



***CNP CYPRIALIFE LTD  
SOLVENCY AND FINANCIAL CONDITION REPORT  
31 December 2023***

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*Independent Auditor's Report*

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**INDEPENDENT AUDITOR'S REPORT**  
**TO THE BOARD OF DIRECTORS**  
**OF CNP CYPRIALIFE LIMITED**

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

**Opinion**

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 04 April 2023, of CNP Cyprialife Limited (the "Company"), prepared as at 31 December 2023:

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

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

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2023 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016 as amended, the Commission Delegated Regulation (EU) 2015/35 as amended, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

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### **Basis for Opinion**

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

### **Emphasis of Matter**

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

### **Other information**

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

#### Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 04 April 2023):

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

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

**Other information (cont.)**

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

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

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

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

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

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

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

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

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

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

**Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report (cont.)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

**Other Matter**

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

*KPMG Limited*

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

5 April 2024

## About this Report

CNP Cyprialife Ltd (CNP Cyprialife, Company) is committed to maintain public transparency with regard to its business, financial performance and risks. In this document, **Solvency and Financial Condition Report (SFCR)**, the Company provides additional detailed information on its solvency and financial condition.

This Report is based upon the financial position of CNP Cyprialife as at 31 December 2023 and it contains both quantitative and qualitative information in accordance with the Orders of the Superintendent of Insurance (Supervisor) in relation to submission of information dated February 2017 / Article 304 (1) of the Delegated Regulation (EU) 2015/35.

The information in this Report has been subject to external audit according to the Orders of the Supervisor April 2017. The Auditors' Report is presented on page 2 and forms an integral part of the SFCR.

The Insurance Companies Control Service (Supervisor), under its supervisory assessment, may require the amendment or revision of the SFCR or the publication of additional information or the undertaking of actions by the Company.

This Report was approved by the Company's Board of Directors (BoD) on the 3<sup>rd</sup> of April 2024 and is in accordance with its Reporting and Disclosure Policy.

The Company's appointed Auditor for the year ended 31 December 2023 was KPMG Limited.

### About Solvency II Pillar 3

The Solvency II (SII) programme is structured around three pillars. The Pillar 1 solvency and capital requirements and the Pillar 2 supervisory review process are complemented by Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow greater level of transparency for the Supervisor and the public on the capital adequacy, risk exposures as well as risk management and internal control processes.

CNP Cyprialife is directly regulated and supervised on a solo basis by the Supervisor at the Cyprus Ministry of Finance, P.O. Box 23364 1682 Nicosia Cyprus. The Company also reports to its sole controlling shareholder in France, CNP Assurances, being subject to financial oversight by the Autorité de Contrôle Prudentiel et de Résolution in France at 4 Place de Budapest, 75436 Paris France.

CNP Cyprialife actively participated in the discussions between the Supervisory Authority in Cyprus and industry Association for the Pillar 3 disclosures.

The Company publishes comprehensive Pillar 3 Disclosures annually on the CNP Cyprialife website [www.cnpcyprialife.com](http://www.cnpcyprialife.com).

### Defined Term

**The abbreviation “€k” represents thousands of Euros and numbers are rounded to the nearest thousand.**

### IFRS 17 implementation

**For comparison purposes, following the implementation of International Financial Reporting Standard (IFRS) 17, the IFRS values of 2022 presented in this report are IFRS 17 values.**

## Summary

### A. Activity and Results

CNP Cyprialife is a 100% owned subsidiary of CNP Cyprus Insurance Holdings Ltd (CNP CIH), a limited liability company incorporated in Cyprus. As from October 2019, the sole shareholder of CNP CIH is CNP Assurances S.A. with a share capital of 100%, an insurance company of French interests.

CNP Cyprialife's principal activity is the underwriting of life insurance business which includes products for classes I (Life), III (Life linked with Investments), 1 (Accident), 2 (Sickness) and 7 (Management of Group Pension Funds).

CNP Cyprialife's mission is to help its customers build a better future, starting from a secure present. The vision of the Company is to maintain a leading position in the life insurance market by providing a complete range of relevant products and the best possible customer experience in the industry.

In 2023, having one of the leading positions in the market and the leading position in the new life individual regular premium business, together with its strong capital base and standing responsibly beside the Cyprus society and the people in need; the Company can say that it has achieved its business objectives.

An important factor in this success has been the constant use of modern technology. The Company has intensified its actions under digital transformation, providing the possibility of electronic presentation to the customer and completion of all necessary documents with the help of their insurance intermediary, electronic risk assessment and electronic signature. It also provides several digital services and options to its customers for easy access to their policies' information and electronic submission of their claims.

CNP Cyprialife continued its corporate and social responsibility program in working closely with Authorities and Institutions.

In 2023, CNP Cyprialife continued to review its product mix and offerings and further strengthened its agency network. The Company's Underwriting Profit prior to the allowance of technical provisions and Investment income reached €69.132k with the main contributors being the Health & Accident Business and Unit Linked Savings products.

During 2023, the Company faced a number of external challenges including:

- the inflationary effects of the Russian-Ukraine war, resulting in changes in interest rates and a possible recession

- a number of regulatory changes and developments (enhanced sanctions reporting due to Ukrainian war, Sustainable Finance Disclosure Regulation, EU taxonomy, Digital Operational Resilience Act, Corporate Sustainability Reporting Directive, Insurance Distribution Directive changes, SII changes, outsourcing new guidance, operational resilience guidance, conduct risk guidance etc.).

Despite the changes in the external environment, CNP Cyprialife responded to all challenges and adapted its organisation and operation for the maximum benefit of its customers, associates, salesforce and employees enduring its relationship of trust with its stakeholders.

In 2023, the Company had an investment profit of €46.589k in comparison to the Investment loss of €55.920k in the previous reporting period.

The SII Own Funds (OF) decreased by 18% in comparison to the previous year, reaching €132.969k. The significant decrease is attributed to a substantial dividend payment to the Company's sole shareholder amounting to €70 million during December 2023, partially offset by the increased profitability during the year.

The key figures of the Company are presented herein below.

#### Key figures - 31 December 2023

- **€578 million Investments under management**
- **€165 million Gross Premiums Written**
- **€27,5 million Total Claims paid**
- **240% Solvency II Capital base**
- **Offices throughout Cyprus where 303 insurance intermediaries are based**



Solvency II Balance Sheet			
In thousands €	31/12/2023	31/12/2022	Movement
Investments	577.925	556.046	4%
Other Assets	31.941	5.044	533%
<b>Total Assets</b>	<b>609.866</b>	<b>561.090</b>	<b>9%</b>
Technical Provisions	436.453	371.099	18%
Other Liabilities	40.444	28.374	43%
<b>Total Liabilities</b>	<b>476.897</b>	<b>399.473</b>	<b>19%</b>
<b>Excess of assets over liabilities</b>	<b>132.969</b>	<b>161.617</b>	<b>-18%</b>
<b>Eligible Own Funds</b>	<b>132.969</b>	<b>161.617</b>	<b>-18%</b>

## B. Corporate Governance

The main principles and procedures governing the Company's Corporate Governance System are analysed in Section B of the Report.

CNP Cyrialife's organisational arrangements fulfil the SII regulatory requirements via its established key functions and well documented policies and procedures.

During the reporting period, the organizational processes of the Company were revised to ensure the continuity and regularity of the Company's Governance System.

The Company is committed to continuously improving its overall risk management and internal control system and considers that its system is suitable for the nature, complexity and size of the Company.

The Company fully complies with the provisions of Law 38(I) 2016.

## C. Risk Profile

The risk profile of CNP Cyrialife is predominately driven by Life Underwriting risk and Market Risk since the solvency capital of the two risks represents the 69% of the Basic Solvency Capital Requirement (BSCR) before diversification. Given the variety of its products, the Company nevertheless benefits from diversification between its risks.

The Company is exposed to Pillar 1 risks (Market, Counterparty default, Life underwriting, Health underwriting and Operational risk) as well as risks not fully covered by Pillar 1 such as strategic, business, liquidity, legal and compliance and reputational. For optimal risk management, the Company has adopted appropriate risk mitigation techniques per type of risk.

The Company uses the standard formula to calculate its Pillar 1 risks and in 2023 it has revisited its normal and stress scenarios. In 2023, CNP Cyrialife has successfully submitted to the Supervisor the Quantitative Reporting Templates (QRTs).

## D. Valuation of Assets and Liabilities

The valuation of the assets and liabilities of the SII Balance Sheet is carried out by the Asset and Liabilities Valuation Policy and Reserving Policy endorsed by the Company's BoD.

The Company prepares its financial statements in accordance with the IFRSs as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

As a principle, the Company's assets and liabilities (particularly financial instruments) are valued on a fair value basis and are then included either directly in the IFRS Statement of Financial Position or disclosed in the notes to the financial statements. For its SII Balance Sheet, the Company uses the fair value of assets and liabilities as calculated for IFRS accounting purposes, insofar as this value complies with SII asset and liability valuation principles. This ensures that a reliable SII Balance Sheet will be produced as part of an orderly, well-managed process. It also ensures consistency with the IFRS financial statements.

The Company is consistent in applying the valuation techniques unless it considers that an alternative method would result in a more appropriate measurement. Such change in methodology is reported for transparency purposes.

There are instances where, the value of certain items may be estimated using simplified approaches when those items do not represent significant exposure or when the difference with fair value as calculated under IFRS is not material.

The Company's SII technical provisions amounted to €436.453k at 31 December 2023.

## E. Capital Management

The capital position of the Company is very strong and for 2023 the Company adequately covered its SII Capital requirements.

The total Solvency Capital Requirement (SCR) of the Company as at the end of 2023 came up to €55.382k with a total Minimum Capital Requirement (MCR) at €13.845k.

The SCR ratio was at the high level of 240% as at 31 December 2023 and the MCR ratio reached 960%. The capital base of CNP Cyprialife is exemplary strong and it covers the capital required by legislation more than 2 times.

At 31 December 2023, the OF of the Company under IFRS amounted to €119.234k and under the SII (eligible for SCR coverage) amounted to €132.969k. The basis of consolidation for financial accounting purposes differs from that used for SII purposes.

All of the Company's OF consist of Tier 1 funds.

Total Solvency Capital Requirements				
In thousands €	31/12/2023	31/12/2022	Movement	
Market Risk	21.170	26.949	-21%	
Counterparty Default Risk	2.257	2.951	-24%	
Life Underwriting Risk	30.068	22.266	35%	
Health Underwriting Risk	20.650	15.055	37%	
<b>Total</b>	<b>74.144</b>	<b>67.221</b>	<b>10%</b>	
<i>Diversification</i>	-22.066	-20.075	10%	
<b>BSCR</b>	<b>52.078</b>	<b>47.146</b>	<b>10%</b>	
Operational Risk	4.594	3.932	17%	
Loss Absorbing Capacity of Deferred Taxes	-1.290	-4.438	-71%	
<b>Solvency II Capital Requirement</b>	<b>55.382</b>	<b>46.639</b>	<b>19%</b>	

In thousands €	31/12/2023	31/12/2022	Movement	
Total Basic Own Funds	132.969	161.617	-18%	
Tier 1	132.969	161.617	-18%	
Tier 2	0	0	n/a	
Tier 3	0	0	n/a	
Solvency II Capital Requirement (SCR)	55.382	46.639	19%	
Eligible own funds to meet Solvency Capital Requirement	132.969	161.617	-18%	
<b>Solvency Capital Requirement Ratio</b>	<b>240%</b>	<b>347%</b>	<b>-31%</b>	
Minimum Capital Requirement (MCR)	13.845	11.660	19%	
Eligible own funds to meet Minimum Capital Requirement	132.969	161.617	-18%	
<b>Minimum Capital Requirement Ratio</b>	<b>960%</b>	<b>1.386%</b>	<b>-31%</b>	

## A. Business and Performance

### A.1. Business

CNP Cyprialife is one of the leading life insurance companies in Cyprus with a very strong capital base. With experienced and specialised employees and insurance intermediaries CNP Cyprialife has generated value and benefits to its customers and shareholders for more than 30 years.

The Company was incorporated on the 12th of December 1991, as a limited liability company by shares, with the business name “INTERAMERICAN INSURANCE CO LIMITED”. Following changes in the Company’s legal name, as of 19 July 2013, the Company’s legal name is CNP Cyprialife Ltd with registration number HE 46532.

CNP Cyprialife is a 100% owned subsidiary of CNP CIH a limited company incorporated in Cyprus. Since October 2019, the sole shareholder of CNP CIH is CNP Assurances, after the agreement with the Bank of Cyprus for the takeover of the remaining capital share of 49,9%. The acquisition marked the beginning of a new era for the Company, creating new prospects of cooperation and development.

CNP Cyprialife’s principal activity is the underwriting of life insurance business which includes products for classes I (Life), III (Life linked with Investments), 1 (Accident), 2 (Sickness) and 7 (Management of Group Pension Funds).

The Company is one of the largest and most powerful institutional investors in Cyprus with access to a wide international investment environment with investments valued at €578 million as at 31 December 2023.

CNP Cyprialife’s mission is to help its customers build a better future, starting from a secure present.

The Company’s vision is to lead the life insurance market by providing a complete range of relevant products and the best customer experience in the industry. In 2023, having one of the largest market shares in the market and the first leading position in the new life individual business, the Company achieved its business objectives.

CNP Cyprialife responds to all challenges and adapts its organisation and operation for the maximum benefit of its customers, associates and employees. Over the last 30 years CNP Cyprialife has built an enduring relationship of trust with its customers.

CNP Assurances’ sole shareholder is La Banque Postale and the ultimate beneficial owner of CNP Assurances is Caisse des Dépôts.

CNP Assurances Group is a leading provider of France’s personal insurance, the fifth largest life insurer in Europe and the third largest insurance company in Brazil. It was founded 170 years ago and worldwide has 32 million insureds under personal risk and protection policies and 14 million savings and pension policyholders. In 2023, the Group reported premium income of €35,6 billion and its net average technical reserves were €367,7 billion. Approximately 91% of CNP Assurance’s financial assets are managed according to environmental, social and corporate governance (ESG).

The Company’s registered office is located at 17, Akropoleos Avenue, CY-2006 Strovolos, Nicosia, Cyprus. CNP Cyprialife operates offices in Nicosia, Limassol, Larnaca, Paphos and Paralimni.

## 2023 Highlights

**Solvency II:** CNP Cyrialife is compliant with the Law on Insurance and Reinsurance Services and Other Related Issues of 2016 [Law 38(I) 2016] and the Insurance and Reinsurance Services and Other Related Issues Regulations of 2016. The Company's governance arrangements, policies, procedures, practices and standards are aligned in accordance with the key SII requirements.

CNP Cyrialife, as consistently over the previous years, maintained a strong capital adequacy during 2023 following the significant dividend payment to its shareholder. The SII capital coverage ratio at 31 December 2023 was at 240% (347% at 31 December 2022), over two times the required prerequisite by the SII Directive.

**Regulatory developments:** Following the regulatory developments that came into force over the previous years, the Company is following a continuous training programme for its members of staff and insurance intermediary network in the following areas:

- Insurance Distribution Directive 2016/97
- Packaged Retail and Insurance-based Investments Products
- Data Privacy Directive (2016/680) and Regulation (2016/679)
- Anti-Money Laundering 5<sup>th</sup> and 6<sup>th</sup> Directive
- Commission Delegated Regulation EU 2019/981 of 8<sup>th</sup> March 2019
- Cyber Security Risk
- ESG related directives on regulations such as the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive (2021/1257), Sustainable Finance Disclosure Regulation – Level 1 (2019/2088), EU Taxonomy Regulation (2020/852), Commission Delegated Directive EU 2021/1269 of 21<sup>st</sup> April 2021 with monitoring of the application as of April 2023.
- IFRS9 – Financial Instruments
- IFRS17 – Financial Instruments

**IFRS17:** The new standard came into force as of 1<sup>st</sup> of January 2023 and the Company has managed to successfully implement all calculations/ validations under the new regime with the supervision of its shareholder. Also, during the reporting period, controls regarding data quality have been enhanced and the implantation of IFRS17 brought along a closer monitoring in the data checks so all sources of IFRS17 and SII to reconcile.

**Risk Management:** The Company implements a robust business strategy and manages its risk profile to reflect its objective of financial strength and strong capital position.

**Distribution channels:** CNP Cyrialife channels its products through its own tied insurance intermediary network which it strengthens, develops and trains continuously. For Group business, the Company also develops its sales through its salesforce and its specialised department.

**Customer Service:** To better serve its customers and associates, CNP Cyrialife offers an Insurance Mobile application offering the latest, simplest and fastest way to access insurance information 24/7. The Company via its modern web portal INSUPASS is offering direct updates and reliable communication for its customers and associates, upgrading and adapting to the digital world at all times.

**New Products:** The Company offers a wide range of insurance products. The Company engaged in long-term relationships with its reinsurers in order to offer new ideas on protection products. Additionally, the Company engaged in long-term relationships with international investment managers and investment banks to offer, via its funds, a wide range of investment strategies for every return and risk profile adapted to the needs of each customer.

**External Environment:** The external environment is constantly changing. The geopolitical scene remains unstable with the ongoing Russia - Ukraine war and the war of Israel against Hamas. The Company continues to encounter the effects of the Ukrainian war, including inflation, increasing interest rates and a possible future recession. The Company monitors the situation closely and complies fully with any sanctions imposed by the EU. While the consequences of the Israel - Hamas war remain to be seen depending on several factors, there is ongoing monitoring to better understand possible impacts on the economy including market fear, impact of natural gas supply, the impact on oil supply and prices, possible increase in interest rates and consequently a wider global recession. The short- and medium-term financial risk, as a result of the volatility prevailing in the capital markets, is actively monitored. The Company's liquidity position is very healthy and is not in any way affected by these crises while no significant impact is expected on the Company's capital or liquidity position.

**Social and Environmental Responsibility:** CNP Cyrialife stands with sensitivity and solidarity next to the people in need and beside the Cypriot society. In 2023, CNP Cyrialife alongside with CNP Asfaltiki and the Cyprus Broadcasting Corporation, organized for the fifth consecutive year the new era of "Radiomathonios", the leading action of social sensitivity and contribution to the most vulnerable group, the children. Furthermore, the Company was also active in the "Challenge Let's Move for a good cause" for the benefit of associations helping children with disabilities. Also, CNP

Cyprialife took part in environmental events such as “World Clean Up Day”.

In addition, the Company supported the Association “One Dream one Wish” to raise awareness for children suffering from cancer and related conditions and financial support was offered.

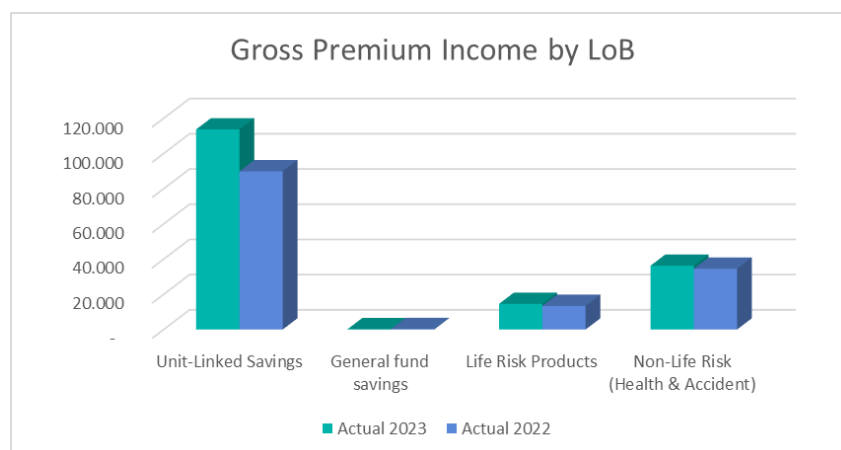
**Sustainability and ESG:** As a major contributor to the local financial services industry and one of the largest insurers on the island, CNP Cyprialife supports the transition towards a more prosperous, sustainable, and resilient industry. The Company has an established ESG team, whose scope is to ensure adherence to key emerging regulation. In addition, the Company is in close collaboration and partnership with several agents, service providers, vendors and other third parties. As such, the Company is strategically positioned to deliver its mission: contribute to a sustainable financial and insurance industry by taking into account any additional sustainability related factors, to ensure the protection of the interest of its key stakeholders including customers, employees, partners, our shareholders, the environment / planet, and society.

**Going Forward,** CNP Cyprialife continues focusing on the development and growth of its business while:

- Developing its products through innovation and flexibility always offering maximum security, assurance and protection to its customers
- Maximising the value of services offered to its customers by continuously upgrading its service quality
- Maximising shareholders’ return and continue maintaining its very strong capital position
- Remaining a responsible employer and a socially responsible company next to the people in need
- Complying with all relevant laws and regulation.

