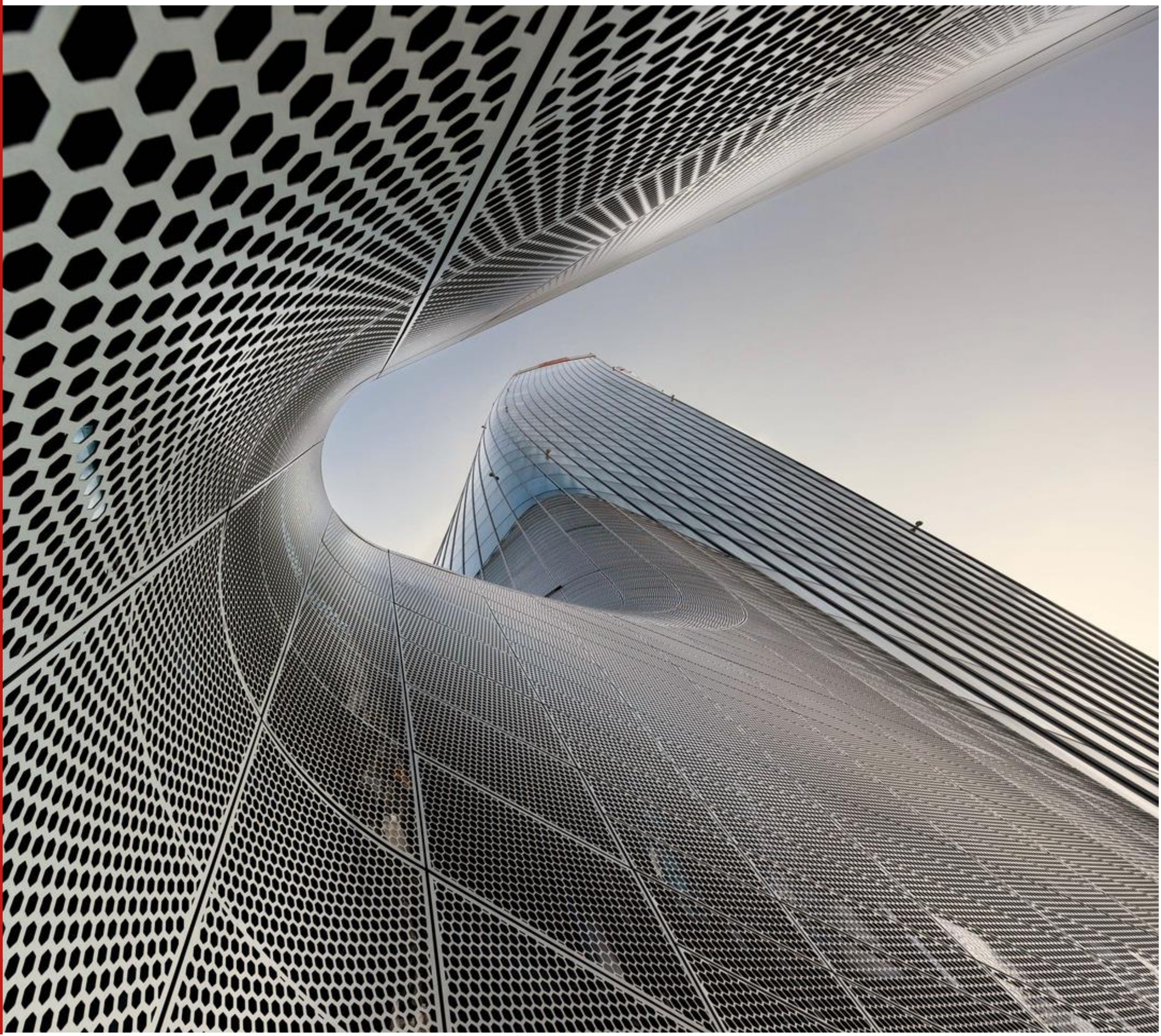
GENERALI

Generali Hellas Insurance Company SA

Financial Statements

In accordance to the International Financial Reporting Standards
for the fiscal year concluded December 31st, 2019

www.generali.gr



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Board of Directors' Report
2019

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Board of Directors

31/12/2019

Chairman
Riccardo Candoni

CEO and General Manager
Panagiotis Dimitriou

Members
Konstantinos Venetis

Secretary of the Board of Directors
Maria Skouteropoulou

Internal Auditor
Georgios Theodorakopoulos

Message from the CEO

Panagiotis Dimitriou

In 2019, Generali set forth new and ambitious goals, focusing its efforts on the implementation of a three-year strategic plan, **"Generali 2021: Leveraging strengths for faster growth".**

The main pillars of this strategy focus on:
- Profitable Growth
- Effective Capital Management & Financial Optimization
- Innovation & Digital Transformation

We belong to a global insurance organization that is taking decisive steps towards consolidating its presence in the Asian and Latin American markets and effectively regrouping its forces in Europe, with an aim of becoming the first choice for its Clients & Distributors.

As members of this global network, we were able to decisively contribute towards this objective in 2019, achieving significant technical and operational results, both in quantitative and qualitative terms.

Specifically, gross written premiums of Generali Hellas for the 2019 fiscal year reached **218 million euros**., marking an increase of **4,7 %** compared to 2018, with a market share of **5.3%.** Furthermore, we recorded a higher Net Result of **€7,80 million**. Despite the volatility of the P&C sector, we have once again demonstrated our credibility in the market, maintaining stable levels compared to 2018, at **€113,9 million** for Non-Life. In the Life Sector, with a steady investment in new services and digital tools, we have managed to increase our production by **11.7%.** Finally, despite the negative macroeconomic environment characterized by low interest rates worldwide, our Solvency II ratio remains high at **156,9**.

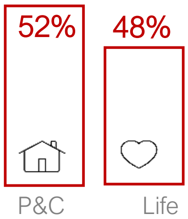
The positive results achieved, combined with the fulfillment of all the objectives set for 2019, allow us to play a leading role in the market we operate in. In an environment where volatility is the new norm, now more than ever before, insurance will become a necessity. In this challenging environment, we aspire to play an active and leading role, offering not only insurance solutions, but rather an extended ecosystem of services, that shall accompany our insured in all aspects of their lives.

The positive economic results, outlined in the present report and the dynamic start of our 2019-21 three-year course, gives the necessary drive to to achieve sll that we envision and to take on the new challenges that are emerging in 2020, due to the global pandemic.

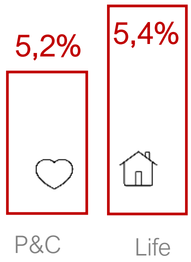
Overall Performance

Gross Written Premiums

€217,8
million
+4,7%



5,3%
Market Share



Result after taxes	Result before Taxes	Solvency II Ratio
€7,8 million +6,0 mln	€11,0 million +6,8 mln	156,9% +16,3 pps.

Asset under Management	Own Funds	General Expenses
€481 million +14,6%	€94,0 million +36,2%	€21,7 million +5,6%

The Company's total GWP's for the 2019 fiscal year stood at € 217,8 mln. marking an increase of 4,7% compared to 2018. For yet another year, the Company has been able to exceed its productive goals, maintaining a consistently high market share of 5,3% for 2019.

Assessing our portfolio mix, the P&C sector continues to be a significant pillar of the company's operations, comprising 52% of our production, while at the same time, the Life sector also showed remarkable growth during the year, reaching 48%.

Regarding the Company's profitability, results after taxes closed positively at €7,8 mln., significantly increased compared to 2018. As for Own Funds, the positive impact of the valuation of available for sales assets led to a significant increase of 36,2% reaching €94,0 mln. Finally, once again in 2019, Solvency II Ratio also increased significantly by 16,3 pps, while Total Assets under Management, reached €481 mln. increased by 14,6%.

Performance by Sector

P&C

In 2019, gross written premiums for P&C remained more or less steady, marking a slight decrease of 0,9% compared to 2018, reaching € 113,9 mln.

Result before taxes ranged at € 12,8 mln., marking a significant increase of 10,5mln., as a result of the exceptional performance of the sector affecting also Net Combined Ratio, which decreased by 9,7 pps, reaching 85,6%.

Gross Written Premiums	Result before Taxes	NCR
€113,9 million	€12,8 million	85,6%
(-0,9%)	(+10,5 mln)	(-9,7 units)

Life

The solidification and continual growth of the Company's position in the Life sector with innovative products, secured gross written premiums of €103,8 mln. in 2019, increased significantly by 11,7%.

Result before taxes was at €-1,9 mln, recording a decrease of 3,7 mln. compared with the previous year, mainly due to the increase in insurance reserve as a result of low discount rates. Also, New Business Value closed at € 3,3 mln. decreased by 25,4%.

Gross Written Premiums	Result before Taxes	NBV
€103,8 million	€-1,9 million	€3,3 million
(+11,7%)	(-3,7 mln)	(-25,4%)

Opportunities & Challenges in the Insurance Market

During 2019, Greece showed signs of improvements amist the overall slowdown in global growth recorded in recent years. An indication of positive growth rates are reflected in the performance of greek bonds, which have rallied, with their yields falling to their lowest level. In addition, a Fitch Rating which has upgraded the credit rating of the Greek economy, to B (from a previous rating of B-), signals renewed confidence in Greece's long-term debt sustainability. GDP growth is expected to range close to 2.3% in 2019-2020, higher than the eurozone average, according to the estimations of Bank of Greece. Furthermore, the change in interest rates resulted in a respective change in mathematical reserves. Also, a significant impact is expected as a result of the Covid-19 Coronavirus outbreak, which made its appearance on the global scene at the beginning of 2020. Initially materializing in China, it developed into a global pandemic, whose consequnences are expected to have a significant impact globally.

Generali's asset allocation strategy is mostly guided by the company's profitability and solvency objectives. The continued low interest rates, in a global context of continuing uncertainty render as imparative a strict, rigorous and careful administration of assets, in a manner that is consistent with with the liabilities of the company. The company's exposure to market risks, which arise from the value fluctuations of investments and the credit risks linked to the non-fulfilment of its counterparties' responsibilities and the expansion of credit spread, is effectively managed by strict adherence to the principles of sound and prudent management, in line with the Investment Governance Policy. Finally, the measurement of financial and credit risks is conducted using the Group's Internal Model, which offers a better respresentation of the company's risk profile.

Technological Evolution

We are facing an era characterized by profound and constant change, caused by the interaction and the cumulative effects of various developments in technology: cloud services, Robotic Process Automation (RPA), artificial Intelligence and the development of mobile networks. These are all significant factors that contribute to an evolving environment to which one must adapt, in order to ensure optimize efficiencies, effective operations and continued proximity with our customers and our intermediaries. Progressive digitalization as well as the growing appetite for personalized products allow insurance companies to transform their way of doing business and to offer advanced services, which extend beyond the offering of just an insurance product.

Generali Hellas, in tune and aligned with new technological developments, is currently in the process of optimizing its existing systems, introducing new processes, emriching its data analysis and encorporating robotic automation processes in its everday operations, in order to meet the evolving needs of its customers. By investing in innovative solutions, such as the introduction of telematics services in the automotive sector and advancing new strategic alliances in the life sector, it aims to decisively improve its operations, so as to ensure the best service to its customers and its network of partners.

In addition, the company has fully implemented the General Data Protection Regulation (GDPR), defining the framework for the protection of electronic communications and the circulation of personal data. By implementing innovative security solutions and improving response processes, the company continues to enhance its ability to prevent, detect and respond to potential risks.

Environmental Changes & Social Challenges

Gross Written Premiums Green Products

€14,2 million

Intense changes in the weather are becoming a frequent phenomenon in our country as a result of climate changes, resulting in irreversible economic and social consequences. The insurance sector is being impacted ever more frequently, incurring an increased number of claims concerning coverages tied to extreme weather phenomena, directly influenced by climate change. Generali Hellas has recognized climate change as a major risk and is taking appropriate action. More specifically, it has adopted a process of continuous monitoring of this particular risk, utilizing the appropriate actuarial models, which allow for a more accurate estimation of the possibility of natural disaster, in order to optimize the risk underwriting process. In addition, it has entered into the appropriate reinsurance agreements in order to protect against natural catastrophe.

Furthermore, the company has adopted a modern model of sustainable growth (page 18 – A Continuous Commitment to Sustainability), whereby it refrains from underwriting any additional risks associated with the production of electriic energy via carbon, while simultaneously making efforts to reduce its respective premiums in this area from existing partnerships. At the same time, it has made significant changes in its operation, by adopting enviromentally friendly processes (paperless), in an effort to improve and simplify its internal processes.

