



## **Generali Hellas Insurance Company SA**

# **SOLVENCY AND FINANCIAL CONDITION REPORT 2023**

[www.generali.gr](http://www.generali.gr)

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# Introduction

Generali Hellas Insurance Company SA, falling under the scope of Solvency II Directive, reporting is required to predispose the Solvency and Financial Condition Report (SFCR).

This is in accordance with the Directive 2009/138/EC ('Solvency II Directive') as well as with the Delegated Regulation 2015/35/EC ('Delegated Act') and related Guidelines.

The objective of the Solvency and Financial Condition Report (SFCR) is to increase transparency in the insurance market requiring insurance and reinsurance undertakings to disclose publicly, at least on an annual basis, a report on their solvency and financial condition.

The document shall be approved by the Board of Directors of each reporting entity.

Policyholders and beneficiaries are the main addressees of SFCR benefitting from an increased market discipline that encourages best practices as well as from a higher market confidence that leads to an improved understanding of business.

SFCR specific content is defined by primary legislation and its implementing measures - which provide detailed information on the essential aspects of its businesses, such as a description of the activity and performance of the undertaking, the system of governance, risk profile, evaluation of assets and liabilities and capital management - for solvency purposes.

When disclosing the information referred to in this Regulation, figures reflecting monetary amounts shall be disclosed in thousands of units.

For the purposes of this Regulation 'reporting currency', unless otherwise required by the supervisory authority, shall be the currency used for the preparation of the insurance or reinsurance undertaking's financial statements.

When expressing the value of any asset or liability denominated in a currency other than the reporting currency, the value shall be converted in the reporting currency as if the conversion had taken place at the closing rate on the last day for which the appropriate rate is available in the reporting period to which the asset or liability relates.

When expressing the value of any income or expense, the value shall be converted in the reporting currency using such basis of conversion as that used for accounting purposes.

The conversion into the reporting currency shall be calculated by applying the exchange rate from the same source as used for the insurance or reinsurance undertaking's financial statements.

When references to other publicly available documents are included in the solvency and financial condition report, these references shall be done through references that lead directly to the information itself and not to a general document.

Insurance and reinsurance undertakings shall publicly disclose as part of their solvency and financial condition report at least the following templates according to the new Commission Implementing Regulation (EU) 2023/895.

- template S.02.01.02 of Annex I specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC, following the instructions set out in section S.02.01 of Annex II to the Implementing Regulation (EU) 2023/895;
- template S.04.05.21 of Annex I, specifying information on premiums, claims and expenses by country, following the instructions set out in section S.04.05 of Annex II to the Implementing regulation (EU) 2023/895.;
- template S.05.01.02 of Annex I, specifying information on premiums, claims and expenses using the valuation and recognition principles used in the undertaking's financial statements, following the instructions set out in section S.05.01 of Annex II to the implementing regulation (EU) 2023/895, for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35;
- template S.12.01.02 of Annex I, specifying information on the technical provisions relating to life insurance and health insurance pursued on a similar technical basis to that of life insurance ('health SLT') for each line of business as defined in Annex I to

Delegated Regulation (EU) 2015/35, following the instructions set out in section S.12.01 of Annex II to the implementing regulation (EU) 2023/895;

- template S.17.01.02 of Annex I, specifying information on non-life technical provisions, following the instructions set out in section S.17.01 of Annex II to the implementing regulation (EU) 2023/895 for each line of business as defined in Annex I of Delegated Regulation (EU) 2015/35;
- template S.19.01.21 of Annex I, specifying information on non-life insurance claims in the format of development triangles, following the instructions set out in section S.19.01 of Annex II to the implementing regulation (EU) 2023/895 for the total non-life business;
- template S.22.01.21 of Annex I, specifying information on the impact of the long-term guarantee and transitional measures, following the instructions set out in section S.22.01 of Annex II to the implementing regulation (EU) 2023/895;
- template S.23.01.01 of Annex I, specifying information on own funds, including basic own funds and ancillary own funds, following the instructions set out in section S.23.01 of Annex II to the implementing regulation (EU) 2023/895;
- template S.25.01.21 of Annex I, specifying information on the Solvency Capital Requirement calculated using the standard formula, following the instructions set out in section S.25.01 of Annex II to the implementing regulation (EU) 2023/895;
- template S.25.05.21 of Annex I, specifying information on the Solvency Capital Requirement calculated using a partial internal model or a full internal model, following the instructions set out in section S.25.05 of Annex II to the implementing regulation (EU) 2023/895;
- template S.28.01.01 of Annex I, specifying the Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity, following the instructions set out in section S.28.01 of Annex II to the implementing regulation (EU) 2023/895;
- template S.28.02.01 of Annex I, specifying the Minimum Capital Requirement for insurance undertakings engaged in both life and non-life insurance activity, following the instructions set out in section S.28.02 of Annex II to the implementing regulation (EU) 2023/895.

\*\*\*\*\*

Generali Hellas Insurance Company SA, falling under the scope of Solvency II Directive reporting is required to predispose the SFCR with reference to the financial year starting from 01.01.2023 to 31.12.2023.

CFO function has the Coordinator role for the SFCR production and owner of the overall document.

The document has been divided in terms of ownership of contents among company's Functions. One single Function has the accountability of each chapter and shall coordinate the collection and the related timing of information provided by all the Contributors of the related sections.

\*\*\*\*\*

Each chapter is numbered starting from letter A and the sections below include the indication of the Owner Function whereas a table recaps the Contributors and the related paragraphs to be developed.

Owner	Section	Please recap the content of the section and if applicable the changes compared to the document of the previous year
CFO Function	A.1. Business	
CFO Function	A.2. Underwriting Performance	
CFO Function	A.3. Investment Performance	
CFO Function	A.4. Performance of other activities	
CFO Function	A.5. Information about Covid-19	
CFO Function	A.6. Any other information	
Compliance	B.1. General information on the system of governance	
Compliance / HR	B.2. Fit and proper requirements	
Risk Management Function	B.3. Risk management system including the own risk and solvency assessment	
Compliance	B.4. Internal control system	
Internal Audit	B.5. Internal audit function	
Actuarial Function	B.6. Actuarial function	
CFO Function	B.7. Outsourcing	
Compliance	B.8. Any other information	
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Risk Management Function	C.2. Market risk	
Risk Management Function	C.3. Credit risk	
Risk Management Function	C.4. Liquidity risk	
Risk Management Function	C.5. Operational risk	
Risk Management Function	C.6. Other material risks	
Risk Management Function	C.7. Any other information	
CFO Function	D.1. Assets	
Actuarial Function	D.2. Technical provisions	
CFO Function	D.3. Other liabilities	
CFO Function	D.4. Alternative methods for valuation	
CFO Function	D.5. Any other information	
CFO Function	E.1. Own Funds	
Risk Management Function	E.2. Solvency Capital Requirement and Minimum Capital Requirement	
Risk Management Function	E.3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	
Risk Management Function	E.4. Non-Compliance with the Minimum Capital Requirement and Non-Compliance with the Solvency Capital Requirement	
CFO Function	E.5. Any other information	

# Summary

This Solvency and Financial Condition Report (SFCR) was prepared by Generali Hellas Insurance Company SA under the Solvency II legislation. The Solvency II framework aims at capital shielding of insurance companies through current valuation principles in force based on stress scenarios in order for their possibility of default in the next 12 months to be limited to 0,5%.

The calculation of Solvency Capital Requirement in accordance with the Article 101 of Directive 2009/138/EC:

- a) is based on the presumption that the undertaking will pursue its business as a going concern, which is the basis of the existing Solvency and Financial Condition Report (SFCR) report;
- b) is performed so as to ensure that all quantifiable risks to which an insurance or reinsurance undertaking is exposed are taken into account;
- c) covers the existing business, as well as the new business expected to be written over the following 12 months. With respect to existing business, Solvency Capital Requirement shall cover only unexpected losses;
- d) corresponds to the Value-at-Risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 99,5 % over a one-year period.

SFCR is referred to the year ended at 31.12.2023 and is approved by the Company's Board of Directors at 04.04.2024.

The aim of the report is the presentation of the Company's business and performance, the main components of its financial position and corporate governance. In addition, the Company's risk profile, qualitative composition of own funds, capital requirements are outlined as well as their coverage ratios.

Bank of Greece, as the Regulatory Supervisory Authority, may require the amendment or the revision of the SFCR or the publication of additional information or the undertaking of other actions from the Company.

The Summary accompanying the current report, includes specific key figures and information contained in the report, highlighting the substantial changes that have been made compared to the previous year's report.

Amounts presented in the tables and appendices of the report are presented in thousands of Euro (unless otherwise stated in a specific table).

## Business and Performance

Generali Hellas Insurance Company SA is a subsidiary of Assicurazioni Generali SpA, operates in Greece providing life and non-life insurance services.

In 2023 Gross written Premiums overrun the half billion reaching the high level of €508,9 mln, higher by 6,6% on a comparable basis with 2022, focus on growing and strengthening core business split into €236,8 mln in Life Business and € 272,1 mln in Non-Life Business. The increase derived from all line of business recorded in Life Sector growth 10,7% and in Non-Life growth 3,2%.

During 2023, extraordinary Natural Catastrophe events of Daniel flood and wildfires across many areas of Greece caused an impact of over €400 mln in Greek insurance market from which Generali Hellas portion was €119,2 mln in gross level due to the leading position in SMEs business.

Although this major impact, Generali Hellas managed to deliver a performance with positive operating result of € 6,7 mln, while Net Result noted marginal losses standing at € -1,02 mln.

Investment result reached the level of € 23,4 mln mainly driven by the income from Fixed Income Bonds. It is also included the positive valuation effect from UL portfolio amounted at € 8,2 mln.

The Company applies since 01.01.2023 the new accounting standards, IFRS17 & IFRS9 leading Shareholder's equity to € 213,7 mln, including the impact from the extraordinary Natural Catastrophe events offset by an increase in valuation of assets by € 32,1 mln (*net of tax*) mln due to a better performance of economy with lower interest rates and tightening of spreads in 2023. It should be noted that the new accounting standards have no impact on the valuation methods used for assets and liabilities of the Solvency II Balance.

Under these conditions, Generali Hellas managed to maintain a robust economic balance sheet with Eligible Own Funds to meet the Solvency Capital Requirements at € 217,6 mln, showing an increase by €13,7 mln, as presented in the table below.

### Key Figures under SII

	31.12.2023	31.12.2022	Impact %
(€ thousands)			Amount
Investments	959.968	986.780	-3%
Other Assets	281.377	216.434	30%
<b>Total of Assets</b>	<b>1.241.345</b>	<b>1.203.214</b>	<b>3%</b>
Technical Provisions	896.479	857.190	5%
Other Liabilities	111.221	124.967	-11%
<b>Total Liabilities</b>	<b>1.007.700</b>	<b>982.157</b>	<b>3%</b>
Basic Own Funds	223.645	217.057	3%
<b>Eligible own funds to SCR</b>	<b>217.636</b>	<b>203.392</b>	<b>8%</b>

### System of Governance

Basic principles and procedures concerning the system of governance are analyzed in the section “System of Governance” of the report.

### Calculation of Solvency Capital Requirement

The Company uses standard formula for the calculation of Solvency Capital Requirement.

### Analysis of Solvency Capital Requirement

The basic valuation of capital requirements of the Company based on standard formula is presented below:

Solvency Capital Requirements	31.12.2023	31.12.2022	Diff %
(€ thousands)			
Market Risk	38.557	40.503	-5%
Counterparty Default Risk	28.605	26.020	10%
Life Underwriting Risk	11.621	11.703	-1%
Health Underwriting Risk	36.797	31.330	17%
Non-Life Underwriting Risk	82.842	74.685	11%
Diversification effect	-67.981	-63.364	7%
Intangible asset risk	0	0	-
<b>BSCR</b>	<b>130.440</b>	<b>120.877</b>	<b>8%</b>
Operational Risk	16.559	14.970	11%
Loss Absorption Capacity	0	0	0%
<b>SCR</b>	<b>146.999</b>	<b>135.847</b>	<b>8%</b>

Company's risk profile in relation to the previous reporting period has been updated following the changes in the economic environment.

### Valuation – Measures

The valuation of the Company's assets, technical provisions and other liabilities is based on the fair value principle.

Company applies the volatility adjustment in the calculation of the Best Estimate Liabilities. Apart from the aforementioned, Generali Hellas does not make use of any other measure, transitional or not, with regard to the valuation of assets, technical provisions and the zero-based interest rate.

Comparing to the previous year, Generali Hellas did not perform any change or adjustment on the valuation methods used.

### Capital Management

In 2023 Generali Hellas adequately covered the sum of the capital requirement arising from Solvency II framework.

Solvency Capital Requirement ratio (SCR ratio) reached 148,1% with the use of volatility adjustment. Respectively, Minimum Capital Requirement ratio (MCR ratio) reached 310,7%.

#### Basic & Eligible Own Funds adequacy

	31.12.2023	31.12.2022	Impact %
<b>(€ thousands)</b>			
Basic Own Funds	223.645	217.057	3%
(Tier 1)	195.587	183.015	7%
(Tier 2)	0	0	0%
(Tier 3)	22.050	20.377	8%
SCR	146.999	135.847	8%
Eligible Own Funds to meet SCR	217.636	203.392	7%
<b>SCR ratio</b>	<b>148,1%</b>	<b>149,7%</b>	<b>-1,7</b>
MCR	62.952	59.398	6%
Eligible Own Funds to meet MCR	195.587	183.014	7%
<b>MCR ratio</b>	<b>310,7%</b>	<b>308,1%</b>	<b>3,8</b>

Basic Own Funds are calculated after the proposal of dividend's distribution amounted of €10,0 mln foreseeable dividends – to be paid in 2024.

## Glossary

### Solvency II

The regulatory framework adopted from 01.01.2016 governing the financial operation and supervision of the insurance undertakings operating in the European Union (EU) in accordance with Directive 2019/138/EC, related Delegated Acts from European Commission and the Guidelines of EIOPA with aim of better protection of policyholders. Directive 2009/138/EC is implemented in Greece through the law 4364/2016. Solvency II system aims at capital shielding of insurance undertakings through current risk valuation principles to which they are exposed to, based on stress scenarios so as their possibility of default in the next 12 months to be limited to 0,5%.

It is structured through three pillars of equal gravity and supervisory value, i.e. 1st pillar (quantitative/capital requirements), 2nd pillar (governance requirements and supervisory authorities), and 3rd pillar (supervisory reporting and disclosure information).

### Supervisory Authority:

Responsible authority for the financial supervision of insurance undertakings in Greece is the Department of Private Insurance Supervision (DEIA) of Bank of Greece ( [www.bankofgreece.gr](http://www.bankofgreece.gr))

### EIOPA:



The European Insurance and Occupational Pensions Authority (EIOPA) is responsible among others, for the issuance of Guidelines with aim the common regulatory and supervisory standards and practices in the European Union and the provision of inputs/opinions to the European Parliament and European Commission in the context of the insurance related issues.

**Solvency and Financial Condition Report (SFCR):**

The report that is required to be published annually through the site of the insurance undertakings in the context of Solvency II 3rd pillar requirements. Aim of the report is the presentation of the insurance undertaking's operations and results for each stakeholder (e.g. policyholder, prospective investor, customers), the key components of the financial position and the system of governance. Additionally, through the report are described the risk profile of the company, the qualitative composition of the own funds, the capital requirements and their ratios.

**System of Governance:**

The system of policies and processes with which the insurance undertaking ensures its sound and prudent management, including the ensuring of transparent organizational structure with the appropriate segregation of duties and efficient reporting mechanism. The system of governance includes at least the main operations; (a) the risk management system, (b) the compliance function, (c) the internal audit function and (d) the actuarial function.

**Risk management system:**

It is part of system of governance of the insurance undertaking and includes those strategies, policies and processes that allow on a continuous basis, the identification, measurement, management/control and reporting of risks on which the undertaking is exposed to or it might be exposed to, including the independence among the risks. Important element of the risk management system is the definition of risk tolerance levels by each insurance undertaking.

**Internal Control system:**

It is also part of the system of governance including audit operating and accounting procedures to ensure that the system of governance is fully in compliance with the legal and regulated framework in force and the total approved policies and internal procedures and the successful reporting of reliable information throughout the undertaking's levels. The internal control system consists of internal audit function which should operate in total independence from the other functions (under control/non-independent) of the system. Internal control system includes also the compliance function.

**Compliance Function:**

A function responsible for the identification, assessment and management of the legal risk, which includes the risk of penalties/fines, damages or reputational loss that the insurance undertaking may be exposed to because of noncompliance with the current laws, internal rules and best practices. The legal risk is part of operating risks.

**Actuarial Function:**

A function responsible for the calculation of the technical provisions of the insurance undertaking (see the relevant definition below). Among the other tasks, actuarial function should provide opinion on the general risk acceptance policy of the insurance undertaking.

**Risk profile:**

Record of the total of risks to which the insurance undertaking is exposed to.

**Underwriting Risk:**

The risk of loss or the negative change of the insurance liabilities value of the insurance undertaking due to the assumptions' change that were in forced during the pricing of a risk undertaken through a contractual agreement (insurance policy) and technical provision calculation. In the underwriting risks included the life underwriting risks, health and non-life.

**Counterparty risk:**

The risk of loss of the insurance undertaking due to weakness or unwillingness of a third party (other than customers) to fulfill its obligations towards the former.

**Market risk:**

The risk of loss or negative financial change arisen directly or indirectly from the fluctuations of leveling and the market price change of assets or liabilities elements and financial instruments of the insurance undertaking (e.g. share prices' change, bonds' interest change).

**Operating Risk:**

The risk of loss due to either deficiencies or inadequacies in the internal processes of the insurance undertaking (e.g. frauds), its IT systems (e.g. IT collapse) or its staff, or due to unfavorable external factors.

**Technical Provisions:**

Valuation of insurance liabilities undertaken through insurance policies with its customers.

**Own Funds:**

Funds required to be retained by the insurance undertaking to use them for the absorption of claims out of the expected, if they occur. Own funds are classified into basic own funds (balance sheet items) and ancillary own funds (off – balance sheet items, such as unpaid share capital, guarantee letters). Furthermore, own funds are classified into three tiers 1,2 and 3 depending on their ability to absorb losses, their duration and other qualitative characteristics (e.g. based on their immediate availability).

**Eligible Own Funds:**

Accepted own funds for the coverage of the solvency capital requirement (SCR) and minimum capital requirement (MCR) based on the quantitative limits as arise by legislation's provisions.

**Solvency Capital Requirement – SCR:**

The financial capital that should be retained by an insurance undertaking to mitigate the possibility of default to 0,5% in the next 12 months. Solvency Capital Requirement is calculated either with the use of standard formula in accordance with the Delegated Act (EU) 2015/35, or with the use of internal model, adjusted within the risk profile of the insurance undertaking, after the approval of Supervisory Authority.

**Minimum Capital Requirement - MCR:**

The financial capital level below of which, policyholders' interests would be under risk, if the insurance undertaking continue its operations. For that purpose, if this minimum capital requirement is not covered, Bank of Greece may decide the cease of insurance undertaking's operations.

**Diversification benefit:**

Mechanism that decreases the risk profile of the insurance undertaking, based on the principle that the risk measure of the total of risks is lower than the measure of each risk separately.

**Solvency Ratio:**

The ratio of Eligible Own funds over the Solvency Capital Requirement.

**Transitional Measures:**

Measures that facilitate insurance undertakings through a reasonable transitional period to fully comply with Solvency II requirements. Their purpose is to normalize the direct impact of the application of the Solvency II rules, as for example large increases in technical provisions or capital requirements to be implemented gradually.

**Volatility adjustment:**

A measure that allows to the insurance undertaking to reduce the volatility of markets of its portfolio based on the parameters calculated by EIOPA in accordance with the common methodology per country and currency.

**Risk mitigation techniques:**

All methods provide to the insurance undertaking the ability to transfer risk to third persons (e.g. Reinsurance).

# A. Business and Performance

## A.1. BUSINESS

Generali Hellas Insurance Company S.A. (the Company) is a Société Anonym Insurance Company, which operates in the insurance sector providing a wide range of general insurance and life insurance services to individuals and businesses, under the surveillance of the Bank of Greece and specifically the Department of Private Insurance Supervision (DEIA), which is the Regulatory Supervisory Authority of the Greek Private Insurance Market.

Its statutory aim is conducting all insurance, reinsurance and general financial services permitted in Société Anonym insurance companies, from the current respective Greek and Community law and operates under the provisions as Law 4548/2018 “for Société 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 external auditor of financial statements as well as SFCR, is KPMG (Greece) Certified Auditors Accountants, which is the appointed audit firm since 2021.

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.

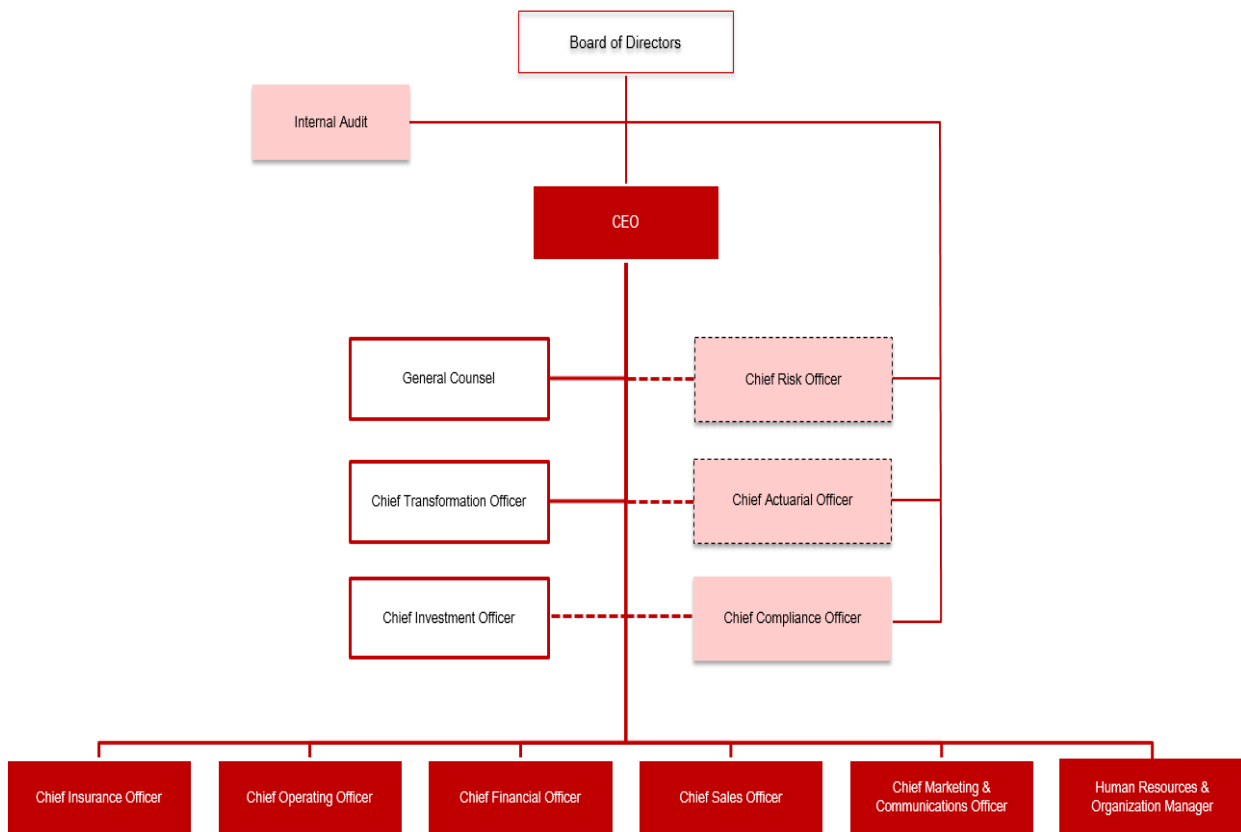
In particular, the company's share capital is as follows:

	%
Assicurazioni Generali SpA	99,99
Minorities	0,01
<b>Total Share Capital</b>	<b>100,00</b>

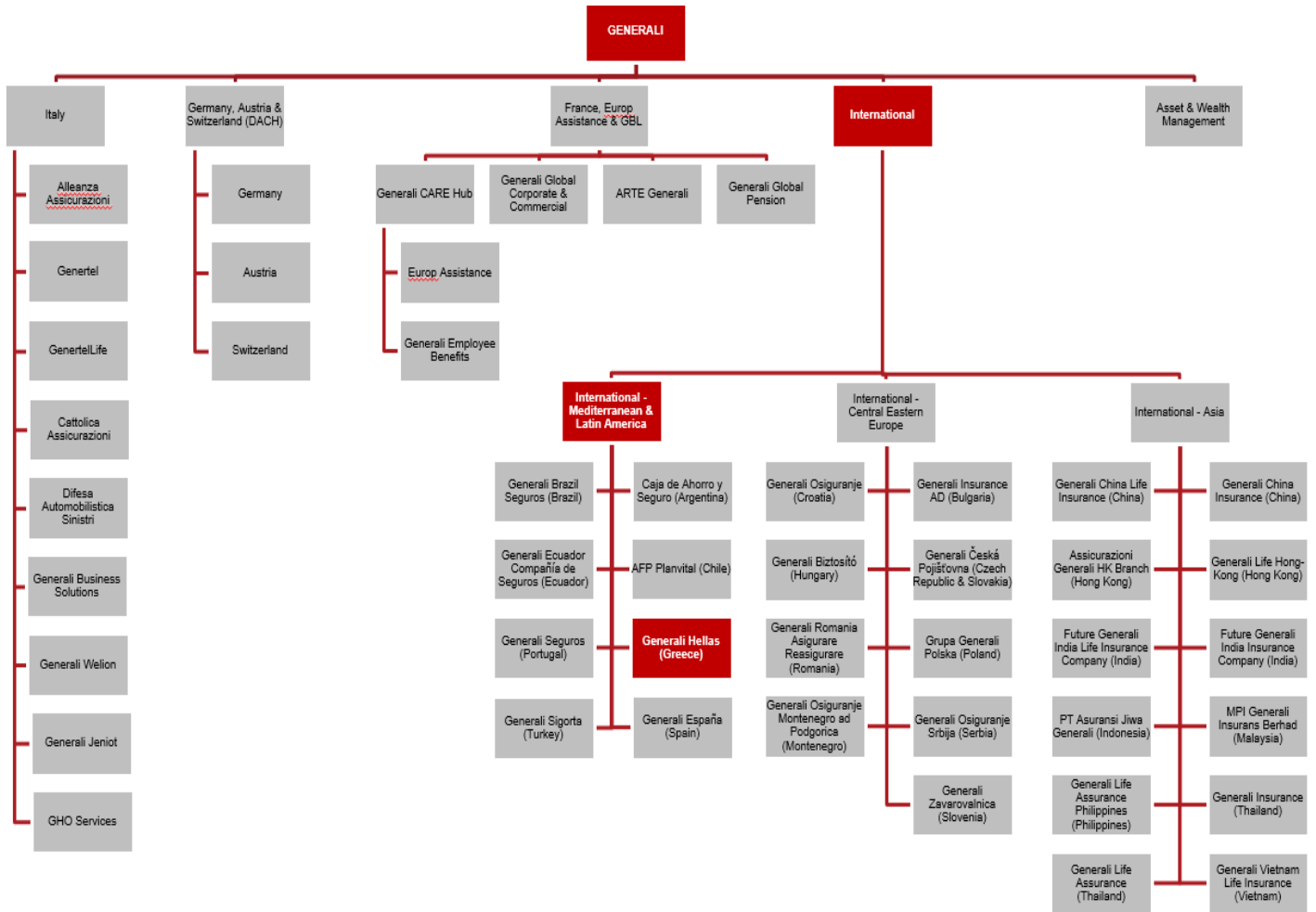
Generali Hellas Insurance Company S.A. has no holdings in other companies.

There are no significant events after 31/12/2023 that require disclosure or adjustment of the Company’s financial data. Regarding the geopolitical tensions from the ongoing Russian-Ukrainian war and the conflicts in Middle East, the possible effects on the activities of the Company are considered not significant to be mentioned.

Presented below, is the organizational structure of Generali Hellas SA, followed by a simplified group structure:

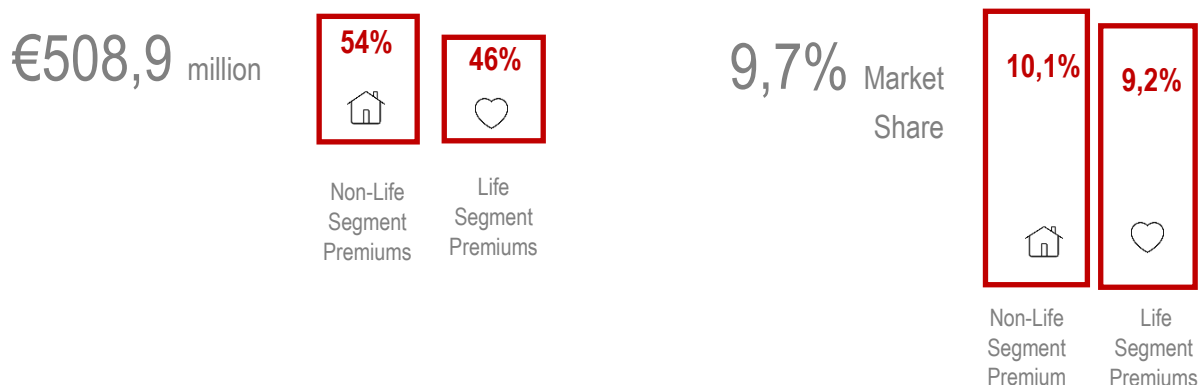


## Generali Group Organization Chart 2023



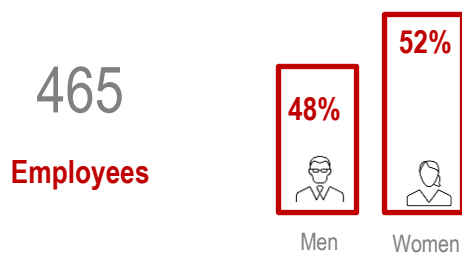
## A.2. OVERALL PERFORMANCE

### Gross Written Premiums



Result after taxes	Total Assets under Management	Shareholders' Equity	Solvency II Ratio
€ -1,02 million	€ 989,6 million	€ 213,7 million	148,1%

### Our People



In 2023 the planned key integration milestones have been successfully completed moving towards to the completion of the ambitious integration plan (following the legal merger between Generali Hellas and Generali Hellas I at the end of 2021), while keeping positive organic growth.

Total premiums were up 6,6% to € 508,9 mln with growth in all business lines (portfolio mix: 54% Non-Life and 46% Life), despite the fragile financial conditions with mixed signs. Geopolitical instability could pressure macroeconomic indicators (inflation growth) with critical risk the energy prices and the impact on the available income of our customers.

Company holds a significant high market share at the level of 9.7%.

Company's result after taxes, was at the level of €- 1,02 mln.

Own Funds reached the level of € 213,7 mln, while at the same time the Assets Under Management are € 989,6 mln keeping a strong position against the volatile economic environment.

Solvency II Ratio decreased by 1,7pps compared to 2023 standing at 148,1%- net of 10 mln foreseeable dividends to be paid in 2024- demonstrated resilience and reliability of the Company for another year.

### A.3. UNDERWRITING PERFORMANCE

#### Property & Casualty



In 2023, gross written premiums of P&C segment stood at € 272,1 mln marking an increase of 3,2% compared to 2022. The growth was driven mainly by the Non-Motor business.

Result before taxes was at € -0,15 mln and NCR stood at 100,6% including the extraordinary impact from Natural Catastrophic events of Daniel flood and wildfires.