## A.2. Underwriting Performance

The premium income figures in this Section present the Gross Written premium of the Company for 2023 and 2022 which continued to increase by 19,2% in the year. The Company managed to increase its Gross Written Premium in 2023 mainly due to the increase of Unit-Linked Savings by 26,5% as a result of the increased productivity of almost all Company's major products under this category. The increase in Life Risk Products and Health & Accident business is at 8,5% and 4,8% respectively.



In 2023, the Company reached an Underwriting Profit (prior to the allowance of technical provisions and investment income) of €69.132k with the main contributors to the profit being the Unit Linked Savings, Life Risk products and Health & Accident business.

The Underwriting Profit prior to the allowance of technical provisions and Investment Income of 2023 was higher by 27,5% compared to last year as a result of the increase in Unit-Linked business and an increase in the Underwriting Profit of Life Risk Products mainly due to increased premiums and improvement of loss ratios.

UNDERWRITING PERFORMANCE					
Actual 2023	All	Unit Linked	General Fund	Life Risk	Non-Life risk
In Thousands €	Classes	Savings	Savings (conventional)	Products (incl. SLT)	(Health and Accident business)
<b>Premium collected including Policy fee</b>	<b>164.704</b>	<b>113.680</b>	<b>217</b>	<b>14.568</b>	<b>36.239</b>
Total Net of Reinsurance Ceded Premium	153.607	110.405	150	9.461	33.590
Outgoes (Claims, Surrenders & Maturities)	-71.303	-49.749	-1.848	-1.771	-17.935
<b>Underwriting Profit*</b>	<b>69.132</b>	<b>52.068</b>	<b>-1.698</b>	<b>7.221</b>	<b>11.542</b>
Total Admin Expenses	-18.251	-11.742	-27	-1.834	-4.647
<b>Underwriting Profit* after deduction of admin. Expenses</b>	<b>50.882</b>	<b>40.326</b>	<b>-1.725</b>	<b>5.387</b>	<b>6.894</b>
UNDERWRITING PERFORMANCE					
Actual 2022	All	Unit Linked	General Fund	Life Risk	Non-Life risk
In Thousands €	Classes	Savings	Savings (conventional)	Products	(Health and Accident business)
<b>Premium collected including Policy fee</b>	<b>138.151</b>	<b>89.878</b>	<b>271</b>	<b>13.424</b>	<b>34.578</b>
Total Net of Reinsurance Ceded Premium	125.857	87.070	202	8.426	30.159
Outgoes (Claims, Surrenders & Maturities)	-58.243	-40.362	-2.056	-1.019	-14.806
<b>Underwriting Profit*</b>	<b>54.220</b>	<b>38.355</b>	<b>-1.846</b>	<b>6.622</b>	<b>11.089</b>
Total Admin Expenses	-15.171	-9.599	-31	-1.541	-3.999
<b>Underwriting Profit* after deduction of admin. Expenses</b>	<b>39.050</b>	<b>28.755</b>	<b>-1.877</b>	<b>5.081</b>	<b>7.090</b>

\*Underwriting Profit is presented prior to the allowance of technical provisions and Investment Income.

### A.3. Investment Performance

The Company's assets are managed through:

- Holdings of units in mutual funds for bonds, equities, properties and other indirect investments
- Direct holding in bonds, equities, properties and other direct investments

The Company cooperates with external fund managers who are experts in their domain in order to get the expertise and achieve the maximum possible returns at an acceptable level of risk.

CNP Cyrialife does not hold investments in securitization.

The income and expenses arising from total Investible assets by asset class for the year ended 31 December 2023 and a comparison with the previous year are shown in the tables below.

The year revealed an exceptionally strong performance in most asset classes. The unprecedented increases in interest rates that weighted on assets in 2022 and the potential interest rate cuts in 2024 that were priced in by the market, resulted in a robust performance late in 2023. Although inflation remains above the target of Central Banks, the increase in interest rates has paused and the rhetoric has changed. Rate cuts are expected during 2024, along with Quantitative Tightening that drove the main stock indices higher. Returns for most asset classes were robust driven from the significant performance in the major asset classes of equities and fixed income. The portfolio composition and performance of the Unit Linked Funds is presented in Appendix II.

In Thousands €	Performance per Asset Class				
	Unit Linked	Non-Unit Linked	Shareholders	Total 2023	Total 2022
Equity	2.339	809	2.187	5.335	109
Government Bonds	7.583	381	2.328	10.292	-15.746
Corporate Bonds	7.835	488	2.908	11.231	-7.585
Bond Funds	3.574	76	1.217	4.867	-13.911
Equity Fund	12.468	18	136	12.621	-19.895
Equity Hedge Funds	448	0	0	448	-886
Money Market Funds	500	6	133	639	-376
Cash	153	1	342	497	-235
Property	491	448	-1.239	-301	1.927
Structure Products	0	0	0	0	0
Subsidiaries	32	112	186	330	52
Loans	262	284	85	631	626
<b>Total</b>	<b>35.684</b>	<b>2.622</b>	<b>8.283</b>	<b>46.589</b>	<b>-55.920</b>

### Gains and losses recognized directly in equity

The profit recognised by the Company directly in equity, Other Comprehensive Income (OCI) is €5.172k under IFRS 9 (2022: €16.591k loss under International Accounting Standards (IAS) 39). The table below indicates the split between asset classes.

Asset Type	OCI	AFS
In Thousands €	2023	2022
Equity - In-house	2.522	-239
Mutual Funds Equity	0	-4.221
Government Bonds - In-house	1.339	-3.834
Corporate Bonds - In-house	1.310	-3.318
Mutual Funds Bonds	0	-4.829
Other Mutual Funds	0	-149
<b>Total</b>	<b>5.172</b>	<b>-16.591</b>

**Risk Mitigation**

The Company follows its approved by the BoD Tactical Asset Allocation (TAA) for an investment horizon of one year determining the optimum asset allocation in each of the asset classes that the Company invests in. The Company's TAA was designed per type of liability and fund, taking into account their duration, guarantees and any investment policies communicated to its customers. Additionally, it considers SII capital reduction of concentration risk and at the same time maintaining the required liquidity in order to fulfil its operational requirements.

CNP Cyprialife's investment policies include restrictions on assets to minimise market risk as well as policies for the credit standing of financial institutions it invests in, to minimise counterparty default risk.



## B. System of Governance

### B.1. General Information on the System of Governance

CNP Cyprialife operates clear and effective organisational arrangements, while ensuring the continuity and regularity of its operations. Well-defined and consistent lines of responsibility and oversight are maintained. The Company uses the three lines of defence model.

The First Line of Defence has primary decision making on day-to-day basis and accordingly for their respective areas, in line with the Board and stakeholder expectations. The Second Line of Defence primarily consists of the Risk Management Function (RMF), the Legal & Compliance Function and the Actuarial Function, (although it is noted that elements of the work of these support functions may also be first line). The Third Line of Defence provides independent assurance and challenge across all business functions in respect of the integrity and effectiveness of the Enterprise Risk Management Framework. The Internal Audit Function (IAF) is responsible for independently assessing the effectiveness of the risk management process and practices and for providing timely objective assurance on the control of risk.

CNP Cyprialife's organizational arrangements fulfil the SII regulatory requirements via its established key functions and well documented policies and procedures.

The Company's BoD and Audit and Risk Committee are kept informed on all material risk related matters and exposures.

The Remuneration Committee is also kept informed on all material risk related matters under its mandate.

#### Board of Directors and BoD Committees

The BoD is the ultimate authority for the management of the Company, and it maintains responsibility for prudent management. The role of the BoD is to define the strategic plan, organise and direct the affairs of CNP Cyprialife in a manner that seeks to protect its policyholders' interests and maximise the value of the Company for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

The BoD bears the ultimate responsibility for the compliance of the Company with its legal and regulatory obligations at a national or EU level as applicable.

The BoD consists of eight (8) members, three (3) of them being independent non-Executive Directors, one (1) of them being the Chief Executive Officer (CEO) and four (4) of them being non-Executive Directors on behalf of the sole shareholder, CNP Assurances.

BoD meetings are taking place when needed but at least four times per annum and a quorum must be achieved to form decisions. In 2023, the BoD convened four times.

The Company has a strong, experienced and diverse BoD. The members of the BoD remained fit and proper according to the SII requirements.

In March 2024, the Chairperson of the BoD resigned and was specially thanked for her valuable tenure. A new non-Executive Director was appointed as a member of the BoD and an existing member was appointed as the new Chairperson.

#### Audit and Risk Committee

The Audit and Risk Committee assists the BoD in meeting its responsibilities in ensuring an effective system of internal control and compliance for the Company. The Committee also assists the BoD in meeting its external financial reporting obligations, including its obligations under applicable laws, and regulations and is directly responsible on behalf of the BoD for the selection, oversight and remuneration of the external auditor.

Additionally, it assists the BoD with the formulation of the overall risk strategies and policies for managing significant business risks; the design and implementation of the Company's Risk Management Framework; the monitoring and review of the risk exposures and it reviews, challenges and approves actuarial reserves.

The Committee convenes with such frequency as it may consider appropriate but, in any event, not less than two times a year. In 2023, the Audit and Risk Committee convened four times.

#### Remuneration Committee

The Remuneration Committee has primary responsibility to review and approve or make recommendations to the BoD of the Company regarding remuneration of executives and ensure compliance of the Company's remuneration policy and practices with applicable laws and governance regulations.

The Committee convenes with such frequency as circumstances dictate, but in any event not less than once a year. In 2023, the Remuneration Committee convened seven times.

#### **Remuneration Disclosure**

Remuneration is governed by Collective Agreements with the employees' union ETYK.

The Company's Remuneration Policy is reviewed and maintained by the Remuneration Committee and is approved by the BoD. The Remuneration Committee is responsible for the implementation of the Remuneration Policy.

The Company's Remuneration Committee defines the remuneration practices applicable to all employees and Material Risk Takers of the Company and gives guidance for the negotiation at the renewal stage of the collective agreement.

With regard to the members of the BoD, the Remuneration and Nominations Committee which is authorised by the BoD of CNP CIH has primary responsibility to review and make recommendations regarding the remuneration of the CEO and members of the BoD.

The remuneration of the Directors is approved by the shareholders at the Annual General Meeting.

#### **Management**

The Company's Management has the responsibility for the consistent implementation of the BoD approved strategy through setting appropriate policies for all functions and the development and embedding of the mechanisms and procedures for internal control.

The Company's Management consists of the individuals in positions that effectively run the Company.

The Company also has a number of management committees including:

- The Risk & Reserving Committee which is an advisory Committee to the Audit & Risk Committee and assists in the formulation of the overall risk strategy and policies for managing business risks and is responsible for designing and implementing the Company's overall risk management framework.

- The Investment Committee which is an advisory Committee to the BoD and assists in managing the policyholders and own Company assets in a professionally sound manner, and in accordance with all applicable laws and regulations.
- The Underwriting Committee which is an advisory Committee to the BoD and assists in the validation of new products, new partnerships or big clients and the assessment of significant changes in the underwriting portfolio of the Company regarding pricing, reinsurance program and reserves.
- The Reinsurance Committee, which is an advisory Committee to the BoD and is responsible for the oversight and approval of the Company's reinsurance program.

## B.2. Fit and Proper Requirements

CNP Cyprialife has in place a Fit & Proper Policy including set standards and requirements for assessing fitness and probity. The purpose of the Company's Fit & Proper Policy is to set out the corporate governance and oversight arrangements to ensure the sound and prudent management of the business as well as ensure that the persons who effectively run the Company or hold key functions, fulfil at all times the following requirements:

- Their professional qualifications, knowledge and experience are adequate to enable sound and prudent Management (fit)
- They are of good repute and integrity (proper)

The covered individuals are required to comply with the requirements and behaviours set by the Supervisory Authority and the Company's Code of Standards under the Fit and Proper Policy.

CNP Cyprialife also ensures that the collective knowledge, competence and experience of its BoD members, includes:

- Market knowledge
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements

## B.3. Risk Management System including ORSA

### Risk Management

CNP Cyprialife has an effective RMF and an appointed Chief Risk & Sustainability Officer (CR&SO), and an appointed Risk Management Function Holder in charge of developing and implementing the policies as well as the risk awareness culture within the Company. The RMF also provides important insights in relation to current and future risks.

The Company's Risk Management Framework is in accordance with Part II, Chapter IV, Section 2 (Governance System) articles 45 and 46 of the Law 38(I) 2016. The Risk Management Framework ensures that all risks are effectively managed and measured against a set level of risk tolerance following an Enterprise Risk Management methodology.

The RMF is independent of risk-taking functions. The CR&SO has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD to escalate important issues. The RMF has also a functional direct reporting line and an open communication line with the Group RMF of CNP Assurances. For administrative matters, the role reports to the Company's Deputy CEO.

All the policies for the key areas of risk were revised and approved by the BoD in the year.

CNP Cyprialife adopts the following guiding principles as a formal Policy for the management of risk:

- The governance structure and risk management framework aim to create and promote a strong risk culture that is embedded in all aspects of the Company's activities
- The Company's BoD is responsible for overseeing senior management, for establishing sound business practices and strategic planning as well as for setting the risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals. In setting the risk appetite and risk tolerance level, all relevant risks are taken into account. The BoD has the ultimate responsibility for the effective management of risk
- The level of risks that the Company is willing to take is determined by a number of factors, including constraints imposed by regulation and supervision, on intrinsic risk aversion, but also on the current financial situation and the strategic direction
- The Company implements a consistent risk culture and establishes sound risk governance supported by an appropriate communication policy, all of which are adapted to its size, complexity and risk profile

- CNP Cyrialife is fully aware of its responsibilities relating to the identification and reporting of relevant risks
- An independent from risk taking activities RMF is established in order to ensure effective risk management
- The Company ensures that the responsibilities for the measurement, monitoring and control of risks are clearly defined and sufficiently independent from any risk-taking activity. Internal control systems are structured in a way that guarantee the clear segregation of duties and the avoidance of conflicts of interest with respect to the taking up, approval, monitoring and control of risks
- In consideration of the Company's current and future needs, it develops risk measurement systems and tools with the purpose of capturing all expected and unexpected losses, for each type of risk, under both normal and stressed market conditions
- The Company applies high standards of transparency for the performance of its operations and communicates all the information it considers necessary and in line with its Disclosure & Reporting Policy to the interested and affected parties
- New products, markets, and businesses are analysed carefully and the Company makes sure that possesses adequate internal tools and expertise to understand and monitor the risks associated with them
- The governance of risk is documented and updated as appropriate
- All outsourcing activities are in accordance with the Company's Outsourcing Policy and the risks arising from such activities are managed in accordance with its defined risk appetite and policies

### **Risk Management Framework**

Risk is inherent in the Company's business activities and is linked to strategic and capital decisions. CNP Cyrialife aims through appropriate risk management, to achieve its business and financial strategy by considering internal as well as external constraints without exceeding set risk tolerances. Enterprise-wide risk management framework is used across all risk types which is underpinned by the Company's risk culture.

The Company's Risk Management Framework is designed to establish effective risk governance, policies and procedures relevant to the size and nature of its business and to ensure compliance with the legislative requirements.

The Risk Management Framework is an embedded part of the business and fully interacts with the strategic planning and the capital management process and constitutes the guiding framework for the implementation of the Own Risk and Solvency Assessment (ORSA) process. In addition, the Risk Management Framework establishes the mechanism and strategy through which the Company manages risk, taking into account its business objectives and vision, as well as its overall risk appetite.

CNP Cyrialife's Risk Management Framework is based on four key elements:

- Governance
- Risk Quantification and Aggregation
- Risk Control and Optimisation
- Risk Monitoring and Reporting

The Risk and Reserving Committee plays a fundamental role in the management of risk. The Committee is chaired by the Company's CEO and its members include the Company's Deputy CEO, General Manager, CR&SO, Chief Financial Officer and the Chief Actuarial Officer (CAO).

The Committee assists with the formulation of the overall risk strategies and policies for managing significant business risks and is responsible for designing and implementing a Risk Management Framework. In addition, the Committee monitors and reviews risk exposures, reviews, and challenges actuarial reserves and it advises the Audit and Risk Committee of the BoD on the approval of reserves.

## Risk Appetite

Risk Appetite is a key component for the management of risk. It describes the aggregate level and risk types that the Company is able and willing to accept in pursuing its medium to long term business objectives. Within the Company, risk appetite is managed and articulated through the Risk Appetite Statement, which is approved by the BoD on the advice of the Audit & Risk Committee.

The risk appetite is integrated within other risk management tools such as the ORSA and stress testing to ensure consistency in risk management. The Company aims to achieve an adequate balance between capital requirements and resources. The capital planning cycle is integrated within strategic planning.

CNP Cyrialife faces a broad range of risks reflecting its responsibilities as one of the market leaders in the life insurance business in Cyprus. These risks include those resulting from its responsibilities in the areas of offering insurance products to the public as well as from the day-to-day operational activities. The risks arising from the Company's responsibilities can be significant. These risks are prudently managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality experienced and professional staff and salesforce and public accountability.

In terms of operational issues, the Company has a low appetite for risk and makes resources available to control operational risks to acceptable levels. It is recognised that it is not possible or necessarily desirable to eliminate some of the risks inherent in the activities and acceptance of some risk is often necessary to foster innovation within business practices.

The Company's established leading position in the life insurance market in Cyprus, allows to take a conservative approach to risks. As a result, the Company is selective about its products offerings and its investment decisions. CNP Cyrialife's predominant approach to risk is to safeguard the interests of its policyholders and shareholders.

The Company identifies and manages the risks on an ongoing basis. As part of this, it follows a risk strategy that is designed to ensure its continuity as a going concern, protecting earnings, maintaining a sound Statement of Financial Position and solvency ratios (overall protecting its financial soundness) as well as protecting its identity and reputation.

The Company's objectives when managing capital are:

- The compliance with capital requirements imposed by the Supervisor
- To safeguard the Company's ability as a going concern so that it provides returns for shareholders and benefits to other stakeholders
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk
- To safeguard the policyholders' interests by maintaining a robust capital base

## Risk exposures

The Company's risk measurement and reporting systems are designed to help ensure that risks are comprehensively captured with all the attributes necessary to support well-founded decisions and that information is delivered in a timely manner for those risks to be successfully managed and mitigated.

CNP Cyrialife invests resources in Information Technology (IT) systems and processes in order to maintain and improve its risk management capabilities.

The business uses various methods to quantify risk and where applicable it also receives external input on exposures (e.g. periodic reviews with reinsurers). This is supported with additional tools from the RMF such as stress testing, and key risk indicators.

The Company's BoD has the overall responsibility for the assumption, monitoring and management of risks. The below issues form part of the Company's Risk Register Inventory or its ORSA heat map and are identified, assessed and managed:

- Investment (Market) Risk
- Counterparty Default (Credit) Risk
- Life Underwriting Risk
- Health Underwriting Risk
- Operational Risk
- Business (Strategic) Risk
- Liquidity Risk
- Asset – Liability Risk
- Reputational Damage
- Climate Risk effects
- Any other risk the Company identifies to be exposed to

## ORSA Process

The ORSA forms a core component of the Company's risk management system and comprises of all the procedures and measures adopted, with the purpose of ensuring the following:

- Appropriate identification and measurement of risks
- An appropriate level of internal capital (the capital that is considered adequate for the coverage of the risks inherent in the business model and activities of a company, for Pillar 1 and 2 purposes. This level of capital is determined by the Company by the application of internal risk assessment methodologies) in relation to the Company's risk profile
- The application and further development of suitable risk management and internal control systems

The Company has in place an entirety of processes determining the Company's overall solvency needs, the use of risk within decision making and the means of ensuring the adequacy of OF to underpin the business strategy. The outcome of this process is recorded in an ORSA report under the responsibility of the CR&SO. The Company's ORSA Policy was reviewed and revised during the reporting period.

In December 2023, the Company submitted its ORSA Report to the Supervisor. The ORSA Report explained in detail how the Company has implemented and embedded the ORSA within its business, describing its risk profile and the degree of risk appetite that the Company is willing to endure as well as the capital that it considers as adequate to be held against the risks that it is exposed to.

## B.4. Internal Control System and Compliance

### *Internal Control System*

For CNP Cyrialife, the Internal Control System is the aggregate of control mechanisms and procedures which covers the Company's key activities and contributes towards the efficient and sound operation. The Internal Control System comprises of key preventative or corrective controls and more specifically aims at achieving the following objectives:

- Contributes to the consistent application of the risk management framework, through the efficient utilization of all available resources
- Ensures the business has a well-designed and communicated risks and controls assessment process to inform management of key issues. This will include:
  - The identification and management of key risks assumed and the safeguarding of the Company's assets and reputation, and:
  - The identification and management of key controls to ensure the safeguarding of the Company's assets and reputation.
- Ensures the business has a controls assessment process that has reliable independent testing and appropriate audit trails, to evidence that assessments and status reports are appropriate.
- Ensures there are appropriate controls and governance to ensure the completeness and reliability of data and information which are necessary for the correct and up-to-date determination of the Company's financial position and the production of reliable financial statements
- Compliance with the legal framework which governs the Company's operations, including internal rules and codes of ethics
- Prevention and avoidance of any operations which could endanger the reputation and interests of the Company, its shareholders and its counterparties

The Internal Control System is effected in multiple levels within the Company across its three lines of defence organisational arrangements.

