the reporting date.
- **Benefits payable:** They are the insurance benefits payable to policyholders which for several reasons have not been paid until the closing date of the Financial Statements.

- **Provisions for Unit Linked life insurance**: Provisions that intend to cover obligations arising from contracts whose benefits are linked with the value of financial instruments. The assessment of insurance provisions is conducted at the date of preparation of financial statements in accordance with the principles and rules per class of insurance and in accordance with applicable legislation.
- **Liability Adequacy Test – «LAT»**: the company assesses the adequacy of recognized insurance provisions applying the adequacy test of insurance liabilities using:
  o Current estimates of future cash flows of the insurance policies for the adequacy test life insurance.
  o Actuarial / Statistics methods for proficiency testing of Non-Life insurance.
  If the resulting from the adequacy test of insurance reserves, liabilities of the company exceed the insurance stocks have been calculated, the additional provision increases the stock of industries both and charged to the results of the use for which the check is carried out.

Life Insurance Contract Liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees, less the discounted value of the expected premiums. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported at the reporting date. Adjustments to the liabilities at each reporting date are recorded in the income statement in 'Gross change in contract liabilities.

Additionally, at each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of Deferred Acquisition Cost (DAC). The liability value is adjusted to the extent that it is insufficient to meet expected future benefits, expenses, rights and guarantees. Liability adequacy testing is carried at gross premiums and the required assumptions are determined by reference to the best estimate based on the company's experience and current market conditions. Any inadequacy is recorded in the income statement.

Non-life Insurance Contract Liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions. The liability is not discounted for the time value of money. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract.

At each reporting date, the company reviews its unexpired risk and a liability adequacy is to determine whether there is any overall excess of expected claims over unearned premiums. This calculation is based using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions.. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement.

2.2.12 Prepaid expenses

Deferred acquisition Costs (DAC)

The recognition of direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, is deferred to the extent that these costs are recoverable out of future premiums.

Subsequent to initial recognition, DAC for life insurance contracts are amortised over the expected life of the contracts as a constant percentage of expected premiums. DAC for general insurance and health products are amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the income statement.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate

An impairment review is performed when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the income statement. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognised when the related contracts are either settled or disposed of.

Deferred Expenses-Reinsurance Commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

2.2.13 Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance receivables are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the income statement.

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised.

The Company also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance receivables or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.2.14 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as Lessee

Operating leases are those that do not transfer to the company substantially all the risks and benefits incidental to ownership of the leased items. Operating lease payments (which do not include the value of any incentives received from the lessor) are recognised as an expense in the income statement on a straight line basis over the lease term. When an operating lease is terminated before its expiry date, the amount paid to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

2.2.15 Share capital

Issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax, as a reduction of proceeds.

2.2.16 Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company’s shareholders.

2.2.17 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties relating to the amount recognized as a provision. Provisions are reassessed at each reporting date and adjusted to reflect the best estimate. If later it is no longer probable that the settlement of the obligation will require an outflow of resources embodying economic benefits, the provision is reversed.

2.2.18 Cash and cash equivalents

For cash flow statement preparation purposes, cash and cash equivalents comprise unbound cash at banks, cash in hand and financial assets of high liquidity with an original maturity of three months or less by the date of acquisition, whose risk of changes to fair value is insignificant and which are used by the Company to serve short-term liabilities.

2.2.19 Transactions with related parties

Associated parties include corporations under the control of the Parent Company, the Parent Company and the Companies that are controlled or affected by the Company's key management personnel or shareholders. In addition, related paties include the key management personnel of the Company, closely related persons and entities controlled or jointly controlled by such persons.

2.2.20 Revenue recognition

Gross Premiums

Gross recurring premiums on life are recognised as revenue proportional of the insurance period

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Reinsurance Premiums

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.
Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Fees and Commission Income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Investment Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Realised Gains and Losses

Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2.2.21 New standards, interpretations and amendments to existing standards issued but not yet effective

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Company as of 1 January 2017:

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**
  The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where

diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. Management had made use of this amendment.

- **IAS 7: Disclosure Initiative (Amendments)**
  The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. Management had made use of this amendment.

Standards issued but not yet effective and not early adopted

- **IFRS 9 Financial Instruments: Classification and Measurement**
  The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Company's management is in the process of assessing the implementation of IFRS 9 aims to meet the disclosure requirements for insurance entities that will adopt the postponed application of the standard at 1st of January of 2021, and to insure the correct and consistent application of the new accounting principle in conjunction with entry into force of IFRS 17, regarding the insurance contracts.

- **IFRS 15 Revenue from Contracts with Customers**
  The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Company's Management considers that the that the adoption of this amendment will have no impact on the Financial Statements.

- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- **IFRS 17: Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not

been yet endorsed by the EU. The Company's management is in the process of assessing the implementation and analysis of the requirements of the new standard on insurance contracts and the planning of the implementation phase of the standard, taking into account the interactions with implementation of IFRS 9. Based on the new standard, the Company expects important changes in the technical provisions evaluation and in the presentation of the financial performance through the financial statements. Additionally, significant impacts are expected in the resources, processes and the information systems in order to support the requirements of the new standard.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- **IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018. The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach, which would permit entities that issue contracts within the scope of IFRS 4 to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- **IAS 40: Transfers to Investment Property (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU The Company's management is in the process of assessing the implementation of IFRS 9 aims to meet the disclosure requirements for insurance entities that will adopt the postponed application of the standard at 1st of January of 2021, and to insure the correct and consistent application of the new accounting principle in conjunction with entry into force of IFRS 17, regarding the insurance contracts.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that

the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- **The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU.

  - **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- **Conceptual Framework in IFRS standards** The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. It's objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

Note 3: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the reported amounts of revenue and expenses at the date of the financial statements. The uncertainty about these assumptions and estimates could lead to results that require adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Valuation of insurance contract liabilities

Life insurance contract liabilities (with or without DPF)

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the income statement over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the income statement.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality on standard mortality table of Actuarials' Union of 2012 which reflects historical experiences, is adjusted when appropriate to reflect the company's unique risk exposure, product characteristics and target markets.

Assumptions on future expense are based on current expense levels, split into fixed and percentage on the premium and adjusted for expected expense inflation, if appropriate.

Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders and specified per insurance year of each contract. Discount rates are based on current industry risk rates, with reference to risk-free interest rate curves.

(b) Non-life insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported (IBNR), or not yet severally reported (IBNER), at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and on the basis of contractual claim, considering the series of development of the first reference year.

On triangular analysis, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, indirectly this parameter is taken into account by the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium, particularly taking as a basis the compensation indices per portfolio, resulting from the experience of the Company.

(c) Impairment of non-financial assets

An asset or a CGU is characterized as impaired if the carrying amount exceeds the recoverable amount that is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The calculation of fair value less costs to sell is based on available data from binding sales transactions carried out in market conditions for similar assets or observable market prices less costs to sell. The calculation of the value in use of an asset is based on the use of a model of discounted cash flows. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that enhance the performance of the asset or CGU. The recoverable amount is sensitive to the discount rate used in the discounted cash flow model as well as to the expected future cash inflows and the growth rate used for extrapolation purposes.

(d) Tax income

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

In order to determine the deferred tax asset that can be recognized, significant estimates are required by management regarding the potential timing and level of future taxable profits. The Company considers all available evidence, including the historical level of profitability, the provision of management for future taxable income and tax law in order to perform this assessment.

(e) Impairment of available for sale assets

For available for sale assets, a significant or prolonged decline in the fair value below their cost is objective evidence of impairment . In determining what is significant or prolonged, the Company's management exercises judgment. In order to determine what is significant, the decrease in fair value is compared to the cost price, while a decrease in fair value is prolonged under the period in which the stock market price is below the cost price. In this context, the Company considers a reduction as a "significant" one when fair value is less than the cost of acquisition of more than 30% to 40%, based on stock index, and as "prolonged" a reduction of a period of twelve months. The Company considers, among other factors, the historical volatility of the price, the financial health of the issuer entity, sector and industry, changes in technology, operational and financing cash flows.

(f) Fair value of financial assets

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. In addition, for financial instruments whose transactions are infrequent and their pricing is characterized by low transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, assumptions regarding prices and other risks that affect this financial instrument.

Valuation techniques used include present value methods and other models based primarily on observable data and, to a smaller extent, unobservable data, in order to maintain the reliability of measurement at fair value.

Valuation models are used primarily to value OTC derivatives and securities measured at fair value. In these cases the fair value is estimated from observable data of similar financial instruments or using models.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel, independent of the staff who carried out the valuation methods. All models are attested before they are used and calibrated to ensure that outputs reflect actual data and comparative market prices. Key assumptions and estimates considered by management when a valuation model is applied include:

(a) The likelihood and expected timing of future cash flows,

(b) the appropriate discount rate, based on an estimate of a market participant for the appropriate interest rate margin on risk-free interest rate,

(c) Judgment in determining the model used to calculate the fair value.

Where possible, the models use only observable data, however in areas, such as the credit risk of both the Company and the counterparty, management is required to estimate parameters such as volatility and correlations to reflect uncertainties in fair value as a result of lack of input market data.

Data used in valuations and based on unobservable inputs, are inherently uncertain, due to the small number or total absence of market available current data. However, in most cases there are some historical data on which the measurement of fair value can be based and therefore even when unobservable inputs are used, some observable data are used for fair value measurement. Given the uncertainty and subjectivity inherent in estimating fair value of financial instruments, changes in assumptions and estimates could affect the reported fair values.