Gross Written Premiums Social Products

€6,6 million

At the same time, on a social level, we are witnessing evolving social phenomena, such as the population's polarization driven by the increase of life expectancy limits, while immigration is also a decisive factor, shaping new social and economic realities in the country. All of the above have a significant impact on the country;s long-term prosperity, given the heterogeneity of the population, while at the same time making acutely apparent the shortcomings in the state, in terms of its capacity to provide quality hospital and pension services.

Finally, the Company, fully cognizant of its role as a corporate citizen and guided by the very nature of its business activities, has proceeded with the creation of products that meet the needs of the current social and economic environment, thus providing accessible solutions and upgraded services, in addition, with public helath and pension insurance.

New Consumer Needs

In an austere economic environment, consumers tend to place more emphasis on the quality of services, having a more independent approach when choosing these services, given the wide variety of products available and the autonomy of consumer research options, provided by the digitization of the sales process. However, the role of the insurance intermediaries continues to be important and catalytic one in driving the consumer's final decision, given the experience and knowledge they provide, offering customers the respective guideance and presenting the services and products that better suit client needs, thus differentiated them from mass distributing services.

With a goal of becoming a LifeTime Partner for its customers and distributors, Generali Hellas has focused its relationship with each customer separatly, creating products specifically tailored to their needs, having established a powerfull network of partners capable of being always at their side, offering personalized solutions, designed to meet their individual needs.

Our Strategy, Generali 2021

The Pillars of our Strategy

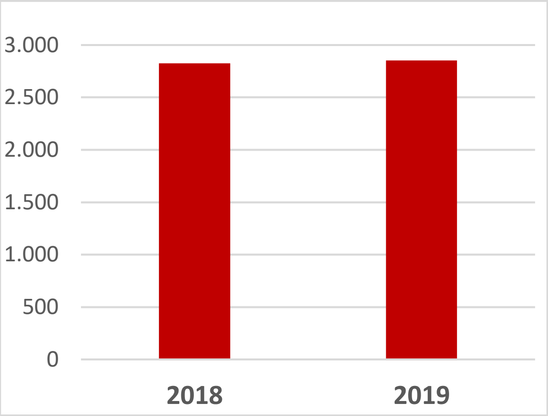
The Company's aim is to lead the Greek Insurance Market, and to become the first choice for individuals, professionals and SMEs. By offering innovative, personalized solutions, it has established a long-term relationship with its distribution network, aspiring to be a Life-time Partners now and in the future.

The "Generali 2021" strategy is based on 3 basic pillars: Profitable Growth, Capital Management & Financial Optimization and Innovation & Digital Transformation.

- The first pillar is "Profitability Growth": Growth is achieved by strengthening the company's position in the Greek insurance market and consistently achieving higher, positive results. Further analysis of the company's financial results, is presented in the statements of Profit and Loss and the Financial Position (pages 31-32).
- Regarding the second pillar – "Capital Management & Financial Optimization", this is carried out through the improvement of Solvency II ratio and the more efficient management of the Company's capital and cash. Further analysis of the company's capital management is presented in the Solvency and Financial Condition Report published on the website of Generali.
- The third pillar is "Innovation & Digital Transformation", which is achieved through the transformation of Company's operational method, replacing time-consuming preocesses with end-to-end digital solutions and utilizing technology for the benefit of customers and partners. By creating digital tools and having multichannel presence, the company is always available and accesible, while at the same time contributing to the achievement of the ambition to be a Life-time Partner for all those who place their trust in us.

Our Key Enablers

A. Our Intermediaries



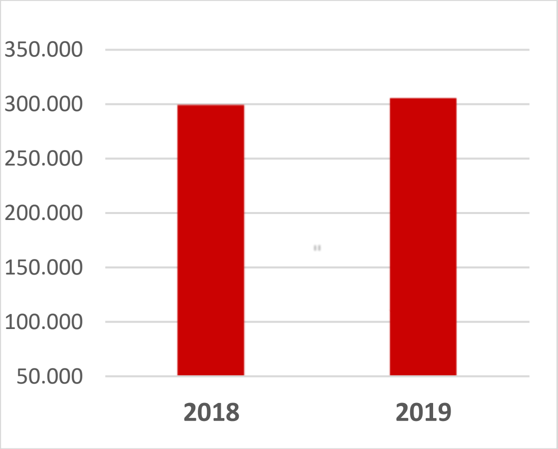
For another year, our Distribution Networks have played an important role in increasing our business and our market share.

We continue to support and place our trust in our network of intermediaries, successfully achieving for yet another year our company's goals. We consider the role of our intermediaries decisive for the future and continued development of the company and we aspire to keep them with us, at every step.

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

Our Distribution Network comprises an integral part of our strategy and as such, we have identified 4 Hallmarks which have been defined as the parameters on which this relationship shall operate and evolve.

B. Our Customers

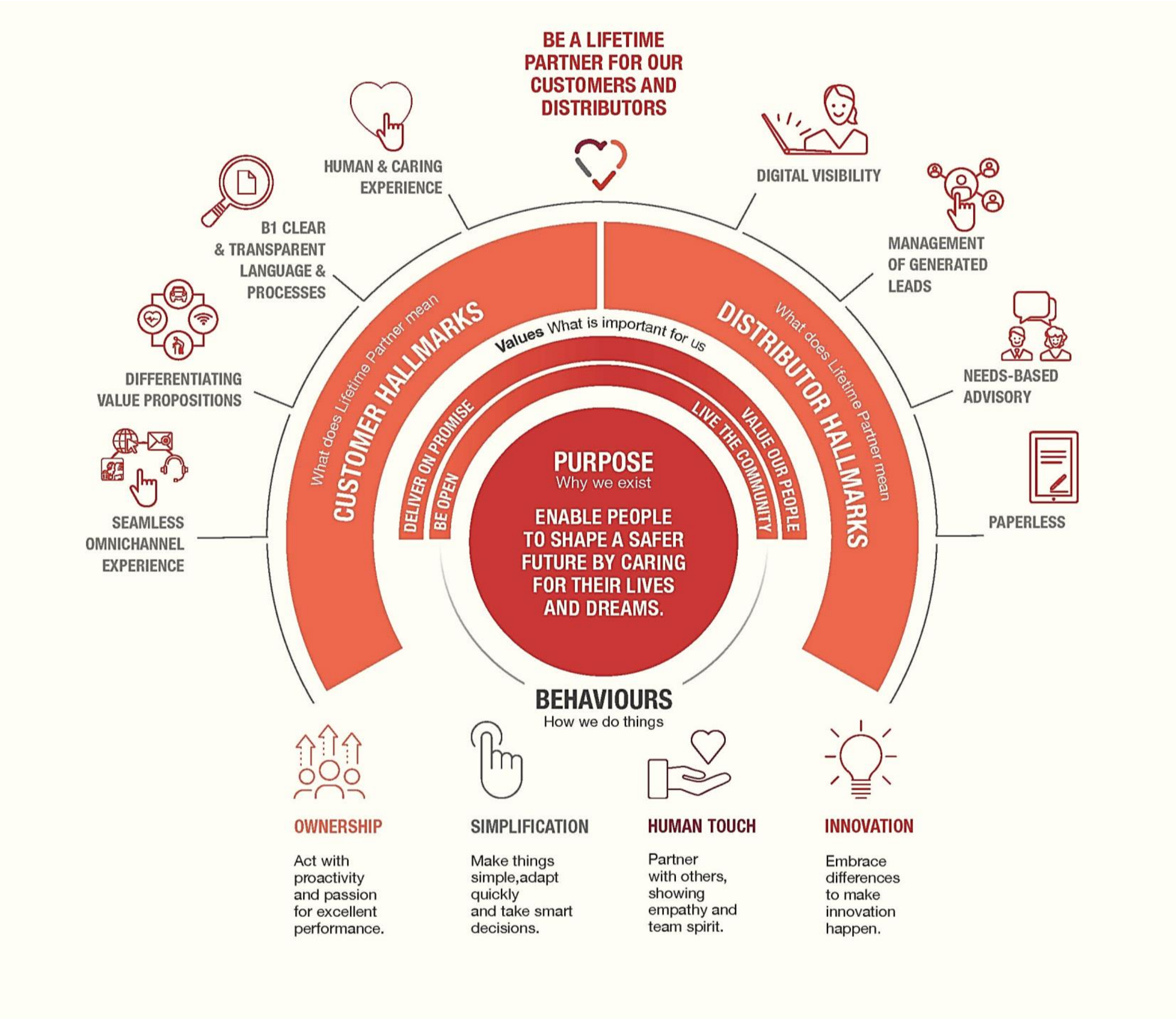


Focusing on our relationship with the customer, we continue to create innovative and personalized products and services that will fully serve their needs.

With a mixed portfolio of Individual Life, P&C, and Group Life business we offer a comprehensive range of services, for all those who are looking for solutions that will safeguard their quality of life and their loved ones, now and in the future.

With a vision of becoming a Life-time Partner to our clients, we commit ourselves to being by their side, and this transforms us from an insurance provider to a provider of integrated solutions and services that can create value in human life, health, home and work of each consumer.

In line with our Intermediaries, we have also defined 4 Hallmarks for our customers, which shall guide us in the further strengthening and development of our relationship with them.



In order for the company to achieve its strategy, there are 3 key enablers, which comprise the foundation of our strategy. These are analyzed below.

Our Foundations

A. Our People

The Human Resources strategy of the Company "GPeople 2021" has at its core, the creation of a life-time relationship with our people. Our people are the compass and the driving force behind all our efforts, and essential in securing our business goals and priorities.

Generali chooses to invest in the human factor as its comparative advantage in a constantly changing industry. With a high sense of responsibility, we identify the needs of our partners and our customers and transform them into high quality services and products.

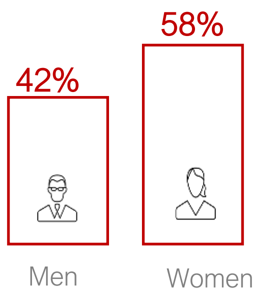
Towards this goal, the company's employees play a active and central role. Within this framework, company initiatives cover a wide range of Generali employee experiences:

Number of Employees
262 people

Average Duration of Service
11 years

Average Age of Employees
42 years

- Creating and promoting a culture of innovation, customer-centricity and inclusion,
- Creating opportunities for the development of key competencies, required for efficient operation in an increasingly digital environment.
- Leverage excellence and the creation of sustainable value,
- Enhance the agility of the business model without compromising on quality, with empathy and with an ultimate goal of increasing efficiency.



Focusing on the 4 behaviours (Human Touch, Innovation, Simplification, Ownership) that are intrinsically connected with the goals of Generali 2021 Strategy, the Company undertakes various initiatives aimed at promoting the professional as well as the personal development of our people, readiness, simplificatin of procedures and efficiency.

Average Training Hours
21,5
Hours per employee

Number of Trained Employees
231
people

Training Expenses
€82,9
thousand

B. Strong Brand

Our goal is to provide our customers with additional advice, gidance and information, beyond one's insurance policy coverages so as to enable our our customers to live a safer, healthier and better life by expanding the activity to include the notion of "prevention:, thus demonstrating the core values that Company promotes and embraces; namely, the values of simplicity and innovation combined with empathy and care.

The creation of a strong brand is achieved by highlighting the values it represents and the philosophy on which it develops its operations. In addition, a brand is evaluated by how well it recognizes and satisfies customer needs, creatinfg and offering personalized products and services. Data and technology are important tools for adapting Generali's products and services, affecting the index of Net Promoter Score (NPS) that represent the customer's satisfaction, based on one's overall experience with the company. During the fiscal 2019 year, this index was calculated at 40,5 (+4,2 compared to 2018), concluding that customers consider, prefer and recommend Generali, thus verifying the significant presence of the Company in the Greek Insurance Market.

C. A Continuous Commitment to Sustainability

Our commitment to sustainability is the third fundamental pillar of "Generali 2021" strategy, and refers to the creation of long-term value for our stakeholders and which includes compliance with the principles of business and social sustainability. Based on the above, the company increased its production in Green products by 3.2% compared to 2018, at € 4.7mln.

Moreover,the Company was able to maintain its high production in social products which amounted to € 6.5mln. Additionally, the company refrained from undertaking any additional risk associated with coal production while reducing existing production in this sector to € 36 thousand for the year 2019.

Our Vision for the Future

Our Vision

"Our purpose is to enable people to shape a safer future by caring for their lives and dreams".

The vision of enabling people to shape a safer future by caring for their lives and dreams, is the essence of the Company's existence. Generali's ability to offer personalized solutions will allow people to make decisions that will enable them to shape a safer future for themselves, their families and their business.