The BoD has the final responsibility for the design, implementation/application and maintenance of the Internal Control System.

For each key process, internal control is embedded either in the manual procedures or automated procedures and systems in order to ensure an effective system of internal controls.

The IAF, in the 3<sup>rd</sup> organisational line of defence, has the right to assess the appropriateness, efficiency and effectiveness of the Company's internal control environment and reports its observations and recommendations to the Audit and Risk Committee. The Internal Audit Activity is carried out in accordance with an audit plan pre-agreed with the Audit & Risk Committee.

### *Compliance*

The Company has an established, permanent and effective Compliance function.

The Company has an appointed Compliance Officer and Compliance Function Holder.

CNP Cyprialife's Compliance Function, in accordance to Part II, Chapter IV, Section 2 (Governance System) articles 47 of Law 38(I) 2016 decodes new and proposed (financial services/insurance) compliance – related rules from legislative or regulatory bodies, which are relevant to business, into internal standards, procedures, and guidelines.

The Compliance Function is independent of risk-taking functions and reports to the Company's CR&SO. The Compliance Officer also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD and a functional reporting line to Group Compliance Function of CNP Assurances.

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

The key role of the Compliance Function is to proactively:

- Identify, assess and monitor the compliance risks faced by the Company
- Identify, assess and advise on the potential impact to the actions of the Company from changes in the legal framework
- Assist, support and advise line management in fulfilling its compliance responsibilities

In performing its above role, the Compliance Function has the objective to enable the Company to demonstrate to the regulatory authorities compliance with applicable regulations and thus to:

- Protect the good reputation of the Company
- Avoid disciplinary action by the regulators
- Avoid criminal sanctions

Compliance risk sources within the scope of the Compliance Function are recognised by the Company as:

- Anti-Money Laundering/ Customer Acceptance/ Sanctions
- Privacy and Data Protection
- New Products and Services
- Customer Complaints and all complaints against the companies, employees and associates
- Marketing and Sales Practices
- Conflicts of Interest
- Confidentiality
- Outsourcing Services
- On-line presence and corporate communication
- Internal and External Codes of Conduct
- Regulatory Relationships
- Protection of Competition
- Insurance Legislation
- Corporate Governance
- Anti-bribery and Corruption
- Regulatory framework
- Internal and external Fraud
- Whistleblowing
- Product Oversight and Governance
- Economic and Financial Sanctions
- Any other risk deemed applicable

The sources of risk are categorised into key risks, in the Company's risk register. The Company's policies for the key areas of compliance (Anti-Money Laundering, Conflict of Interest, Whistleblowing, Product Oversight and Governance, Economic and Financial Sanctions, Anti-bribery and Corruption, Gifts & Benefits, Protection of personal data and Fraud prevention) were revised and approved by the BoD during the year. The approved by the Audit and Risk Committee risk-based Compliance Plan was implemented with results being reported to the Committee.

### B.5. Internal Audit

During the reporting period, CNP Cyprialife had an outsourcing contract for the IAF with Deloitte Ltd.

From January 2024, the Company did not renew its IAF outsourcing contract with Deloitte Ltd and currently has an inhouse IAF. The Company recruited an Internal Audit Manager in 2023 who has been appointed by the Audit & Risk Committee and the BoD as the IAF Holder of the Company, commencing from 1<sup>st</sup> of January 2024.

In accordance to Part II, Chapter IV, Section 2 (Governance System) article 48 of Law 38(I) 2016, the IAF remained independent and autonomous and provided an independent assessment of the risk framework and internal control processes.

To ensure the organisational independence of the IAF, the Internal Auditor reports significant findings and any other matters to the Audit and Risk Committee of the BoD. The Audit and Risk Committee is responsible for Internal Audit as part of its internal control structure and was ultimately responsible for the direction and approval of the scope of work performed by the internal audit team in 2023.

The IAF is independent of risk-taking functions and reports administratively to the Company's CEO. The IAF also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD and a functional reporting line to Group IAF of CNP Assurances.

The Company's Internal Audit policy and principles are outlined in the Internal Audit Charter and the Internal Audit Manual which are approved by the Audit and Risk Committee of the BoD and reviewed at least annually for their adequacy. The Company's Charter and Manual were approved by the BoD in the year.

The IAF takes a risk-based approach in deciding its priorities. The steps in the Internal Audit Methodology are the below:

- Understand the Company's business, industry, processes, locations, and specific business objectives
- Implement the approved by the Company's Audit and Risk Committee risk-based audit plan
- To have a close collaborative relationship with the risk management, actuarial and compliance functions
- To liaise with the risk management, actuarial and compliance functions and take into consideration their assessment of identified risks when formulating the internal audit plan
- Evaluate the reasonableness of management response on actions as well as quality and timeliness of management responses

- Report to the Management and the Audit and Risk Committee on identified deficiencies in control measures and of recommendations for improvement
- Submit to the Audit and Risk Committee an annual / periodic report regarding the audit activity and the progress of implementation of internal and external audit recommendations
- Inform the Audit and Risk Committee periodically about the latest developments and best practices in the field of internal auditing



## B.6. Actuarial Function

The Actuarial Function of the Company is responsible for coordinating all actuarial activities in accordance to Part II, Chapter IV, Section 2 (Governance System) article 49 of Law 38(I) 2016.

The appointed by the BoD Actuarial Function Holder is the CAO.

The Actuarial Function is independent of risk-taking functions and reports to the Company's CEO. The CAO also has a direct reporting line to the BoD via the Audit and Risk Committee of the BoD and a functional reporting line to the Group Actuarial Function of CNP Assurances.

The Actuarial Function is involved in first and second line of defence activities. Its responsibilities in the reporting year included:

- Coordination of the calculation of Technical Provisions for SII purposes and mathematical reserves under current IFRS regime
- Ensuring the appropriateness of the methodologies and the underlying models used as well as the assumptions made in the calculation of Technical Provisions for SII purposes and mathematical reserves under current regime
- Assessing the sufficiency and quality of the data used in the calculations. Particularly, the reliability, completeness and accuracy of the data used for this reporting period have been confirmed through the Data Quality process
- Comparing best estimates (BE) against experience.
- Assessing the Company's capital needs via the standard formula model
- Performing profitability analysis and providing support to the business where needed
- Informing the Senior Management on each quarter's SII results, assumptions, and any other topics as agreed through the relevant Company's policies
- Expressing an opinion on the overall underwriting policy
- Expressing an opinion on the adequacy of the reinsurance arrangements
- Contributing for and monitoring the preparation of QRTs under Pillar 3
- Contributing to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the ORSA

The Actuarial Function also takes into account sustainability risks in all work performed.

The BoD was kept informed on all actuarial matters and exposures. In 2023, the Company's Actuarial Policy and Report were approved by the BoD.

### **B.7. Outsourcing**

The Company has in place an Outsourcing Manual setting out the Outsourcing Policy and procedures ensuring the ongoing compliance with the requirements of the SII Directive with respect to the effective control and management of risks associated with the outsourced services.

The main objectives of the Manual are:

- To ensure that a consistent approach is taken to all decisions regarding the possibility of outsourcing any activities or functions
- To give adequate consideration to the risks involved
- To establish a framework for the management of outsourced services, ensuring that appropriate controls are exercised

The BoD approves any amendments to the Policy Manual and all critical or important outsourcing activities or functions. The key determinant to define a critical or important outsourcing arrangement is whether a function or activity is fundamental to the Company's ability to carry out its core business and the impact it has on the Company.

The Company, during the reporting period outsourced externally the key functions / activities of Internal Audit, IT Infrastructure, Storage and Archives, Medical Opinion Services to policyholders, Claims Management, Fund Management/Custody as well as Property Administration and Procurement services.

From January 2024, the Company did not renew its Internal Audit outsourcing contract with Deloitte Ltd and currently has an inhouse IAF. Also, the Company did not renew its agreements with Mednet Cyprus after expiring on 31/12/2023, therefore the agreements will not be applicable as at 01/01/2024.

The Company remains fully responsible for all outsourced functions and activities. The Company has included in its risk management systems and controls a process for monitoring and reviewing the quality of the service provided.

## C. Risk Profile

An annual ORSA is conducted to determine a forward-looking assessment of the Company's capital requirements given the Company's business strategy, risk profile, risk appetite and capital plan. As part of the CNP Cyprialife ORSA, a range of stress tests are applied to the Company's base capital plan. The ORSA is approved by the BoD, which has the ultimate responsibility for the effective management of risk and approval of the Company's risk appetite.

The ORSA is reviewed by the Supervisor in Cyprus as part of its supervisory review and evaluation process which occurs periodically.

Pillar 2 considers, in addition to the minimum regulatory capital requirements for Pillar 1 risks, any supplementary requirements for those risks as well as any requirements for risk categories not captured by Pillar 1. The risk categories to be covered under Pillar 2 depend on the specific circumstances of an insurance company and the nature and scale of its business.

The Company is exposed to the Pillar 1 risks: market, counterparty default, life underwriting, health underwriting and operational risk calculated by the standard formula as well as risks not fully covered by Pillar 1 such as strategic, business, liquidity, legal and compliance and reputational. The type of risks to which we are exposed have not changed significantly over the year.

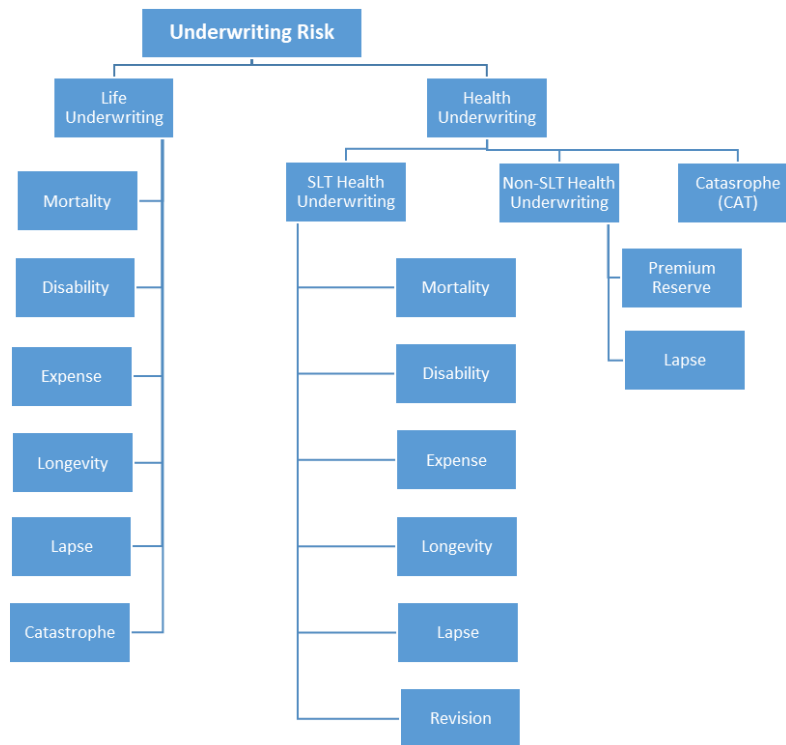
The RMF has an ongoing process in place to identify, assess and manage the Company wide risks. Appropriate reporting takes place through the agreed governance structure of the Company.

In Thousands €	EOY 2023
<b>SCR Coverage ratio</b>	<b>240%</b>
<b>Own Funds</b>	<b>132.969</b>
<b>SCR</b>	<b>55.382</b>
SCR Operational	4.594
Adjustment for Loss Absorbing Capacity of Deferred Tax	-1.290
<b>BSCR</b>	<b>52.078</b>
SCR Market	21.170
SCR Life	30.068
SCR Health	20.650
SCR Counterparty	2.257

The SII capital position of CNP Cyprialife as at the end of December 2023 was 240% compared to 347% as at the end of 2022, remaining strong and resilient to stresses performed. The main reason of the reduction is the dividend payments to the shareholders at the end of the year, which was partly outweighed by very good business and investment performance during the year.

The BoD approves the SII coverage ratio and examines the Company's profile both from regulatory and economic capital viewpoints. The Company continues to manage its risk profile to reflect the objective of maintaining financial strength as one of the Cyprus market leaders.

### C.1. Underwriting Risk



The Company defines Underwriting risk as the risk of loss or unfavourable change of the value of the liabilities of insurances resulting from an increase of the claim rate not anticipated during the pricing or during the acceptance of the risks.

The underwriting risks quantified under Pillar 1 are Life and Health underwriting risks, which are the risks arising from the life and health insurance obligations, in relation to the perils covered as well as the processes used in the conduct of business. They include the risk resulting from uncertainty included in assumptions about exercise of policyholder options like termination options.

The Life and Health underwriting risk modules take account of the uncertainty in the results of undertakings related to existing insurance and reinsurance obligations as well as to the new business expected to be written over the following 12 months.

A standardised approach in line with the European Insurance and Occupational Pensions Authority (EIOPA) specifications was followed by the Company for calculating the SCR for life and health underwriting risks looking at the sub-modules shown below.

#### Mortality Risk

Mortality risk is the risk of loss resulting from a change in value caused by the actual mortality rate being higher than the one expected.

#### Disability Risk

Disability risk is the risk of loss resulting from a change of value caused by a deviation of the actual randomness in the rate of insured persons that are incapable to perform one or more duties of their occupation due to a physical or mental condition, compared to the expected randomness.

#### Expense Risk

Expense risk is the risk of loss resulting from a change in value caused by the fact that the timing and/or the amount of expenses incurred differs from those expected.

#### Longevity Risk

Longevity risk is the risk of loss resulting from a change in value caused by the actual mortality rate being lower than the one expected.

### Lapse Risk

Lapse risk is the risk of loss resulting from fluctuations in the frequency of policy lapses.

### Premium Risk

Premium risk is the risk of loss resulting from fluctuations in the timing, frequency and severity of insured events. It relates to policies to be written (including renewals) during the period and to unexpired risks on existing contracts. Premium risk includes the risk that premium provisions turn out to be insufficient to compensate or need to be increased. It also included the risk resulting from the volatility of expense payments. Expense risk is implicitly included as part of the premium risk.

### Reserve Risk

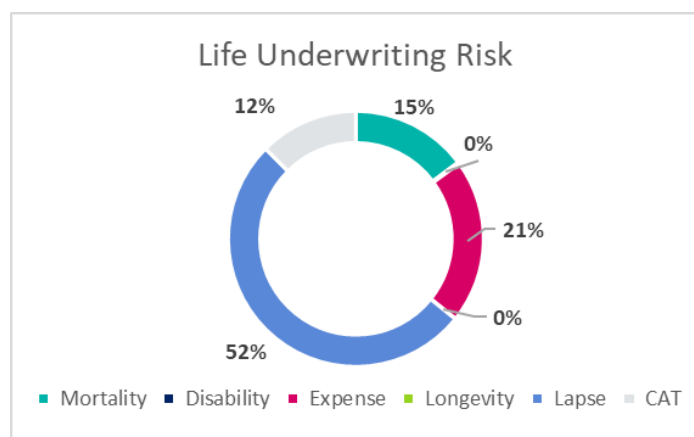
Reserve risk is the risk of loss resulting from fluctuations in the timing and amount of claims settlements.

### Catastrophe Risk

Catastrophe risk (CAT) is the risk that a single event or series of events, of major magnitude, usually over a short period, leads to a significant deviation in actual claims from the total expected claims.

### Life Underwriting Risk

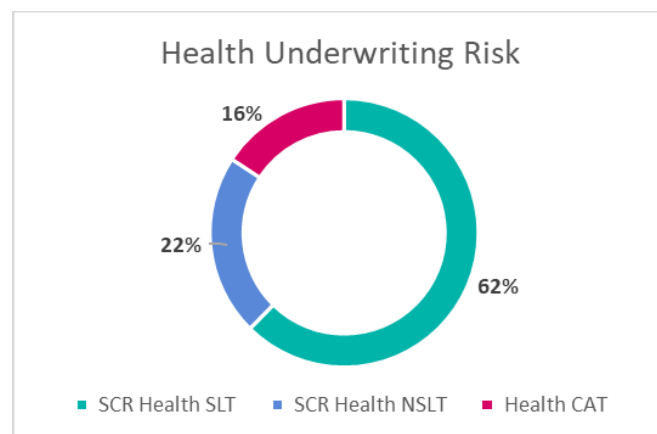
The capital requirement for Life Underwriting risk is the sum of the life underwriting risk components plus the diversification effect between the components. The life underwriting risk components are the mortality risk, longevity risk, disability risk, lapse risk, expenses risk and CAT risk.



Lapse Risk and Expenses Risk contributed the greatest to the Life Underwriting risk of the Company with 52% and 21% respectively. The impact of diversification was around 27%.

### Health Underwriting Risk

The capital requirement for Health Underwriting risk is the sum of the Health Underwriting risk components plus the diversification effects. The Health Underwriting risk components are the Similar to Life Technique (SLT) underwriting risk, the Non-Similar to Life Techniques (NSLT) health risk and the health CAT risk.



Health SLT and NSLT Risks contributed the greatest to the Health Underwriting risk with 62% and 22% respectively. The impact of diversification was around 18%.

### Changes over the reporting period

There were no material changes over the period regarding the Company's portfolio of insurance products.

Unit Linked Savings was the main source of business with a contribution of 69%. Non-Life (Health and Accident Business) followed with 22% in terms of Gross Written Premium. The remaining 9% included other Life risk products and General Fund Savings (with profit).

The SCR Life and SCR Health as described above for the years ended 2023 and 2022 are shown below:

In Thousands €	SCR Life	
	31/12/2023	31/12/2022
SCR Life	30.068	22.226

The SCR Life has increased by 35% compared to the previous reporting period mainly due to increase of Lapse risk by 37% which is one of the greatest contributors in the year. This increase was due to the evolution of the model to include reinsurance profit commission element as well as the increase in the business portfolio and underlying covers.

An increase in Mortality risk of 99% also contributed to the increase of the SCR Life. This increase was due to the development of the unit-linked portfolio as well as the evolution of the model to include Reinsurance commission.

SCR Health		
In Thousands €	31/12/2023	31/12/2022
<b>SCR Health</b>	<b>20.650</b>	<b>15.055</b>

The SCR Health has increased by 37% compared to the previous reporting period mainly due to the increase in Health SLT by 54% as a result of the evolution of the model to include Reinsurance profit commission as well as the development of data and assumptions to support them.

### Risk Mitigation

Underwriting risk (including life and health risks) is taken in line with the Company's underwriting and pricing expertise, to provide an appropriate level of return for an acceptable level of risk. This risk is well understood by the Company.

The Company's underwriting objective is to maximize earning levels and minimize volatility of earnings, while ensuring that the Company is appropriately compensated for the risks it assumes. This objective is constrained by the Company's target solvency position and the material risks that the Company is exposed to.

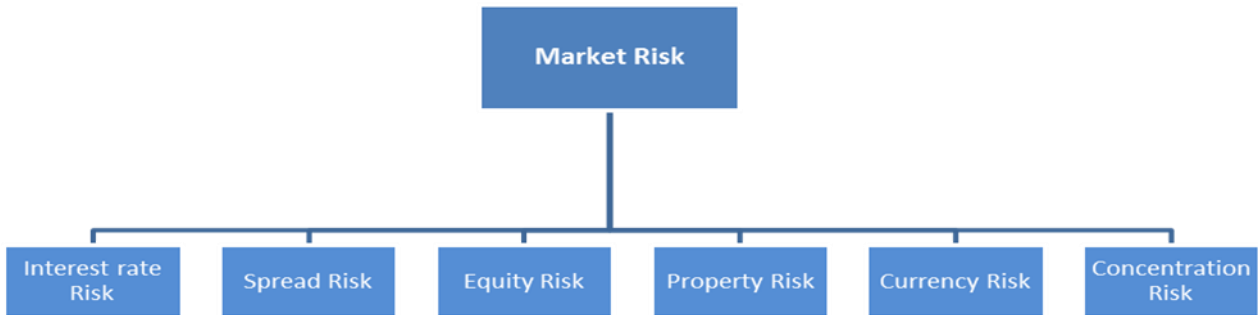
Underwriting discipline and a robust governance process is at the core of the Company's underwriting strategy. The risks arising from underwriting are managed, monitored, reported and controlled in accordance with the Company's overall governance arrangements, which follow the management and oversight of the Company's exposure to underwriting risk.

