SOLVENCY AND FINANCIAL CONDITION REPORT.

Reporting Year 2023

Genikes Insurance

About the SFCR

General Insurance of Cyprus Ltd (“Company” or “Genikes Insurance” or “GI”) was incorporated in Cyprus as a limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company is a wholly owned subsidiary of the Bank of Cyprus Public Company Ltd.

Genikes Insurance transitioned into the Solvency II (“SII”) regulatory framework after implementing a comprehensive program of regulatory requirements in corporate governance, risk assessment and management, solvency and reserving as well as supervisory and public disclosure.

The purpose of the Solvency and Financial Condition Report (“SFCR” or “Report”) is to satisfy the public disclosure requirements according to Article 304 (1) of the Delegated Regulation (EU) 2015/35. The Report discloses the information referred to in Articles 292 to 298 of the Regulation under the following main areas: business and performance, system of governance, risk profile, valuation for solvency purposes and capital management. In addition, issued technical standards with regards to the procedures, formats and templates for the disclosures (Regulation 2023/895 issued in April 2023) were also considered in the preparation of the Report.

The Report has been prepared with reference date 31 December 2023 (“Reporting Year” or “Reporting Period”) and it was approved by the Company’s Board of Directors on 28th of March 2024.

Information disclosed in the SFCR has been subject to external audit. An audit report is issued by external auditors and relevant opinion can be found in the Appendix C of the Report. Contact details of the Company’s appointed external auditors are as follows:

PricewaterhouseCoopers Ltd
PwC Central, 43 Demostheni Severi Avenue,
CY-1080 Nicosia, Cyprus
Website: www.pwc.com.cy

The supervision of the Company is conducted by the Insurance Companies Control Service of the Cyprus Ministry of Finance (“Supervisory Authority” or “Regulator”). Contact details of the Company’s Regulator are as follows:

Insurance Companies Control Service
P.O. Box 23364,
1682 Nicosia, Cyprus
Tel. No: 22 602 990
Fax. No: 22 302 938
Email: insurance@mof.gov.cy
Website: www.mof.gov.cy

Genikes Insurance publishes its annual comprehensive Pillar 3 Disclosures on its webpage www.genikesinsurance.com.cy. The Company’s registered office is located at 4 Evrou street, Strovolos, P.C 2003, Nicosia, Cyprus.

Executive Summary

General Insurance of Cyprus Ltd is a member of the Bank of Cyprus Group of Companies ("BOC Group" or "Group"). Since its establishment, the Company has played a leading role in the development of the insurance industry and insurance awareness and gained a reputation as one of the most important and reliable insurance companies in Cyprus.

Genikes Insurance offers a wide range of non-life insurance plans including motor, fire, general liability, accident and health, engineering, marine and miscellaneous insurance. The Company is committed to continuously improving traditional non-life insurance plans, while at the same time developing new, innovative and flexible covers which satisfy the modern needs of every individual and business. It also maintains over time, a high level of client service at the time of sale as well as in claims handling.

A. Business and Performance

The Company's main lines of business are Motor, Fire and Liability classes, which in total account for 92% of the overall business portfolio. In 2023, the Company continued to operate in a challenging environment achieving high profitability levels. The premium production for the year increased by 10%, with total gross written premiums amounting to €65,0m (2022: €59,0m). The Company's insurance service result amounted to €15,6m (2022: €13,4m) higher from prior year due to higher insurance revenue and lower claims. The Company's total net claims ratio for Cyprus operations improved from 35,3% in 2022 to 28,1% in 2023 mainly driven by the motor and liability lines of business. Section A of the Report provides details of the overall business and performance of the Company within the reporting year.

B. System of Governance

In compliance with the regulatory guidelines for corporate governance the Company has established the "Three Lines of Defence" model as a framework for effective risk and compliance management and control.

The Company's Board of Directors ("BoD") bears the ultimate responsibility for ensuring that corporate governance arrangements within the Company are sufficient and appropriate to the size, nature and complexity of its business. By the end of 2023, the BoD consisted of 7 members, of which 2 were independent non-executive Directors, 1 non-executive Director and 4 executive Directors. All Directors were members of the Board throughout the year, apart from General Manager who resigned on 20th December 2023. New General Manager was appointed on 4th March 2024.

The Company's Board delegates authority to certain Committees in order to monitor and oversee specific aspects of the business. In addition, the Company has established and incorporated into its governance system the following key functions: Risk Management, Actuarial, Information Security, Data Privacy/Compliance and Internal Audit.

The Company ensures that all persons who effectively run the undertaking or hold other key functions at all times fulfil their professional qualifications, knowledge and experience and are of good repute and integrity. Genikes Insurance is committed on an ongoing basis to improve and enhance its corporate governance framework to ensure risk and compliance management. Section B of the Report provide details of the overall Company's governance system.

C. Risk Profile

The Company uses the standard formula to estimate its Solvency Capital Requirement ("SCR") according to which the SCR calculation is divided into risk modules. The main components of the SCR (before diversification) for the reporting year ended 31 December 2023 are as follows:

For the reporting year, Non-Life Underwriting risk, Counterparty Default risk and Market risk were the main components of the Company's SCR. Non-life underwriting risk components are premium, reserve risk and catastrophic events risk which are mitigated through the purchase of adequate reinsurance cover. The Company assesses and mitigates Counterparty Risk by monitoring exposures to ensure that are within its approved risk appetite limits. Also, the Company follows a defined Investment Policy which includes specific criteria and limits (qualitative and quantitative) for each category of asset in order to ensure that investments are made in a prudent manner.

As part of its risk management process, during the reporting year, the Company carried out stress and scenario testing for material risks through the annual process of Own Risk and Solvency Assessment ("ORSA"). Relevant results of the exercise were documented in the ORSA Report 2023 which was approved by the Company's BoD and submitted to the Supervisory Authority by the end of the year. Based on the assessment performed, the Company's risk profile lies within its defined risk appetite limits. In addition, within the reporting period the Company submitted to the Supervisory Authority its quarterly Quantitative Reporting Requirements according to the SII requirements.

Throughout the reporting year, Company achieved a strong SCR coverage ratio well within its risk appetite limits and regulatory minimum of 100%.

D. Valuation for solvency purposes

The valuation of assets and liabilities for SII purposes is the same as the Company's financial statements prepared under International Financial Reporting Standards ("IFRS") except for:

- Differences in the valuation of technical provisions and associated reinsurance recoverables.
- Revaluation of property held for own use for Solvency purposes not accounted for under IFRS.
- Intangibles and deferred acquisition costs recognised as assets under IFRS but valued at zero under SII.
- Differences in deferred tax measurement.

The statement of financial position of the Company for the current and prior reporting year is summarized as follows. Prior year results were restated based on IFRS 17 results.

	2023		2022	
	Statutory Accounts €'000	Solvency II €'000	Statutory Accounts restated €'000	Solvency II €'000
Total Assets	102.420	113.129	97.229	106.505
Total Liabilities, including technical provisions	59.438	72.332	57.854	68.401
Own funds / Equity	**42.982**	**40.797**	**39.375**	**38.104**

The following table represents the reconciliation adjustments (as described above) made to calculate Own Funds under SII for the reporting year:

Own Funds Reconciliation	2023 €'000
Equity (IFRS Financial Statements)	**42.982**
Difference in valuation of technical provisions (net)	137
Deferred Acquisition Costs	-
Premises valuation adjustment	-
Intangible assets	(2.634)
Differences in deferred tax valuation	312
Own Funds (Solvency II)	**40.797**

Prior year own funds reconciliation is as originally stated prior to the implementation of IFRS 17. Following the implementation of IFRS 17 the difference in valuation of technical provision is significantly lower since the measurement basis of insurance liabilities and assets is similar to the Solvency II basis. Own funds reconciliation for 2022 is presented in the following table:

Own Funds Reconciliation	2022 €'000
Equity (IFRS Financial Statements)	**42.108**
Difference in valuation of technical provisions (net)	3.252
Deferred Acquisition Costs	(5.441)
Premises valuation adjustment	(114)
Intangible assets	(2.256)
Differences in deferred tax valuation	555
Own Funds (Solvency II)	**38.104**

For the reporting year 2023, the Company's gross technical provisions calculated to €57,7m. The Company does not apply any matching and volatility adjustments nor any transitional measures for the valuation of technical provisions.

E. Capital Management

In terms of capital management, Genikes Insurance covered its SII Capital Requirements throughout the year 2023. The Company's SCR as at 31 December 2023 was estimated at €21,5m and was covered by €40,8m of eligible capital resources, providing a surplus of €19,3m. As at 31 December 2023, the SCR coverage ratio amounted to 190% and the MCR coverage ratio amounted to 671%. The movement in the SCR ratio from prior year arose mainly from the higher available capital as a result of higher profitability. The decrease in SCR amount is mostly driven by the decrease in Counterparty Default Risk required capital to €5,7m (2022: €6,9m), as a result of decrease in Type 1 exposures and the improvement in the credit rating of the main financial institution counterparty.

SCR Coverage	2023 €'000	2022 €'000
Own funds - Basic, Tier 1 Unrestricted	40.797	38.104
SCR	21.532	22.699
Surplus	**19.265**	**15.405**
SCR Coverage Ratio	**190%**	**168%**
MCR	6.076	5.862
MCR Coverage Ratio	**671%**	**650%**

The calculated SCR by risk module, at the end of the reporting period is as follows:

Solvency Capital Requirements by risk module	**2023 €'000**	**2022 €'000**
Market Risk	6.838	6.647
Counterparty Risk	5.737	6.988
Non-Life Underwriting Risk	13.237	13.491
Health Risk	406	432
Diversification BSCR	(6.258)	(6.570)
Basic SCR (BSCR)	**19.960**	**20.988**
Operational Risk	1.844	1.711
Loss absorbing capacity of deferred taxes	(272)	-
SCR	**21.532**	**22.699**
SCR coverage ratio	**190%**	**168%**
MCR	**6.076**	**5.862**
MCR coverage ratio	**671%**	**650%**

A Business and Performance

A.1 Business

General Insurance of Cyprus Ltd was incorporated in Cyprus as a limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Genikes Insurance is a wholly owned subsidiary of the Bank of Cyprus Public Company Ltd ("BOC" or "Parent" or "Bank") and is part of the BOC Group.

The principal activities of BOC involve the provision of banking, financial services and management and disposal of property predominately acquired in exchange of debt. BOC is a limited liability company incorporated in 1930 under the Cyprus Companies Law. The shares of BOC's parent company Bank of Cyprus Holdings Public Limited Company, a company incorporated in Ireland, are listed and trading on the London Stock Exchange and the Cyprus Stock Exchange. BOC remains a public company for the purposes of the Cyprus Income Tax Laws. More information on the entities of the BOC Group can be found in the Bank's Annual Financial Report published on the BOC website at www.bankofcyprus.com.

Since its establishment, Genikes Insurance has played a leading role in the development of the insurance industry and insurance awareness and gained a reputation as one of the most important and reliable insurance companies in Cyprus. Genikes Insurance is committed to continuously improving traditional non-life insurance plans, while at the same time developing new, innovative and flexible covers which satisfy the modern needs of every individual and business. It also maintains over time, a high level of client service at the time of sale as well as in claims handling.

Operations of the Company are performed through its Head Office, which is located in Nicosia and the five district branches (Nicosia, Limassol, Larnaca, Famagusta, Paphos). Each branch supports the sales activity and operates as a customer service center, in its geographical area of responsibility. By the end of the reporting period the Company employed 105 full time employees.

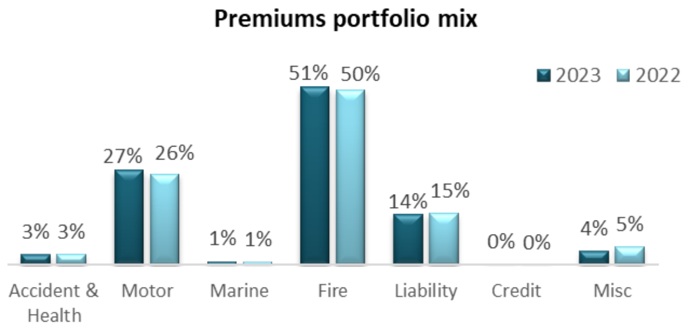
Genikes Insurance offers a wide range of non-life insurance plans including motor, fire, general liability, accident and health, engineering, marine and miscellaneous insurance and carries out business in Cyprus under the following Lines of Business ("LoB"):

Per Financial Statements Based on IFRS 17	Per Solvency II
Accident and Health	Medical expense
Motor	Motor vehicle liability, Other motor
Marine	Marine, aviation and transport
Property	Fire and other damage to property
Engineering	
General Third Party Liability	General liability
Miscellaneous financial loss	Credit and suretyship
	Miscellaneous financial loss

The Company engaged in insurance operations in Greece via its Branch "Kyprou Asfalistiki". In 2014, the Company entered into a co-operation agreement with another insurance company in Greece regarding the placement of the insurance operations of the Branch upon expiry of insurance policies issued by the Branch. Since then, the Branch has been in a run-off status.

A.2 Underwriting Performance

Gross written premiums portfolio mix for the year ended 31 December 2023 and 2022 is presented in the following graph:



No material changes are noted in the Company's portfolio composition compared to prior year. Fire continues to be the most material LoB with a share of 51% (2022: 50%).

As per the financial statements the Company's underwriting performance is summarised as follows. The below table reflects the result of the Company as measured under IFRS 17 'Insurance contracts' as adopted for the year ended 31 December 2023 by the Company. For more details refer to Section A.5.2 – implementation of IFRS 17.

Underwriting performance	2023 €'000	2022 restated €'000
Insurance revenue	63.877	58.852
Insurance expense	(31.908)	(31.881)
Insurance service result before reinsurance contracts held	**31.969**	**26.971**
Allocation of reinsurance Premium	(25.682)	(20.886)
Amounts recoverable from reinsurers for incurred claims	9.360	7.288
Net expense from reinsurance contracts held	**(16.322)**	**(13.598)**
Insurance service result	**15.647**	**13.373**
Insurance finance (expenses)/income for insurance contracts issued	(1.269)	604
Reinsurance finance income/(expenses) for reinsurance contracts issued	449	(150)
Net insurance financial result	**(820)**	**454**
Net insurance result	**14.827**	**13.827**
Break down by LoB:		
Insurance contracts issued		
Motor	2.796	1.056
Property	17.916	17.171
General Third Party Liability	3.667	2.828
Accident and Health	1.219	842
Marine	236	353
Engineering	1.507	1.005
Miscellaneous Financial Loss	3.359	4.320
Total	**30.700**	**27.575**
Reinsurance contracts held		
Motor	(1.248)	820
Property	(8.880)	(8.448)
General Third Party Liability	(636)	(479)
Accident and Health	(666)	(311)
Marine	(48)	(109)
Engineering	(1.260)	(804)
Miscellaneous Financial Loss	(3.135)	(4.417)
Total	**(15.873)**	**(13.748)**
Net insurance result	**14.827**	**13.827**

Underwriting performance	2023 €'000	2022 restated €'000
Cyprus operations	14.689	13.754
Greek operations	138	73
Net insurance result	**14.827**	**13.827**

Key Performance Indicators (KPI's)	2023 %	2022 %
Net Claims Ratio		
Motor	58,1	62,8
Fire	15,0	18,8
Liability	19,3	34,8
Total Net Claims Ratio	**28,1**	**35,3**
Gross Expenses Ratio	**31,5**	**30,7**

The premium production for the year increased by 10%, with total gross written premiums amounting to €65,0m (2022: €59,0m).