(g) Post –employment employee benefits

The present value of pension benefit obligation depends on factors such as age, salary, length of service and are calculated by actuarial method (using the projected unit credit method) by an independent actuary.

The key assumptions used to determine the net cost for pension obligations include the discount curve, future salary increases, inflation, the mortality table, the morbidity table, rate of voluntary retirement and normal retirement ages. The assumption for the growth rate of wages is determined in accordance with company's policy and is communicated by the human resource department. Any changes in these assumptions will impact the carrying amount of pension obligations.

Appropriate yield curve is made of high quality corporate bonds / credit rating, corresponding to the benefits and time horizon of the employees' retirement.

The present value of the obligation is determined by discounting the estimated future cash outflows generated using the above-mentioned interest rate curve in the same currency and duration of the related liability. Service cost and gains/losses arising from settlement and net finance costs net liability / asset of defined benefit are recognized in the income statement and are included in staff costs.

The net defined benefit liability (net of assets) is recognized in the statement of financial position. Actuarial gains or losses arising from the calculation of pension obligation are recognized in other comprehensive income and they cannot be reclassified in profit/loss statement in the future.

Note 4 : INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Insurance risk

The insurance risk refers to the probability of occurrence an insured event and is included in Company's insurance contracts. The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from the primary assumptions that expectations based (i.e. the difference between actual and estimated values of the frequency or severity of claims, number of claims, time of their occurrence and the amount of claim).

Factors affecting insurance risk vary depending on the insurance product (mortality, morbidity, catastrophic events, changes in the public health system and the behavior of the policyholders etc.)

The Company mitigates its exposure to these risks through various ways such as reinsurance, careful risk-underwriting management, an appropriate risk management policy framework, etc. The pricing is based on the relevant policy and know-how of the Group, while taking into account the particularities of the local insurance market.

The Company's reinsurance contracts are divided into:

- Optional
- Conventional (proportional and excess of loss) and
- Disaster Risk

Life insurance contracts

Life insurance contracts offered by the Company include:

1. Traditional insurance products such as term life, whole life and mixed life assurance, accumulation and pension products
2. Unit-Linked products and
3. Supplementary protection policies attached to the above life insurance contracts.

Basic coverage in life insurance contracts (1 & 2)

Benefits of life insurance contracts consist of either the payment of a specific amount at once or the periodical annuities or in return incurred costs resulting from the occurrence of the event.

The main risks associated with Life contracts are as follows:

- **Mortality risk:** risk of loss arising due to policyholder death rates being different than expected.
- **Longevity risk**: risk of loss arising due to the annuitant living longer than expected.
- **Investment return risk**: risk of loss arising from actual returns being different than expected.
- **Expense risk**: risk of loss arising from expenses incurred being different than expected.
- **Policyholder decision risk**: risk of loss arising due to lapses and surrenders of the policyholders.

Key assumptions

The key assumptions used in the calculation of insurance liabilities are based on the Company's expertise and experience, portfolio historical data, current market conditions and relevant forecasts. Company's Management knowledge and the international experience gained on a Group level, play also a significant role on the selection of these key assumptions.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

1. **Investment return**
   It is particularly important in contracts with guaranteed rate

2. **Discount Rate of future cash flows**
   Future cash flows are discounted using forward yield curves.

3. **Lapse and surrender rates**
   The cancellations relate to the termination of contracts due to non-payment of premiums. The acquisitions relate to the voluntary termination of policies by policyholders and accompanied by payment of the current value of contract acquisition. The rates of the contracts are terminated every year term is the subject of continuous study, vary depending on the type of product and are affected by social and economic factors as well as the policy of the Company's service levels.

4. **Mortality rates**
   Assumptions are based on mortality tables according to gender and the age of policyholders and adjusted to Company's portfolio.

5. **Expenses**
   Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies adjusted for expected expense inflation if appropriate.

Liability Adequacy test

Liability Adequacy test in insurance Life contract is divided into two categories:

I. **Individual traditional products**:
   The test was based on discounted future cash flows using the best estimate of mortality, lapses, interest rate and expenses and the expected remaining term of insurance contracts. From the above process there was no need for any additional reserve.

II. **Individual Unit-linked products**:
   On the above contracts, the investment risk is borne by the policyholder and not by the insurance company. The test was based on discounted future cash flows using the best estimate of mortality, lapses, interest rate and expenses as well as the expected remaining term of insurance contracts. From the above process there was no need for any additional reserve.

Supplementary coverage in life insurance contracts

These coverages are included as supplementary coverage on accident and disease insurance, covering the effects of the disability or the hospitalization expenses return due to accident or illness of the insured person or his dependents.

The main risks associated with the supplementary term coverages of Life contracts are the following:

- **Morbidity risk**: risk of loss arising due to policyholder health experience being different than expected (i.e. hospitalization frequency, hospital coverage claims). Of particular importance is the diversification of morbidity per gender and age as well as its future development.
- **Expense risk**: risk of loss arising from expenses incurred being different than expected.
- **Lapse and surrender risk**: risk of loss arising due to policyholder experiences (lapses and surrenders).

Key assumptions

The key assumptions used in the calculation of insurance liabilities are based on the Company's expertise and experience, portfolio historical data, current market conditions and relevant forecasts. Company's Management knowledge and the international experience gained on a Group level, play also a significant role on the selection of these key assumptions.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

- **Morbidity rates**
  It is particularly important as morbidity is the main risk factor.
- **Disability**
  It is particularly important especially in coverages related and activated in an event of policyholder's disability.
- **Lapse and surrender rates**
- **Mortality rates**
  Assumptions are based on mortality tables according to gender and the age of policyholders and adjusted to Company's portfolio.
- **Expenses**
  Concerning the estimates for administrative costs facing the Company in the future to manage these contracts, taking into account inflation.
- **Rate of discounted future cash flows**
  Future cash flows are discounted using future performance curves (forward yield curve)

Hospitalization costs supplementary coverages:

The test was based on discounted future cash flows using the best estimate of morbidity, mortality, lapses and expenses as well as the expected remaining term of insurance contracts. From the above process there was no need for any additional reserve.

Furthermore, in order to test the adequacy of A.E.Z. "File to Folder", a series of checks based on historical data (data from 2004 onwards) is performed. The purpose of these checks is to verify the adequacy of inventories in accordance with the theoretical evolution of compensation, as reflected in the historical claims paid and changes in their respective stocks. Historical data were grouped according to the nature of risks insured. Losses are categorized by date of loss event (The reference period is the calendar year).

Other supplementary coverages:

The test was based on discounted future cash flows using the best estimate of disability, mortality, lapses and expenses as well as the expected remaining term of insurance contracts.

Furthermore, in order to test the adequacy of A.E.Z. "File to Folder", a series of checks based on historical data (data from 2004 onwards) is performed. The purpose of these checks is to verify the adequacy of inventories in accordance with the theoretical evolution of compensation, as reflected in the historical claims paid and changes in their respective stocks. Historical data were grouped according to the nature of risks insured. Losses are categorized by date of loss event (The reference period is the calendar year).

The following table shows the concentration of insurance liabilities from other insurance contracts / General Insurance per type of contract:

(a) Life Insurance Contracts

31.12.2017	Gross insurance contract liabilities	Reinsured insurance contract liabilities	Net Liabilities
Life	109.214	(1.527)	107.687
TOTAL	**109.214**	**(1.527)**	**107.687**

31.12.2016	Gross insurance contract liabilities	Reinsured insurance contract liabilities	Net Liabilities
Life	105.207	(1.501)	103.706
TOTAL	**105.207**	**(1.501)**	**103.706**

Sensitivity analysis in key assumptions

31.12.2017	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
Discount rate	+0.5%	(5.929)	(5.364)	5.791	5.791
	-0.5%	6.574	5.967	(6.434)	(6.434)
Mortality rate	+10%	209	195	(209)	(209)
	-10%	(214)	(200)	214	214
Morbidity rate	+10%	2.509	1.304	(2.509)	(2.509)
	-10%	(2.509)	(1.304)	2509	2509
Lapse and surrenders rate	+10%	(863)	(257)	863	863
	-10%	3.956	3.263	(3.956)	(3.956)

31.12.2016	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
Discount rate	+1%	(5.178)	(5.178)	0	0
	-1%	5.205	5.205	(5.043)	(5.043)
Mortality rate	+10%	73	73	0	0
	-10%	(72)	(72)	0	0
Morbidity rate	+10%	2.466	2.466	(2.305)	(2.305)
	-10%	(2.466)	(2.466)	0	0
Lapse and surrenders rate	+10%	(1.021)	(1.021)	0	0
	-10%	1.119	1.119	(957)	(957)

(b) Non-life Insurance Contracts / General insurance contracts

General insurance contracts
The Company offers a full range of general insurance products, covering the full range of risks associated with property damage and loss, third party liability of personal, group, commercial and industrial nature.

The Company mitigates its exposure to these risks through various ways such as reinsurance, careful risk-underwriting management, an appropriate risk management policy framework, etc. The pricing is based on the relevant policy and know-how of the Group, while taking into account the particularities of the local insurance market.

More specifically, the risk underwriting policy defines in detail the risks and the maximum permissible exposure to these, the acceptable criteria for all classes of insurance and the necessary exceptions, particularly in risks with hardly foreseeable causes.