Furthermore, the Company has an established Underwriting Committee which is an advisory Committee to the BoD and assists in the validation of new products, new partnerships or big clients and the assessment of significant changes in the underwriting portfolio of the Company.

In the course of the year, the Company successfully completed reviewing its reinsurance arrangements.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario and additional Company specific scenarios, including a qualitative Climate Risk scenario, and the capital adequacy remained at strong levels.

**C.2. Market Risk**



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

The market risks quantified under Pillar 1 refer to fluctuations that may arise in interest rates, equities, foreign exchange rates (currency) and property as well as spread and concentration risks. Concentration risk relates to all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of a Company.

All investment assets’ default risk with the exemption of cash is shocked under concentration and spread risk of market risk. The cash is shocked under counterparty default risk.

These market risk factors may affect a Company’s income and the value of its holdings in financial instruments.

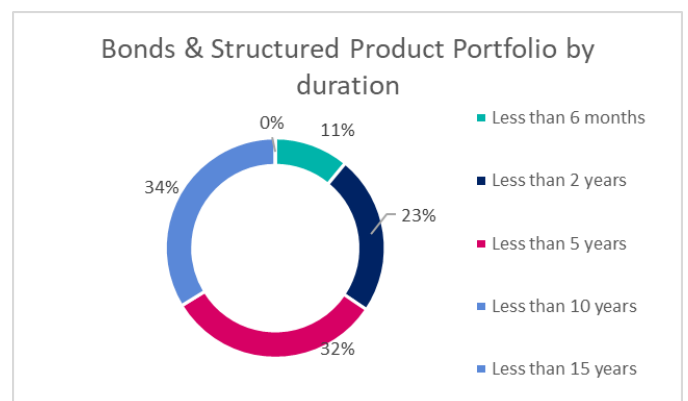
The Company follows a standardised approach in line with the EIOPA specifications for calculating the SCR for market risk looking at the sub-modules shown below.

**Interest Rate Risk**

Interest Rate risk is the risk of a change in value caused by a deviation of the actual interest rates from the expected interest rates.

On the asset point of view, to calculate the Interest Rate risk the Company estimates the value for each security held separately before and after the shock as described in the standard formula. For individual securities and certain interest sensitive funds the implied yield increase or decrease (depending on the shock) is added to the actual yield of the asset in order to estimate the market value of the specific asset after the shock. For the remaining interest sensitive funds, such as bond funds or money market funds, the average duration of the fund is used to calculate the aftershock impact.

The figure below shows the bond and structured products’ portfolio of the Company by duration:



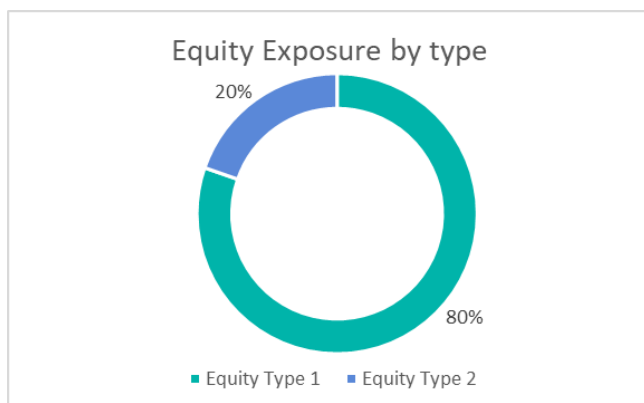
### Equity Risk

Equity risk is the risk of a change in value caused by deviations of the actual market values of equities and/or income from equities from their expected values.

For the Equity risk, the Company uses the standard formula which applies a 39% shock for Type 1 equities and 49% shock for Type 2 equities plus the systematic adjustment. Type 1 equities are the equities listed in regulated markets in countries which are members of the European Economic Area (EEA) or the Organisation for Economic Cooperation and Development (OECD). Type 2 equities are equities listed in stock exchanges in countries which are not member of the EEA or the OECD, equities which are not listed, commodities and other alternative investments.

The Equity risk is the sum of Equity Type 1 and Type 2 risk plus the diversification effect.

The exposure by Equity type is presented below:



### Property Risk

Property risk is the risk of financial loss occurring as result of owning a real estate investment.

For the Property Risk the Company applies a 25% shock on all assets which are exposed to property (25% decreases in price) as described in the standard formula.

### Spread Risk

Spread risk is the risk of a change in value due to a deviation of the actual market price of credit risk from the expected price of credit risk.

For the Spread Risk calculation, the Company uses:

- For individual bonds: the actual yield and rating
- For funds: the average duration and average rating of each fund which invests to assets which are exposed to spread risk such as bonds and cash

The table below illustrates the credit rating of the bond and structured products portfolio of the Company:

Credit rating	Exposure in thousands €	Exposure in %
AAA	8.983	2,45%
AA+ to AA-	56.358	15,38%
A+ to A-	84.470	23,04%
BBB+ to BBB-	180.049	49,12%
BB+ to BB-	30.885	8,43%
B+ or lower/ Unrated	5.807	1,58%
<b>Total</b>	<b>366.552</b>	<b>100%</b>

### Currency Risk

Currency risk is the risk of a change in value caused by the fact that actual foreign currency exchange rates differ from those expected.

For the Currency risk the Company applies a 25% shock on all assets which are exposed to currency risk (the larger impact of a 25% appreciation or depreciation of the foreign currency against the local currency) as described in the standard formula.

### Concentration Risk

Concentration risk is the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and/or obligations.

For the Concentration risk the Company uses the standard formula to calculate the risk that arises from concentrated exposure to a single issuer.

There is no material concentration risk in the reporting period. The Company its portfolio diversified in order to avoid high concentration to a single issuer.



### Changes over the reporting period

The Company over the last years is inherently exposed to be adversely impacted by the historically low interest rate environment. This however changed during the reporting year where the investment return of the Company increased. The increase was mainly due to the higher interest rates after the increases of the last 18 months, while the potential of future interest rate cuts resulted in a robust growth of most asset classes among increased volatility. The Company anticipates that financial markets may continue to have periods of high volatility in the short term.

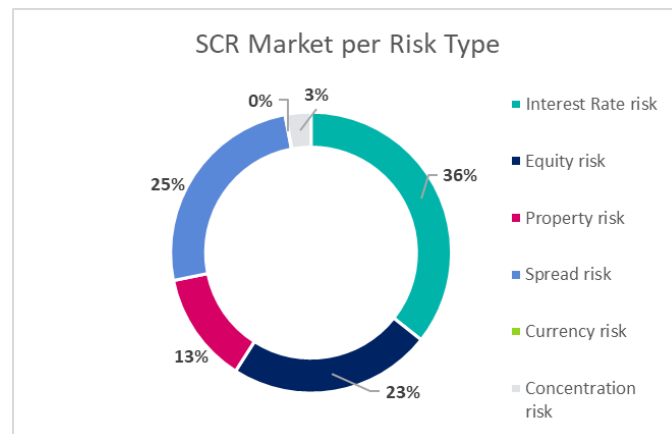
The Company continuously monitors its investment risks through the revision of its TAA and acts as necessary. The risks from investments affect the ability of the Company to keep the returns promised to its customers as well as pay a return to its shareholders. The Company has in its portfolio (mainly closed to new business) unit-linked products providing guaranteed minimum investment returns and minimum guaranteed maturity values to customers and as a result the Company accepts certain investment risks in order to offer upside potential but provide protection against the downside.

The total exposure, per risk, as described above for the years ended in 2023 and 2022 is shown below:

In Thousands €	Exposure	
	31/12/2023	31/12/2022
Interest Rate Risk	452.060	409.578
Equity Risk Type 1	98.047	77.953
Equity Risk Type 2	24.036	23.242
Property Risk	33.048	53.898
Spread Risk	411.727	378.120
Currency Risk	1.466	2.230
Concentration Risk	204.947	247.305

The Company has increased its exposures in fixed income assets (bonds and cash) resulting into a higher amount of interest sensitive assets. This was performed mostly in line with the TAA of the Company for capital preservation and to reduce losses for the Company.

The figure below demonstrates the SCR Market per risk type for 2023.



The SCR Market as described above for the years ended in 2023 and 2022 is shown below:

In Thousands €	SCR Market	
	31/12/2023	31/12/2022
<b>SCR Market</b>	<b>21.170</b>	<b>26.949</b>

The SCR Market Risk has decreased by 21% mainly due to the following reasons:

- Property Risk: Decrease by 47% due to significant decrease in real estate exposure mainly driven by dividend payment.
- Spread Risk: Decrease by 36% resulting from improvement in Spread shock due to the sale of funds in Q4 2023 as part of the dividend payment.
- Interest rate Risk: Decrease by 10% due to the improvement in Interest rate shock because of the significant downward shift of the yield curve.
- Concentration Risk and Equity Risk have increased by 18% and 21% respectively, however this increase was not sufficient to offset the reduction from Property, Interest rate and Spread risk. Equity risk increased mainly due to the increased systematic adjustment defined by EIOPA and determining the underlying shock. Concentration risk increased as a result of increased exposure in specific concentrated assets and the reduced exposure in total concentrated assets.

The greatest contributors of the Market risk are the Interest rate risk (36%), the Spread risk (25%) and the Equity risk (23%). The impact of diversification for 2023 was around 35%.

## Risk Mitigation

Risks arising from investments are monitored and controlled through the use of risk limits and via robust governance.

CNP Cyprialife uses its TAA to match assets and liabilities in the best possible way allowing for the different objectives (return vs risk) and controlling the market SCRs.

Monitoring Investment risk exposures is a joint responsibility between the three lines of defence in the Investment risk management framework, consisting of prudent and regular review of risk metrics and exposures. All risk monitoring is undertaken in the context of the overarching limit structure, and any limit breaches are quickly and promptly escalated to the required parties.

The BoD bears ultimate responsibility for setting the investment risk strategy and appetite and for the management of the investment risk, taking into consideration the investment profile of each fund. The Investment Committee is the BoD's delegated authority to develop and oversee the implementation of the Company's investment strategy, policies and procedures as well as for ensuring the investment decisions are made in a prudent manner and are within the BoD's risk appetite. The Committee provides challenge on investment decisions and on the risks associated with them.

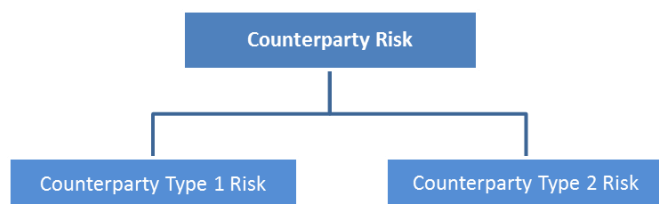
During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario and additional Company specific scenarios, including a qualitative Climate Risk scenario, and the capital adequacy remained at strong levels.

### C.3. Counterparty Default Risk/Credit Risk

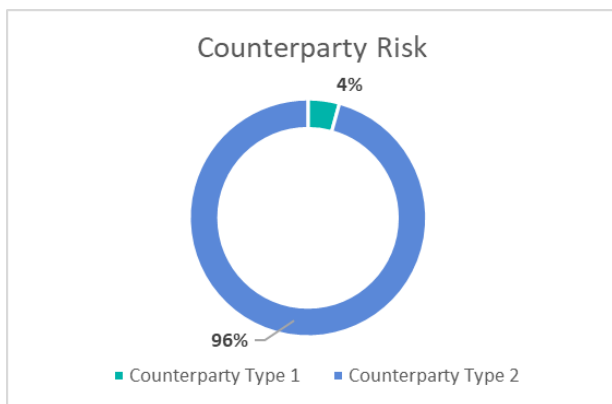
The Counterparty Default Risk is the risk to incur a possible loss due to unexpected default or deterioration in the credit standing of the counterparties and debtors of insurance and reinsurance undertakings over the following 12 months.

This type of risk can reduce the amount of future cash inflows from financial assets on hand at the reporting date.

A standardised approach in line with the EIOPA specifications was followed for calculating the SCR for counterparty default risk.



The figure below shows the split of SCR Counterparty between the 2 types:



Type 1 exposures consist of the following:

- Risk-mitigation contracts
- Cash at bank
- Deposits with ceding undertakings, where the number of single name exposures does not exceed 15
- Commitments received which have been called up but are unpaid, where the number of single name exposures does not exceed 15
- Legally binding commitments which the company has provided or arranged and which may create payment obligations depending on the credit standing or default on counterparty

Type 2 exposures consist of all credit exposures which are not covered in the spread risk sub-module and which are not type 1 exposures, including the following:

- Receivables from intermediaries
- Policyholder debtors
- Mortgage loans
- Deposits with ceding undertakings where the number of single name exposures exceeds 15
- Commitments received which have been called up but are unpaid where the number of single name exposures exceeds 15

The Company is inherently unable to predict all developments which could have impact on this risk; albeit it takes the necessary measures to contain the risk at acceptable levels.

The total SCR Counterparty as described above for the years ended in 2023 and 2022 is shown below:

Counterparty Risk		
In Thousands €	31/12/2023	31/12/2022
<b>SCR Counterparty</b>	<b>2.257</b>	<b>2.951</b>

Counterparty Risk has decreased by 24% (€694k) over the reporting period as a result of the reduced exposure in cash balances and improvement in average credit rating of most banking institutions.

## Risk Mitigation

The Company has policies to limit the counterparty default risk by reviewing the credit standing of its reinsurers as well as the level of deposits in reputable financial institutions with good credit standing.

Cash exposures are diversified in order to ensure that the counterparty risk remains at acceptable low levels.

Any unrated exposures comprise of cash and bank deposits with Cyprus banking institutions that are assessed by the Investment Committee to be of adequate credit quality and no credit losses are anticipated from these placements.

Receivables are individually assessed on an ongoing basis for impairment and where deemed necessary a provision is recognised in the Company's financial statements.

A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate.

The Company's BoD is being informed on counterparty exposures and specific actions are followed up.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario, and additional Company specific scenarios, including a qualitative Climate Risk scenario, and the capital adequacy remained at strong levels.

## C.4. Liquidity Risk

Liquidity Risk is the risk of not being able to make payments as they become due because there are insufficient assets in cash form or that can easily be turned into cash at no excessive cost.

This risk may arise when the Company is unable to realise investments and other assets in due time to meet its obligations as well as from significant asset / liability mismatches in relation to duration, currency, nature and timing.

### Liquidity Policy and Monitoring Procedures

CNP Cyprialife ensures that it maintains sufficient liquid financial resources to meet its obligations as they fall due through. There is a liquidity risk appetite which requires that sufficient resources are maintained for the Company to manage its day-to-day operations in the short, medium and long term as well as sufficient buffer of liquid assets for covering sudden liquidity demands that may arise.

In accordance with the Company's risk appetite, the Company maintains a pool of liquid assets in bonds, cash and mutual funds that represents a predefined percentage of its total assets that is used to meet short term liquidity demands as well as a buffer for unexpected cash demands.

The Company performs Asset Liability Matching (ALM) to monitor this risk and specific thresholds and stresses are performed. The duration of the Company's liabilities is considered in the Investment decisions.

An ALM Policy dashboard for normal and stressed market conditions is prepared and monitored in line with the Company's ALM Policy and presented quarterly to the Risk & Reserving Committee and the Audit & Risk Committee.

On the asset side the Company's liquidity risk remained low as the Company's portfolio included high traded equities and bonds as well as mutual funds with fund managers offering daily liquidity and cash.

No major liquidity effect is expected while the Company remains conservative and keeps higher cash balances. Liquidity stress tests are conducted regularly using prudent assumptions. The liquidity indicators are expected to remain above the ALM thresholds.

In the unlikely event of liquidation, the majority of the Company's portfolio may be fully liquidated within one week.

## C.5. Operational Risk

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

It includes legal and compliance risk, which can be defined as the risk of loss arising from non-compliance with laws and regulations, contracts, established practices or codes of conduct, but excludes strategic and reputational risks.

CNP Cyprialife continuously operates, validates and enhances its key operational controls arising from inadequate or ineffective internal processes, people and systems or from external events.

The regulatory environment is fast changing and imposes significant demands on the resources of the Company.

In terms of operational issues, the Company has a low appetite for risk. Resources are made available to control operational risks to acceptable levels and maintain an operational policy. Other risk mitigants include internal controls, insurance and business continuity plan arrangements.

### Internal Fraud

CNP Cyprialife takes all allegations of suspected fraud or corruption by its employees very seriously and such are considered and responded to fully and fairly as set out in the Code of Conduct.

### External Fraud

CNP Cyprialife takes all allegations of suspected fraud or corruption by people outside the Company very seriously and such are considered and responded to fully and fairly.

### Security of Property and Persons

The Company strives to provide a highly secure environment for its people and assets by ensuring its physical security measures meet high standards.

Work Health & Safety – The Company aims to create a safe working environment for all its employees.

### Products, Contracts and Customer Relationship

The Company takes very seriously those incidents arising from an unintentional or negligent failure to meet a professional obligation to clients (including fiduciary and suitability requirements); as well as losses linked to the nature or design of a product.

## Project Management

The Company carefully examines losses arising from failed management of projects either performed by internal resources or from external vendors and service providers.

## IT Dysfunctions

IT risks cover both daily operations and on-going enhancements to the Company's IT systems. These include:

- Processing – Prolonged outage of core systems: The Company ensures the availability of systems which support its critical business functions thus maximum recovery times have been identified and agreed with each business area
- Security – external or internal attacks on core systems or networks: The Company aims for strong internal control processes and the development of robust technology solutions. The Company has enhanced its information security organizational arrangements
- On-going Development: The implementation of new technologies creates new opportunities, but also new risks. The Company carefully reviews IT system-related incidents which are generated by poor change management practices

## Execution, Delivery and process management

The Company is committed to ensure that its information is authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements.

## Human Resources management

Calibre of People: The Company relies on high quality employees to perform its functions. It aims to create an environment where employees are empowered to the full extent of their abilities.

Conduct of People: The Company expects employees and insurance intermediaries to conduct themselves with a high degree of integrity, to strive for excellence in the work they perform and the outcomes they achieve, and to promote the client's interest. The Company takes very seriously any breaches of its Code of Conduct.

## Legal & Compliance

The Company is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable.

## Changes over the reporting period

A standardised approach in line with the EIOPA specifications was followed for calculating the SCR for operational risk as presented in the table below. This approach takes into consideration the earned premiums as well as the technical provisions of the Company which does not necessarily capture the full definition of the operational risk as stated above.

The SCR Operational for the years ended in 2023 and 2022 is shown below with an increase of 17% compared to the previous reporting period. The increase was due to the higher overall business and expenses allocated to Unit-Linked business:

In Thousands €	SCR Operational	
	31/12/2023	31/12/2022
SCR Operational	4.594	3.932

CNP Cyprialife takes appropriate and timely steps to prevent and mitigate undue operational risk and financial loss due to weaknesses in processes, people and systems.

The Company aims to continuously improve its operational risk framework and all loss events are promptly captured for appropriate action to be taken and promote internal learning.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario and additional Company specific scenarios, including a qualitative Climate Risk scenario, and the capital adequacy remained at strong levels.

## C.6 Other Material Risks

### Business Risk

Business risk arises because capital is risk sensitive and may vary as business cycles and conditions fluctuate over time.

The Company continuously examines market conditions to which the business is exposed to and continuously identifies the key sources of risks.

### Reputational Risk

Reputational risk could arise from an adverse perception of the image of a company on the part of customers, counterparties, shareholders, media speculation and negative publicity, supervisory authorities and any other stakeholders.

This risk is not ignored by the Company and at an early stage it seeks to identify prevent, manage and constraint any threat to its brand or reputation.

### Strategic Risk

The strategic risk could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. This risk could impose material threats on the Company's current and prospective earnings.

The Company's BoD is promptly informed on all risk exposures that may arise and where needed action is taken.

### Climate Change Risk

Climate change is a global emerging risk and can impact the operation of a Company through Physical and Transition Risks. Physical risks are risks resulting from damages caused directly by climate phenomena and can be classified as acute and chronic. Transition risks relate to risks associated to transition to a lower-carbon and more climate friendly economic activities. Transition risks include regulatory risk, liability risk as well as reputational risk.

CNP Cyprialife could be mainly impacted from Climate Change risk through Market, Underwriting and Operational risk.

Market risk can be impacted through Physical and Transition risk on the asset side. The Physical risks relate to the risks that CNP Cyprialife invests in industries that are highly exposed to climate related physical risks such as properties in hurricane affected areas and forestry or farmland that maybe impacted by droughts. As for the Transition risks, the

Company would be exposed to these risks if it invests in industries that are highly exposed to and expected to be impacted by climate related legislation or social and investment movements, for instance infrastructure industry, oil, and gas etc.