Our Mission

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

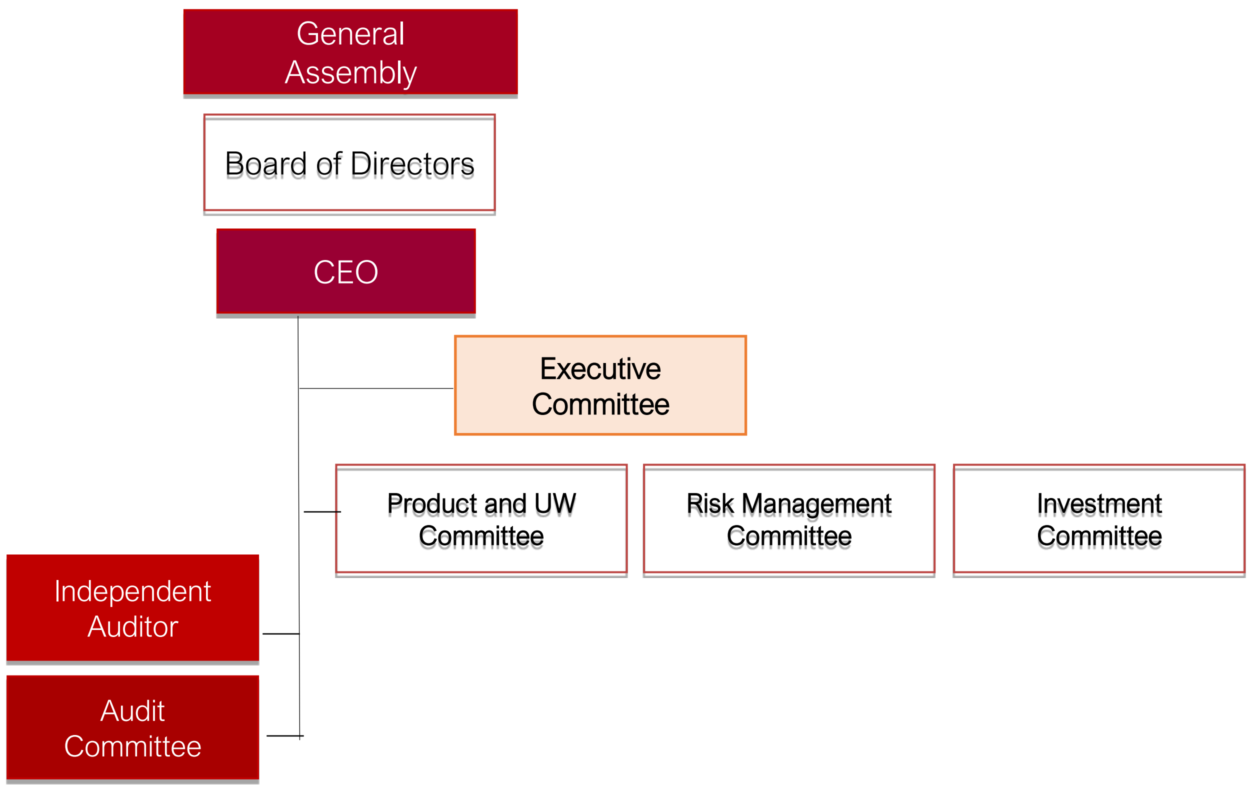
- First Choice – The logical and natural choice of the market, based on clear advantages and benefits.
- Delivering - We ensure achievement striving for the highest performance.
- Relevant - Anticipating or fulfilling a real life need or opportunity, tailored to local and personal needs and habits, perceived as valuable.
- Accessible – Above all simple, accessible, easy to understand and to use; always available for our clients, offering competitive, value for money solutions.
- Insurance Solutions - We aim at offering and tailoring a bright combination of protection, advice and service.

Corporate Governance Framework

The corporate governance framework of Generali Hellas aims in the long run to create sustainable added value. In pursuing and achieving this goal, the Company is committed to achieving its excellent organization, ensuring stability, reliability, transparency and professionalism in all its functions. Together with an effective business strategy, the above elements are the value system on which Generali relies for the achievement of its goals and the satisfaction of the expectations of its customers, associates and shareholders.

The corporate governance system is based on a modern and efficient governance and control model, which includes the General Assembly of Shareholders, the Board of Directors, the Management Committee and specialized committees in which decisions are taken on important operational issues of the company within the applicable regulatory framework.

The audit of the Financial Statements is carried out by an independent auditor.



Representatives

Board of Directors
- Riccardo Candoni
- Panagiotis Dimitriou
- Konstantinos Venetis
- Maria Skouteropoulou (Secretary)

Executive Committee
- Panagiotis Dimitriou
- Panagiotis Vasilopoulos
- Ilias Rigas
- Georgios Zervoudakis

Audit Committee
- Konstantinos Venetis
- Ricardo Candoni
- Georgios Soulis
- Georgios Theodorakopoulos (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

134 years of Operation 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 – an SA company for P&C business is established, named Generali Hellas.

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 license with the brand name Generali Hellas Insurance Company SA..

2015 – The Company's "Smart & Simple" digital transformation starts, focused on generating innovation and investing in technology to create smart, simple and more customer-friendly insurance solutions and processes.

2018 – The Company enters the Insurtech sector, introducing a pioneer telematics service in the motor business and proceeds to strategic alliances with insurtech startups in life sector.

Generali Hellas SA is 99,99% subsidiary of Assicurazioni Generali – Trieste, and has no participation in other companies in Greece.

With a 134 years presence in the Greek Greek Insurance Market, Generali Hellas holds a 6th place ranking with a market share of 5.3%. The Company’s commitment is to provide the insured with simple and smart solutions, focusing on their personal needs.

Generali Hellas is part of the Generali Group, the independent, Italian insurance leader. With 71,936 employees in the world and 61 million customers, the Group is a major player in Western Europe and has an increasingly significant presence in Central and Eastern Europe as well as in Asia.

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 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, and Internal Audit Function.

Insurance Risk

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

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

Credit Risk

Credit risk is reflected by the inability of a premium or reinsurer to make the required contractual obligations. In particular, insured persons / partners may be unable to pay premiums, and reinsurers may not be able to cover their proportion of 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 certain criteria and have a high level of creditworthiness.

Liquidity Risk

The Company manages the liquidity risk with a specific policy. The main pillar is the monitoring of 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 portfolio duration in conjunction with developments in money markets, minimizing interest rate guarantees and where these are close to market interest rates while preparing and monitoring relevant sensitivity analysis.

Athens, 16 April 2020

President of the Board of Directors

Riccardo Candoni
Passport No. YA7008417

Independent Auditor's Report

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Generali Hellas SA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Generali Hellas SA (the Company), which comprise the statement of financial position as of December 31, 2019, income statement and statement of other comprehensive income, the statement of changes in equity and cash flows 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 Generali Hellas SA, as at December 31, 2019 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 Ethics for Professional Accountants (IESBA Code), as incorporated in 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters 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 matters.

For each matter below, our description of how our audit addressed the matter 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 in relation to these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessment of life insurance contract liabilities As of 31 December 2019, the company has recognized liabilities of insurance contracts amounting €139k. For the valuation of the mathematical reserves of the life insurance liabilities, the management of the company has used assumptions about expected mortality, voluntary termination of contracts, returns on investments supporting the insurance liabilities and the rate of increase in management costs. Considering the importance of the account of insurance contracts and 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. 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.
Assessment of provisions for Outstanding Claims Reserves for Non-Life Contracts As of 31/12/2019, the Company has recognized provisions for outstanding claims reserves amounting to €172k. For the assessment of the provisions for outstanding claims reserves for non-life insurance claims, the management of the Company has used significant judgment, estimations and assumptions (claims evolution though the time, future events), 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 (e.g triangular analysis).	**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. • We evaluated the estimations and assumptions made by the management for the calculation of the related provision, by comparing the payments made after 31 December 2019 related to provisions created in 2019 with the

We consider this risk to be a most significant risk of material misstatements because the amount of provisions for outstanding claims for non-life insurance claims is significant and their calculation presupposes the use of important assumptions and estimates. 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.	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.
Implementation of the new accounting system The company is highly automated on the IT information infrastructure and on the reliability and continuity of the operations and the financial reporting. On 01/01/2018, the Company implemented the new accounting system in order to increase the reliability and continuity of the IT processing. As the full implementation of the new system performed in current year, it was estimated as high risk audit area and as the most significant risk matter.	**Among other things, we have completed the following procedures:** • We have assessed the framework of the governance over the IT organization in cooperation with IT experts. • We have assessed the access and manage rights of the users in the system in cooperation with IT experts • We increased the audit samples in the audit areas affected by the implementation of the new accounting system. • We assessed the reconciliations of the automated entries from the core systems to the new system

Other information

Management is responsible for the other information in the Annual Report. The other information, includes 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 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, matters 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 (Law 44 v.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 scepticism 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 matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended December 31, 2019.

b) Based on the knowledge and understanding concerning Generali Hellas SA and its environment, obtained 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 EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company during the year ended December 31, 2019, 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 14 years.

Athens, 28/04/2020

The Certified Auditor Accountant

Kostas Stathopoulos

(SOEL R.N 42201)

Ernst & Young (Hellas) Certified Auditors Accountants S.A.

8B Chimarras St., Maroussi

151 25, Greece

Company SOEL R.N. 107

INCOME STATEMENT

(Amounts in '000 €)	Note	2019	2018
Gross earned premiums		193.507	185.339
Minus: Premiums ceded to reinsurers		(29.654)	(27.538)
Net earned premiums	6	**163.853**	**157.801**
Investment income	8	6.638	7.392
Fees and commission income	7	3.988	3.159
Net realized gains (losses)	9	14.570	68
Net income from financial instruments at fair value through profit or loss	10	1.772	(723)
Other operating income		441	99
Other income		**27.409**	**9.996**
Total income		**191.262**	**167.797**
Claims and insurance benefits paid		(106.873)	(92.234)
Claims ceded to reinsurers		15.588	8.937
Change in outstanding claims reserve		(392)	(10.105)
Net claims and insurance benefits	11	**(91.677)**	**(93.402)**
Change in mathematical provisions	12	**(20.228)**	**(4.025)**
Commission and other acquisition costs	5	(43.983)	(42.375)
Other operating and administrative expenses	14	(23.895)	(23.303)
Finance costs	13	(514)	(502)
Other expenses		**(68.392)**	**(66.180)**
Total expenses		**(180.297)**	**(163.606)**
Earnigs before taxes		**10.965**	**4.191**
Income taxes	16	**(3.142)**	**(2.385)**
Earnigs after taxes		**7.823**	**1.806**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(Amounts in '000 €)	Note	2019	2018
Other comprehensive income			
Net unrealized gains on available-for-sale assets		23.603	(6.581)
Effects of Changes in shadow Reserves		(1.232)	566
Actuarial gain /(losses) on defined benefit plan		(174)	(22)
Other changes		358	387
Income tax relating to components of other comprehensive income	17	(5.395)	1.974
Other comprehensive income		**17.160**	**(3.677)**
Total comprehensive income		**24.983**	**(1.871)**

The notes on pages 36 to 103 are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

(Amounts in '000 €)	Note	31.12.2019	31.12.2018
ASSETS			
Intangible assets	18	476	473
Property, plant and equipment	20	6.177	6.433
Investment property	21	279	282
Right of use asset	2.2.14	125	0
Financial assets	22	472.285	396.927
Held to maturity financial assets		0	6.386
Loans and receivables		2.531	2.705
Available-for-sale financial assets		443.418	364.123
Financial assets at fair value through profit or loss		26.336	23.712
Receivables arising out of insurance operations	23	23.932	22.526
Receivables arising out of reinsurance operations	24	40.291	78.571
Deferred tax assets	25	227	6.057
Income tax receivables		0	1.151
Deferred acquisition costs and other related expenses	19	16.882	16.925
Other receivables	27	15.717	13.713
Cash and cash equivalents	26	8.709	22.809
Total assets		585.100	565.867
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	22.580	4.397
Other reserves	29	11.873	11.487
Retained earnings		27.739	21.324
Total equity		94.048	69.065
LIABILITIES			
Insurance contract liabilities	30	355.810	331.137
Investment contract liabilities	31	104.157	87.146
Payables arising out of insurance operations	33	5.675	6.854
Payables arising out of reinsurance operations	33	8.768	51.684
Payable from leases	2.2.14	127	0
Pension benefit obligation	32	2.005	1.739
Income tax payables	25	1.684	0
Other payables	34	12.825	18.241
Total liabilities		491.052	496.802
Total equity and liabilities		585.100	565.867

The notes on pages 36 to 103 are an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