The insurance service result increased by approximately 17% and amounted to €15,6m in 2023, compared to €13,4m in 2022, whilst profit before income tax increased from €6,6m in 2022 (restated based on IFRS 17) to €17,7m in 2023. The increase is mainly attributable to higher insurance revenue and investment returns (please refer in Section A.3 – Investment Performance) in year 2023 compared to 2022, as well as one-off insurance compensation income of €5.1m.

The Company maintains adequate reinsurance coverage at all times, to reduce the volatility of the claims and underwriting performance. The Company's total net claims ratio for Cyprus operations decreased to 28,1% in 2023 from 35,3% in 2022. Net claims ratio decrease was mainly driven by the motor and liability lines with loss ratios of 58,1% and 19,3% respectively.

A.3 Investment Performance

The Company's investments comprise mainly of cash and deposits, bond funds and properties. Performance and information on income and expenses arising from investments by asset class is presented in the following table:

	Investment income		Investment expenses		Realised gains/(losses)		Unrealised gains/(losses)	
Asset Class	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000	2023 €'000	2022 €'000
Cash and deposits	2	2	-	-	-	-	-	-
Investment funds	-	-	147	148	23	(58)	1.888	(1.967)
Investment properties	24	29	-	-	-	-	(11)	(363)
Investment in subsidiary	-	-	-	-	-	-	(2)	43
Other	24	14	-	-	-	-	-	-
Total	**50**	**45**	**147**	**148**	**23**	**(58)**	**1.875**	**(2.287)**

Investment funds' performance increased due to favourable market conditions prevailing especially in the last quarter of 2023 which resulted in unrealised gains of €1,9m compared to unstable conditions in 2022 resulting in losses of €2,3m.

Investment property prices remained relatively stable in 2023 compared to 2022, resulting in a small revaluation loss of €11k compared to a loss of €363k in prior year. Other investment income is higher compared to last year, mainly due to the higher interest rates and dividend received during the reporting period.

A.4 Performance from other activities

A.4.1 Lease arrangements

The Company maintains various operating lease arrangements both as a lessor and a lessee, mainly for commercial real estate. The annual rent receivable in 2023 amounted to €24k (2022: €29k) and the annual rent payable amounted to €412k (2022: €412k) in respect of these arrangements.

During the year, the Company proceeded with a reassessment of its existing leasing arrangement as a lessee with a company under common control in respect of its new Head Office premises. As a result of this change and under the provisions of IFRS 16, the Company recognised an additional right of use asset of €342k and an equivalent amount of lease liability.

A.5 Highlights during the reporting period

A.5.1 Strong Solvency Position

During the reporting year, Genikes Insurance submitted to the Regulator its quarterly Quantitative Reporting Requirements according to the SII requirements. Throughout the reporting year, Company achieved a strong SCR coverage ratio well within its Risk Appetite limits and regulatory minimum of 100%.

A.5.2 Implementation of IFRS 17

The Company finalised the implementation of the IFRS 17 Insurance Contracts which replaced IFRS 4 Insurance Contracts, fully adopting the new accounting standard as at 1 January 2023. Under IFRS 17, the Company’s insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (“PAA”). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17. During 2023, the Company, reported on a quarterly basis to the parent its results based on the IFRS 17 requirements. The Company has transitioned to IFRS 17 using the full-retrospective approach, restating its comparative figures. To this end, comparative information in the SFCR Report relating to IFRS figures and results for the year ended 31 December 2022 have been restated, where appropriate, as noted in the Report.

A.5.3 Economic and geopolitical environment

Cyprus is a small, open, services-based economy, with a large external sector and high reliance on tourism and international business services. As a result, external factors which are beyond the control of the Company, including developments in the European Union and in the global economy, or in specific countries with which Cyprus maintains close economic and investment links, or regions, can have a significant impact on domestic economic activity. A number of macro and market related risks, including weaker economic activity, a higher interest rate environment for longer, and higher competition in the financial services industry, could negatively affect the Company’s business environment, results, and operations.

The Company is closely monitoring the situation developing in the Middle East. The conflict may last long, and may spread regionally, involving many more powers. The Middle East is a particularly important region in the world because of its oil resources, and as a result it has been and remains a focal point where conflicts and geopolitical strategies in the world are increasingly converging. The Middle East has been the source of major geopolitical tensions and alliances since the 1960s. The current conflict if not contained can potentially disrupt oil supplies and lead to a global slowdown even recession.

Similarly, with the continuation of the war in Ukraine, the potential for escalation will remain until a peace settlement is found. In the meantime, the threat of renewed supply disruptions and heightened shortages remains.

In Cyprus, financial sector exposure to foreign markets has been reduced since the 2013 banking crisis. Although, there have been distinct improvements in Cyprus’ risk profile after the banking crisis, substantial risks remain. Cyprus’ overall country risk is a combination of sovereign, currency, banking, political and economic structure risk, influenced by external developments with substantial potential impact on the domestic economy. Given the above, the Company recognises that unforeseen political events can have negative effects on the Company's activities, operating results, and market position.

Interest rates in the US and the eurozone probably peaked in the third quarter as headline inflation continues to decline while core inflation proves stickier. Amidst a high interest rate environment, financial stability risks will remain elevated.

Cyprus demonstrates relative strength and resilience in this environment with a growth outlook that outweighs average growth in EU and with inflation dropping at a faster pace in comparison. Economic momentum is expected to continue in 2023 at a slower pace, driven mainly by the expected deterioration of external demand, as well as slowing domestic demand caused by still high consumer price inflation.

Cyprus' risk profile has improved significantly, but substantial risks remain in the domestic environment and in the external environment on which it depends. The most important factor weighing on Cyprus' sovereign risk is the high level of public debt. Banks have weathered the pandemic crisis well, with their liquidity and capital buffers intact. Non-performing loans continued their downward trend, mainly due to the sale packages of the two largest banks. However, in an uncertain environment, asset quality remains a focus for bank management and supervisors.

The Company believes it is reasonably well positioned to withstand volatility that may arise from a deterioration in the geopolitical and global economic environment.

A.5.4 Digital Strategy

As Genikes Insurance is operating into an evolving insurance landscape and digital transformation is one of its main strategic pillars. During 2023, Company implemented and delivered a number of planned digital transformation projects like the customer portal, claims system, e-signature and mpos/softpos, that will modernise further the services to be provided to customers and business partners and will allow for internal efficiencies.

A.5.5 Governance, compliance and risk management

The governance procedures and structure within the Company promote solutions so that compliance and risk management enact as business enablers in the Company's future development. The Company's aim is to proactively identify and manage risks arising from key initiatives to ensure the achievement of the strategy over the planning horizon.

A.5.6 Climate change

The Company's Management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the financial position, and the future effects on the Company's activities and business plans are difficult to predict. Management continues to monitor developments in this area and will respond as necessary to ensure the Company's viability and will adopt all regulatory guidelines if and when these are issued in the markets in which the Company operates.

A.5.7 Social Responsibility

Genikes Insurance is a socially responsible Company, with initiatives to support road and home safety. In 2023, the Company sponsored a Road Safety event, organized by Support CY and Cyprus Police. During the event, members of Support CY and the Police educated the public on road safety issues. Furthermore, Genikes Insurance provided free insurance cover for the SupportCY volunteers. To further educate on road safety, the Company created an informative leaflet with the differences in the traffic code and regulations of driving in Greece, circulated to all ship passengers. Another important initiative was the promotion of three impactful video clips with testimonials by staff of the Ambulance Service, Police Traffic Department, and Fire Department on road safety. In terms of being safe-at-home, considering the need for informing and raising children's awareness on safety issues in their home, the Company sponsored and presented a theatrical performance called "The Hero of the Home" for kindergarten and elementary students, hosted in school premises. The theatre presented, in a creative and comprehensible way the dangers arising at home from children's accidents, electricity, earthquake and emphasizes how children can understand, assess, and deal with these dangers safely. In addition, it gave them the opportunity to be trained in simple and safe ways to prevent these risks. Beyond this, the Company participated in the Fire Service and SupportCY initiative to educate the public on preparing for and responding to natural disasters (floods in particular).

A.6 Events after the reporting date

There were no significant events after the reporting date.

B System of Governance

B.1 General information on the system of governance

The Company complies with the regulatory guidelines for corporate governance and has established the "Three Lines of Defence" model as a framework for effective risk and compliance management and control. This framework defines the responsibilities in the management process of risk ensuring adequate segregation in the oversight and assurance of risk.

The organisational structure and reporting lines of the Company are designed to:

- Enable apportionment of responsibilities and clear accountability.
- Ensure the prudent and effective management of the Company.
- Facilitate prompt transfer of information to all persons who need it.
- Prevent any conflicts of interest.

The Company has also established and incorporated into its governance system the following key functions:

- Risk Management Function/Information Security,
- Actuarial Function,
- Internal Audit Function,
- Compliance Function.

<u>First Line of Defence:</u> This refers to functions that own and manage risks as part of their responsibility for achieving objectives and are responsible for implementing corrective actions to address process and control deficiencies (i.e Claims, Technical/Underwriting, Business Lines etc). It comprises of management and staff of business lines and functions who are directly aligned with the delivery of products and/or services. The First Line has the day-to-day responsibility for:

- Implementation of policies / procedures.
- Risk identification and effective management of risk.
- Compliance with all limits applicable to their operations.
- Smoothly operating controls within their scope of ownership/role.
- Escalation and reporting of risk issues.
- Protection of own information and information assets accordingly.

The First Line of Defence ensures controls are designed into systems and processes under the guidance of the Second Line of Defence.

<u>Second Line of Defence:</u> This refers to the bodies of the Company that provide challenge and oversight over the activities of the first line of defence and include the Risk Management, Actuarial Function, Information Security, Data Privacy and Compliance functions. The Second Line of Defence establish policies and guidelines that the business lines should operate within.

<u>Third Line of Defence:</u> This refers to bodies that provide independent and objective assurance of the effectiveness of the Company's systems of internal control established by the First and Second Lines of Defence. In practice, this is the Internal Audit Function ("IAF") and ultimately the responsible BoD Committees. The Company outsources IAF to BOC Internal Audit Division.

B.1.1 Main roles and responsibilities of the Administrative, management or supervisory body

The Company's Board of Directors ("BoD") bears the ultimate responsibility for ensuring that Corporate Governance arrangements within the Company are sufficient and appropriate to the size, nature and complexity of its business. The BoD of the Company delegates authority to certain Committees in order to monitor and oversee specific aspects of the business. Delegating to specialised Committees, does not in any way release the BoD from collectively discharging its duties and responsibilities. Specifically, the BoD has regular and robust interaction with the Committees it establishes, requesting information from them proactively and challenging it when necessary.

The BoD maintains overall responsibility for the management of the Company, including ultimate oversight of the Company's operations. The BoD organises and directs the affairs of the Company in a manner that seeks to protect its policyholders' interests, maximise the value of the Company for the benefit of its shareholder, while complying with regulatory requirements and relevant governance standards.

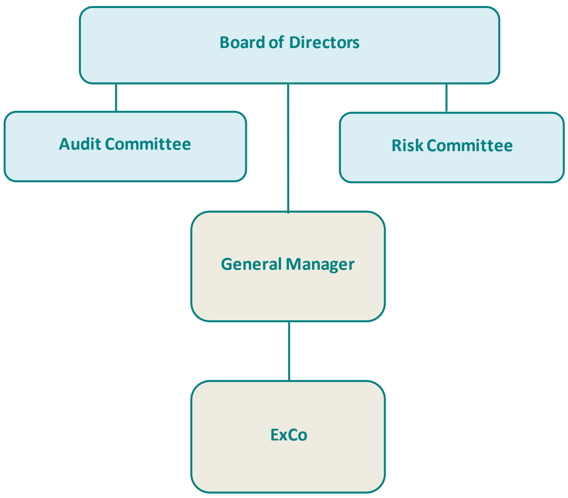
In performing its overall oversight function, the BoD reviews and assesses the Company's strategic and business planning, its solvency, as well as the Management's approach to addressing significant risks and challenges facing the business. In performing its oversight function, the BoD maintains frequent, active and open communication and discussions with Management.

The main responsibilities of the Company's BoD are as follows:

- Consider and approve the business strategy; approve and monitor the implementation of business objectives of the Company.
- Oversee the internal control functions and confirm adequacy of the control environment.
- Oversee risk management and establish appropriate and prudent risk management policies. Approve all relevant policy documentation and any exceptions to such policies.
- Understand the capital needs of the Company and oversee the Company's capital management and liquidity.
- Oversee Management. The Board selects and when necessary, replaces Management members and puts in place an appropriate plan for succession.
- Ensure high ethical standards in doing business.
- Assess the governance structure periodically to ensure that it remains appropriate in light of growth, increased complexity etc.

By the end of 2023, Company's BoD consisted of seven members, of which two were independent non-executive Directors, one non-executive Director and four executive Directors. BoD meets at regular intervals and at least 4 times a year. Within 2023, the BoD convened 5 times.

The structure of the Company's administrative, management or supervisory body at the end of the reporting period was as follows:



Board Committees

The BoD has established two Committees, the Audit Committee (“AC”) and Risk Committee (“RC”), to assist it in discharging its obligations. The terms of reference of the Committees define the responsibilities, composition and meeting requirements.

Audit Committee

The role of the AC is to review and monitor the effectiveness of the Company’s internal control system, the integrity of the Company’s financial statements, the effectiveness and adequacy of the internal and external audit processes, the Company’s relationship with the external auditors and the effectiveness of the Company’s Compliance Function.

The Chairperson of the AC is an independent Non-Executive Director who reports to the BoD the activities of the Audit Committee. The AC consists of three non-executive Directors and at least two members are independent. The AC shall meet at regular intervals and at least 4 times a year. During the reporting year 2023, the AC convened 4 times.