Regarding claim management, Company implements fraud combating policy, especially on classes of assurance with a large number of contracts-claims, that aims to promptly pursuing of claims and reduce of its exposure to fraudulent claims.

Regarding the provisions for outstanding claims, the Company implemented a number of statistical methods for the best estimate of the total Company's future liabilities arising from outstanding claims. The results of these methods are summed up to estimate the anticipated claims (“file by file”).

Finally, the choice of an appropriate reinsurance coverage is subject to continuous study and depends on the nature of risks undertaken, the Company's policy on risk exposure and the assessment of estimated damage costs.

Liability Adequacy test
Liability Adequacy test of technical reserves is performed in all classes and includes:

1. Test of reserve for unexpired risks,
   The provision for unearned premiums represents the portion of premiums related to risks assumed and have not yet expired on the reporting date. The provision is recognized at the inception of the contracts and premiums’ charge and is released as revenue over the term of the contract. The adequacy of the provision for unearned premiums is controlled by measuring the reserve for unexpired risks.
2. Liability Adequacy test for outstanding claims « File by file »,
   The purpose of this test is to determine the adequacy of reserves in accordance with the theoretical evolution of claims, as reflected in historical data of paid claims and changes in their respective reserves.
3. Calculation of liability for losses incurred but not reported (IBNR) and
4. Calculation of the reserve for indirect settlement costs
   The purpose of the reserve is to estimate the Company's liability arising from the Indirect Settlement Costs of outstanding claims at the reporting date. Indirect Costs are costs associated with the settlement of claims and which cannot be allocated individually (Consultancy expenses, personnel expenses, etc.).

Liability Adequacy test for outstanding claims
In order to test the adequacy of the reserve for outstanding claims “File by file”, the Company performs a series of tests which are based on historical data (data available from 2000 onwards). The purpose of these tests is to verify the adequacy of reserves in accordance with the theoretical evolution of claims, as reflected on historical data of claims paid and changes in their respective reserves. Historical data are summarized according to the nature of insured risks. Losses are categorized by date of loss event (The reference period is the calendar year).

Claims development table

The following tables show the estimates of cumulative incurred claims for each successive accident year from 2006 until 2016. Additionally they show the cumulative amounts of payments, so as the allocation of each total cost to payments that have already been made and forecasts for future payments regarding pending claims, to be clear. For years before 2006 the amount of the current estimate for reserves for outstanding claims is shown for reconciliation purposes. It is noted that regarding the categories of motor, general civil and miscellaneous pecuniary losses liabilities, the extra reserve beyond the case by case provisions, is included in the estimates shown.

(i) Description and Summary Table

The following table shows the summary of insurance liabilities from other insurance contracts / General Insurance per type of contra

	31.12.2017			31.12.2016		
	Gross Liabilities	Reinsurance liabilities	Net Liabilities	Gross Liabilities	Reinsurance liabilities	Net Liabilities
Motor	73.358	(1.005)	72.354	69.490	(1.213)	68.277
Other categories	125.403	(23.792)	101.611	117.218	(25.157)	92.061
TOTAL	**198.762**	**(24.797)**	**173.965**	**186.708**	**(26.371)**	**160.338**

iii) Claims development tables

Motor claim development

Year of Accident	Before 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Year of accident		6.346	6.929	16.898	10.298	9.126	8.380	8.052	11.394	15.667	16.145	21.308	20.875	
One year later		6.510	7.609	18.654	10.757	9.444	9.179	9.028	13.095	16.742	17.279	23.009		
Two years later		6.349	7.495	19.292	10.820	8.872	9.367	9.524	13.484	16.283	17.122			
Three years later		6.202	7.293	19.264	10.478	8.656	9.403	9.692	13.596	16.167				
Four years later		6.029	7.333	18.863	10.596	8.069	9.174	9.728	13.389					
Five years later		5.636	6.938	17.793	10.435	8.169	9.098	9.586						
Six years later		5.485	6.429	17.561	8.900	8.156	7.902							
Seven years later		5.486	6.475	16.924	8.870	6.806								
Eight years later		5.478	6.536	15.250	8.479									
Nine years later		5.453	6.455	15.235										
Ten years later		5.451	6.411											
Eleven years later		5.451												
Current estimate of cumulative claims incurred		**5.451**	**6.411**	**15.235**	**8.479**	**6.806**	**7.902**	**9.586**	**13.389**	**16.167**	**17.122**	**23.009**	**20.875**	
Year of accident		(2.310)	(2.182)	(5.071)	(4.246)	(2.926)	(2.575)	(2.958)	(3.876)	(4.398)	(4.731)	(6.770)	(7.386)	
One year later		(3.358)	(3.276)	(7.827)	(5.531)	(4.091)	(4.042)	(4.315)	(6.107)	(7.458)	(8.131)	(10.890)		
Two years later		(3.961)	(3.934)	(8.883)	(5.956)	(4.460)	(4.720)	(4.914)	(6.944)	(8.176)	(9.285)			
Three years later		(4.152)	(4.189)	(9.956)	(6.380)	(4.922)	(5.185)	(5.386)	(7.395)	(8.808)				
Four years later		(5.189)	(5.216)	(10.978)	(7.013)	(5.188)	(5.774)	(5.523)	(8.057)					
Five years later		(5.219)	(5.910)	(12.234)	(7.515)	(5.343)	(5.955)	(5.857)						
Six years later		(5.228)	(5.860)	(13.030)	(7.925)	(5.780)	(6.480)							
Seven years later		(5.363)	(5.881)	(13.353)	(8.101)	(5.799)								
Eight years later		(5.368)	(5.983)	(13.438)	(8.153)									
Nine years later		(5.372)	(5.998)	(13.527)										
Ten years later		(5.422)	(6.018)											
Eleven years later		(5.424)												
Cumulative claims paid to date		**(5.424)**	**(6.018)**	**(13.527)**	**(8.153)**	**(5.799)**	**(6.480)**	**(5.857)**	**(8.057)**	**(8.808)**	**(9.285)**	**(10.890)**	**(7.386)**	
Gross outstanding claims reserve	**571**	**27**	**392**	**1.708**	**326**	**1.007**	**1.421**	**3.729**	**5.331**	**7.359**	**7.837**	**12.120**	**13.489**	**55.317**

Claim development for other categories

Year of Accident	Before 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Year of accident		20.168	27.636	31.490	36.004	26.591	20.907	29.405	23.227	17.274	23.665	22.702	28.557	
One year later		20.755	27.294	37.773	38.443	27.412	20.024	29.762	26.727	18.030	24.349	24.217		
Two years later		20.527	27.017	39.183	39.292	27.488	20.978	30.020	27.358	18.569	24.957			
Three years later		20.842	27.446	40.065	39.074	28.444	21.311	30.503	27.555	19.295				
Four years later		21.020	27.282	39.812	39.301	28.935	21.601	30.553	27.925					
Five years later		20.994	27.463	39.678	39.919	28.762	22.518	31.596						
Six years later		20.977	27.552	39.694	39.531	28.753	21.878							
Seven years later		20.996	27.908	40.008	39.510	28.288								
Eight years later		21.076	27.812	39.680	39.433									
Nine years later		20.873	27.051	39.728										
Ten years later		20.866	27.116											
Eleven years later		20.858												
Current estimate of cumulative claims incurred		**20.858**	**27.116**	**39.728**	**39.433**	**28.288**	**21.878**	**31.596**	**27.925**	**19.295**	**24.957**	**24.217**	**28.557**	
Year of accident		(10.042)	(17.528)	(11.959)	(22.994)	(11.440)	(9.669)	(10.105)	(8.507)	(7.004)	(13.151)	(10.390)	(12.058)	
One year later		(16.780)	(22.804)	(30.498)	(28.728)	(17.789)	(15.254)	(17.028)	(20.359)	(11.400)	(18.776)	(17.265)		
Two years later		(17.207)	(23.306)	(31.661)	(30.013)	(19.449)	(15.784)	(17.745)	(21.010)	(12.239)	(19.367)			
Three years later		(17.525)	(23.607)	(33.343)	(31.492)	(21.411)	(16.185)	(17.902)	(21.120)	(12.775)				
Four years later		(17.904)	(23.698)	(33.753)	(31.676)	(22.555)	(16.318)	(18.336)	(21.406)					
Five years later		(17.970)	(23.865)	(34.151)	(31.846)	(23.428)	(16.432)	(18.752)						
Six years later		(18.216)	(24.039)	(34.773)	(32.320)	(23.490)	(17.097)							
Seven years later		(18.491)	(24.068)	(35.245)	(32.520)	(23.784)								
Eight years later		(18.506)	(24.190)	(35.464)	(32.684)									
Nine years later		(18.496)	(23.607)	(35.887)										
Ten years later		(18.780)	(24.186)											
Eleven years later		(18.872)												
Cumulative claims paid to date		**(18.872)**	**(24.186)**	**(35.887)**	**(32.684)**	**(23.784)**	**(17.097)**	**(18.752)**	**(21.406)**	**(12.775)**	**(19.367)**	**(17.265)**	**(12.058)**	
Gross outstanding claims reserve	**1.577**	**1.986**	**2.929**	**3.841**	**6.750**	**4.504**	**4.782**	**12.844**	**6.519**	**6.520**	**5.590**	**6.952**	**16.500**	**81.293**

4.2 Financial Risk

4.2.1. Credit risk

The following table provides a breakdown of financial assets by credit rating and category of investment, according to rating agencies' ratings:

Credit Rating 31.12.2017	AAA	AA	A	BBB	BB	B	D	Not rated	Total
Held to maturity financial assets				**1.999**		**5.949**			**7.948**
-Bonds				1.999		5.949			7.948
Loans and receivables								**3.566**	**3.566**
Available-for-sale financial assets	**5.332**	**68.521**	**107.110**	**75.042**	**2.407**	**88.038**		**4.502**	**350.952**
-Bonds	5.332	68.521	107.110	75.042	2.407	88.038			346.450
-Mutual funds								4.502	4.502
Financial assets at fair value through profit or loss					**1.798**	**982**	**527**	**24.993**	**28.300**
-Bonds					1.798	982	527	565	3.872
-Mutual funds								24.428	24.428
Receivables arising out of insurance operations								**25.817**	**25.817**
Receivables arising out of reinsurance operations								**50.515**	**50.515**
Cash and cash equivalents								**12.336**	**12.336**
Total credit risk	**5.332**	**68.521**	**107.110**	**77.041**	**4.205**	**94.969**	**527**	**121.729**	**479.434**

Credit Rating **31.12.2016**	AAA	AA	A	BBB	BB	B	CCC	Not rated	Total
Held to maturity financial assets				**1.997**			**5.574**		**7.571**
-Bonds				1.997			5.574		7.571
Loans and receivables								3.859	**3.859**
Available-for-sale financial assets	**9.744**	**80.584**	**87.762**	**69.942**	**4.778**		**35.885**	**5.558**	**294.254**
-Bonds	9.744	80.584	87.762	69.942	4.778		35.885		288.695
-Mutual funds								5.558	5.558
Financial assets at fair value through profit or loss					**1.441**	**1.611**		**22.249**	**25.301**
-Bonds					1.441	1.611			3.052
-Mutual funds								22.249	22.249
Receivables arising out of insurance operations								**27.304**	**27.304**
Receivables arising out of reinsurance operations								**46.034**	**46.034**
Cash and cash equivalents								**28.783**	**28.783**
Total credit risk	**9.744**	**80.584**	**87.762**	**71.939**	**6.219**	**1.611**	**41.460**	**133.787**	**433.106**

The following table provides an analysis of the maturity of non-impaired receivables:

2017	<180 days Euro	181 - 360 days Euro	>360 days Euro	Total non-impaired receivables
Loans and receivables	2.895	27	644	**3.566**
Receivables arising out of insurance operations	23.078	1.246	1.493	**25.817**
Receivables arising out of reinsurance operations	38.823	10.404	1.289	**50.515**
Total	**64.796**	**11.677**	**3.425**	**79.898**

2016	<180 days Euro	181 - 360 days Euro	>360 days Euro	Total non-impaired receivables
Loans and receivables	3.859			**3.859**
Receivables arising out of insurance operations	21.635	3.983	1.686	**27.304**
Receivables arising out of reinsurance operations	41.021	3.562	1.450	**46.034**
Total	**66.515**	**7.545**	**3.136**	**77.196**

The Company's maximum exposure to credit risk at the reporting date is the value of the outstanding balances of the receivables.

4.2.2 Market Risk

(a) Interest rate risk– Sensitivity analysis

2017	Change in variables	Impact on profit before tax	Impact on equity
Bonds portfolio	+25 base units	(273)	(3.242)
	-25 base units	276	3.312

2016	Change in variables	Impact on profit before tax	Impact on equity
Bonds portfolio	+25 base units	(15)	(3005)
	-25 base units	15	3.005

4.2.3 Liquidity risk

The table that follows summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations:

31.12.2017	Carrying Amount	Up to a year	1-3 years	3-5 years	5-15 years	Over 15years	No maturity date	TOTAL
FINANCIAL ASSETS	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Held to maturity financial assets	7.948	2.496	983	1.089	13.572	10.288		28.427
Loans and receivables	3.566		2.956	322	288			3.566
Available-for-sale financial assets	350.952	121.361	56.528	48.926	120.324	30.908	4.502	382.569
Financial assets at fair value through profit or loss	28.300	463	2.736	1.367		100	24.427	29.093
Receivables arising out of insurance operations	25.817	25.817						25.817
Receivables arising out of reinsurance operations	50.515	50.515						50.515
Cash and cash equivalents	12.336	12.336						12.336
FINANCIAL ASSETS	**479.434**	**212.988**	**63.204**	**51.704**	**134.184**	**41.296**		**533.184**

31.12.2016	Carrying Amount	Up to a year	1-3 years	3-5 years	5-15 years	Over 15years	No maturity date	TOTAL
FINANCIAL ASSETS	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Held to maturity financial assets	7.571	2.993	2.988	983	12.944	11.513		31.421
Loans and receivables	3.859		3.151	407	302			3.859
Available-for-sale financial assets	294.254	94.225	53.247	71.826	109.381	8.852	5.671	343.202
Financial assets at fair value through profit or loss	25.258	1.614	2.519	1.161			22.093	27.387
Receivables arising out of insurance operations	27.304	27.304						27.304
Receivables arising out of reinsurance operations	46.034	46.034						46.034
Cash and cash equivalents	28.783	28.783						28.783
Total undiscounted financial assets	**433.063**	**200.952**	**61.905**	**74.376**	**122.627**	**20.365**	**27.764**	**507.990**

In the category financial assets at fair value through profit or loss include the investments on behalf of Life policyholders who bear the investment risk. In the above analysis does not include time deposits and accrued interest of Investment on behalf of life policyholders who bear the investment risk. (2017: € 49,2 thousand., 2016: € 42,7 thousand)

The table below summarizes the expected utilisation or settlement of assets and liabilities:

31.12.2017 ASSETS	CURRENT	NON-CURRENT	TOTAL
Intangible assets	0	562	562
Property, plant and equipment	0	6.847	6.847
Investment Property	0	215	215
Deferred acquisition costs and other related expenses	17.044	0	17.044
Held to maturity financial assets	2.375	5.573	7.948
Loans and receivables	643	2.923	3.566
Available-for-sale financial assets	117.625	233.327	350.952
Financial assets at fair value through profit or loss	14.559	1.165	15.724
Financial assets where the risk is borne by the policyholders	10.172	2.404	12.576
Receivables arising out of insurance operations	25.817	0	25.817
Receivables arising out of reinsurance operations	50.515	0	50.515
Deferred tax assets	322	5326	5.648
Other receivables	15.295	0	15.295
Cash and cash equivalents	12.336	0	12.336
Total assets	**266.704**	**258.341**	**525.045**
LIABILITIES			
Insurance contract liabilities	105.673	202.303	307.976
Investment contract liabilities	60.177	15.621	75.798
Payables arising out of insurance operations	9.849	0	9.849
Payables arising out of reinsurance operations	38.730	0	38.730
Pension benefit obligation	1.688	0	1.688
Income tax payables	1.790	0	1.790
Other payables	17.977	0	17.977
Total liabilities	**235.884**	**217.924**	**453.808**

31.12.2016	CURRENT	NON-CURRENT	TOTAL
ASSETS			
Intangible assets	0	496	496
Property, plant and equipment	0	6.982	6.982
Deferred acquisition costs and other related expenses	17.293	0	17.293
Held to maturity financial assets	0	7.571	7.571
Loans and receivables	3.151	709	3.859
Available-for-sale financial assets	61.641	232.612	294.254
Financial assets at fair value through profit or loss	11.186	2.350	13.536
Financial assets where the risk is borne by the policyholders	43	11.722	11.765
Receivables arising out of insurance operations	27.304	0	27.304
Receivables arising out of reinsurance operations	46.034	0	46.034
Deferred tax assets	17	6.278	6.296
Other receivables	15.069	0	15.069
Cash and cash equivalents	28.783	0	28.783
Total assets	**210.522**	**268.720**	**479.242**
LIABILITIES			
Insurance contract liabilities	96.237	195.678	291.915
Investment contract liabilities	39.553	24.727	64.280
Payables arising out of insurance operations	8.073	0	8.073
Payables arising out of reinsurance operations	29.429	0	29.429
Pension benefit obligation	1.596	0	1.596
Income tax payables	465	0	465
Other payables	19.564	0	19.564
Total liabilities	**134.963**	**280.359**	**415.322**

Note 5 : OPERATING SEGMENT ANALYSIS

The company presents a breakdown by business segment for the two main operating segments as shown below:

	2017			2016		
	Life	Non-Life	Total	Life	Non-Life	Total
Gross earned premiums	66.871	113.222	180.093	60.197	107.680	167.877
Premiums ceded to reinsurers	(3.859)	(24.207)	(28.066)	(4.254)	(25.011)	(29.265)
Net earned premiums	**63.012**	**89.015**	**152.027**	**55.943**	**82.669**	**138.612**
Investment income	3.162	3.708	6.870	3.387	3.042	6.429
Fees and commission income	844	3.336	4.180	1.130	3.212	4.343
Net realized gains (losses)	215	(305)	(90)	119	(419)	(300)
Net income from financial instruments at fair value through profit or loss	1.037	0	1.037	262	0	262
Other operating income	10	28	38	64	169	233
Other income	**5.268**	**6.767**	**12.035**	**4.962**	**6.004**	**10.967**
Total income	**68.280**	**95.782**	**164.062**	**60.905**	**88.673**	**149.579**
Claims and insurance benefits paid	(40.954)	(40.584)	(81.537)	(37.225)	(32.571)	(69.796)
Claims ceded to reinsurers	3.400	3.848	7.248	3.314	1.931	5.245
Change in outstanding claims reserve	(3.461)	(12.572)	(16.033)	(2.348)	(12.852)	(15.200)
Net claims and insurance benefits	**(41.015)**	**(49.308)**	**(90.323)**	**(36.259)**	**(43.492)**	**(79.751)**
Gross change in mathematical provisions	(880)	0	(880)	(4.450)	0	(4.450)
Change in mathematical provisions	**(880)**	**0**	**(880)**	**(4.450)**	**0**	**(4.450)**
Commission and other acquisition costs	(16.385)	(24.653)	(41.038)	(13.814)	(22.255)	(36.070)
Other operating and administrative expenses	(6.180)	(15.982)	(22.162)	(5.671)	(14.811)	(20.481)
Finance costs	(135)	(354)	(489)	(124)	(324)	(448)
Other expenses	**(22.700)**	**(40.989)**	**(63.689)**	**(19.609)**	**(37.390)**	**(56.999)**
Total expenses	**(64.595)**	**(90.297)**	**(154.892)**	**(60.318)**	**(80.882)**	**(141.200)**
Profit before taxes	**3.685**	**5.485**	**9.170**	**587**	**7.791**	**8.379**

Note 6 : NET EARNED PREMIUMS

Net earned Premiums are as follows for the years ended December 31, 2017 and 2016:

	2017	2016
a) Gross premiums on insurance contracts and investment contracts with DPF		
Life insurance	66.871	60.197
Non-life insurance	113.222	107.680
Total gross earned premiums	**180.093**	**167.877**

b) Premiums ceded to reinsurers on insurance contracts and investment contracts with DPF	2017	2016
Life insurance	3.859	4.254
Non-life insurance	24.207	25.011
Total Premiums ceded to reinsurers	**28.066**	**29.265**
Total Premiums	**152.027**	**138.612**

		2017	
	Motor	Other categories	Total
Earned premiums	51.038	63.239	114.277
Change in unearned premiums reserve	(186)	(869)	(1.055)
Gross earned premiums	**50.852**	**62.370**	**113.222**
Claims ceded to reinsurers	(1.659)	(22.548)	(24.207)
Total ceded premiums	**(1.659)**	**(22.548)**	**(24.207)**
Net earned premiums	**49.193**	**39.822**	**89.015**

		2016	
	Motor	Other categories	Total
Earned premiums	38.105	74.410	112.514
Change in unearned premiums reserve	(2.330)	(2.504)	(4.834)
Gross earned premiums	**35.774**	**71.906**	**107.680**
Claims ceded to reinsurers	(1.550)	(23.461)	(25.011)
Total ceded premiums	**(1.550)**	**(23.461)**	**(25.011)**
Net earned premiums	**34.224**	**48.445**	**82.669**

Note 7 : FEES AND COMMISSION INCOME

Fees and commission income are analyzed as follows for the years ended December 31, 2017 and 2016:

	2017	2016
Policyholder administration management services	165	350
Surrender charges and other contract fees	260	79
Reinsurance commission income	3.755	3.914
Total fees and commission income	**4.180**	**4.343**

Note 8 : INVESTMENT INCOME

Investment income is analyzed as follows for the years ended December 31, 2017 and 2016:

	2017	2016
Financial assets at fair value through profit or loss (designated upon initial recognition)	**1.039**	**764**
Interest income	167	204
Held to maturity financial assets interest income	872	560
Available-for-sale financial assets	**5.832**	**5.665**
Interest income	6.901	5.933
Dividend income	77	130
Loans and receivables interest income	132	157
Cash and cash equivalents interest income	101	181
Other Income	18	334
Return on investment contracts	(1.397)	(1.070)
Total investment income	**6.870**	**6.429**

Note 9 : NET REALISED GAINS / (LOSSES)

Net realised gains and losses are analyzed as follows for the years ended December 31, 2017 and 2016:

	2017	2016
Financial assets at fair value through profit or loss (designated upon initial recognition)		
Realised gains		
Equity securities	0	0
Debt securities	3	49
Realised losses		
Equity securities	0	(49)
Debt securities	(13)	(12)
Total realised gains / (losses)	**(10)**	**(12)**
Available-for-sale financial assets		
Realised gains		
Equity securities	25	22
Debt securities	452	347
Realised losses		
Equity securities	3	(4)
Debt securities	(560)	(653)
Total realised gains / (losses)	(80)	**(288)**
Total net realised gains / (losses)	**(90)**	**(300)**

Note 10 : NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net income from financial instruments at fair value through profit or loss are analyzed as follows the years ended December 31, 2017 and 2016:

	2017	2016
Net income from financial instruments at fair value through profit or loss (Unit Linked)	1.037	262
Total Net income from financial instruments at fair value through profit or loss	**1.037**	**262**

Note 11 : NET CLAIMS AND INSURANCE BENEFITS

Net claims and insurance benefits are analyzed as follows for the years ended December 31, 2017 and 2016:

	2017	2016
a) Gross claims and insurance benefits paid		
Life insurance contracts	40.954	37.225
Non-life insurance contracts	40.584	32.571
Total gross claims and insurance benefits paid	**81.537**	**69.796**
b) Claims ceded to reinsurers		
Life insurance contracts	(3.400)	(3.314)
Non-life insurance contracts	(3.848)	(1.931)
Total claims ceded to reinsurers	**(7.248)**	**(5.245)**
c) Gross change in outstanding claims reserves		
Life insurance contracts	3.192	2.501
Non-life insurance contracts	13.441	13.415
Total gross change in outstanding claims reserves	**16.633**	**15.916**
d) Change in outstanding claims reserves ceded to reinsurers		
Life insurance contracts	269	(153)
Non-life insurance contracts	(869)	(563)
Total change in outstanding claims reserves ceded to reinsurers	(600)	**(717)**
Net claims and insurance benefits	**90.323**	**79.751**

Note 12 : CHANGE IN MATHEMATICAL PROVISIONS

Change in mathematical provisions are analyzed as follows the years ended December 31, 2017 and 2016:

	2017	2016
Gross change in mathematical provisions	880	4.450
Change in mathematical provisions ceded to reinsurers	0	0
Change in mathematical provisions	**880**	**4.450**

Note 13 : FINANCE COSTS

Finance costs are analyzed as follows the years ended December 31, 2017 and 2016:

	2017	2016
Bank charges	431	396
Interest expense on insurance provisions	38	35
Interest expense on deposits	20	18
Total	**489**	**448**

Note 14 : OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Other operating and administrative expenses are analyzed as follows the years ended December 31, 2017 and 2016:

	2017	2016
Employee benefits expense (Note 15)	12.693	12.030
Third party fees	4.140	3.820
Taxes- charges	47	261
Travel Expenses	122	131
Marketing & commercial expenses	1.361	1.069
Subscriptions / Contributions	917	707
Office expenses	728	414
Other expenses	452	454
Depreciation and amortisation	875	771
Investment management expenses	289	328
Extraordinary and inorganic expenses	32	35
Previous operating expenses	6	10
Provisions for extraordinary risks	500	450
Total other operating and administrative expenses	**22.162**	**20.481**

External Auditors fees

In the account of third party fees are included fees to the independent auditor "ERNST & YOUNG (HELLAS) Certified Auditors Accountants". The fees paid by the Company for the audit and other services are analyzed as follows:

	2017	2016
Audit fees	112	86
Tax certificate fees	45	45
Other non-audit services fees	78	82
Total external audit fees	**235**	**213**

Note 15 : EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses are analyzed as follows the years ended December 31, 2017 and 2016:

	2017	2016
Wages and salaries	9.215	7.845
Social security costs	2.462	2.352
Other employee benefits	975	1.766
Defined benefit pension costs	41	67
Total employee benefits expenses (Note 14)	**12.693**	**12.030**

Note 16 : INCOME TAX EXPENSE

Income tax recognized in the income the years ended December 31, 2017 and 2016 is presented below:

	2017	2016
Current tax		
Income tax	2.262	2.504
Other not included in the operating cost taxes	8	9
Total current tax	**2.270**	**2.512**
Deferred tax		
Origination of temporary differences	406	(68)
Adjustment of insurance provisions	0	545
Amortization of deferred tax assets	322	322
Total deferred tax	**729**	**800**
Total income tax expense / (income)	**2.999**	**3.312**

Income tax is recognized in other comprehensive income the years ended December 31, 2017 and 2016 is presented below:

	2017	2016
Current tax	0	0
Deferred tax	(79)	980
Total tax charge to other comprehensive income	**(79)**	**980**

A reconciliation of nominal to effective tax rate is presented below:

	2017	2016
Profit before tax	9.170	8.379
Statutory income tax rate of 26%	2.659	2.430
Effect from the change in tax rate	17	560
Disallowable expenses	322	322
Total tax charge for the year	**2.999**	**3.312**

Note 17 : EFFECT OF INCOME TAX IN EQUITY

Income tax recognized in other comprehensive income the years ended December 31, 2017 and 2016 is:

	31.12.2017			31.12.2016		
	Amounts before tax	Tax income / (expense)	Amounts net of tax	Amounts before tax	Tax income / (expense)	Amounts net of tax
Available for sale financial assets	(223)	65	(158)	3.484	1.010	2.473
Effects of Changes in shadow Reserves	880	0	880	(243)	0	(243)
Other items	460	0	460	327	0	327
Actuarial gains (losses)	(50)	15	(36)	(103)	(30)	(73)
Total	**1.067**	**79**	**1.146**	**3.464**	**980**	**2.484**

Note 18 : INTANGIBLE ASSETS

The movement of Intangible assets is analyzed as follows:

	Software
Cost	
01.01.2016	**2.269**
Additions	208
31.12.2016	**2.477**
Additions	322
31.12.2017	**2.798**
Accumulated amortisation and impairment	
01.01.2016	**1.749**
Amortisation	232
31.12.2016	**1.981**
Amortisation	256
31.12.2017	**2.237**
Net book value	
31.12.2017	**562**
31.12.2016	**496**

Intangible assets relate only to software and are amortized on a straight-line basis over a period of 4 years.