(Amounts in '000 €)	Notes	Share capital	Share premium	Reserve for unrealized gains or losses on available for sale financial assets	Other reserves	Retained earnings	Total equity
Amounts at 01/01/ 2018		22.776	9.080	9.009	10.204	19.867	70.936
Earnings after taxes		0	0	0	0	1.806	1.806
Other comprehensive income/(loss)		0	0	(4.612)	935	0	(3.677)
Total comprehensive income/(loss)		0	0	(4.612)	935	1.806	(1.871)
Increase in statutory reserve		0	0	0	751	(751)	0
Other		0	0	0	(402)	402	0
Amounts at 31/12/ 2018		22.776	9.080	4.397	11.487	21.324	69.065
Earnings after taxes		0	0	0	0	7.823	7.823
Other comprehensive income/(loss)		0	0	18.183	(1.023)	0	17.160
Total comprehensive income/(loss)		0	0	18.183	(1.023)	7.823	24.983
Increase in statutory reserve	29	0	0	0	1.770	(1.770)	0
Other	29	0	0	0	(361)	361	0
Amounts at 31/12/2019		22.776	9.080	22.580	11.873	27.739	94.048

The notes on pages 36 to 103 are an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

DIRECT METHOD

(Amounts in '000 €)	2019	2018
Operating activities		
Collected gross written premiums and policy fees	243.150	234.871
Reinsurance premiums payments	(30.859)	(33.964)
Insurance claim payments	(116.070)	(101.889)
Proceeds from reinsurers on losses	15.588	8.937
Commission payments and related expenses	(45.118)	(45.252)
Collected reinsurance commissions	3.371	2.761
Proceeds / Payments of taxes and charges on insurance policies and of compulsory contributions	(26.971)	(24.648)
Other expenses / income and other items paid /collected	(27.986)	(19.495)
Collected dividends, interest and rents from assets backing insurance liabilities	8.671	6.157
Net payments for acquisition of assets backing insurance liabilities	(166.306)	(266.899)
Net collections from disposal of assets backing insurance liabilities	129.259	252.217
Income tax paid	0	(1.801)
Net cash flows used in operating activities	**(13.269)**	**10.998**
Investing activities		
Payments for acquisition of tangible and intangible assets	(661)	(525)
Proceeds from sales on tangible and intangible assets	0	0
Payments for acquisition of subsidiaries and associated companies	0	0
Other proceeds/payments	0	0
Net cash flows used in investing activities	**(661)**	**(525)**
Financing activities		
Proceeds/ payments from increase/decrease on share capital	0	0
Proceeds from loans	0	0
Payments for loans and interest	0	0
Payments for leasing	(170)	0
Dividends payment	0	0
Proceeds / Payments from own share sales (acquisition)	0	0
Net cash flows used in financing activities	**(170)**	**0**
Net (decrease)/increase in cash and cash equivalents	**(14.100)**	**10.473**
Cash and cash equivalents at 1st of January	22.809	12.336
Cash and cash equivalents at 31st of December	**8.709**	**22.809**

The notes on pages 36 to 103 are an integral part of these Financial Statements.

Athens 16th of April 2020

Chairman of BoD	Managing Director	C.F.O	Actuarial Manager	Accounting Supervisor
Riccardo Candoni	Dimitriou Panagiotis	Rigas Ilias	Dimitriou Stylianos-Antonios	Nanos Konstantinos
Passport No. YA7008417	Identification No. AE 009165	Economic Chamber no.0098693 / Ά Level	Identification No. AI 65239	Economic Chamber no.002352 / Ά Level

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 Law 4548/2018 "for Societe Anonyme companies", Law Decree. 400/1970 "Regarding Private Insurance Undertakings", L.4364/2016 (FEK. 13.A/5-2-2016) for Solvency II and the decisions of the Ministry of Development as they have developed to date. The company is a subsidiary of Assicurazioni Generali SpA and its financial statements are consolidated line by line in the Group's financial statements. Assicurazioni Generali SpA holds 99.99% of the Company's Share Capital. 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
Generali Participations Netherlands NV (GPN)	0,01
Total share capital	**100**

The Company was established in 1991 and is already operating for 29 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, 2019 amounts to 262 (31.12.2018 : 255).

The financial statements of the company for the year ended as at 31 December 2019 were approved by the Board of Directors as at 16th of April 2020 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 after December 31, 2019. 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 available for sale financial assets, financial assets at fair value through profit or loss (including financial assets where the risk is borne by the policy holders) and the "going concern" principle.

In response to the Covid-19 crisis and health-care emergency, the Company has taken measures and initiatives to address the uncertainty and volatility caused. Particularly:

- Weekly Business Monitoring meetings and a daily Management Committee meeting has been set up to manage possible issues and decide on the most thorough and necessary mitigation actions

- Provide access to customers for all main information of their policies and complete all main needs like payments / claims / renewals from the company's portal
- Provide a fully functional portal to its distribution network that offers the vast majority of the product line and processes
- Smart working has applied for all employees, as 97% of people had already teleworking equipment and was working remotely, having the ability to access to all applications and database
- All international and national travel has been canceled except in exceptional essential cases after the HR approval.

In conclusion, Generali Management has activated mechanisms for monitoring both market and business conditions and events being ready to effectively implement all those mitigation actions needed ensuring the continuity of Company's operations.

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 applicable provisions 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 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 Company are presented in thousands of Euro (€), which is the functional currency of the company.

Transactions And Balances

Transactions in foreign currencies are converted into functional currency based on the exchange rate that apply on 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 ,Plant 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 amortized 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 recognized 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. Financial assets classified as financial assets held for trading if they are intended to be sold or repurchased in the near future. 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 recognizing 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 amortized cost, using the EIR, less allowance for impairment. Amortized 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 recognized in the income statement when the investments are derecognized 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 amortized cost, using the EIR, less impairment. Amortized 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 'investment income' in the income statement. Losses are recognized in the income statement when the investments are derecognized 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 derecognized (ie to withdraw from the statement of financial position) when: the company has not the contractual rights on the cash flows of the financial asset.

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 recognized 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 reorganization 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 amortized cost

Impairment Evaluation

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, recognized 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 investments 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 recognized in the income statement. Impairment losses are not reversed through the income statement; increases in their fair value after impairment are recognized 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 amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized 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 recognized 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 recognized 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 recognized in the income 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.

Derecognition

A financial liability is derecognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, or to realize 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 recognized 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized directly in equity or other comprehensive income is recognized 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 recognized 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 recognized 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 utilized 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 recognized 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 utilized

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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 rate used 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.

Shadow Accounting

In the statement of Financial Position is recognized an additional insurance liability due to shadow accounting. This liability refers to the traditional insurance contracts with DPF and it corresponds to unrealized gains/losses of that portfolio of financial assets that is connected with those insurance liabilities. The aim is unrealized gains/losses to be included into the insurance liabilities like they have been realized.

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:
  - Current estimates of future cash flows of the insurance policies for the adequacy test life insurance.
  - 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 recognized 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 recognized 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 derecognized 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 recognized 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 recognized 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 amortized over the expected life of the contracts as a constant percentage of expected premiums. DAC for general insurance and health products are amortized over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortized 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 recognized in the income statement. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognized 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 recognized in the income statement immediately at the date of purchase and are not amortized.

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 recognized 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 derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.2.14 Leasing

The company implemented the new standard about leases IFRS 16 at January 1st 2019 in place of IAS 17 and IFRIC 4.

According to the new accounting handling of the leases, the lessee is required in the beginning of the lease, to recognize a right of use asset and a lease liability for all leases. Exceptions are short term leases (defined as leases with lease duration 12 months or less and without redemption right) and leases of low-value assets. Payments for short – term leases and leases of low-value assets are recognized in income statement as an expense on a straight – line basis over the lease term.

On the contrary, no significant changes have been occurred regarding the accounting handling of the leases from the part of the lessor. Lessors will continue to classify the leases to operational or financial, using principles similar to those in IAS 17.

The new standard implemented using the modified retrospective approach without restating the comparative information, while the cumulative effect of the above adjustments was recognized in the open balance of retained earnings at the initial implementation date.

In the first implementation of IFRS 16, the Company used the following practical expedients provided by the standard:

- Use of prior evaluations in applying IAS 17 and IFRIC 4 to determine whether a contract contains a lease or whether a contract is leased at the date of initial implementation.
- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Use of previous evaluations for the existence of onerous leases.
- Use of accounting for operating leases for leases of less than 12 months duration.
- Excluding initial direct expenses at the measurement of the asset with right of use at the date of first application
- Use of subsequent knowledge on the determination of the duration of the lease when the policy includes right of extension or termination of the policy.

In addition, the Company applied the practical expedient provided by the standard to lessees, so as not to separate the lease and non-lease components and handle every lease and related non-lease component as a unified lease component.

The Company as a Lessee

The Company assesses whether a policy is or contain a lease, in the beginning of the period and recognizes a right of use asset and the corresponding lease liability in the statement of financial position on the date the leased asset becomes available for use.

Each lease is divided between the lease liability and the interest presented in the Income Statement during the lease, so as to obtain a fixed interest rate on the balance of the financial liability in each period. With respect to the right of use of asset, it is depreciated at the shortest time period between the duration of the lease and the useful life of each underlying asset, using the straight line method.

The rights to use the assets are initially measured at cost, and subsequently decreased by the amount of accumulated depreciation and impairment and presented in the "Right of use assets" account.

Lease liability is initially measured at the present value of rentals that remain outstanding at the starting date of the leasing period, which are prepaid with the constructive interest rate of the lease or, if this interest rate cannot be determined by the policy, the Company uses the differential interest rate (IBR). The differential interest rate is the cost that the lessee would have to pay to borrow the capital needed to acquire an asset of similar value to the leased asset in a similar economic environment and under similar terms and conditions.

Following their initial measurement, lease liability is increased by their financial cost and decreased by the payment of rents.

The lease liabilities are presented in the "Payable from leases" account and include the net present value of:

- Fixed rentals (including the essentially fixed rentals)
- Floating rentals which depend on an index or an interest rate
- Residual value expected to be paid by the lessee
- The price for the purchase rights, if it is rather uncertain that the lessee will exercise this right
- Penalties for termination of a lease, if the lessor exercises this right

Exceptions to the above are short-term leases (defined as leases with a lease duration 12 months or less) and leases of low rate asset, for which the Company recognizes the rentals as operating expenses with the straight line method, for the entire leasing period.

The Company remeasures the lease liability (and makes the appropriate adjustments to the right of use assets) if:

- there is a change in the duration of the lease or if there is a change in the estimate of the purchase right, in this case he lease liability is remeasured by prepaying the revised leases based on the revised prepaid interest rate.
- there is a change in the rentals due to the change in the index or interest rate or amounts that are expected to be paid, due to the guarantee of the residual value. In these cases, the lease liability is measured by prepaying the revised rentals based on the initial discount rate.
- a lease is modified and the lease amendment is not handled as a separate lease, in which case the lease liability is remeasured by prepaying the revised rentals and using the revised discount rate.

The Company as a Lessor

Leases in which the Company is a lessor are classified as either finance or operating. When, according to the terms of the lease, all the risks and benefits are essentially transferred to the lessee, the lease is classified as financial. All other leases are classified as operating leases. The income from operating leases are recognized directly with the straight-line method during the applicable lease.

Impact of the implementation of IFRS 16

Implementation of IFRS 16 leases that were previously classified as operating resulted in the recognition of “Right of use asset” and “Payable from leases”.

	31.12.2018	IFRS 16 effect	01.01.2019
Assets			
Right of use asset	0	163	163
Total assets	**0**	**163**	**163**
Liabilities			
Payable from leases	0	(163)	(163)
Total Liabilities	**0**	**(163)**	**(163)**

These adjustments did not have any cumulative effect on the balance of retained earnings on the date of initial implementation. In addition, there was no effect on the leases on which the Company is a lessor.

The average borrowing differential interest rate for the determination of lease liabilities at 1st January 2019 was 3,44%, with the remaining lease term being approximately 4 years.

The amounts related to the Company's lease activities recognized in the income statement as at 31 December 2019 are as follows:

Income statement	31.12.2019
Depreciation of Assets with Right of Use	67
Interest expense	5
Expenses relating to short-term leases	102
Expenses related to leases of low value assets	1
Total	175

The amounts related to the Company's leasing activities and presented through the “Right of use Asset” and “Payable from leases” accounts in the Statement of Financial Position as of December 31, 2019, are as follows:

Right of use asset	
Acquisition value	
01.01.2019	163
Additions	29
31.12.2019	192
Accumulated depreciation	
01.01.2019	0
Depreciation	67
31.12.2019	67
Residual value	
31.12.2019	125

Payable from leases	
Acquisition value	
01.01.2019	163
Additions	29
Interest expenses	5
Lease payments	(70)
31.12.2019	127

Maturity analysis of lease liabilities:

Future Leases Payable Operating Leases (As Lessee):	31.12.2019	01.01.2019
Up to one year	7	60
After one year, but not more than five years	129	110
Over five years	0	0
Total future Leases Payable Operating Leases	135	170

Maturity analysis of lease receivables:

Future Leases Receivable Operating Leases (As Lessor):	31.12.2019	01.01.2019
Up to one year	8	7
After one year, but not more than five years	0	7
Over five years	0	0
Total future Leases Receivable Operating Leases (As Lessor):	8	13

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 recognized in equity, net of tax, as a reduction of proceeds.