Gross Written Premiums	Result Before Taxes	NCR
<b>€ 272,1</b> million (+3,2%)	<b>€ -0,15</b> million	<b>100,6%</b>

Gross written premiums of the Life segment increased by 10,7% in 2023 due to the growth of the saving and the protection products, reaching the level of € 236,8 mln.

#### Life



All channels have grown their production within 2023, with Direct showing the biggest percentage increase in the channel mix.

Result before tax was at € 0,34 mln. while NBV was at the level of €0,8 mln based on the new accounting standards IFRS 17/9.

Gross Written Premiums	Result Before Taxes	NBV
<b>€ 236,8</b> million (+10,7%)	<b>€ 0,34</b> million	<b>€ 0,8</b> million

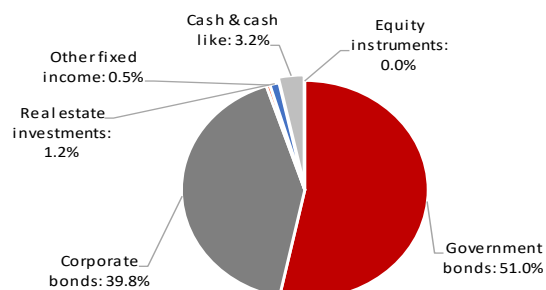
## A.4. INVESTMENT PERFORMANCE

<b>Investments at Fair Value</b>	<b>P&amp;C</b>	<b>LIFE</b>	<b>TOTAL</b>	<b>%</b>
<b>General Investment Accounts</b>	<b>458,728</b>	<b>473,526</b>	<b>932,254</b>	<b>100%</b>
Equity instruments	-	-	-	0.0%
<b>Fixed income investments</b>	<b>399,674</b>	<b>451,788</b>	<b>851,462</b>	<b>91.3%</b>
Government bonds	230,482	245,068	475,550	51.0%
Corporate bonds	167,127	204,372	371,499	39.8%
Other fixed income	2,065	2,348	4,413	0.5%
<b>Real estate investments</b>	<b>10,736</b>	-	<b>10,736</b>	<b>1.2%</b>
<b>Cash &amp; cash like</b>	<b>16,836</b>	<b>13,110</b>	<b>29,946</b>	<b>3.2%</b>
<b>Other investments</b>	<b>31,482</b>	<b>8,628</b>	<b>40,110</b>	<b>4.3%</b>

<b>Stocks of UG/L on and off Balance Sheet</b>	<b>P&amp;C</b>	<b>LIFE</b>	<b>TOTAL</b>
<b>General Investment Accounts</b>	-	<b>9,375</b>	-
Equity instruments	-	-	-
<b>Fixed income investments</b>	-	<b>14,128</b>	-
Government bonds	-	7,553	-
Corporate bonds	-	6,575	-
Other fixed income	-	-	-
<b>Real estate investments</b>	<b>4,753</b>	-	<b>4,753</b>
<b>Cash &amp; cash like</b>	-	-	-
<b>Other investments</b>	-	-	-

<b>P&amp;L Investment result</b>	<b>P&amp;C</b>	<b>LIFE</b>	<b>TOTAL</b>
<b>TOTAL</b>	<b>5,897</b>	<b>9,288</b>	<b>15,185</b>
Current Income	7,547	9,202	16,749
Net Realized gains/losses	-	1,048	-
Net Unrealised G/L at P&L	-	319	-
Expected Credit Loss	-	357	-
Investment Expenses	-	640	-

Composition Investments At Fair Value



Assets Allocation in 2023 remains prudent and well diversified, allocated by 91,3% on Fixed Income Asset Class, in favor of Government issuers by 51,0%, while Corporate issuers hold 39,8%. The cash & cash like account for 2023 stands at €29,9 mln .

Company's portfolio's results produced a Total Investment Result of € 15,2 mln, excluding the valuation of Assets backing contracts where the financial risk is borne by policyholders (Unit Linked) and the insurance finance income & expense (IFIE) from liabilities. Current Income, deriving mainly from Interests from Fixed Income Investments, stood at € 16,7 mln.

## A.5. INFORMATION ON DIGITIZATION

Generali Hellas aiming to digitize its processes in order to meet the new challenges has invested heavily in its digital transformation, utilizing cutting-edge technologies, and training its executives accordingly. Significant efforts have been made to achieve the digitization of distance sales, the process of renewal, underwriting and claims, as well as the electronic signature providing multiple benefits to both our customers and partners. The new tool, Life Claims Accelerator and also the MyGenerali application are the results of the digitization that aim at the remote customer service and the seamless running of the Company's operations.

All transactions and electronic communications are in compliance with the specifications set by the Personal Data Protection Regulation (GDPR) ensuring customer confidentiality. At the same time, special emphasis has been placed on the security of the company's digital systems (Cyber Security) for the protection of threatening incidents frequently occurring in the cyberspace.



## **A.6. ANY OTHER INFORMATION**

### **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 with related companies for 2023 stood at € 25,0 mln.

All related party transactions concern reinsurance activities, involving mainly the parent company "Assicurazioni Generali S.p.A."

## Annex

## QRT TEMPLATES VALID FOR SOLO PURPOSES

## S.05.01-Premiums, claims and expenses by line of business (1/3)

Line of Business for: Non-Life Insurance and Reinsurance Obligations (direct business and accepted proportional reinsurance)									
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
<b>Premiums written</b>									
Gross - Direct Business	26.131	4.266	0	41.672	18.823	10.161	120.988	28.018	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	178	1.748	132	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0
Reinsurers' share	1	139	0	822	680	3.273	33.940	9.845	0
<b>Net</b>	<b>26.130</b>	<b>4.127</b>	<b>0</b>	<b>40.850</b>	<b>18.144</b>	<b>7.067</b>	<b>88.797</b>	<b>18.305</b>	<b>0</b>
<b>Premiums earned</b>									
Gross - Direct Business	26.238	4.094	0	40.889	18.587	10.131	106.373	26.693	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	190	1.760	124	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0
Reinsurers' share	1	136	0	878	703	3.136	33.207	9.085	0
<b>Net</b>	<b>26.237</b>	<b>3.957</b>	<b>0</b>	<b>40.012</b>	<b>17.884</b>	<b>7.185</b>	<b>74.925</b>	<b>17.731</b>	<b>0</b>
<b>Claims incurred</b>									
Gross - Direct Business	14.380	204	0	29.013	11.741	1.851	125.289	17.363	0
Gross - Proportional reinsurance accepted	0	0	0	0	0	19	-186	80	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0
Reinsurers' share	-205	-100	0	-123	-27	-358	78.126	5.775	0
<b>Net</b>	<b>14.585</b>	<b>304</b>	<b>0</b>	<b>29.136</b>	<b>11.768</b>	<b>2.229</b>	<b>46.977</b>	<b>11.668</b>	<b>0</b>
<b>Expenses incurred</b>	<b>8.100</b>	<b>1.428</b>	<b>0</b>	<b>13.259</b>	<b>5.955</b>	<b>3.737</b>	<b>39.499</b>	<b>5.693</b>	<b>0</b>
<b>Other expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## S.05.01-Premiums, Claims and Expenses by line of business (2/3)

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional)			Line of Business for: accepted non- proportional reinsurance				Total
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
<b>Premiums written</b>								
Gross - Direct Business	0	6.765	13.254	0	0	0	0	270.079
Gross - Proportional reinsurance accepted	0	0	8	0	0	0	0	2.065
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0
Reinsurers' share	0	3.753	47	0	0	0	0	52.500
<b>Net</b>	<b>0</b>	<b>3.012</b>	<b>13.215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>219.645</b>
<b>Premiums earned</b>								
Gross - Direct Business	0	5.843	11.443	0	0	0	0	250.291
Gross - Proportional reinsurance accepted	0	0	7	0	0	0	0	2.081
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0
Reinsurers' share	0	3.753	49	0	0	0	0	50.949
<b>Net</b>	<b>0</b>	<b>2.090</b>	<b>11.402</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>201.422</b>
<b>Claims incurred</b>								
Gross - Direct Business	0	3	7.512	0	0	0	0	207.356
Gross - Proportional reinsurance accepted	0	0	73	0	0	0	0	-14
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0
Reinsurers' share	0	0	4.204	0	0	0	0	87.292
<b>Net</b>	<b>0</b>	<b>3</b>	<b>3.381</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120.051</b>
<b>Expenses incurred</b>	<b>0</b>	<b>1.986</b>	<b>8.007</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>87.664</b>
<b>Other expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.881</b>
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>95.545</b>

## S.05.01-Premiums, Claims and Expenses by line of business (3/3)

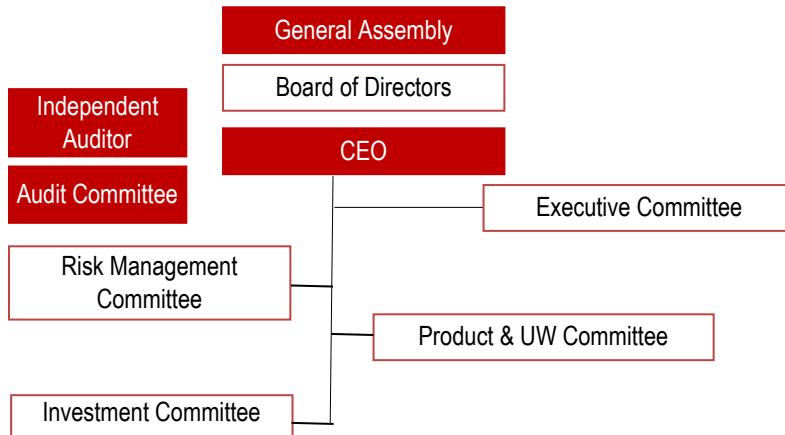
	Line of Business for: life insurance obligations				Life reinsurance obligations				Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
<b>Premiums written</b>									
Gross - Direct Business	159.945	50.236	16.401	10.210	0	0	0	0	236.792
Reinsurers' share	7.636	32	4	613	0	0	0	0	8.284
<b>Net</b>	<b>152.309</b>	<b>50.204</b>	<b>16.397</b>	<b>9.597</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>228.508</b>
<b>Premiums earned</b>	0	0	0	0	0	0	0	0	
Gross - Direct Business	158.141	50.236	16.401	10.210	0	0	0	0	234.987
Reinsurers' share	7.505	32	4	613	0	0	0	0	8.153
<b>Net</b>	<b>150.636</b>	<b>50.204</b>	<b>16.397</b>	<b>9.597</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>226.834</b>
<b>Claims incurred</b>	0	0	0	0	0	0	0	0	
Gross - Direct Business	124.241	54.325	102.946	2.873	0	0	0	0	284.385
Reinsurers' share	5.971	0	0	354	0	0	0	0	6.326
<b>Net</b>	<b>118.270</b>	<b>54.325</b>	<b>102.946</b>	<b>2.518</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>278.059</b>
<b>Other expenses</b>	0	0	0	0	0	0	0	0	5.315
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54.512</b>

# B. System of Governance

## B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

### B.1.1. THE CORPORATE GOVERNANCE SYSTEM

The Generali Hellas' System of Governance consists of the following:



#### Board of Directors

The Board of Directors has ultimate responsibility for the carrying out of business, strategy setting and for the setting up of an effective risk management and internal control system, verifying its adequacy over time. The Board of Directors is ultimately responsible for setting strategies and policies in the area of risk management and internal control and ensuring their adequacy and sustainability over time, in terms of completeness, functioning and effectiveness.

The members of the Board of Directors are the following:

- Villa Ramos Antonio Santiago (Chairman)
- Panagiotis Dimitriou (Managing Director & General Manager)
- Konstantinos Venetis (independent member)
- Valentina Sarrocco (member)

#### Executive Committee

The Executive Committee is composed by executive directors; its mission is to plan the strategy of the Company, to solve all high-level managerial issues and to decide about any crucial issue regarding the performance of the Company.

The members of the Executive Committee are the following:

- Panagiotis Dimitriou                      Managing Director and General Manager
- Panagiotis Vasilopoulos                Chief Technical Manager
- Elias Rigas                                    Chief Financial Officer
- Georgios Zervoudakis                    Sales Manager
- Maria Lampropoulou                    Marketing & Communications Manager
- Eleni Kordatou                              HR Manager

### **Internal Audit Committee**

The Audit Committee is composed of non-executive and independent directors; its mission is to advise the Management Board, and to put forward proposals regarding the internal control and risk management system.

The members of the Internal Audit Committee are the following:

- Georgios Soulis
- Konstantinos Venetis
- Valentina Sarrocco
- Georgios Theodorakopoulos (Committee Secretary)

### **Risk Committee**

Risk Committee acts as an advisory body, to provide support to Company's Top Management in defining the Company's target risk and the related levels of economic capital; in monitoring the risk profile on the basis of reports prepared by the Company's Risk Management function and in setting any corrective strategies. Risk Committee includes the CEO, the General Manager and CFO, the CRO and the Heads of the Company's main areas / operating units.

The members of the Risk Committee are the following:

- Panagiotis Dimitriou (Managing Director and General Manager)
- Panagiotis Vasilopoulos (Chief Technical Manager)
- Elias Rigas (Chief Financial Officer)
- George Zervoudakis (Sales Manager)
- Myrto Perati (Chief Operations Officer)
- Giorgos Athanasopoulos (Chief Investment Officer)
- Ioannis Sinos (Chief Risk & Actuarial Officer)
- George Bibiris (Compliance Officer)
- Maria Lampropoulou (Marketing and Communications Manager)
- Eleni Kordatou (Human Resource Manager)
- George Theodorakopoulos (Internal Audit Manager)

### **Investment Committee**

The Investment Committee in respect to Company strategic planning, conducts the investment strategy, eligible to Group Investment Risk Guidelines, and controls the compliance of the Investments procedure in respect to the limits set by the Group Investment Risk Guidelines and the evolution of actual results in comparison to target's achievement for precaution measures.

The members of the Investment Committee are the following:

- Panagiotis Dimitriou (Managing Director and General Manager)
- Elias Rigas (Chief Financial Officer)
- Giorgos Athanasopoulos (Chief Investment Officer)
- Ioannis Sinos (Chief Risk & Actuarial Officer)

### **Product & Underwriting Committee**

The Product & Underwriting Committee is responsible to certify that the products provided by the Company are in alignment with the quality and profitability standards that are set by the HO, and that these products follow the local market trends. In parallel, the Committee ensures the product oversight and governance of the products according to the local legislation and the European guidelines.

The members of the Product & Underwriting Committee are the following:

- Panagiotis Vasilopoulos (Chief Technical Manager)
- Elias Rigas (Chief Financial Officer)
- Ioannis Sinos (Chief Risk Officer)
- Stylianos-Antonis Dimitriou (Manager Insurance Products & Analytics)
- George Bibiris (Compliance Officer)

### **B.1.2. CHANGES IN THE SYSTEM OF GOVERNANCE (ONLY MATERIAL CHANGES THAT HAVE TAKEN PLACE OVER THE REPORTING PERIOD MUST BE DISCLOSED)**

For Generali Hellas' System of Governance, no changes are to be reported for 2023.

### **B.1.3. REMUNERATION POLICY (FIXED AND VARIABLE COMPONENTS, PERFORMANCE CRITERIA, SUPPLEMENTARY PENSIONS)**

The remuneration policy is a key element for Generali Hellas Insurance Company SA and reflects its values: the mission of the Company is to protect and improve people's lives through the provision of insurance services. The Company proactively pursue this goal, taking care of the future of its customers and of people, dedicating itself to the core insurance business, managing and mitigating the risks of individuals and institutions with the commitment to create value for its stakeholders.

Through the remuneration policy, the Company aims to attract, motivate and retain the people who - for their technical and managerial skills and their different profiles in terms of origins, gender and experience - are a key factor for the success of the Company, as reflected in its values.

The Company's reward approach is based on the total remuneration concept. Employees are compensated with the following components:

- Fixed remuneration
- Benefits
- Variable remuneration: all incumbents in executive roles also have access to a variable remuneration.

#### **Fixed Remuneration**

Fixed remuneration includes base salary, legally required additional payments, allowances. The structure of fixed remuneration is determined by local regulations, local market benchmark and company practices.

The fixed salary remunerates the role held and responsibilities assigned, also considering the experience of the relevant incumbent and the skills required, as well as the quality of the contribution made in terms of achieving business results.

The weight of the fixed remuneration must be such as to attract and retain our people, and at the same time must also sufficiently remunerate the role, even if the variable component should not be disbursed due to failure to achieve individual, Company or Group targets, this reduces the possibility of conduct that is not in line with the Company's risk appetite framework.

As for the other components of the remuneration, the fixed part is also measured annually in comparison with market trends.

#### **Benefits**

Benefits are a substantial component of the remuneration package – within a total remuneration approach - which complement monetary payments. The type and overall value of benefits differ according to category of beneficiaries.

More specifically, supplementary pensions and healthcare are governed by individual contracts, applicable collective bargaining agreements and company level agreements, which also provides for other guarantees, such as the Long-Term Care in the event of permanent disability, and the guarantees in the event of death or total permanent disability caused by injury or disease, whether occupational or otherwise.

Benefits package may also include personal and business use of a company car with fuel card (alternatively car allowance can be provided), dedicated assistance in case of emergency and agreements with airport operators (e.g. corporate frequent flyer cards). Moreover, favorable contractual conditions are also granted, in respect to all applicable regulations, with regards to, for example, the subscription of insurance, banking or other Generali Group products, along with facilitated access to loans, mortgages for buying houses or vehicles, as well as other benefits or reimbursements related to company events or specific company initiatives.

Other benefits can be assigned for a definite period of time, in line with market practices, in case of internal or international mobility such as housing, children education and other relocation allowances linked to relocation.

### **Variable Remuneration**

The variable remuneration seeks to motivate employees to achieve business targets by creating a direct link between incentives and quantitative and qualitative targets set at Group, Region, Country, Business / Function and individual level. Performance is assessed by taking a multi-perspective approach that, according to the time frame considered, evaluates the results achieved by the individuals, those achieved by the business units in which said individuals work and the Group results as a whole.

The variable remuneration opportunities vary for each participant, according to the organizational level, the possibility of having a direct influence on Group results and the impact of the individual role on the business. The time horizon for the variable remuneration also differs according to the role, with greater weighting assigned to the long-term component for the positions expected to play a key role in determining long-term sustainable performance.

The Group guidelines on variable remuneration ensure alignment with regulatory requirements and the recommendations made by the control functions. Individual contracts contain specific details on the maximum amount of the variable remuneration and the proportions of the short and long-term components.

The process to define the remuneration policy is managed within the Local Governance framework, taking into consideration also the local circumstances, with particular attention to the local practice in terms of contractual levels, pay-mix and eligibility on incentives plan with a final purpose to maintain our reward packages competitive and to attract the best people.

## **B.1.4. INFORMATION ON RISK MANAGEMENT, INTERNAL AUDIT, COMPLIANCE AND ACTUARIAL FUNCTIONS INTEGRATION INTO THE ORGANIZATIONAL STRUCTURE AND THE DECISION-MAKING PROCESSES OF THE UNDERTAKING. STATUS AND RESOURCES OF THE FOUR FUNCTIONS WITHIN THE UNDERTAKING**

### **Risk Management**

The Risk Management function acts as guarantor for the correct implementation of the risk management system, as required by law and as established by the BoD.

The Risk Management function supports the BoD and the Senior Management in granting the effective implementation of the risk management system, as required by law and internal regulation. The function supports the BoD and Senior Management in the definition of risk management strategies and provides tools for risk identification, monitoring, management and measurement. Risk Management also provides, through an adequate reporting system, the elements for assessing risk exposures and tightness of the end-to-end risk management system. The Risk Management function at all levels has a clearly defined mandate that establishes its role within the overall structure in light of the Internal Control and Risk Management system, where Risk Management function is identified as a second line of defense in the three lines of defense system.

Risk Management function has full access, in accordance with local laws and regulations, to all information, systems and documentation related to activities within the risk management scope and they may attend relevant BoD and Committee



meetings (i.e. Risk Committee, Internal Control Committee meetings), to raise risk related matters, whenever appropriate. Information and documents accessed shall be handled in a prudent and confidential manner.

Local Risk Management is in charge of performing risk management activities at Legal Entity level. Subject to the applicable laws and regulations, the local Risk Management takes the leadership and responsibility for all risk management activities of the relevant perimeter and is in charge to apply Group policies and guidelines at Legal Entity level, ensuring risks are managed accordingly. Specifically, local Risk Management is responsible to:

- Monitor Legal Entity risks in line with risk related policies, guidelines and operating procedures, consistency with the defined risk strategy and risk limits
- Run the local risk function, embedding risk related Group policies, guidelines and operating procedures at Legal Entity level
- Participate and bring risk view into Legal Entity business processes, in accordance to the relevant processes and guidelines
- Monitor risk process at Legal Entity level and adherence to risk limits
- Report risk results and risk related reports to Main Country/ Region/ Division Risk Management and relevant Legal Entity Governance bodies
- Escalate to Main Country/ Region /Division Risk Management and relevant Legal Entity Governance bodies in case of breaches.

#### **Internal Audit**

As described in chapter B.5.

#### **Compliance**

The Compliance function participates in protecting the Company from loss and damage, improving the way business is done.

The Compliance function's mission is:

- to advise the BOD on compliance with laws, regulations and administrative provisions
- to assess the possible impact of any changes in the legal environment on the operations
- to identify and assess the Compliance Risk
- to contribute in safeguarding the integrity and reputation of the entity
- to reinforce the entity's compliance awareness, transparency and responsibility towards stakeholders
- to support a steady and persistent business operation and build a sustainable competitive advantage by integrating compliance risk management in the daily activities and strategic planning.
- to evaluate that the Compliance management system is appropriate to the size, complexity, structure and operations of the Company.

In this context, the Compliance function is the administrative capacity for ensuring that all the actions of the Company comply with applicable laws and regulatory requirements. The Compliance function includes advising the Board of Directors and the senior management on compliance with laws, regulations, internal rules and administrative provisions adopted pursuant the responsibilities assigned to the Compliance function by the relevant Regulatory Authorities.

The Compliance function assists in identifying, assessing, and monitoring compliance risks arising from failure to comply with the applicable laws and regulations and internal rules and participates, in an independent way, to the effective management of risks.

The key Compliance function's activities can be summarized as follows:

- Reported Concerns and Incorrect Conduct Management
  - ✓ managing the concerns reported both directly or through the whistleblowing channel according to the relevant Group Rules
- Group Compliance-related Policies Implementation
  - ✓ supervising the implementation, also performing adequate controlling activities, of compliance policies relevant at Group level (Compliance related policies), such as the Related party transactions procedure, the Code of Conduct implementing Group Rules falling within the scope of the Compliance function and FATCA – Group Compliance program, AML/CTF /IS and personal data protection policies and any other Group Compliance program.

- **Monitoring of the Legal Framework**
  - ✓ identifying on a continual basis the regulations applicable to the entity and assess the impact on its processes and procedures. In order to assess the possible impact on the entity of significant changes in the legal environment, as well as identify and assess the compliance risk that could arise from such changes, the Compliance function monitor projected revisions of legislation and plan to introduce new regulation.
  - ✓ operating in accordance with the applicable legislation, Company's management directives, Compliance management system policy and Group Compliance Operating Model.
- **Compliance Risk Management**
  - ✓ assessing the adequacy and effectiveness of the organizational measures adopted to prevent the risk of non-compliance with internal and external standards, according to the Group Compliance Risk Assessment Methodology;
  - ✓ proposing organizational and procedural changes aimed at ensuring adequate control over the compliance risk;
  - ✓ assessing the effectiveness of the organizational improvements following the compliance recommendations proposed to the business (action-tracking);
  - ✓ taking part in new business projects with the aim to assess ex-ante the compliance risk associated to them. The Compliance function identify, document and assess the compliance risk associated with the business activities, including the development and design of new products and business practices, the proposed establishment of new types of business or customer relationship or material changes in the nature of such relationship.
- **Advising**
  - ✓ assisting the Board of Directors and senior management in managing effectively the compliance risk faced by the business, support and advise the business on all the topics where there is a compliance risk, keeping them informed on developments in the area.
- **Interactions with other Control functions**
  - ✓ Participating in exchange of topics, best practices and experience across the entity, with the other control functions and with Regional and or Group Compliance.
- **Reporting**
  - ✓ reporting to the Board of Directors and to the Regional Compliance Officer on the activities performed on a regular basis and on any major compliance failures as soon as identified. Compliance issues that need to be reported immediately are: cancellation or suspension of the license or authorization to operate, criminal sanctions, material administrative fines and incidents that carry a high reputational risk, changes in the legal environment having a material impact on the business or on the entities' risk profile, inspections by Regulatory Authorities.

#### **Actuarial function**

As described in chapter B.6.

### **B.1.5. INFORMATION ON AUTHORITIES, RESOURCES, PROFESSIONAL QUALIFICATIONS, KNOWLEDGE, EXPERIENCE AND OPERATIONAL INDEPENDENCE OF THE FUNCTIONS AND HOW THEY REPORT TO AND ADVISE THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY OF THE INSURANCE OR REINSURANCE UNDERTAKING**

#### **Risk Management**

Risk Management function complies with the following requirements as per their qualifications, knowledge and experience:

- CRO has the necessary qualifications, knowledge, experience and professional and personal skills which enable him to carry out his duties effectively. He has a solid relevant experience in insurance industry, in risk management practices and in actuarial function's duties.
- CRO has the capacity to relate to the commercial mind-set of the business and develop an overall understanding of the organization from the operational and strategic point of view. The CRO shall follow the applicable risk policies, which set out the relevant responsibilities, goals, processes and reporting procedures to be applied.
- All the personnel belonging to Risk Management function own above requirements and characteristics, commensurate with the degree of complexity of the activities to be carried out.
- The fitness requirements are being maintained at an appropriate and adequate level at all times.
- The evaluation of the fitness requirement outlined above should be performed on the basis of the procedure indicated in the Group Fit and Proper Policy.

In terms of resources, the Risk Management Function currently consists of six people. All of them possess an actuarial – risk preparation, with a BSc degree in actuarial, statistics or mathematics, all of them possess a Master's degree in actuarial science (MSc).

Risk Management function is responsible for the overall risk profile monitoring and reporting to the BoD, Senior Management and Risk Owners (within the limits of their competencies), as defined in regulatory framework and in Internal Control and Risk Management system. The risk reporting is coordinated at Group level in order to grant a common reporting framework and shall take into consideration additional local specific reporting requirements.

Internal risk reporting to the BoD and the Senior Management includes:

- ORSA Reporting.
- Results of stress tests and limits breaches.
- Risk trends and other reporting to BoD and Senior Management in line with regulatory requirements and best practices.
- Periodical Reporting containing information gathered at the different phases of the process for managing operational risks.

Risk Management function also contributes to external risk reporting in relation to:

- Risk report in the Notes of the Financial statement;
- Regulatory reporting to the competent Supervisory Authority and to the Market as far as concerns the risk profile,
- Additional risk topics included in the financial reporting process.

#### **Internal Audit**

As described in chapter B.5.

#### **Compliance function**

The appointment of the Compliance Officer is subject to the approval of the Board of Directors, in agreement with the Regional Compliance Officer. The same rule applies for the dismissal of the Compliance Officer.

The organizational structure of Generali Hellas' Compliance Function consisting of 3 Full Time Employees, is appropriate to mitigate the relevant compliance risks.

The current staff of the Compliance Function has the necessary qualifications (professional certifications) and experience, in order to carry out their duties effectively. They have the necessary professional and personal skills enabling them to

understand the obligations, legislation, standards and rules that impact the business and to be familiar with compliance risk management methodologies. Moreover, the current annual budget, is sufficient to mitigate the Compliance related risks.

Adequate safeguards are in place to ensure the separation of tasks and the prevention of conflicts of interest in order to guarantee the Compliance function's independence. The separation of the Compliance function from the other controlling functions and from the operational departments is guaranteed by expressly defining its respective role and scope of activities.

The Compliance Officer reports to the Board of Directors, to the CEO and to the Group Compliance Officer through the Regional Compliance Officer. The Compliance Officer has a matrix-reporting line and a two-tier responsibility: at local level, in order to guarantee the compliance with local rules and other specificities linked to the business practices, organization, etc. and at Group level, being subject to Group guidance and coordination.

Compliance reporting allows the Board of Directors and senior management to obtain a picture of the level of risk faced by the Company for communication, discussion and decision making. It includes, as a minimum, the drafting of the annual Compliance Plan, the Risk Assessment Report, the annual and semi-annual Compliance Report, the Business Risk assessment report and the AML/IS report.

Planned activities are set out in a Compliance Plan, which takes into consideration all relevant areas of the entity, its exposure to compliance risk, Group Compliance directives & Group Compliance plan. The activities included in the Plan take into account the results of the annual Risk assessment activities, the existing laws and regulations, external and internal, as well as the emerging ones and potential follow-up activities on the assessments performed in previous years. The Plan is discussed with the Regional Compliance Officer, and then it is presented to the local Board of Directors for approval.

The results of each compliance risk assessment activity carried out following the Compliance Plan are described in detail in the Risk Assessment Report. This report contains all the information about the compliance risk identification and assessment phases and allows management and the Compliance Officer to become aware and discuss the compliance risk identified, so that informed, timely decisions can be made.

The Assessment Report is addressed to the head of the business units impacted and to the senior management.

The Compliance Officer prepares an annual and a semi-annual report on the activities carried out by the Compliance function according to the compliance plan, and on the adequacy of the controls put in place by the Company to manage the compliance risk.

The annual and semi-annual report is addressed to the Board of Directors, to the Chief Executive Officer and to the Regional Compliance Officer.

The reports contain a description of the activities carried out during the year as per the Compliance Plan as well as any extra plan activities performed following requests by the Board of Directors, the Group Compliance Officer, the Regional Compliance Officer and local Regulatory Authorities.

#### **Actuarial function**

(Please see section B.6)

## **B.2. FIT AND PROPER REQUIREMENTS**

### **B.2.1. DESCRIPTION OF SKILLS, KNOWLEDGE AND EXPERTISE REQUIRED FOR PERSONS WHO EFFECTIVELY RUN THE UNDERTAKING OR HAVE OTHER KEY FUNCTIONS**

The Solvency II Directive requires that all persons who effectively run the undertaking or have other key functions "at all times fulfil the following requirements:

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit) and
- they are of good repute and integrity (proper)".

The Company's Fit & Proper Policy, based on the Group Fit & Proper Policy, which is applied to all Group Legal Entities, sets out:

- the minimum fit and proper requirements for the personnel effectively running the Company or performing other key functions
- the process for assessing the fitness and propriety of the relevant personnel.

The rules for identifying the personnel requested to meet the fit & proper requirements is described in par. 3 (Relevant Personnel) of the Fit & Proper Policy. The Relevant personnel is:

- Members of the Administrative and Supervisory Bodies
- Members of the Board of Statutory Auditors, if any
- Key Managers
- Personnel of the Control Functions
- Personnel exerting control over certain outsourced activities.

The Relevant personnel must comply with the minimum fitness requirements provided by the Fit & Proper Policy, as well as by local legislation and more restrictive local fit & proper policies, depending on the collective or individual responsibilities they hold.

Moreover, the Relevant personnel are expected to avoid, to the maximum extent possible, activities that could create conflicts of interest or the appearance of conflicts of interest.

The Company shall arrange professional training/education sessions, as necessary, so that the relevant personnel are able to meet the changing and/or increasing requirements set forth by the applicable legislation in relation to their particular responsibilities.

More analytically, the Relevant personnel's Fitness requirements are detailed as follows:

#### **MEMBERS OF THE ADMINISTRATIVE OR SUPERVISORY BODIES**

The Administrative Bodies and Supervisory Bodies include, in the one-tier administrative system, the board of directors and, in the two-tier administrative system, the supervisory board, and/or (if applicable) the management board.