Risk Committee

The RC is an advisory Committee to the BoD which it assists with the formulation of the Company’s overall risk strategies and policies for managing significant business risks and is responsible for designing and implementing the Company’s Risk Management Framework.

The Chairperson of the RC is an independent Non-Executive Director who reports to the BoD the activities of the Risk Committee. The RC consists of three non-executive Directors and at least two members are independent. The RC shall meet at regular intervals and at least 4 times a year. During the reporting year 2023, the RC convened 4 times.

Executive Committee

In addition to the BoD Committees and in order to promote the effective operation of management, the Company has set up the Executive Committee (“ExCo”) which consists of members of the Company’s Executive Management and is chaired by the General Manager who has the overall responsibility and oversight for all business operations of the Company.

The ExCo is responsible for the implementation of the business plan and strategy set by the BoD and for the overall coordination of all internal business areas and functions within the Company. In addition, it is responsible for the regular review of the Company’s performance, strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken in a timely manner.

The ExCo or ExCo members also act as and/or participate in:

- Information Technology Steering Committee to review, monitor and prioritise major Information Technology projects.
- Business Development Committee, to review and take decisions regarding promotional and selling activities, business campaigns, launching of new products etc.
- Claims Committees to review, discuss and determine the disposition of insurance claims.
- Reinsurance Committee to address and decide reinsurance subjects and issues.

B.1.2 Material changes in the system of governance during the reporting period

All Directors were members of the Board throughout the year, apart from General Manager who resigned on 20th December 2023. New General Manager was appointed on 4th March 2024.

There have been no other material changes in the system of governance during the reporting period.

B.1.3 Remuneration Policy

The Company follows the BOC Group Remuneration Policy.

The Company's objective to attract, develop, motivate and retain high value professionals is considered fundamental in achieving its goals and objectives and ensuring that the right people are in the right roles whilst managing its remuneration strategy and policies in a manner aligned with its shareholders.

The BOC Group's aim is to align its Remuneration Policy and human resources practices, with its long term objectives, its risk tolerance, capital and liquidity availability, the interests of its shareholders and ensure that they are consistent with and promote sound and effective management of risk and do not encourage excessive risk-taking.

The main form of remuneration of Executive Management and staff is fixed remuneration which comprises of salary and applicable allowances as determined by job value, individual contribution, employment contracts, collective agreements and relevant employment legislation.

Variable remuneration refers to the additional discretionary remuneration paid as an incentive for increased productivity and competitiveness. In the year 2023, the Company established a Short-Term Incentive Plan. This involves variable remuneration in the form of cash to selected employees, and will be driven by both delivery of the Company's Strategy, as well as individual performance. Within the reporting year 2023, no other variable remuneration or discretionary pension payments were granted.

The remuneration of non-executive members of the BoD is not linked to the profitability of the Company. It is related to the responsibilities and time devoted for Board meetings and for their participation in the Committees of the Board.

B.1.4 Material transactions with shareholders, with persons who exercise significant influence and members of the administrative, management or supervisory body

BOC is a tied insurance intermediary of the Company and accounts for a significant share of the Company's premiums that are written through the Bank's network. In return for this business the Company incurs commission expenses. Other transactions with BOC within the reporting period, include the payment of dividends, insurance and rental arrangements and interest income earned on bank deposits.

Transactions with members of the BoD and Executive Management include Directors' fees, salary compensations and retirement benefit plan contributions, as well as the collection of insurance premiums and payment of claims in the normal course of business.

B.2 Suitability requirements

The Company ensures that all persons who effectively run the undertaking or hold other key functions at all times fulfil the following requirements:

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

A person is considered to have a good reputation if there is no reason to assume anything to the contrary. Any indications that may give rise to well-founded doubts about the ability of that person to ensure reliable and prudent management may adversely affect his good reputation.

When evaluating the experience, skills and knowledge of a person, the Company considers the nature and extent of a number of matters. Such factors include but are not limited to:

- The person's character, competence and suitability relative to the duties involved, including whether the person:
  - Possesses the necessary skills, knowledge, expertise, diligence and soundness of judgment to undertake and fulfil the particular duties and responsibilities of the particular position.
  - The level and object of the individual's education and whether it is relevant to the sector or other relevant sectors such as economics, law, management, etc.
  - Studies equivalent to a university degree or a recognised professional qualification relevant to financial matters and an adequate knowledge of the sector.
- Knowledge in financial markets, regulatory framework, strategic planning and corporate management, risk management, company organisation, governance and control, accounting, actuarial.
- Interpretation of key insurance figures.
- Adequate professional experience in corporate management or supervisory and control functions.

In addition to the above, the following governance criteria are also evaluated:

- The person does not have a conflict of interest in performing the duties of the position or, if there is a conflict of interest, the Company must conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of the position.
- The individual is able to commit the necessary time to his duties.
- The individual's ability to perform his duties independently without undue influence from others.
- The composition of the BoD, the collective knowledge and experience.

The Company applies the following processes and procedures to ensure that individuals are suitable:

- Training: The Company ensures that all individuals receive appropriate training for maintaining their competence.
- Appraisals: Management carries out annual appraisals to review staff's current performance and establish goals for the upcoming year.
- Annual Declaration: Assessed persons (BoD members, General Manager, Key persons influencing decision making) are required to submit on an annual basis a declaration of any changes to ensure that they remain suitable.
- Board assessment: The Corporate Governance Compliance Officer ("CGCO") is responsible for assessing and evaluating the performance of the BoD, its Committees, the Directors and the Chairperson on an annual basis. For the purposes of assisting such assessment by the CGCO and providing constructive input for the improvement of the BoD as a whole, the BoD adopts a self- assessment policy on its effectiveness and performance through the completion of specific questionnaires.

B.3 Risk management system

B.3.1 Risk management framework

The Corporate Governance framework for the management of risks within the Company is based on the "Three Lines of Defence" model as described in previous sections.

The "First Line of Defence" is the business line Management and staff who are responsible for identifying, managing and reporting risks (Underwriting, Claims, etc.). The "First Line of Defence" is controlled by the "Second Line of Defence" functions (Risk Management, Actuarial, Compliance and Information Security). The work of the Risk Management Function ("RMF") is supervised by the Risk Committee, the BoD Committee with responsibilities for risk management. The risk governance framework is complemented by the "Third Line of Defence" which is the Internal Audit Function ("IAF"), which provides an independent assurance to the BoD on the performance and effectiveness of the risk management system within the Company.

The Company's risk management framework objectives are to provide:

- A clearly defined and well documented risk management strategy that:
  - Sets the Company's risk management objectives, key risk management principles, and assignment of responsibilities for risk across all the activities of the Company.
  - Defines the Risk Appetite Framework which sets the holistic approach of the Company in setting, communicating and monitoring its risk appetite. Risk appetite is defined as the aggregate level and types of risks the Company is willing and able to assume under normal course of activity, in order to achieve its strategic objectives and business plan.
  - Is consistent with the Company's overall business strategy.
- Adequate written policies that:
  - Include a definition and categorisation of the material risks faced by the Company by type, and the levels of acceptable risk limits for each risk type.
  - Implement the Company's risk strategy.
  - Facilitate control mechanisms.
  - Take into account the nature, scope and time horizon of the business and the risks associated with it.
- Appropriate processes and procedures which enable the Company to identify, assess, manage, monitor and report the risks it is or might be exposed to.

As noted above, Company's risk strategy is a core element in the overall risk management framework, as it defines the strategy that needs to be followed in order to manage the risks that the Company faces while implementing its business strategy. With this risk strategy, Genikes Insurance aims to:

- Maintain sufficient solvency to meet regulatory and internal requirements.
- Ensure that has sufficient liquidity to meet its liabilities as they fall due.
- Remain a profitable company in the non-life insurance sector and
- Protect its reputation and brand image.

B.3.2 Risk Management Function

The Risk Management Function ("RMF") is responsible for coordinating all risk management activities and comprises of the Head of Risk Management and specialised staff.

The RMF is free from influences that may compromise their ability to undertake their duties in an objective, fair and independent manner. The RMF cooperates with business functions/departments to carry out its role and has a reporting line to the BoD, through the Risk Committee, through which it is possible to escalate issues and act independently from Management. It also has a direct reporting line to the BOC Group's Risk Committee through the BOC Group's Risk Management Function in order to ensure its operational independence and safeguard its ability to escalate important issues.

The main roles and responsibilities of the RMF in the risk management framework are defined below:

- Support the BoD in the determination and implementation of the risk strategy and capital planning.
- Coordinate the implementation of the risk management framework.
- Evaluate and monitor the level of regulatory capital available to meet risk strategy and business objectives.
- Ensure that the eligible own funds are adequate to cover SCR and MCR.
- Regular reporting to Management and Risk Committee.
- Review the appropriateness of the risk strategy by reference to Company objectives, risk appetite statement and limits, and inform the Risk Committee of any changes that may be required.
- Monitor material risk exposures on an ongoing basis.
- Develop internal risk methodologies and models.
- Escalate breaches to appropriate authority.

B.3.3 Risk management methodology

Risk management methodology follows the stages below for all categories of risks:

- Risk Identification
- Risk Measurement
- Risk Mitigation
- Risk Monitoring
- Risk Reporting

Risk identification

Risk identification is the process followed to identify and record all material risk exposures that arise from the Company's activities. Material risks are identified both formally, through the annual review of the Company's risk strategy, and informally as they arise in the course of business. The risks are assessed based on the severity of adverse impact that they could have on the Company if they were to be crystallised.

The risk identification is performed jointly by the Business Functions/Departments and the RMF and is documented in the Company's Risk Register. Risk identification is performed at all levels of business as listed below:

- Existing risk identification.
- Emerging risk identification.
- Risks identified following the recording of loss events.
- Risks identified through internal audit, compliance and information security reports.
- Risk and Control Self – Assessment ("RCSA") process.

Risk measurement

Once risks are identified, the measurement procedure is performed by all departments/functions on an annual basis in cooperation with the RMF. Material risks are considered more carefully, in order to measure their impact precisely using qualitative and quantitative techniques. The methodology used to classify risks (low, medium, high or critical) in terms of materiality is based on the "impact and likelihood" method. The impact is measured either in quantitative or qualitative terms (i.e economic loss, capital loss, reputational loss etc.).

Risk mitigation

The Company recognises that the prevention of the impact of new/existing risks is achieved through a solid system of internal governance and controls. The Company strives to maintain a strong system of internal controls and governance commensurate with its risk profile and in full compliance with the relevant laws and regulations. Business Functions/Departments are responsible to implement the appropriate control procedures for all business processes.

Risk monitoring

The monitoring of risk exposures is a joint responsibility between all three lines of defence in the risk management framework, consisting of prudent and regular review of both tolerance levels and exposure levels. The RMF has the responsibility to ensure that all material risk exposures are monitored on an ongoing basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk Committee. All risk monitoring is undertaken in the context of the BoD's risk appetite.

Key Risk Indicators ("KRIs") metrics are established in order to monitor variables which indicate the possibility of losses.

Risk reporting

The RMF, through a set of reports prepared on a regular basis, keeps all interested and involved persons informed of its activities and the findings of the analyses it carries out. Main reports that are prepared on an ongoing basis during each year include:

- ORSA Report - to communicate outcome of the ORSA process and describe the risk profile of the Company,
- Risk Management Reports - to describe the risk profile of the Company, highlight risk monitoring results and provide suggestions for managing any exposures,
- Risk Dashboards - to highlight monitoring results for key quantitative risk metrics and
- Ad-hoc Reports – to provide an overview of any assessments performed on ad-hoc matters (i.e geopolitical developments, market risk trends etc)

B.4 Own Risk and Solvency Assessment

The Company conducts an Own Risk and Solvency Assessment ("ORSA") in order to monitor the risks it is exposed to and assess the impact of these risks on the capital adequacy (current and future) of the business. ORSA goes beyond determining the capital needs determined by solely applying standard formula and considers stress scenarios and other non-quantifiable risks and determines how these risks are translated into capital needs. The ORSA is used by the BoD to make future business decisions and to ensure that any risk remaining after controls have been applied is within the Company's risk appetite.

The Company's assessment in terms of risk and solvency is crucial for the implementation of a risk-based regime. The risk-based approach requires that the Company holds an amount of own funds commensurate with the risks which is or may be exposed to. In addition to having sufficient eligible own funds to cover the regulatory capital requirements, the Company assesses the adequacy of this regulatory capital requirement to its individual risk position. This allows the management to take into account all the risks associated with the Company's business strategies and define the required level of capital that the Company needs to cover such risks.

By the end of the reporting year 2023, the Company has prepared and submitted to the Supervisory Authority its ORSA Report following its approval by the BoD.

B.4.1 Process for performing the ORSA

The Company follows the steps below to implement its ORSA:

Driving factors

The Company defines the driving factors before ORSA planning – i.e. size and complexity, importance to the sector, proportionality issues, internal governance issues, supervisory perceptions about the Company and supervisory expectations in relation to ORSA, etc.

Risk identification

Risks are identified both formally, through the annual review of the Company's risk strategy, and informally as they arise in the course of business and all of them are documented in the risk register of the Company. The risk register includes a description of the specific risk together with any controls adopted by the Management in order to mitigate it. The risk identification includes risks considered in the SCR formula, as well as risks not included in the standard formula such as liquidity, strategic, business risks, reputational etc.

Risk measurement

Once risks are identified, the measurement of material risks through the standard formula as provided by the EIOPA is performed.

Capital allocation

Following the risk measurement results in respect of the risks identified in the risk register, the Company determines the need for any additional capital over and above the SCR based on:

- Its existing risk profile, and
- By taking into account risks that are not captured in the standard formula calculation (e.g. liquidity risk, reputational risk, strategic risk).

Link with financial plan
Based on the strategic objectives, financial projections and assumptions on future economic conditions, the Company prepares its capital planning for the next 4 years, which must be aligned with the risk appetite statement.

Stress and scenario testing
As mentioned above, the Company maintains a repository for all risks identified in its risk register. These risks mainly include discrete operational events which are considered for the purposes of the ORSA exercise and modelled onto the Company's financial outlook. This provides the Company with insight into how sensitive its financial health is to changes around individual risks. But measuring individual risks discretely does little to illuminate a more complex landscape of interrelated risks that often move together in the real world. Therefore, the Company takes the further step of coherently clustering risks together into combined scenarios and carries out reverse stress testing by assessing scenarios and circumstances that would render its business unviable, thereby identifying potential business vulnerabilities. Based on the results of stress and scenario testing, actions are developed that can be taken in case the risks are crystallised in the future.

Communication of the ORSA results
The ORSA report presents the results and findings of the ORSA exercise to the Management and BoD of the Company. The preparation of the report is coordinated by the RMF and is based on the results and calculations received by the Actuarial Function ("AF") and the Financial Control Department ("FC").