2.2.16 Dividends

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

2.2.17 Provisions

Provisions are recognized 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 parties 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 recognized 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 recognized 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 recognized 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 Premium

Gross reinsurance premiums on life and investment contracts are recognized 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 recognized 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 recognized 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 recognized over those future periods.

Investment Income

Interest income is recognized 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 recognized as an adjustment to the effective interest rate of the instrument.

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

Realized Gains and Losses

Realized 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 amortized cost and are recorded on occurrence of the sale transaction.

2.2.21 New standards, interpretations and amendments

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 2019:

- IFRS 16: Leases
  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 have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. Management had made use of this amendment and the relevant disclosure is presented through the note 2.17.

- IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)
  The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. Management had made use of this amendment in financial statements.

- IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments
  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. Management had made use of this amendment in financial statements.

- The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle, which is a collection of amendments to IFRSs. Management had made use of this amendment in financial statements.

  - 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.

Standards issued but not yet effective and not early adopted

- IFRS 17: Insurance Contracts
  The standard is effective for annual periods beginning on or after 1 January 2023 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 9 Financial Instruments
  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 aims to meet the disclosure requirements for insurance entities that will adopt the postponed application of the standard at 1st of January of 2023, 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 9: Prepayment features with negative compensation (Amendment)
  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. Based on the fact that main activity of Generali Hellas is insurance services, as more than 90% of its liabilities relate to insurance activities, as defined in the aforementioned amendment, the conditions for postponing the start date of IFRS 9 are met. Therefore, Generali Hellas will implement IFRS 9 on January 1, 2023 together with IFRS 17.

- 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. Its 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.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of ‘material’ (Amendments)
  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should

be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)
  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. 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.

- Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)
  The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The Company's management is in the process of assessing the impact of the new standard on its financial statements.

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 and disclosures, the contingent asset and liability disclosure 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 amortized to the income statement over time. If the assumptions relating to future profitability of these policies are not realized, 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 the Actuaries' 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.

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 analyzed 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.

(b) 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.

(c) Tax income

Deferred tax assets are recognized 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.

(d) 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.

(e) 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.

(f) 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

31.12.2019	Gross insurance contract liabilities	Reinsured insurance contract liabilities	Net Liabilities
Life	139.405	(1.735)	137.670
31.12.2018	**Gross insurance contract liabilities**	**Reinsured insurance contract liabilities**	**Net Liabilities**
Life	114.561	(1.516)	113.044

Sensitivity analysis in key assumptions

31.12.2019	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
Discount rate	+0,5%	(8.501)	(8.502)	8.502	8.502
	-0,5%	9.392	9.394	(9.394)	(9.394)
Mortality rate	+10%	166	166	(166)	(166)
	-10%	(175)	(174)	174	174
Morbidity rate	+10%	0	0	0	0
	-10%	0	0	0	0
Lapse and surrenders rate	+10%	(776)	(777)	777	777
	-10%	4.340	4.341	(4.341)	(4.341)

31.12.2018	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
Discount rate	+0,5%	(6.070)	(5.651)	5.922	5.922
	-0,5%	7.199	6.744	(7.049)	(7.049)
Mortality rate	+10%	211	192	(211)	(211)
	-10%	(216)	(197)	216	216
Morbidity rate	+10%	2.448	1.280	(2.448)	(2.448)
	-10%	(2.448)	(1.280)	2.448	2.448
Lapse and surrenders rate	+10%	(631)	(61)	631	631
	-10%	3.226	2.576	(3.226)	(3.226)

(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 2018. 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 2005 the amount of the current estimate for reserves for outstanding claims is shown for reconciliation purposes. The inventory of outstanding losses shown in the tables below represents 98.8% of the Company's total outstanding inventory of losses, since only the losses for which an aptitude test has been performed are included in the tables.

(i) Description and Summary Table

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

	31.12.2019			31.12.2018		
	Gross Liabilities	Reinsurance Liabilities	Net Liabilities	Gross Liabilities	Reinsurance Liabilities	Net Liabilities
Motor	76.966	(846)	76.120	76.234	(888)	75.346
Other categories	139.439	(33.580)	105.859	140.342	(31.255)	109.088
TOTAL	**216.405**	**(34.426)**	**181.978**	**216.576**	**(32.142)**	**184.434**

iii) Claims development tables

Motor claim development

Year of Accident	Before 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Year of accident		6.929	16.898	10.298	9.126	8.380	8.052	11.394	15.667	16.145	21.308	20.875	18.206	19.389	
1 year later		7.609	18.654	10.757	9.444	9.179	9.028	13.095	16.742	17.279	23.009	22.334	19.319		
2 years later		7.495	19.292	10.820	8.872	9.367	9.524	13.484	16.283	17.122	23.889	23.093			
3 years later		7.293	19.264	10.478	8.656	9.403	9.692	13.596	16.167	17.144	24.556				
4 years later		7.333	18.863	10.596	8.069	9.174	9.728	13.389	16.225	16.715					
5 years later		6.938	17.793	10.435	8.169	9.098	9.586	13.236	15.574						
6 years later		6.429	17.561	8.900	8.156	7.902	7.894	10.929							
7 years later		6.475	16.924	8.870	6.806	7.307	7.920								
8 years later		6.536	15.250	8.479	6.799	7.696									
9 years later		6.455	15.235	8.470	6.813										
10 years later		6.411	15.247	8.503											
11 years later		6.413	15.319												
12 years later		6.496													
Current estimate of cumulative claims incurred		**6.496**	**15.319**	**8.503**	**6.813**	**7.696**	**7.920**	**10.929**	**15.574**	**16.715**	**24.556**	**23.093**	**19.319**	**19.389**	
Year of accident		(2.182)	(5.071)	(4.246)	(2.926)	(2.575)	(2.958)	(3.876)	(4.398)	(4.731)	(6.770)	(7.386)	(7.002)	(6.889)	
1 year later		(3.276)	(7.827)	(5.531)	(4.091)	(4.042)	(4.315)	(6.107)	(7.458)	(8.131)	(10.890)	(11.586)	(10.667)		
2 years later		(3.934)	(8.883)	(5.956)	(4.460)	(4.720)	(4.914)	(6.944)	(8.176)	(9.285)	(12.615)	(13.197)			
3 years later		(4.189)	(9.956)	(6.380)	(4.922)	(5.185)	(5.386)	(7.395)	(8.808)	(10.310)	(14.396)				
4 years later		(5.216)	(10.978)	(7.013)	(5.188)	(5.774)	(5.523)	(8.057)	(9.462)	(10.920)					
5 years later		(5.910)	(12.234)	(7.515)	(5.343)	(5.955)	(5.857)	(8.921)	(10.264)						
6 years later		(5.860)	(13.030)	(7.925)	(5.780)	(6.480)	(6.422)	(9.572)							
7 years later		(5.881)	(13.353)	(8.101)	(5.799)	(6.555)	(6.500)								
8 years later		(5.983)	(13.438)	(8.153)	(5.830)	(6.683)									
9 years later		(5.998)	(13.527)	(8.177)	(5.991)										
10 years later		(6.018)	(13.943)	(8.178)											
11 years later		(6.024)	(14.171)												
12 years later		(6.101)													
Cumulative claims paid to date		**(6.101)**	**(14.171)**	**(8.178)**	**(5.991)**	**(6.683)**	**(6.500)**	**(9.572)**	**(10.264)**	**(10.920)**	**(14.396)**	**(13.197)**	**(10.667)**	**(6.889)**	
Gross outstanding claims reserve	**476**	**396**	**1.148**	**324**	**822**	**1.013**	**1.420**	**1.357**	**5.309**	**5.795**	**10.161**	**9.896**	**8.652**	**12.500**	**59.270**

Claim development for other categories

Year of Accident	Before 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Year of accident		27.636	31.490	36.004	26.591	20.907	29.405	23.227	17.274	23.665	22.702	28.557	41.189	39.040	
1 year later		27.294	37.773	38.443	27.412	20.024	29.762	26.727	18.030	24.349	24.217	31.088	42.488		
2 years later		27.017	39.183	39.292	27.488	20.978	30.020	27.358	18.569	24.957	25.232	30.867			
3 years later		27.446	40.065	39.074	28.444	21.311	30.503	27.555	19.295	25.759	25.770				
4 years later		27.282	39.812	39.301	28.935	21.601	30.553	27.925	19.767	26.323					
5 years later		27.463	39.678	39.919	28.762	22.518	31.596	28.051	19.360						
6 years later		27.552	39.694	39.531	28.753	21.878	30.686	27.032							
7 years later		27.908	40.008	39.510	28.288	21.400	30.041								
8 years later		27.812	39.680	39.433	28.058	21.336									
9 years later		27.051	39.728	39.175	28.117										
10 years later		27.116	39.440	39.639											
11 years later		27.041	39.414												
12 years later		27.059													
Current estimate of cumulative claims incurred		**27.059**	**39.414**	**39.639**	**28.117**	**21.336**	**30.041**	**27.032**	**19.360**	**26.323**	**25.770**	**30.867**	**42.488**	**39.040**	
Year of accident		(17.528)	(11.959)	(22.994)	(11.440)	(9.669)	(10.105)	(8.507)	(7.004)	(13.151)	(10.390)	(12.058)	(16.256)	(13.426)	
1 year later		(22.804)	(30.498)	(28.728)	(17.789)	(15.254)	(17.028)	(20.359)	(11.400)	(18.776)	(17.265)	(22.517)	(33.421)		
2 years later		(23.306)	(31.661)	(30.013)	(19.449)	(15.784)	(17.745)	(21.010)	(12.239)	(19.367)	(18.161)	(24.663)			
3 years later		(23.607)	(33.343)	(31.492)	(21.411)	(16.185)	(17.902)	(21.120)	(12.775)	(19.770)	(18.653)				
4 years later		(23.698)	(33.753)	(31.676)	(22.555)	(16.318)	(18.336)	(21.406)	(13.342)	(20.318)					
5 years later		(23.865)	(34.151)	(31.846)	(23.428)	(16.432)	(18.752)	(21.719)	(13.865)						
6 years later		(24.039)	(34.773)	(32.320)	(23.490)	(17.097)	(18.833)	(21.793)							
7 years later		(24.068)	(35.245)	(32.520)	(23.784)	(17.436)	(19.474)								
8 years later		(24.190)	(35.464)	(32.684)	(23.968)	(17.695)									
9 years later		(23.607)	(35.887)	(32.864)	(24.265)										
10 years later		(24.186)	(36.592)	(33.820)											
11 years later		(24.243)	(36.789)												
12 years later		(24.572)													
Cumulative claims paid to date		**(24.572)**	**(36.789)**	**(33.820)**	**(24.265)**	**(17.695)**	**(19.474)**	**(21.793)**	**(13.865)**	**(20.318)**	**(18.653)**	**(24.663)**	**(33.421)**	**(13.426)**	
Gross outstanding claims reserve	**2.850**	**2.487**	**2.625**	**5.818**	**3.852**	**3.640**	**10.567**	**5.239**	**5.496**	**6.005**	**7.117**	**6.204**	**9.067**	**25.613**	**96.581**

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 31.12.2019	AAA	AA	A	BBB	BB	B	D	Not rated	Total
Held to maturity financial assets	-	-	-	-	-	-	-	-	0
- Bonds									0
Loans and receivables								2.531	2.531
Available-for-sale financial assets	5.102	53.034	146.900	64.210	172.021	-	-	2.150	443.418
- Bonds	5.102	53.034	146.900	64.210	172.021				441.268
- Mutual Funds								2.150	2.150
Financial assets at fair value through profit or loss								26.336	26.336
-Mutual Funds								26.336	26.336
Receivables arising out of insurance operations								23.932	23.932
Receivables arising out of reinsurance operations								40.291	40.291
Cash and cash equivalents								8.709	8.709
Cash in hand								17	17
Sight deposits								8.691	8.691
Time deposits								0	0
Total credit risk	5.102	53.034	146.900	64.210	172.021	-	-	103.949	545.217