Risk temperatures, changing seasonal rainfall patterns, and drought conditions could have an impact on people's lifestyles and may result in substantial increased disruption to health care provision and services. As temperature increases, this can have a subsequent effect on the number of premature deaths as a result of heat related illnesses as well as significant health impacts due to various other reasons. New pandemics are also predicted as a result of increasing temperatures and thawing of ice which can increase the Underwriting losses.

As for the Operational risks, they can occur if the Company's premises are located in an area that may be impacted by fire, flood, drought, tornadoes etc. Furthermore, operational risk can occur where the Company is not taking into account the emerging legislative, social and shareholder expectations on the topic of climate change, thus leading to fines and penalties/ poor reputation.

The Company does not disregard these risks and has been working to mitigate and manage them and take action when appropriate.

During the course of its ORSA process, the Company carried out a Central scenario, an ORSA Upward scenario, an ORSA Downward scenario and additional Company specific scenarios, including a qualitative Climate Risk scenario, and the capital adequacy of the Company remained strong.

## D. Valuation for Solvency Purposes

### Valuation Principles

The Company prepares its financial statements under the IFRSs. Accordingly, fair value is already calculated for many of its assets and liabilities (particularly financial instruments) and is then included either directly in the IFRS Statement of Financial Position or disclosed in the notes to the financial statements.

For its SII Balance Sheet, the Company uses the fair value of assets and liabilities as calculated for IFRS accounting purposes, insofar as this value complies with SII asset and liability valuation principles.

This ensures that a reliable SII Balance Sheet is produced as part of an orderly, well-managed process. It also ensures consistency with the IFRS financial statements.

There are instances where the value of certain items may be estimated using simplified approaches (e.g. cost price) when those items do not represent significant exposure or when the difference with fair value as calculated under IFRS is not material. The Company is consistent in applying alternative valuation techniques unless the change in method would result in a more appropriate measurement.

### Criteria for Active market Identification

SII requires entities to use values obtained from transactions carried out on active markets wherever possible.

If no active market transactions are available, a significant element of judgement will need to be used in the valuation as regards the choice of valuation methods as well as the assumptions, inputs and data to be used. Such an approach must be part of a well-managed process in order to achieve unbiased valuations.

To assess whether a market is active for SII asset and liability valuation purposes, the Company uses the same criteria as in its IFRS accounting process.

For valuations and fair value measurements under IFRS 13-Fair Value Measurement, prices obtained from transactions carried out on an active market should be used where possible. For financial instruments in particular, the Company uses the fair value hierarchy set out in IFRS 13. Instruments classified in Level 1 in the notes to the IFRS financial statements are considered as having been obtained on an active market when preparing the SII Balance Sheet.

General principles and rules for classifying items according to the IFRS 13 fair value hierarchy are summarised in the notes to the IFRS financial statements.



## D.1. Assets

### Specific Rules for asset valuation and gap between Financial Statements

#### *Intangible Assets*

The IFRS Net Book value for Intangible Assets is €1.495k (2022: €567k) and relates to the costs that are directly associated with identifiable and unique computer software products owned by the Company that are expected to generate economic benefits, minus any accumulated amortisation and any accumulated impairment losses.

For SII purposes intangible assets are valued at Nil based on the SII valuation principles (EIOPA Guidelines). This is also a prudent approach followed by the Company due to the absence of any active market for these items.

#### *Deferred Tax Assets*

The Company has recognised Deferred Tax Asset under IFRS principles of €717k (2022: €224k).

Under SII Balance Sheet the Company recognised an amount of €904k (2022: €295k) Deferred Tax Asset coming from the tax base (temporary) differences created by the differences in the valuation of assets under SII compared to the valuation of such assets under IFRS. As explained above the Intangible assets and Deferred Acquisition costs are valued at Nil based on the SII valuation principles. In addition, the Technical Reserves are valued in accordance with the SII principles.

#### *Insurance & intermediaries receivables*

Insurance & intermediaries receivables are amounts due from agents and direct customers (e.g. from insurance holders) relating to premiums written and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment.

The IFRS value of Insurance & Intermediaries receivables is €8.934k (2022: €7.234k). For IFRS reporting purposes, Insurance & Intermediaries receivables are accounted for under IFRS 17 in 2023 and presented in BE reinsurance contract liabilities.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables taking into account the increase in the credit risk and the expected losses that may arise. Significant financial difficulties of the

debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered as indicators of increased credit risk resulting in the trade receivables impairment.

The amount of the provision is the difference between the carrying amount and the recoverable amount. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in Statement of Profit or Loss. When an amount is uncollectible, it is written off against the allowance account for insurance receivables. Subsequent recoveries of amounts previously written off are credited in Statement of Profit or Loss. For IFRS reporting purposes, the impairment assessment of Insurance & Intermediaries receivables is accounted for under IFRS 17 in 2023 (2022: under IAS 39).

The value of the insurance & intermediaries receivables under SII does not differ from IFRS.

#### *Reinsurance assets*

##### *1. Reinsurance receivables*

The IFRS value of reinsurance receivables is €350k (2022: €376k).

For IFRS reporting purposes, receivable and payable balances with reinsurers are presented in BE Reinsurance contracts Assets and Liabilities. For SII reporting purposes, the reinsurance balances are reported gross in assets and liabilities. Reinsurance receivables comprise of amounts due from reinsurers in accordance with the terms of the reinsurance arrangements in place.

The value of the reinsurance receivables under SII does not differ from IFRS.

##### *2. Reinsurance recoverables*

The IFRS value of reinsurance recoverables assets is €6.844k (2022: €9.420k).

The benefits to which the Company is entitled under reinsurance contracts held are recognised as reinsurance recoverables assets. These comprise of both the reinsurance share on reported and not yet settled claims and benefits reported to the Company, as well as the calculated amount on long term insurance contract liabilities based on appropriate modelling.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

They are presented under BE and Risk adjustment reinsurance contracts (remaining coverage and incurred claims). The value of the reinsurance recoverables assets under SII differs from IFRS, due to the fact that under SII these are based on the BE of technical provisions (see section D.2. Technical provisions) while under IFRS these are based on the insurance contract liabilities under IFRS 17.

#### **Receivables (trade, not insurance)**

The IFRS value of Receivables is €8.812k (2022: €8.964k) and mainly comprises of an intercompany Loan with a Group Company, agents' balances and prepayment to suppliers. The fair value of the Receivables under SII does not differ from IFRS.

Fair value for receivables for SII may be determined on a case-by-case basis if the IFRS value is likely to differ significantly from fair value, for example due to the impact of discounting.

#### **Investment Assets**

Investment assets are valued at Fair Value for IFRS purposes, in accordance with IFRS 9 and IFRS 13 (2022: IAS 39 and IFRS 13). The IFRS value of the Company's total Investible Assets is €577.925k (2022: €556.046k) and is detailed below.

The value of the Investment Assets under SII does not differ from IFRS.

The valuation method for each security depends on several factors, e.g. listed or unlisted asset, where is the asset being listed and liquidity of the asset.

In Thousands €	Investment Assets under Management by Asset class			Total
	Unit-linked or index-linked	Neither unit-linked nor index-linked	Shareholders	
Equity	8.676	3.899	10.506	<b>23.081</b>
Equity Fund	78.871	616	338	<b>79.825</b>
Equity Hedge Funds	13.441	0	0	<b>13.441</b>
Bonds - In-house	212.124	14.534	58.530	<b>285.188</b>
Bond Funds	64.149	1.162	3.806	<b>69.117</b>
Money Market Funds	6.229	0	0	<b>6.229</b>
Cash	27.965	5.899	1.156	<b>35.020</b>
Property	17.075	8.704	18.412	<b>44.191</b>
Structure Products	2.959	0	0	<b>2.959</b>
Subsidiaries	2.151	1.221	6.651	<b>10.023</b>
Loans	3.429	1.273	4.150	<b>8.852</b>
<b>Total</b>	<b>437.068</b>	<b>37.308</b>	<b>103.549</b>	<b>577.925</b>

#### **Equities**

The equities held by the Company are listed in regulated markets in countries which are members of the EEA or the OECD, therefore the quoted bid price in those markets is used for valuation purposes.

#### **Bonds**

The same valuation method applies for government bonds and corporate bonds, as with equities.

#### **Funds**

The majority of funds CNP Cyprialife invests in, offer daily liquidity and the price is received via Bloomberg. Unlisted funds comprise of both private equity and property funds and their fair value is determined based on the latest net

asset valuation as provided directly from the external fund managers.

#### **Structured products**

The same valuation method applies for structured products.

#### **Properties**

Properties are valued by external valuers at least annually and the valuation is based on comparative and investment methods.

#### **Loans**

Loans are measured by the Company at amortised cost using the effective interest rate method and are subject to impairment assessment. The carrying amount of loans represents their fair values.

## D.2. Technical Provisions

### Methods and Assumptions

The Company's portfolio has been analysed and classified after a segmentation process into various homogeneous risk groups for the calculation of Technical Provisions, having regard to the minimum SII Directive groupings.

For reporting purposes within the SFCR the following risk classification has been performed:

- Unit Linked Savings (with and without guarantees)
- General Fund Savings (with profit)
- Life Risk Products (Term policies, Life Riders, Group Life category, Health SLT Riders)
- Non-Life Risk – Health & Accident (Health NSLT)

### Technical Provisions

SII requires undertakings to set up technical provisions which correspond to the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking. The value of technical provisions is equal to the sum of a BE of the liabilities and a risk margin.

Undertakings should segment their (re)insurance obligations into homogeneous risk groups, and as a minimum by line of business, when calculating technical provisions.

The BE is calculated gross, without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles (SPVs). Those amounts are calculated separately.

The actuarial and statistical methods to calculate technical provisions are proportionate to the nature, scale and complexity of the risks supported by the undertaking.

The Company does not make use of any transitional measures or volatility adjustment.

### Best Estimate of Technical Provisions

The Gross BE for Life business technical provisions is the result of the present value of gross cash outflows less the gross cash inflows. More specifically, cash outflows include claims, maturity payments, surrender payments, expenses, tax and commissions while cash inflows include premiums.

For the Health NSLT business, non-life techniques are used. The BE for Non-Life consists of:

- Premium provisions (cash flow projections related to claim events occurring after the valuation date and during the remaining in-force period of the policies)
- Claim provisions (cash flow projections related to claim events having occurred before or at the valuations date-whether the claims arising from these events have been reported or not)

### Premium Provisions

For premium provisions the method used is based on an estimate of the combined ratio of the line of business in question.

### Claims Provisions

This is the sum of the total discounted indicated claims reserves and the Claims Handling Expense reserve.

### Best Estimate of Reinsurance Recoverables

Reinsurance recoverables are calculated through appropriate modelling of the reinsurance arrangements or simplifications for smaller portfolios such as the run-off business.

## Description of Model

Deterministic models are used for all business with the exception of Unit Linked policies with maturity guarantee and 0% interest rate guarantee where stochastic models are also used to determine the time value of the guarantees.

The models for the life business are built in the Company's actuarial software used for the SII projections.

For all Life policies with the exception of Group Business (including Credit Life) a contract-by-contract approach has been used and cash flows have been projected until the end of the portfolio duration (with no residual cash flow).

For the Health business classified as Health NSLT, non-life deterministic models have been used. The Loss Development method using paid and incurred claims data has been used. The incurred claims ultimate loss has been chosen which is the higher of the paid and incurred method result.

## Assumptions

The assumptions used in the models are determined by the Actuarial Function using past experience studies and expert judgement. Assumptions are reviewed and challenged by the Audit and Risk Committee of the BoD.

## Economic Assumptions

Risk free yield curves used are prescribed by the EIOPA while the stochastic scenarios are internal and consistent to the risk-free rate curves.

## Economic scenarios generator

The modelling of the macroeconomic and financial environment is based on a set of risk factors whose evolution is foreseen on one or more trajectories. These data are generated using Barrie & Hibbert's economic scenarios generator.

## Liabilities Assumptions

### Mortality

The mortality assumption is set based on actuarially determined mortality tables, actuarial judgement and internal mortality investigation.

## Other Experience tables (for Morbidity and Critical Illness)

Other experience assumptions tables used within the calculation of Life riders (mainly for morbidity and critical illness) are based on reinsurance rates due to the lack of significant own experience.

## Loss Ratios

Loss ratios are based on Company's data.

The judgement on the final setting of the parameters is based on the knowledge of the Company's recent developments, actual performance, plans, changes and the general market and economic outlook.

## Expenses

The Financial Control department performed an analytical expense investigation based on the Company's actual 2023 expenses with the Actuarial Function using the expense investigation results to determine the per policy expense assumption.

Expense inflation is determined based on actuarial judgement, the economic environment and the Company's experience and business plan.

## Contract Boundaries

As far as contract boundaries are concerned the following apply for each line of business.

For the unit linked portfolio the Company takes into account all future premiums.

For the Company's whole of life unit-linked products, for SII, the policies are assumed to lapse on the policy review date as defined within the policy conditions.

For Group Life and Health NSLT business no future premiums are projected since the business is annually renewable.

For the rest of the regular premium business future premiums have been projected up to the maturity/expiration of the policy. This is based on the contract's wording where premiums are unchanged throughout the period of the policy (or can only change upon the policyholder's request ex. for change in cover).

For annually renewable Term policies, contract boundaries are set at their annual anniversary.

## Other main Assumptions

### Tax Assumptions

An assumption of premium tax at a level of 1,5% was used when determining the BE of Technical Provisions.

### Material Assumptions and Model Changes

#### *Introduction of Reinsurance Profit Commission cashflow*

For the EOY 2023 SII calculations, the Reinsurance Profit Commission cashflow was introduced within the BE calculation introducing a positive impact on the Company's OF (€8m increase) while at the same time it has increased the underlying SCRs (€3m increase after diversification, mainly for Life and Health SLT submodules).

#### *Lapse/Surrender rates Assumptions*

The impact on Gross BE from the update of lapse/surrender rates assumptions was an increase of €2,8m.

#### *Expense Assumptions*

The impact on Gross BE from the update of expense per policy expenses following Financial Control department's investigation mentioned before was a decrease of €5.1m.

## Risk Margin Calculation

The risk margin is a part of technical provisions in order to ensure that the value of technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations.

The risk margin should be calculated by determining the cost of providing an amount of eligible OF equal to the SCR necessary to support the insurance and reinsurance obligations over the lifetime thereof.

The rate used in the determination of the cost of providing that amount of eligible OF is called the Cost-of-Capital rate.

In order to calculate the Risk Margin, the calculations of the projected SCR of the Company in each point in time is required. Due to the complexity of the Risk Margin definition and calculation, a simplified method is used based on EIOPA technical specifications. A simplification using the overall SCR for each future year (level 3 of the hierarchy as defined in the relevant technical specifications) is used.

For this simplification, the SCR of the year and the projected BE of liabilities for each future year are used in the Risk Margin calculation. The Risk Margin of each line of business is produced using the contribution of each line of business to the total SCR (excluding the market SCR and the contribution of cash in counterparty risk).

### Gap with Financial Statements

The total Gross IFRS17 Liabilities and Investment contract liabilities are 5% higher than the SII Technical Provisions. This is mainly due to differences in contract boundaries and expense assumptions stemming from the allocation of expenses into attributable and non-attributable expenses.

Technical provisions used within the financial statements are calculated using prudent assumptions and methodologies.

## Main Results

### Technical Provisions

Technical provisions of liabilities are defined as the sum of BE and Risk Margin.

The values of the Technical Provisions of liabilities (Gross of Reinsurance) as at the end of the years 2023 and 2022 are presented below based on SII lines of business.

In Thousands €	Gross Technical Provisions 2023	Gross Technical Provisions 2022
Unit Linked Savings	421.317	351.383
General Fund Savings	12.171	13.460
Life Risk Products	-10.903	-6.831
Non-Life Risk (Health and Accident Business)	13.868	13.086
<b>Total</b>	<b>436.453</b>	<b>371.099</b>

Unit Linked Savings business forms 97% of the total Technical Provisions. This is expected since Unit Linked business is the largest source of business for the Company. Non-Life Risk business has a total of 3% contribution to the Total Technical Provisions.

General Fund Savings business has a total of 3% contribution to the Total Technical Provisions. This category is part of the run-off portfolio of the Company; therefore, its contribution to Technical Provisions is expected to decrease over the following years.

Life Risk products portfolio has a negative BE and therefore negative Technical Provisions. This is due to the projected cash-inflows being greater than the projected cash-outflows due to the margins and experience of these types of policies.

### Gross Best Estimate

As mentioned above, the Gross BE of Technical Provisions is the result of the present value of gross cash outflows less gross cash inflows.

The values of the BE (Gross of Reinsurance) as at the end of the years 2023 and 2022 are presented below based on SII lines of business.

In Thousands €	Gross BE 2023	Gross BE 2022
Unit Linked Savings	399.552	336.665
General Fund Savings	11.948	13.254
Life Risk Products	-26.641	-16.926
Non-Life Risk (Health and Accident Business)	7.621	7.810
<b>Total</b>	<b>392.481</b>	<b>340.803</b>

As expected, Unit-Linked Savings have the largest contribution to BE.

### Risk Margin

For the Risk Margin calculation, the SCR of the year and the projected BE of liabilities for each future year are being used.

The values of the Risk Margin as at the end of the years 2023 and 2022 are presented below based on SII lines of business.

In Thousands €	Risk Margin 2023	Risk Margin 2022
Unit Linked Savings	21.764	14.718
General Fund Savings	223	206
Life Risk Products	15.738	10.096
Non-Life Risk (Health and Accident Business)	6.247	5.276
<b>Total</b>	<b>43.972</b>	<b>30.296</b>

Unit Linked Savings had the largest contribution to Risk Margin being 49% of the total Risk Margin.

Life Risk Products follow with 36% contribution to the total Risk Margin. Relative to the size of the portfolio the Life Risk Products contribute the most due to their risk character.

### Reinsurance Recoverable

Reinsurance Recoverable is defined as the difference of the Gross and Net BE.

The values of the Reinsurance Recoverable as at the end of the years 2023 and 2022 are presented below based on SII lines of business.

In Thousands €	Reinsurance Recoverable 2023	Reinsurance Recoverable 2022
Unit Linked Savings	-4.209	-12.542
General Fund Savings	16	19
Life Risk Products	5.450	-683
Non-Life Risk (Health and Accident Business)	523	1.560
<b>Total</b>	<b>1.781</b>	<b>-11.646</b>

For the unit-linked, the reinsurance recoverable is negative indicating that through projections the Company pays out more to reinsurers in premiums relative to the payments to be received. The main movements of the reinsurance recoverable amounts are due to the model introduction of reinsurance profit commission, thus leading to higher reinsurance recoverable.

### D.3. Other Liabilities

#### Specific Rules for valuation and gap between Financial Statements

##### *Deferred Tax Liabilities*

The IFRS value of Deferred Tax Liabilities is €45k (2022 as restated from IFRS 17 transition: €4.178k, as originally stated: €64k). The above amounts include deferred tax on transition impact due to release of technical reserves from IFRS 4 to IFRS 17.

Under SII Balance Sheet, the Company recognised an amount of €2.194k (2022: €4.734k). Deferred Tax Liabilities coming from the tax base (temporary) differences created by the differences in the valuation of assets under SII compared to the valuation of such assets under IFRS. As explained above the Intangible assets are valued at Nil based on the SII valuation principles. In addition, the Technical Reserves are valued in accordance with the SII principles.

##### *Provision other than technical provision*

The IFRS value of Provisions other than Technical Provision is €958k (2022: €958k).

The Provisions other than Technical Provision consist of the amount payable for commission and other benefits on Premium Debtors.

The value of the Provisions other than Technical Provision under SII does not differ from IFRS.

##### *Payables (Trade Not insurance)*

The IFRS value of Payables is €26.133k (2022: €22.845k) and mainly comprises of accrued expenses, obligations to pay for services that have been acquired in the ordinary course of business from suppliers, taxes and current advances.

The value of Payables under SII does not differ from IFRS. The Company considers that this IFRS value does not differ significantly from the economic value of the liabilities, since amounts payable are due in the short term (less than one year). The economic value of current liabilities is not therefore calculated.

The economic value of these liabilities may be determined on a case-by-case basis if the IFRS value is likely to differ significantly from the fair value, for example due to the impact of discounting.

## E. Capital Management

### E.1. Own Funds

#### Objectives, Policy and Procedures

CNP Cyrialife has a simple share capital structure. It is a wholly owned subsidiary of CNP CIH which is owned 100% by CNP Assurances S.A. since October 2019.