Decision making
The Company's risk and solvency assessment is crucial to the decision-making process and serves a critical role in the development, implementation and monitoring of management strategies:

- Risks assessed as high in the ORSA are also considered in the strategic planning of the Company.
- Improvements in the governance, risk and capital management processes suggested in the ORSA document are implemented by the Company.

The BoD uses the output of the ORSA exercise to review the Company's risk profile and assess whether the profile exceeds or approaches the risk appetite limits set. If this is the case, the BoD decides whether to amend the risk appetite limits or mitigate the risk.

B.5 Internal control system

B.5.1 Internal control system description

Internal Control is an important aspect of corporate governance, since a system of effective internal controls is fundamental to the safe and sound management of the Company by reducing the possibility of significant errors and irregularities and by assisting in their timely detection when they do occur. Effective internal controls help the Company to protect and enhance shareholders' value and reduce the possibility of unexpected losses or damage to its reputation.
Every member of the Company has a role in the system of internal control. Internal control is people-dependent and its strength depends on personnel's attitude toward internal control and their attention to it:

- The BoD is responsible for setting the strategy, tone, culture and values of the Company.
- Management is responsible for the implementation of internal control culture and principles.
- Risk Management, Compliance and Actuarial Functions must assess both the internal and extract risks that Company faces.
- The Internal Audit Function assess the effectiveness of the internal control system through the specific engagements performed.

The Company's internal control system comprises of five interrelated components which are discussed below:

- **Control Environment:** All parts of the control environment of the Company are influenced by the actions and decisions of Management. The organisational structure of the Company sets the level of responsibility and defines appropriate and clear internal reporting relationships. Management reviews the organisational structure of the Company and identifies segregation of duties issues and takes the appropriate corrective actions before conflicts can arise. Management ensures that employees are aware of their duties and responsibilities and receive the required guidance and training to ensure proper workflow. Authority and responsibility are clearly assigned throughout the Company and are properly communicated to all employees.

- **Risk Assessment:** The Management has established a process to identify and consider the implication of external and internal risk factors concurrent with establishing entity wide objectives and plans. Management employs qualitative and quantitative methods to identify risk and determine relative risk rankings.
- **Control Activities:** The Company has appropriately documented policies and procedures, in place for each of its business areas (e.g. Underwriting, Claims, Reinsurance, Investments, etc.) and control functions (Risk, Actuarial, Data Privacy and Compliance, Information Security). Management oversees the implementation of the Company's policies and procedures and ensures that control activities are properly applied.
- **Reporting:** The Company has clear reporting and communication lines in relation to the Company's plans, objectives, control environment, risks, control activities, and performance. Personnel understand their own role in the internal control system, as well as how their individual activities relate to the work of others. The Company's management information system supports the frequent and structured reporting across all levels of the organisation. The Company's reporting framework identifies the types of internal reporting, its frequency and the Individuals/Departments responsible for their preparation.
- **Monitoring:** The Company has established the necessary monitoring mechanisms that facilitate the understanding of the Company's situation and provide the BoD with relevant information for the decision-making process. Regular monitoring occurs during normal operations and includes ongoing management activities and actions taken by all personnel when performing their duties. The Internal Audit Function maintains an audit universe with all main operations and regulatory obligations of the Company and decides which areas to audit, following a risk-based approach.

B.5.2 Compliance Function

The Compliance Function ("CF") is part of the Second Line of Defence in the Company. The mission of the CF is to effectively apply throughout the Company a corporate culture of ethics characterized by high standards of integrity, transparency, confidentiality and regulatory compliance. The CF supports the Management in managing all forms of compliance risk (including regulatory, corporate governance, data privacy, and sanctions compliance risks) and embedding and improving compliance arrangements in all levels and structures of the Company.

CF is headed by the Legal & Compliance Manager ("LCM"). In relation to her compliance duties the LCM reports to the Audit Committee of the Company. The LCM has the authority as well as the obligation to operate independently from Management and has free access at all times to BOC Group Compliance Director. The LCM also has a dotted reporting line to the BoD, through the AC, through which it is possible to escalate issues and act independently from Management. Independence of the function is ensured by written policy and by the oversight of the AC.

The CF establishes, implements and maintains appropriate mechanisms and activities to:

- Promote and facilitate a corporate culture of compliance, integrity and ethical values.
- Assist management to design, develop and implement an appropriate and effective compliance framework.
- Exercise oversight to ensure prompt and on-going compliance with legal, regulatory and business obligations.
- Manage effectively risks of non-compliance with these obligations.

Compliance activities are set out in a compliance programme prepared and monitored by the CF to ensure that all relevant areas are appropriately covered, taking into account their susceptibility to compliance risk. The compliance activities include:

- Identifying, on an on-going basis, legal, regulatory and business requirements, which govern and/or affect the operations of the Company.
- Ensuring that a fully updated register (Compliance Chart) of legal, regulatory and business requirements is maintained and that emanating compliance obligations are documented.
- Measuring and assessing the impact of these obligations on the Company's processes, procedures and operations.
- Identifying and documenting the compliance risks associated with the Company's business activities, on a pro-active basis.
- Applying appropriate practices and methodologies to measure compliance risk.
- Cooperating and exchanging information with other internal control and risk management functions on compliance matters.
- Educating, advising and responding to queries on compliance issues from staff.
- Facilitating the dissemination of compliance culture with the Company.

B.6 Internal Audit Function

The Internal Audit Function ("IAF") is responsible to assess the design adequacy and operating effectiveness of the Company's internal control framework, corporate governance and risk management processes. The IAF undertakes scheduled audit engagements and monitors the implementation progress of recommendations arising from internal and external reviews, the results of which are directly reported to the Audit Committee. An Annual Audit Report is submitted to the Board of Directors, through the Audit Committee providing the internal audit opinion based on the work carried out in relation to the operations of the Company during the year.

The Company outsources the IAF to BOC Group's Internal Audit Division ("IA"). Notwithstanding any outsourcing, Genikes Insurance remains fully responsible for discharging all of its obligations regarding the IAF. Risks inherent in the outsourcing of the IAF are identified, monitored and appropriately mitigated and the service provider is properly supervised and managed.

The BOC Group's Audit Committee is responsible for monitoring the independence, adequacy, and effectiveness of the IAF. The BOC Internal Audit Director ("IAD") confirms on an annual basis to the BOC Group's Board of Directors, through the BOC Group Audit Committee, the organizational independence, adequacy and effectiveness of the internal audit activity. This is in line with the relevant International Standard for the Professional Practice of Internal Auditing 1110 – "Organizational Independence". The IAF informs the Company's Board of Directors in detail on the independence, adequacy and effectiveness of the internal audit activity through the Annual Audit Report submitted to the Audit Committee of Genikes Insurance.

B.7 Actuarial Function

The AF is part of the governance of the Company and advises the BoD and Management on the valuation and adequacy of the technical provisions, the appropriateness of reinsurance arrangements and underwriting policy, and contributes to the effective implementation of the risk-management system.
The responsibilities of the AF include:

- Coordinating the calculation of technical provisions and ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made.
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions.
- Expressing an opinion on the adequacy of reinsurance arrangements.
- Expressing an opinion on the overall underwriting policy and technical pricing and profitability of products .

- Contributing to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the Solvency Capital Requirements and to the ORSA exercise.

Responsibility of the Actuarial Function (“AF”) falls under the Actuarial and Risk Department and comprises of the Head of the Actuarial Function and specialised actuaries. The AF also has a direct reporting line to the BoD, through the Risk Committee through which it is possible to escalate issues and act independently from Management. The AF and the associated reporting lines are free from influences that may compromise their ability to undertake their duties in an objective, fair and independent manner.

B.8 Outsourcing

The Company adheres to requirements set out in the Insurance Companies Control Service and EIOPA Guidelines and Solvency II provisions relating to Outsourcing arrangements.

The Company’s outsourcing policy is summarised as follows:
- Assessment of the risks, costs and benefits of the potential outsourcing activity.
- Selection and assessment of the outsourcing service provider (due diligence is conducted).
- Approval for outsourcing the activity is obtained.
- Notification to the Regulator regarding the outsourcing of the activity.
- Establishment of a written agreement which defines all aspects of the arrangement including the rights, responsibilities and obligations of each party.
- Monitoring of the execution of the outsourcing agreement and assessing service provider’s performance.

The Company secures that outsourcing critical functions or activities does not lead to a material impairment of the quality of its governance system and there is no increase in the operational risk by:
- Adequately considering the outsourced activities in its risk management and internal control systems.
- Ensuring that the service provider has in place an adequate risk management and internal control system.
- Verifying that the service provider has the necessary financial resources to perform the tasks in a proper and reliable way, and that all staff of the service provider who will be involved are sufficiently qualified and reliable.
- Ensuring that the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and periodically tests backup facilities where necessary.

When choosing a service provider for any critical or important functions or activities the Company ensures that:
- The potential service provider has the ability, capacity and license required by law to deliver the required functions or activities.
- The service provider has adopted all means to ensure that no explicit or potential conflict of interest with the Company impairs the needs of the outsourcing undertaking.
- The general terms and conditions of the agreement are authorised and understood by the Company’s Management and BoD.
- The outsourcing does not represent a breach of any data protection regulation or any other laws.
- The service provider is subject to the same provisions on the safety and confidentiality of information relating to the Company or to its policyholders or beneficiaries that are applicable to the Company.
- A written agreement between both parties exists, which defines the respective rights and obligations of each party.

As at the end of 2023, the Company outsources within the BOC Group the following critical or important functions or activities:

- Investment portfolio management
- Internal audit services and
- Information Technology services.

All the above service providers are located in Cyprus.

B.9 Adequacy of the system of governance

The Company is committed to implementing a sound governance system that is commensurate to the nature, scale and complexity of risks inherent in its business. As such, the Company aims to continuously improve its governance by ensuring relevant systems are reviewed and evaluated with appropriate recommendations made to the Board at least on an annual basis.

The key values of corporate governance that the Company implements are the following:

- The organisational structure is designed to ensure a prudent and effective management of the Company.
- The Board consists of executive and non-executive members (two of which are independent). The Board strives to be sufficiently diverse as regards age, gender, educational and professional background.
- The Audit and Risk Committees have clearly defined responsibilities which have been delegated by the BoD. Committees are empowered to make decisions and take actions within the limits of their delegated authority.
- The ExCo, formulates a strategy in the form of a 4-year plan by taking into account the Company's risk appetite, legal and regulatory framework and the Group's strategic direction.
- The Corporate Governance Manual sets the guidelines and provides transparency on corporate governance throughout the Company.
- The Company's Corporate Governance Compliance Officer reviews on an annual basis the effectiveness and adequacy of the corporate governance policy of the Company.
- The Employee Code of Conduct governs staff obligations.
- The Internal Audit Function is independent and reports to the Board through the Audit Committee.
- Internal and external audits provide further independent evaluation of the Company's governance system and relevant recommendations are considered by the Board/Committees and implemented proportionate to the business risks.

B.10 Other material information

All material information regarding the system of governance has been addressed in the previous sections.

C Risk Profile

Solvency II is a risk-based solvency requirement framework which requires the Company to hold capital against underwriting, market, credit and operational risks. The Company aims to maintain sufficient available capital to cover all risks faced by the Company and to satisfy regulatory requirements at all times.

The Solvency Capital Requirement ("SCR") is the economic capital that should be held to ensure that the Company can meet its obligations to policyholders and beneficiaries with certain probability and should be set to a confidence level of 99.5% over a 12-month period. That requirement limits the chance of financial loss for the following year to a 1 in 200 year event. There is also a Minimum Capital Requirement ("MCR"), which represents an 85% confidence level and should not be less than 25% of the SCR. The Company uses the standard formula to calculate the SCR, as provided by the EIOPA.

The Company's SCR as at 31 December 2023 was estimated at €21,5m and was covered by €40,8m of eligible capital resources, providing a surplus of €19,3m. As at 31 December 2023, the SCR coverage ratio amounted to 190% and the MCR coverage ratio amounted to 671%. The increase in the SCR ratio from prior year arose mainly from the higher available capital due to the increased profitability. The decrease in SCR amount is mostly driven by the decrease in Counterparty Default Risk required capital to €5,7m (2022: €6,9m), as a result of decrease of Type 1 exposures and the improvement in credit rating of the main financial institution counterparty.

The calculation of the SCR according to the standard formula is divided into modules and sub-modules. The components of the SCR (before diversification) for the reporting period ended 31 December 2023, are presented in the following graph:

For the reporting year 2023, Non-Life Underwriting risk, Counterparty Default risk and Market risk were the main components of the Company's SCR. Non-life underwriting risk components are premium, reserve risk and catastrophic events ("CAT") risk which are mitigated through the purchase of adequate reinsurance cover. To mitigate Market risk, the Company follows a defined Investment Policy which includes specific criteria and limits (qualitative and quantitative) for each category of asset in order to ensure that investments are made in a prudent manner. Counterparty Default risk is also one of Company's material risks and specific mitigation techniques are applied by the Company for proper mitigation.

The Company's SCR, calculated using the standard formula and split by risk module, is presented in Section E – Capital Management. In order to assess the risk sensitivity for each risk, the Company uses the standard formula and performs stress testing scenarios to ensure it will be solvent if any of these scenarios materialise.

As part of its risk management process, during the reporting year, the Company carried out stress and scenario testing for material risks through the annual process of Own Risk and Solvency Assessment ("ORSA"). Details of the stress testing and sensitivity analysis performed for each material category of risk is presented in the following sections.

C.1 Underwriting Risk

C.1.1 Key Underwriting Risks

Underwriting risk is the risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and/or reserving assumptions. Underwriting risk includes the fluctuations in the timing, frequency and severity of insured events, with relation to the undertaking's expectations at the time of underwriting and/or reserve setting. This risk can also refer to fluctuations in the timing and amount of claims settlements. Genikes Insurance is exposed to Non-Life Underwriting risk and Health Underwriting risk (applicable for medical line of business). More specifically, the Underwriting risk is analysed in the following sub-modules:

Premium & Reserve risk

The premium and reserve risk only takes into account losses that occur at a regular frequency.

- Premium risk only relates to future claims attributable to the unexpired portion of inforce policies (excluding Incurred But Not Reported ("IBNR") and Incurred But Not Enough Reported ("IBNER")), and originates from claim sizes being greater than expected, differences in timing of claims payments from expected, and differences in claims frequency from those expected.
- Reserve risk only relates to the settled ultimate figure of incurred claim amounts, i.e. existing claims, (including IBNR and IBNER), and originates from the final settled claim amounts being greater than expected, differences in timing of claims payments from expected, and differences in claims frequency from those expected.