Credit Rating 31.12.2018	AAA	AA	A	BBB	BB	B	CCC	Not rated	Total
Held to maturity financial assets	-	-	-	-	-	6.386	-	-	6.386
-Bonds						6.386			6.386
Loans and receivables								2.705	2.705
Available-for-sale financial assets	4.905	61.200	132.916	61.768	1.455	99.980	-	1.899	364.123
-bonds	4.905	61.200	132.916	61.768	1.455	99.980			362.224
-Mutual Funds								1.899	1.899
Financial assets at fair value through profit or loss								23.712	23.712
-Bonds									
-Mutual Funds								23.712	23.712
Receivables arising out of insurance operations								22.526	22.526
Receivables arising out of reinsurance operations								78.571	78.571
Cash and cash equivalents								22.809	22.809
Cash in hand								12	12
Sight deposits								21.197	21.197
Time deposits								1.600	1.600
Total credit risk	4.905	61.200	132.916	61.768	1.455	106.366	-	152.223	520.833

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

2019	<180 days Euro	181 - 360 days Euro	>360 days Euro	Total non-impaired receivables
Loans and receivables	205		195	400
Receivables arising out of insurance operations	22.040	610	223	22.873
Receivables arising out of reinsurance operations	31.798	4.226	4.267	40.291
Total	54.043	4.836	4.685	63.564

2018	<180 days Euro	181 - 360 days Euro	>360 days Euro	Total non-impaired receivables
Loans and receivables			660	660
Receivables arising out of insurance operations	21.361	162	308	21.831
Receivables arising out of reinsurance operations	58.966	18.083	1.522	78.571
Total	80.327	18.245	2.491	101.062

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

2019	Change in variables	Impact on profit before tax	Impact on equity
Bonds portfolio	+20 base units	(54)	(5.185)
	-20 base units	55	5.303

2018	Change in variables	Impact on profit before tax	Impact on equity
Bonds portfolio	+20 base units	(93)	(3.959)
	-20 base units	95	4.040

4.2.3 Liquidity risk

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

31.12.2019	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								
Loans and receivables	2.531	854	623	238	322	73	20	2.132
Available-for-sale financial assets	443.418	35.406	97.898	119.906	175.097	42.987	2.150	473.444
Financial assets at fair value through profit or loss	26.336						26.336	26.336
Receivables arising out of insurance operations	23.932	23.932						23.932
Receivables arising out of reinsurance operations	40.291	40.291						40.291
Cash and cash equivalents	8.709	8.709						8.709
FINANCIAL ASSETS	545.217	109.192	98.521	120.144	175.419	43.061	28.506	574.843

31.12.2018	Carrying Amount	Up to a years	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	6.386	491	983	2.082	13.277	9.098		25.931
Loans and receivables	2.705	1.053	775	173	43			2.044
Available-for-sale financial assets	364.123	47.784	70.487	121.790	134.909	29.444	1.899	406.312
Financial assets at fair value through profit or loss	23.712						23.712	23.712
Receivables arising out of insurance operations	22.526	22.526						22.526
Receivables arising out of reinsurance operations	78.571	78.571						78.571
Cash and cash equivalents	22.809	22.809						22.809
Total undiscounted financial assets	**520.833**	**173.234**	**72.244**	**124.045**	**148.229**	**38.542**	**25.611**	**581.906**

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.

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

31.12.2019 ASSETS	CURRENT	NON-CURRENT	TOTAL
Intangible assets	0	476	476
Property, plant and equipment	0	6.177	6.177
Investment Property	0	279	279
Right to use Assets	0	125	125
Held to maturity financial assets	0	0	0
Loans and receivables	0	2.531	2.531
Available-for-sale financial assets	28.035	415.383	443.418
Financial assets at fair value through profit or loss	26.336	0	26.336
Receivables arising out of insurance operations	23.932	0	23.932
Receivables arising out of reinsurance operations	40.291	0	40.291
Deferred tax assets	300	(73)	227
Deferred acquisition costs and other related expenses	16.882	0	16.882
Other receivables	15.717	0	15.717
Cash and cash equivalents	8.709	0	8.709
Total assets	**160.202**	**424.898**	**585.100**

LIABILITIES			
Insurance contract liabilities	135.687	220.123	355.810
Investment contract liabilities	89.023	15.134	104.157
Payables arising out of insurance operations	5.676	0	5.676
Payables arising out of reinsurance operations	8.768	0	8.768
Lease liabilities	0	127	127
Pension benefit obligation	2.005	0	2.005
Income tax payables	1.684	0	1.684
Other payables	12.825	0	12.824
Total liabilities	**255.668**	**235.384**	**491.052**

31.12.2018 ASSETS	CURRENT	NON-CURRENT	TOTAL
Intangible assets	0	473	473
Property, plant and equipment	0	6.433	6.433
Investment Property	0	282	282
Held to maturity financial assets	0	6.386	6.386
Loans and receivables	0	2.705	2.705
Available-for-sale financial assets	41.359	322.764	364.123
Financial assets at fair value through profit or loss	23.712	0	23.712
Receivables arising out of insurance operations	22.526	0	22.526
Receivables arising out of reinsurance operations	78.571	0	78.571
Deferred tax assets	322	5.734	6.057
Income tax receivables	1.151	0	1.151
Deferred acquisition costs and other related expenses	16.925	0	16.925
Other receivables	13.713	0	13.713
Cash and cash equivalents	22.809	0	22.809
Total assets	**221.088**	**344.777**	**565.867**

LIABILITIES			
Insurance contract liabilities	123.405	207.732	331.137
Investment contract liabilities	79.143	8.002	87.146
Payables arising out of insurance operations	6.854	0	6.854
Payables arising out of reinsurance operations	51.684	0	51.684
Pension benefit obligation	1.739	0	1.739
Other payables	18.241	0	18.241
Total liabilities	**281.066**	**215.734**	**496.802**

Note 5 : Operating Segment Analysis

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

	2019			2018		
	Life	Non-Life	Total	Life	Non-Life	Total
Gross earned premiums	80.154	113.353	193.507	71.711	113.628	185.339
Premiums ceded to reinsurers	(4.727)	(24.927)	(29.654)	(4.026)	(23.511)	(27.538)
Net earned premiums	**75.427**	**88.426**	**163.853**	**67.685**	**90.117**	**157.801**
Investment income	3.046	3.593	6.638	3.978	3.415	7.392
Fees and commission income	1.425	2.563	3.988	1.111	2.048	3.159
Net realized gains (losses)	14.341	229	14.570	127	(58)	68
Net income from financial instruments at fair value through profit or loss	1.772		1.772	(723)		(723)
Other operating income	210	231	441	27	72	99
Other income	**20.794**	**6.615**	**27.409**	**4.520**	**5.475**	**9.996**
Total income	96.221	95.042	191.262	72.205	95.592	167.797
Claims and insurance benefits paid	(50.173)	(56.700)	(106.873)	(43.110)	(49.125)	(92.234)
Claims ceded to reinsurers	3.957	11.630	15.588	2.654	6.283	8.937
Change in outstanding claims reserve	(4.397)	4.005	(392)	(973)	(9.132)	(10.105)
Net claims and insurance benefits	**(50.613)**	**(41.064)**	**(91.677)**	**(41.429)**	**(51.973)**	**(93.402)**
Gross change in mathematical provisions	(20.228)	0	(20.228)	(4.025)	0	(4.025)
Change in mathematical provisions	**(20.228)**	**0**	**(20.228)**	**(4.025)**	**0**	**(4.025)**
Commission and other acquisition costs	(19.665)	(24.318)	(43.983)	(18.280)	(24.095)	(42.375)
Other operating and administrative expenses	(7.463)	(16.431)	(23.895)	(6.473)	(16.830)	(23.303)
Finance costs	(142)	(372)	(514)	(139)	(363)	(502)
Other expenses	**(27.270)**	**(41.121)**	**(68.392)**	**(24.892)**	**(41.288)**	**(66.180)**
Total expenses	(98.111)	(82.186)	(180.297)	(70.345)	(93.262)	(163.606)
Profit before taxes	**(1.890)**	**12.856**	**10.965**	**1.860**	**2.330**	**4.191**

Note 6 : Net Earned Premiums

Net earned Premiums are analyzed as follows for the years ended December 31, 2019 and 2018:

	2019	2018
a) Gross premiums on insurance contracts and investment contracts with DPF		
Life insurance	80.154	71.711
Non-life insurance	113.353	113.628
Total gross earned premiums	**193.507**	**185.339**

	2019	2018
b) Premiums ceded to reinsurers on insurance contracts and investment contracts with DPF		
Life insurance	4.727	4.026
Non-life insurance	24.927	23.511
Total Premiums ceded to reinsurers	**29.654**	**27.538**
Total Premiums	**163.853**	**157.801**

Gross earned premiums from Non-life insurance are analyzed as follows:

	2019		
	Motor	Other LoB	Total
Earned premiums	37.100	76.842	113.943
Change in unearned premiums reserve	(213)	(376)	(589)
Gross earned premiums	**36.888**	**76.466**	**113.353**
Premiums ceded to reinsurers	(1.140)	(23.787)	(24.927)
Total ceded premiums	**(1.140)**	**(23.787)**	**(24.927)**
Net earned premiums	**35.747**	**52.679**	**88.426**

	2018		
	Motor	Other LoB	Total
Earned premiums	37.940	77.027	114.966
Change in unearned premiums reserve	(57)	(1.282)	(1.339)
Gross earned premiums	**37.883**	**75.745**	**113.628**
Premiums ceded to reinsurers	(1.200)	(22.311)	(23.511)
Total ceded premiums	**(1.200)**	**(22.311)**	**(23.511)**
Net earned premiums	**36.683**	**53.434**	**90.117**

Note 7 : Fees and Commission Income

Fees and commission income are analyzed as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Policyholder administration management services	545	328
Surrender charges and other contract fees	71	70
Reinsurance commission income	3.371	2.761
Total fees and commission income	**3.988**	**3.159**

Note 8 : Investment Income

Investment income is analyzed as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Financial assets at fair value through profit or loss (designated upon initial recognition)	**1**	**120**
Interest income	0	120
Dividend income	1	0
Held to maturity financial assets	**358**	**932**
Held to maturity financial assets interest income	358	932
Available-for-sale financial assets	**6.280**	**6.341**
Interest income	7.905	6.743
Dividend income	62	4
Loans and receivables interest income	87	101
Cash and cash equivalents interest income	21	74
Other Income	37	34
Return on investment contracts	(1.831)	(615)
Total investment income	6.638	7.392

Note 9 : Net Realized Gains / (Losses)

Net realized gains and losses are analyzed as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Financial assets at fair value through profit or loss (designated upon initial recognition)		
Realised gains	26	25
Equity securities	26	7
Debt securities	0	19
Realised losses	(1)	(165)
Equity securities	(1)	(98)
Debt securities	0	(67)
Total net realised gains / (losses)	25	(140)
Available-for-sale financial assets		
Realised gains	876	349
Equity securities	0	228
Debt securities	876	121
Realised losses	(22)	(141)
Equity securities	0	0
Debt securities	(22)	(141)
Total net realised gains / (losses)	853	208
Held at maturity financial assets		
Realised gains	13.692	0
Equity securities	0	0
Debt securities	13.692	0
Realised losses	0	0
Equity securities	0	0
Debt securities	0	0
Total net realised gains / (losses)	13.692	0
Total net realised gains / (losses)	14.570	68

Note 10 : Net Income from Financial Instruments At Fair Value

Net income from financial instruments at fair value through profit or loss are analyzed as follows the years ended December 31, 2019 and 2018:

	2019	2018
Net income from financial instruments at fair value through profit or loss (Unit Linked)	1.772	(723)
Total Net income from financial instruments at fair value	**1.772**	**(723)**

Note 11 : Net Claims and Insurance Benefits

Net claims and insurance benefits are analyzed as follows for the years ended December 31, 2019 and 2018:

	2019	2018
a) Gross claims and insurance benefits paid		
Life insurance contracts	50.173	43.110
Non-life insurance contracts	56.700	49.125
Total gross claims and insurance benefits paid	106.873	92.234
b) Claims ceded to reinsurers		
Life insurance contracts	(3.957)	(2.654)
Non-life insurance contracts	(11.630)	(6.283)
Total claims ceded to reinsurers	(15.588)	(8.937)
c) Gross change in outstanding claims reserves		
Life insurance contracts	4.288	738
Non-life insurance contracts	(1.192)	16.414
Total gross change in outstanding claims reserves	3.096	17.152
d) Change in outstanding claims reserves ceded to reinsurers		
Life insurance contracts	109	235
Non-life insurance contracts	(2.813)	(7.282)
Total change in outstanding claims reserves ceded to reinsurers	(2.704)	(7.048)
Net claims and insurance benefits	91.677	93.402

Note 12 : Change in Mathematical Provisions

Change in mathematical provisions are analyzed as follows the years ended December 31, 2019 and 2018:

	2019	2018
Net change in mathematical provisions	20.228	4.025
Change in mathematical provisions	**20.228**	**4.025**

Note 13 : Finance Costs

Finance costs are analyzed as follows the years ended December 31, 2019 and 2018:

	2019	2018
Bank charges	471	453
Interest expense on lease liabilities	5	
Interest expense on insurance provisions	11	33
Interest expense on deposits	28	16
Total	514	502

Note 14 : Other Operating And Administrative Expenses

Other operating and administrative expenses are analyzed as follows the years ended December 31, 2019 and 2018:

	2019	2018
Employee benefits expense	13.197	12.840
Third party fees	5.142	4.302
Taxes- charges	40	54
Travel Expenses	138	123
Marketing & commercial expenses	2.059	1.700
Subscriptions / Contributions	514	1.172
Office expenses	655	522
Other expenses	410	483
Depreciation and amortisation	984	961
Investment management expenses	612	579
Extraordinary and inorganic expenses	27	30
Previous operating expenses	149	11
Provisions for extraordinary risks	(32)	527
Total other operating and administrative expenses	23.895	23.303

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:

	2019	2018
Audit fees	112	112
Tax certificate fees	45	45
Other non-audit services fees	78	72
Total external audit fees	**235**	**229**

Note 15 : Employee Benefits Expenses

Employee benefits expenses are analyzed as follows the years ended December 31, 2019 and 2018:

	2019	2018
Wages and salaries	9.538	9.138
Social security costs	2.853	2.847
Other employee benefits	714	826
Defined benefit pension costs	92	29
Total employee benefits expenses (Note 14)	**13.197**	**12.840**

Note 16 : Income Tax Expense

Income tax recognized in the income the years ended December 31, 2019 and 2018 is presented below:

	2019	2018
Current tax		
Income tax	2.708	1.121
Other not included in the operating cost taxes	0	0
Total current tax	**2.708**	**1.121**
Deferred tax		
Origination of temporary differences	(155)	(14)
Amortization of deferred tax assets	589	1.278
Total deferred tax	**434**	**1.264**
Total income tax expense / (income)	**3.142**	**2.385**

Income tax is recognized in other comprehensive income the years ended December 31, 2019 and 2019 is presented below:

	2019	2018
Current tax	0	0
Deferred tax	(5.395)	(1.974)
Total tax charge to other comprehensive income	**(5.395)**	**(1.974)**

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

	2019	2018
Profit before tax	10.965	4.191
Statutory income tax rate	2.632	1.215
Disallowable expenses	76	296
Adjustments on deferred tax	(155)	(404)
Amortization of deferred tax asset	589	1.278
Total tax charge for the year	**3.142**	**2.385**

Note 17 : Effect Of Income Tax In Equity

Income tax recognized in other comprehensive income the years ended December 31, 2019 and 2018 is:

	31.12.2019			31.12.2018		
	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	23.603	(5.420)	18.183	(6.581)	1.970	(4.612)
Effects of Changes in shadow Reserves	(1.232)	0	(1.232)	566	0	566
Other items	358	0	358	387	0	387
Actuarial gains (losses)	(174)	25	(149)	(22)	4	(18)
Total	**22.555**	**5.395**	**17.160**	**(5.650)**	**1.974**	**(3.677)**

Note 18 : Intangible Assets

The movement of Intangible assets is analyzed as follows:

Intangible assets relate exclusively computer software and are depreciated based on the fixed method over a period of 4 years.

Computer software	
Cost	
01.01.2018	2.798
Additions	156
31.12.2018	2.954
Additions	231
31.12.2019	3.185
Accumulated amortisation and impairment	
01.01.2018	2.237
Amortisation	245
31.12.2018	2.482
Amortisation	228
31.12.2019	2.710
Net book value	
31.12.2019	476
31.12.2018	473

Note 19 : Deferred Commission Fees and Other Related Expenses

Deferred commission fees and related expenses are analyzed as follows the years ended December 31, 2019 and 2018:

	Commission fees
31.12.2018	16.925
Change in reserve	(44)
31.12.2019	16.882

Note 20: Property and Equipment

The movement of Property and equipment is analyzed as follows:

Cost	Land	Buildings	Facilities on third party property	Vehicles	Equipment	Total
01.01.2018	1.965	3.557	522	976	7.589	14.609
Additions	0	3	1	93	238	336
Disposals	0	0	0	(314)	(2)	(316)
31.12.2018	1.965	3.562	522	754	7.825	14.628
Additions	0	1	0	120	430	552
Disposals	0	0	0	(207)	(38)	(245)
31.12.2019	1.965	3.563	522	667	8.218	14.935
Accumulated depreciation						
01.01.2018	0	703	372	573	6.113	7.761
Depreciation	0	109	32	130	444	714
Disposals	0	0	0	(278)	(2)	(280)
31.12.2018	0	811	404	425	6.556	8.195
Depreciation	0	108	30	122	426	686
Disposals	0	0	0	(85)	(38)	(123)
31.12.2019	0	919	434	462	6.943	8.758
Net book value						
31.12.2019	1.965	2.644	88	205	1.275	6.177
31.12.2018	1.965	2.750	118	330	1.270	6.433

At 31.12.2019 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

The movement of Investment Property movement are analyzed as follows:

Cost	Land	Buildings & Facilities on Third Party Properties	Total
01.01.2018	120	95	215
Additions	21	48	69
Disposals	0	0	0
31.12.2018	141	143	285
Additions	0	0	0
Disposals	0	0	0
31.12.2019	141	143	285
Cumulative depreciation and amortization			
01.01.2018	0	0	0
Depreciation	0	(2)	(2)
Disposals	0	0	0
31.12.2018	0	(2)	(2)
Depreciation	0	(3)	(3)
Disposals	0	0	0
31.12.2019	0	(5)	(5)
Net book value			
31.12.2019	141	138	279
31.12.2018	141	141	282

At 31.12.2019 the Company assigned to recognized independent property appraisers the valuation of its investment property, which was determined to €312,1k. 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:

	31.12.2019	Effect (%)	31.12.2018	Effect (%)
Mutual funds-securities	**28.486**	**6,0%**	**25.611**	**6,5%**
Available for sale financial assets	2.150	0,5%	1.899	0,5%
Financial assets at fair value through profit or loss	26.336	5,6%	23.712	6,0%
Fixed income securities	**443.799**	**94,0%**	**371.315**	**93,5%**
Bonds	0	0,0%	0	0,0%
Held to maturity financial assets	0	0,0%	6.386	1,6%
Loans and receivables	2.531	0,5%	2.705	0,7%
Available for sale financial assets	441.268	93,4%	362.224	91,3%
Financial assets at fair value through profit or loss	0	0,0%	0	0,0%
Total investments	**472.285**	**100,0%**	**396.926**	**100,0%**

During 2019, the company proceeded with the sale of the held to maturity financial asset portofolio. Based on IAS 39, the Company is prohibited from using the held to maturity classification for any financial assets for the following two financial years.

The category of Financial assets at fair value through profit or loss includes the Financial assets where the risk is borne by the policyholders.

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

31.12.2019	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	5.102	0	0	0	5.102
AA	53.034	0	0	0	52.011
A	146.900	0	0	0	144.978
BBB	64.210	0	0	0	67.156
BB	172.021	0	0	0	172.021
B	0	0	0	0	5.102
CCC	0	0	0	0	0
D	0	0	0	0	0
Below investment grade	0	0	0	0	0
Without evaluation	0	0	0	2.531	2.531
Total investments	**441.268**	**0**	**0**	**2.531**	**443.799**

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

31.12.2019	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	25.884	0	0	714	26.598
Within 1 - 5 years	201.616	0	0	1.189	202.804
Within 5 - 10 years	137.769	0	0	215	137.785
Over 10 years	75.998	0	0	393	76.391
Perpetual duration	0	0	0	20	20
Total investments	**441.268**	**0**	**0**	**2.531**	443.799

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

31.12.2019	Fair Value	Unrealized Gain / Loss	Amortized Cost
Bonds (quoted and unquoted)	441.268	26.192	415.075
Mutual funds (quoted and unquoted)	2.150	150	2.000
Total	443.418	26.343	417.075

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

31.12.2019	Profit	Loss	Impairment loss
Bonds (quoted and unquoted)	876	(22)	0
Mutual funds (quoted and unquoted)	0	0	0
Total	876	(22)	0

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

	Financial assets at fair value through profit or loss	
	31.12.2019	31.12.2018
Bonds (quoted and unquoted)	0	0
Mutual funds (quoted and unquoted)	26.336	23.712
Total	26.336	23.712

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

	31.12.2019		31.12.2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Held to maturity financial assets				
Bonds (quoted and unquoted)	0	0	6.386	14.471
Total held to maturity financial assets	0	0	6.386	14.471
Available for sale financial assets				
Bonds (quoted and unquoted)	441.268	441.268	362.224	362.224
Mutual funds (quoted and unquoted)	2.150	2.150	1.899	1.899
Total available for sale financial assets	443.418	443.418	364.123	364.123
Financial assets at fair value through profit or loss				
Bonds (quoted and unquoted)	0	0	0	0
Mutual funds (quoted and unquoted)	26.336	26.336	23.712	23.712
Total of Financial assets at fair value through profit or loss	26.336	26.336	23.712	23.712
Loans and receivables	2.531	2.531	2.705	2.705
Total of financial assets	472.285	472.285	396.927	405.012

The category of Financial assets at fair value through profit or loss includes the Financial assets where the risk is borne by the policyholders.

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:

31.12.2019	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Available-for-sale financial assets	443.418	0	0
Bonds	441.268		
Mutual funds	2.150		
Financial assets designated at fair value through profit or loss	26.336	0	0
Bonds	0		
Mutual funds	26.336		
Assets whose fair value is disclosed			
Held to maturity financial assets	0	0	0
Bonds	0		

31.12.2018	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Available-for-sale financial assets	364.123	0	0
Bonds	362.224		
Mutual funds	1.899		
Financial assets designated at fair value through profit or loss	23.712	0	0
Bonds	0		
Mutual funds	23.712		
Assets whose fair value is disclosed			
Held to maturity financial assets	14.471	0	0
Bonds	14.471		

During the years 2019 and 2018 there were no transfers between levels of the fair value.

At 31.12.2019 and 31.12.2018 Fair Value of the composition of financial assets is the following:

	31.12.2019	31.12.2018
Available for sale Financial Assets	443.418	364.123
Bonds	441.268	362.224
Domestic Government bonds	171.156	99.980
Government bonds in foreign countries	128.147	117.377
Corporate bonds	141.965	144.867
Mutual Funds	2.150	1.899
Mutual Funds in countries in E.U	2.150	1.899
Financial assets designated at fair value through profit or loss	26.336	23.712
Bonds	0	0
Domestic Government bonds	0	0
Government bonds in foreign countries	0	0
Mutual Funds	26.336	23.712
Domestic Mutual Funds	12.086	15.433
Mutual Funds in countries in E.U	14.249	8.279
Held to maturity financial assets	0	14.471
Bonds	0	14.471
Domestic Government bonds	0	14.471

9) The Company has adopted the exception for the implementation of IFRS 9 as proposed by the amendment to IFRS 4 "Applying IFRS 9 Financial Instruments to IFRS 4 Insurance Contracts" for financial assets at 31 December 2019. The change of the fair value of financial assets is presented in the context of the application of IFRS 9.

	31.12.2019	31.12.2018
Financial assets managed on fair value basis and held for trading	26.336	23.712
Bonds	0	0
Equities	0	0
Investment funds	26.336	23.712
Available for sale financial assets (AFS), held to maturity and loans and receivables	445.949	381.300
Financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI)	443.799	360.889
Bonds	441.268	358.184
Equities	0	0
Investment funds	0	0
Other investments	2.531	2.705
Loans and other debt instruments		
Financial assets that do not give rise on specified dates to cash flows that are solely payments of principal and interest	2.150	20.410
Bonds	0	18.511
Equities	0	0
Investment funds	2.150	1.899

In addition, the below table presents based on the credit risk, the book value of the bonds meeting the SPPI rating criteria with a reference date as at 31 December 2019.