The Company applies the one-tier administrative system and has the board of directors as administrative body.

The Administrative Body of the Company shall collectively possess appropriate experience and knowledge about at least:

- the market in which the undertaking operates,
- business strategy and business model,
- system of governance,
- actuarial and financial analysis,
- regulatory framework and requirements.

**Market knowledge** means an awareness and understanding of the wider relevant business, economic and market environment in which the undertaking operates and an awareness of the level of knowledge of and needs of customers.

**Business strategy and business model knowledge** refers to a detailed understanding of the undertaking's business strategy and model.

**System of Governance knowledge** means the awareness and understanding of the risks that the undertaking is facing and the capability to manage them. Furthermore, it includes the ability to assess the effectiveness of the undertaking's arrangements to deliver effective governance, oversight and controls in the business and, if necessary, oversee changes in these areas.

**Actuarial and Financial analysis knowledge** means the ability to interpret the undertaking's actuarial and financial information, identify and assess key issues, and take any necessary measures (including appropriate controls) based on this information.

**Regulatory framework and requirements knowledge** means awareness and understanding of the regulatory framework in which the undertaking operates, in terms of both the regulatory requirements and expectations, and the capacity to adapt to changes in the regulatory framework without delay.

## **MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

The Board of statutory auditors includes the board of persons with a control and auditing role, whose appointment is required by applicable legislation or by the by-laws of the Company.

## **KEY MANAGERS**

In general terms, Key Managers could include persons employed by the undertaking who are responsible for high level decision making and implementing the strategies devised and the policies approved by the Administrative Bodies. Key Managers are those managers who effectively run any Group legal entity. Regardless of the title assigned to each correspondent role, these include at least:

- the local CEOs
- the General Managers
- the Chief Financial Officer
- the Chief Insurance Officer
- the Chief Distribution Officer
- the Chief Operating Officer
- the Head of HR
- the General Counsel
- the Chief Investment Officer
- the Chief Data Officer.

Each Key Manager must possess the professional qualifications, knowledge and experience which are appropriate and adequate to hold all the roles he/she is in charge of.

## **PERSONNEL OF THE CONTROL FUNCTIONS**

This includes at least the following heads of Control Functions (where established):

- the Head of the Internal Audit function,
- the Head of the Risk Management function,
- the Head of the Compliance function,
- the Head of the Actuarial function.

All the personnel of the control functions must possess the fit and proper requirements provided by the policies governing these functions as described in the respective chapters of this report.

## **PERSONNEL EXERTING CONTROL OVER CERTAIN OUTSOURCED ACTIVITIES**

As a general principle, the persons that are in charge of the control of outsourced activities must possess sufficient professional qualifications, knowledge and expertise to exert control over the outsourced activity. In particular, at a minimum level, the person who has overall responsibility for the outsourced activities has to possess enough knowledge and experience regarding the outsourced function to be able to challenge the performance and the results of the service provider.

## **B.2.2. PROCESS FOR ASSESSING THE FITNESS AND THE PROPRIETY OF THE PERSONS**

In addition to the requirements stated above and in the relevant policies, the Company shall evaluate if the Relevant personnel is “fit” and “proper” to perform the role and responsibilities assigned to them.

### **FITNESS REQUIREMENTS EVALUATION**

#### **MEMBERS OF THE ADMINISTRATIVE BODIES**

The Administrative Bodies of the Company are expected to take collective decisions based on the contribution of each single member. The members are not expected to possess, each of them individually, expert knowledge, competence and experience within all areas of the undertaking. However, the collective knowledge, competence and experience of the Administrative Bodies as a whole have to provide for a sound and prudent management of the undertaking.

Therefore, the fitness of the Administrative Body’s members shall be evaluated from both an individual (considering the contribution that each member can give to the collective decision) and collective perspective.

When assessing the knowledge, competence and experience required for the performance of a particular role within the Administrative Bodies, the qualifications and experience of the employees within the undertaking can be also taken into account as a relevant factor.

The evaluation shall demonstrate that the collective knowledge of the body is maintained at an adequate level at all times.

The evaluation of the possession of the fitness requirements shall be executed by the Administrative Body itself:

- in one of the first meetings after their appointment,
- at least once a year,
- whenever a change in the composition of the Administrative Body occurs due to any reason whatsoever (including, without limitation, in the event of replacement of one of the members of the corporate body).

The Company may decide that the supervisory body evaluates the fitness requirements of the members of the Administrative Body.

When a sole director is appointed, the evaluation is performed by the subject (within the Company), who has the power to appoint him/her (in most cases the shareholders).

If appropriate (taking into account the activities carried on by each of them), Group legal entities sharing the same members of the Administrative Body, or the sole director can agree in writing to have the evaluation performed just by one of them.

As a general rule, the Company shall perform the Fit & Proper evaluation within the Administrative Bodies when approving the annual financial statement.

When the candidates are proposed according to the process set out in the Policy on Nomination, Delegated powers and Remuneration, the evaluation is performed also by Assicurazioni Generali before communicating the nomination.

#### **MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

The members of the Board of Statutory Auditors (if any) shall comply with the fitness requirements provided by the applicable local legislation.

#### **KEY MANAGERS**

The evaluation on the possession by each Key Manager of the fitness requirements shall demonstrate that the qualifications, knowledge and experience of each Key Manager is maintained at an appropriate and adequate level at all times.

The evaluation shall be executed by the subject or the collective body in charge of the appointment of the Key Manager according to the applicable corporate governance rules. Moreover, the HR Department shall request a written self-declaration to confirm their adherence to the current fit & proper standards and their commitment to give immediate notice to the HR Department of any significant events which are relevant in this respect.

## **PERSONNEL OF THE CONTROL FUNCTIONS**

The aim of the fitness evaluation is to demonstrate at all times that the qualifications, knowledge and experience of the Heads of the Control Functions is maintained at an adequate level.

The evaluation of the possession by the Heads of the Company's Control Functions of the fitness requirements shall be executed by the Administrative Body of the Company when appointing the Head of the relevant Control Function and on an ongoing basis (at least on an annual basis).

The evaluation of the personnel shall be executed by the Head of the Control Function. Moreover, the HR Department shall request a written self-declaration as described above.

Where the Control Function is outsourced to a service provider, the possession of fitness requirements by the persons performing the function must be documented.

## **PERSONNEL EXERTING CONTROL OVER CERTAIN OUTSOURCED ACTIVITIES**

The evaluation shall demonstrate that the qualifications, knowledge and experience of the persons exerting control over certain outsourced activities is maintained at an adequate level at all times.

The evaluation shall be executed by the person in charge of the appointment of the persons in charge of the control. Moreover, the HR Department shall request a written self-declaration as described above.

## **PROPER REQUIREMENTS EVALUATION**

The assessment of whether the Relevant personnel are proper should include an assessment of their honesty based on relevant evidence regarding their character, personal behavior and business conduct. Personal reliability and good reputation are prerequisites to be eligible for and hold relevant roles within the Company.

The professional integrity of the Relevant personnel is assessed on the basis of evidence regarding the following:

- Criminal convictions
- Negative assessments by the competent supervisory authorities stating the inadequacy of the person to hold the relevant office
- Serious disciplinary or administrative measures applied as a consequence of willful misconduct or gross negligence, also related to relevant breaches of the Group Code of Conduct and the implementing Group Rules

## **B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT**

### **B.3.1. RISK MANAGEMENT SYSTEM**

The purpose of Risk Management system is to ensure that all risks to which the Company is exposed to are properly and effectively managed on the basis of the risk strategy defined, following a set of processes and procedures and based on clear governance provisions.

The principles defining the Risk Management system are provided in Generali Group Risk Management Policy which is the cornerstone of all risk-related policies and guidelines. Risk Management Policy covers all risks the Company is exposed to, on a current basis or on forward-looking basis.

Generali Group's Risk Management process is defined on the following phases:





## 1. Risk Identification

The purpose of Risk identification phase is to ensure that all material risks to which the Company is exposed to are properly identified. For that purpose, Risk Management Function interacts with the main Business Functions in order to identify the main risks, assess their importance and ensure that adequate measures are taken to mitigate them according to a sound governance process. Within this process, Emerging Risks are also taken into consideration.

Based on Solvency II risk categories and for the purpose of Solvency Capital Requirement (SCR) calculation, risks are categorized according to the following Risk Map:

**Risk Map**

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**Risks covered by Standard Formula**

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Financial Risks	Credit Risks	Non-Life UW Risks	Insurance Risks		Operational Risks
			Life UW Risks	Health UW Risks	
Interest Rate Risk	Counterparty Default Risk	Pricing Risk	Life CAT Risk (Mortality)	Health NSLT Risk	
Equity Risk		Reserving Risk	Mortality Risk	Health SLT Risk	
Property Risk		Non-Life Lapse Risk	Longevity Risk	Health Cat Risk	
Currency Risk		CAT Risk	Morbidity/Disability Risk		
Concentration Risk			Life Lapse Risk		
Spread Risk			Expense Risk		

The Company has also developed an effective Risk Management system for those risks which are not included in the SCR calculation, such as Liquidity Risk, Digital Risk and Other Risks (so called 'non-quantifiable risks', i.e. Reputational Risk, Contagion Risk and Emerging Risks).

Please see sections C.4 Liquidity Risk and C.6 Other Risks.

## 2. Risk Measurement

The risks identified during this 1st phase are then measured through their contributions to the SCR, eventually complemented by other modelling techniques deemed appropriate and proportionate to better reflect the Company risk profile. Using the same metric for measuring the risks and the SCR ensures that each risk is covered by an adequate amount of Solvency Capital which could absorb the loss incurred if the risk went to materialize.

The Company measures its capital requirement using the EIOPA Standard Formula approach, being fully compliant with Solvency II regulation.

Risks not included in the SCR calculation, such as Liquidity Risk and the Other Risks are evaluated based on quantitative and qualitative techniques and models.

### 3. Risk Management and Control

As part of Generali Group, the Company operates under a sound Risk Management system in line with the processes and the strategy set by Generali Group. To ensure that risks are managed according to the risk strategy, the Company follows the governance defined in Group Risk Appetite Framework (RAF). RAF governance provides a framework for risk management embedding in day-to-day and extraordinary business operations, control mechanisms as well as escalation and reporting processes.

Furthermore, the Company has created the local RAF, the purpose of which is to set the desired level of risk (in terms of Risk Appetite and Risk Preferences) and limit excessive risk-taking. Tolerance Levels on the basis of capital and liquidity metrics are set accordingly. Should an indicator approach or breach the defined Tolerance Levels, escalation mechanisms are then activated.

### 4. Risk Reporting

Risk monitoring and reporting is a key Risk Management process which allows to maintain Business Functions, Top Management, BoD and also Supervisory Authority aware and informed on the risk profile development, risk trends and breaches of Risk Tolerances.

Own Risk and Solvency Assessment (ORSA) is the main risk reporting process, coordinated by the Risk Management Function. Its purpose is to provide the assessment of risks and of the overall solvency needs on a current and forward-looking basis. The ORSA process ensures ongoing assessment of the solvency position in line with the Strategic Plan and Capital Management Plan, followed by a regular communication of ORSA Results to the Supervisory Authority after BoD approval.

More details are provided in section B.3.2.

### 5. Risk Governance

The above Risk Management process is ensured by the Risk Management Function, which in compliance with Solvency II and the principles set in the Risk Policies, supports the BoD and Top Management in ensuring the effectiveness of the Risk Management system.

The Risk Management Function is responsible for reporting to the BoD the most significant risks identified and for coordinating the ORSA process. The Risk Management Function has the responsibility to:

- Assist the Administrative, Management or Supervisory Board (AMSB) and other functions in the effective operation of the Risk Management system.
- Monitor the Risk Management system and the implementation of the Risk Management Policy
- Monitor the general risk profile of the Company and coordinate the risk reporting, including the reporting in case of tolerances breaches.
- Advise AMSB and support main business decision-making processes including those related to strategic affairs such as corporate strategy, mergers and acquisitions and major projects and investments.

The responsible of the Risk Management Function (CRO) reports hierarchically to the Chief Executive Officer (CEO) and functionally to the BoD. To ensure a strong coordination and direction from Head Office he also reports to the Group Chief Risk Officer (GCRO).

#### **B.3.2. ORSA PROCESS**

The ORSA process is a key component of the Risk Management system which aims at assessing the adequacy of the solvency position and the risk profile on a current and forward-looking basis.

The ORSA process documents and properly assesses the main risks the Company is exposed to, or might be exposed on the basis of its Strategic Plan. It includes the assessment of the risks in scope of the SCR calculation, but also the Other Risks not included in SCR calculation. In terms of risk assessment techniques, stress test and sensitivity analysis are also performed with the purpose to assess the resilience of the Company risk profile to changed market conditions or specific risk factors.

ORSA Report is produced on an annual basis. In addition to the annual ORSA Report, non-regular ORSA Reports are produced when the risk profile has changed significantly.

All results are properly documented in the ORSA Report and discussed during the Company Risk Committee. After discussion and approval by the BoD, the Report is submitted to the Supervisory Authority. As a general rule, the information included in the ORSA Report is sufficiently detailed in order to ensure that the relevant results can be used in the decision-making process and in the business planning process.

The results of the local ORSA are also reported to the Parent Company as an input to the ORSA process of Generali Group. For this reason, the Company follows the principles set in the Group Risk Management Policy and additional operating procedures. These are issued by Head Office to grant consistency of the ORSA process across the Companies of Generali Group.

### **B.3.3. RISK EMBEDDING IN CAPITAL MANAGEMENT PROCESS**

Capital Management and Risk Management are strongly integrated processes. This integration is deemed essential to ensure alignment between business and risk strategies.

By means of the ORSA process the projection of capital position and the forward-looking risk profile assessment contribute to the Strategic Planning and Capital Management process.

The ORSA Report also leverages on the Capital Management Plan to verify the adequacy, including the quality, of the Eligible Own Funds to cover the overall solvency needs on the basis of the plan assumptions.

To ensure the risk and business strategies on-going alignment, the local strategic planning process requires the involvement of all relevant departments, Finance, Investment, Technical, Actuarial and Risk. The procedure followed is in line with the Group Strategic Planning process.

The Finance department takes into account the most recent Economic and Financial Scenarios, the technical provisions provided by the Actuarial Function and all the required feedback from the Technical and Sales department's and ends up with the Business Plan. The Business Plan is then provided to the Risk department, which produces the forecasted Solvency Capital Requirement using a dedicated Projection Tool provided by the Group. The results are finally submitted for approval to the company's management and BoD.

The Local Strategic Planning Process as exhibited below follows the Strategic Planning Process of the Group.

## **B.4. INTERNAL CONTROL SYSTEM**

### **B.4.1. INTERNAL CONTROL SYSTEM**

The internal control and risk management system of Generali Hellas is founded on the establishment of the three lines of defense:

- the operating functions (the "Risk Owners"), which represent the first line of defense and have ultimate responsibility for risks relating to their area of expertise.
- actuarial, compliance and risk management functions, which represent the second line of defense.
- internal audit, which represents the third line of defense (together with actuarial, compliance and risk management functions are the "Control Functions").

The internal control system ensures Company's compliance with applicable laws, regulations and administrative provisions and the effectiveness and the efficiency of its operations in light of its objectives as well as ensures the availability and reliability of financial and non-financial information.

The internal control and risk management system is effective and integrated into the organizational structure and the decision-making process of the entity.

The Company's risk management system allows risks, including those arising from non-compliance with regulations, to be identified, assessed even on a forward-looking basis, managed, monitored and reported. The Own Risk and Solvency Assessment (ORSA) is part of the risk management system.

#### **B.4.2. INFORMATION ON INTERNAL CONTROL FUNCTION: ORGANIZATIONAL STRUCTURE AND THE DECISION-MAKING PROCESSES OF THE UNDERTAKING. STATUS AND RESOURCES OF THE INTERNAL CONTROL FUNCTION WITHIN THE UNDERTAKING**

Regarding Compliance Function, please see section B.1.4.

#### **B.4.3. INFORMATION ON AUTHORITIES, RESOURCES, PROFESSIONAL QUALIFICATIONS, KNOWLEDGE, EXPERIENCE AND OPERATIONAL INDEPENDENCE OF THE INTERNAL CONTROL FUNCTION**

Regarding Compliance Function, please see section B.1.5.

### **B.5. INTERNAL AUDIT FUNCTION**

In Generali Hellas the internal audit activities are performed by the internal audit function of Generali Hellas (hereafter "IAF") in line with the organizational rules defined in the Audit Group Policy approved by the Board of Directors of Assicurazioni Generali S.p.A. (Generali Group ultimate parent company) and in the local Audit Policy of Generali Hellas approved by the Board of Directors of Generali Hellas (hereafter "BoD").

IAF is an independent and objective function established by the BoD with the aim to examine and evaluate the adequacy, effectiveness, and efficiency of the internal control system and of all the other elements of the system of governance, through assurance and advisory activities for the benefit of the BoD, Senior Management, and other stakeholders.

It supports the BoD in identifying the strategies and guidelines on internal control and risk management, ensuring that they are appropriate and valid over time, and provides BoD with analysis, appraisals, recommendations, and information concerning the activities reviewed.

In line with the Audit Group Policy, on the basis of a solid line reporting model, the Head of IAF reports to the BoD and, ultimately, to the Group Chief Audit Officer, through the Head of Business Unit Audit.

The Head of IAF does not assume any responsibility for any other operational function and has an open, constructive, and cooperative relationship with regulators, which supports sharing of information relevant to carry out their respective responsibilities. This ensures autonomy to act and independence from operational management as well as more effective communication flows. It covers the methodologies to be used, the organizational structure to be adopted (recruiting, appointment, dismissal, remuneration, sizing, and budget in agreement with the BoD), target setting and the year-end appraisal, the reporting methods, as well as the proposed audit activities to be included in the Internal Audit Plan to be submitted to the BoD for approval.

IAF is provided with appropriate human, technical and financial resources and its staff possesses and obtains the knowledge, skills and competencies needed to perform its role and mission, including technical capabilities to perform audit activities with the support of data analytics as well as the knowledge to perform audit activities on digital processes.

IAF has full, free, unrestricted, and timely access to any of the organization's records, physical properties, and personnel pertinent to carry out any engagement, with strict accountability for confidentiality and safeguarding records and information. The Head of IAF has free and unrestricted access to the BoD.

IAF acts in compliance with the guidelines issued by The Institute of Internal Auditors' (i.e., International Professional Practices Framework – IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. All personnel of the IAF complies with specific fit and proper requirements as requested by the Fit & Proper Policy and avoids, to the maximum extent possible, activities that could create conflicts of interest or be perceived as such. The internal auditors

of IAF behave in an impeccable manner at all times, and information coming to their knowledge when carrying out their tasks shall always be kept strictly confidential.

The activity of IAF remains free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to ensure the necessary independent and objective mental attitude.

Internal Auditors do not have direct operational responsibility or authority over any of the activities audited. Accordingly, they are not involved in operational organization of the undertaking or in developing, introducing or implementing organizational or internal control measures. However, the need of impartiality does not exclude the possibility to request from the IAF an opinion on specific matters related to the internal control principles to be complied with.

The IAF is not a part of, nor responsible for, the Risk Management, Compliance, Actuarial or Anti-Money Laundering Functions. It cooperates with other key functions, as well as Anti-Money Laundering Function, where present, and external auditors to continuously foster the efficiency and effectiveness of the internal control system.

At least annually, the Head of IAF proposes an Internal Audit Plan (hereafter “the Plan”) for Generali Hellas to the BoD for its approval. The Plan is developed based on a prioritization of the audit universe using a risk-based methodology and takes into account all the activities, the system of governance, the expected developments of activities and innovations, the organization’s strategies, the key business objectives, the inputs from the Senior management and BoD. Furthermore, the Plan takes into account any deficiencies found during the audits already performed and any new risk detected.

The Plan defines at least the audit engagements, the criteria on the basis of which they have been selected, their timing as well as budget and human resources requirements and any other relevant information. The Head of IAF communicates to the BoD the impact of any resource limitations and significant changes occurred during the year. The BoD discuss and approves the plan along with the budget and human resources required to deliver it.

The Plan is reviewed and adjusted on a regular basis during the year by the Head of IAF in response to the changes in the organization’s business, risks, operations, programs, systems, controls, and audit findings. Any significant deviation from the approved Plan is communicated through the periodic reporting process to the BoD and submitted for its approval. If necessary, IAF may carry out audits, which are not included in the approved Plan. Such additions and their results are reported to the BoD at the earliest possible opportunity.

All audit activities are carried out following a consistent Group methodology (detailed in the Group Audit Manual), including the use of the Group audit IT tool. The scope of auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization’s governance, risk management, and internal control processes in relation to the organization’s defined goals and objectives.

Following the conclusion of each engagement, a written audit report is prepared and issued by the IAF to the auditee and the auditee’s hierarchy. Such report indicates the significance of the issues found and covers any issues regarding the effectiveness, efficiency, and suitability of the internal control system, as well as major shortcomings regarding the compliance with internal policies, procedures, processes, and company’s objectives. It includes the proposal of the corrective actions taken or to be taken concerning the issues identified and the proposed deadlines for their implementation. While the responsibility for addressing issues raised remains with business management, the IAF is responsible for implementing appropriate follow-up activities on issues raised and their corresponding remedial actions.

Based on its activity and in accordance with Group methodology, IAF is responsible for reporting significant risk exposures and identified control issues to the BoD, including fraud risks, governance issues and other matters needed or requested by the BoD.

The Head of IAF, at least on a semiannual basis, provides the BoD with a report at local level on the activities performed, their results, the issues identified, the action plans for their resolution, their status, and the timing for their implementation. It also includes the results of the follow-up activities, indication of the persons and/or functions responsible for the implementation of the action plans, timing and effectiveness of the actions implemented to remove the issues initially found. The BoD determines what actions shall be taken with respect to each issue and ensures that those actions are carried out. However, in the event of any particularly serious situations arising in between the normal reporting cycle, the Head of IAF will immediately inform the BoD, the local Senior Management, the Head of Business Unit Audit, and the Group Chief Audit Officer.

IAF develops and maintains both an assurance program, which includes internal and external assessments aimed at covering all aspects of the audit activity, and a continuous improvement program. These programs evaluate, among others, the efficiency and effectiveness of the activities performed, identify the related opportunities for improvement and assess the audit activity's compliance with professional standards, Audit Group Policy, audit methodology detailed in the Group Audit Manual and The Institute of Internal Auditors Code of Ethics.

## **B.6. ACTUARIAL FUNCTION**

The main responsibilities of Generali Hellas Actuarial Function (hereinafter "AF"), as required by the Solvency II principles (article 48 of Directive 2009/138/EC), are the following:

- adequately coordinate the TP calculation process, by ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the TP calculation, assessing the sufficiency and quality of the data used in the TP calculation, overseeing possible approximations applied in the TP calculation and comparing best estimates against experience,
- effectively inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of Technical Provisions (hereinafter, TP),
- formulate an effective opinion on the overall underwriting policy and on the reinsurance arrangements,
- contribute to the effective implementation of the risk-management system.

In this context, the company's AF transposes the common TP standard reference framework into the organization.

The Head of AF of Generali Hellas reports directly to the BoD and to the CEO. The reporting to the CEO for the Head of AF ensures that he is provided with the proper means and organization to perform its duties. A solid line reporting model is established between the Group Head of AF and the Local Head of AF.

The AF is granted unrestricted access to the information necessary to carry out its tasks (e.g., information on TP and on statutory / IFRS 17/9 reserves New Business Value, Expected Technical Result, details on the reinsurance programs and related impacts on the entity risk profile). In particular, the CFO Function, being responsible for the TP calculation, has to provide all the information necessary to properly assess the reliability and objectivity of the TP calculation to the AF in a timely manner on a continuous basis, as well as on the other reserving policies (i.e., statutory and IFRS) with timely information on changes to methodologies and amounts.

The separation between the calculation activities, performed by the CFO Function, and the activities performed by the AF ensures their independence.

Furthermore, the Head of AF, in addition to the provisions of the Group Directives on the System of Governance, has to participate to the managerial Risk Committee, or equivalent and to other management committees dealing with underwriting, reinsurance and TP, both locally and at the Group level (at least, Product & Underwriting Committee) and can request that additional topics are included in the committee agenda.

At this point it should be highlighted that there no activities outsourced.

In terms of resources, the Actuarial Function currently consists of 4 persons. All of them have received an actuarial preparation, with a BSc degree in actuarial sciences, statistics or mathematics, and /or possess a Master's degree in actuarial science (MSc) and three of them are full members of the Hellenic Actuarial Society.

## **B.7. OUTSOURCING**

### **B.7.1. INFORMATION ON OUTSOURCING POLICY**

Outsourcing is one of the levers that Generali Hellas could apply to optimize costs and commercial effectiveness, while safeguarding the quality of its operations.

Inherently, Outsourcing introduces to reputation and operations risks, that must be properly assessed and managed to ensure that the execution of the Outsourcer matches the standards normally ensured by processes internally executed. The Local Outsourcing Policy (hereinafter the "Policy") provides the principles to be followed on outsourcing initiatives pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, and relevant implementing measures.

The Policy is intended to set consistent minimum mandatory outsourcing standards at Local level, assign main outsourcing responsibilities and ensure that appropriate controls and governance structures are established within any outsourcing initiative.

The Policy outlines the main principles to be followed when implementing outsourcing.

The Policy introduces a risk-based approach, adopting a proportionality principle to apply requirements according to the risk profile (distinguishing between critical and not critical outsourcing), the materiality of each outsourcing agreement and the extent which Generali Hellas controls the service providers.

The Policy requires the appointment, for each outsourcing agreement, of a specific business referent. The business referent is responsible for the overall execution of the outsourcing lifecycle, from the risk assessment to the final management of the agreement and subsequent monitoring activities of the Service Level Agreements defined in each contract.

#### **Main Objectives**

The Local Outsourcing Policy (to follow the Policy) is aimed at:

- Setting globally consistent minimum mandatory outsourcing standards;
- Assigning outsourcing responsibilities within Generali Hellas, in its role of Group legal entity Company, and in relation to any outsourcing partner;
- Complying with anticipated Solvency II requirements (in force from 1/1/2016);
- Ensuring that appropriate controls and governance structures are established to monitor and guarantee adequate oversight of outsourced activities.
- Laying down the outsourcing requirements foreseen in the context of outsourcing to cloud service 3rd parties

The most important activities of the company related to outsourcing are: (i) IT and maintenance services (ii). customer care & relationship management services, iii) Asset Management services

## **B.8. ANY OTHER INFORMATION**

### **B.8.1. ASSESSMENT OF THE ADEQUACY OF THEIR SYSTEM OF GOVERNANCE TO THE NATURE, SCALE AND COMPLEXITY OF THE RISKS INHERENT IN THEIR BUSINESS**

The Company has assessed its governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company. There is a periodical information of the management and the Board of Directors from all control functions regarding the assessment of the adequacy of Company's system of governance.

### **B.8.2. OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE**

There is no other information to report regarding the System of Governance.

## C. Risk Profile

### C.1. UNDERWRITING RISK

#### C.1.1. LIFE UNDERWRITING RISK

##### RISK EXPOSURE AND ASSESSMENT

Life and Health Similar to Life (SLT) Underwriting Risks include Biometric and Operating Risks embedded in Life and Health insurance policies. Biometric Risks derive from the uncertainty in assumptions regarding mortality, longevity, morbidity and disability rates taken into account in the insurance liability valuations. Operating Risks derive from the uncertainty regarding the amount of expenses and from the adverse exercise by the policyholders of their contractual options. Along with the premium payment, the lapse of the policy is the most significant contractual option held by the policyholders.

The Life Underwriting Risks identified in the Company's Risk Map are:

- **Life CAT Risk (Mortality)**, which is defined as the risk of loss or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing assumptions and forecasts related to extreme or sudden events.
- **Mortality Risk**, defined as the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the mortality rates, where an increase in the mortality rates leads to an increase in the value of insurance liabilities.
- **Longevity Risk** that, similarly, to Mortality, is defined as the risk resulting from changes in the mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities;
- **Disability and Morbidity Risks** are defined as the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the disability, sickness, morbidity and recovery rates;
- **Lapse Risk** is linked to the loss or adverse change in liabilities due to a change in the expected exercise rates of policyholder options. The relevant options are all legal or contractual policyholder rights to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover or permit the insurance policy to lapse. This includes also the catastrophic event on lapse;
- **Expense Risk**, as the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the expenses incurred in servicing insurance or reinsurance contracts;

For Health SLT Risk, the uncertainty is calculated -in terms of SLT health insurance contracts- in the following risk subsections: mortality risk, longevity risk, disability – morbidity risk in health insurance contracts against medical expenses, disability - morbidity risk in income protection insurance policies, expense risk, lapse risk, health catastrophe risk.

The Company is exposed to Health Risk due to the products being classified as Health business. Those products cover medical expenses due to illness, accident or disability as well as financial compensation arising from those events. As a result, they have been assigned to life lines of business (i.e. SLT health business) or to non-life lines of business (i.e. NSLT business) based on the nature of their liabilities and the identification of the risks which materially affect the underlying cash-flows. In the case of a product being assigned to health SLT business, it is exposed to the biometric and operating risks defined above.

The approach underlying the Life and Health SLT Underwriting Risks measurement is based on the calculation of the loss for the Company resulting from unexpected changes in biometric/operating assumptions. In particular, the capital requirements for Life and Health SLT Underwriting Risks are calculated on the basis of the difference between Solvency II Technical Provisions after the application of a stress to the biometric/operating assumptions and the Solvency II Technical Provisions under best-estimate expected conditions.

The main Underwriting Risk in the Company's portfolio is Disability and Morbidity Risk, and more precisely the medical expense upward scenario. This scenario assumes an instantaneous increase of medical payments in all future years as well as increase in inflation of medical payments.



Life portfolio also includes pure risk covers, with related Mortality Risk, and some annuity portfolios, with the presence of Longevity Risk, while Expense Risk is present on all the products in portfolio.

The Life Underwriting and Health SLT Risks are measured through a quantitative model aimed at determining the SCR, based on the methodology and parameters defined in the Standard Formula approach.

The risk measurement derives from the application of a pre-defined stress to the best estimate biometric/operating assumptions with a probability of occurrence equal to 0.5%.

For the Mortality and Longevity Risks, the uncertainty in insured population mortality and its impact on the Company is measured applying permanent and catastrophe stresses to the insured population's death rates.

For the Morbidity and Disability Risks, the uncertainty in insured population disability or morbidity and its impact on the Company is measured applying permanent or catastrophe stresses to the insured population's morbidity, disability and recovery rates.

In case of Lapse Risk, risk calibration and loss modelling aim at measuring the uncertainty in policyholder behavior with respect to legal or contractual options that give them the rights to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover or permit the insurance policy to lapse. The Risk measurement is done in a similar way to Biometric Risks, via the application of permanent and catastrophe stresses to these policyholders' behavior.

Expense Risk is measured through the application of stresses to the amount of expenses and expense inflation that the Company expects to incur in the future.

## **RISK MANAGEMENT AND MITIGATION**

The techniques for mitigating, monitoring and managing the Life Underwriting Risks are based on quantitative and qualitative assessments embedded in the processes that are carefully defined and monitored both at Company's and Generali Group level (such as product approval and underwriting limits process).

### **Risk Mitigation**

Robust pricing and ex-ante selection of the risks through underwriting are the main two defenses against Life Underwriting Risks.

### **Product Pricing**

An effective product pricing consists in setting product features and assumptions regarding expenses, biometric, policyholders' behavior assumptions so as to allow the Company to withstand any adverse development in the realization of these assumptions.