Note 19 : DEFERRED COMMISSION FEES AND OTHER RELATED EXPENSES

Deferred commission fees and related expenses are analyzed as follows the years ended December 31, 2017 and 2016:

	Μεικτές Προμήθειες
31.12.2016	17.293
Change in reserve	(250)
31.12.2017	**17.044**

Note 20: PROPERTY AND EQUIPMENT

Property and equipment are analyzed as follows:

	Land	Buildings	Facilities on third party property	Vehicles	Equipment	Total
Cost						
01.01.2016	**1.965**	**3.481**	**638**	**929**	**7.155**	**14.167**
Additions	0	64	86	0	**628**	779
Disposals	0	0	0	(60)	(45)	(105)
31.12.2016	**1.965**	**3.545**	**724**	**869**	**7.738**	**14.841**
Additions	0	27	25	107	**332**	490
Disposals	0	1	0	0	**3**	4
31.12.2017	**1.965**	**3.571**	**749**	**976**	**8.067**	**15.327**
Accumulated depreciation						
01.01.2016	0	**499**	**554**	**455**	**5.918**	**7.425**
Depreciation	0	109	14	90	326	539
Disposals	0	0	0	60	45	105
31.12.2016	**0**	**608**	**568**	**484**	**6.199**	**7.859**
Depreciation	0	109	31	89	392	620
Disposals	0	0	(0)	0	0	(0)
31.12.2017	**0**	**716**	**599**	**573**	**6.591**	**8.480**
Net book value						
31.12.2017	**1.965**	**2.855**	**150**	**403**	**1.475**	**6.847**
31.12.2016	**1.965**	**2.937**	**156**	**384**	**1.539**	**6.982**

At 31.12.2017 the Company assigned to recognized independent property appraisers the valuation of its property. The following valuation methods are presented by property class:

- Property Athens: The fair value of the property was determined by applying the Income Capitalization Method. while for the purpose of determining the value of the land part of the property, the Comparative Data or Real Estate Method was used to divide the value into land value and the cost of building restoration. (Level 2 Hierarchy of Reasonable Value)
- Real Estate Thessaloniki & Warehouse Athens: The fair value of the property was determined using the Comparative Method, which was also used to determine the value of the property's part of the property in order to divide the value in land value and building recovery costs. (Level 3 Hierarchy of Reasonable Value)

As the valuation value does not differ significantly from the unamortized value of the property and their position remained unchanged, the Company concluded that there is no evidence of impairment of the value of the property.

Note 21: INVESTMENT PROPERTY

	Land	Buildings	Total
01.01.2017	0	0	**0**
Additions	120	95	**215**
Disposals	0	0	**0**
Asset derecognition	0	0	**0**
31.12.2017	**120**	**95**	**215**

Accumulated depreciation			
01.01.2017	0	0	0
Depreciation	0	0	0
31.12.2017	**0**	**0**	**0**

Net book value			
31.12.2017	**120**	**95**	**215**

The Company proceeded on 27.12.2017 to acquire a property in Chalandri and receive rents from third parties. The depreciation of the building amounted to € 30.87 and was recorded in the operating and operating expenses of the company.

At 31.12.2017 the Company assigned to recognized independent property appraisers the valuation of its investment property which was determined to €220k. The determination of the fair value of the property was made using the Comparative Method or Comparative Method. (Level 2 Hierarchy of Fair Value). As the fair value is higher from the Net book value of the property the Company concluded that there is no evidence of impairment of the value of the property.

Note 22 : DISCLOSURE OF FINANCIAL INSTRUMENTS AND FAIR VALUES

1) The company's investments, categorized by nature are as follows:

	31.12.2017	Effect (%)	31.12.2016	Effect (%)
Mutual funds-securities	28.929	7,4%	27.764	8,4%
Available for sale financial assets	4.502	1,2%	5.558	1,7%
Financial assets at fair value through profit or loss	24.427	6,2%	22.206	6,7%
Fixed income securities	361.787	92,6%	303.178	91,6%
Held to maturity financial assets	7.948	2,1%	7.571	2,3%
Loans and receivables	3.566	0,9%	3.859	1,2%
Available for sale financial assets	346.450	88,6%	288.695	87,2%
Financial assets at fair value through profit or loss	3.823	1,0%	3.052	0,9%
Total investments	**390.717**	**100,0%**	**330.942**	**100,0%**

The category of Financial assets at fair value through profit or loss includes the Financial assets where the risk is borne by the policyholders. In the above analysis Term deposits and accrued income from Financial assets where the risk is borne by the policyholders. (2017: € 49,2 ths., 2016: € 42,7 ths)

2) Fixed income securities of the Company are classified based on their rating as follows:

31.12.2017	Available for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity financial assets	Loans and receivables	Total investments
AAA	5.332	0	0	0	5.332
AA	68.521	0	0	0	68.521
A	107.110	0	0	0	107.110
BBB	75.042	0	1.999	0	77.040
BB	2.407	1.798	0	0	4.205
B	88.038	982	5.949	0	94.969
CCC	0	0	0	0	0
D	0	527	0	0	527
Below investment grade	0	0	0	0	0
Without evaluation	0	516	0	3.566	4.082
Total investments	**346.450**	**3.823**	**7.948**	**3.566**	**361.787**

3) Fixed income securities of the Company are classified based on their maturity as follows:

31.12.2017	Available for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity financial assets	Loans and receivables	Total investments
Up to 1 year	113.123	303	1.999	0	115.425
Within 1 - 5 years	95.708	3.520	0	3.566	102.795
Within 5 - 10 years	79.974	0	1.783	0	81.757
Over 10 years	57.645	0	4.166	0	61.810
Perpetual duration	0	0	0	0	0
Total investments	**346.450**	**3.823**	**7.948**	**3.566**	**361.787**

4) Fair value, unrealized gain / loss and amortized cost of the available for sale financial assets are analyzed as follows:

31.12.2017	Fair Value	Unrealized Gain / Loss	Amortized Cost
Bonds (quoted and unquoted)	346.450	10.362	336.088
Mutual funds (quoted and unquoted)	4.502	502	4.000
Total	**350.952**	**10.864**	**340.088**

5) Profit / loss as well as loss from impairment of the financial assets available for sale are analyzed as follows:

2017	Profit	Loss	Impairment loss
Bonds (quoted and unquoted)	452	(559)	0
Mutual funds (quoted and unquoted)	25	0	0
Total	**476**	**(559)**	**0**

6) Financial assets at fair value through profit or loss are analyzed as follows:

	Financial assets at fair value through profit or loss	
	2017	**2016**
Bonds (quoted and unquoted)	3.823	3.052
Equity (quoted and unquoted)	0	0
Mutual funds (quoted and unquoted)	24.427	22.206
Total	**28.250**	**25.258**

7) The carrying and fair value of each investment type in the portfolio and of securities is as follows:

	31.12.2017 Carrying Value	Fair Value	31.12.2016 Carrying Value	Fair Value
Held to maturity financial assets				
Bonds (quoted and unquoted)	7.948	16.798	7.571	13.237
Total held to maturity financial assets	**7.948**	**16.798**	**7.571**	**13.237**
Available for sale financial assets				
Bonds (quoted and unquoted)	346.579	346.450	288.695	288.695
Mutual funds (quoted and unquoted)	4.025	4.502	5.558	5.558
Total available for sale financial assets	**350.604**	**350.952**	**294.254**	**294.254**
Financial assets at fair value through profit or loss				
Bonds (quoted and unquoted)	3.823	3.823	3.052	3.052
Mutual funds (quoted and unquoted)	24.427	24.427	22.206	22.206
Total of Financial assets at fair value through profit or loss	**28.250**	**28.250**	**25.258**	**25.258**
Loans and receivables	3.566	3.566	3.859	3.859
Total of financial assets	**390.369**	**399.567**	**330.942**	**336.608**

The category of Financial assets at fair value through profit or loss includes the Financial assets where the risk is borne by the policyholders. In the above analysis Term deposits and accrued income from Financial assets where the risk is borne by the policyholders. (2017: €49,2 ths., 2016: € 42,7 ths)

8) IFRS 13 defines the fair value of an asset as the price that someone would receive to sell an asset or pay for the transfer of a liability in an orderly transaction between market participants at the measurement date. Based on IFRS 13, the following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31.12.2017	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Available-for-sale financial assets	350.952	**0**	**0**
Bonds	346.450		
Mutual funds	4.502		
Financial assets designated at fair value through profit or loss	28.250	**0**	**0**
Bonds	3.823		
Mutual funds	24.427		
Assets whose fair value is disclosed			
Held to maturity financial assets	7.948	**0**	**0**
Bonds	7.948		