(€ thousand)	Carrying Amount (IAS 39)
AAA	5.102
AA	53.034
A	146.900
BBB	64.210
BB	172.021
B	0
Totals	441.268

Note 23 : Receivables Arising out of Insurance Operations

Receivables arising out of insurance operations of the Company as at December 31, 2019, December 31, 2018 are as follows:

	31.12.2019	31.12.2018
Insurance receivables	26.412	25.310
Total insurance receivables	**26.412**	**25.310**
Provision for doubtful insurance receivables	(2.480)	(2.784)
Net insurance receivables	**23.932**	**22.526**

The movement of the provision for doubtful insurance receivables for the years ended December 31, 2019 and 2018 was as follows:

Provision for doubtful insurance receivables 31.12.2018	**2.784**
Provision adjustment	425
Charge for the year	(730)
Provision for doubtful insurance receivables 31.12.2019	**2.480**

Note 24 : Receivables Arising out of Reinsurance Operations

Receivables arising out of reinsurance operations for the years ended December 31, 2019 and 2018 were as follows:

	31.12.2019	31.12.2018
Reinsurance receivables	40.341	78.621
Total Reinsurance receivables	**40.341**	**78.621**
Provisions for doubtful reinsurance receivables	(50)	(50)
Net reinsurance receivables	**40.291**	**78.571**

Provision for doubtful insurance receivables 31.12.2018	**50**
Charge for the year	0
Provision for doubtful insurance receivables 31.12.2019	**50**

Note 25 : Income Tax Receivable / Payable and Deferred Taxation

a) Income tax payable

	31.12.2019	31.12.2018
At 1 January		
Amounts recorded in the income statement	1.684	0
At 31 December	**1.684**	**0**

b) Deferred tax asset / (liability)

	31.12.2018	Effect on profit/loss	Effect on OCI	31.12.2019
Deferred tax asset / (liability) from PPE	1.025	(218)	0	808
Deferred tax asset / (liability) from PSI losses	6.458	(589)	0	5.869
Deferred tax asset / (liability) from valuation of available for sale financial assets	(1.710)	0	(5.420)	(7.130)
Deferred tax asset / (liability) from investments available for sale	393	(194)	0	200
Deferred tax asset (liability) from investments held to maturity	(597)	597	0	0
Deferred tax asset (liability) from SLI	487	(31)	25	481
Deferred tax asset (liability) from temporary differences	0	0	0	0
Deferred tax asset / (liability)	**6.057**	**(434)**	**(5.395)**	**227**

Deferred tax (assets) / liabilities presented above are analyzed as at December 31, 2019, December 31, 2018, as follows:

	31.12.2019	31.12.2018
At 1 January	6.057	5.347
Amounts recorded in the income statement	(434)	(1.264)
Amounts recorded in other comprehensive income	(5.395)	1.974
At 31 December	**227**	**6.057**

Under IAS 12, deferred tax assets and liabilities are determined using the tax rates that are expected to be in force at the time the asset is disposed of or the liability is settled. According to the law 4646/2019, the valid rate of income tax of legal persons upon the date of preparation of the financial statements is 24%.

Note 26 : Cash and Cash Equivalents

Cash and cash equivalents are analyzed as follows at December 31, 2019, December 31, 2018:

	31.12.2019	31.12.2018
Cash in hand	17	12
Sight deposits	8.691	21.197
Term deposits	0	1.600
Total cash and cash equivalents	8.709	22.809

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.

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

	31.12.2019	31.12.2018
Euro	8.709	22.809
Total	8.709	22.809

Note 27: Other Receivables

Other receivables as at December 31, 2019, December 31, 2018 are analyzed as follows:

	31.12.2019	31.12.2018
Receivables from reinsured	723	3.856
Receivables from agents, partners and intermediaries	6.394	6.329
Other long term receivables	216	175
Other debtors	4.153	2.543
Public Sector – Prepaid and withholding taxes	1.513	169
Other deferred expenses	597	428
Receivables from claims recovery	960	0
Accrued Income	6.840	5.619
Total other receivables	**21.395**	**19.118**
Provision for other receivables	(5.678)	(5.405)
Net Other receivables	**15.717**	**13.713**

Provision for doubtful insurance receivables 31.12.2018	5.405
Provision for the year	272
Provision for doubtful insurance receivables 31.12.2019	5.678

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 2019. The total number of common shares issued and the share capital is fully paid up.

	31.12.2019	31.12.2018
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 has not changed and amounts to € 9.080 million (2018: € 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, 2019, December 31, 2018 is as follows:

Reserve for unrealized gains or losses on available for sale financial assets	31.12.2019	31.12.2018
Opening balance	4.397	9.009
Net Gains / (Losses) from changes in fair value	18.587	(4.157)
Net Gains/ (Losses) carried forward to the results	(404)	(455)
Closing balance	22.580	4.397

Other reserves as at December 31, 2019, December 31, 2018 are analyzed as follows:

	31.12.2019	31.12.2018
Statutory reserve	11.437	9.667
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	331	483
Extraordinary Reserves	25	25
Shadow Reserves	(1.543)	(311)
Total other reserves	11.873	11.487

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 2019 was determined to €780k (2018: €783k).

Retained earnings are analyzed as follows on 31 December 2019 and 31 December 2018 respectively:

Retained earnings	31.12.2019	31.12.2018
At 1 January	**21.324**	**19.866**
Earnings after taxes	7.823	1.806
Increase in statutory reserve	(1.770)	(751)
Other Reserve	361	402
At 31 December	**27.739**	**21.324**

- 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, 2019, December 31, 2018 are analyzed as follows:

	31.12.2019			31.12.2018		
	Insurance contract liabilities	Reinsurance of liabilities	Net liability	Insurance contract liabilities	Reinsurance of liabilities	Net liability
Life insurance contracts (a)	139.405	(1.735)	137.670	114.561	(1.516)	113.044
Non–life insurance contracts (b)	216.405	(34.426)	181.978	216.576	(32.142)	184.434
Insurance damage – Motor LoB	76.966	(846)	76.120	76.234	(888)	75.346
Insurance damage - Other LoB	139.439	(33.580)	105.859	140.342	(31.255)	109.088
Total insurance contract	**355.810**	**(36.162)**	**319.648**	**331.137**	**(33.659)**	**297.478**

a) Life insurance contracts liabilities (a)

	31.12.2019			31.12.2018		
	Gross insurance liabilities	Reinsurance liabilities	Net insurance liabilities	Gross insurance liabilities	Reinsurance liabilities	Net insurance liabilities
Life insurance contracts						
At 1 January	114.561	(1.516)	113.044	109.214	(1.167)	108.047
Premiums received	83.964	(3.648)	80.316	57.987	(2.784)	55.203
Liabilities paid	(59.119)	3.429	(55.690)	(52.641)	2.435	(50.206)
At 31 December	**139.405**	**(1.735)**	**137.670**	**114.561**	**(1.516)**	**113.044**

b) Non-Life insurance contracts liabilities

	31.12.2019 Gross Insurance Liabilities			Reinsurance Liabilities			
	Motor LoB	Other LoB	Total	Motor LoB	Other LoB	Total	Net insurance liabilities
At 1 January	76.234	140.342	216.576	(888)	(31.255)	(32.142)	**184.434**
Provisions for reported outstanding claims for policyholders	575	(806)	(231)	(14)	(2.800)	(2.813)	**(3.045)**
Provisions for uncollected premiums	157	(98)	60	56	474	530	**589**
Provisions for adequacy of premiums	0	0	0	0	0	0	**0**
At 31 December	**76.966**	**139.439**	**216.405**	**(846)**	**(33.580)**	**(34.426)**	**181.978**

	31.12.2018 Gross Insurance Liabilities			Reinsurance Liabilities			
	Motor LoB	Other LoB	Total	Motor LoB	Other LoB	Total	Net insurance liabilities
At 1 January	73.358	125.403	198.762	(1.005)	(23.792)	(24.797)	**173.965**
Provisions for reported outstanding claims for policyholders	2.856	13.557	16.413	80	(7.362)	(7.282)	**9.131**
Provisions for uncollected premiums	20	1.382	1.402	37	(100)	(63)	**1.339**
Provisions for adequacy of premiums	0	0	0	0	0	0	**0**
At 31 December	**76.234**	**140.342**	**216.576**	**(888)**	**(31.255)**	**(32.142)**	**184.434**

Note 31 : Investment Contract Liabilities

Investment contract liabilities at December 31, 2019, December 31, 2018 are analyzed as follows:

	31.12.2019 Net investment contract liabilities	31.12.2018 Net investment contract liabilities
Life insurance contracts		
At 1 January	87.146	75.799
Premiums received	23.145	20.953
Liabilities paid	(9.198)	(9.655)
Change in the fair value of investments	1.831	615
Adjustments due to changes in assumptions	1.232	(566)
At 31 December	104.157	87.146

Note 32 : Pension Benefit Obligation

Pension benefit obligation as at December 31, 2019, December 31, 2018 are analyzed as follows:

	31.12.2019	31.12.2018
Pension benefit obligation	2.005	1.739

According to Greek labor legislation, pursuant to L.2112/1920 and its amendments, 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:

	2019	2018
At 1 January	1.739	1.688
Current service cost	136	205
Net interest cost	29	26
Cost recognised in profit or loss	**165**	**231**
Actuarial gain / losses	174	22
(Gain)/Losses recognized in OCI	**174**	**22**
Benefits paid	(73)	(202)
At 31 December	2.005	1.739

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

	2019	2018
Net obligation at 1 January	**1.739**	**1.688**
Current service cost	136	205
Net interest cost	29	26
Actuarial (gain) / losses	174	22
Benefits paid by the fund	(73)	(202)
Net obligation at 31 December	**2.005**	**1.739**

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

	31.12.2019	31.12.2018
	%	%
Future salary increase	2,5%	2,5%
Future pension increase	0,0%	0,0%
Inflation assumption	1,3%	1,8%
Discount rate	0,9%	1,8%

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	1.617	1.875	1.867	1.621

Note 33 : Insurance and Reinsurance Payables

Insurance and reinsurance payables at December 31, 2019, December 31, 2018 are analyzed as follows:

	Beneficiaries of production commissions	Agents and sales associates	Total Payables from insurance business	Payables to reinsurers
At 31 December 2018	**2.954**	**3.900**	**6.854**	**51.684**
Arising during the year	(522)	(656)	(1.178)	(42.916)
At 31 December 2019	**2.432**	**3.244**	**5.676**	**8.768**

Note 34 : Other Payables

Other payables at December 31, 2019, December 31, 2018 are analyzed as follows:

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

	31.12.2019	31.12.2018
Liabilities for reinsured	268	2.473
Other creditors	2.019	6.004
Accrued expenses	1.098	951
Obligations to pension funds	503	484
Tax liabilities	8.300	7.569
Other deferred income	637	760
Total other payables	**12.825**	**18.241**

Note 35 : Commitments and Contingent 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.

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 2019 and 2018 and the outstanding balances at December 31, 2019, December 31, 2018 are analyzed by company as follows:

		31.12.2019	31.12.2018
(a)	Related parties transactions	8.634	11.820

The main related party transactions are with the parent company "Assicurazioni Generali S.p.A." 2019: € 3.835 th. (2018: €7.313 th.) and "Europ Assistance": 2019 € 3.285 th. (2018: € 2.669 th.).

	31.12.2019		31.12.2018	
	Payables	Receivables	Payables	Receivables
ASSICURAZIONI GENERALI SpA	5.024	4.371	18.898	2.527
GENERALI FRANCE (GR.CONCORDE)	273	0	4	5
Generali Holding Vienna AG	216	5	0	59
Generali Spain	277	0	0	465
GENERALI ASIGURARI S.A.	0	71	2	73
GENERALI INSURANCE AD	0	109	0	0
DELTA GENERALI	0	3	0	59
GENERALI PROVIDENCIA	0	0	0	0
GENERALI SIGORTA A.S	0	46	0	50
GENERALI ZAVAROVALNICA D.D	3	0	0	0
GENERALI OSIGURANJE D.D.	0	0	0	2
SEGUROS VITALICIO	0	0	5	287
GENERALI TU S.A.	1	0	0	5
GENERALI POIST' OVNA A.S	0	0	25	0
	5.794	**4.606**	**18.936**	**3.533**

ii) Remuneration of key management personnel and members of Board

		31.12.2019	31.12.2018
(c)	Remuneration of key management personnel	1.086	1.104

At the December 31, 2019 there are receivables amounted to € 125.000 from key management personnel and board members. Total remuneration for the year 2019 includes gross salaries of approximately € 799 thousand. (2018: € 748 thousand) and Board of Directors fees amounting to € 10 thousand (2018: 18 thousand) and other benefits € 287 thousand (2018: 356 thousand).

Note 37 : Events after the Reporting Date

According to the EIOPA-BoS-20/236 Recommendation of 20 March 2020 on COVID 19, implemented by Bank of Greece on 23 March 2020, it should be noted that in the wider context of the economic and financial framework characterized by high volatility linked to the effects of COVID-19, Generali Hellas has activated mechanisms for monitoring the financial position on an ongoing basis, for the purpose of timely analysis the evolution of the situation and the implementation of consequent actions, where necessary.

The rapid spread of the COVID-19 in Greece and around the world affects the economic growth and stability reinforcing the continuous uncertainty of the economy and financial markets, for which it is not currently possible to reasonably estimate the impact of this event on the Company's Own Funds at the date of approval of this report.

Except from the information below, there are no other significant events after 31.12.2019 which require disclosure or adjustment to the accompanying financial statements.