For saving business, this is mainly achieved through profit testing, while for protection business involving a biometric component, this is achieved by setting prudent assumptions.

For example, Lapse Risk, related to voluntary withdrawal from the contract, or Expense Risk, related to the uncertainty around the expenses that the Company expects to incur in the future, are evaluated in a prudential manner in the pricing of new products. This evaluation is taken into account in the construction and the profit testing of a new tariff, considering the underlying assumptions derived from the experience of the Company.

For insurance portfolios with a Biometric Risk component, the mortality tables used in the pricing include prudential margins. The standard approach is to use population or experience tables with adequate safety loadings. For these portfolios, comprehensive reviews of the mortality experience are performed at Head Office level, every year, which involve a comparison with the expected mortality of the portfolio, determined according to the most up-to-date mortality tables available in each market. This analysis, that takes into consideration the mortality by sex, age, policy year, sum assured and other underwriting criteria, allows to continuously check the adequacy of the mortality assumptions taken into account in the product pricing and to address the risk of misestimating for the next underwriting years.

Similarly to Mortality Risk, the Longevity Risk is estimated by an annual assessment of the adequacy of the mortality tables used in the pricing, that not only considers the Biometric Risks but also the Financial Risks related to the minimum Interest Rate guarantee and any potential mismatch between the liabilities and the corresponding assets. Also in this case, the analysis allows to continuously check the adequacy of the longevity assumptions taken into account in the product pricing

and to address the risk of misestimating for the next underwriting years. Should this not be sufficiently reliable or suitable, the experience of the other Companies of the same Country or the general experiences of the local market are used.

Furthermore, to ensure full alignment with Generali's strategy on product approval, the process includes an on-going monitoring of the products to be launched by the Company and a biannual update of the profitability review, done at Parent Company level.

### **Underwriting Process**

The Parent Company issues underwriting guidelines, determines operating limits to be followed by the Company and defines the standard process to request exemptions in order to maintain the risk exposure between the pre-set limits and ensure a coherent use of the capital.

There is a particular emphasis put on the underwriting of new contracts that considers both the Medical, Financial and Moral Hazard Risks. The Group has defined clear underwriting standards through manuals, forms and medical and financial underwriting requirements. The autonomy of the Company in underwriting policies depends on its structure and portfolio and is determined by the Parent Company.

For insurance riders, which are most exposed to moral hazard, maximum insurability levels by the Company are set, lower than those applied for death covers. In order to mitigate these risks, policy exclusions are also defined.

The Company regularly monitors the risk exposures and the adherence to the operative limits, reports any abnormal situation and follows an escalation process proportionate to the nature of the breach in order to ensure that remediation actions are swiftly undertaken.

### **Role of Risk Management in Pricing and Product Approval Processes**

Local CRO supports the pricing process as a member of the local Product & Underwriting Committee.

The product approval process foresees a review by the Risk Management Function that the new products are in line with the Risk Appetite Statement (both in regard to quantitative and qualitative dimensions) and that risk-capital is considered as part of the risk-adjusted performance management.

Underwriting Risk can also be transferred through reinsurance to another (re)insurance undertaking in order to reduce the financial impact of these risks on the Company, and thus reduce the SCR held to cover them.

The Life Reinsurance Function at Group level supports, steers and coordinates the reinsurance activity done by the Company by defining appropriate guidelines aimed at ensuring a tight control of risk, in line with the Group Risk Appetite, and at fully leveraging opportunities that reinsurance offers in each market.

The Parent Company acts as the main reinsurer for the Company. Nevertheless, with the Parent Company's agreement and when justified by specific business reasons, the Company can also transact with another Reinsurance Company on the open reinsurance market.

In subscribing reinsurance contracts with market reinsurers, the Company agrees and relies on the above-mentioned guidelines that indicate also the admissible reinsurance transactions, the relevant maximum allowed cession and the counterparties selection on the basis of their financial strength.

The reinsurance program is subject to the Life Actuarial Function opinion regarding its adequacy in accordance with the Group Actuarial Function Policy and related guidelines.

## **C.1.2. NON-LIFE UNDERWRITING RISK**

### **RISK EXPOSURE AND ASSESSMENT**

Non-Life and Health NSLT Underwriting Risks are the risks arising from insurance obligations, in relation to the perils covered and the processes used in the conduct of business. It includes at least the risk of underestimating the frequency and/or severity of claims in defining pricing and reserves (respectively Pricing Risk and Reserving Risk) and the risk of losses arising from extreme or exceptional events (Catastrophe Risk).

The Company cannot avoid exposure to potential losses stemming from the risks intrinsically related to the nature of its core businesses. However, properly defining standards and recognizing, measuring, setting limits to these risks is of critical importance to ensure the Company's resilience under adverse circumstances and to align Non-Life underwriting activities with Generali Risk Appetite.

The Company, in line with Generali Group risk strategy, writes and accepts risks that are known and understood, where the available information and the transparency of exposure enables the businesses to achieve a high level of professional underwriting, with consistent development. Moreover, risks are underwritten with quality standards in the underwriting procedures in order to secure profitability and limit moral hazard.

The exposures of the Company to the underwritten risks are described in the other corresponding sections of the documentation, related to the Technical Provisions and the Market Value Balance Sheet.

The Non-Life and Health NSLT Underwriting Risks are measured through a quantitative model aimed at determining the SCR, based on the methodology and parameters defined in the Standard Formula approach.

The risk measurement derives from the application of a pre-defined stress to the best estimate with a probability of occurrence equal to 0.5%.

Moreover, in addition to capital metrics, the Risk Management Function defines risk indicators, such as relevant exposures, risk concentration and other metrics to monitor on a quarterly basis the development of the Non-Life Underwriting Risks. This ensures on-going alignment with the Risk Appetite Framework.

## **RISK MANAGEMENT AND MITIGATION**

Non-Life Risk selection starts with an overall proposal in terms of underwriting strategy and corresponding business selection criteria in agreement with Group Head Office. The underwriting strategy is formulated consistently with the Risk Preferences defined by the BoD within the Risk Appetite Framework.

During the Strategic Planning process, targets are established and translated into underwriting limits with the objective to ensure business is underwritten according to the plan. Underwriting limits define the maximum size of risks and classes of business the Company shall be allowed to write without seeking any additional or prior approval. The limits may be set based on value limits, risk type, product exposure or class of occupancy. The purpose of these limits is to attain a coherent and profitable book of business that is founded on the expertise of the Company.

Reinsurance is the key risk mitigation technique for the Non-Life portfolio. It aims at optimizing the use of risk capital by ceding part of the Underwriting Risk to selected counterparties simultaneously minimizing the Credit Risk associated with such operation.

The Company places the treaty reinsurance to the Head Office through proportional and non-proportional treaties.

The Property Catastrophe Reinsurance Program for 2023 is designed as follows:

- Protection aims to cover single occurrence losses up to a return period of at least 250 years;
- Protection proved capable in all recent major cat losses;
- Substantial risk capital saved by means of the protection;

The Company has historically preferred traditional reinsurance as a tool for mitigating Catastrophe Risk resulting from its Non-Life portfolio and has shown limited appetite for other mitigating techniques.

Risk Management Function confirms the adequacy of the risk mitigation techniques on annual basis.

## **C.2. MARKET RISK**

### **C.2.1. RISK EXPOSURE AND ASSESSMENT**

As a composite insurer, the Company collects premiums from policyholders in exchange of payment promises contingent on pre-determined events.

The Company invests the collected premiums in a wide variety of financial assets, with the purpose of honoring future promises to policyholders and generating value for its shareholders. Nonetheless, the Company is required by the Solvency II regulation to hold a capital buffer, with the purpose of maintaining a sound solvency position even in the circumstances of adverse market movements. Please refer to section E.2.

For this purpose, the Company manages its investments in a prudent way according to the so-called 'Prudent Person Principle' and strives to optimize the return of its assets while minimizing the negative impact of short-term market fluctuations on its solvency.

Each type of business needs to be covered by a certain type of investment, based on the complexity, nature and duration of the underlying claims. Below there are some examples on traditional with guarantees life business, Unit-Linked products and non-life business indicating how an efficient asset liability management is accomplished.

#### **TRADITIONAL WITH GUARANTEES LIFE BUSINESS**

The Company assumes a considerable Market Risk when it guarantees policyholders with a minimum return of the accumulated capital over a long period of time. If during the contractual period the return generated by the financial investment is below the guaranteed return for a prolonged period, the Company shall compensate itself the contractual guarantees. In addition, independently on their realization, the Company has to ensure that the value of the financial investments backing the insurance contracts do not fall below the value of its obligations.

#### **NON-LIFE BUSINESS**

The Company invests the premiums collected in financial instruments ensuring that benefits to policyholders can be timely paid. If the value of the financial investments sufficiently decreases at the moment when benefits to policyholders need to be paid, the Company may fail to maintain its promises to policyholders. Therefore, the Company must ensure that the value of the financial investments backing the insurance contracts do not fall below the value of its obligations.

#### **UNIT-LINKED BUSINESS**

In the case of Unit-Linked business the Company typically invests the premiums collected in financial instruments but does not bear Market Risk. However, the Company is exposed with respect to its earnings: fees are the main source of profits for the Company, and they are directly linked to the performance of the underlying assets, therefore adverse developments of markets directly affect the profitability of the Company, when contract fees become insufficient to cover costs.

More in detail, the Company is exposed to interest rate risk and spread risk since the main investment type is government and corporate bonds and equity risk that arises from investments in mutual funds.

The Market Risks included in the Company's Risk Map are:

- **Interest Rate Risk:** is defined as the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of interest rates in the market. The Company is mostly exposed to upward changes in interest rates as higher interest rates decrease the present value of the promises made to policyholders less than the value of the assets backing those promises. As result it may become increasingly expensive for the Company to maintain its promises thereby also leading to financial losses.
- **Equity Risk:** is defined as the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of equity market prices which can lead to financial losses. Exposure to Equity Risk arises from positions that are sensitive to equity prices.
- **Property Risk:** is then defined as the possibility of adverse changes in the market value of the assets or the value of liabilities due to changes in the level of property market prices. Exposure to Property Risk arises from property asset positions.
- **Currency Risk:** is defined as the possibility of adverse changes in the market value of the assets or the value of liabilities due to changes in exchange rates. Exposure to Currency Risk arises from direct or indirect asset or liability positions that are sensitive to changes in exchange rates;
- **Concentration Risk:** is defined as the risk of incurring in significant financial losses because the asset portfolio is concentrated to a small number of counterparties, thus increasing the possibility that a negative event hitting only a small number or even a single counterparty can produce large losses;

- **Spread Risk:** is defined as the risk of adverse changes in the market value of the assets due to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. The market value of an asset can decrease because of spread risk either because the market's assessment of the creditworthiness of the specific obligor decreases, which is typically accompanied by a credit rating downgrade, or because there is a market-wide systemic reduction in the price of credit assets.

Common risk measurement methodologies (both qualitative and quantitative) are applied in order to provide an integrated measurement of the risks borne by the Company.

For the evaluation of its Market Risks, the Company makes use of the EIOPA Standard Formula, as ruled by the Solvency II Directive, complemented by additional measurement techniques deemed appropriate and proportionate.

Based on this methodology, the highest market risk is spread risk, arising mainly from the investments in corporate bonds.

Market Risk concentration is explicitly modelled by the Standard Formula model. Based on the results of the model and on the composition of the balance sheet the Company has no material risk concentrations.

## C.2.2. RISK MANAGEMENT AND MITIGATION

The Market Risks borne by the Company are managed in many different ways.

The 'Prudent Person Principle' is the main cornerstone of the Company investment management process. To ensure a comprehensive management of Market Risks impacts on assets and liabilities, the Company Strategic Asset Allocation (SAA) process needs to be liability-driven and strongly inter-dependent with insurance-specific targets and constraints. The Company, following the Generali Group approach, has integrated Strategic Asset Allocation (SAA) and Asset Liability Management (ALM) within the same process.

One of the main risk mitigation techniques used by the Company consists in liability driven management of the assets, which aims at granting a comprehensive management of assets taking into account the Company liabilities structure. Interest Rate and Currency Risk are for example mitigated when to a movement observed on the asset side would correspond an offsetting movement on the liability side of the balance sheet.

The asset portfolio is invested and rebalanced according to the asset class and duration weights defined through the Investment Management process described above and based on the 'Prudent Person Principle'. The aim is not just to eliminate the risk but to define an optimal risk-return profile satisfying the return target and the Risk Appetite of the Company over the Business Planning period.

ALM&SAA activities aim at ensuring that the Company holds sufficient and adequate assets in order to reach defined targets and meet liability obligations. This implies detailed analyses of asset-liability relationship under a range of market scenarios and expected/stressed investment conditions.

The ALM&SAA process relies on a close interaction between Investment, Finance, Actuarial, Treasury and Risk Management Functions. The inputs and targets received from the above-mentioned Functions guarantee that the ALM&SAA process is consistent with the Risk Appetite Framework, Strategic Planning and Capital Allocation processes.

The aim of the Strategic Asset Allocation process is to define the most efficient combination of asset classes which, according to 'Prudent Person Principle' set out in the Solvency II Directive and related relevant implementation measures, maximizes the investment contribution to value creation, taking into account solvency, actuarial and accounting indicators.

The annual SAA proposal:

- Defines target exposure and limits, in term of minimum and maximum exposure allowed, for each relevant asset class;
- Embeds the deliberate ALM mismatches permitted and potential mitigation actions that can be enabled on the investment side.

The Company invests in fixed income securities and mutual funds in order to cover its liabilities and implements investment strategies aiming at reducing volatility and improving investment performance of portfolio.

In addition to risk tolerance limits set on the Company solvency position defined within the RAF, the current risk monitoring process of the Company is also integrated by the application of the Generali Group Risk Guidelines (GRG) provided by Head Office.

The GRG include general principles, quantitative risk limits (with a strong focus on credit and market concentration), authorization processes and prohibitions.

### **C.3. CREDIT RISK**

#### **C.3.1. RISK EXPOSURE AND ASSESSMENT**

The Credit Risk presented in the Company's Risk Map is the counterparty default risk, which is defined as the risk of incurring in losses because of the inability of a counterparty to honor its financial obligations, i.e. the default risk arising from the default of counterparties in cash deposits, risk mitigation contracts (including reinsurance), and other type of exposures subject to credit risk which are not included in spread risk.

For the evaluation of its Credit Risks, the Company makes use of the EIOPA Standard Formula, as ruled by the Solvency II Directive, complemented by additional measurement techniques deemed appropriate and proportionate.

#### **C.3.2. RISK MANAGEMENT AND MITIGATION**

The Credit Risks borne by the Company are managed in many concurrent ways.

In order to eliminate its exposure in counterparty default risk, the Company manages effectively and monitors closely the intermediaries' credit period, regarding the premium collection. Moreover, given that cash at Banks are stressed in the counterparty default risk, the Company has chosen to keep a very limited cash in the Greek banks (due to their low rating).

The Company hasn't implemented any other strategies to hedge or eliminate the credit risk neither holds any credits assets, put options or derivatives used for hedging counterparty default risk.

### **C.4. LIQUIDITY RISK**

#### **C.4.1. RISK EXPOSURE AND ASSESSMENT**

Liquidity Risk is defined as the uncertainty, emanating from business operations, investment or financing activities, over the ability of the insurer to meet payment obligations in a full and timely manner, in a current or stressed environment. This could include meeting commitments only through a credit market access at unfavorable conditions or through the sale of financial assets incurring in additional costs due to immediately requested liquidity or illiquidity of (or difficulties when liquidating) the assets.

The Company is exposed to Liquidity Risk through its insurance operating activities, depending on the cash-flow profile of the expected new business, due to the potential mismatches between the cash inflows and the cash outflows deriving from the business. Liquidity Risk can additionally stem from investing activity, due to potential liquidity gaps deriving from the management of the Company's assets portfolio as well as from a potentially insufficient level of liquidity (i.e. capacity of being sold at a fair price in adequate amounts and within a reasonable timeframe) in case of disposal. Finally, the Company can be exposed to liquidity outflows related to issued guarantees, commitments, derivative contract margin calls, or regulatory constraints.

Generali's Liquidity Risk Management relies on projecting cash obligations and available cash resources into the future (12 months projection), so as to monitor that available liquid resources are at all times sufficient to cover the cash obligations that will come due in the same period.

Generali Hellas has established a system set of Liquidity Risk Indicators that are used to regularly to monitor the liquidity efficiency of each insurance company of the Group. These ratios are historical and long-term. Some are calculated based on a future date which is based on 12-month cash flow projections of assets and liabilities and the estimation of the liquidity level of the asset portfolio. (e.g. CLR as defined below) and others are calculated by using the actual investment portfolio

and estimating the illiquid part (e.g. CIIR as defined below). The indicators aim to measure the Company's ability to ensure the fulfillment of its obligations for regulatory requirements regarding the coverage of its technical inventories, as well as its cash obligations towards customers and other interested parties.

Generali's Liquidity Risk position is summarized through the calculation of two forward-looking indicators:

- **Company Liquidity Ratio (CLR):** Measures the liquidity risk of the Company, which is defined as the ratio between:
  - The expected net cash flows over the 12-month projected period and the cash and cash equivalents at the beginning of the period.
  - Liquid and sellable asset portfolio at the beginning of the period.
- **Company Investment Illiquidity Ratio (CIIR):** Measures the illiquidity risk of the Company, which is defined as the ratio between:
  - Illiquid asset portfolio market value of the last closed period.
  - Investment portfolio market value of the same period.

During calculations, there are two different scenarios:

The base scenario, in which the values of cash-flows, assets and liabilities correspond to those projected according to the strategic plan scenario; no stress factors are applied.

A liquidity stress scenario, which impacts the amounts of future cash inflows and outflows as well as the market price of assets.

CLR metric is calculated under both scenarios, but CIIR is calculated under Base scenario only.

According to the most recent calculations, based on actual YE23:

Both Liquidity metrics exhibit satisfactory results, even under the demanding stresses required by the Group. From the results of both metrics, we conclude to the fact that the Company is capable to cope with its cash obligations over the forthcoming 12-month horizon.

Two new KRIs have been incorporated to the Liquidity Risk monitoring system of Generali Hellas, which are complementary to CLR:

1. "Net Cash Generation", aiming at measuring the effective cash generation capability of the Undertakings.
2. "Sellable Quota", aiming at measuring the effective liquidity and shellability of the Investment Portfolio.

These two complementary indicators are calculated under the Base and the Liquidity Stress scenarios.

#### **C.4.2. RISK MANAGEMENT AND MITIGATION**

The Company manages and mitigates Liquidity Risk in consistency with the framework set in the Group internal regulations. The Company aims at ensuring the capacity to meet its commitments also in case of adverse scenarios, while achieving its profitability and growth objectives. To that end, it manages expected cash inflows and outflows so as to maintain a sufficient available cash level to meet the short- and medium-term needs and by investing in instruments that can be quickly and easily converted into cash with minimum capital losses. The Company considers the prospect liquidity situation in plausible market conditions as well as under stressed scenarios.

The Company has established clear governance for Liquidity Risk measurement, management, mitigation and reporting in consistency with Group regulations, including the setting of specific limits and escalation process in case of limits breach or other liquidity issues.

The principles for Liquidity Risk Management designed in the Group Risk Appetite Framework are fully embedded in the Strategic Planning as well as in business processes including investments and product development. As far as the investment process is concerned, Generali has explicitly identified Liquidity Risk as one of the main risks connected with investments and has stipulated that the Strategic Asset Allocation process must rely on indicators strictly related to Liquidity Risk, including the mismatch of duration and cash-flows between assets and liabilities. Investment limits have been imposed to the Company in order to ensure that the share of illiquid assets is kept within a level that does not impair the Company's asset liquidity. As far as product development is concerned, the Group has defined in its Life and Non-Life Underwriting Policies the principles

to be applied to mitigate the impact on liquidity from lapses and surrenders in respect of the Life business and claims in respect of Non-Life business.

#### C.4.3. EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS

The Expected Profit Included in Future Premiums (EPIFP) represents the expected present value of future cash-flows which result from the inclusion in Technical Provisions of premiums relating to existing insurance and reinsurance contracts.

The amount of EPIFP for the Life business written by the Company has been calculated in accordance with article 260(2) of the Delegated Acts and amounts to €19.87 mln, (net of reinsurance) at year-end 2023.

The Company does not include expected profit in its non-life portfolio future premiums.

### C.5. OPERATIONAL RISK

#### C.5.1. RISK EXPOSURE AND ASSESSMENT

Operational Risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. The definition includes the compliance risk and financial reporting risk and excludes the Strategic and Reputational Risks.

The operational risk could be generated by:

- **internal processes:** failure in the design and execution of core insurance and support processes such as sales and marketing, underwriting, policy issuance, customer billing and premium collection, reinsurance placement, claims payments, actuarial reserving and outsourcing processes;
- **people:** human errors, fraud, unmanaged staff turnover, overreliance on key personnel, unmatched skills to job requirements, inadequate management oversight;
- **systems:** inadequate data and security protections, weak access controls, unstable and overly complex systems, lack of adequate testing prior to production, deficient systems/tools;
- **external events:** natural disasters (floods, fires, earthquakes, etc.) as well as man-made disasters (terrorism, political and social unrest) that may impact the ability to operate on an ongoing basis; changes in the regulatory environment including new regulations.

The operational risks to which Generali Hellas (as a Group legal entity) is exposed are identified and classified according to the Group Risk Map defined in the Group Risk Management Policy as follows:

- **Internal fraud:** events arising from intentional acts that are illegally performed by one or more employees and agents directly or by way of third parties, in order to obtain a profit for themselves or for others.
- **External fraud:** events arising from acts of fraud, robbery or misappropriation, which involve only external parties with the intention to violate/circumvent the law, internal policies and regulations, to obtain a personal profit.
- **Employment practices:** events arising from acts/omissions, intentional or unintentional, inconsistent with applicable laws on employment, health and safety and from claims pertaining to personal injuries or to diversity/discrimination acts for which the company is responsible.
- **Clients and Products:** events arising from unintentional or negligent failures (where there is an advantage for the company) to meet a professional obligation to specific clients or to the market in general.
- **Damage to physical assets:** events arising from natural disasters, terrorism, criminal damage or from violation of public security norms for which the Company is not responsible.
- **Business disruption and system failure:** events arising from disruption of business or system failures including the failure of utilities. Disruption and/or failures caused by hacking attacks or natural disasters are excluded.



- **Execution and process management:** events arising from inadequate design, management or conclusion of processes or operational practices or from relations with trade counterparties and suppliers.

Following best industry practices, Generali's framework for Operational Risk Management includes as main activities the:

- **Loss Data Collection (LDC):** Process for identification and collection of operational events that cause operational losses.
- **Annual Operational Risk Assessment:** This assessment is steered jointly by Compliance and Risk Management (Operational Risk) functions to ensure a comprehensive evaluation and representation of the operational and compliance risks.

The annual Operational Risk Assessment Process, is composed by the three following phases:

Pre-assessment: identification of the risks to be considered and of their potential impacts on the organization (potential or inherent risk exposure), analysis of the available objective information on the Internal Control System (results of previous controls, KPIs, KRIs, management self-evaluation, etc.), preliminary evaluation of the residual risk by the Compliance and Operational Risk Functions.

Assessment: evaluation of the key pre-assessment results with the Main Risk Owners;

Validation: discussion, adjustment and validation of the assessment's results by the Senior Management (senior management and CEO): the strategic view of the Senior Management is added to the information already considered and a shared view on the compliance and operational risk exposure at Company level, also in a forward-looking perspective, is achieved in order to satisfy the Top-Down view objective.

These steps are built according to the following core principles:

- **As is and forward-looking perspective:** the evaluation considers both the as is situation and the expected evolution in 1- year timeframe (including Organization, Strategy / Business model, Regulatory environment, Market conditions).
- **Comprehensive risks' view:** ensure full coverage of risks as identified in the joint Compliance & Operational Risk taxonomy.
- **Fact-based internal and Industry:** the evaluation leverages on all available objective information, either internal (historical losses, Assessed controls in place, KPIs, KRIs, etc.) and industry's information (ORX consortium loss data, expert scenarios, etc.).

The outcomes of the Risk Assessment will trigger different actions for each risk area in the final residual risk heat-map:

1. First priority risks which require immediate actions/projects to be activated.
2. Risks for which the control framework should be strengthened.
3. Risks for which testing activities and or Scenario Analysis should be prioritized.

**Scenario analysis:** A structured process in which plausible future material events are described by a set of scenarios related to selected risks which is used to estimate the loss distribution of the future potential losses. The overall process is steered by Group and Local Risk Management, which involve the Risk Owner and appropriate experts for support and challenge.

**Risk Capital Calculation:** Generali Hellas is calculating the Operational Risk capital according to the Standard Formula methodology.

### **MAIN COMPANY OPERATIONAL RISKS (Operational Risk Assessment 2023)**

Generali Hellas, assess annually its Operational risk exposure on a forward-looking perspective, using a dedicated systemic risk assessment tool provided by the Generali Group Head Office. The assessment is executed jointly with the compliance function, involving all the Company's risk owners for each risk that falls under their responsibility. To define the residual risk exposure, the assessment is carried out, considering potential risk exposure indicators and control system indicators.

During the Operational Risk Assessment of 2023, special emphasis was given to the operational risks related to the IT systems integration of the two former entities of Generali in Greece, which is still ongoing. In addition, local indicators have been taken into account, such as changes in the business profile / strategy and macroeconomic trends in the external market.

In relation to 2023 Risk Assessment Activities, the most significant risks that have been highlighted according to their residual risk exposure are reflected below (representing only the most significant residual risk exposures):

### **Personal Data Protection**

The risk of loss arising from failure to comply with laws / regulations concerning Personal Data Protection. This risk is linked to events related to failure to provide proper information to data subject and to process personal data in a proper manner, with failure to facilitate the exercise of data subject's rights and to execute them in the due time and failure to document and notify any personal data breach. The potential losses of this risk are expected to be of high level, due to the significant fines, which could be imposed in case of personal data protection breach according to the relevant regulation. Following the acquisition of AXA Greece, within the tasks of the data privacy workstream, a GAP analysis has been performed in relation to GDPR requirements. A relevant GDPR remediation plan has been executed and completed. The control system adequacy remains at "Mainly Adequate" level, stemming from the results of the 2nd level control testing. Action plans are in place to mitigate the risks. In comparison with the previous year's assessment the residual risk remains the same as in YE22, based on the above.

### **Cyber attack**

The risk is associated with criminal acts committed only by external parties with the intent to circumvent or violate system security in order to obtain an economic or non-economic benefit. This event also includes demonstrative actions or disturbances. This risk is linked to hacker attacks leading to breach of data integrity, confidentiality, and availability. Risk exposure is assessed as of high level due to the significant fines, related to data breaches and to system breakdowns. The control system adequacy is considered as mainly adequate given that the control requirements continuously increase, trying to adapt to the increase of the attackers' capabilities.

### **Product Development and Documentation**

This risk is associated with failure to ensure that products are suitable for the targeted customers, the pre-contractual and contractual documentation is adequately drawn-up. Risk exposure is of high level due to the significant fines that could be imposed in the event of non-compliance with the relevant laws and regulations. The control management system is considered mainly adequate.

## **C.5.2. RISK MANAGEMENT AND MITIGATION**

### **Inputs from Risk Identification and Measurement Processes**

The risk identification and measurement processes are preliminary and necessary steps for an adequate management of operational risks. They allow to identify relevant operational events, understand their potential/actual impact and evaluate the potential gaps. Furthermore, the outcomes of risk assessments include Risk Owners expectations and opinions regarding which causes are related to the operational events.

This information is key element for the operational risk management action.

### **Management Actions**

This process refers to the actions to put in place to manage operational risk in line with the defined risk strategy. In particular, the choice consists of:

- reducing the risks and consequently decreasing the exposure to risk by the implementation of dedicated initiatives (e.g. additional controls, ad-hoc project, etc.);
- mitigating the risks, that it may include the use of traditional insurance mitigation actions in order to transfer the risk to another entity;
- retaining the risks, considering a conscious acceptance of risk exposure linked to the activities of the business.
- avoiding the risks, preventing from executing the activity carrying the risk.

### **Responsibilities**

Due to the nature of operational risks, which are essentially unavoidable, contrary to other type of risks, because they are not assumed but are an inevitable part of doing business, all resources facing with company's processes and systems are

in charge of the direct management of operational risks, consistently with their roles and responsibilities. For this purpose, it is fundamental the awareness of operational risks in the daily decision-making processes.

- Particular role, accordingly, with the Internal Control and Risk Management System and the Operational Risk management policy, is the head of operational departments and has direct responsibility to take charge for operational risks, manage them and implement appropriate control measures.
- The Local CRO is responsible to ensure completeness, functionality and efficacy of the operational risk tools, systems and practices and supervises the implementation of the Operational Risk Policy at local level. Furthermore, he ensures guidance, coordination and alignment within the Company level.
- The local Risk Management function cooperates with the appropriate Company experts (e.g. Human Resources), to guarantee the development of adequate Guidelines and tools to effectively manage the operational risk.
- The local CEO, supported by the Risk Committee, evaluates and addresses the actions to mitigate the significant risks, monitors the adequacy of the main policies, procedures and processes to mitigate the risks, challenges and evaluates at least yearly the results of the risk assessments and supports the local first line of defense to properly identify, measure and manage operational risks.
- The Local Compliance function is kept informed across the entire operational risk management process. In line with its mission, it is responsible for the local compliance risk assessment process and cooperates with Local Risk Management in assessing operational and compliance risks.

### Monitoring

The monitoring is based on the analysis of the results of the identification and measurement phases performed through the Loss Data Collection, the Risk Assessment and the Scenario Analysis processes, to verify the operational risk profile based on the processes evidence.

The monitoring of operational risks within Generali Hellas is implemented through an on-going process which involves, on the basis of the respective levels of responsibility, the managers of operational units (Risk Owners), the Top Management, the Risk Management function, the Compliance function and the Internal Audit function.

The monitoring of the evolution of the operational risk profile within the Company and the compliance with principles stated by the Policies and Guidelines is ensured by the Risk Management function.

Any major operational failure (operational risk event), which is identified, assessed and needs to be immediately managed is reported to Risk Management function and the management / mitigation actions are activated.

## C.6. OTHER MATERIAL RISKS

To provide a comprehensive view on the Company risk profile, in addition to the risks defined in sections from C.1 to C.5, the following risks are assessed as the top and significant risks, within the Main Risks Self-Assessment, which is a qualitative process used to ensure that the main risks are identified and assessed based on their likelihood of occurrence and severity and that mitigating actions are identified and properly assigned to different owners:

- **Investment risk:**
  - Inflation & high interest rate environment affecting the profitability and deteriorating Company's EOF;
- **IT & Cyber risks:**
  - Cyber-attack with Loss or Alteration of Data is linked to the cost of cyber-attack exploitation and also to sanctions and regulatory fines;
- **Strategic customer and distribution network risks:**
  - Concentration trends of health service providers distorting the competition in the local market and threatening the insurance market through controlled charges in Health Services;
- **Extreme and CAT events**
  - Increased frequency and severity of natural catastrophe events, challenging (pushing) the property risk premium rates;

- **Regulatory development:**
  - Failure to comply with laws/regulations concerning customer data privacy (GDPR) is related to the risk of a fine in case of breach;
  - Failure to Comply with laws/regulations concerning distribution is related to the risk of a fine in case of breach;

As part of the qualitative Risk Management framework, also the following risk categories are considered:

- **Emerging Risks** arising from new trends or risks difficult to perceive and quantify, although typically systemic. These usually include internal or external environment changes, social trends, regulatory developments, technological achievements, etc. For the assessment of these risks, the Company relies on the information set provided by Head Office and ensures a proper discussion with all main Business Functions.
- Emerging risks can be considered, assessed, and reported by using the 'PESTLE' analysis, according to the best market practices. PESTLE stands for the analysis areas is described according to the following areas:
  - ✓ Political.
  - ✓ Economic.
  - ✓ Social.
  - ✓ Technological.
  - ✓ Legal.
  - ✓ Environmental.