Lapse risk

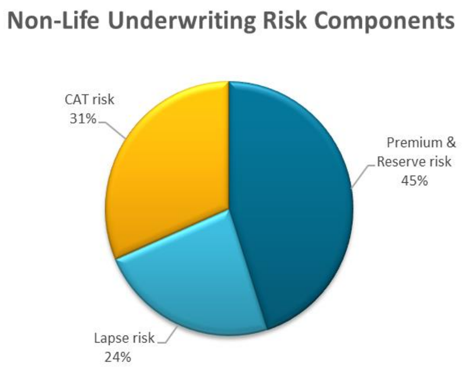
Lapse risk is the risk of a change in value caused by deviations from the actual rate of policy lapses compared to their expected rates. Lapse risk is estimated as the discontinuation of 40% of the insurance policies which would result in an increase of technical provisions. Lapse risk is applicable for non-health business.

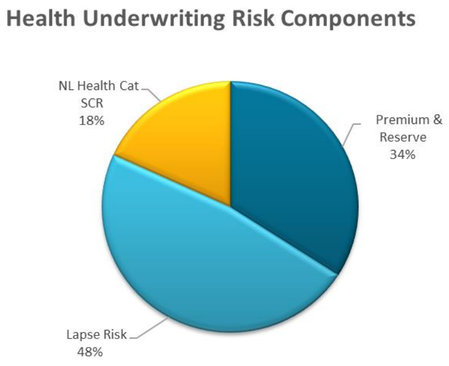
CAT risk

CAT risk is the risk that a single catastrophe event or series of events, of major magnitude, usually over a short period, lead to a significant deviation in actual claims from the total expected claims. It refers to the risk of loss or of adverse change in the value of insurance liabilities resulting from extreme or exceptional events whose effects are not sufficiently captured by the capital requirements from premium and reserve risks.

The non-life CAT risk consists of the natural and man-made catastrophe risk and the non-life health CAT risk from a mass accident and concentration risk arising from unusual accumulation of risks.

The Non-Life and Health Underwriting risks (before diversification) is analysed in the following sub-modules:





C.1.2 Assessment and risk mitigation techniques for underwriting risk

The Company's underwriting objective is to maximise earning levels and minimise volatility of earnings, while ensuring that the Company is appropriately compensated for the risks it assumes. The Company monitors and controls underwriting risk through various methods summarised below:

- Having a defined framework for the approval, control, management, monitoring and reporting of underwriting activity and its associated risks as set out in the Company's Underwriting Manual.
- Having defined underwriting authorisation limits and approval procedures.
- Maintaining a risk register which is assessed on a regular basis.
- Performing stress and scenario testing during the ORSA process to assess the risk under stressed conditions.
- Regular monitoring of the Company's underwriting performance by ExCo.
- Using reinsurance, either through proportional or non - proportional arrangements to reduce the Company's exposure.
- Assessment, quantification and monitoring of the underwriting risk exposure through the standard formula SCR calculation.
- The Company's AF conducts quarterly reserve reviews to determine the appropriate reserving levels.

Reinsurance protection

The Company maintains adequate reinsurance protection at all times, purchased both directly and through reinsurance brokers. The main reason for purchasing reinsurance is to protect the interest of the Company's policyholders as reinsurance provides liquidity, which can be in need especially in cases of large catastrophic events. Moreover, reinsurance coverage assists the Company to lower its volatility of earnings and increase capacity, allowing it to underwrite a larger volume of business and bigger risks.

The Company's Reinsurance Unit is responsible for analysing the performance and effectiveness of reinsurance arrangements and assessing the necessity for changes including additional capacity, retention levels, wording clauses and exclusions in order to be in line with the Company's underwriting objectives, capital and risk strategies.

C.1.3 Stress testing and sensitivity analysis

As part of the ORSA process, the Company carries out stress and scenario testing for the material underwriting risks to which it is exposed to, and the results are summarised as follows:

Scenario	Assumptions	Impact	Observations/Actions
Major catastrophic event	• Major earthquake impacting Limassol and Paphos districts. • Claims settlement pattern same as for attritional claims. • Increase in reinsurance cost.	• Maximum decrease in overall SCR ratio by 76 pp. in the first year of the event.	• Minimise SCR ratio impact through lower dividend distribution. • Reassessment of the Company's capital management strategy. • Liquidation of highly liquid assets in such event. • Ongoing monitoring of business growth and reinsurance needs.

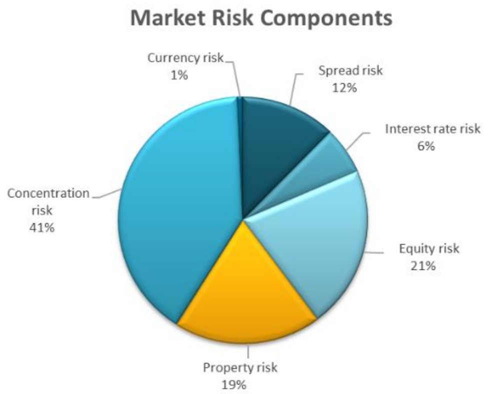
Based on the analysis performed the Company's underwriting risk profile was assessed to be resilient to withstand severe shocks by maintaining higher levels of available capital through restrictive dividend distribution to parent.

C.2 Market Risk

C.2.1 Key Market Risks

Market risk represents 24% of the Company's SCR (before diversification). Market Risk is the risk of loss or of adverse change in the financial situation, which may result directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Exposures to Market Risk are measured by the impact of movements in the level of financial variables such as equity prices, interest rates, real estate values and exchange rates.

The Company's Market Risk consists of the following sub-risks:



<u>Spread Risk</u>

Spread risk reflects the change in the value of assets and liabilities caused by changes in the level or the volatility of credit spreads over the risk-free term structure. The capital charge is calculated per instrument and an SCR charge is then derived for spread risk as the sum of the SCRs for each sub-component. The Company's assets subject to spread risk are corporate bonds and term deposits.

<u>Interest Rate Risk</u>

Interest rate risk arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates. The Company's interest-sensitive assets are investments in bonds and term deposits. The Company's interest-sensitive liabilities are best estimates of technical provisions.

<u>Equity Risk</u>

Equity risk arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level/volatility of market prices of equities. Investments in equities are analysed between Type 1 and Type 2 equities:

- Type 1 equities comprise equities listed in regulated markets in the countries which are members of the EEA or the OECD.
- Type 2 equities comprise equities listed in stock exchanges in countries which are not members of the EEA or the OECD, equities which are not listed, commodities and other alternative investments, as well as assets where a look-through approach is not possible.

By the end of year 2023, the Company estimates held Type 1 and Type 2 equities on which a 40,46% and 50,46% instantaneous decrease was applied respectively.

Additionally, the Company's fully owned subsidiary is classified as a strategic participation under the Equity Risk module in respect of which an instantaneous decrease of 22% was applied.

Property Risk

Property risk arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level/volatility of market prices of real estate. Properties of the Company subject to property risk include land and buildings either owner-occupied or used as investment property.

Properties of the Company include land and buildings classified as owner-occupied, investment related and assets with a right of use. Property Risk reduces the market value of the Company's related properties by applying a negative shock of 25%.

Concentration Risk

Concentration risk is the level of risk in a Company's portfolio arising from concentration to a single counterparty and sector. Concentration Risk applies to assets considered under equity, spread and property risk above and excludes assets covered by the Counterparty Default Risk under Credit Risk section. Risk concentrations with the parent company are noted due to the strategic relationship with BOC Group. More specifically, 83% concentration risk capital requirement (before diversification) arises from the term deposits held.

Concentration risk assumes that the geographical or sector concentration of the assets held by the Company is not material.

Currency Risk

Currency risk arises from changes in the level or volatility of currency exchange rates. Company may be exposed to currency risk arising from various sources, including investment portfolios, as well as assets, liabilities and investments in related undertakings. For each foreign currency, the capital requirement for currency risk is equal to the larger of the SCR of a 25% increase or decrease in value of the foreign currency against the local currency.

Due to the increased investment in investment funds with indirect investments in financial assets denominated in currencies other than Euro, the currency risk accounts for 1% of the overall market risk exposure (before diversification).

C.2.2 Investment assets and prudent person principle

The investments of the Company meet the eligibility criteria (qualitative and quantitative) as set out in the Company's Investment Policy per type of asset. The said policy defines specific criteria and limits for each category of asset in order to ensure that investments are made in a prudent manner as follows:

- The overall policy objective is to adequately fund the Company's technical provisions and solvency margin and to contribute to the growth of surplus for the benefit of the shareholders.
- All investments qualify under applicable laws and regulations.
- The Company holds assets with sufficient values and adequate liquidity to meet all liabilities and enable payments as they fall due.

- Investment activities are appropriate so that the Company's shareholders and policyholders are not exposed to undue risks.
- Investments are sufficiently diversified across asset classes, maturities and geographical location of instruments.
- Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty and Company ensures only counterparties with high credit rating are used.
- The Company does not engage in speculative investments or other high-risk investment activities. The Company does not invest in complex instruments or markets where the risks cannot be sufficiently understood, measured and managed.

C.2.3 Assessment and risk mitigation techniques for market risk

The Company follows its Investment Policy for managing the risks arising from the Company's investment decisions and practices by defining the framework for the approval, monitoring and reporting of investment activity and associated risks and establishing adequate limits and controls. The investment risk appetite is expressed in terms of acceptable asset classes for investment and the tolerance level for the risks arising from each investment. The Investment Policy is reviewed annually to ensure that the mitigation guidelines defined are still appropriate for the Company.

The RMF monitors, assesses and reports regularly on the investment risk exposures and market developments that may conduce to the generation of potential market risks. A risk register is maintained and stress and scenario testing is performed during the ORSA process to assess the risk under the stressed conditions.

The standard formula SCR includes an assessment and quantification of the market risk exposure.

C.2.4 Stress testing and sensitivity analysis

As part of the ORSA process, the Company carries out stress and scenario testing for the material market risks to which it is exposed to, and the results are summarised as follows:

Scenario	Assumptions	Impact	Observations/Actions
Downgrading and impairment of investment funds	• Downgrading by two credit quality steps combined with an impairment loss in fair value of investment funds.	• Decrease in overall SCR ratio by 25-28 pp. throughout the planning period.	• Use of specific approved ECAIs for counterparty selection. • Continuous application of minimum credit rating policy for selection of investments. • Monitor investment qualitative and quantitative limits through appointed investment manager. • Ongoing monitoring of market trends and developments.

Based on the analysis performed the Company's market risk profile was assessed to be resilient to withstand severe shocks and is within the Company's risk appetite.

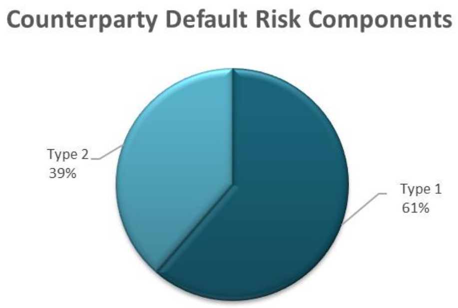
C.3 Credit Risk

C.3.1 Key Credit Risk

Credit risk (in the form of Counterparty Default Risk) represents 20% of the Company's SCR (before diversification). Credit risk is the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which the Company is exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations. Counterparty Default Risk is the risk of loss due to unexpected default, or deterioration in the credit standing of the counterparties and debtors of the Company over the following 12 months.

Counterparty Default risk exposure of the Company is further analysed as follows:

- Type 1 exposures which include the best estimates of reinsurance outstanding amounts and cash at bank (current/sights accounts).
- Type 2 exposures which include premium receivables from agents/brokers and policyholders debtors and are assumed to be well diversified but unlikely to be rated.



Capital requirement for Type 1 exposures mainly arises from cash deposits (current/sight accounts) with financial institutions. Counterparty default risk exposure for the year 2023 was lower than prior year due to the lower level of term deposits held by the year end and the improvement of the credit rating of the main financial institution counterparty.

C.3.2 Assessment and risk mitigation techniques for credit risk

The Company assesses, monitors and mitigates credit risk through various methods as summarised below:

- Using specific approved external credit assessment institutions (Standards & Poor's, Moody's, or Fitch) for counterparty selection.
- Selecting reinsurance counterparties with a minimum credit rating of "A-" (Standard and Poor's or equivalent).
- Monitoring the credit ratings of reinsurance counterparties on a quarterly basis.
- Regular monitoring of exposures and assessment of the adequacy of existing provisions for bad debts and evaluating of the need for further provisions.
- Selecting only highly reputable and creditworthy counterparties.
- A risk register is maintained and stress and scenario testing is performed during the ORSA process to assess the risk under stressed conditions.
- The standard formula SCR includes an assessment and quantification of the credit risk exposure.

C.3.3 Stress testing and sensitivity analysis

As part of the ORSA process, the Company carries out scenario testing for the material credit risks to which it is exposed to, summarised as follows:

Scenario	Assumptions	Impact	Observations/Actions
Downgrading and impairment of investment funds	• Downgrading by two credit quality steps combined with an impairment loss in fair value of investment funds.	• Decrease in overall SCR ratio by 25-28 pp. throughout the planning period.	• Use of specific approved ECAIs for counterparty selection. • Continuous application of minimum credit rating policy for selection of investments. • Monitor investment qualitative and quantitative limits through appointed investment manager. • Ongoing monitoring of market trends and developments.
Exit of lead reinsurer from Cyprus market	• 50% of outstanding claim amounts paid by the Company in the first year, while the remaining 50% is	• Decrease in overall SCR ratio by 65 pp in the first year of the financial plan.	• Reassessment of the Company's capital management and distribution strategy. • Monitor credit ratings of reinsurance counterparties.

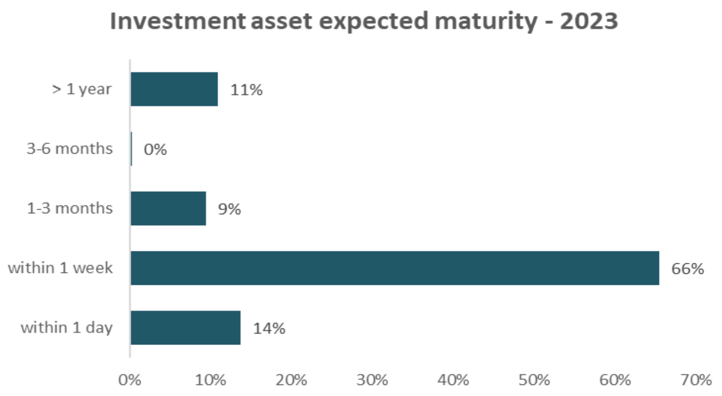
Scenario	Assumptions	Impact	Observations/Actions
	replaced with lower credit rating reinsurance. • Full replacement of reinsurer's share in 2026.		• Ongoing monitoring of Company's reinsurance strategy.