The excess of Capital over Liabilities (OF) of the Company under IFRS amounts to €119.234k (2022 as restated from IFRS 17 transition: €169.503k, as originally stated: €129.430k) and consist of:

- Share capital and Share premium. The share capital is comprised of issued and fully paid ordinary shares. The share premium is the difference between the fair value of the consideration receivable for the issue of share and the nominal value of shares. Share premium cannot be used for dividend distribution
- Retained earnings which is the cumulative net income not distributed to its shareholders as dividend
- Other Reserves, not distributable as dividends (e.g. Fair value (OCI) reserve and IFRS 17 insurance/ reinsurance finance reserve)

The Excess of assets over liabilities under SII amounts to €132.969k (2022: €161.632k). The difference compared to IFRS figure is due to the differences in the valuation of:

- Intangible assets which are valued at nil based on SII valuation principles
- The calculation of Technical Reserves, including Reinsurance Recoverables, which is based on SII principles and
- The tax base (temporary) differences created affecting the Deferred Tax amount due to adjustments

The capital management plan (management of OF) is defined as a result of the strategic planning exercise, and is part of the overall framework set by this exercise, in terms of dividend payments, capital increase, etc. It takes into account the Solvency projections from the work carried out as part of the strategic planning.

It can be adjusted upon the occurrence of a major event on markets (stress situation in equities, bonds, real estate, etc.), or affecting CNP Cyrialife (acquisition, business disposal, other event). If the situation requires the full or partial review of the strategic planning exercise, this is revised accordingly.

Based on Company's financial projections as stated in the approved by the BoD 5 Year Business Plan, the Actuarial Function performs the SII calculations to ascertain whether the capital levels are adequate to enable the Company to continue as a going concern.

The Finance Function is responsible for preparing the Company's Business Plan, which is then approved by the BoD. The financial projections of the Company are based on the strategic plan and targets set by the Company for the planning horizon, in conjunction and taking into consideration, the external and internal environment that the Company operates in.

The budget is used as an input to the capital planning. Capital planning includes projections of internal capital requirements (Pillar 1 and 2) and OF over the planning period. These projections are calculated based on the projected Statement of Financial Position structure of the Company, reasonable assumptions, parameters, correlations or levels of confidence decided by Risk & Reserving Committee.

Projected capital requirements are compared with OF so that the Company is able to observe whether the forecasted available OF of the Company will be adequate to cover any future strategic actions that the Management intends to take.

Prospective changes in the Company's risk profile and how they affect its current and projected level of solvency requirements are taken into account during the capital planning process. The quality and profile of the Company's OF over the planning period is also taken into consideration.

The Company monitors the procedure described above and its Board is regularly informed about the outcome of the various calculations performed at each step of the procedure.

Information is also provided to the RMF to quantify and assess the risks that the Company faces.



**Structure, Amount and Quality of Own Funds**
*Basic Own Funds*

The OF of the Company under IFRS amount to €119.234k and under the SII amounts to €132.969k. As explained in the introduction the basis of consolidation for financial accounting purposes differs from the used for SII purposes.

The table below illustrates the split of Basic OF under IFRS and SII as at the end of the year ended 31 December 2023 compared to the year ended 31 December 2022:

In Thousands €	2023		2022	
	SII Balance Sheet Value	IFRS Statement of Financial Position Value	SII Balance Sheet Value	IFRS Statement of Financial Position Value (as restated due to IFRS 17 transition)
Ordinary Share Capital	10.540	10.540	10.540	10.540
Additional paid-in capital	11.200	11.200	11.200	11.200
Other Reserves	0	3.726	0	-847
Retained Earnings	0	93.768	0	148.610
Reconciliation reserve	111.229	0	139.892	0
<b>Total Basic Own Funds</b>	<b>132.969</b>	<b>119.234</b>	<b>161.632</b>	<b>169.503</b>

*Solvency II Own Funds as at 31/12/2023 and 31/12/2022*

The table below illustrates separate for each tier information about the OF at the end of the year-ended 31 December 2023 compared to the year ended 31 December 2022 together with the eligible amounts of OF to cover SCR and MCR.

The Company's OF consists of Tier 1 funds

In Thousands €	2023				2022			
	Total	Tier 1 – unrestricted	Tier 2	Tier 3	Total	Tier 1 - unrestricted	Tier 2	Tier 3
Ordinary Share Capital	<b>10.540</b>	10.540	0	0	<b>10.540</b>	10.540	0	0
Additional paid-in capital	<b>11.200</b>	11.200	0	0	<b>11.200</b>	11.200	0	0
Reconciliation reserve	<b>111.229</b>	111.229	0	0	<b>139.812</b>	139.812	0	0
<b>Total Basic Own Funds</b>	<b>132.969</b>	<b>132.969</b>	<b>0</b>	<b>0</b>	<b>161.632</b>	<b>161.632</b>	<b>0</b>	<b>0</b>
<b>Eligible own funds to meet the SCR</b>	<b>132.969</b>	<b>132.969</b>	<b>0</b>	<b>0</b>	<b>161.632</b>	<b>161.632</b>	<b>0</b>	<b>0</b>
<b>Eligible own funds to meet the MCR</b>	<b>132.969</b>	<b>132.969</b>	<b>0</b>	<b>0</b>	<b>161.632</b>	<b>161.632</b>	<b>0</b>	<b>0</b>

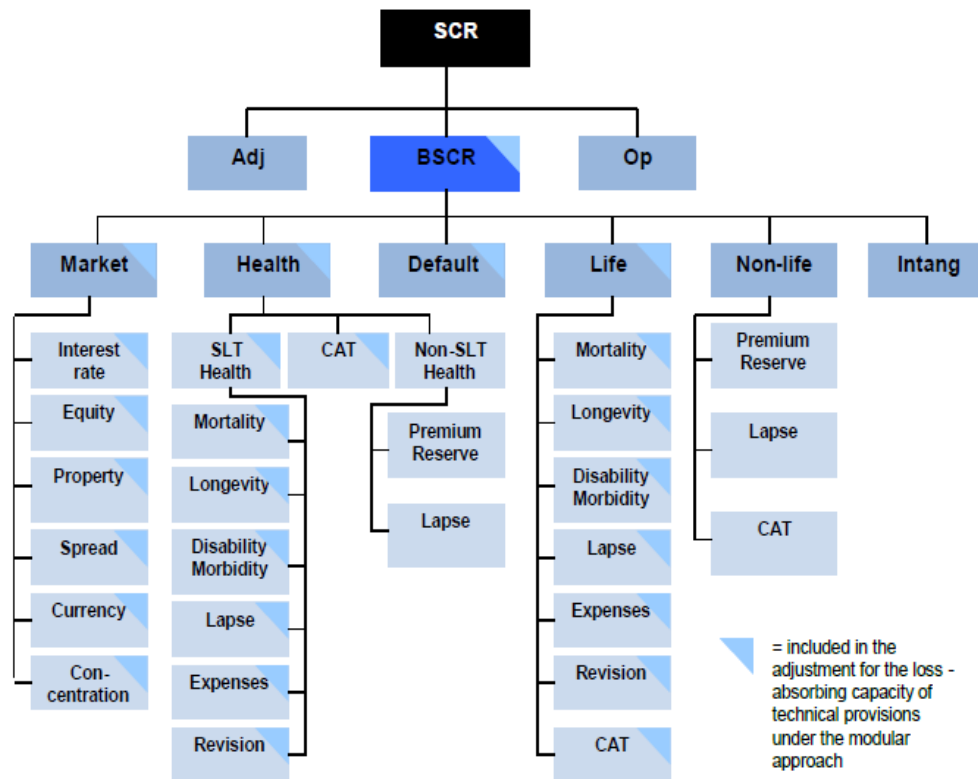
**E.2. Solvency Capital Requirement and Minimum Capital Requirement**

**Solvency Capital Requirement valuation method**

The overall SII Capital Requirement is calculated using the standard formula as described in the technical specifications.

The Company’s SCR is composed by:

- The BSCR
- The Operational SCR and
- Allowing for any adjustment for the risk absorbing effect of technical provisions and deferred taxes.



Each SCR module is calculated based on the technical specifications of EIOPA.

The basic idea for the SCR calculation is to look at the values of assets and liabilities using the SII calculation methods before and after each shock. The SCR is defined as below:

$$SCR = \max \left\{ \left[ \begin{aligned} & (Market\ Value\ of\ Assets\ Central - Market\ Value\ of\ Assets\ Shock) - \\ & (Best\ Estimate\ of\ Liabilities\ Central - Best\ Estimate\ of\ Liabilities\ Shock) \end{aligned} \right], 0 \right\}$$

**Solvency Capital Valuation Principles**

**Granularity of Calculations**

The only simplification that the Company uses for the SCR calculations is for the calculation of Market Risk for Undertakings for Collective Investments in Transferable Securities (UCITs) funds.

As per the EIOPA guidelines, if the Company’s exposure to Collective Investments and other investments packaged as funds exceed a certain threshold (20% of the total value of the assets of the insurance or reinsurance undertaking), the SCR shall be calculated on the basis of each of the underlying assets of collective investment undertakings and other investments packaged as funds (look-through approach).

The Company’s UCITs exposure is above the maximum threshold; therefore, the look-through approach is required, to the extent of remaining within the 20% threshold, for the calculations of the SCR. The Company performs a look-through approach for certain UCITs funds and for the remaining it uses the information that is given by the fund managers in order to identify the type of risk and the SCR impact. The information given may be:

- Asset Class: an equity fund is included in the equity risk and concentration while a bond fund is included in the interest, spread and concentration risk.
- Average duration and average rating: the average duration and rating of an interest sensitive fund is used to calculate the interest risk and the spread risk.
- Fund Type: an equity fund that is invested in EU or OECD countries is shocked by 39% while funds which invest to other countries or hedge funds are shocked by 49%.

**Loss Absorption of Deferred Taxes**

Under the SII Balance Sheet, the value of Net Deferred Tax Liability (€1.290k) is lower than the 12,5% (tax rate) of the BSCR and the Operational SCR of the Company. Therefore, the Company takes as adjustment of loss absorption capacity of deferred Taxes the amount of Net Deferred Tax Liability i.e. €1.290k.

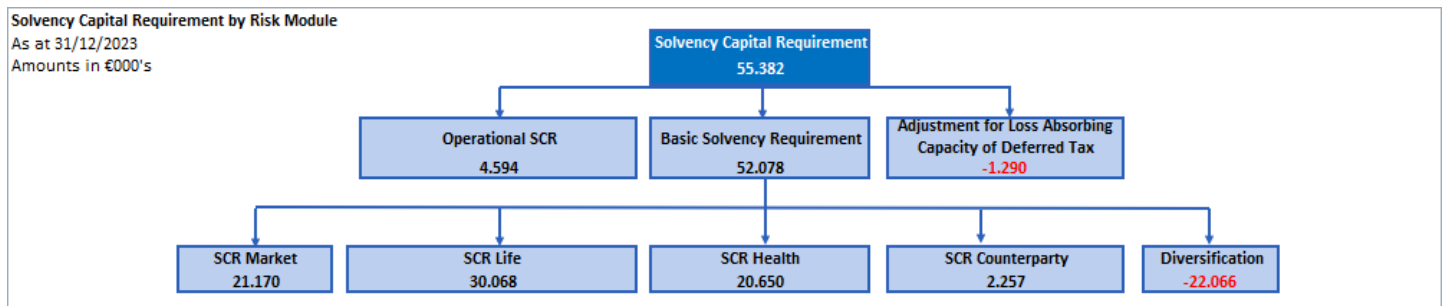
**SCR and MCR as at 31/12/2023**

The total SCR of CNP Cyprialife as at the end of 2023 was €55.382k (2022: €46.639k) with a total MCR of €13.845k (2022: €11.660k). These amounts are subject to supervisory assessment.

*SCR as at 31/12/2023*

The SCR of the Company is calculated based on the standard formula provided by the SII Guidelines.

The analysis of the 2023 SCR by risk module is indicated below.



The SCR of the Company consists of the BSCR of €52.078k, the Operational SCR of €4.594k and the Loss Absorption Capacity of Deferred Taxes of -€1.290k.

The BSCR is due to the combination of market risk, life and health underwriting risk and counterparty risk after allowing for diversification between and within those risk modules.

The main risk drivers are the Life Underwriting risk of €30.068k and Market risk of €21.170k given the underlying business of the Company.

The greater components of Market risk are Interest rate risk with 36%, Spread risk with 25% and Equity risk with 23% contribution to the total Market SCR respectively before diversification.

The greater component of Life risk arises from the Lapse risk with 52% and Expense risk with 21% contribution of the total Life SCR before diversification.

### Changes over the Reporting Period

SCR has been increased by approximately 19% during the reporting period compared to the previous reporting period. This increase is mainly driven by the increase of Health SCR and Life SCR with a part of them being outweighed by the reduction in Market SCR.

The SCR Market reduction by 21% is mainly driven by the dividend payment made at the end of the year. Property and Spread Risk were significantly reduced due to sales in real estate exposure and funds in Q4 2023 as part of the dividend payment. Interest rate risk decrease because of the significant downward shift of the yield curve.

The increase in SCR Life by 35% is mainly driven by the increase in Mortality, CAT and Lapse SCRs due to the introduction of Reinsurance profit commission and the development of business, mainly the unit-linked portfolio. Lapse SCR was impacted from the update of lapse assumptions.

The increase in SCR Health by 37% arises from the increase of Health SLT due to the introduction of Reinsurance profit commission and the development of data and updated assumptions to support them.

The decrease in SCR Counterparty arises from the reduced exposure in cash balances and improvement in average credit rating of most banking institutions.

In Thousands €	2023	2022	Movement
<b>SCR*</b>	<b>55.382</b>	<b>46.639</b>	<b>19%</b>
<b>MCR</b>	<b>13.845</b>	<b>11.660</b>	<b>19%</b>
SCR Operational	4.594	3.932	17%
SCR Market	21.170	26.949	-21%
SCR Life Underwriting	30.068	22.266	35%
SCR Health Underwriting	20.650	15.055	37%
SCR Counterparty	2.257	2.951	-24%

*\*Net of impact of diversification and loss-absorbing capacity of deferred taxes*

*MCR as at 31/12/2023*

The MCR calculation is derived as the maximum value between the absolute value MCR and the combined MCR. The absolute MCR based on SII regulation comes up to €6.7 million (€2.7 million for the Health NSLT business and €4 million for the Life business, since CNP Cyprialife is licensed to sell both lines of business). As the combined MCR is higher than the absolute value, the MCR of the Company equals the combined MCR of €13.845k (2022: €11.660k).

The combined MCR is derived as the lower of MCR cap (45% of SCR) and of the highest of MCR floor (25% of SCR) and MCR linear. The MCR linear is derived in terms of the Life and Health NSLT business. The main inputs used for the calculation of the combined MCR are the SCR, BE of technical provisions net of reinsurance recoverable, the capital at risk for Life business and the written premium over the last 12 months for the Health NSLT business.

The capital at risk is the value the Company will pay in the event of death or disability less the amount of BE of liabilities (both net of reinsurance).

In Thousands €	2023
Linear MCR	7.239
SCR	55.382
MCR cap	24.922
MCR floor	13.845
Combined MCR	13.845
Absolute floor of the MCR	6.700
<b>Minimum Capital Requirement</b>	<b>13.845</b>

## Appendix I – Abbreviations

The following abbreviated terms are used throughout this Report.

<b>A</b>	
AFS	Available For Sale
ALM	Asset Liability Matching
<b>B</b>	
BE	Best Estimate
BoD / Board	Board of Directors of CNP Cyprialife Ltd
BSCR	Basic Solvency Capital Requirement
<b>C</b>	
CAT	Catastrophe
CAO	Chief Actuarial Officer
CEO	Chief Executive Officer
CR&SO	Chief Risk & Sustainability Officer
CNP Cyprialife / Company	CNP Cyprialife Ltd
CNP CIH	CNP Cyprus Insurance Holdings Ltd
<b>D</b>	
Directive	Solvency II Directive
<b>E</b>	
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EU	European Union
ESG	Environmental, Social and Governance
<b>I</b>	
IAF	Internal Audit Function
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IT	Information Technology
<b>M</b>	
MCR	Minimum Capital Requirement
<b>N</b>	
NSLT	Non-Similar to Life Techniques
<b>O</b>	
OCI	Other Comprehensive Income
OECD	Organisation for Economic Cooperation and Development
OF	Own Funds
ORSA	Own Risk and Solvency Assessment
<b>Q</b>	
QRTs	Quantitative Reporting Templates
<b>R</b>	
RMF	Risk Management Function
<b>S</b>	
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SLT	Similar to Life Techniques
SII	Solvency II
SPV	Special Purpose Vehicle
Supervisor	Insurance Companies Control Service/ Superintendent of Insurance
<b>T</b>	
TAA	Tactical Asset Allocation
<b>U</b>	
UCITs	Undertakings for Collective Investments in Transferable Securities

Appendix II – Unit Linked Funds 2023

Open to New Business Portfolio

ΕΤΗΣΙΑ ΕΝΗΜΕΡΩΣΗ/ANNUAL REPORT

# Επενδυτικά Ταμεία 2023

## Unit-Linked Funds



**ΑΠΟΔΟΣΗ ΧΑΡΤΟΦΥΛΑΚΙΟΥ ΚΑΤΑ ΤΙΣ 31/12/2023**

PORTFOLIO RETURNS AS AT 31/12/2023

MEMBER OF THE  
INTERNATIONAL  
INSURANCE  
GROUP

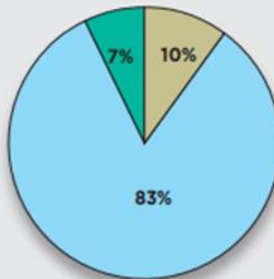
Insuring  
a more  
open world

**SECURE FUND**

Υψος Ταμείου/Fund size: **€66,884,868**

**Απόδοση/Performance**

- 5.60%** = κατά τους τελευταίους 12 μήνες over the last 12 months
- 1.83%** = κατά τα τελευταία 3 χρόνια over the last 3 years
- 1.10%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με τουλάχιστο μεσοπρόθεσμο ορίζοντα 7 ετών. Έμφαση δίνεται περισσότερο στη διατήρηση κεφαλαίου παρά στην επίτευξη σημαντικής υπεραξίας. Το ταμείο επενδύει αποκλειστικά σε εισοδηματικές επενδύσεις και ακίνητα. Το ταμείο χαρακτηρίζεται ως χαμηλού επενδυτικού κινδύνου και δεν συνοδεύεται από οποιεσδήποτε εγγυημένες αποδόσεις.

The fund is suitable for investors with at least a medium-term horizon of 7 years. Emphasis is placed more on preservation of capital than achievement of significant capital appreciation. The fund may invest in bonds, property, as well as cash deposits and other money market instruments. The fund invests globally, including Cyprus, and has a low risk profile. There are no performance guarantees attached to this fund.

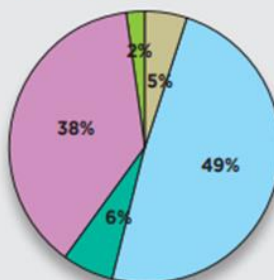
Ακίνητα (Property)  
Ομόλογα (Bonds)  
Μετρητά & Καταθέσεις (Cash & Fixed Deposits)

**BALANCED FUND**

Υψος Ταμείου/Fund size: **€73,109,345**

**Απόδοση/Performance**

- 10.99%** = κατά τους τελευταίους 12 μήνες over the last 12 months
- 0.82%** = κατά τα τελευταία 3 χρόνια over the last 3 years
- 3.30%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με τουλάχιστο μεσοπρόθεσμο ορίζοντα 7 ετών και στοχεύει σε ικανοποιητική τελική απόδοση κάνοντας ισοζυγισμένη χρήση τόσο αναπτυξιακών όσο και εισοδηματικών επενδύσεων καθώς και ακινήτων. Το ταμείο επενδύει διεθνώς συμπεριλαμβανομένου της Κύπρου και χαρακτηρίζεται ως χαμηλού προς μεσαίου επενδυτικού κινδύνου. Το ταμείο δεν συνοδεύεται από οποιεσδήποτε εγγυημένες αποδόσεις.

The fund is suitable for investors with at least a medium-term horizon of 7 years and aims for satisfactory long-term growth in value. The fund invests in a balanced manner both in growth investments (Cyprus and international stocks and property) and in defensive investments (bonds and cash). The fund invests globally, including Cyprus, and has a low to medium risk profile. There are no performance guarantees attached to this fund.