According to the above method, Generali Hellas assess potential emerging risks across six key macro and micro economic themes. The output of the PESTLE assessment forms a key driver for the business strategy, planning and decision-making process.

Specifically, the following main emerging risks were identified within 2023 Emerging Risks assessment, per category:

- **Political**  
Geopolitical instability.
  - **Economic:**  
New market players from other markets.
  - **Social:**  
Demographic & Social changes.  
Pandemics & Antimicrobial Resistance  
Changes in health care.
  - **Technological:**  
Digitalization.
  - **Environmental:**  
Climate Change & Natural Disasters.
- **Reputational Risk:** Reputational Risk is defined as the possibility of a potential decrease in the Company's value or worsening of its Risk Profile, due to a reputational deterioration or to a negative perception of the Company's image among its Stakeholders. The Company interacts with its own Stakeholders, improving or reducing their expectations. The worsening of stakeholders' expectations (the reputational event) usually arises from a first level event (i.e. an operational event, a strategic risk, a financial risk) and its magnitude is a crucial element to be considered when assessing the Company or the Group's effective exposure to a deterioration of its reputation among its stakeholders. The processes that the Company has in place in order to manage this risk are:
    - ✓ **Communication and media monitoring activities:** The procedure that is implemented to monitor a potential reputational risk, consists of systematic monitoring of all media sources, carried out by the communications team of the Marketing department. This includes daily monitoring of all media channels, both internet and print media (Generali Hellas holds specific collaborations and agreements with media representatives of both the insurance sector and general press). In case an issue should arise that is considered to be of high severity, it is forwarded to the management committee of the Company to be duly evaluated, and an appropriate course of action is decided upon.

- ✓ **Customers & distribution networks management:** In the event that a reputational issue affects the Company's profile (e.g. legislative changes that may impact procedures or products sold by the Company) all distribution networks are informed via official circular issued by the sales department, providing relative information and guidelines; letters are sent out to all customers duly informing them of changes that may affect their insurance coverage or services provided by the Company, and lastly, a press release is prepared (if required) by the Marketing Department for media purposes.
- ✓ **Complaints monitoring:** A specific procedure according to the relevant regulation of the regulatory authority (Bank of Greece), is implemented for the management of complaints, and is carried out and monitored by the complaints relative function.

## C.7. ANY OTHER INFORMATION

To test the Company solvency position resilience to adverse market conditions or shocks a set of stress test and scenario analyses are performed. These are defined considering unexpected, potentially severe, but plausible events. The outcome, in terms of impact on financial and capital position, prepares the Company to take appropriate management actions if such events were to materialize.

The sensitivity analysis considers simple changes in specific risk drivers (e.g. Interest Rates, equity shock and credit spreads). Their main purpose is to measure the variability of the Own Funds and Solvency Ratio to variations in specific risk factors. The set chosen aims to provide the assessment of resilience to the most significant risks.

In order to verify the adequacy of solvency capital position to the changing of the market conditions, the following main sensitivity analyses have been performed:

Risk Free Rate: interest rate change	+/-50 bps
Credit spread of corporate bonds	+50 bps
Equity Price fair value change	+/-25%
Ultimate Forward rates	-15 bps
Risk Free rate with No Volatility adjustment	

The impacts of the above sensitivities on the Solvency Ratio are reported in section E.

## D. Valuation for Solvency Purposes

As far as Assets and Other liabilities units are concerned (resp. D1 and D3), it is worthwhile mentioning that the general framework of both disclosures is based on the SII regulatory framework that standardizes valuations and measurements of MVBS assets and liabilities, largely referring to and in conformity with IFRS principles adopted by the European Commission.

For the sake of clarity, common relevant regulatory reference and disclosure notes have been described both in Assets and Other liabilities, while specific regulatory statements to be applied only on asset or other liability items have been disclosed in the appropriate valuation and measurement section of sub-chapter D.1. and D.3.

In chapter D.5 'any other information', detailed information on legislative and methodological definition of Eligible Own funds are given, recalled then in section E, where numerical info is reported.

In order to define the MVBS, all assets and liabilities on the balance sheet must be stated at fair value in accordance with Art 75 of Directive 2009/138/EC (L1 – Dir).

The primary objective for valuation as set out in Article 75 of L1 - Dir requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the approach of Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the same asset or liability.

This approach leads insurance and reinsurance undertakings to value assets and liabilities at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction; in addition, in case of liabilities valuation, parties shouldn't make any adjustment to take account of the change of the own credit standing of the insurance or reinsurance undertaking occurred from the recognition of the liability to the valuation date.

According to the Commission delegated regulation (L2-DR) insurance and reinsurance undertakings shall value assets, unless otherwise clearly stated in the regulation, in conformity with:

- international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 provided that those standards include valuation methods that are consistent with the valuation approach set out in Article 75 of Directive 2009/138/EC. If those standards allow for the use of more than one valuation method, insurance and reinsurance undertakings shall only use valuation methods that are consistent with Article 75 of Directive 2009/138/EC.
- other valuation methods that are deemed to be consistent with Article 75 of Directive 2009/138/EC, when the valuation methods included in international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 are either temporarily or permanently not consistent with the valuation approach set out in Article 75 of Directive 2009/138/EC.

By way of derogation from points above #1 and #2, insurance and reinsurance undertakings may value an asset or a liability using an alternative valuation method which is proportionate to the nature, scale and complexity of the risks inherent in the business of the undertaking, provided that:

- the valuation method is:
  - ✓ consistent with Article 75 of Directive 2009/138/EC and
  - ✓ proportionate with respect to the nature, scale and complexity inherent in the business of the undertaking
- the undertaking does not value that asset or liability using international accounting standards adopted by the Commission in accordance with Regulation (EC) No 1606/2002 in its financial statements.
- valuing assets and liability using international accounting standards would impose costs on the undertaking that would be disproportionate with respect to the total administrative expenses.

The IFRSs' accounting bases, such as the definitions of assets and liability and the recognition / derecognition criteria, are applicable as the default accounting framework, unless otherwise stated. IFRSs also refer to a few basic presumptions, which are equally applicable:

- going concern assumption.

- individual assets and liability are valued separately.
- the application of materiality, whereby the omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the Solvency II balance sheet. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

The Bank of Greece, as the regulator based on the L.4364/2016, that it may be requested the amendment or reform of the published reports of the Company or the publish of the additional information, and additionally the receipt of other actions of the management. The preparation of the Solvency Statements and the "Solvency and Financial Conditions Report" and the audit has been performed under the assumption that the appropriate approvals have been received and there are no additional requirements from the regulator.

### **Fair value hierarchy**

In Tech Spec (V6) it is clearly indicated the fair value hierarchy to be adopted in valuating assets and other liabilities than technical provision. On this basis, the undertaking applied the following hierarchy of high-level principles for valuation of assets and liabilities:

- use of quoted market prices in active markets for the same assets and liability
- where the use of quoted market prices for the same assets or liability is not possible, use of quoted market prices in active markets for similar assets or liability with adjustments to reflect differences
- if there are no quoted market prices in active markets available, use of mark-to-model techniques. Those alternative valuation techniques have to be benchmarked, extrapolated or otherwise calculated as far as possible from a market input
- maximum use of relevant observable inputs and market inputs is recommended, while use of undertaking-specific inputs and unobservable inputs should be minimize
- valuing liabilities at IFRS fair value, the adjustment to take account of the own credit standing as required by IFRS 13 Fair Value Measurement has to be eliminated. In addition, when valuing financial liabilities subsequently after initial recognition, the adjustment to take account of the own credit standing as required by IFRS 13 Fair Value Measurement and as defined by IFRS 7 Financial Instruments: Disclosures, has to be eliminated.

The definition of fair value in IFRS 13 is based on an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. Being basic concept from IFRS13 imported into SII environment, inputs used in valuation techniques are classified into three levels, giving the highest priority to (unadjusted) quoted prices in active markets for identical asset or liabilities and the lowest priority to unobservable inputs.

### **Level 1 Inputs**

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.

If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

### **Level 2 Inputs**

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly.

They include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liability in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example:

- ✓ interest rates and yield curves observable at commonly quoted intervals
- ✓ implied volatilities
- ✓ credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

### Level 3 Inputs

Level 3 inputs are unobservable inputs for the asset.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

### Fair Value Measurement Approach

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

A fair value measurement requires an entity to determine all of the following:

- the particular asset or liability that is the subject of the measurement (consistently with its unit of account);
- for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use);
- the principal (or most advantageous) market for the asset or for the liability;
- the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or the liability and the level of the fair value hierarchy within which the inputs are categorized.

### Guidance on Measurement

IFRS 13 provides the guidance on the measurement of fair value, including the following:

- an entity takes into account the characteristics of the asset or the liability being measured that a market participant would consider when pricing the asset or the liability at measurement date (e.g. the condition and location of the asset and any restrictions on the sale and use of the asset);
- fair value measurement assumes an orderly transaction between market participants at the measurement date under current market conditions;
- fair value measurement assumes a transaction taking place in the principal market for the asset or the liability, or in the absence of a principal market, the most advantageous market for the asset or the liability;
- a fair value measurement of a non-financial asset takes into account its highest and best use;
- a fair value measurement of a financial or non-financial liability or an entity's own equity instruments assumes it is transferred to a market participant at the measurement date, without settlement, extinguishment, or cancellation at the measurement date;
- the fair value of a liability reflects non-performance risk (the risk the entity will not fulfil an obligation), including an entity's own credit risk and assuming the same non-performance risk before and after the transfer of the liability;
- an optional exception applies for certain financial assets with offsetting positions in market risks or counterparty credit risk, provided conditions are met (additional disclosure is required).

### Valuation Techniques

An entity uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset would take place between market participants and the measurement date under current market conditions. Three used valuation techniques are:

- market approach – uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets/liability or a group of assets/liabilities (e.g. a business);



- cost approach – reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost);
- income approach – converts future amounts (cash flows or income and expenses) to a single current (discounted) amount, reflecting current market expectations about those future amounts.

In some cases, a single valuation technique will be appropriate, whereas in others multiple valuation techniques will be appropriate.

SII legislation clearly states the similarity of the approach, with particular regards to Article 10 L2-DR Valuation methodology – valuation hierarchy.

#### Market Value Balance Sheet

(€ thousands)	IFRS carrying amount (a)	Reclassification (b - a)	IFRS homogeneous perimeter (b)	Change to SII value (c-b)	Solvency II value (c)
Goodwill, DAC and intangible assets	21.639		21.639	-21.639	0
Deferred tax assets	33.683		33.683	-5.624	28.059
Property, plant & equipment held for own use	45.276		45.276	3.285	48.562
Investments (other than assets held for index-linked and unit-linked contracts)	<b>893.143</b>		<b>893.143</b>	<b>4.752</b>	<b>897.895</b>
Property (other than for own use)	5.983		5.983	4.752	10.736
Holdings in related undertakings	0		0	0	0
Equities	0		0	0	0
Government bonds	475.550		475.550	0	475.550
Corporate bonds, structured notes and collateralized securities	371.499		371.499	0	371.499
Collective investments undertakings	40.110		40.110	0	40.110
Derivatives	0		0	0	0
Deposits other than cash equivalents	0		0	0	0
Other investments	0		0	0	0
Assets held for index-linked and unit-linked contracts	62.071		62.071	0	62.071
Loans and mortgages	4.422		4.422	-9	4.413
Reinsurance recoverables	<b>121.094</b>		<b>121.094</b>	<b>-14.339</b>	<b>106.754</b>
Non-life business	110.835		110.835	-11.984	98.851
Life business	10.259		10.259	-2.355	7.904
Deposits to cedants	0		0	0	0
Receivables	61.940		61.940	0	61.940
Own shares	0		0	0	0
Cash and cash equivalents	29.946		29.946	0	29.946
Any other assets, not elsewhere shown	1.704		1.704	0	1.704
<b>Total assets</b>	<b>1.274.919</b>		<b>1.274.919</b>	<b>-33.574</b>	<b>1.241.345</b>

(€ thousands)	IFRS carrying amount (a)	Reclassification (b - a)	IFRS homogeneous perimeter (b)	Change to SII value (c-b)	Solvency II value (c)
Technical provisions	949.991		949.991	<b>-53.512</b>	896.479
Non-life business	452.772		452.772	-18.186	434.586
Life business	497.219		497.219	-35.326	461.893
Contingent liabilities	0		0	0	0
Provisions other than technical provisions	3.770		3.770	0	3.770
Pension benefit obligations	3.233		3.233	0	3.233
Deposits from reinsurers	6.416		6.416	0	6.416
Deferred tax liabilities	0		0	0	0
Liabilities derivatives	0		0	0	0
Financial liabilities	18.775		18.775	0	18.775
Payables	79.028		79.028	0	79.028
Subordinated liabilities not in Basic Own Funds	0		0	0	0
Subordinated liabilities in Basic Own Funds	0		0	0	0
Any other liabilities, not elsewhere shown	0		0	0	0
<b>Total liabilities</b>	<b>1.061.212</b>		<b>1.061.212</b>	<b>-53.512</b>	<b>1.007.700</b>
<b>Excess of assets over liabilities</b>	<b>213.707</b>		<b>213.707</b>	<b>19.938</b>	<b>233.645</b>

## D.1. ASSETS

This chapter outlines SII valuation methods for the main classes of asset other than reinsurance recoverables, reporting the following information:

- description of the basis, methods and main assumptions used for valuation for solvency purposes;
- quantitative and qualitative explanation of any material differences between the basis, methods and main assumptions used by the undertaking for the valuation for solvency purposes and those used for their valuation in financial statements;
- information on aggregation based on the nature and function of assets and their materiality.

A description of the SII valuation methods for the most relevant classes of assets other than reinsurance recoverables is given, complementary to the general valuation for Solvency purposes and the balance sheet template illustrated in the introduction.

The template below refers to the scheme required for PIII reporting (QRT: S\_02\_01) and focuses on the differences between:

- MVBS SII values; and
- statutory accounts figures, based on IAS/IFRS principles driving the determination of Generali Hellas IFRS financial statement.

### Assets

(€ thousand)	IFRS carrying amount (a)	Reclassification (b - a)	IFRS homogeneous perimeter (b)	Change to SII value (c-b)	Solvency II value (c)
Goodwill, DAC and intangible assets	21.639		21.639	-21.639	0
Deferred tax assets	33.683		33.683	-5.624	28.059
Property, plant & equipment held for own use	45.276		45.276	3.285	48.562
Investments (other than assets held for index-linked and unit-linked contracts)	893.143		893.143	4.753	897.895
Derivative	0		0	0	0
Assets held for index-linked and unit-linked contracts	62.071		62.071	0	62.071
Loans and mortgages	4.422		4.422	-9	4,413
Reinsurance recoverables	121.094		121.094	-14.339	106.754
Deposits to cedants	0		0	0	0
Receivables	61.940		61.940	0	61.940
Own shares	0		0	0	0
Cash and cash equivalents	29.946		29.946	0	29.946
Any other assets, not elsewhere shown	1.704		1.704	0	1.704
<b>Total assets</b>	<b>1.274.919</b>		<b>1.274.919</b>	<b>-33.574</b>	<b>1.241.345</b>

In the following of this sub-chapter, relevant information about some identified asset class is provided that are explicitly required by regulation.

## GOODWILL, DAC AND INTANGIBLE ASSETS

According to Solvency II, in the supervisory balance sheet, only intangible assets related to the operation are recognized, for which there is evidence of commercial transactions for the same or similar assets, thus indicating that they are marketable. Intangible assets, including deferred acquisition costs, software costs incurred for internal use and intangible assets related to the bancassurance agreement with Alpha Bank, are costs in the published results but are eliminated in the supervisory balance sheet.

## DEFERRED TAX ASSETS INFORMATION

SII deferred taxes (DT) are based on the difference between the SII value of assets and liabilities and the value for tax purposes on an item by item basis, using the expected tax rate to be applied when assets (liabilities) are realized (settled) and considering potential impact of any announcement of amendment to tax rate. The discounting of DT is not allowed.

According to the SII framework, deferred taxes emerge from temporary differences with tax values of assets and liabilities, and, when applicable, from tax losses/credits carry-forwards

A positive value is ascribed to deferred tax assets when it is probable that future taxable profit will be available against which the deferred tax asset can be utilized, taking into account any legal or regulatory requirements on the time limits relating to the carry-forward of unused tax losses or the carry-forward of unused tax credits.

Different from a deferred tax liability (DTL), the recognition of a deferred tax asset (DTA) is subject to a recoverability test, which aims at showing that sufficient taxable income will be available in the future to absorb the tax credit, since a DTA can only be recognized to the extent that it is probable that future taxable profit will be available against which the DTA can be used, taking into account the existence of tax groups and any legal or regulatory requirements on the limits (in terms of amounts or timing) related to the carry forward of unused tax losses or the carry forward of unused tax credits. DTA can be offset against a DTL at fiscal entity (or tax group if any) level, provided that those deferred tax assets and associated deferred

tax liabilities both arise from the tax law of one Member State or third country and the taxation authority of that Member State or third country permits such offsetting.

A major part of DTA and DTL arise from the SII valuation of financial instruments and properties as well as technical provisions compared to their tax base and SII valuation.

### Net Deferred Taxes

(€ thousands)	Total	Up to 1 year	Between 1 and 5 years	More than 5 years
Investments (including Real Estate own used)	- 794	0	0	- 794
Net Insurance Provision and Reinsurance Deposits	- 9.154	0	0	- 9.154
Financial Liabilities	8.381	0	0	8.381
Tax loss PSI & Tax loss Carry Forward	20.812	5.619	4.468	10.724
Other Items	8.814	2.820	2.837	3.157
<b>Total</b>	<b>28.059</b>	<b>8.439</b>	<b>7.305</b>	<b>12.315</b>

### PROPERTY (HELD FOR OWN USE AND FOR INVESTMENT), PLANT & EQUIPMENT

Properties are recognized at amortized cost for statutory accounts, while SII measurement is at fair value.

In terms of valuation, properties are mainly valued on the basis of inputs of similar assets in active markets or of discounted cash flows of future income and expenses of the rental considered as part of the higher and best use by a market participant. In particular, the valuation takes into consideration not only the discounted net future income but also the peculiarities of the properties such as intended use and location as well as the entity of the vacancy rate.

In addition:

- for residential properties, the best evidence of fair value is normally given by current prices on an active market for similar property in the same location and condition and subject to similar lease and other contracts, with adjustments to reflect differences;
- for properties used by the tenant for production or administrative purposes (commercial ,office), the best evidence of fair value is normally given by discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms or any existing lease and other contracts and (where possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the flows;

### INVESTMENTS – GOVERNMENT BONDS

According to SII regulation, all bonds are recognized at fair value. No difference between statutory accounts and SII value (both of them recognized at fair value)

### INVESTMENTS – BONDS (CORPORATE, STRUCTURED NOTES, COLLATERALISED SECURITIES)

According to SII regulation, all bonds are recognized at fair value. No difference between statutory accounts and SII value (both of them recognized at fair value)

### COLLECTIVE INVESTMENTS UNDERTAKINGS

No difference between statutory accounts and SII value (both of them recognized at fair value).

### ASSETS HELD FOR INDEX-LINKED AND UNIT-LINKED CONTRACTS

No difference between statutory accounts and SII value (both of them recognized at fair value).

## LOANS AND MORTGAGES

In the published financial statements as of December 31, 2022, loans, including mortgages, and other loans to agents and brokers, as well as facility loans to employees are recognized at amortised cost using the effective interest rate method. In the supervisory balance sheet, they are revaluated at fair value.

Loans related to insurance contracts are reflected in amortized cost using the effective interest rate method.

## RECEIVABLES (INSURANCE, REINSURANCE, TRADE NOT INSURANCE)

Due to short duration and maturity and to the absence of expected interest cash-flows, receivables do not present relevant change to SII value moving from statutory to SII values as the IFRS values is considered a good approximation of fair value and therefore receivables are classified within level 3 of the fair value hierarchy. If appropriate, receivables are valued at market value, considering observable inputs.

## CASH AND CASH EQUIVALENTS

Due to short duration and maturity, cash and cash equivalents are not subject to relevant change for SII purposes.

## ANY OTHER ASSETS, NOT ELSEWHERE SHOWN

All other assets are recorded at fair value under Solvency II, but by default the IFRS value is kept. This class of assets mainly include prepaid interest, deferrals and other accrued income.

## D.2. TECHNICAL PROVISIONS

Generali Hellas S.A Solvency II technical provisions on 31 December 2023 have been calculated according to the Solvency II regulation, as the sum of the Best Estimate of Liabilities (BEL) and the Risk Margin (RM).

The BEL corresponds to the probability weighted average of the present values of future cash flows related to insurance and reinsurance obligations in force at the valuation date; therefore, it includes both a probabilistic assessment of their occurrence and an appropriate assessment of the time value of money, obtained for Euro currency on the basis of the risk-free interest rate term structure at 31 December 2023, observed in the market and officially provided by EIOPA. The basic risk-free interest rate curve is derived, from interbank swap rates and include an adjustment to consider the residual default risk of these instruments, the so-called credit risk adjustment. Moreover, the valuation curve used for the BEL calculation can be further adjusted by means of the so-called volatility adjustment, to consider the additional return that can be achieved in a risk-free manner by the assets backing insurance liabilities. The currency specific volatility adjustment is provided by EIOPA (for Euro currency equal to +20bps on 31 December 2023) and is used for the valuation of the Generali Hellas portfolios.

The method used to derive the BEL is based on the projection and discounting of all future expected cash flows for the entire contract duration, in line with the contract boundaries defined by the regulation. In particular, the projections consider all future inflows (e.g. future premiums) and outflows due to the occurrence of insured events (e.g. benefits and claims), the possible exercise of contractual options (e.g. surrender or paid-up options) and the expenses incurred in servicing insurance and reinsurance obligations.

In further detail, in calculating the life technical provisions, the expected future cash flows are valued in a deterministic scenario (i.e. certainty equivalent – methodology used for the valuation of contracts with or without any financial asymmetry). In particular, the certainty equivalent for contracts with financial asymmetry has been adjusted by possible unrealized gains and losses. In order to allow the calculation of the cost of financial guarantees the TVOG has been calculated.

In calculating the non-life technical provisions, a distinction is made for the outstanding claims, whether reported or not, occurred before the evaluation date whose costs and related expenses have not been completely paid by that date (claims provisions) and the future claims of contracts that are either in force at the valuation date or for which a legal obligation exists to provide coverage (premium provisions). The BEL calculation of the claims provisions is based on actuarial methods commonly used in international practice, among which the most common are the Link Ratio methods, the Bornhuetter-

Ferguson methods and the Average Cost per Claim methods. The BEL for premium provisions is calculated taking into account the cash in-flows related to future premiums and the cash out-flows related to future claims and expenses applying appropriate loss ratio and expense ratio (calculated according to a best estimate view) to the IFRS premiums reserves.

The risk margin is the part of technical provisions that ensures that the overall value of the technical provisions is equivalent to the amount a third party would theoretically require in order to take over and meet the insurance liabilities, taking into account the cost of capital required to support those liabilities over their remaining future lifetime and regarding non-hedgeable risks, i.e. underwriting risks, credit risks related to reinsurance contracts and operational risks.

In line with the regulation, the risk margin is calculated on a net of reinsurance basis. In further details, the capital requirement needed to cover the non-hedgeable risks is determined using the standard formula. As required by the regulation, risk capitals are calculated without the use of the volatility adjustment and considering the diversification benefits among different risks impacting the business. The projection of risk capitals and their allocation by line of business is performed using risk drivers specific to each risk. The yearly rate used to determine the cost of capital is 6%. The cost of capital of each projection year is discounted at the valuation date using the interest rate term structure on 31 December 2023 provided by EIOPA, without the volatility adjustment, for Euro currency.

The Reinsurance Recoverables (RR), i.e. the amounts expected to be recovered from reinsurance contracts, are valued by means of precise projections of expected cash flows. In addition, as required by the Solvency II regulation, all reinsurance recoverables are reduced by the counterparty default adjustment to reflect the reinsurer's default risk.

## D.2.1. LIFE TECHNICAL PROVISIONS

### OVERVIEW OF LIFE TECHNICAL PROVISIONS

#### Life TP: overview and details by component

The following table shows the amount of the Generali's Solvency II life technical provisions on 31 December 2023 and on 31 December 2022, split by main components: best estimate of liabilities, risk margin and reinsurance recoverables net of the counterparty default adjustment.

<b>SII Life technical provisions</b>		
	<b>31/12/2023</b>	<b>31/12/2022</b>
Best estimate of liabilities - gross of reinsurance	437.680	507.926
Risk margin	24.213	19.545
<b>Technical provisions - gross of reinsurance</b>	<b>461.893</b>	<b>527.471</b>
Reinsurance recoverables	7.904	9.501
<b>Technical provisions - net of reinsurance</b>	<b>453.989</b>	<b>517.970</b>

The Gross BEL of Generali Hellas stands at €437,7mln at YE23. The Gross BEL of the company has been decreased by €70,2mln

The main reasons were some ad-hoc surrenders in the DAF UL portfolio which were partially offset by the effect caused by lower yield curve used in the calculations compared to previous year (as a result of the current economic environment). The €7,9 mln of Reinsurance Recoverables from reinsurance is mainly related to an old hospitalization cover (closed to new business since late 90's) which is 100% reinsured to GHO. The decrease in the reinsurance recoverables comes mainly from the decrease in the ceded IFRS reserve of the portfolio in run-off.

The RM stands at 24,2 mln (which is 5,2% of Gross TPs) and is based on the calculation of the Standard Formula risk capital using the basic risk-free interest rate term structure without considering any other adjustment (volatility adjustment in case of Greece). The main reasons of the increase in RM between YE23 and YE22 (+23,9%) are: the increase of Non Hedgeable Risk (NHR), especially morbidity risk as well as the changes in economic environment (lower interest rate curve).

The method used to calculate BEL is the Cash Flows projection method while the assumptions adopted have been calculated following GHO methodology. As far as the RM is concerned, the standard approach (level 1 simplification) suggested from GHO is followed.

### **Life TP: details by Line of Business**

The following table reports the amount of the Generali's Solvency II life technical provisions (and of its main components) on 31 December 2023 split by main lines of business.

#### **SII Life technical provisions at 31/12/2023**

	BEL gross of reins.	Risk margin	SII TP gross of reins.
Life insurance other than index and unit linked	260.486	6.287	266.772
Index and unit linked	54.944	1.510	56.454
Health insurance similar to life	122.250	16.417	138.667
<b>Total</b>	<b>437.680</b>	<b>24.213</b>	<b>461.893</b>

The Life portfolio of Generali Hellas is split in Life other than UL, UL and Health. The Life LoB is consisted of the Insurance covers with profit participation (Individual & Group savings, active pensions, whole life with profit participation) as well as other covers without options and guarantees (term, active WoP, as well as matured traditional business that has not been redeemed and is no longer under the profit-sharing mechanism). The UL Lob which is composed of products without any options and guarantees. Finally, the Health LoB is consisted of all medical treatments covers and the financial compensation arising from illness, accident or disability covers. The weight of each lob as far as the SII TP gross od reinsurance concerns is: 58% Life other than UL, 12% UL and 30% Health.

### **Life TP: comparison with local statutory and IFRS reserves**

The following table compares the Generali's IFRS with the Solvency II life technical provisions on 31 December 2023.

#### **Life statutory reserves and SII technical provisions at 31/12/2023**

	Statutory reserves gross of reins.	SII TP gross of reins.
Life insurance other than index and unit linked	282.686	266.772
Index and unit linked	61.739	56.454
Health insurance similar to life	152.794	138.667
<b>Total</b>	<b>497.219</b>	<b>461.893</b>

Both valuations are mainly based on the projection of future cash flows performed using best estimate assumptions, considering future profit sharing, including cost of contractual options and financial guarantees, and discounting using the current interest rate term structure. However, in IFRS17/9 SII view, life reserves differ from SII life technical provisions mainly due to the different approaches used between the two valuations. The following table depicts the most significant ones:

Statutory reserves IFRS17/IFRS9	Solvency II
Technical provisions based on the projection of future cash flows. Covers follows the duration of the policy.	Technical provisions based on the projection of future cash flows for each cover within the BoC
For policies under the IFRS9 framework, reserves are equal to fund value at valuation date	Technical provisions derived from projection of future cashflows for all policies
Technical provisions for PAA policies are the UPR reserves	Technical provisions derived from projection of future cashflows for PAA policies
Risk Adjustment included	Risk Margin included
Only Attributable expenses	All expenses used
Risk free without VA for UL policies	Risk free with VA for all portfolios
CSM Included, which represents a portion of the whole profits generated by the contract (from inception to expiry date), that at valuation date, wasn't amortized yet).	There is no such element in SII Calculation

#### **Life TP: use of long-term guarantee measures**

The Company does not use any matching adjustment nor transitional measures for the calculation of Life TP. For the calculation of TP, the volatility adjustment (VA) is applied according to the Group's standard approach. The VA was +20bps on risk free rates at 31/12/2023.

The impact of the VA is €3,6mln decrease of gross BEL and is derived mainly from the traditional portfolio with asymmetries. The Company has examined the case of the appropriateness for applying the VA in the portfolio which revealed that the use of VA is consistent with the portfolio under valuation.

#### **Life TP: source of uncertainty**

In addition to methods, models and data used, the valuation of the Solvency II life technical provisions depends on the assumptions made on a number of operating and economic factors whose future realizations might differ from the expectations at the valuation date, regardless of how accurate these can be.

The main operating assumptions which affect the business are longevity, mortality, morbidity, lapsation (surrender rate), and expenses. Among these operating factors, the surrender rates and the morbidity are the two factors that affect mostly the BEL. YE23 risk free yield curve is much lower than YE22 one, leading to a higher level of BEL related to traditional business with guarantees. On the other hand, the lower yield environment reduced the risk of high inflation (applied on expenses) and also medical inflation (applied on medical cost) which was pointed out last year.

## **D.2.2. NON-LIFE TECHNICAL PROVISIONS**

### **OVERVIEW OF NON-LIFE TECHNICAL PROVISIONS**

The P&C Technical Provisions, both related to:

- outstanding claims, whether reported or not, occurred before the evaluation date whose costs and related expenses have not been completely paid by that date (Outstanding Claims Reserve)
- future claims of contracts that are either in force at the valuation date or for which a legal obligation exists to provide coverage (Premiums Reserve),

are calculated as the sum of the Discounted Best Estimate of Liabilities (BEL) and the Risk Margin (RM)

$$TP = BEL + RM$$



The Discounted Best Estimate of Liabilities (BEL) is calculated applying the methods and assumptions that are briefly described in the following, separately for Outstanding Claims Reserve and Premiums Reserve.

### **Outstanding Claims Reserve**

The BEL of the Modelled Business (the business which, due to the availability of adequate, appropriate and complete data, has been analyzed in detail by means of actuarial methods) has been assessed through the following steps:

#### **Claims and Grouping**

In order to perform an appropriate actuarial analysis of the Technical Provisions and to carry out the projections to ultimate cost, historical claims data on a paid and incurred basis (gross of Contractual and Facultative Reinsurance) have been taken into account.

Each portfolio is selected in order to identify homogeneous groups of risks, type of coverage and other specificities, such as the length and the variability of the claims run-off. The minimum level of granularity adopted considers the split between types (direct business, proportional accepted business, non-proportional accepted business) and, in each category, identifies twelve Lines of Business (Workers' compensation; Medical expense; Income protection; Motor vehicle liability; Other motor; Marine, aviation and transport; Fire and other damage to property; General liability; Credit and suretyship; Legal expenses; Assistance; Miscellaneous financial loss). In case appropriate a more granular level is implemented.