The results of the testing showed that the most material impact on the SCR coverage was in the event of the exit of lead reinsurer from Cyprus market. Based on the analysis performed the Company's credit risk profile was assessed to be resilient to withstand severe shocks and is within the Company's risk appetite.

C.4 Liquidity Risk

Liquidity Risk is the risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due. Liquidity Risk arises in circumstances where a Company has insufficient liquid or readily realisable assets to meet its commitments and is forced to rely on the realisation of assets that cannot be realised at short notice at a reasonable value.

The greatest threat to liquidity may occur during a catastrophic event, when a large number of claims will be received at once or there may be prospects of a significantly large claim. In case of such events, the Company has in place sufficient reinsurance cover. Generally, the Company aims to ensure that it has sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses.



As at 31 December 2023, 80% of the Company's investment assets were placed in highly liquid assets which could be liquidated within 1 week (including within 1 day).

C.4.1 Assessment and risk mitigation techniques for liquidity risk

The Investment Policy sets out specific limits to ensure that the Company maintains sufficient liquidity to manage its day-to-day operations and as sufficient buffer for covering sudden liquidity demands that may arise. The Investment Policy is reviewed at least on an annual basis to ensure its contents reflect the latest regulatory requirements and any changed business processes and economic circumstances.

The RMF monitors, assesses and reports regularly on the liquidity risk exposures and market developments that may conduce to the generation of potential liquidity risks.

C.4.2 Stress testing and sensitivity analysis

As part of the ORSA process, the stress and scenario testing performed under risks mentioned above, also assesses the impact on the Company's liquidity and ability to meet its obligations as they fall due. Based on the analysis performed, the Company's liquidity risk profile was assessed to be resilient to withstand severe shocks and is within the Company's risk appetite.

C.4.3 Expected profit included in future premiums

The Expected Profit Included in Future Premiums ("EPIFP") represents the amount of profits expected to be earned in the future, on existing unexpired policies. The expected profit is calculated as the excess of expected future cash inflows over the expected future cash outflows. The EPIFP calculated by the end of the reporting period amounts to €3,9m (net of recoverables).

C.5 Operational Risk

Operational risk represents 7% of the Company's SCR (before diversification). Operational Risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational Risk excludes Strategic and Reputational Risks and is designed to address risks not been explicitly covered in other SCR risk modules. The risk calculation is based on the best estimates and the premiums earned during the previous twelve months.

The Company classifies operational risks under the following main categories:

- **Internal fraud:** Losses due to acts intended to defraud, misappropriate property or circumvent regulations, the law or Company policy, excluding diversity/discrimination events, which involve at least one internal party e.g. intentional misreporting of positions or employee theft.
- **External fraud:** Losses due to acts intended to defraud, misappropriate property or circumvent the law, by a third party e.g. robbery, forgery or hacking into systems.
- **Employment practices and workplace safety:** Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events e.g. violation of health and safety rules or discrimination claims.
- **Clients, products and business practices:** Losses arising from unintentional or negligent failure to meet a professional obligation to specific clients, or from the nature or design of a product e.g. misuse of confidential customer information.
- **Damage to physical assets:** Losses arising from damage to physical assets from natural disasters or other events such as floods, fires, terrorism or vandalism.
- **Business disruption and system failures:** Losses arising from disruption of business or system failures e.g. electricity outages.
- **Execution, delivery and process management:** Losses from failed transaction processing or process management, from relations with trade counterparties and vendors e.g. data entry errors or incomplete legal documentation.

C.5.1 Assessment and risk mitigation techniques for operational risk

The Company employs a specific methodology and a number of tools to identify, assess, mitigate and monitor operational risks.

- **Risk Control and Self – Assessment ("RCSA"):** The most important tool for identifying and assessing operational risk is the RCSA workshops, which allows business-owners to identify and measure (based on likelihood and impact) the exposure to operational risk through estimates by managers and staff. The RCSA process is repeated annually or in the event of significant developments or changes in the organisational structure, processes or systems of the Units/Departments or at the occurrence of any other event that may affect the risk profile of the Company. Every month the progress and status of the risk mitigation action plans are updated by the Units/Departments and the RMF, with the progress achieved towards meeting the actions and deadlines originally set.
- **Key risk indicators ("KRIs"):** In addition, metrics which are commonly known as KRIs are established in order to monitor variables which indicate the possibility of losses. KRIs are monitored by the RMF and are reported to the RC on a regular basis. KRIs are established from a pool of business data/indicators considered useful for the purpose of risk tracking.
- **Operational loss events:** The Company records data on operational risk events (actual and potential losses as well as near misses) with a set threshold per loss and aggregate thresholds. An operational

risk event is defined as any incident where through a failure or lack of control, the Company could actually or potentially have incurred a loss. This enables the identification of weaknesses or vulnerabilities and potential threats, which in turns supports the specification of actions to minimise the risk of similar incidents occurring in the future.

- **Business Continuity Plan/Disaster Recovery Plan:** The Company has in place continuity plans to ensure that any business continuity and disaster recovery risks are managed properly. This enables the Company to operate on an ongoing basis and limit any losses in case of disruption of operations. These plans are reviewed and tested on a regular basis.
- **Outsourcing:** The Company is outsourcing the provision of certain services to external service providers, and as such is exposed to any potential failure on their part. The Company secures that outsourcing critical functions does not lead to a material impairment of the quality of its governance system and there is no increase in the operational risk.

C.5.2 Stress testing and sensitivity analysis

As part of the ORSA process, the stress and scenario tests performed also assess the impact on the Company's operational risk. Based on the analysis performed, the Company's risk profile was assessed to be resilient to withstand severe shocks and is within the Company's risk appetite.

C.6 Other material risks

C.6.1 Cyber risk and security threats

Cyber risk refers to risks of cyber-attacks, which are deliberate exploitation of computer systems, technology-dependent processes and networks in the cyber realm. Cyber-attacks use manual and automated means to alter or execute computer code, logic or data, resulting in disruptive consequences that can compromise data in terms of its confidentiality, integrity or availability and lead to cybercrimes, such as data exfiltration and modification or unavailability of systems.

The Company aims for strong internal processes and the development and continuous improvements of robust technology controls. Policy and associated Security Standard of BOC Group are applicable to the Company.

C.6.2 Reputational risk

Reputational Risk is the risk of potential loss to the Company through deterioration of its reputation or standing due to a negative perception of the Company's image among customers, counterparties, shareholders and supervisory authorities.

The Company monitors early warning indicators of reputational risk that arise from business as usual activities, through the monitoring of its reputation in the market (e.g. through market research, customer satisfaction surveys, third party trust surveys) and the testing of its ability to respond quickly to a deterioration to its reputation.

C.6.3 Compliance risk

Compliance Risk is defined as the risk arising from the failure to comply with the overall regulatory and supervisory environment governing the conduct of the Company's business.

The Company monitors all regulatory developments very closely and despite the regularly changing regulation environment, Management ensures that Genikes Insurance remains compliant on a continuous basis. The CF of the Company is responsible for 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.

C.6.4 Climate change risk
Climate change is the risk that arises from the potential adverse impacts and consequences of global climate change on the environment, economies, and societies. These risks can be categorized into physical and transition risk. Physical risk involves the direct impact of climate change, such as extreme weather events and long-term changes in temperature and sea levels. Transition risk arises from the shift towards a low-carbon and climate-resilient economy and can affect companies through reputational and legal concerns.

The effects of climate change can be materialized in both the asset and liability side of the balance sheet through Market and Underwriting risk. Market risk can be affected by climate change risk through its investment portfolio and Underwriting risk through its portfolio mix.

Management continues to monitor developments in this area and will respond as necessary to ensure the Company's viability and will adopt all regulatory guidelines if and when these are issued in the markets in which the Company operates.

C.6.5 Strategic risk
Strategic Risk is the risk of the current and prospective impact on earnings or capital arising from adverse business conditions, improper implementation of decisions, or lack of responsiveness to industry changes. The Company monitors changes to the external and internal financial and competitive environment and assesses the impact on its overall strategy at regular intervals. Management monitors all business targets versus actual experience and is very agile in adjusting its business goals in response to changes in the market, competitive or regulatory environment.

The geopolitical conflict in nearby area may reinforce further inflationary trends as the region is a crucial supplier of energy and a key shipping passageway. Inevitably a further increase in oil prices will affect local (CY) inflation indices. As the inflation developments are monitored since the Russia-Ukraine conflict and to minimize any potential impact on business, monitoring/mitigation actions continue to be currently in place. In this context the Company is closely monitoring the developments and has assessed the impact the crisis has on its operations and financial performance. Considering the implications, Management has performed relevant crisis scenario during its ORSA exercise for the year 2023, in order to assess the impact on its business operations and solvency position. Results of the scenario performed are presented in the following section.

C.6.6 Stress testing and sensitivity analysis
In addition to the above stress testing scenarios performed under specific risks, the Company also assessed the following:

Scenario	Assumptions	Impact	Observations/Actions
Adverse impact on growth combined with weather related events.	• Adverse premium growth for the first two years of the plan. • Increase in expense base. • Worsening of loss ratios for the whole strategy plan due to severe weather events.	• Maximum decrease in overall SCR ratio between up 39 pp in the last year of plan.	• Minimise SCR ratio through lower dividend distribution. • Determine the potential for growth of sales through the use of all available tools and channels. • Review and reassessment of underwriting and pricing policies. • Automate and digitally upgrade procedures towards straight through processes to achieve efficiencies and minimize costs. • Ongoing monitoring of inflation trends and correction actions.

Based on the analysis performed, the Company's risk profile was assessed to be resilient to withstand severe shocks and is within the Company's risk appetite.

The Company also took the further step of coherently clustering risks together into combined scenarios and carried out reverse stress testing by assessing scenarios and circumstances that would render its business unviable, thereby identifying potential business vulnerabilities.

D Valuation for Solvency Purposes

D.1 Assets and Other Liabilities

D.1.1 Base and assumptions

The Solvency II framework requires an economic and market-consistent approach for the valuation of assets and other liabilities. According to this approach assets and other liabilities should be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

The default reference framework for valuing assets and other liabilities, are the IFRSs as adopted by the European Union (“EU”). If IFRSs allow for more than one valuation method, only valuation methods that are consistent with Article 75 of the Solvency II Directive are used. In most cases, IFRSs are considered to provide a valuation consistent with Solvency II principles. Also, the IFRSs’ accounting bases, such as the definitions of assets and other liabilities, as well as the recognition and derecognition criteria, are applicable as the default accounting framework, unless otherwise stated. IFRSs also refer to a few basic presumptions, which are equally applicable:

- The going concern assumption.
- Individual assets and liabilities are valued separately.
- The application of materiality.

The following hierarchy of high level principles for the valuation is used:

- Quoted market prices in active markets for the same or similar assets/liabilities.
- Quoted market prices in active markets for similar assets/liabilities with adjustments to reflect differences.
- Mark-to-model techniques that are benchmarked, extrapolated or otherwise calculated as far as possible from a market input.
- Maximum use of relevant observable inputs and market inputs and as little reliance as possible on undertaking-specific inputs, minimising the use of unobservable inputs.

D.1.2 Valuation

The material classes of assets and other liabilities on the Solvency II Balance sheet, the Solvency II values and the values for the corresponding items shown in the Company’s financial statements, as well as the valuation methods used and major differences in valuation are summarised in the table below:

31 December Assets	Solvency II			Financial Statements			Major Differences
	2023 €’000	2022 €’000	Valuation basis	2023 €’000	2022 restated €’000	Valuation basis	
Intangible assets	-	-	Valued at zero	2.634	2.256	Cost less accumulated amortisation and impairment losses (IAS 38)	Zero value for Solvency II as they cannot be sold separately and there is no value for the same or similar assets from quoted market prices in active markets
Property and equipment held for own use	4.413	4.439	Same as IFRS	4.413	4.553	- Fair value less accumulated depreciation (IAS 16) - Right of use asset (IFRS 16)	Assets were revalued as at 31 December 2023. In 2022, assets were not revalued in IFRS financial statements based on IAS 16, par.34 whereas for Solvency II purposes they were stated at fair value as at 31 December 2022.

31 December Assets	Solvency II			Financial Statements			Major Differences
	2023 €'000	2022 €'000	Valuation basis	2023 €'000	2022 restated €'000	Valuation basis	
Investment property	6.975	6.986	Same as IFRS	6.975	6.986	Fair value (IAS 40)	-
Investment in Subsidiary	743	741	Same as IFRS	743	741	Fair value (IAS 27)	-
Investment in equities	3	3	Same as IFRS	3	3	Fair value (IFRS 9)	-
Investment in collective investment undertakings	46.367	42.991	Same as IFRS	46.367	42.991	Fair value (IFRS 9)	-
Deferred acquisition costs	-	-	Valued at zero	-	-	Insurance acquisition cash flows (IFRS 17)	Zero value for Solvency II. Included in Liability for Remaining Coverage (LRC) under IFRS17
Reinsurance recoverables – non life/health technical provisions	20.293	18.142	Cash flow basis (Best Estimates)	22.745	19.261	Share of insurance contract liabilities (IFRS 17)	Refer to section D2 below
Insurance and intermediaries receivables	16.441	13.640	Same as IFRS	730	638	Amortised cost less impairment (IFRS 9)	Premium receivables are included in Liability for Remaining Coverage (LRC) under IFRS 17.
Reinsurance receivables	85	157	Same as IFRS	-	-	Amortised cost less impairment (IFRS 9)	Included in Asset for Remaining Coverage (ARC) and Asset for Incurred Claims (AIC) under IFRS 17.
Receivables (trade, not insurance)	39	55	Same as IFRS	39	62	Amortised cost less impairment (IFRS 9)	-
Any other assets	1.093	1.009	Same as IFRS	1.093	1.399	Asset recognised for the excess of the amount paid over the amount due for current and prior periods (IAS 12)	Restated 2022 balance to include deferred tax on adoption of IFRS 17, which was transferred to current tax payable in 2023.
Cash and deposits	16.677	18.342	Same as IFRS	16.677	18.339	Fair value (IFRS 9)	-
Total Assets	**113.129**	**106.505**		**102.420**	**97.229**		
Other Liabilities							
Insurance and intermediaries payables	2.749	3.214	Same as IFRS	269	187	Amortised cost (IFRS 9)	Insurance payables (e.g. commissions) are included in Liability for Remaining Coverage (LRC) under IFRS 17.
Reinsurers' current accounts	3.586	3.504	Same as IFRS	-	-	-	Included in Asset for Remaining Coverage (ARC) and Asset for Incurred Claims (AIC) under IFRS 17
Other payables	2.255	2.076	Same as IFRS	2.255	2.076	- Best estimate of the expenditure required to settle obligation (IAS 37) - Amortised cost (IFRS 9)	-
Deferred tax liability	834	557	Valued in relation to all	1.146	1.113	Recognised on all temporary differences	Different valuation basis of assets/

31 December Assets	Solvency II			Financial Statements			Major Differences
	2023 €'000	2022 €'000	Valuation basis	2023 €'000	2022 restated €'000	Valuation basis	
			assets and liabilities, including technical provisions that are recognised for Solvency or tax purposes.			between the tax bases of assets/liabilities and their carrying amounts in the IFRS Balance Sheet (IAS 12)	liabilities between IFRS and Solvency II balance sheet.
Any other liabilities	5.238	4.151	Same as IFRS	5.238	4.188	- Best estimate of the expenditure required to settle obligation (IAS 37) - Lease liability (IFRS 16) - Liability recognised for the excess of the amount due over the amount paid for current and prior periods (IAS 12)	-
Total Liabilities	**14.662**	**13.502**		**8.908**	**7.564**		

D.2 Technical provisions

D.2.1 Valuation for Solvency purposes

The Solvency II Technical Provisions consist of the best estimates of claims provisions, the best estimates of premium provisions and the risk margin. The AF calculates technical provisions according to Solvency II requirements and in line with Cyprus Laws and Regulations.