31.12.2016	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Available-for-sale financial assets	**294.254**	**0**	**0**
Bonds	288.695		
Mutual funds	5.558		
Financial assets designated at fair value through profit or loss	**25.258**	**0**	**0**
Bonds	3.052		
Mutual funds	22.206		
Assets whose fair value is disclosed			
Held to maturity financial assets	**7.571**	**0**	**0**
Bonds	7.571		

During the years 2017 and 2016 there were no transfers between levels of the fair value

Note 23 : RECEIVABLES ARISING OUT OF INSURANCE OPERATIONS

Receivables arising out of insurance operations of the Company as at December 31, 2017, December 31, 2016 are as follows:

	31.12.2017	31.12.2016
Insurance receivables	28.253	30.150
Total insurance receivables	**28.253**	**30.150**
Provision for doubtful insurance receivables	(2.436)	(2.846)
Net insurance receivables	**25.817**	**27.304**

The movement of the provision for doubtful insurance receivables for the years ended December 31, 2017 and 2016 was as follows:

Provision for doubtful insurance receivables 31.12.2016	**2.846**
Charge for the year	(410)
Provision for doubtful insurance receivables 31.12.2017	**2.436**

Note 24 : RECEIVABLES ARISING OUT OF REINSURANCE OPERATIONS

Receivables arising out of reinsurance operations for the years ended December 31, 2017 and 2016 were as follows:

	31.12.2017	31.12.2016
Reinsurance receivables	50.565	46.084
Total Reinsurance receivables	**50.565**	**46.084**
Provisions for doubtful reinsurance receivables	(50)	(50)
Net reinsurance receivables	**50.515**	**46.034**

Provision for doubtful insurance receivables 31.12.2016	**50**
Charge for the year	0

Provision for doubtful insurance receivables 31.12.2017	**50**

Note 25 : INCOME TAX RECEIVABLE / PAYABLE AND DEFERRED TAXATION

a) Income tax payable

	31.12.2017	31.12.2016
At 1 January		
Amounts recorded in the income statement	1.790	465
At 31 December	**1.790**	**465**

b) Deferred tax asset / (liability)

	31.12.2016	Effect on profit/loss	Effect on OCI	31.12.2017
Deferred tax asset / (liability) from PPE	1.215	(72)	0	1.143
Deferred tax asset / (liability) from adjustment in insurance provisions	0	0	0	0
Deferred tax asset / (liability) from PSI losses	8.059	(322)	0	7.736
Deferred tax asset / (liability) from valuation of available for sale financial assets	(3.215)	0	65	(3.151)
Deferred tax asset / (liability) from investments	(461)	(109)	0	(571)
Deferred tax asset / (liability) from pension benefit obligation	463	12	15	490
Deferred tax asset (liability) from other temporary differences	236	(236)	0	(0)
Deferred tax asset / (liability)	**6.296**	**(728)**	**79**	**5.648**

Deferred tax assets from tax losses derive from reserve taxation according to law 4172/2013 article 72.

Deferred tax (assets) / liabilities presented above are analyzed as at December 31, 2017, December 31, 2016, as follows:

	2017	2016
At 1 January	6.296	8.076
Amounts recorded in the income statement	(728)	(800)
Amounts recorded in other comprehensive income	79	(980)
At 31 December	**5.648**	**6.296**

Note 26 : CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows at December 31, 2017, December 31, 2016:

	31.12.2017	31.12.2016
Cash in hand	16	12
Sight deposits	10.320	27.771
Term deposits	2.000	1.000
Total cash and cash equivalents	**12.336**	**28.783**

Sight deposit accounts earn interest based on floating rates depending on the amount of the deposit and monthly deposit rates of banks. The current value of these sight deposits approximates to its accounting value due to the floating interest rates and their short maturity dates. The increase in cash is a consequence of the implementation of capital controls that prevent the investment of funds abroad,using instructions for risk management of the group.

Cash and cash equivalents of the Company by currency are as follows:

	31.12.2017	31.12.2016
Euro	12.336	28.783
Total	**12.336**	**28.783**

Note 27: OTHER RECEIVABLES

Other receivables as at December 31, 2017, December 31, 2016 are analyzed as follows:

	31.12.2017	31.12.2016
Receivables from reinsured	3.180	3.063
Receivables from agents, partners and intermediaries	9.379	8.157
Other long term receivables	181	178
Other debtors	2.691	1.715
Public Sector – Prepeid and withholding taxes	1.395	2.569
Other deferred expenses	316	380
Accrued Income	3.379	3.323
Total other receivables	20.522	**19.386**
Provision for other receivables	(5.227)	(4.317)
Net Other receivables	**15.295**	**15.069**

Provision for doubtful insurance receivables 31.12.2016	**4.317**
Provision for the year	500
Charge for the year	410
Provision for doubtful insurance receivables 31.12.2017	**5.227**

Note 28: SHARE CAPITAL

The total number of authorized common shares is 3,796,033 shares with nominal value € 6,00 per share at 31 December 2017. The total number of common shares issued and the share capital is fully paid up.

All ordinary shares issued are fully paid.

	31.12.2017	31.12.2016
Shares	3.796	3.796
Nominal value / share	6	6
Value of Share Capital	**22.776**	**22.776**

The total amount of the Additional paid-in capital amounts to € 9.080 million (2016: € 9.080 million).

Note 29 : RESERVE FOR UNREALIZED GAINS OR LOSSES ON AVAILABLE FOR SALE FINANCIAL ASSETS

The reserve for **unrealized gains or losses** on available for sale financial assets as at December 31, 2017, December 31, 2016 is as follows:

Reserve for unrealized gains or losses on available for sale financial assets	2017	2016
Opening balance	**7.872**	**5.399**
Net Gains / (Losses) from changes in fair value	(78)	2.510
Net Gains/ (Losses) carried forward to the results	(80)	(37)
At 31 December	**7.714**	**7.872**

Other reserves as at December 31, 2017, December 31, 2016 are analyzed as follows:

	31.12.2017	31.12.2016
Statutory reserve	8.917	7.516
Articles of Association reserve	114	114
Tax free reserves under special laws	1.494	1.494
Special reserves	14	14
Reserves from income taxed under special tax law	1	1
Liabilities from defined benefit plans	516	327
Extraordinary Reserves	25	25
Shadow Reserves	(877)	(1.757)
Total other reserves	**10.204**	**7.734**

In the account «Liabilities from defined benefit plans» is included reserve of share based payments provided by the company to its management which for the financial year 2017 was determined to €798k (2016: €573k).

Retained earnings	2017	2016
At 1 January	**16.457**	**12.095**
Earnings after taxes	6.171	5.067
Increase in statutory reserve	(1.400)	(850)
Other Reserve	234	145
At 31 December	**21.463**	**16.457**

- The statutory reserve has been formed in accordance with the provisions of Law N. 4364/2016 (GG A' 13/5-2-2016) calculated on the fifth of the annual net profits as they result from the financial statements of the Company, until the accumulated amount of the legal reserve reaches at least 1 / 3 of the share capital. This reserve cannot be distributed to shareholders except upon liquidation.
- Reserves under special laws are reserves that were formed based on tax provisions and give the possibility of partial or total exemption from income tax (tax payment suspension arrangement), until their distribution is decided.
- The Reserves from defined benefit plans include reserve of actuarial gains and losses of Retirement benefit obligation. This reserve has been formed under the provisions of the revised IAS 19 and cannot be distributed. Reserves from defined benefit plans include the related deferred taxes.
- Extraordinary reserves have been formed from prior years' Tax profits under decision of General Meeting. These reserves may be distributed to the shareholders, following a decision of the General Assembly.

Note 30 : INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, 2017, December 31, 2016 are analyzed as follows:

	31.12.2017			31.12.2016		
	Insurance contract liabilities	Reinsurance of liabilities	Net liability	Insurance contract liabilities	Reinsurance of liabilities	Net liability
Life insurance contracts (a)	109.214	(1.167)	108.047	105.207	(1.501)	103.706
Non–life insurance contracts (b)	198.762	(24.797)	173.965	186.708	(26.371)	160.338
Insurance damage - Car Sector	73.358	(1.005)	72.354	69.490	(1.213)	68.277
Insurance damage - Other Sectors	125.403	(23.792)	101.611	117.218	(25.157)	92.061
Total insurance contract	**307.976**	**(25.964)**	**282.012**	**291.915**	**(27.872)**	**264.043**

a) Life insurance contracts liabilities (a)

	2017			2016		
	Gross insurance liabilities	Reinsurance liabilities	Net insurance liabilities	Gross insurance liabilities	Reinsurance liabilities	Net insurance liabilities
Life insurance contracts						
At 1 January	105.207	(1.455)	103.752	98.164	(1.256)	96.908
Premiums received	44.793	(2.682)	42.111	44.025	(3.272)	40.754
Liabilities paid	(40.786)	2.970	(37.816)	(36.982)	3.026	(33.956)
At 31 December	**109.214**	**(1.167)**	**108.047**	**105.207**	**(1.501)**	**103.706**

b) Non-Life insurance contracts liabilities

	2017 Gross Insurance Liabilities			Reinsurance Liabilities			
	Car Sector	Other sectors	Total	Car Sector	Other sectors	Total	Net insurance liabilities
At 1 January	69.490	117.218	186.708	(1.213)	(25.157)	(26.371)	**160.338**
Provisions for reported outstanding claims for policyholders	3.704	9.737	13.441	187	(1.055)	(869)	**12.572**
Provisions for uncollected premiums	164	(1.551)	(1.387)	22	2.420	2.442	**1.055**
Provisions for adequacy of premiums	0	0	0	0	0	0	**0**
At 31 December	**73.358**	**125.403**	**198.762**	**(1.005)**	**(23.792)**	**(24.797)**	**173.965**