Where possible, the claims have been split depending on their size into attritional, large and extremely large claims and the analysis has been performed separately for each claims type.

#### **Expenses**

The reserve for expenses directly arising from a particular compensation case (Allocated Loss Adjustment Expenses (ALAE)) is calculated apportioning the payments related to these expenses directly to each claim and performing the projection on the total payment triangle.

The reserve for expenses not directly arising from a particular compensation case constitutes the reserve for Unallocated Loss Adjustment Expenses (ULAE). These payments are related to the whole package of services offered by an Insurance Company and do not have an automatic association with a specific claim. The approach used to derive the ULAE reserve, is the New York method.

#### **Inflation**

The historical data on claims paid and outstanding include the outcomes of the observed inflation, in its two components exogenous and endogenous. If there is an important change across the years, the impact of exogenous inflation, reflecting possible increasing or decreasing of Consumers Prices, and the impact endogenous inflation, which is influenced by the macroeconomic and legislative framework, may affect the projection of the future payments.

#### **Actuarial Methods**

The projection of the experienced history of claims and reserves is performed with commonly approved actuarial methods and with the use of tools dedicated for projection, according to the GHO methodology guidelines. Indicative the following methods are considered:

- Link Ratio Methods on Paid (or Development Factor Models - DFM) are a generalization of the Chain Ladder Method, based on the analysis of the cumulative payments along the years. This class of methods is based on the hypothesis that the settlement process is stable across the origin periods.
- Link Ratio Methods on Incurred technically work as the previous ones but are based on incurred developments, i.e. the sum of cumulative paid and outstanding amounts.
- Bornhuetter-Ferguson Methods on Paid or Incurred combine the projected ultimate (obtained for example by means of a Development Factor Method) with an alternative (a priori) value, using a weighted credibility approach.

The analysis is done using more than one of the methods listed above in order to confirm the results.

To obtain the final UBEL, all excluded, or separately evaluated items (e.g. extremely large claims, un-/semi-modelled parts, expenses) are added to the ultimate claims cost.

### Net Evaluation

For each homogeneous group of risks, the UBEL net of reinsurance is calculated adopting the following simplified approach:

$$UBEL_{net}^{OC} = UBEL_{gross}^{OC} \cdot \%NG$$

where %NG indicates the percentage of UBEL Net on UBEL Gross.

The valuation of the Best Estimate net of reinsurance is performed taking into account an adjustment for the expected losses due to default of the reinsurance counterparties (Counterparty Default Risk Adjustment).

### Premiums Reserve

For the contracts with already written premiums, the UBEL of the Premium Reserves is defined as the sum of the following two components (considering gross and net inputs to obtain gross and net results):

- Claims related component: the amount of the Unearned Premium Reserves is multiplied by a specific measure of Loss Ratio, aiming to take out the effect of the adequacy of the estimated UBEL of the Outstanding Claims Reserve (OCR).
- Administration expenses related component: the amount of the Unearned Premium Reserves derived from IFRS is multiplied by a specific measure of the Administration Expense Ratio, to represent the expected part due to expenses stemming from existing contracts.

Similarly, to the Outstanding Claims Reserve, also the net Premiums Reserve is adjusted to take into account the default risk of the counterparties.

### Discounting

The Discounted Best Estimate of Liabilities (BEL), both related to Outstanding Claims Reserve and Premiums Reserve, is derived by discounting the expected future payments of the UBEL by the reference basic risk-free rate curve plus the corresponding VA.

### Risk Margin

The Risk Margin is added to the BEL to arrive at a market consistent value of the liabilities. It captures the economic value of “non-hedgeable” risks (as Reserving, Pricing, Catastrophe, Lapse, Counterparty Default and Operational) in order to ensure that the value of technical provisions is equivalent to the amount that an insurance company would be expected to require taking over and meet the insurance obligations. The Risk Margin is calculated with a Cost of Capital (CoC) approach at Line of Business level taking the diversification benefits between risk types and Lobs into account.

The following table shows the amount of the Generali’s Solvency II non-life technical provisions on 31 December 2023 and on 31 December 2022, split by main components: best estimate of liabilities, risk margin and reinsurance recoverables net of the counterparty default adjustment, separately for claims provisions and premium provisions.

#### SII Non-Life Technical Provisions - Claims provisions (including Other Provisions)

(€ thousand)	31/12/2023	31/12/2022	delta	delta %
Best Estimate of liabilities - gross of reinsurance	357.240	260.337	96.903	37,22%
Risk margin	16.293	14.408	1.885	13,08%
<b>Technical Provisions - gross of reinsurance</b>	<b>373.533</b>	<b>274.745</b>	<b>98.788</b>	<b>35,96%</b>
Reinsurance Recoverables after CDA	102.220	30.819	71.401	231,68%
<b>Technical Provisions – net of reinsurance</b>	<b>271.313</b>	<b>243.926</b>	<b>27.387</b>	<b>11,23%</b>

### SII Non-Life Technical Provisions - Premium provisions (including CB)

(€ thousand)	31/12/2023	31/12/2022	delta	delta %
Best Estimate of liabilities - gross of reinsurance	54.831	48.494	6.337	13,07%
Risk margin	6.222	6.479	-257	-3,96%
<b>Technical Provisions - gross of reinsurance</b>	<b>61.053</b>	<b>54.973</b>	<b>6.080</b>	<b>11,06%</b>
Reinsurance Recoverables after CDA	-3.369	-4.889	1.520	-31,09%
<b>Technical Provisions - net of reinsurance</b>	<b>64.422</b>	<b>59.863</b>	<b>4.560</b>	<b>7,62%</b>

As far as the OC bel is concerned, it has increased by 37,2% driven by the Nat cat events which occur during the period. Regarding the OC MVM, it has marked an increase of 13% following the increase of OC bel. the elements of the fair value of outstanding claims reserves are the bel, the CDA and the MVM where the most significant part is the bel (94% of fvl). reinsurance recoverable increased by 231,7% mainly due to the Nat cat events which occur during the period the up bel has increased by 13%, while the up MVM decreased by 4%. the elements of the fair value of premiums reserves are the bel, the CDA and the MVM where the most significant part is the bel (90% of fvl). P&C to: details by line of business.

The following table reports the amount of the Generali Hellas Solvency II non-life technical provisions (and of its main components) on 31 December 23 split by main lines of business.

### SII Non-Life Technical Provisions - Claims provisions

(€ thousand)	BEL gross of reinsurance (including other provisions)			Risk margin			SII TP gross of reinsurance		
	31/12/2023	31/12/2022	delta %	31/12/2023	31/12/2022	delta %	31/12/2023	31/12/2022	delta %
<b>Direct and accepted proportional</b>	<b>357.240</b>	<b>260.337</b>	<b>37,22%</b>	<b>16.293</b>	<b>14.408</b>	<b>13,08%</b>	<b>373.533</b>	<b>274.745</b>	<b>35,96%</b>
Medical expense insurance	21.496	18.593	15,61%	391	354	10,36%	21.887	18.947	15,51%
Income protection insurance	503	619	-18,75%	15	16	-6,43%	518	635	-18,45%
Workers' compensation insurance	-	-	-	-	-	-	-	-	-
Motor vehicle liability insurance	81.970	77.597	5,64%	3.644	3.398	7,25%	85.614	80.994	5,70%
Other motor insurance	5.952	4.968	19,82%	121	83	45,83%	6.073	5.051	20,25%
Marine, aviation and transport insurance	7.511	9.446	-20,49%	410	799	-48,62%	7.921	10.245	-22,68%
Fire and other damage to property insurance	131.593	57.037	130,71%	2.541	2.495	1,82%	134.134	59.533	125,31%
General liability insurance	101.505	90.761	11,84%	8.984	7.155	25,57%	110.489	97.915	12,84%
Credit and suretyship insurance	-	-	-	-	-	-	-	-	-

Legal expenses insurance	-	-	-	-	-	-	-	-	-
Assistance	3	-	-	-	-	-	3	-	-
Miscellaneous financial loss	6.707	1.316	409,57%	187	108	72,13%	6.894	1.425	383,89%
<b>Total</b>	<b>357.240</b>	<b>260.337</b>	<b>37,22%</b>	<b>16.293</b>	<b>14.408</b>	<b>13,08%</b>	<b>373.533</b>	<b>274.745</b>	<b>35,96%</b>

### SII Non-Life Technical Provisions - Premium provisions

(€ thousand)	BEL gross of reinsurance (including Contract Boundaries)			Risk margin			SII TP gross of reinsurance		
	31/12/2023	31/12/2022	delta %	31/12/2023	31/12/2022	delta %	31/12/2023	31/12/2022	delta %
<b>Direct and accepted proportional</b>	<b>54.831</b>	<b>48.494</b>	<b>13,07%</b>	<b>6.222</b>	<b>6.479</b>	<b>-3,96%</b>	<b>61.053</b>	<b>54.973</b>	<b>11,06%</b>
Medical expense insurance	3.995	3.698	8,03%	335	382	-12,25%	4.330	4.079	6,13%
Income protection insurance	407	353	15,38%	66	54	22,31%	473	406	16,30%
Workers' compensation insurance									
Motor vehicle liability insurance	10.853	10.334	5,02%	1.132	1.171	-3,29%	11.985	11.506	4,17%
Other motor insurance	4.560	4.281	6,51%	203	185	9,96%	4.764	4.466	6,65%
Marine, aviation and transport insurance	1.138	781	45,70%	381	405	-6,04%	1.519	1.187	28,03%
Fire and other damage to property insurance	28.631	24.429	17,20%	1.716	2.239	-23,35%	30.347	26.668	13,79%
General liability insurance	4.165	4.090	1,83%	1.835	1.443	27,15%	6.000	5.533	8,43%
Credit and suretyship insurance									
Legal expenses insurance									
Assistance	28	19	47,00%	12	8	58,61%	40	27	50,35%
Miscellaneous financial loss	1.055	509	107,25%	541	592	-8,62%	1.595	1.101	44,95%
<b>Total</b>	<b>54.831</b>	<b>48.494</b>	<b>13,07%</b>	<b>6.222</b>	<b>6.479</b>	<b>-3,96%</b>	<b>61.053</b>	<b>54.973</b>	<b>11,06%</b>

Source: Excel collecting data from TEAM Tool

## P&C TP COMPARISON WITH RESERVES

The following table compares the Group's IFRS non-life reserves with the Generali's Hellas Solvency II non-life technical provisions on 31 December 2023.

### Non-life IFRS reserves and SII TP - Claims and premium provisions at 31/12/2023

(€ million)	Statutory reserves gross of reins.	SII TP gross of reins.
Non-life (excluding health)	423.880	407.379
Health (similar to non-life)	28.892	27.207
<b>Total</b>	<b>452.772</b>	<b>434.586</b>

The Technical Provisions calculated according to the Solvency II regulatory view are lower than the IFRS Reserves reported in the financial statements. The difference between IFRS non-life reserves and SII non-life technical provisions is due to the substantial methodological differences between the two valuations in terms of premium provision. The valuation of the IFRS reserves is based on technical provisions calculated in accordance with IFRS accounting principles. The Solvency II valuation on the other hand, is based on the projection of future cash flows performed using best estimate assumptions, considering contract boundaries and discounting using the current interest rate term structure. Moreover, under the Solvency II framework, the valuation of technical provisions includes the risk margin while under IFRS risk adjustment is included.

### SOURCES OF UNCERTAINTY

The possible elements and area of uncertainty that might affect the valuation of P&C TP at the valuation date, are of minor concern and effectively managed.

It should be highlighted though, that in addition to methods, models and data used, the valuation of the Solvency II Non-Life technical provisions depends on the assumptions made whose future realizations might differ from the expectations at the valuation date, regardless of how accurate these can be.

### LONG-TERM GUARANTEES MEASURES (VOLATILITY ADJUSTMENT AND TRANSITIONAL MEASURES)

The volatility adjustment (as referred to in Article 77d of the Omnibus II Directive) is used. The impact of the change to zero of the volatility adjustment on P&C TP is quantified in the following table. The Delta created is relatively small in comparison with the Reserve volume both for Claim Reserves and Premium Reserves. It should be highlighted that the Company has examined the case of the appropriateness for applying the VA in the portfolio, which is close to the VA calculated with Generali Hellas asset portfolio.

#### Best Estimates Liabilities of Outstanding Claims Reserves

(€ thousand)	Direct (Gross)	Accepted Prop. (Gross)	Accepted Non Prop. (Gross)	Total BU (Gross)
Total with VA	353.491	3.749	0	357.240
Total w/o VA	356.341	3.769	0	360.110
<b>Delta</b>	<b>-2.849</b>	<b>-20</b>	<b>0</b>	<b>-2.869</b>

#### Best Estimates Liabilities of Premiums Reserves

(€ thousand)	Direct (Gross)	Accepted Prop. (Gross)	Accepted Non Prop. (Gross)	Total BU (Gross)
Total with VA	54.793	38		54.831
Total w/o VA	55.078	38		55.116
<b>Delta</b>	<b>-285</b>			<b>-285</b>

Source: Excel collecting data from TEAM Tool

At this point, it should be highlighted that no transitional measures on the risk-free interest rate-term structure and on technical provisions are applied.

Link with QRTs for public disclosure: S.02.01.02, S.17.01.02

### D.3. OTHER LIABILITIES

This chapter outlines SII valuation methods for the main classes of liabilities other than technical provisions, reporting the following information:

- description of the valuation basis, methods and main assumptions used for solvency purposes;
- quantitative and qualitative explanation of any material differences in the valuation basis, methods and main assumptions used by the undertaking for solvency purposes and those used in financial statement valuations.

A description of the SII valuation methods for the most relevant classes of liabilities other than technical provisions is given, complementary to the general valuation for Solvency purposes and the balance sheet template illustrated in the introduction.

The table below focuses on the differences between:

- SII values; and
- statutory accounts figures, based on IAS/IFRS principles driving the determination of Generali Hellas IFRS financial statements

<b>Liabilities</b>						
(€ thousands)		IFRS carrying amount (a)	Reclassification (b - a)	IFRS homogeneous perimeter (b)	Change to SII value (c-b)	Solvency II value (c)
	Technical provisions	949.991		949.991	-53.512	896.479
	Contingent liabilities					
	Provisions other than technical provisions	3.770		3.770		3.770
	Pension benefit obligations	3.233		3.233		3.233
	Deposits from reinsurers	6.416		6.416		6.416
	Deferred tax liabilities					
	Liabilities derivatives					
	Financial liabilities	18.775		18.775		18.775
	Payables	79.028		79.028		79.028
	Subordinated liabilities					
	Any other liabilities, not elsewhere shown					
	<b>Total liabilities</b>	<b>1.061.212</b>		<b>1.061.212</b>	<b>-53.512</b>	<b>1.007.700</b>

### PROVISIONS OTHER THAN TECHNICAL PROVISIONS

Both for IFRS and SII purposes, contingent liabilities valuation criteria are defined by IAS 37, with different reporting rules: while for IFRS they are only disclosed but not reported, in Solvency II they are recognized in the balance sheet if material and if the possibility of outflow is not remote.

IAS 37 defines that the value of contingent liabilities is equal to the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure. The expected present value of future cash-flows required to settle the contingent liability over the lifetime of that contingent liability shall capture the following elements at the measurement date:

- an estimate of future cash flows, reflecting the expectations about possible variations in the amount and/or timing of the cash flows representing the uncertainty inherent in the cash flows;
- the time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by cash flows and pose neither uncertainty in timing nor risk of default to the holder (risk-free interest rate); and
- the price for bearing the uncertainty inherent in the cash flows (risk premium).

The amount and range of possible cash flows considered in the calculation of the probability weighted cash flows shall reflect all expectations about possible cash flows and not the single most likely or the expected maximum or minimum cash flow. However, the more likely it is that any particular outcome will occur, the greater the effect that the outcome has on the expected value.

Finally, an entity shall consider the risk that the actual outflows of resources might ultimately differ from those expected. A risk adjustment measures the amount, if any, that the entity would rationally pay in excess of the expected present value of the outflows for bearing this risk.

The company for 2021 does not recognize any contingent liabilities under Solvency II valuation.

## PROVISIONS OTHER THAN TECHNICAL PROVISIONS

The amount recognized as provision represents the amount that an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time (best estimate approach)<sup>2</sup>. In reaching the best estimate of a non-technical provision, the following elements are considered:

- circumstances to be taken into account for the calculation of the amount to be recognized as a provision;
- risks surrounding many events related to the obligation are included in the valuation model;
- uncertainties as well as period of incurrence of the obligation and different expected cash-flows are estimated based on model assumptions;
- discount rate used to determine the best estimate of provisions other than technical provisions (before tax impact) reflects market conditions of the time value of money and the risks specific to the liability at valuation date and does not include risks for which future cash flow estimates have been already adjusted.

IAS 37 is regulating provision other than technical ones and it is deemed to be compliant with Art 75 L1 – Dir. For this reason, there are no differences on this item between IFRS statutory account and MVBS value being the valuation models adopted the same in both frameworks.

Generali Hellas SA Provisions Other than Technical consist of provisions for Bad Debtors as well as provisions for legal cases, which are re-evaluated and revised at each reporting date.

## PENSION BENEFIT OBLIGATIONS

Valuation in IFRS statutory accounts is in compliance with SII requirements and based on IAS 19 statement. IAS19 requires that retirement benefit arrangements should be classified as defined benefit or defined contribution plans. Defined contribution plans are accounted for on a cash basis while the accounting treatment of defined benefit plans is more complicated and requires actuarial valuations because the standard requires that the costs of defined benefit plans be attributed to periods of employee service.

The amount of Employee Benefits Liabilities recognized as a liability represents the net total of the followings:  
(The present value of the obligation at valuation date) (-) (The fair value at the valuation date of plan assets (if any) out of which the obligations are to be settled directly)

This amount may be negative (and recognized as an asset)<sup>3</sup>

<sup>2</sup> Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the liability. However, even in such a case, the entity considers other possible outcomes. Where other possible outcomes are either mostly higher or mostly lower than the most likely outcome, the best estimate will be a higher or lower amount, while where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

<sup>3</sup> In this case the entity measures the assets at the lower of:

- the amount above determined; **and**
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. This present value is determined using the discount rate used in the calculation of the benefit obligation (high quality corporate bond).

The valuation method adopted called projected unit credit method is based on an actuarial approach with regards to:

- estimation of the benefit that employees will earn in return for their service, valued at the moment in which it will fall due (ultimate cost)
- identification of the part of the benefit evaluated above, related to current and prior periods
- determination of the present value of that part of the benefit identified in b., split into:
  - ✓ current service cost (present value of the part of future benefit earned in the current year which is the cost of the period) and
  - ✓ benefit obligation (present value of future benefit earned in the current and previous periods which is the final liability of the period).

The basic instruction to determine assumptions to evaluate both ultimate cost and present values are:

- actuarial assumptions are entity's best estimates of the demographic and financial variables that will determine the ultimate cost of providing long-term benefits
- the rate used to discount long term benefit obligations, determined by reference to market yields at the balance sheet date on high quality corporate bonds.

The projected unit credit method assumes that each period of service gives rise to an additional unit of benefit entitlement. Each unit is separately measured to build up the final obligation.

The retirement indemnities for the employees of Generali Hellas are classified as a Defined Benefit Obligation. The calculations are based on the benefits of the staff retirement indemnities as they are described in the Greek Law 2112/1920 as well as in a defined benefit plan for a small number of executives from the absorbed company Generali Hellas I, at the valuation date.

Defined Benefit Obligation as at 31.12. 2023 analyzed as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
Provision for staff compensation N.2112/1920	3.233	3.809
a) Compensation L.2112 / 1920	1.340	1.244
b) Retirement benefits for a small number of executives (pre-retirement))	1.893	2.564
<b>On 31 December</b>	<b>3.233</b>	<b>3.809</b>

The company offers pre-retirement benefits, for which the same approach applies in accordance with current accounting principles and within the framework of the principles governing Solvency II. Retirement benefit obligations include benefits due to the Company's employees after their retirement (retirement allowance, additional benefits). For these obligations, certain regulatory frameworks have allowed or required the creation of special accounts.

The assumptions used for the factors affecting the present values of future cash flows at the valuation date are summarized in the table below:

Valuation Date	Discount Rate	Salary Increase	Inflation Rate
31/12/2023	L.2112/1920:3,15% Pension Plan: 3,40%	2,50%	2,50%

The assumptions are used to project all future cash flows, and then discount cash flows to each measurement date. The past service liabilities are the portion of these discounted cash flows which have been earned by service to each measurement date. The one-year cost is the portion of these discounted cash flows, which will be earned through service over the 12 months following the measurement date.



The valuation results are presented in the table below:

(€ thousand)	Present value of defined benefit plan wholly unfunded
<b>Opening balance</b>	<b>3.809</b>
Effect of asset ceiling	
Benefits paid	-919
Past service cost	
Current service cost	130
Interest cost	137
Contribution by plan participants	
Actuarial gain/loss	-516
Gains and losses on settlement	592
Currency translation differences	
Net liability due to merge	
<b>Total IAS 19 net liability</b>	<b>3.233</b>

## FINANCIAL LIABILITIES

In order to ensure compliance with Solvency II principles, the financial liabilities are valued at fair value without any adjustment for change in own credit standing of the insurance/reinsurance undertaking.

The Financial Liabilities include the liability deriving from the Bancassurance agreement with Alpha Bank.

## DEFERRED TAX LIABILITIES

Solvency II regulatory framework states that MVBS deferred tax liabilities, representing the amounts of income taxes payable in future periods in respect of taxable temporary differences, are recognized in respect of deductible temporary differences<sup>3</sup> and determined on the basis of the difference between the values ascribed to assets and liabilities (recognized and valued in accordance with Articles 75-86 of L1 -Dir) and the values ascribed to assets and liabilities as recognized and valued for tax purposes.

In the MVBS, deferred tax liabilities arise on differences between:

- the value ascribed to an asset or a liability for tax purposes, and
- its value in accordance with the Solvency II principles.

For calculating the amount of deferred taxes, any mismatch between the MVBS value of assets /liabilities under analysis and their related carrying value for tax purposes should be considered.

A deferred tax liability (DTL) is the recognition of a tax debt to be paid later on because of a future profit which is already anticipated in the economic balance sheet. This profit (i.e. the difference between the market value and the book value) leads to an increase of the net asset value. A DTL will be recognized for unrealized taxable gains such as an increase of a financial asset value, or a decrease of the value of technical provisions when shifting from book value to market value.

With reference to taxable temporary differences, IAS 12 provides that the entity shall recognize a deferred tax liability for all taxable temporary differences with some exceptions.

<sup>3</sup> A temporary difference is a difference between the carrying amount of an asset or liability in the balance sheet and its tax base.

## **D.4. ALTERNATIVE METHODS FOR VALUATION**

### **D.4.1. ASSETS**

For Generali Hellas SA there are no alternative methods for valuation used.

In respect of the official SII data valuation, there are no significant changes to valuation models used and to model inputs. In general terms, it has to be noticed that the vast majority of assets portfolio owned by European insurance and reinsurance undertakings is recognized at IFRS fair value determined centrally by Generali Investments Europe in application of the official group asset pricing policy.

Despite the general framework for assets valuation, it is worthwhile to mention that for SII receivables there is a dedicated SII valuation, partially diverting from the policies described above.

As general supposition, it is accepted to assume as SII value of receivables an amount equal to the IFRS book value of receivables, based on the IFRS amortized cost. This approach is coherent with the overall SII metrics considering the non-materiality of the change to fair value of those assets usually having very brief duration and maturity and no expected cash-flows generation. It is worthwhile to mention that if the simplified assumption is not reflecting properly the economic valuation of receivables, this approach is not adopted and a full SII economic valuation is provided to determine the fair value of receivables.

### **D.4.2. LIABILITIES**

Despite the general framework for liabilities valuation, it is worthwhile to mention that - as general supposition -, it is accepted to assume as SII value of payables an amount equals to the IFRS book value of payables, based on the IFRS amortized cost. This approach is coherent with the overall SII metrics considering the non-materiality of the change to fair value of those liabilities usually having very brief duration and maturity and no expected cash-flows generation. It has to be worthwhile to mention that if the simplified assumption is not reflecting properly the economic valuation of payables, this approach is not adopted and a full SII economic valuation is provided to determine the fair value of payables.

## **D.5. ANY OTHER INFORMATION**

### **D.5.1. OWN FUNDS: LEGISLATIVE FRAMEWORK AND DEFINITION**

According to the Article 87 of the Directive 2009/138/EC (the Directive), own funds comprise the "...sum of basic own funds, referred to in Article 88 and ancillary own funds referred to in Article 89".

#### **BASIC OWN FUNDS**

According to Article 88 of L1-Dir, BOF are defined as the sum of the excess of assets over liabilities (reduced by the number of own shares held by the insurance or reinsurance undertaking) and subordinated liabilities.

The components of the excess of assets over liabilities are valued in accordance with Article 75 and Section 2 of the Directive, which states that all assets and liabilities must be measured on market consistent principles. These principles are the basis for definitions reported in chapter D Valuation for Solvency Purposes.

According to Article 69, Article 72 and Article 76 of L2-DR, BOF items shall include the following:

- Ordinary share capital and the related share premium account
- Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds that fall under L1 Article 91 (2)
- Preference shares and the related share premium account
- Reconciliation reserve
- Subordinated liabilities valued in accordance with L1 Article 75
- Net deferred tax assets

From a practical perspective, the reconciliation reserve is a calculated item; it is obtained from excess of assets less liabilities lowered by any other item required to be identified separately by regulation.

BOF items shall be classified into three tiers, depending on the extent to which they possess specific characteristics, explained in the next paragraph. Generally, assets which are free from any foreseeable liabilities are available to absorb losses due to adverse business fluctuations on a going-concern basis and in the case of winding-up. Therefore, the vast majority of the excess of assets over liabilities, as valued in accordance with the principles set out in L1 - Dir, should be treated as high-quality capital (Tier 1).

For classification purposes, it is worthwhile anticipating that in accordance with previous comment, the reconciliation reserve is Tier 1 while deferred tax assets are, instead, Tier 3.

### CLASSIFICATION SCHEME

According to L1 - Dir, article 93, to grant the quality of available capital, BOF items shall be classified into tiers depending on whether they satisfy the following characteristics:

- The item is available, or can be called up on demand, to fully absorb losses on a going-concern basis, as well as in the case of winding-up (permanent availability)
- In the case of winding-up, the total amount of the item is available to absorb losses and the repayment of the item is refused to its holder until all other obligations, including insurance and reinsurance obligations towards policy holders and beneficiaries of insurance and reinsurance contracts, have been met (subordination)
- Consideration shall be given to the duration of the item, in particular whether the item is dated or not. Where an own-fund item is dated, the relative duration of the item as compared to the duration of the insurance and reinsurance obligations of the undertaking shall be considered (sufficient duration)
- whether the item is free from requirements or incentives to redeem the nominal sum (absence of incentives to redeem)
- whether the item is free from mandatory fixed charges (absence of mandatory servicing costs)
- whether the item is clear of encumbrances (absence of encumbrances).

The different own funds items shall be classified into Tiers considering if they possess specific characteristics according to the following scheme:

TIER	permanent availability to cover losses	subordination of the holder	sufficient duration	absence of incentive to redeem	absence of mandatory servicing costs	absence of encumbrances
Tier 1	x	x	x	x	x	x
Tier 2		x	x	x	x	x
Tier 3	<i>Residual</i>					

### LIST OF TIER 1 BOF

Article 69 of L2-DR lists Tier 1 BOF items, assuming they substantially possess the Tier 1 characteristics notice that:

- the part of excess of assets over liabilities, valued in accordance with Article 75 and Section 2 of Chapter VI of Directive 2009/138/EC, comprising the following items:
  - ✓ paid-in ordinary share capital and the related share premium account
  - ✓ paid-in initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
  - ✓ paid-in subordinated mutual member accounts
  - ✓ surplus funds that are not considered insurance and reinsurance liabilities in accordance with Article 91(2) of Level 1 Directive
  - ✓ paid-in preference shares and the related share premium account
  - ✓ a reconciliation reserve

- paid-in subordinated liabilities valued in accordance with Article 75 of Directive 2009/138/EC when they possess Tier 1 features.

In the following, some specific guidelines with regard to Tier 1 items are given excluding items described in points II. and III. that are not applicable for Generali Group entities:

#### **A. Paid-in ordinary share capital**

According to Section II B of L3 Guidelines (Guideline 1), undertakings should identify paid-in ordinary share capital by the following properties:

- the shares are issued directly by the undertaking with the prior approval of its shareholders or, where permitted under national law, its administrative, supervisory or management body (hereinafter “AMSB”)
- the shares entitle the owner to a claim on the residual assets of the undertaking in the event of winding-up proceedings, which is proportionate to the amount of the items issued, and is neither fixed nor subject to a cap.

Where an undertaking describes more than one class of shares as ordinary share capital:

- it should assess the features for determining classification as ordinary share capital set out in Article 71 of L2-DR (Tier 1 Features determining classification) in relation to each class of shares separately
- it should identify the differences between classes which provide for one class to rank ahead of another or which create any preference as to distributions, and only consider as possible Tier 1 ordinary share capital the class which ranks after all other claims and has no preferential rights
- it should consider as possible Tier 1 preference shares, any share classes ranking ahead of the most subordinated class or which have other preferential features which prevent them from being classified as Tier 1 ordinary share capital in accordance with points (a) and (b).

#### **B. Surplus funds**

Article 91 of L1-Dir states that surplus funds “...shall be deemed to be accumulated profits which have not been made available for distribution to policy holders and beneficiaries”. Moreover “In so far authorized under national law, surplus funds shall not be considered as insurance and reinsurance liabilities to the extent that they fulfil the criteria set out in Article 94 (1)”.

#### **C. Reconciliation reserve**

According with Recital 35 of L2-DR, “Insurance and reinsurance undertakings should divide the excess of assets over liabilities into amounts that correspond to capital items in their financial statements and a reconciliation reserve. The reconciliation reserve may be positive or negative”.

Article 70 of L2-DR states that ‘The determination of whether, and to what extent, the reconciliation reserve displays the features of Tier 1 BOF shall not assess the features of the assets and liabilities that are included in computing the excess of assets over liabilities or the underlying items in the undertakings’ financial statements’.

It is worthwhile noting that this last paragraph according to Generali Group, de facto waiving some of the classification criteria for the reconciliation reserve, can be interpreted as recognizing the specific nature of this residual item which is represented by the reconciliation reserve. Furthermore, the limited applicability of the other classification criteria (sufficient duration, absence of encumbrances, absence of mandatory servicing costs and absence of incentives to redeem) to the reconciliation reserve might lead to the conclusion that the reconciliation reserve is to be considered as Tier 1, unless specific evidence of the contrary exists.

The Article 70 of L2-DR specifies some definitions with regard to the reconciliation reserve.

More in detail, the reconciliation reserve shall equal the total excess of assets over liabilities reduced by:

- the number of own shares held by the insurance and reinsurance undertaking
- foreseeable dividends, distributions and charges
- the basic own-fund items included in other BOF items (Tier1, Tier 2 or Tier 3)

- the basic own-fund items not mentioned in the lists of DA, which have been approved by the supervisory authority in accordance with Article 79 of L2-DR
- the restricted own-fund items that meet one of the following requirements:
  - ✓ exceed the notional Solvency Capital Requirement in the case of matching adjustment portfolios and ring-fenced funds determined in accordance with Article 81(1) of L2-DR
  - ✓ that are excluded in accordance with Article 81 (2) of L2-DR
- the amount of participations held in financial and credit institutions deducted in accordance with the treatment of participations in the determination of BOF (Article 68 of L2-DR), to the extent that this is not already included in points (a) to (e).