Claims Provisions

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. Thus, the components of the claims provision are the outstanding case estimates, the incurred but not reported, the incurred but not enough reported and the unallocated claims management expenses. Under Solvency II, the reserves are discounted to allow for the time value of money. The claim provisions are estimated as a total for the Cyprus and Greek Branch (Kyprou Asfalistiki) portfolios, given the low number of outstanding claims for the Greek branch which is currently at a run-off status.

The AF performs projections using various deterministic techniques to quantify the undiscounted claims reserves. The main methods used to calculate the claims reserves are the Average Cost per claim, the Chain Ladder on paid and incurred claims the Expected Loss Ratio, the Bornhuetter-Ferguson and the case by case methods:

- Average cost per claim ("ACPC") method forecasts the ultimate number of claims and the average cost per claims separately. The ultimate loss per accident year (cost of settling all claims) is calculated by multiplying the ultimate number of claims to the average cost per claim.
- The Chain Ladder method is appropriate for relatively stable historical development patterns. It uses actual loss data and the historical development profiles of older accident years to project more recent, less developed years to their ultimate position.
- The Expected Loss Ratio method forecasts the ultimate losses by applying an expected loss ratio to the earned premium of the specific accident year.
- The Bornhuetter-Ferguson method is essentially a blend of the Chain Ladder and Expected Loss Ratio methods combining both an independent Loss ratio with the historical development pattern.

- The case by case method refers to when a specific claim is reserved individually by assessing at the claim's specific characteristics and circumstances. This is method usually utilises feedback from the Claims and Underwriting departments as well any bespoke commentary by the claim assessor (if there is one).

The above methods are used interchangeably for each accident year in each line of business depending on the development pattern and on the information gathered by the Claims Department related to large claims and court cases.
Large losses may exhibit a different development pattern to that of attritional claims which can cause distortions to the overall reserving process. By separating the large from the attritional claims and individually projecting these, it is possible to evaluate the impact that the large losses may have to the overall reserving calculation.

Allocated claims handling expenses connected with claims that have occurred and reported at or before the valuation date are included in the claims data and therefore implicitly projected as part of the claims projection. Unallocated claims management expenses or unallocated loss adjustment expenses ("ULAE") are also part of the estimate of claims provisions. These are the estimated cost of all activity (not directly allocated to individual claims) that is to arise in the process of settling the outstanding and IBNR claims as at the valuation date.

Premium provisions
The calculation of the best estimate of the premium provision relates to all future cash flows arising from future events, in relation to unexpired policies and for policies which have been agreed to but have not yet incepted. Such cash flows relate to future claims, administration expenses, reinsurance cost and expected cancellation premiums and commissions.

The expected cash flows were estimated by applying an appropriate prospective combined ratio to the unearned premium reserve adjusted for the expected cancellation rate. Reinsurance cost associated with the non-proportional treaties is also factored into the calculation. The combined ratio is defined as the sum of the expense and the claims ratios.

Discounting
Claim and premium provisions best estimates are discounted using the euro risk free interest rate curve, published by EIOPA.

Risk Margin
The risk margin is defined as the amount of future cash flows, in excess of the best estimate, that an insurer would require in order to take over and meet the insurance obligations covered by the technical provisions. It is calculated using a cost of capital approach. The risk margin is calculated using one of the simplification methods suggested by EIOPA.

The Company does not apply any matching and volatility adjustments nor any transitional measures for the valuation of technical provisions.

Assumptions
The Solvency II Technical Provisions are calculated based on the following key assumptions:
- Future management actions are assumed to be consistent with the Company's current business practice and business strategy.
- Future mix of business, claims handling processes and underwriting guidelines are assumed to remain unchanged.

- Future external environment and policyholder behaviour is assumed to remain the same if there is no indication of the opposite.
- The historic loss development and trend experience is assumed to be indicative of future loss development and trends. Inflation associated with prior claims is implicitly allowed for in the data. Inflation will have a greater impact on the future losses so adjustments were made for the calculations of the reporting year, to lines of business that were deemed appropriate, to future outflows of expected claims and expenses to factor in this impact.
- The information developed from internal sources can be used to develop meaningful estimates of the initial expected ultimate loss ratios. Moreover, historical claims and exposure base (earned premium) are not greatly affected by other systematic influences and therefore no trend adjustment is applied beyond the one implied in the historical data for deriving the initial expected ultimate loss ratios (applicable for claim provisions).
- Significant losses or types of losses will emerge that are not represented in either the initial expected loss ratios or the historical development patterns (applicable for claim provisions).
- Premium cancellation rates of the previous twelve months are assumed to be the same as the next twelve months (applicable for premium provisions).
- Expense allocations to lines of business and by policy stage, as provided by the various Departments and Branches, are appropriate and are applicable for the next year.
- 50% of the Unallocated Loss Adjustment Expense (“ULAE”) is incurred when the claim is first reported and the remainder until it is settled.
- Reinsurance structure is assumed to be the same for the next twelve months (applicable for premium provisions).
- The Company’s risk appetite is assumed to be consistent.

Reasonableness and validation

In addition, the AF compares best estimates against experience and uses the insights gained from this assessment to improve the quality of current calculations. This is performed by carrying out Actual vs Expected (“AvE”) analyses and via back testing the projection models. The AF interprets any material deviations between best estimates and experience, by identifying their causes and, when applicable, makes appropriate changes in the assumptions underlying the model in order to attenuate such differences. No material changes were made in the assumptions used in the calculation of the technical provisions compared to the previous reporting period.

Although the AF performs various reasonableness checks, reconciliation exercises and validation tests as well as removes data elements that could create obvious distortions in the data, we caution against any uncertainties in the valuation of technical provisions caused by the following:

- Economic, legal, social and political changes
- Distortions caused by “large losses”
- One-off large claims reviews
- Random claim fluctuations
- Fluctuations in the time, frequency and severity of claim events
- Fluctuations in the amount of expenses
- Changes in legislation
- Changes in claims handling processes and procedures
- Uncertainty in policyholder behaviour.

The causes of uncertainty outlined above are taken into consideration in the estimation of the best estimates, provided that credible information is available to the AF. The AF aims to quantify the level of uncertainty via AvE analyses which compares how the projected results tend to compare with the actual results. Model back testing also provides some insight into uncertainty associate with model chosen. The level of uncertainty varies by LoB with the longer tail lines having higher uncertainty that the short tail lines.

D.2.2 Valuation in Financial Statements

Insurance contract liabilities for the purposes of the Company's financial statements are measured in accordance with IFRS 17 Insurance Contracts.

Insurance contracts – initial measurement

The Company applies the Premium Allocation Approach ("PAA") to all the insurance contracts that it issues and reinsurance contracts that it holds.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- the remaining coverage ("LRC"); and
- the incurred claims ("LIC"), comprising the future cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- the remaining coverage ("ARC"); and
- the incurred claims ("AIC"), comprising the FCF related to past service allocated to the group at the reporting date.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition,
- Minus any insurance acquisition cash flows at that date,
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

The Company does not apply an allowance for time value of money as the premiums are due and received within one year of the coverage period.

Reinsurance contracts held – initial measurement

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period,
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- Minus the amount of expected premium receipts recognised as insurance revenue for the services provided in the period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims for all its portfolios.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss.

Reinsurance contracts held – subsequent measurement
The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

In essence, for reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- increased for ceding premiums paid in the period;
- increased for broker fees paid in the period; and
- decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

D.2.3 Solvency II and Financial Statements valuation of technical provisions

An overview of the technical provisions, including best estimates and risk margin used for Solvency II purposes and the corresponding information shown in the Company's financial statements are summarised in the table below:

2023 – Net Portfolio	Solvency II valuation (Net)		
	Best estimates €'000	Risk Margin €'000	Total Technical Provisions €'000
Medical expense	566	92	658
Motor vehicle liability	10.146	190	10.336
Other motor	4.090	124	4.214
Marine, aviation and transport	223	90	313
Fire and other damage to property	9.972	429	10.401
General liability	10.785	250	11.035
Credit and suretyship	17	88	105
Miscellaneous finance loss	222	94	316
Total	**36.021**	**1.357**	**37.378**

The value of the Company's technical provisions for Solvency II purposes is equal to the sum of the best estimate and the risk margin which are calculated separately. The Solvency II technical provisions are calculated by line of business on a discounted best estimate basis removing any margin for implicit or explicit prudence and therefore with equal probability that the estimated values will go up or down.

The insurance contract liabilities as valued in the Company's financial statements are calculated in accordance with IFRS 17 Insurance Contracts and consist of the LRC, the LIC and the Risk Adjustment. Similarly for the reinsurance portfolios are the ARC and AIC.

It is important to note that the policy grouping guidelines differs between Solvency II and IFRS17 so a direct comparison between the two bases is not appropriate. Furthermore, within the IFRS17 framework, the lowest level of aggregation for both direct and reinsurance portfolios is the contract. This results to a mismatch between the direct portfolios and the reinsurance portfolios as direct insurance contracts which are grouped under one direct portfolio would be applicable to more than one reinsurance contract and thus more than one reinsurance portfolio. This results to one-to-many matching of Direct portfolios to Reinsurance portfolios. For this reason, the net position at the portfolio level cannot be evaluated at the portfolio level.

In addition to the difference in portfolio aggregation there are also other variances with respect to the inputs factored for each component under each base (Solvency II and IFRS 17). Some of them are noted as follows:

- The unallocated loss adjustment expense for the outstanding claims uses a different expense base between Solvency II and IFRS17, as per IFRS17 certain expenses are deemed non-attributable to insurance service result.
- Insurance receivables/payables and reinsurers' current account balances are not part of the Solvency II TPs and are reported separately on the face of the Balance Sheet, while under IFRS 17 they are incorporated within reinsurance contract assets and insurance contract liabilities.

2023 - Direct Portfolios	IFRS 17 valuation			
	LRC[1]	LIC	Risk Adjustment	Total
	€'000	€'000	€'000	€'000
Motor reinsurance contracts	4.851	15.744	705	21.300
Property reinsurance contracts	2.950	9.872	442	13.264
General liability reinsurance contracts	747	7.707	449	8.903
Accident and health reinsurance contracts	917	336	1	1.254
Marine reinsurance contracts	(128)	384	14	270
Engineering reinsurance contracts	1.131	662	33	1.826
Miscellaneous finance loss reinsurance contracts	1.752	1.847	114	3.713
Total	**12.220**	**36.552**	**1.758**	**50.530**

[1] *Including loss component*

The relevant breakdown for reinsurance contracts held consist of Asset for Remaining Coverage ("ARC"), the Amounts recoverable on incurred claims ("AIC") and the Risk Adjustment.

2023 - Ceded Portfolios	IFRS 17 valuation			
	ARC[1]	AIC	Risk Adjustment	Total
	€'000	€'000	€'000	€'000
Motor	697	7.531	266	8.494
Property	223	4.895	195	5.313
General liability	164	1.381	52	1.597
Accident and health	177	143	0	320
Marine	(125)	251	9	135
Engineering	1.730	1.033	39	2.802
Miscellaneous finance loss	1.858	2.098	129	4.085
Total	**4.724**	**17.332**	**690**	**22.746**

[1] *Including loss recovery*

D.2.4 Reinsurance

The risk of an insurance policy arises from the uncertainty of the amount and time of presentation of the claim. Therefore, the level of risk is determined by the frequency of such claims, the severity and their evolution from one period to the other. For the non-life insurance industry, the major risks arise from severe catastrophic events such as natural disasters. These risks vary depending on location, type and nature.

The exposure of the Company to insurance risks is also mitigated by the following measures:
- Application of strict underwriting policies
- Strict review of all claims that occur
- Immediate assessment and processing of claims to minimise the possibility of negative development in the long run and
- Purchase of adequate catastrophe reinsurance protection as per Solvency II requirement to limit the exposure arising out of catastrophic events.

The Company maintains a conservative reinsurance program consisting of proportional and non-proportional contracts. All participating reinsurers in the treaty contracts have at least an A rating from Standard & Poor's or another internationally approved rating agency. The main purpose of the Company's reinsurance program is to reduce the exposure of insurance risk to the desired level. The Company's reinsurance program is evaluated on an annual basis and any suggestions for significant changes are approved by the Company's BoD.
Reinsurance recoverables represent the difference between gross and net technical provisions.

With regards to claims reserves the approach used for the valuation of reinsurance recoverables may differ by line of business depending on its characteristics. The main methodologies used are gross to net techniques and claims development techniques. With regards to premium provisions, the reinsurer has been assumed to have a share in the reserves, as we expect future in flows to arise as a result of having reinsurance with respect to the unexpired policies.

D.3 Other material information

All material information regarding the valuation of assets and liabilities for solvency purposes has been addressed in the previous sections.

E Capital Management

E.1 Own funds

For Solvency II purposes, the Company's capital is defined as "Own Funds" and this is divided into "Basic Own Funds" (such as paid share capital and retained earnings) and "Ancillary Own Funds" (such as unpaid share capital and letters of credit). Own funds are further subdivided into three "Tiers" depending on the quality of the capital. Capital of the highest quality is categorised as Tier 1 and capital of a lower quality is categorised either as Tier 2 or Tier 3. Tier 1 is also further divided into "Restricted" and "Unrestricted". Unrestricted Tier 1 basic own funds include paid-in ordinary share capital, paid-in initial funds, members' contributions, the reconciliation reserve and surplus funds that meet certain criteria. Restricted Tier 1 own funds include Tier 1 own funds items which are not suitable to be classified as unrestricted Tier 1 own funds.