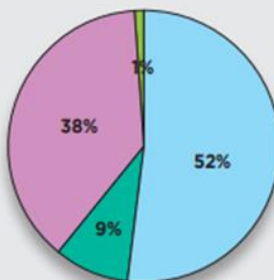
Ακίνητα (Property)  
Ομόλογα (Bonds)  
Μετρητά & Καταθέσεις (Cash & Fixed Deposits)  
Διεθνείς Μετοχές & Αμοιβαία Κεφάλαια (Global Equities & Mutual Funds)  
Μετοχές Κύπρου (Cyprus Equities)

**BLUE CHIP FUND**

Υψος Ταμείου/Fund size: **€37,249,596**

**Απόδοση/Performance**

- 11.47%** = κατά τους τελευταίους 12 μήνες over the last 12 months
- 0.63%** = κατά τα τελευταία 3 χρόνια over the last 3 years
- 3.55%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με μακροπρόθεσμο ορίζοντα πέραν των 10 ετών. Βαρύτητα δίνεται στην επίτευξη τελικής υπεραξίας και δευτερευόντως στη διατήρηση κεφαλαίου αν και η σύνθεση του αποτελείται τόσο από αναπτυξιακές όσο και εισοδηματικές επενδύσεις. Το ταμείο επενδύει διεθνώς συμπεριλαμβανομένου της Κύπρου και χαρακτηρίζεται ως μεσαίου προς ψηλού επενδυτικού κινδύνου. Το ταμείο δεν συνοδεύεται από οποιεσδήποτε εγγυημένες αποδόσεις.

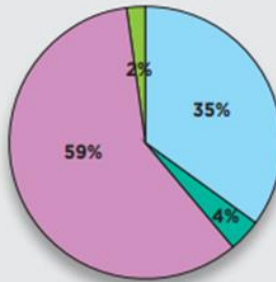
The fund is suitable for investors with a long-term horizon of over 10 years. The fund's emphasis is more on long term capital appreciation than capital protection even though it is composed of both growth investments (Cyprus and international stocks) and defensive investments (bonds and cash). The fund invests globally, including Cyprus, and has a medium to high risk profile. There are no performance guarantees attached to this fund.

Ομόλογα (Bonds)  
Μετρητά & Καταθέσεις (Cash & Fixed Deposits)  
Διεθνείς Μετοχές & Αμοιβαία Κεφάλαια (Global Equities & Mutual Funds)  
Μετοχές Κύπρου (Cyprus Equities)

### PIONEER FUND

Ύψος Ταμείου/Fund size: €36,458,083

**Απόδοση/Performance**  
**12.31%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**1.23%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**4.55%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με μακροπρόθεσμο ορίζοντα πέραν των 10 ετών και στοχεύει σε επίτευξη τελικής υπεραξίας κάνοντας χρήση κυρίως σε αναπτυξιακές επενδύσεις και σε μικρότερο βαθμό σε εισοδηματικές επενδύσεις. Το ταμείο επενδύει διεθνώς, συμπεριλαμβανομένου της Κύπρου, και χαρακτηρίζεται ως ψηλού επενδυτικού κινδύνου. Το ταμείο δεν συνοδεύεται από οποιαδήποτε εγγυημένες αποδόσεις.

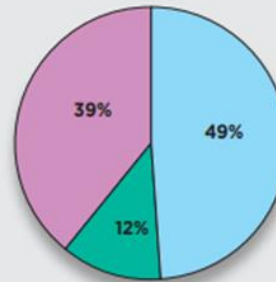
The fund is suitable for investors with a long-term horizon of over 10 years and aims for long-term capital appreciation by holding mostly local and international stocks and to a lesser extent defensive investments (bonds and cash). The fund invests globally, including Cyprus, and has a high risk profile. There are no performance guarantees attached to this fund.



### INTERNATIONAL FUND

Ύψος Ταμείου/Fund size: €28,550,569

**Απόδοση/Performance**  
**10.25%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**0.61%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**3.80%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με μακροπρόθεσμο ορίζοντα πέραν των 10 ετών. Βαρύτητα δίνεται στην επίτευξη τελικής υπεραξίας και δευτερευόντως στη διατήρηση κεφαλαίου αν και η σύνθεση του αποτελείται τόσο από αναπτυξιακές όσο και εισοδηματικές επενδύσεις. Το ταμείο επενδύει διεθνώς εκτός Κύπρου και χαρακτηρίζεται ως μεσαίου προς ψηλού επενδυτικού κινδύνου. Το ταμείο δεν συνοδεύεται από οποιαδήποτε εγγυημένες αποδόσεις.

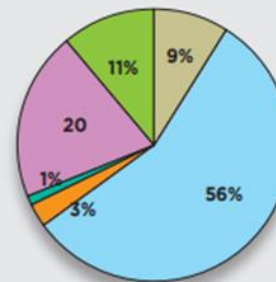
The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long-term capital appreciation than capital protection even though it is composed of both growth investments (stocks) and defensive investments (bonds and cash). The fund invests exclusively outside Cyprus. The fund has a medium to high risk profile. The fund is not accompanied by any guaranteed returns.



### CYPRIALIFE FUND

Ύψος Ταμείου/Fund size: €38,228,708

**Απόδοση/Performance**  
**6.56%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**0.66%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**2.72%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με μακροπρόθεσμο ορίζοντα πέραν των 10 ετών. Βαρύτητα δίνεται στην επίτευξη τελικής υπεραξίας και δευτερευόντως στη διατήρηση κεφαλαίου αν και η σύνθεση του προβλέπει τόσο αναπτυξιακές επενδύσεις (μετοχές και ακίνητα) όσο και εισοδηματικές (χρεόγραφα και καταθέσεις). Το ταμείο δεν συνοδεύεται από οποιαδήποτε εγγυημένες αποδόσεις. Χαρακτηρίζεται ως μεσαίου με υψηλού επενδυτικού κινδύνου.

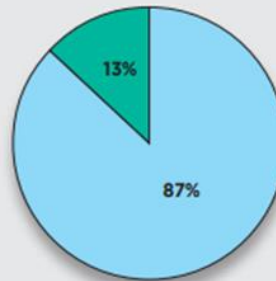
The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long term capital appreciation than capital preservation even though it invests in both growth investments (stocks and property) and defensive investments (bonds and cash). The fund has a medium to high risk profile. The fund is not accompanied by any guaranteed returns.



### EXTRA FUND

Ύψος Ταμείου/Fund size: €4,398,114

**Απόδοση/Performance**  
**6.17%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**-2.53%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**0.28%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Κύριος στόχος του ταμείου είναι η επίτευξη σταθερής αυξητικής μακροπρόθεσμης απόδοσης ώστε να επιτύχει τουλάχιστον την εγγυημένη αξία στη λήξη του ασφαλιστηρίου συμβολαίου. Το ταμείο επενδύει αποκλειστικά σε εισοδηματικές επενδύσεις και χαρακτηρίζεται ως χαμηλού επενδυτικού κινδύνου.

The fund aims for steady growth so as to meet or exceed the value guaranteed at the maturity date of the insurance policy. The fund invests in bonds and cash. The fund has a low risk profile.

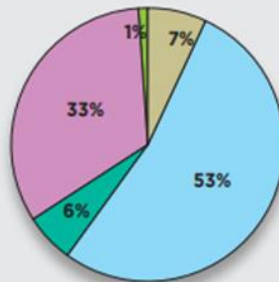




### PENSIONS MANAGED FUND

Ύψος Ταμείου/Fund size: €9,349,878

**Απόδοση/Performance**  
**9.86%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**0.20%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**2.86%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με μακροπρόθεσμο ορίζοντα πέραν των 10 ετών. Βαρύτητα δίνεται τόσο στην επίτευξη τελικής υπεραρθίας όσο και στη διατήρηση κεφαλαίου. Το ταμείο επενδύει διεθνώς, συμπεριλαμβανομένου της Κύπρου, σε εισοδηματικές επενδύσεις, αναπτυξιακές καθώς και ακίνητα. Το ταμείο χαρακτηρίζεται ως μεσαίου επενδυτικού κινδύνου και δεν συνοδεύεται από οποιεσδήποτε εγγυημένες αποδόσεις.

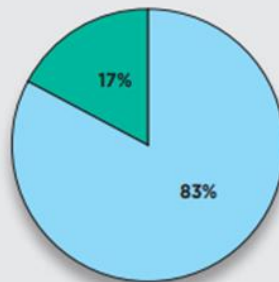
The fund is suitable for investors with a long-term horizon of over 10 years. The fund aims for a mix of long-term capital appreciation and capital preservation. It invests globally, including Cyprus, in growth investments (Cyprus and international stocks), property and defensive investments (bonds and cash). The fund has a medium risk profile. The fund is not accompanied by any guaranteed returns.



### INCOME FUND

Ύψος Ταμείου/Fund size: €53,665,213

**Απόδοση/Performance**  
**0.00%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**0.00%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**0.02%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο στοχεύει στην επίτευξη του ψηφότερου δυνατού επιτοκίου που είναι συμβατό με την ασφάλεια κεφαλαίου. Το επιτόκιο της επένδυσης των μονάδων κοινοποιείται στην αρχή κάθε εξαμήνου και παραμένει σταθερό για την περίοδο αυτή. Το ταμείο εγγυάται έτσι ότι η τιμή της επενδυτικής μονάδας κάθε μήνα δεν θα είναι ποτέ μικρότερη αυτής του προηγούμενου μήνα. Το ταμείο επενδύει αποκλειστικά σε εισοδηματικές επενδύσεις και χαρακτηρίζεται ως χαμηλού επενδυτικού κινδύνου.

The fund aims for the highest possible yield that is consistent with a capital protection objective. The fund's yield is re-set semi-annually in advance and remains the same during each six-monthly period. Through this mechanism the company ensures that at each month-end the fund unit price will be higher than or equal to that for the preceding month. The fund invests in defensive instruments (bonds and cash). The fund has a low risk profile.



### GLOBAL OPPORTUNITY FUND

Ύψος Ταμείου/Fund size: €15,307,765

**Απόδοση/Performance**  
**6.67%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**-5.27%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**-0.84%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Κύριος στόχος είναι η δημιουργία συνολικής απόδοσης συνδυάζοντας την αύξηση εσόδων και κεφαλαίου, με συνετό τρόπο, επενδύοντας διεθνώς σε εταιρικά ομόλογα. Επενδύει σχεδόν αποκλειστικά στο Αμοιβαίο Κεφάλαιο Global Investment Grade Credit, με διαχειριστή την PIMCO, το οποίο επενδύει πρωτίστως σε μια σειρά ομολόγων σταθερού εισοδήματος «επενδυτικού βαθμού» (δηλαδή τουλάχιστον Baa3 ή BBB - από Moody's ή S&P) που εκδίδονται από διάφορες εταιρείες παγκοσμίως. Το ταμείο είναι μέσου επενδυτικού κινδύνου και μέσω προφίλ απόδοσης. Το ταμείο δεν συνοδεύεται από οποιεσδήποτε εγγυημένες αποδόσεις.

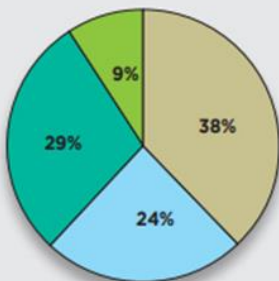
The fund aims to prudently provide a total return through a combination of both income and capital growth, investing in corporate bonds globally. The fund will invest almost exclusively to the Mutual Fund Global Investment Grade Credit («Mutual Fund») which is managed by PIMCO and invests primarily in a range of "investment grade" corporate bonds (rated at least Baa3 or BBB - by Moody's or S&P) issued by companies from around the world. The fund has a medium risk and reward profile.



### CYPRUS RECOVERY FUND

Ύψος Ταμείου/Fund size: €4,785,655

**Απόδοση/Performance**  
**7.97%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**3.89%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**3.54%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές που πιστεύουν στην μακροχρόνια ανάκαμψη της Κυπριακής οικονομίας. Απευθύνεται σε επενδυτές με μακροχρόνιο επενδυτικό ορίζοντα (πέραν των 10 ετών) που αποδέχονται ψήλη διακύμανση στην αξία της επένδυσης με στόχο ψηλές μακροχρόνιες αποδόσεις. Το ταμείο περιλαμβάνει εισοδηματικές επενδύσεις με υψηλές αποδόσεις (high yield) αλλά κύριος στόχος είναι η αύξηση κεφαλαίου. Το ταμείο επενδύει αποκλειστικά στην Κύπρο και έχει ψηλό προφίλ επενδυτικού κινδύνου. Το ταμείο δεν συνοδεύεται από οποιεσδήποτε εγγυημένες αποδόσεις.

The fund is suitable for investors who believe in the recovery of Cypriot economy. It is suitable for investors with a long term investment horizon of over 10 years that are willing to accept a high level of short to medium term volatility aiming for high long term capital gains. The portfolio also includes investments that can produce a high interest income, although more emphasis is given to long term capital gains. The portfolio is exclusively focused on the Cypriot market. The fund's risk and return profile is expected to be high. The fund is not accompanied by any guaranteed returns.



Closed to New Business Portfolio



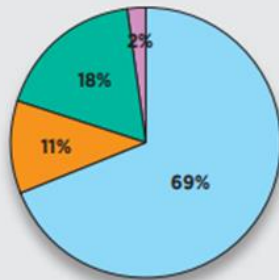
**ΑΠΟΔΟΣΗ ΧΑΡΤΟΦΥΛΑΚΙΟΥ ΚΑΤΑ ΤΙΣ 31/12/2023**  
**PORTFOLIO RETURNS AS AT 31/12/2023**



**MONEY FUND 1**

Ύψος Ταμείου/Fund size: **€10,967**

**Απόδοση/Performance**  
**4.00%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**4.00%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**4.00%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο στοχεύει στην εξασφάλιση του μέγιστου δυνατού επιτοκίου της αγοράς επενδύοντας κυρίως σε τραπεζικές καταθέσεις και κυβερνητικά και άλλα χρεόγραφα.

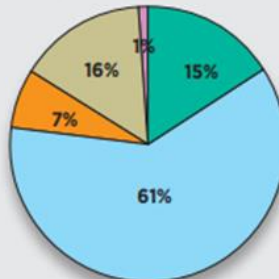
The objective of the fund is to achieve the highest possible market interest by investing primarily in bank deposits and government and other bonds.



**MONEY FUND 2**

Ύψος Ταμείου/Fund size: **€1,069,459**

**Απόδοση/Performance**  
**4.50%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**4.50%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**4.50%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο στοχεύει στην εξασφάλιση του μέγιστου δυνατού επιτοκίου της αγοράς επενδύοντας κυρίως σε τραπεζικές καταθέσεις και κυβερνητικά και άλλα χρεόγραφα.

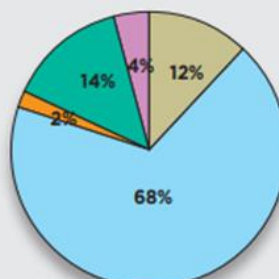
The objective of the fund is to achieve the highest possible market interest by investing primarily in bank deposits and government and other bonds.



**MONEY FUND 3**

Ύψος Ταμείου/Fund size: **€2,671,751**

**Απόδοση/Performance**  
**5.50%** = κατά τους τελευταίους 12 μήνες over the last 12 months  
**5.50%** = κατά τα τελευταία 3 χρόνια over the last 3 years  
**5.50%** = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο στοχεύει στην εξασφάλιση του μέγιστου δυνατού επιτοκίου της αγοράς επενδύοντας κυρίως σε τραπεζικές καταθέσεις και κυβερνητικά και άλλα χρεόγραφα.

The objective of the fund is to achieve the highest possible market interest by investing primarily in bank deposits and government and other bonds.

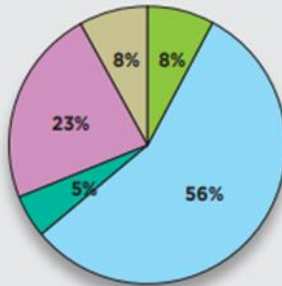


### DYNAMIC FUND

Ύψος Ταμείου/Fund size: €16,994,932

#### Απόδοση/Performance

- 8.70% = κατά τους τελευταίους 12 μήνες over the last 12 months
- 0.28% = κατά τα τελευταία 3 χρόνια over the last 3 years
- 2.49% = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με μακροπρόθεσμο ορίζοντα πέραν των 10 ετών. Βαρύτητα δίνεται στην επίτευξη τελικής υπεραξίας και δευτερευόντως στη διατήρηση κεφαλαίου αν και η σύνθεση του προβλέπει τόσο αναπτυξιακές επενδύσεις (μετοχές και ακίνητα) όσο και εισοδηματικές (χρεόγραφα και καταθέσεις). Το ταμείο δεν συνοδεύεται από οποιαδήποτε εγγυημένες αποδόσεις.

The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long term capital appreciation than capital preservation even though it invests in both growth investments (stocks and property) and defensive investments (bonds and cash). There are no performance guarantees attached to this fund.

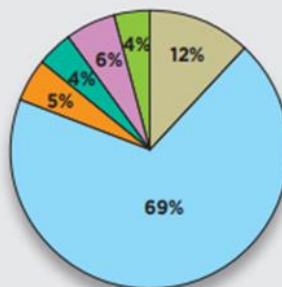


### STAR FUND

Ύψος Ταμείου/Fund size: €4,947,415

#### Απόδοση/Performance

- 5.65% = κατά τους τελευταίους 12 μήνες over the last 12 months
- 0.37% = κατά τα τελευταία 3 χρόνια over the last 3 years
- 1.93% = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο στοχεύει σε επίτευξη της ελάχιστης εγγυημένης αξίας και δευτερευόντως στη δημιουργία μακροπρόθεσμης υπεραξίας. Επενδύει κυρίως σε εισοδηματικές επενδύσεις (χρεόγραφα και μετρητά) και σε μικρότερο βαθμό σε αναπτυξιακές επενδύσεις (μετοχές και ακίνητα).

The fund aims to achieve a minimum guaranteed value and secondarily to generate additional long-term capital appreciation. The fund invests mainly in defensive investments (bonds and cash) and to a lesser extent growth investments (stocks and property).

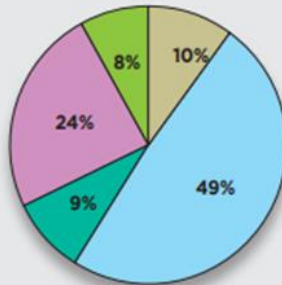


### EQUITY FUND

Ύψος Ταμείου/Fund size: €1,164,027

#### Απόδοση/Performance

- 10.77% = κατά τους τελευταίους 12 μήνες over the last 12 months
- 0.41% = κατά τα τελευταία 3 χρόνια over the last 3 years
- 2.84% = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο απευθύνεται σε επενδυτές με μακροπρόθεσμο ορίζοντα πέραν των 10 ετών. Βαρύτητα δίνεται στην επίτευξη τελικής υπεραξίας και δευτερευόντως στη διατήρηση κεφαλαίου αν και η σύνθεση του προβλέπει τόσο αναπτυξιακές επενδύσεις (μετοχές και ακίνητα) όσο και εισοδηματικές (χρεόγραφα και καταθέσεις). Το ταμείο δεν συνοδεύεται από οποιαδήποτε εγγυημένες αποδόσεις.

The fund is suitable for investors with a long-term horizon of over 10 years. The fund emphasis is mostly on long term capital appreciation than capital preservation even though it invests in both growth investments (stocks and property) and defensive investments (bonds and cash). There are no performance guarantees attached to this fund.

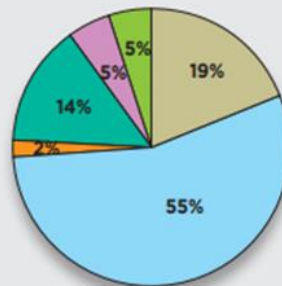


### MEGA FUND

Ύψος Ταμείου/Fund size: €4,595,333

#### Απόδοση/Performance

- 5.15% = κατά τους τελευταίους 12 μήνες over the last 12 months
- 0.34% = κατά τα τελευταία 3 χρόνια over the last 3 years
- 1.76% = κατά τα τελευταία 5 χρόνια over the last 5 years



Το ταμείο στοχεύει σε επίτευξη της ελάχιστης εγγυημένης αξίας και δευτερευόντως στη δημιουργία μακροπρόθεσμης υπεραξίας. Επενδύει κυρίως σε εισοδηματικές επενδύσεις (χρεόγραφα και μετρητά) και σε μικρότερο βαθμό σε αναπτυξιακές επενδύσεις (μετοχές και ακίνητα).

The fund aims to achieve a minimum guaranteed value and secondarily to generate additional long-term capital appreciation. The fund invests mainly in defensive investments (bonds and cash) and to a lesser extent growth investments (stocks and property).