	2016 Gross Insurance Liabilities			Reinsurance Liabilities			
	Car Sector	Other sectors	Total	Car Sector	Other sectors	Total	Car Sector
At 1 January	60.329	108.153	168.482	(1.217)	(24.613)	(25.830)	142.652
Provisions for reported outstanding claims for policyholders	6.857	6.558	13.415	(23)	(541)	(563)	12.852
Provisions for uncollected premiums	2.304	2.507	4.811	26	(3)	23	4.834
Provisions for adequacy of premiums	0	0	0	0	0	0	0
At 31 December	**69.490**	**117.218**	**186.708**	**(1.213)**	**(25.157)**	**(26.371)**	**160.338**

Note 31 : INVESTMENT CONTRACT LIABILITIES

Investment contract liabilities at December 31, 2017, December 31, 2016 are analyzed as follows:

	2017			2016		
	Gross investment contract liabilities	Reinsurance of liabilities from investment contracts	Net investment contract liabilities	Gross investment contract liabilities	Reinsurance of liabilities from investment contracts	Net investment contract liabilities
Life insurance contracts						
At 1 January	64.280	0	64.280	57.013	0	57.013
Premiums received	18.851	0	18.851	10.692	0	10.692
Liabilities paid	(7.849)	0	(7.849)	(4.737)	0	(4.737)
Change in the fair value of investments	1.397	0	1.397	1.070	0	1.070
Adjustments due to changes in assumptions	(880)	0	(880)	243	0	243
At 31 December	**75.798**	**0**	**75.798**	**64.280**	**0**	**64.280**

Note 32 : PENSION BENEFIT OBLIGATION

Pension benefit obligation as at December 31, 2017, December 31, 2016 are analyzed as follows:

	31.12.2017	31.12.2016
Pension benefit obligation in the Statement of Financial Position	**1.688**	**1.596**

According to Greek labor legislation each employee is entitled to a one-off indemnity in the event of dismissal or retirement. The amount of indemnity depends on the length of time in service and the salary of the employee on the date of his/hers dismissal or retirement. If the employee remains within the Company until his/hers retirement, he/she would normally be entitled to a lump sum equal to 40% of the compensation that he/she would receive if he/she was to be dismissed on the same day.

The Pension benefit obligation has been determined through an actuarial study.

The movements in retirement benefits are as follows:

	2017	2016
At 1 January	1.596	1.426
Current service cost	210	156
Net interest cost	26	33
Cost recognised in profit or loss	**236**	**189**
Actuarial gain / losses	50	103
(Gain)/Losses recognized in OCI	**50**	**103**
Benefits paid	(194)	(122)
At 31 December	**1.688**	**1.596**

The movements in staff leaving indemnity at statement of financial position are as follows:

	2017	2016
Net obligation at 1 January	**1.596**	**1.426**
Current service cost	210	156
Net interest cost	26	33
Actuarial (gain) / losses	50	103
Benefits paid by the fund	(194)	(122)
Net obligation at 31 December	**1.688**	**1.596**

The main actuarial assumptions used for the calculation of the staff leaving indemnity are as follows:

	31.12.2017	31.12.2016
	%	%
Future salary increase	2,5%	2,0%
Future pension increase	0,0%	0,0%
Inflation assumption	1,8%	1,8%
Discount rate	1,6%	1,7%

Sensitivity analysis on significant actuarial assumptions is as follows:

	Discount rate		Future salary increase	
	0,5% increase	0,5% decrease	0,5% increase	0,5% decrease
Impact on in staff leaving indemnity	1.487	1.718	1.713	1.490

Note 33 : INSURANCE AND REINSURANCE PAYABLES

Insurance and reinsurance payables at December 31, 2017, December 31, 2016 are analyzed as follows:

	Amounts payable on direct insurance business		Amounts payable on assumed reinsurance business
	Beneficiaries of production commissions	Agents and sales associates	Payables to reinsurers
At 31 December 2016	**4.938**	**3.136**	**29.429**
Arising during the year	1.016	760	9.301
At 31 December 2017	**5.954**	**3.895**	**38.730**

Note 34 : OTHER PAYABLES

Other payables at December 31, 2017, December 31, 2016 are analyzed as follows:

	31.12.2017	31.12.2016
Liabilities for reinsured	815	1.407
Other creditors	8.138	7.247
Accrued expenses	616	512
Obligations to pension funds	354	1.187
Tax liabilities	7.287	8.082
Other deferred income	767	1.129
Total other payables	**17.977**	**19.564**

Dividends are not accounted for before the date of their approval by the Annual General Meeting of Shareholders.

Note 35 : COMMITMENTS AND CONTIGENT LIABILITIES

(a) Legal cases

The company is involved (as plaintiff and defendant) in various court cases and arbitration procedures in the terms of their normal operation. The management and the company's legal advisors estimate that all lawsuits are expected to be settled without significant negative effects on the financial position of the company or on its operating results.

(b) Capital Commitments

The company has no capital commitments other than obligations in insurance investment

(c) Operating leases

Future payable leases regarding operating leases (as lessee):	31.12.2017	31.12.2016
Up to a year	119	133
After one year but not more than five years	296	315
Over five years	**0**	**53**
Total future payable leases regarding operating leases	**415**	**501**

Future receivable leases regarding operating leases (as lessor):	2017	2016
Up to a year	7	0
After one year but not more than five years	13	0
Total future receivable leases regarding operating leases	**20**	**0**

(d) Unaudited tax year

Generali Hellas has been tax audited up to and including 2009, while fiscal year 2010 remains unaudited. However, it is considered that is not possible additional taxes and surcharges to be imposed for that period, due to Tax Exemptions of the additional Tax enforcement right until the end of 31.12.2017. The above Company's decision is the result of the decision of the Council of State No1738/2017, the opinions of Legal Council of the Hellenic State 265/2017, 268/2017 and Circulars 1191/2017 and 1192/2017 of the Independent Authority of Public Revenue. It should also be noted that the Company has not received any notice from the tax authorities for the fiscal year 2010.

The tax audit of the fiscal years 2011 to 2016 was performed by the statutory auditors in accordance with article 82 of L. 2238/1994 and article 65A of the Tax Code 4174/2013 (as amended by L.4410/2016), and Ministerial Decision 1124/2015 of the General Secretariat of Public Revenues. For the current fiscal year starting from 01/01/2017-31/12/2017, the company has been tax audited by ERNST & YOUNG (HELLAS) SA as provided by the legal provisions of article 65A of the Code of Tax Procedure L. 4174 /2013 (as amended by L.4410/2016) and Ministerial Decision 1124/2015 of the General Secretariat of Public Revenues. Tax audit is in progress and the tax certification is expected to be issued after the publication of financial statements of the current financial year. If, until the completion of the tax audit, additional tax liabilities arise, it is assumed that they will not have a material effect on the financial statements.

Note 36 : RELATED PARTIES DISCLOSURES

i) Related parties transactions and balances

Statement of Comprehensive Income includes revenues and costs, arising from transactions between the Company and related companies. Related parties include the parent company and the companies controlled or influenced by key management personnel or shareholders of the Company. These transactions relate to sales and purchases of services during normal business operation. Total transactions of the Company and related companies for the years 2017 and 2016 and the outstanding balances at December 31/ 2017, 31/2016 are analyzed by company as follows:

		31.12.2017	31.12.2016
(a)	**Related parties transactions**	**13.943**	**16.023**

The main related partytransactions are with the parent company "Assicurazioni Generali S.p.A. 2017" € 8.494 thousand (2016: €9.517 thousand) and "Assicurazioni Generali S.p.A. UK Branch 2017" € 1.028 thousand (2016: € 3.114 thousand.

	31.12.2017		31.12.2016	
	Payables	Receivables	Payables	Receivables
ASSICURAZIONI GENERALI SpA	25.936	94	16.582	14
GENERALI FRANCE (GR.CONCORDE)	262	0	692	0
GENERALI HOLDING VIENNA AG	97	0	0	0
GENERALI SPAIN	0	0	0	7
GENERALI ASIGURARI S.A.	0	188	0	0
GENERALI INSURANCE AD	0	475	0	0
DELTA GENERALI	0	0	33	0
GENERALI SIGORTA A.S	0	60	0	0
GENERALI ZAVAROVALNICA D.D	0	64	0	5
GENERALI OSIGURANJE D.D.	0	7	0	0
SEGUROS VITALICIO	4	2	0	1
GENERALI TU S.A.	0	1	0	0
EUROP ASSISTANCE	0	106	0	0
	26.299	**998**	**17.307**	**28**

ii) Remuneration of key management personnel and members of Board

		31.12.2017	31.12.2016
(c)	Remuneration of key management personnel	886	945

At the December 31, 2017 there are no receivables from key management personnel and board members. Total remuneration for the year 2017 includes gross salaries of approximately € 625 thousand. (2016: € 575 thousand) and Board of Directors fees amounting to € 16 thousand (2016: 26 thousand) and other benefits € 261 thousand (2015: 371 thousand).

Note 37 : EVENTS AFTER THE REPORTING DATE

There are no significant events after 31.12.2017 which require disclosure or adjustment to the accompanying financial statements.