Section II B of L3 Guidelines (Guideline 2) gives some details on point b, i.e. on the identification of the own shares and of the foreseeable dividends and distributions to be considered:

- Own shares that reduce the reconciliation reserves are both own shares held directly and indirectly
- As far as the feature 'foreseeable', a dividend or distribution has to be considered to be foreseeable at the latest when it is declared or approved by the supervisory or management body, or the other persons who effectively run the undertaking, regardless of any requirement for approval at the annual general meeting
- moreover, where a participating undertaking holds a participation in another undertaking, which has a foreseeable dividend, the participating undertaking should make no reduction to its reconciliation reserve for that foreseeable dividend.

In the same guideline it is stated that number of foreseeable charges to be taken into account in deduction of reconciliation reserve are:

- the amount of taxes
- the amount of any obligations or circumstances arising during the related reporting period which are likely to reduce the profits of the undertaking and for which the supervisory authority is not satisfied that they have been appropriately captured by the valuation of assets and liabilities.

To introduce the limitations due to ring fenced funds, it is worthwhile mentioning that not all assets within an undertaking are unrestricted. In some Member States, specific products result in ring-fenced fund structures which give one class of policy holders greater rights to assets within their own fund. Although those assets are included in computing the excess of assets over liabilities for own-fund purposes they cannot in fact be made available to meet the risks outside the ring-fenced fund. To be consistent with the economic approach, the assessment of own funds needs to be adjusted to reflect the different nature of assets, which form part of a ring-fenced arrangement. Similarly, the Solvency Capital Requirement calculation should reflect the reduction in pooling or diversification related to those ring-fenced funds. With regard to the ring-fenced funds (RFF), Recital 37 of L2- DA provides the following definition "Ring-fenced funds are arrangements where an identified set of assets and liabilities are managed as though they were a separate undertaking, and should not include conventional index-linked, unit-linked or reinsurance business. The reduced transferability of the assets of a ring-fenced fund should be reflected in the calculation of the excess of assets over the liabilities of the insurance or reinsurance undertaking".

The precise definition can be taken by Article 80 of the L2-DR that aims to regulate the adjustments to companies BOF. Article 80 states that "A reduction of the reconciliation reserve shall be required where own-fund items within a ring-fenced fund have a reduced capacity to fully absorb losses on a going-concern basis due to their lack of transferability within the insurance or reinsurance undertaking for any of the following reasons:

- the items can only be used to cover losses on a defined portion of the insurance or reinsurance undertaking's insurance or reinsurance contracts
- the items can only be used to cover losses in respect of certain policy holders or beneficiaries or
- the items can only be used to cover losses arising from particular risks or liabilities."

Please note that the recital 39 of L2- DA states explicitly that:

"Ring-fenced funds should be limited to those arrangements that reduce the capacity of certain own fund items to absorb losses on a going concern basis. Arrangements that only affect loss absorbency in the case of winding-up should not be considered as ring-fenced funds."

#### D. Subordinated liabilities

With regard to subordinated liabilities, item which meet requirements to be classified as BOF, should be valued according to Article 75 of the L1 – Dir (“...b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm’s length transaction. When valuing liabilities under point b), no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking shall be made”). For a more detailed description of the valuation methods, please refer to the related “Valuation” section. For a description of the applicability of grandfathering rules, please refer to the “Transitional arrangements” section.

#### LIST OF TIER 2 BOF

Article 72 of L2-DR lists the Tier 2 basic own-fund items:

- the part excess of assets over liabilities, valued in accordance with Article 75 and Section 2 of Chapter VI of Directive 2009/138/EC, comprising the following items:
  - ✓ ordinary share capital and the related share premium account
  - ✓ initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
  - ✓ subordinated mutual member accounts
  - ✓ preference shares and the related share premium account
- Subordinated liabilities valued in accordance with Article 75 of Directive 2009/138/EC.

#### TIER 3 BOF AND THEIR FEATURES

Tier 3 represents the residual category of own funds. According to L1- Dir, Article 94 (Main criteria for the classification into tiers), after having detected if own funds items do not possess the feature to be classified into Tier 1 or Tier 2, the own fund item shall be classified in Tier 3.

#### ANCILLARY OWN FUNDS

According to Article 89 of Directive, Ancillary Own Funds (AOF) are defined as “...items other than basic own funds which can be called up to absorb losses”.

The nature of ancillary own funds is such that they are contingent assets, which are not recognized on the balance sheet. This contingent nature entails the need for supervisory approval for recognition. If, at some undetermined point in the future, the ancillary own funds are called up, they cease to be contingent assets and become basic own-fund items.

Note that AOF become BOF when they are called up, i.e. the characteristic of not being called up distinguishes them from BOF and determines their lower quality and tiering.

This category effectively comprises off balance sheet commitments, that the undertaking can call upon in order to increase its financial resources.

Article 74 of DA lists the AOF items:

- unpaid and uncalled ordinary share capital callable on demand
- unpaid and uncalled initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings, callable on demand
- unpaid and uncalled preference shares callable on demand
- a legally binding commitment to subscribe and pay for subordinated liabilities on demand
- letters of credit and guarantees which are held in trust for the benefit of insurance creditors by an independent trustee and provided by credit institutions authorized in accordance with Article 8 of Directive 2013/36/EU
- letters of credit and guarantees provided that the items can be called up on demand and are clear of encumbrances
- any future claims which mutual or mutual-type associations of shipowners with variable contributions solely insuring risks listed in classes 6, 12 and 17 in Part A of Annex 1 of Directive 2009/138/EC may have against their members by way of a call for supplementary contributions, within the following 12 months
- any future claims which mutual or mutual-type associations may have against their members by way of a call for supplementary contributions, within the following 12 months, provided that a call can be made on demand and is clear of encumbrances

- other legally binding commitments received by the insurance or reinsurance undertaking, provided that the item can be called up on demand and is clear of encumbrances.

According to article 90 of the Directive, the amounts of ancillary own-fund items to be taken into account when determining own funds shall be subject to prior supervisory approval.

### TIERING OF ANCILLARY OWN FUNDS

As for BOF, Article 93 of the Directive defines the characteristics of an item, in order to be considered as AOF. More in detail, AOF are classified into Tier 2 category, when they comply with Article 75 of DA requirements (“...display the features of basic own fund item classified in Tier 1 in accordance with Articles 69 and 71 once that item has been called up and paid in.”), whereas, according to the Article 78 of DA, AOF that “...have been approved by the supervisory authority in accordance with Article 90 of Directive 2009/138/EC, and which do not display all of the features set out in Article 75 shall be classified as Tier 3 ancillary own funds”.

TIER	permanent availability to cover losses	subordination of the holder	sufficient duration	absence of incentive to redeem	absence of mandatory servicing costs	absence of encumbrances
Tier 2	x	x	x	x	x	x
Tier 3	Residual					

More in detail, according to Level 3 Guidelines on Ancillary Own Funds, the following kinds of own funds items might have to be classified and the approaches set out below should be followed in making the classification:

- Capital instruments:
  - ✓ These consist of instruments which if called up will generate an asset, often in the form of cash, while simultaneously creating corresponding interests in (for example, ordinary shares) or liabilities of (for example, certain subordinated debts) the undertaking.
  - ✓ Undertakings should assess the characteristics and determine which tier a capital instrument would belong to if called up or satisfied. Ordinary shares (assuming they do not possess any unconventional features) which are fully paid-in would be classified as Tier 1. Subordinated debt instruments which are fully paid-in may be classified as Tier 2 if they do not possess the characteristics necessary for Tier 1 classification.
  - ✓ Capital instruments in their ancillary form should then be classified as one tier lower than that applying to paid-in forms of such instruments. If paid-in ordinary shares are classified as Tier 1, issued but uncalled ordinary shares should be classified as Tier 2 ancillary own funds.
- Capital contributions:
  - ✓ These will generate an asset, often in the form of cash, for an undertaking without creating corresponding liabilities of the undertaking. This would be the case of a “capital call” on private equity fund or SICAV.
  - ✓ The “on balance sheet treatment” of contributions which are fully paid-in is to increase an undertaking’s assets. This is because the undertaking receives cash when the counterparty fulfills its obligations. Additionally, since these contributions do not create any corresponding liabilities for the undertaking, the undertaking’s receipt of funds in the form of a contribution also increases the undertaking’s reserves (by increasing profits or reducing losses).
  - ✓ An increase in reserves would be classified as Tier 1. Thus, a contribution that will give rise to an increase in reserves once paid-in should be classified as Tier 2 ancillary own funds.
- Arrangements which meet the undertaking’s liabilities by indemnifying third-parties:
  - ✓ These consist of contractual arrangements which if called up will generate an asset, often in the form of cash, for a third-party creditor of an undertaking without creating corresponding liabilities for the undertaking. This could be given effect by a contract of indemnity obliging a third-party indemnifier to pay sums to the undertaking’s creditor without obliging the undertaking to repay such sums to the indemnifier. Arrangements which meet the undertaking’s liabilities in this way are subject to the same classification as capital contributions.

## APPROVAL OF ANCILLARY OWN FUNDS

Where an own-fund item is not included in the list of own-funds pointed out in L2-DR, or whether such item would not – upon being called up – take the form of BOF items, insurance or reinsurance undertakings shall submit a request for approval of its assessment and classification to the supervisory authority before considering that item as own funds.

The insurance or reinsurance undertaking shall demonstrate to the supervisory authorities the appropriateness of the proposed classification and the legal effectiveness and enforceability of the contractual terms of the own-fund item and shall provide the supervisory authorities with information on whether the own-fund item has been fully paid-in.

According to article 90 of Level 1 Directive, supervisory authorities shall approve either of the following:

- the monetary amount for each ancillary own-fund item
- the method by which to determine the amount of each ancillary own-fund item, in which case supervisory approval of the amount determined in accordance with that method shall be granted for a specified period of time.

The approach to ancillary own funds approval envisages ongoing communication between the supervisory authorities and undertakings, including the submission of a formal application for approval of the ancillary own-fund item. Where the ancillary own-fund item on call would become an item not on the lists, and therefore two supervisory approvals are needed, such early dialogue should cover the procedural approach to be followed regarding this need for two approvals. In order to convey the formal application process, early dialogue may also cover matters of economic substance, legal effectiveness and enforceability but not the status of the counterparty, which always needs to be considered at the time of the formal application.

The supervisory authority approves an amount of ancillary own funds based on a request by the (re)insurance undertaking. The amount that the supervisory authority approves can be lower than the amount requested by the (re)insurance undertaking. The request for approval must be based on a robust assessment by the (re)insurance undertaking of the recoverability, accompanied by all information the supervisory authority needs in issuing approval. In this process, the supervisory authority can use information that it has obtained from sources other than the (re)insurance undertaking.

The supervisory authority should not determine the classification of an ancillary own-fund item based on the form in which the item is presented or described. The supervisory authority's assessment and the classification of the potential ancillary own-fund item should depend upon the item's economic substance and the extent to which it would satisfy the characteristics and features listed above.

The Draft proposal for Level 3 Guidelines on Ancillary Own Funds specifies actions to be taken by the undertaking with reference to the request for approval of a potential ancillary own funds item.

## DEDUCTION FROM OWN FUNDS

Article 68 of DA, with reference to the treatment of participations in the determination of BOF specifies that:

- For the purpose of determining the basic own funds of insurance and reinsurance undertakings, basic own funds as referred to in Article 88 of Directive 2009/138/EC shall be reduced by the full value of participations, as referred to in Article 92(2) of that Directive, in a financial and credit institution that exceeds 10% of items included in points (a) (i), (ii), (iv) and (vi) of Article 69.
- For the purpose of determining the basic own funds of insurance and reinsurance undertakings, basic own funds as referred to in Article 88 of Directive 2009/138/EC shall be reduced by the part of the value of all participations, as referred to in Article 92(2) of that Directive, in financial and credit institutions, other than participations referred to in paragraph 1, that exceeds 10% of items included in points (a) (i), (ii), (iv) and (vi) of Article 69.
- Notwithstanding paragraphs 1 and 2, insurance and reinsurance undertakings shall not deduct strategic participations as referred to in Article 171 which are included in the calculation of the group solvency on the basis of method 1 as set out in Annex I to Directive 2002/87/EC.
- The deductions set out in paragraph 2 shall be applied on a pro-rata basis to all participations referred to in that paragraph.
- The deductions set out in paragraphs 1 and 2 shall be made from the corresponding tier in which the participation has increased the own funds of the related undertaking as follows:
  - ✓ holdings of Common Equity Tier 1 items of financial and credit institutions shall be deducted from the items included in points (a) (i), (ii), (iv) and (vi) of Article 69



- ✓ holdings of Additional Tier 1 instruments of financial and credit institutions shall be deducted from the items included in points (a)(iii) and (v) and point (b) of Article 69
- ✓ holdings of Tier 2 instruments of financial and credit institutions shall be deducted from the basic own-fund items included in Article 72.

To clarify the deduction rules described in points 1 and 2, BOF shall be reduced when:

- The value of the individual participations in a financial and credit institution exceeds 10% of undertakings own funds
- The sum of the values of the other participations in a financial and credit institution (i.e. those non individually exceeding the 10%) exceeds 10% of undertakings own funds
- Deductions defined in points a) and b) are not applicable in case of strategic participations.

It is worthwhile to underline the fact, that the Generali Group approach is to consider all participations as strategic and for this reason no deduction shall be performed.

### **ELIGIBLE OWN FUNDS**

Article 69 of DA, states the following quantitative limitations, with regard to the tiering of Own Funds:

- As far as compliance with the Solvency Capital Requirement is concerned, the eligible amounts of Tier 2 and Tier 3 items shall be subject to all of the following quantitative limits:
  - ✓ the eligible amount of Tier 1 items shall be at least one half of the Solvency Capital Requirement
  - ✓ the eligible amount of Tier 3 items shall be less than 15 % of the Solvency Capital Requirement
  - ✓ the sum of the eligible amounts of Tier 2 and Tier 3 items shall not exceed 50 % of the Solvency Capital Requirement.
- As far as compliance with the Minimum Capital Requirements is concerned, the eligible amounts of Tier 2 and Tier 3 items shall be subject to all of the following quantitative limits:
  - ✓ the eligible amount of Tier 1 items shall be at least 80 % of the Minimum Capital Requirement
  - ✓ the sum of the eligible amounts of Tier 2 items, excluding Ancillary Own Funds, shall not exceed 20% of the Minimum Capital Requirement.
- Within the limit referred to in point (a) of paragraph 1 and point (a) of paragraph 2, the sum of the following basic own-fund items shall make up less than 20 % of the total amount of Tier 1 items:
  - ✓ items referred to in point (a)(iii) of Article 69
  - ✓ items referred to in point (a)(v) of Article 69
  - ✓ items referred to in point (b) of Article 69
  - ✓ items that are included in Tier 1 basic own funds under the transitional arrangement set out in Article 308b(9) of Directive 2009/138/EC.

With regard to the quantitative limit defined by Article 69 (2) above, the Guidelines on Solvency II relating to Pillar 1 requirements (the Guidelines) state under guideline 20.1.80, that entities can "...consider those restricted Tier 1 items in excess of the 20% limit as available as Tier 2 basic own funds."

**Annex****QRT TEMPLATES VALID FOR SOLO PURPOSES****SE.02.01- Balance Sheet – Assets**

	Solvency II value
<b>Assets</b>	
Intangible assets	0
Deferred tax assets	28.059
Pension benefit surplus	0
Property, plant & equipment held for own use	48.561
<b>Investments (other than assets held for index-linked and unit-linked contracts)</b>	<b>897.895</b>
Property (other than for own use)	10.736
Holdings in related undertakings, including participations	0
<i>Equities</i>	0
Equities - listed	0
Equities - unlisted	0
<i>Bonds</i>	<b>847.049</b>
Government Bonds	475.550
Corporate Bonds	354.659
Structured notes	16.841
Collateralized securities	0
Collective Investments Undertakings	40.110
Derivatives	0
Deposits other than cash equivalents	0
Other investments	0
Assets held for index-linked and unit-linked contracts	62.071
<b>Loans and mortgages</b>	<b>4.413</b>
Loans on policies	2.348
Loans and mortgages to individuals	2.065
Other loans and mortgages	0
<b>Reinsurance recoverables from:</b>	<b>106.754</b>
Non-life and health similar to non-life	98.851
Non-life excluding health	98.858
Health similar to non-life	-7
Life and health similar to life, excluding health and index-linked and unit-linked	7.923
Health similar to life	8.412
Life excluding health and index-linked and unit-linked	-489
Life index-linked and unit-linked	-19
Deposits to cedants	0
Insurance and intermediaries' receivables	41.888
Reinsurance receivables	4.594
Receivables (trade, not insurance)	15.458
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	29.946
Any other assets, not elsewhere shown	1.704
<b>Total assets</b>	<b>1.241.345</b>

**SE.02.01-Balance Sheet – Liabilities**

	Solvency II value
<b>Liabilities</b>	
<b>Technical provisions - non-life</b>	<b>434.585</b>
<b>Technical provisions - non-life (excluding health)</b>	<b>407.379</b>
TP calculated as a whole	0
Best estimate	385.671
Risk margin	21.708
<b>Technical provisions - health (similar to non-life)</b>	<b>27.207</b>
TP calculated as a whole	0
Best estimate	26.401
Risk margin	806
<b>TP - life (excluding index-linked and unit-linked)</b>	<b>405.439</b>
<b>Technical provisions - health (similar to life)</b>	<b>138.666</b>
TP calculated as a whole	0
Best estimate	122.250
Risk margin	16.417
<b>TP - life (excluding health and index-linked and unit-linked)</b>	<b>266.772</b>
TP calculated as a whole	0
Best estimate	260.486
Risk margin	6.287
<b>TP - index-linked and unit-linked</b>	<b>56.454</b>
TP calculated as a whole	0
Best estimate	54.944
Risk margin	1.510
Contingent liabilities	0
Provisions other than technical provisions	3.769
Pension benefit obligations	3.233
Deposits from reinsurers	6.416
Deferred tax liabilities	0
Derivatives	0
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	18.775
Insurance & intermediaries payables	27.857
Reinsurance payables	19.560
Payables (trade, not insurance)	31.610
<b>Subordinated liabilities</b>	<b>0</b>
Subordinated liabilities not in BOF	0
Subordinated liabilities in BOF	0
Any other liabilities, not elsewhere shown	0
<b>Total liabilities</b>	<b>1.007.700</b>
<b>Excess of assets over liabilities</b>	<b>233.645</b>

**Balance Sheet – Assets**

	Solvency II value	Statutory accounts value
<b>Assets</b>		
Deferred Acquisition Costs	0	0
Intangible assets	0	21.639
Deferred tax assets	28.059	33.683
Pension benefit surplus	0	0
Property, plant & equipment held for own use	48.562	45.276
<b>Investments (other than assets held for index-linked and unit-linked contracts)</b>	<b>897.895</b>	<b>893.142</b>
Property (other than for own use)	10.736	5.983
Holdings in related undertakings, including participations	0	0
<i>Equities</i>	0	0
Equities - listed	0	0
Equities - unlisted	0	0
<i>Bonds</i>	<b>847.049</b>	<b>847.049</b>
Government Bonds	475.549	475,549
Corporate Bonds	354.658	354.658
Structured notes	16.840	16.840
Collateralized securities	0	0
Collective Investments Undertakings	40.110	40.110
Derivatives	0	0
Deposits other than cash equivalents	0	0
Other investments	0	0
Assets held for index-linked and unit-linked contracts	62.071	62.071
<b>Loans and mortgages</b>	<b>4.413</b>	<b>4.422</b>
Loans on policies	2.348	2.348
Loans and mortgages to individuals	2.065	2.074
Other loans and mortgages	0	0
<b>Reinsurance recoverables from:</b>	<b>106.754</b>	<b>121.094</b>
Non-life and health similar to non-life	98.851	110.835
Non-life excluding health	98.858	110.810
Health similar to non-life	-7	25
Life and health similar to life, excluding health and index-linked and unit-linked	7.923	10.261
Health similar to life	8.412	9.956
Life excluding health and index-linked and unit-linked	-488	305
Life index-linked and unit-linked	-19	-2
Deposits to cedants	0	0
Insurance and intermediaries receivables	41.888	41.888
Reinsurance receivables	4.594	4.594
Receivables (trade, not insurance)	15.457	15.457
Own shares (held directly)	0	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0	0
Cash and cash equivalents	29.945	29.945
Any other assets, not elsewhere shown	1.703	1.703
<b>Total assets</b>	<b>1.241.345</b>	<b>1.274.919</b>

**Balance Sheet – Liabilities**

	Solvency II value	Statutory accounts value
<b>Liabilities</b>		
<b>Technical provisions - non-life</b>	<b>434.585</b>	<b>452.771</b>
<b>Technical provisions - non-life (excluding health)</b>	<b>407.379</b>	<b>423.879</b>
TP calculated as a whole	0	0
Best estimate	385.670	0
Risk margin	21.708	0
<b>Technical provisions - health (similar to non-life)</b>	<b>27.206</b>	<b>28.892</b>
TP calculated as a whole	0	0
Best estimate	26.400	0
Risk margin	806	0
<b>TP - life (excluding index-linked and unit-linked)</b>	<b>405.439</b>	<b>435.480</b>
<b>Technical provisions - health (similar to life)</b>	<b>138.666</b>	<b>152.794</b>
TP calculated as a whole	0	0
Best estimate	122.249	0
Risk margin	16.416	0
<b>TP - life (excluding health and index-linked and unit-linked)</b>	<b>266.772</b>	<b>282.685</b>
TP calculated as a whole	0	0
Best estimate	260.485	0
Risk margin	6.286	0
<b>TP - index-linked and unit-linked</b>	<b>56.453</b>	<b>61.738</b>
TP calculated as a whole	0	0
Best estimate	54.944	0
Risk margin	1.509	0
Contingent liabilities	0	0
Provisions other than technical provisions	3.769	3.769
Pension benefit obligations	3.233	3.233
Deposits from reinsurers	6.416	6.416
Deferred tax liabilities	0	0
Derivatives	0	0
Debts owed to credit institutions	0	0
Financial liabilities other than debts owed to credit institutions	18.774	18.774
Insurance & intermediaries payables	27.857	27.857
Reinsurance payables	19.560	19.560
Payables (trade, not insurance)	31.610	31.610
<b>Subordinated liabilities</b>	<b>0</b>	<b>0</b>
Subordinated liabilities not in BOF	0	0
Subordinated liabilities in BOF	0	0
Any other liabilities, not elsewhere shown	0	0
<b>Total liabilities</b>	<b>1.007.700</b>	<b>1.061.212</b>
<b>Excess of assets over liabilities</b>	<b>233.645</b>	<b>213.707</b>

**S.12.01-Life and Health SLT Technical Provisions (1/3)**

	Index-linked and Unit-Linked Insurance			Other Life Insurance		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations
	Insurance with profit participation	Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees	
<b>Technical provisions calculated as a whole</b>	0	0	0			0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0			0
<b>Technical provisions calculated as a sum of BE and RM</b>						
<b>Best Estimate</b>						
<b>Gross Best Estimate</b>	<b>265.924</b>	<b>54.944</b>	<b>0</b>	<b>-5.438</b>	<b>0</b>	<b>0</b>
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-23	-19	0	-465	0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re	265.948	54.964	0	-4.973	0	0
<b>Risk Margin</b>	<b>5.711</b>	<b>1.510</b>	<b>0</b>	<b>0</b>	<b>576</b>	<b>0</b>
<b>Amount of the transitional on Technical Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Technical Provisions calculated as a whole	0	0	0	0	0	0
Best estimate	0	0	0	0	0	0
Risk margin	0	0	0	0	0	0
<b>Technical provisions - total</b>	<b>271.635</b>	<b>56.454</b>	<b>0</b>	<b>0</b>	<b>-4.863</b>	<b>0</b>

S.12.01-Life and Health SLT Technical Provisions (2/3)

	Accepted Reinsurance				Annuities stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations (Gross)	Total (Life other than health insurance, incl. Unit-Linked)
	Insurance with profit participation on Accepted reinsurance (Gross)	Index-linked and unit-linked insurance on Accepted reinsurance (Gross)	Other life insurance on Accepted reinsurance (Gross)			
<b>Technical provisions calculated as a whole</b>	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0
<b>Technical provisions calculated as a sum of BE and RM</b>	0	0	0	0	0	0
<b>Best Estimate</b>	0	0	0	0	0	0
<b>Gross Best Estimate</b>	0	0	0	0	0	315.430
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	-508
Best estimate minus recoverables from reinsurance/SPV and Finite Re	0	0	0	0	0	315.938
<b>Risk Margin</b>	0	0	0	0	0	7.796
<b>Amount of the transitional on Technical Provisions</b>	0	0	0	0	0	0
Technical Provisions calculated as a whole	0	0	0	0	0	0
Best estimate	0	0	0	0	0	0
Risk margin	0	0	0	0	0	0
<b>Technical provisions - total</b>	0	0	0	0	0	323.226

**S.12.01-Life and Health SLT Technical Provisions (3/3)**

	Health Insurance (direct business)		Annuities stemming from non-life insurance contracts	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
	Contracts without options and guarantees	Contracts with options or guarantees			
<b>Technical provisions calculated as a whole</b>	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0
<b>Technical provisions calculated as a sum of BE and RM</b>	0	0	0	0	0
<b>Best Estimate</b>	0	0	0	0	0
<b>Gross Best Estimate</b>	122.250	0	0	0	122.250
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	8.412	0	0	0	8.412
Best estimate minus recoverables from reinsurance/SPV and Finite Re	113.838	0	0	0	113.838
<b>Risk Margin</b>	16.417	0	0	0	16.417
<b>Amount of the transitional on Technical Provisions</b>	0	0	0	0	0
Technical Provisions calculated as a whole	0	0	0	0	0
Best estimate	0	0	0	0	0
Risk margin	0	0	0	0	0
<b>Technical provisions - total</b>	138.667	0	0	0	138.667



**S.17.01 - Non-life Technical Provisions (1/2)**

	Direct business and accepted proportional reinsurance								
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
<b>Technical provisions calculated as a whole</b>	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0
<b>Technical Provisions calculated as a sum of BE &amp; RM</b>									
<b>Best estimate</b>									
<b>Premium provisions</b>									
Gross - Total	3.995	407	0	10.853	4.560	1.138	28.631	4.165	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	-17	0	-214	-257	27	-2.897	279	0
<b>Net Best Estimate of Premium Provisions</b>	<b>3.995</b>	<b>424</b>	<b>0</b>	<b>11.067</b>	<b>4.818</b>	<b>1.112</b>	<b>31.539</b>	<b>3.890</b>	<b>0</b>
<b>Claims provisions</b>	0	0	0	0	0	0	0	0	0
Gross - Total	21.496	503	0	81.970	5.952	7.511	131.593	101.505	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	10	0	506	115	2.545	82.698	12.982	0
<b>Net Best Estimate of Claims Provisions</b>	<b>21.496</b>	<b>493</b>	<b>0</b>	<b>81.466</b>	<b>5.838</b>	<b>4.988</b>	<b>49.086</b>	<b>88.698</b>	<b>0</b>
<b>Total Best estimate - gross</b>	<b>25.491</b>	<b>910</b>	<b>0</b>	<b>92.823</b>	<b>10.513</b>	<b>8.649</b>	<b>160.224</b>	<b>105.670</b>	<b>0</b>
<b>Total Best estimate - net</b>	<b>25.491</b>	<b>916</b>	<b>0</b>	<b>92.533</b>	<b>10.656</b>	<b>6.100</b>	<b>80.625</b>	<b>92.587</b>	<b>0</b>
<b>Risk margin</b>	<b>726</b>	<b>81</b>	<b>0</b>	<b>4.776</b>	<b>325</b>	<b>791</b>	<b>4.257</b>	<b>10.819</b>	<b>0</b>
<b>Amount of the transitional on Technical Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TP as a whole</b>	0	0	0	0	0	0	0	0	0
<b>Best estimate</b>	0	0	0	0	0	0	0	0	0
<b>Risk margin</b>	0	0	0	0	0	0	0	0	0
<b>Technical provisions - total</b>	0	0	0	0	0	0	0	0	0
Technical provisions - total	26.216	990	0	97.600	10.837	9.440	164.481	116.489	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0	-7	0	290	-143	2.549	79.599	13.083	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	<b>26.216</b>	<b>997</b>	<b>0</b>	<b>97.310</b>	<b>10.980</b>	<b>6.891</b>	<b>84.882</b>	<b>103.407</b>	<b>0</b>

**Non-life Technical Provisions (2/2)**

	Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance:				Total Non-Life obligations
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	Non-proportional property reinsurance	
<b>Technical provisions calculated as a whole</b>	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0
<b>Technical Provisions calculated as a sum of BE and RM</b>								
<b>Best estimate</b>								
<b>Premium provisions</b>								
Gross - Total	0	28	1.055	0	0	0	0	54.831
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	-274	0	0	0	0	-3.353
<b>Net Best Estimate of Premium Provisions</b>	0	28	1.329	0	0	0	0	58.200
<b>Claims provisions</b>	0	0	0	0	0	0	0	
Gross - Total	0	3	6.707	0	0	0	0	357.240
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	3.761	0	0	0	0	102.619
<b>Net Best Estimate of Claims Provisions</b>	0	3	2.953	0	0	0	0	255.020
<b>Total Best estimate - gross</b>	0	30	7.762	0	0	0	0	412.071
<b>Total Best estimate - net</b>	0	30	4.282	0	0	0	0	313.221
<b>Risk margin</b>	0	12	727	0	0	0	0	22.515
<b>Amount of the transitional on Technical Provisions</b>	0	0	0	0	0	0	0	0
<b>TP as a whole</b>	0	0	0	0	0	0	0	0
<b>Best estimate</b>	0	0	0	0	0	0	0	0
<b>Risk margin</b>	0	0	0	0	0	0	0	0
<b>Technical provisions - total</b>	0	0	0	0	0	0	0	0
Technical provisions - total	0	43	8.489	0	0	0	0	434.586
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0	0	3.480	0	0	0	0	98.851
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	0	43	5.009	0	0	0	0	335.735

Generali Hellas Insurance Company S.A. - Valuation for Solvency Purposes

S.19.01-Gross Claims Paid (non-cumulative) (absolute amount)

	Development Year (absolute amount)															In Current Year	Sum of years (culmulative)		
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14			15&+	
Prior																	-881	-881	-881
2009	47.557	17.603	9.870	3.398	1.488	1.202	1.240	711	809	963	1.195	56	165	1.822	315			315	88.393
2010	30.757	18.247	4.732	10.307	2.722	1.644	1.051	355	97	1.020	996	512	55	788				788	73.283
2011	25.273	24,12	3.058	1.796	959	1.232	1.514	1.513	484	347	255	66	111					111	60.921
2012	37.074	19.977	6.666	1.492	3.774	1.072	712	1.222	836	544	854	112						112	74.333
2013	24.103	21.961	3.576	952	1.638	2.242	1.599	731	816	368	456							456	58.441
2014	25.693	17.807	3.167	1.773	1.973	2.380	1.231	339	763	218								218	55.345
2015	28.281	16.427	3.233	1.939	1.551	1.958	1.180	246	1.108									1.108	55.922
2016	29.905	18.136	3.446	2.790	2.200	1.950	1.607	1.443										1.443	61.477
2017	30.272	25.259	6.503	3.108	3.159	2.197	1.581											1.581	72.079
2018	41.471	31.602	4.804	1.719	2.215	2.064												2.064	83.875
2019	36.025	32.123	4.282	3.335	4.666													4.666	80.430
2020	36.746	28.291	4.600	2.632														2.632	72.270
2021	35.477	31,806	5.011															5.011	72.294
2022	32.327	24,654																24.654	56.981
2023	59.504																	59.504	59.504
																		103.782	1.024.668

In reference to the outstanding claims triangles in the QRTs, the methodology has been altered compared to YE2022. Specifically, in 2023 the reserve for incurred but not yet settled cases is excluded from the calculation of the outstanding claims reserve. However, this was included in the 2022 evaluation.