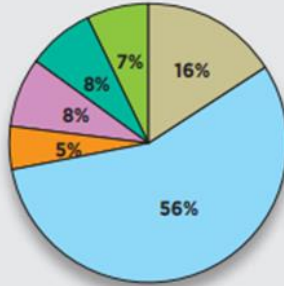


**PANEUROPEAN FUND**

Ύψος Ταμείου/Fund size: **€587,810**

**Απόδοση/Performance**

- 6.84%** = κατά τους τελευταίους 12 μήνες  
over the last 12 months
- 0.87%** = κατά τα τελευταία 3 χρόνια  
over the last 3 years
- 1.58%** = κατά τα τελευταία 5 χρόνια  
over the last 5 years



Το ταμείο στοχεύει πρωτίτως σε διατήρηση του επενδύομένου κεφαλαίου και δευτερεύοντως στην επίτευξη μακροπρόθεσμης υπεραξίας. Επενδύει κυρίως σε εισοδηματικές επενδύσεις (χρεόγραφα και μετρητά) και σε μικρότερο βαθμό σε αναπτυξιακές επενδύσεις (μετοχές και ακίνητα). Το ταμείο δεν συνοδεύεται από εγγυημένες αποδόσεις εκτός από ορισμένες περιπτώσεις.

The fund's principal objective is capital preservation, with long-term capital appreciation as a secondary aim. It invests mainly in defensive investments (bonds and cash) and to a lesser extent growth investments (stocks and property). The fund carries no performance guarantees except in certain cases.



## Appendix III - QRTs

S.02.01.02 Balance sheet		
		Solvency II value
Assets		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	903.875
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	12.661.305
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	122.613.000
Property (other than for own use)	R0080	10.875.000
Holdings in related undertakings, including participations	R0090	7.873.000
Equities	R0100	14.405.000
Equities - listed	R0110	14.405.000
Equities - unlisted	R0120	0
Bonds	R0130	73.067.000
Government Bonds	R0140	38.981.000
Corporate Bonds	R0150	34.086.000
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	9.500.000
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	6.893.000
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	434.613.000
Loans and mortgages	R0230	7.877.000
Loans on policies	R0240	3.424.000
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	4.453.000
Reinsurance recoverable from:	R0270	1.780.700
Non-life and health similar to non-life	R0280	523.030
Non-life excluding health	R0290	0
Health similar to non-life	R0300	523.030
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	5.466.705
Health similar to life	R0320	2.626.207
Life excluding health and index-linked and unit-linked	R0330	2.840.498
Life index-linked and unit-linked	R0340	-4.209.035
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	8.934.000
Reinsurance receivables	R0370	11.509.000
Receivables (trade, not insurance)	R0380	8.812.000
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	162.000
Any other assets, not elsewhere shown	R0420	0
<b>Total assets</b>	<b>R0500</b>	<b>609.865.880</b>

Liabilities		C0010
Technical provisions – non-life	<b>R0510</b>	13.867.884
Technical provisions – non-life (excluding health)	<b>R0520</b>	0
Technical provisions calculated as a whole	<b>R0530</b>	0
Best Estimate	<b>R0540</b>	0
Risk margin	<b>R0550</b>	0
Technical provisions - health (similar to non-life)	<b>R0560</b>	13.867.884
Technical provisions calculated as a whole	<b>R0570</b>	0
Best Estimate	<b>R0580</b>	7.620.765
Risk margin	<b>R0590</b>	6.247.119
Technical provisions - life (excluding index-linked and unit-linked)	<b>R0600</b>	1.268.790
Technical provisions - health (similar to life)	<b>R0610</b>	-8.266.429
Technical provisions calculated as a whole	<b>R0620</b>	0
Best Estimate	<b>R0630</b>	-20.172.350
Risk margin	<b>R0640</b>	11.905.921
Technical provisions – life (excluding health and index-linked and unit-linked)	<b>R0650</b>	9.535.219
Technical provisions calculated as a whole	<b>R0660</b>	0
Best Estimate	<b>R0670</b>	5.480.124
Risk margin	<b>R0680</b>	4.055.095
Technical provisions – index-linked and unit-linked	<b>R0690</b>	421.316.601
Technical provisions calculated as a whole	<b>R0700</b>	0
Best Estimate	<b>R0710</b>	399.552.272
Risk margin	<b>R0720</b>	21.764.329
Other technical provisions	<b>R0730</b>	X
Contingent liabilities	<b>R0740</b>	0
Provisions other than technical provisions	<b>R0750</b>	958.000
Pension benefit obligations	<b>R0760</b>	0
Deposits from reinsurers	<b>R0770</b>	0
Deferred tax liabilities	<b>R0780</b>	2.194.178
Derivatives	<b>R0790</b>	0
Debts owed to credit institutions	<b>R0800</b>	0
Financial liabilities other than debts owed to credit institutions	<b>R0810</b>	0
Insurance & intermediaries payables	<b>R0820</b>	0
Reinsurance payables	<b>R0830</b>	11.159.000
Payables (trade, not insurance)	<b>R0840</b>	26.132.554
Subordinated liabilities	<b>R0850</b>	0
Subordinated liabilities not in Basic Own Funds	<b>R0860</b>	0
Subordinated liabilities in Basic Own Funds	<b>R0870</b>	0
Any other liabilities, not elsewhere shown	<b>R0880</b>	0
<b>Total liabilities</b>	<b>R0900</b>	<b>476.897.007</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>132.968.873</b>

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

S.05.01.02.01 Non-Life (direct business/ accepted proportional reinsurance and accepted non-proportional reinsurance)		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											Line of Business for: accepted non-proportional reinsurance				Total	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
<b>Premiums written</b>																		
Gross - Direct Business	R0110	36.239.099	0	0	0	0	0	0	0	0	0	0						36.239.099
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0	0	0						0
Gross - Non-proportional reinsurance accepted	R0130												0	0	0	0		0
Reinsurers' share	R0140	2.648.776	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.648.776
Net	R0200	33.590.323	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33.590.323
<b>Premiums earned</b>																		
Gross - Direct Business	R0210	35.523.503	0	0	0	0	0	0	0	0	0	0						35.523.503
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0	0	0						0
Gross - Non-proportional reinsurance accepted	R0230												0	0	0	0		0
Reinsurers' share	R0240	2.334.760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.334.760
Net	R0300	33.188.742	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33.188.742
<b>Claims incurred</b>																		
Gross - Direct Business	R0310	19.306.750	0	0	0	0	0	0	0	0	0	0						19.306.750
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0	0	0						0
Gross - Non-proportional reinsurance accepted	R0330												0	0	0	0		0
Reinsurers' share	R0340	1.371.542	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.371.542
Net	R0400	17.935.208	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17.935.208
<b>Expenses incurred</b>	R0550	8.792.726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8.792.726
<b>Balance - other technical expenses/income</b>	R1210																	177.544
<b>Total technical expenses</b>	R1300																	8.970.270

S.05.01.02.02		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
Life		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>										
Gross	<b>R1410</b>	5.715.383	217.490	113.680.052	8.852.144	0	0	0	0	128.465.070
Reinsurers' share	<b>R1420</b>	2.344.447	67.063	3.274.796	2.762.541	0	0	0	0	8.448.846
Net	<b>R1500</b>	3.370.937	150.427	110.405.257	6.089.603	0	0	0	0	120.016.224
<b>Premiums earned</b>										
Gross	<b>R1510</b>	5.715.383	217.490	113.680.052	8.881.653	0	0	0	0	128.494.579
Reinsurers' share	<b>R1520</b>	2.344.447	67.063	3.274.796	2.788.577	0	0	0	0	8.474.882
Net	<b>R1600</b>	3.370.937	150.427	110.405.257	6.093.076	0	0	0	0	120.019.697
<b>Claims incurred</b>										
Gross	<b>R1610</b>	1.511.388	1.847.906	50.261.124	1.904.232	0	0	0	0	55.524.650
Reinsurers' share	<b>R1620</b>	608.416	0	997.367	1.036.589	0	0	0	0	2.642.371
Net	<b>R1700</b>	902.972	1.847.906	49.263.758	867.643	0	0	0	0	52.882.279
<b>Expenses incurred</b>										
	<b>R1900</b>	1.310.386	27.174	20.448.407	945.104	0	0	0	0	<b>22.731.071</b>
<b>Balance - other technical expenses/income</b>										<b>414.270</b>
<b>Total technical expenses</b>										<b>23.145.342</b>
<b>Total amount of surrenders</b>										<b>40.666.807</b>
	<b>R2700</b>	0	343.439	40.323.368	0	0	0	0	0	



Annex I S.12.01.02 Life and Health SLT Technical Provisions																	
		Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)	
			C0020	C0030	Contracts without options and guarantees	Contracts with options or guarantees	C0060				Contracts without options and guarantees	Contracts with options or guarantees	C0090				C0100
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>	0	0					0	0	0	0			0	0	0	
<b>Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole</b>	<b>R0020</b>	0	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>Gross Best Estimate</b>	<b>R0030</b>	11.948.327		0	399.552.272		0	-6.468.203	0	0	405.032.396		0	-20.172.350	0	0	-20.172.350
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	<b>R0080</b>	16.208		0	-4.209.035		0	2.824.290	0	0	-1.368.538		0	2.626.207	0	0	2.626.207
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	<b>R0090</b>	11.932.119		0	403.761.307		0	-9.292.493	0	0	406.400.934		0	-22.798.557	0	0	-22.798.557
<b>Risk Margin</b>	<b>R0100</b>	223.139	21.764.329				3.831.955		0	0	25.819.423	11.905.921		0	0	11.905.921	
<b>Technical provisions - total</b>	<b>R0200</b>	12.171.466	421.316.601				-2.636.248		0	0	430.851.819	-8.266.429		0	0	<b>-8.266.429</b>	
Expected profits included in future premiums (EPIFP)	<b>R0370</b>	0	37.004.441				8.975.494		0	0	45.979.935	16.784.039		0	0	16.784.039	

5.17.01.02	Direct business and accepted proportional reinsurance													Accepted non-proportional reinsurance				Total Non-Life obligation
Non-life Technical Provisions		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property insurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	0																0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	0																0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	1.944.769																1.944.769
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	70.760																70.760
Net Best Estimate of Premium Provisions	R0150	1.874.009																1.874.009
Claims provisions																		
Gross	R0160	5.675.996																5.675.996
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	452.270																452.270
Net Best Estimate of Claims Provisions	R0250	5.223.726																5.223.726
Total Best estimate - gross	R0260	7.620.765																7.620.765
Total Best estimate - net	R0270	7.097.735																7.097.735
Risk margin	R0280	6.247.119																6.247.119
Technical provisions - total																		
Technical provisions - total	R0320	13.867.884																13.867.884
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	523.030																523.030
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	13.344.854																13.344.854

**S.19.01.21**  
Non-life insurance claims

**Total Non-Life Business**

Accident year / underwriting year	<b>2010</b>	Accident year
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**Gross Claims Paid (non-cumulative)**  
(absolute amount)

**Development year**

Year		0	1	2	3	4	5	6	7	8	9	10&+	In Current year	Sum of years (cumulative)	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170
Prior	<b>R0100</b>	10.448.444	1.318.843	3.144	2.652	1.508	0	41	0	0	7.305	0	<b>R0100</b>	0	0
N-9	<b>R0160</b>	11.923.256	1.423.253	20.748	-1.128	1.400	1.420	0	0	7.007	0		<b>R0160</b>	0	13.375.955
N-8	<b>R0170</b>	14.167.490	2.576.586	36.497	5.191	5.111	1	0	0	0			<b>R0170</b>	0	16.790.877
N-7	<b>R0180</b>	15.212.848	3.517.405	34.523	11.884	1.422	20.612	1	0				<b>R0180</b>	0	18.798.696
N-6	<b>R0190</b>	16.098.025	3.624.956	91.584	5.633	35.625	126	600					<b>R0190</b>	600	19.856.549
N-5	<b>R0200</b>	17.534.698	4.660.427	78.432	41.453	6.412	21.504						<b>R0200</b>	21.504	22.342.926
N-4	<b>R0210</b>	19.536.178	3.621.388	88.655	44.935	16.500							<b>R0210</b>	16.500	23.307.656
N-3	<b>R0220</b>	12.825.904	2.033.994	109.759	6.526								<b>R0220</b>	6.526	14.976.183
N-2	<b>R0230</b>	11.666.347	2.359.539	75.201									<b>R0230</b>	75.201	14.101.087
N-1	<b>R0240</b>	13.407.599	3.118.003										<b>R0240</b>	3.118.003	16.525.602
N	<b>R0250</b>	15.219.036											<b>R0250</b>	15.219.036	15.219.036
<b>Total</b>	<b>R0260</b>												<b>R0260</b>	18.457.372	175.294.568

**Gross undiscounted Best Estimate Claims Provisions**  
(absolute amount)

Year		Development year											Year end (discounted data) C0360	
		0	1	2	3	4	5	6	7	8	9	10&+		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		
Prior	R0100	0	0	0	6.709	1.895	7.935	8.073	8.073	7.130	205.974	5.000	R0100	4.820
N-9	R0160	0	0	30.474	3.741	11.447	10.470	10.460	10.460	8.007	206.499		R0160	198.947
N-8	R0170	0	79.997	32.682	3.615	7.046	1.088	0	390	0			R0170	0
N-7	R0180	2.156.032	99.496	53.768	53.806	56.867	43.153	42.415	46.454				R0180	44.787
N-6	R0190	3.869.359	335.708	25.035	22.819	26.035	17.140	15.841					R0190	15.271
N-5	R0200	4.335.431	173.370	17.320	33.159	12.693	6.631						R0200	6.388
N-4	R0210	5.281.852	165.510	84.195	84.302	37.682							R0210	36.448
N-3	R0220	4.686.479	155.180	56.859	25.111								R0220	24.176
N-2	R0230	4.577.488	182.161	27.210									R0230	26.028
N-1	R0240	5.659.942	140.358										R0240	135.698
N	R0250	5.375.649											R0250	5.183.434
	<b>Total</b>												<b>R0260</b>	<b>5.675.996</b>

S.23.01.01						
Own funds						
		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
S.23.01.02.01		C0010	C0020	C0030	C0040	C0050
Own Funds						
<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)	R0010	10.540.000	10.540.000			
Share premium account related to ordinary share capital	R0030	11.200.000	11.200.000			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	111.228.873	111.228.873			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
<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>						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230					
<b>Total basic own funds after deductions</b>	R0290	132.968.873	132.968.873			
<b>Ancillary own funds</b>						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					

Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
<b>Total ancillary own funds</b>	R0400					
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	132.968.873	132.968.873			
Total available own funds to meet the MCR	R0510	132.968.873	132.968.873			
Total eligible own funds to meet the SCR	R0540	132.968.873	132.968.873			
Total eligible own funds to meet the MCR	R0550	132.968.873	132.968.873			
<b>SCR</b>	R0580	<b>55.381.772</b>				
<b>MCR</b>	R0600	<b>13.845.443</b>				
<b>Ratio of Eligible own funds to SCR</b>	R0620	<b>240%</b>				
<b>Ratio of Eligible own funds to MCR</b>	R0640	<b>960%</b>				

<b>S.23.01.01.02</b>			
<b>Reconciliation Reserve</b>			
		<b>C0060</b>	
<b>Reconciliation reserve</b>			
Excess of assets over liabilities	<b>R0700</b>	132.968.873	
Own shares (held directly and indirectly)	<b>R0710</b>	0	
Foreseeable dividends, distributions and charges	<b>R0720</b>	0	
Other basic own fund items	<b>R0730</b>	21.740.000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	<b>R0740</b>	0	
<b>Reconciliation reserve</b>	<b>R0760</b>	<b>111.228.873</b>	
<b>Expected profits</b>			
Expected profits included in future premiums (EPIFP) - Life business	R0770	62.763.974	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0	
<b>Total Expected profits included in future premiums (EPIFP)</b>	<b>R0790</b>	<b>62.763.974</b>	

**S.25.01.21**  
**Solvency Capital Requirement - for undertakings on Standard Formula**

<u>S.25.01.21.01</u> <u>Basic Solvency Capital Requirement</u>			
		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	<b>R0010</b>	21.169.583	
Counterparty default risk	<b>R0020</b>	2.256.620	
Life underwriting risk	<b>R0030</b>	30.067.896	
Health underwriting risk	<b>R0040</b>	20.650.178	
Non-life underwriting risk	<b>R0050</b>	0	
Diversification	<b>R0060</b>	-22.065.900	
Intangible asset risk	<b>R0070</b>	0	
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>52.078.377</b>	

**S.25.01.21.02**  
**Calculation of Solvency Capital Requirement**

		Value
<b>Calculation of Solvency Capital Requirement</b>		<b>C0100</b>
Operational risk	<b>R0130</b>	4.593.699
Loss-absorbing capacity of technical provisions	<b>R0140</b>	0
Loss-absorbing capacity of deferred taxes	<b>R0150</b>	-1.290.303
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	<b>R0160</b>	0
<b>Solvency Capital Requirement excluding capital add-on</b>	<b>R0200</b>	<b>55.381.772</b>
Capital add-on already set	<b>R0210</b>	0
of which, capital add-ons already set - Article 37 (1) Type a	<b>R0211</b>	0
of which, capital add-ons already set - Article 37 (1) Type b	<b>R0212</b>	0
of which, capital add-ons already set - Article 37 (1) Type c	<b>R0213</b>	0
of which, capital add-ons already set - Article 37 (1) Type d	<b>R0214</b>	0
<b>Solvency capital requirement</b>	<b>R0220</b>	<b>55.381.772</b>
<b>Other information on SCR</b>		
Capital requirement for duration-based equity risk sub-module	<b>R0400</b>	
Total amount of Notional Solvency Capital Requirements for remaining part	<b>R0410</b>	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	<b>R0420</b>	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	<b>R0430</b>	
Diversification effects due to RFF nSCR aggregation for article 304	<b>R0440</b>	

## S.28.02.01

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

	Non-life activities		Life activities
	MCR <sub>(NL,NL)</sub> Result		MCR <sub>(NL,L)R</sub> result
	C0010	C0020	
<b>Linear formula component for non-life insurance and reinsurance obligations</b>	<b>R0010</b>	<b>1.929.622</b>	<b>0</b>

		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/S PV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	<b>R0020</b>	7.097.735	33.958.052	0	0
Income protection insurance and proportional reinsurance	<b>R0030</b>	0	0	0	0
Workers' compensation insurance and proportional reinsurance	<b>R0040</b>	0	0	0	0
Motor vehicle liability insurance and proportional reinsurance	<b>R0050</b>	0	0	0	0
Other motor insurance and proportional reinsurance	<b>R0060</b>	0	0	0	0
Marine, aviation and transport insurance and proportional reinsurance	<b>R0070</b>	0	0	0	0
Fire and other damage to property insurance and proportional reinsurance	<b>R0080</b>	0	0	0	0
General liability insurance and proportional reinsurance	<b>R0090</b>	0	0	0	0
Credit and suretyship insurance and proportional reinsurance	<b>R0100</b>	0	0	0	0
Legal expenses insurance and proportional reinsurance	<b>R0110</b>	0	0	0	0
Assistance and proportional reinsurance	<b>R0120</b>	0	0	0	0
Miscellaneous financial loss insurance and proportional reinsurance	<b>R0130</b>	0	0	0	0
Non-proportional health reinsurance	<b>R0140</b>	0	0	0	0
Non-proportional casualty reinsurance	<b>R0150</b>	0	0	0	0
Non-proportional marine, aviation and transport reinsurance	<b>R0160</b>	0	0	0	0
Non-proportional property reinsurance	<b>R0170</b>	0	0	0	0



Linear formula component for life insurance and reinsurance obligations	Non-life activities	Life activities
	MCR <sub>(L,NL)</sub> Result	MCR <sub>(L,L)</sub> Result
	C0070	C0080
<b>R0200</b>	0	5.309.863

	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	<b>R0210</b>	0	12.116.145	
Obligations with profit participation - future discretionary benefits	<b>R0220</b>	0	0	0
Index-linked and unit-linked insurance obligations	<b>R0230</b>	0	403.761.307	
Other life (re)insurance and health (re)insurance obligations	<b>R0240</b>	0	0	
Total capital at risk for all life (re)insurance obligations	<b>R0250</b>	0		2.907.480.211

**Overall MCR calculation**

		C0130
Linear MCR	<b>R0300</b>	7.239.485
SCR	<b>R0310</b>	55.381.772
MCR cap	<b>R0320</b>	24.921.798
MCR floor	<b>R0330</b>	13.845.443
Combined MCR	<b>R0340</b>	13.845.443
Absolute floor of the MCR	<b>R0350</b>	6.700.000
		<b>C0130</b>
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>13.845.443</b>

**Notional non-life and life MCR calculation**

		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	<b>R0500</b>	1.929.622	5.309.863
Notional SCR excluding add-on (annual or latest calculation)	<b>R0510</b>	14.761.532	40.620.241
Notional MCR cap	<b>R0520</b>	6.642.689	18.279.108
Notional MCR floor	<b>R0530</b>	3.690.383	10.155.060
Notional Combined MCR	<b>R0540</b>	3.690.383	10.155.060
Absolute floor of the notional MCR	<b>R0550</b>	2.700.000	4.000.000
Notional MCR	<b>R0560</b>	3.690.383	10.155.060

The numbers presented in QRTs are rounded to the nearest integer.