S.19.01-Gross undiscounted Best Estimate Claims Provisions (absolute amount)

Generali Hellas Insurance Company S.A. - Valuation for Solvency Purposes

	Development Year (absolute amount)															Year End (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15&+	
Prior																8.018	6.765
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.524	0	3.996
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	6.427		5.574	
2011	0	0	0	0	0	0	0	0	0	0	0	0	4.658		3.886		
2012	0	0	0	0	0	0	0	0	0	0	0	11.659		10.431			
2013	0	0	0	0	0	0	0	0	0	0	5.399		4.583				
2014	0	0	0	0	0	0	0	0	0	7.556		6.345					
2015	0	0	0	0	0	0	0	0	9.157		7.759						
2016	0	0	0	0	0	0	0	12.950		11.060							
2017	0	0	0	0	0	0	11.553		9.803								
2018	0	0	0	0	0	19.300		16.481									
2019	0	0	0	0	28.610		24.971										
2020	0	0	0	27.047		23.629											
2021	0	0	39.590		35.248												
2022	0	40.733		36.076													
2023	155.405			143.710													
																350.316	

# E. Capital Management

## E.1. OWN FUNDS

The Solvency Ratio for Generali Hellas SA stands at 148,1% on 31 December 2023. Compared to the result on 31 December 2022, the Solvency Ratio decreased by -1,7 p.p.

Solvency Ratio			
	31/12/2023	31/12/2022	Change
Own Funds	217.636	203.392	14.246
Solvency Capital Requirement	146.999	135.847	11.151
Excess of Own Funds	70.638	67.544	3.094
<b>Solvency Ratio</b>	<b>148,1%</b>	<b>149,7%</b>	<b>-1,7 p.p</b>

### E.1.1. POLICIES AND PROCESSES RELATED TO OWN FUNDS MANAGEMENT, INFORMATION ON THE TIME HORIZON USED FOR BUSINESS PLANNING AND ON ANY MATERIAL CHANGES OVER THE REPORTING PERIOD

The Group and Local Capital Management Policy define principles for Capital Management activities the Assicurazioni Generali S.p.A. and the Group Legal Entities in scope must adhere.

Capital management activities refer to Own Funds management and control and in particular to procedures to:

- classify and periodically review Own Funds in order to guarantee that Own Funds items meet the requirements of the applicable capital regime both at issuance and subsequently,
- regulate issuance of Own Funds according to the medium-term Capital Management Plan and Strategic Plan also to guarantee:
  - ✓ that Own Funds are not encumbered,
  - ✓ that all actions required or permitted related to the governance of the Own Funds are timely completed,
  - ✓ that ancillary Own Funds are timely called,
  - ✓ that terms and conditions are clear and unambiguous, including instances in which distributions on an Own Funds item are expected to be deferred or cancelled
- ensure that any policy or statement in respect of ordinary share dividends is taken into account when analyzing the capital position
- establish driving principles and common standards to carry out these activities efficiently, in compliance with the relevant regulatory requirements and legislative frameworks at Group and Local level, and in line with the stated risk appetite and strategy of the Generali Group.

The Group Capital Management Policy after being approved by the Board of Directors of Assicurazioni Generali S.p.A has to be approved by the relevant body at entity level.

The Capital Management Plan represents a part of overall three-year Strategic Plan and this ensures the consistency of the CMP with three-year Strategic Plan assumptions, which include inter alia:

- financial scenarios
- strategic asset allocation
- business mix. and includes a detailed description of the development of Own Funds and Regulatory Solvency Ratio from the latest available actual figures to the last plan year figures.

CFO is responsible to produce CMP and CEO is responsible to submit them to the relevant AMSB. Furthermore, Generali Hellas should include the Capital Management Plan in the information package to be delivered to the GSPC&IR in the planning process. The main elements of the Capital Management Plan are discussed and challenged in specific meetings (Deep Dives on Capital) and within the QBR process.

If extraordinary operations (i.e. M&A, Own Funds issuance) are foreseen in the plan period, their impact is explicitly included in the Own Funds and Regulatory Solvency Ratio development and further details are included in the relevant documentation. Own Funds issuances are explicitly included in the CMP with a detailed description of the rationale.

The description of the development of Own Funds explicitly includes the issuance, redemption or repayment (earlier or at maturity) of Own Funds items and their impacts on the limits on tiers. Any variation in the valuation of Own Funds items is also indicated, with additional qualitative details in terms of limits on tiers when needed.

The CMP is defined taking into account limits and tolerances set in the Risk Appetite Framework.

In the CMP any transitional measure has to be reported in terms of impact on the solvency position current and at the end of the transitional period (both at Group and Local level), duration and general features including their absorption capacity in times of stress.

In case the three year Strategic Plan needs to be resubmitted to the Head Office due to a significant variation of Own Funds or SCR also the CMP has to be accordingly updated and sent to the GSPC&IR function.

## **E.1.2. AMOUNT AND QUALITY OF ELIGIBLE OWN FUNDS**

### **ELIGIBLE OWN FUNDS TO MEET SCR**

Generali Hellas SA Basic Own funds consists of all available Own Funds due to the fact that there are neither Ancillary Own funds nor deductions as described in the theoretical framework reported in the chapter "D. 5. 1. OWN FUNDS: legislative framework and definition".

Available own funds are split into tiers (this analysis is only done for the purpose of calculating the Solvency ratio), i.e. three different buckets of capital determined according to the quality of such components as defined in the Solvency II Regulations. Eligibility limits apply to those available elements to cover respectively the Solvency Capital Requirement (SCR) or the Minimum Capital Requirement (MCR).

As far as compliance with the Solvency Capital Requirement is concerned, the following quantitative limits apply: (a) the eligible amount of Tier 1 items is at least one half of the Solvency Capital Requirement; (b) the eligible amount of Tier 3 items is less than 15 % of the Solvency Capital Requirement; (c) the sum of the eligible amounts of Tier 2 and Tier 3 items is not exceed 50 % of the Solvency Capital Requirement.

AFR is the Eligible Own Funds amount after the tiering limits are applied. The structure of tiering is presented in the table below:

**Available Own funds by tiering**

(€ thousand)	Total available own funds to meet the SCR	Tier 1 – unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Current Year	233.645	205.586			28.059
Previous Year	221.057	187.014			34.042
Change	12.588	18.572			-5.983

**Eligible Own funds by tiering**

(€ thousand)	Total eligible own funds to meet the SCR	Tier 1 – unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Current Year	217.636	195.586			22.050
Previous Year	203.392	183.014			20.377
Change	14.245	12.572			1.673

At this stage, since eligibility filters are dependent from SCR, in the table below the analysis in terms of ratio is disclosed.

**Solvency Ratio**

(€ thousand)	Current year	Previous year	Change
Own Funds	217.636	203.391	14.246
Solvency Capital Requirement	146.999	135.847	11.151
<b>Solvency Ratio</b>	<b>148,1%</b>	<b>149,7%</b>	<b>-1.7pps</b>

**Eligible Own Funds to meet SCR**

(€ thousand)	31/12/2023	31/12/2022
<b>Excess of assets over liabilities</b>	<b>233.645</b>	<b>221.057</b>
Foreseeable dividend	-10.000	-4.000
Subordinated liabilities in BOF	0	0
Impact of other deduction	-6.009	-13.665
<b>BASIC OWN FUNDS AFTER DEDUCTION</b>	<b>217.636</b>	<b>203.392</b>
Impact of Sectorial and Equivalent entities		
<b>TOTAL ELIGIBLE OWN FUNDS TO MEET SCR</b>	<b>217.636</b>	<b>203.392</b>

## BASIC OWN FUNDS

Basic Own Funds split by legislative requirement (QRT S.23.01 view) is presented in the table below:

### Own funds – Comparison with previous year

(€ thousand)	31/12/2023	31/12/2022	Change	Notes
Ordinary share capital (gross of own shares)	59.577	59.577	0	
Share premium account related to ordinary share capital	43.820	43.820	0	
Surplus funds	0	0	0	
Preference shares	0	0	0	
Share premium account related to preference shares	0	0	0	
Reconciliation reserve (see below table)	92.190	79.618	12.572	
Subordinated liabilities				
An amount equal to the value of net deferred tax assets	28.059	34.042	-5.983	
Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0	0	0	
Deductions for participations in financial and credit institutions	0	0	0	
<b>Total basic own funds after deductions</b>	<b>223.645</b>	<b>217.057</b>	<b>6.589</b>	

Basic Own Funds are defined as the sum of the excess of assets over liabilities and subordinated debt before any consideration for tiering eligibility restriction and after the limitation over the potential non-availability of certain elements of capital.

The items that compose Basic Own Funds are classified into three tiers, depending on the extent they possess the ability to absorb losses due to adverse business fluctuations on a going-concern basis and in the case of winding-up.

In Generali Hellas SA, Basic Own Funds is composed by Tier 1 and Tier 3 Own funds.

The classification by tiers of Basic Own Funds is composed as follows:

- ✓ Unrestricted Tier 1 capital, after dividend proposal, mainly made of share capital, share premium and reconciliation reserve. The eligible amount of Tier 1 items is at least one half of the Solvency Capital Requirement
- ✓ Tier 3 consists of net deferred tax, which has been capped at 15% of SCR.  
Please refer to Section D.1 for additional information on the Company's net deferred tax assets position.



The following table reports Basic Own Funds items split by tiering and net of €10 mln Foreseeable dividends to be paid in 2024.

**Own funds by Tiers**

(€ thousand)	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	59.577	59.577	0	0	0
Share premium account related to ordinary share capital	43.820	43.820	0	0	0
Surplus funds	0	0	0	0	0
Preference shares	0	0	0	0	0
Share premium account related to preference shares	0	0	0	0	0
Reconciliation reserve (see below table)	92.190	92.190	0	0	0
Subordinated liabilities	0	0	0	0	0
An amount equal to the value of net deferred tax assets	28.059	0	0	0	28.059
Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0	0	0	0	0
Deductions for participations in financial and credit institutions	0	0	0	0	0
<b>Total basic own funds after deductions</b>	<b>223.645</b>	<b>195.587</b>	<b>0</b>	<b>0</b>	<b>28.059</b>

**RECONCILIATION RESERVE AND EPIFP**

Reconciliation reserve represents the excess of assets over liabilities from the Solvency II balance sheet, reduced by capital items in the financial statements (share capital, capital in excess of nominal value) and net of €10.0 mln Foreseeable dividends to be paid in 2024. The reconciliation reserve is presented in the table below:

**Reconciliation reserve**

(€ thousand)	31/12/2023	31/12/2022	Change	Notes
Assets – Liabilities (from Annex D)	233.645	221.057	12.589	
Own shares				
Foreseeable dividends and distributions	10.000	4.000	6.000	
Other basic own fund items	131.455	137.438	-5.983	
Restricted own fund items due to ring fencing				
<b>Reconciliation Reserve</b>	<b>92.190</b>	<b>79.618</b>	<b>12.572</b>	

To satisfy the needs of having a representation of quality of Own Funds, the following table should be filled-in:

<b>Expected Profit in Future Premiums</b>				
<b>(€ thousand)</b>	<b>Current Year</b>	<b>Previous year</b>	<b>Change</b>	<b>Notes</b>
Expected Profit included in future premiums (EPIFP) - Life Business	21.055	21.246	0.191	
Expected Profit included in future premiums (EPIFP) - Non Life Business				
<b>Total Expected Profit included in future premiums (EPIFP)</b>	<b>21.055</b>	<b>21.246</b>	<b>0.191</b>	

### **E.1.3. ELIGIBLE OF OWN FUNDS TO MEET THE SOLVENCY CAPITAL REQUIREMENT**

With regard to the legislative framework described in chapter “D. 5. 1. OWN FUNDS: legislative framework and definition” all Eligible Own Funds of Generali Hellas SA are able to meet the SCR under Tier 1 – unrestricted category.

#### **Eligible Own Funds by tiering – Yearly Comparison**

<b>(€ thousand)</b>	<b>Total eligible own funds to meet the SCR</b>	<b>Tier 1 – unrestricted</b>	<b>Tier 1 - restricted</b>	<b>Tier 2</b>	<b>Tier 3</b>
YE 2023	217.636	195.586			22.050
YE 2022	203.392	183.014			20.377
<b>Change</b>	<b>14.244</b>	<b>12.572</b>			<b>1.673</b>

### **E.1.4. ELIGIBLE OF OWN FUNDS TO MEET THE MINIMUM CAPITAL REQUIREMENT**

With regard to the legislative framework described in chapter “D. 5. 1. OWN FUNDS: legislative framework and definition” all Eligible Own Funds of Generali Hellas SA are able to meet the MCR under Tier 1 – unrestricted category.

#### **Eligible Own Funds by tiering – Yearly Comparison**

<b>(€ thousand)</b>	<b>Total eligible own funds to meet the MCR</b>	<b>Tier 1 – unrestricted</b>	<b>Tier 1 - restricted</b>	<b>Tier 2</b>	<b>Tier 3</b>
YE 2023	195.586	195.586			
YE 2022	183.014	183.014			
<b>Change</b>	<b>12.572</b>	<b>12.572</b>			

### **E.1.5. RECONCILIATION BETWEEN STATUTORY SHAREHOLDER FUNDS AND OWN FUNDS FOR SOLVENCY PURPOSES**

The reconciliation between equity as shown in financial statements and the excess of assets over liabilities as calculated for solvency purposes is presented in the table below:

(€ thousand)	Amount 2023	Amount 2022
<b>Statutory Equity</b>	<b>213.707</b>	<b>184.013</b>
Statutory Capital reserves and other reserves	137.937	136.838
Of which:		
Share capital	59.577	59.577
Capital reserves	78.359	77.261
Other equity instruments		
Reserve for currency translation differences		
Own shares		
Statutory Revenue reserves	75.772	47.175
Of which:		
Revenue reserves	89.017	81.516
Reserve for unrealized gains & losses on AFS financial assets	-12.225	-61.791
Result of the period	-1.021	27.450
Adjustment on Intangible	-16.879	-59.519
Adjustment on Investment	6.262	5.588
Adjustment on Net Technical Provision	30.554	90.974
Adjustment on Financial and Subordinated debt		
Adjustment on Other Items		
Adjustment on Deferred Taxes	-6.009	-13.664
Foreseeable Dividends	-10.000	-4000
<b>Excess of Assets over Liabilities</b>	<b>217.636</b>	<b>203.392</b>

## E.1.6. REGULATORY FRAMEWORK

### IMPLEMENTING MEASURES

The solvency and financial condition report shall include all of the following information regarding the own funds of the insurance or reinsurance undertaking:

- I. information on the objectives, policies and processes employed by the undertaking for managing its own funds, including information on the time horizon used for business planning and on any material changes over the reporting period
- II. separately for each tier, information on the structure, amount, and quality of own funds at the end of the reporting period and at the end of the previous reporting period, including an analysis of the significant changes in each tier over the reporting period
- III. the eligible amount of own funds to cover the Solvency Capital Requirement, classified by tiers
- IV. the eligible amount of basic own funds to cover the Minimum Capital Requirement, classified by tiers
- V. a quantitative and qualitative explanation of any material differences between equity as shown in the undertaking's financial statements and the excess of assets over liabilities as calculated for solvency purposes
- VI. for each basic own-fund item that is subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC, a description of the nature of the item and its amount
- VII. for each material item of ancillary own funds, a description of the item, the amount of the ancillary own-fund item and, where a method by which to determine the amount of the ancillary own-fund item has been approved, that method as well as the nature and the names of the counterparty or group of counterparties for the items referred to in points (a), (b) and (c) of Article 89(1) of Directive 2009/138/EC.
- VIII. For the purposes of paragraph VII, the names of the counterparties shall not be disclosed where such disclosure is legally not possible or impracticable or where the counterparties concerned are "not material."

- IX. a description of any item deducted from own funds and a brief description of any significant restriction affecting the availability and transferability of own funds within the undertaking

## 2015 GUIDELINES ON REPORTING AND PUBLIC DISCLOSURE

### Own funds – Additional solvency ratios

1.25. Under section “E.1 Own funds” of the SFCR as defined in Annex XX of the Delegated Regulation, where undertakings disclose additional ratios to the ones included in template S.23.01, the SFCR should also include an explanation on the calculation and meaning of the additional ratios.

### EXPLANATORY TEXT:

2.47. The eligible own funds / SCR ratio is easy to calculate and reveals whether or not an undertaking meets the SCR. While no single solvency ratio can deliver all the solvency information users might find relevant, the chosen ratio is considered the most useful ratio."

"Own funds – Information on the structure, amount, quality and eligibility of own funds

1.26. Under section “E.1 Own funds” of the SFCR as defined in Annex XX of the Delegated Regulation, insurance and reinsurance undertakings should, regarding their own funds, describe at least the following information:

- for each material own fund item set out in Article 69, Article 72, Article 74, Article 76 and Article 78, as well as for items that received supervisory approval as per Article 79 of the Delegated Regulation the information required in Article 297 (1) of the Delegated Regulation, distinguishing between basic and ancillary own fund items
- for each material own fund item, the extent to which it is available, subordinated, as well as its duration and any other features that are relevant for assessing its quality
- an analysis of significant changes in own funds during the reporting period, including the value of own fund items issued during the year, the value of instruments redeemed during the year, and the extent to which the issuance has been used to fund redemption
- in relation to subordinated debt, an explanation of the changes to its/ their value
- when disclosing the information required in Article 297 (1) (c) of the Delegated Regulation, an explanation of any restrictions to available own funds and the impact of limits on eligible Tier 2 capital, Tier 3 capital and restricted Tier 1 capital
- details of the principal loss absorbency mechanism used to comply with Article 71 (1)(e) of the Delegated Regulation, including the trigger point, and its effects
- an explanation of the key elements of the reconciliation reserve
- for each basic own fund item subject to the transitional arrangements:
  - ✓ the tier into which each basic own fund item has been classified and why
  - ✓ the date of the next call and the regularity of any subsequent call dates, or the fact that no call dates fall until after the end of the transitional period.
- when disclosing the information required in Article 297(1)(g) of the Delegated Regulation, information on the type of arrangement and the nature of the basic own funds item which each ancillary own fund item would become on being called up or satisfied, including the tier, as well as when the item was approved by the supervisory authority and, where a method was approved, for how long
- where a method has been used to determine the amount of a material ancillary own fund item, undertakings should describe:
  - ✓ how the valuation provided by the method has varied over time
  - ✓ which inputs to the methodology have been the principal drivers for this movement
  - ✓ the extent to which the amount calculated is affected by past experience, including the outcome of past calls.
- Regarding items deducted from own funds:

- ✓ the total excess of assets over liabilities within ring-fenced funds and matching adjustment portfolios, identifying the amount for which an adjustment is made in determining available own funds
- ✓ the extent of and reasons for significant restrictions on, deductions from or encumbrances of own funds.

**EXPLANATORY TEXT:**

2.48. Member States have different accounting practices, and the specific circumstances of individual undertakings within a Member State will also vary. Both these facts will affect the nature and extent of the explanations provided by individual undertakings.

2.49. The mechanism to be used, including the trigger point, is clearly defined in the terms of the contractual arrangement governing the own-fund item and legally certain. Details of the mechanism and its effects are included in public disclosure so that all providers of own funds items are aware of the potential impact.

2.50. Disclosure of items which reduce the reconciliation reserve such as foreseeable dividends and own shares held is always considered appropriate.

**E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT**

**E.2.1. SCR AND MCR VALUES**

The Directive 2009/138/EC and the Delegated Regulation (EU) 2015/35 describe the process to be followed by the insurance companies applying the Standard Formula approach, defined by EIOPA.

**SCR by segment**

(€ thousands)	Life		Non-Life		Total	
	Total	Impact (%)	Total	Impact (%)	Total	Impact (%)
Current Year	36.728	25,0%	110.271	75,0%	146.999	100%
Previous Year	35.699	26,3%	100.148	73,7%	135.847	100%
Change	1.029		10.123		11.151	

**MCR Value**

(€ thousands)	Total
Current Year	62.952
Previous Year	59.398
Change	3.554

The calculation of the Minimum Capital requirement is based on the Standard Formula methodology and combines a linear formula with a floor of 25% and a cap of 45% of the SCR. The Company respected those thresholds and no regulatory capital add-on needed to be made. The company has calculated the notional non-life and life MCR, as required for the composite companies. The notional MCR for the non-life business included information related to the technical provisions after deduction of the amounts recoverable from reinsurance contracts and net written premiums during the last 12 months per each line of business. The notional MCR for the life business included information related to the technical provisions of life business after deduction of the amounts recoverable from reinsurance contracts and the total capital at risk. A different factor is applied to obligations with profit participation, Unit-Linked products, future discretionary benefits, and all the other life insurance obligations, according to the SII Directive.

## E.2.2. SCR BREAKDOWN

The table below presents the total BSCR and SCR for the current year end for each sub-module before and after diversification. The sub risks included are those presented in the Company's Risk map based on the Solvency II Directive. Additional information related to the amount of the operational risk and the tax absorbing capacity is included.

Total SCR split by Risk before and after diversification (Figures in € '000s)

YE2023 Total SCR split by risk before and after diversification among risk modules

(€ thousands)	Before Diversification		After Diversification	
	Total	Impact (%)	Total	Impact (%)
<b>BSCR before Diversification</b>	<b>198.422</b>	<b>100%</b>		
Market Risks	38.557	19,4%	23.211	17,8%
Counterparty Default Risks	28.605	14,4%	20.125	15,4%
Life Underwriting Risks	11.621	5,9%	3.351	2,6%
Health Underwriting Risks	36.797	18,5%	15.937	12,2%
Non-Life Underwriting Risks	82.842	41,8%	67.817	52,0%
Diversification benefit	-67.981			
Intangible asset risk	0		0	
<b>BSCR after Diversification</b>	<b>130.440</b>		<b>130.440</b>	
Operational Risk	16.559			
<b>Total SCR before Taxes</b>	<b>146.999</b>			
Tax absorption	0			
<b>Total SCR</b>	<b>146.999</b>			

The Solvency Capital Requirements are based on the Standardized Methodology. Some simplifications have been used in the calculation of the counterparty risk of default and more specifically in the Type 1 report. According to the Article 111 of the Authorized Regulation (2015/35 of the Delegated Regulation), the effect of the risk reduction is assessed as the difference between the hypothetical and the actual insurance risk.

Underwriting risks have been calculated using the corresponding parameters of the Standardized Method (i.e. Standard Formula), while no use has been made regarding the Undertaking Specific Parameters (USPs).

The Company does not use Transitional Measures allowed by the "Solvency II" directive for the calculation of the Solvency Capital Requirement.

## E.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company does not use the duration-based equity risk sub module in the calculation of the Solvency Capital Requirements.

## E.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company does not use any internal or partial internal model.

## E.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

The Company has a sound solvency position, no issues related to the compliance neither with the Minimum Capital Requirements nor with the Solvency Capital Requirement.

## E.6. ANY OTHER INFORMATION

### SENSITIVITIES

As anticipated in chapter C.7, the sensitivity analyses of simple changes in specific risk drivers (e.g. Interest Rates, equity shock, credit spreads and Interest Rate volatility) measuring the variability of the Own Funds and Solvency Ratio to variations in specific risk factors are here reported. The set chosen aims to provide the assessment of resilience to the most significant risks.

In relation to Own Funds impact, the table below presents the Own Funds per each sensitivity scenario, as they were disclosed during the annual analyst meeting at Group level.

Apart from the Own Funds, the Solvency Capital requirement has also been estimated for each sensitivity scenario and the impact is illustrated below. The calculation of the SCR has been made outside Tagetik system, using the dedicated tool provided by the HO for Pillar 1 purposes and the input data have been modified according to each sensitivity scenario.

Scenario		Eligible Own Funds	Solvency Capital Requirement	SCR ratio
Risk Free Rate: interest rate change	+50 bps	216.155	145.754	148,3%
	-50 bps	219.071	148.387	147,6%
Credit spread of corporate bonds	+50 bps	214.489	146.367	146,5%
Equity Price fair value change	25%	218.074	147.109	148,2%
	-25%	217.198	146.888	147,9%
Ultimate Forward rates	-15 bps	217.587	147.001	148,0%
Risk Free rate with No Volatility adjustment	no VA	211.710	147.564	143,5%

**Annex**

**QRT TEMPLATES VALID FOR SOLO PURPOSES**

**S.22.01- Impact of long term guarantees measures and transitional**

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	896.479	0	0	6.728	0
Basic own funds	223.645	0	0	-4.688	0
Eligible own funds to meet Solvency Capital Requirement	217.636	0	0	-4.688	0
Solvency Capital Requirement	146.999	0	0	565	0
Eligible own funds to meet Minimum Capital Requirement	195.586	0	0	-6.011	0
Minimum Capital Requirement	62.952	0	0	366	0



**S.23.01- Own funds – Solo (1/3)**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>					
Ordinary share capital (gross of own shares)	59.577	59.577	0	0	0
Share premium account related to ordinary share capital	43.820	43.820	0	0	0
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0	0	0	0
Subordinated mutual member accounts	0	0	0	0	0
Surplus funds	0	0	0	0	0
Preference shares	0	0	0	0	0
Share premium account related to preference shares	0	0	0	0	0
Reconciliation reserve	92.190	92.190	0	0	0
Subordinated liabilities	0	0	0	0	0
An amount equal to the value of net deferred tax assets	28.059	0	0	0	28.059
Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
<b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0	0	0	0	0
<b>Deductions</b>	0	0	0	0	0
Deductions for participations in financial and credit institutions	0	0	0	0	0
<b>Total basic own funds after deductions</b>	<b>223.645</b>	<b>195.586</b>	<b>0</b>	<b>0</b>	<b>28.059</b>

**S.23.01-Own funds – Solo (2/3)**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
<b>Ancillary own funds</b>					
Unpaid and uncalled ordinary share capital callable on demand	0	0	0	0	0
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0	0	0	0	0
Unpaid and uncalled preference shares callable on demand	0	0	0	0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0	0	0	0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0	0	0	0	0
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0	0	0	0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	0	0	0	0
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	0	0	0	0
Other ancillary own funds	0	0	0	0	0
<b>Total ancillary own funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Available and eligible own funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total available own funds to meet the SCR</b>	<b>223.645</b>	<b>195.586</b>	<b>0</b>	<b>0</b>	<b>28.059</b>
<b>Total available own funds to meet the MCR</b>	<b>195.586</b>	<b>195.586</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total eligible own funds to meet the SCR</b>	<b>217.636</b>	<b>195.586</b>	<b>0</b>	<b>0</b>	<b>22.050</b>
<b>Total eligible own funds to meet the MCR</b>	<b>195.586</b>	<b>195.586</b>	<b>0</b>	<b>0</b>	<b>0</b>

**S.23.01- Own funds – Solo (3/3)**

	<b>Total</b>
<b>SCR</b>	146.999
<b>MCR</b>	62.952
<b>Ratio of Eligible own funds to SCR</b>	148,1%
<b>Ratio of Eligible own funds to MCR</b>	310,7%
<b>Reconciliation reserve</b>	
Excess of assets over liabilities	<b>233.645</b>
Own shares (held directly and indirectly)	
Foreseeable dividends, distributions and charges	<b>10.000</b>
Other basic own fund items	<b>131.456</b>
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	
<b>Reconciliation reserve</b>	92.190
<b>Expected profits</b>	
Expected profits included in future premiums (EPIFP) - Life Business	<b>21.055</b>
Expected profits included in future premiums (EPIFP) - Non- life business	
<b>Total Expected profits included in future premiums (EPIFP)</b>	<b>21.055</b>

**S.25.01**

**Solvency Capital Requirement - for undertakings on Standard Formula**

	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
	C0030	C0040	C0050
Market risk	38.557	38.557	
Counterparty default risk	28.605	28.605	
Life underwriting risk	11.621	11.621	
Health underwriting risk	36.797	36.797	
Non-life underwriting risk	82.842	82.842	
Diversification	-67.981	-67.981	
Intangible asset risk			
<b>Basic Solvency Capital Requirement</b>	<b>130.440</b>	<b>130.440</b>	

**Calculation of Solvency Capital Requirement**

	C0100
Total capital requirement for operational risk	16.559
Loss-absorbing capacity of technical provisions	
Loss-absorbing capacity of deferred taxes	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	146.999
<b>Solvency capital requirement excluding capital add-on</b>	
Capital add-on already set	
<b>Solvency capital requirement</b>	<b>146.999</b>
<b>Other information on SCR</b>	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	146.999
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	4 - No adjustment
<b>Net future discretionary benefits</b>	<b>412</b>

**S.28.02- MCR Result for non-life activities**

	Non-life activities	Life activities
	MCR <sub>(NL,NL)</sub> Result	MCR <sub>(NL,L)</sub> Result
Linear formula component for non-life insurance and reinsurance obligations	47.223	0

**Linear formula component for non-life insurance and reinsurance obligations**

MCR calculation Non-Life	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	25.491	26.130	0	0
Income protection insurance and proportional reinsurance	917	4.127	0	0
Workers' compensation insurance and proportional reinsurance	0	0	0	0
Motor vehicle liability insurance and proportional reinsurance	92.533	40.850	0	0
Other motor insurance and proportional reinsurance	10.656	18.144	0	0
Marine, aviation and transport insurance and proportional reinsurance	6.100	7.067	0	0
Fire and other damage to property insurance and proportional reinsurance	80.625	88.797	0	0
General liability insurance and proportional reinsurance	92.587	18.305	0	0
Credit and suretyship insurance and proportional reinsurance	0	0	0	0
Legal expenses insurance and proportional reinsurance	0	0	0	0
Assistance and proportional reinsurance	30	3.012	0	0
Miscellaneous financial loss insurance and proportional reinsurance	4.282	13.215	0	0
Non-proportional health reinsurance	0	0	0	0
Non-proportional casualty reinsurance	0	0	0	0
Non-proportional marine, aviation and transport reinsurance	0	0	0	0
Non-proportional property reinsurance	0	0	0	0

**MCR Result for life activities**

	Non-life activities	Life activities
	MCR <sub>(L,NL)</sub> Result	MCR <sub>(L,L)</sub> Result
<b>Linear formula component for life insurance and reinsurance obligations</b>	<b>0</b>	<b>15.728</b>

**Linear formula component for life insurance and reinsurance obligations**

MCR calculation Life	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation - guaranteed benefits	0	0	265.536	0
Obligations with profit participation - future discretionary benefits	0	0	412	0
Index-linked and unit-linked insurance obligations	0	0	54.964	0
Other life (re)insurance and health (re)insurance obligations	0	0	108.865	0
<b>Total capital at risk for all life (re)insurance obligations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4.648.860</b>

**Overall MCR**

	<b>Overall MCR calculation</b>
Linear MCR	62.952
SCR	146.999
MCR cap	66.149
MCR floor	36.750
Combined MCR	62.952
Absolute floor of the MCR	8.000
<b>Minimum Capital Requirement</b>	<b>62.952</b>

**Notional non-life and life MCR calculation**

	Non-life activities	Life activities
Notional linear MCR	47.223	15.728
Notional SCR excluding add-on (annual or latest calculation)	110.271	36.728
Notional MCR cap	49.622	16.527
Notional MCR floor	27.568	9.182
Notional Combined MCR	47.223	15.728
Absolute floor of the notional MCR	4.000	4.000
Notional MCR	47.223	15.728