The Company manages its own funds to ensure that it has capital of sufficient value and quality to cover the Capital Requirements (both SCR and MCR). There are restrictions in place in relation to the amount of capital from each tier that can be used to cover Solvency Capital Requirements. These restrictions aim to ensure that the Company possesses capital of sufficient value and quality to absorb losses that may arise in the future due to unforeseen loss events.

The Company has developed and documented a Capital Management Policy which sets out the Company's methodology, policies and procedures in place to manage its capital base, with the purpose of ensuring the maintenance of sufficient capital to:

- Protect the shareholders and the Company's creditors against excess volatility of returns
- Cover all risks faced by the Company
- Protect the Company's economic viability
- Finance new growth opportunities
- Meet regulatory requirements at all times.

Through active capital management the Company aims to ensure that capital satisfies all internal limits. The Company follows the processes describing below for managing its own funds:

- **Business plan:** The Company is preparing its 4-year strategic plan which includes business and financial projections that will allow a strong financial strength position. The 4-year strategy plan is approved by the BoD.
- **Capital planning:** The Company's 4-year plan is fed into the ORSA in order to enable the Company to form an opinion on its future overall solvency needs and own funds. Projected capital requirements are compared with own funds so that the Company is able to observe whether the forecasted available own funds of the Company will be adequate to cover any future strategic actions that the Management intends to take, whilst maintaining its SCR/MCR ratios within desired levels.
- **Monitoring of SCR/MCR:** The Company's Management monitors on a quarterly basis the calculated SCR/MCR and any material changes arising, in order to detect trends and early warning signals and ensure the maintenance of sufficient capital to cover its capital and solvency requirements.
- **Prospective changes in risk profile:** 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 own funds over the planning period is also taken into consideration.
- **On-going monitoring of risk profile:** In addition to the above, a Risk Appetite Framework ("RAF") is currently in place and defines the internal limits that the Company should be operating within.
- **Dividends distribution:** To maintain the required capital the Company may adjust the amount of dividends paid to the Parent company.

The Company's own funds are all classified as Basic Own Funds Tier 1 Unrestricted. Tier 1 Unrestricted capital consist of Ordinary share capital and Reconciliation Reserve and both are available to cover the Company's SCR and MCR as follows:

Basic Own Funds – Tier 1 Unrestricted	2023 €'000	2022 €'000
Ordinary share capital	5.130	5.130
Reconciliation Reserve	35.667	32.974
Own funds eligible to cover SCR/MCR	**40.797**	**38.104**

The increase in own funds during the reporting period is mainly attributable to increased retained profits for the year.

The excess of assets over liabilities as calculated for Solvency purposes is different than the amount of equity as reported in the Company's audited financial statements. The following table presents a reconciliation of own funds between IFRS financial statements and Solvency II:

Own Funds Reconciliation	2023 €'000
Equity (IFRS Financial Statements)	**42.982**
Difference in valuation of technical provisions (net)	137
Deferred Acquisition costs	
Premises valuation adjustment	-
Intangible assets	(2.634)
Differences in deferred tax valuation	312
Own Funds (Solvency II)	**40.797**

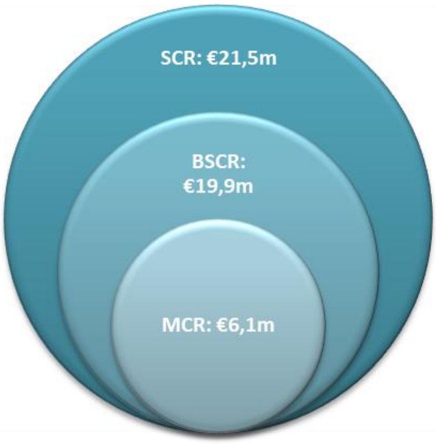
Prior year own funds reconciliation is as originally stated prior to the implementation of IFRS 17. Following the implementation of IFRS 17 the difference in valuation of technical provision is significantly lower since the measurement basis of insurance liabilities and assets is similar to the Solvency II basis. Own funds reconciliation for 2022 is presented in the following table:

Own Funds Reconciliation	2022 €'000
Equity (IFRS Financial Statements)	**42.108**
Difference in valuation of technical provisions (net)	3.252
Deferred Acquisition Costs	(5.441)
Premises valuation adjustment	(114)
Intangible assets	(2.256)
Differences in deferred tax valuation	555
Own Funds (Solvency II)	**38.104**

E.2 SCR and MCR

The SCR consist of the Basic Solvency Capital Requirement ("BSCR"), the operational SCR and any applicable adjustments for the loss absorbing capacity of deferred taxes. As already mentioned, the SCR is the amount of funds that the Company is required to hold in accordance with the Solvency II. The BSCR consist of market risk, counterparty risk, non-life underwriting risk, health risk solvency capital requirements following the diversification between the risk modules. There is also an MCR, which represents an 85% confidence level and should not be less than 25% of the SCR.

The Company calculates the SCR based on the risk modules and sub-modules of the standard formula without using any simplified calculations or undertaking specific parameters.



As at 31 December 2023, the Company's SCR was €21,5m (2022: €22,7m) and the MCR was €6,1m (2022: €5,9m).

Based on the calculations performed the Company's SII SCR (overall and by risk module), at the end of the reporting period is as follows:

Solvency Capital Requirements by risk module	2023 €'000	2022 €'000
Market Risk	6.838	6.647
Counterparty Risk	5.737	6.988
Non-Life Underwriting Risk	13.237	13.491
Health Risk	406	432
Diversification BSCR	(6.258)	(6.570)
Basic SCR (BSCR)	**19.960**	**20.988**
Operational Risk	1.844	1.711
Loss absorbing capacity of deferred taxes	(272)	-
SCR	**21.532**	**22.699**
SCR coverage ratio	**190%**	**168%**
MCR	**6.076**	**5.862**
MCR coverage ratio	**671%**	**650%**

As at 31 December 2023, the Company's SCR was estimated at €21,5m and was covered by €40,8m of eligible capital resources, providing a surplus of €19,3m. As at 31 December 2023, the SCR coverage ratio amounted to 190% and the MCR coverage ratio amounted to 671%. The movement in the SCR ratio from prior year arose mainly from the higher available capital as a result of higher profitability. The decrease in SCR amount is mostly driven by the decrease in Counterparty Default Risk required capital to €5,7m (2022: €6,9m), as a result of decrease in Type 1 exposures and the improvement in credit rating of the main financial institution counterparty.

The inputs used to calculate the MCR are the net premiums written amounts in the previous 12 months and the net best estimate technical provisions both split by Solvency II class of business. The charge for premium and technical provisions elements are then summed to create a total charge.

Line of business	Net best estimate €’000	Net written premiums (last 12 months) €’000
Medical expense	566	1.024
Motor vehicle liability	10.146	5.063
Other motor	4.090	4.052
Marine, aviation and transport	223	417
Fire & other damage to property	9.972	12.153
General liability	10.785	7.033
Credit and suretyship	18	17
Miscellaneous financial loss	222	358

E.3 Other material information

All material information regarding capital management has been addressed in the previous sections.

Appendices

Appendix	Description
A	Glossary

The following applicable Solo Quantitative Reporting Templates ("QRTs") are publicly disclosed as part of the SFCR:

Appendix	Table code	Table Label
B1	S.02.01.02	Balance Sheet
B2	S.05.01.02	Premiums, claims and expenses by line of business
B3	S.17.01.02	Non-life Technical Provisions
B4	S.19.01.21	Non-life insurance claims
B5	S.23.01.01	Own Funds
B6	S.25.01.21	SCR - for undertakings on Standard Formula
B7	S.28.01.01	MCR

Appendix	Description
C	Independent Auditor's Report

Appendix A: Glossary

AC	Audit Committee
ACPC	Average Cost per Claim
AF	Actuarial Function
AIC	Asset for Incurred Claims
ARC	Asset for Remaining Coverage
AvE	Actual vs Expected
BOC or Bank or Parent	Bank of Cyprus Public Company Ltd
BoD	Board of Directors
BSCR	Basic Solvency Capital Requirement
CAT	Catastrophic Event
CF	Compliance Function
CGCO	Corporate Governance Compliance Officer
ECAI	External Credit Assessment Institutions
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EPIFP	Expected Profit included in Future Premiums
EU	European Union
ExCo	GI Executive Committee
FC	Financial Control Department
FCF	Future Cash Flows
Group or BOC Group	BOC Group of Companies
Genikes Insurance or the Company	General Insurance of Cyprus Ltd
IA	BOC Group's Internal Audit Division
IAC	Insurance Association of Cyprus
IAD	BOC Internal Audit Director
IAF	Internal Audit Function
IAS	Internal Accounting Standards
IBNR/IBNER	Incurred But Not Reported/Incurred But Not Enough Reported
ICCS	Insurance Companies Control Service
IFRSs	International Financial Reporting Standards
KRIs	Key Risk Indicators
LCM	Legal & Compliance Manager
LIC	Liability for Incurred Claims
LoB	Line of Business
LRC	Liability for Remaining Coverage
MCR	Minimum Capital Requirement
OECD	Organisation for Economic Cooperation and Development
ORSA	Own Risk & Solvency Assessment
QRTs	Quantitative Reporting Templates
RC	Risk Committee
RCSA	Risk and Control Self-Assessment
RMF	Risk Management Function
SCR	Solvency Capital Requirement
SFCR / Report	Solvency and Financial Condition Report
Supervisory Authority or Regulator	Insurance Companies Control Service
ULAE	Unallocated Loss Adjustment Expense

Appendix B1 - S.02.01.02: Balance Sheet

Assets		Solvency II value
		C0010
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	4.412.817
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	61.024.941
Property (other than for own use)	R0080	6.975.000
Holdings in related undertakings, including participations	R0090	743.075
Equities	R0100	3.238
Equities - listed	R0110	-
Equities - unlisted	R0120	3.238
Bonds	R0130	-
Government Bonds	R0140	-
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	46.367.028
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	6.936.601
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	20.293.114
Non-life and health similar to non-life	R0280	20.293.114
Non-life excluding health	R0290	20.108.381
Health similar to non-life	R0300	184.733
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	16.440.081
Reinsurance receivables	R0370	84.966
Receivables (trade, not insurance)	R0380	38.518
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	9.742.314
Any other assets, not elsewhere shown	R0420	1.092.621
Total assets	R0500	113.129.373

Liabilities		Solvency II value
		C0010
Technical provisions - non-life	R0510	57.670.670
Technical provisions - non-life (excluding health)	R0520	56.829.568
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	55.564.623
Risk margin	R0550	1.264.945
Technical provisions - health (similar to non-life)	R0560	841.103
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	749.272
Risk margin	R0590	91.831
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	833.842
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	2.748.696
Reinsurance payables	R0830	3.586.479
Payables (trade, not insurance)	R0840	2.254.916
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	5.237.817
Total liabilities	R0900	72.332.420
Excess of assets over liabilities	R1000	40.796.952

Appendix B2 - S.05.01.02: Premiums, claims and expenses by line of business

		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**
Premiums written																		
Gross - Direct Business	**R0110**	1.977.072	0	0	10.878.020	7.768.111	740.264	34.293.928	9.633.901	36.747	0	0	2.613.094					67.941.138
Gross - Proportional reinsurance accepted	**R0120**	0	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**	906.398	0	0	4.431.464	3.885.513	316.825	20.727.291	2.373.225	18.767	0	0	2.228.276	0	0	0	0	34.887.760
Net	**R0200**	1.070.674	0	0	6.446.556	3.882.598	423.439	13.566.637	7.260.677	17.980	0	0	384.818	0	0	0	0	33.053.378
Premiums earned																		
Gross - Direct Business	**R0210**	1.981.683	0	0	9.664.569	7.768.111	741.546	32.211.050	9.071.551	31.045	0	0	2.760.017					64.229.572
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted	**R0230**													0	0	0	0	
Reinsurers' share	**R0240**	891.893	0	0	4.031.676	3.885.513	318.416	18.865.715	2.091.990	17.723	0	0	2.392.691	0	0	0	0	32.495.617
Net	**R0300**	1.089.791	0	0	5.632.892	3.882.598	423.130	13.345.336	6.979.560	13.322	0	0	367.326	0	0	0	0	31.733.955
Claims incurred																		
Gross - Direct Business	**R0310**	-1.834	0	0	5.450.112	4.829.230	370.411	5.004.681	1.648.999	12	0	0	234.094					17.535.706
Gross - Proportional reinsurance accepted	**R0320**	0	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**	-11.745	0	0	2.866.945	2.479.737	231.407	3.283.429	401.777	60	0	0	197.636	0	0	0	0	9.449.248
Net	**R0400**	9.911	0	0	2.583.167	2.349.493	139.004	1.721.253	1.247.222	-48	0	0	36.457	0	0	0	0	8.086.458
Expenses incurred	**R0550**	413.665	0	0	1.094.183	516.858	64.859	3.951.573	2.055.206	216	0	0	316.261	0	0	0	0	8.412.821
Balance - other technical expenses/income	**R1210**																	407.612
Total expenses	**R1300**																	8.820.433

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**	0	0	0	0	0	0	0	0	0
Reinsurers' share	**R1420**	0	0	0	0	0	0	0	0	0
Net	**R1500**	0	0	0	0	0	0	0	0	0
Premiums earned										
Gross	**R1510**	0	0	0	0	0	0	0	0	0
Reinsurers' share	**R1520**	0	0	0	0	0	0	0	0	0
Net	**R1600**	0	0	0	0	0	0	0	0	0
Claims incurred										
Gross	**R1610**	0	0	0	0	0	0	0	0	0
Reinsurers' share	**R1620**	0	0	0	0	0	0	0	0	0
Net	**R1700**	0	0	0	0	0	0	0	0	0
Expenses incurred	**R1900**	0	0	0	0	0	0	0	0	0
Balance - other technical expenses/income	**R2510**									0
Total technical expenses	**R2600**									0
Total amount of surrenders	**R2700**									0

Appendix B3 - S.17.01.02: Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	**Income protection insurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**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 reinsurance**	**Total Non-Life obligation**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**	388.746	-	-	3.851.948	3.247.697	97.668	8.596.651	2.100.674	11.922	-	-	191.654	-	-	-	-	18.486.960
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	55.210	-	-	1.552.614	1.318.263	20.980	2.373.169	255.159	77	-	-	36.190	-	-	-	-	5.611.662
Net Best Estimate of Premium Provisions	**R0150**	333.536	-	-	2.299.334	1.929.434	76.688	6.223.482	1.845.515	11.845	-	-	155.464	-	-	-	-	12.875.298
Claims provisions													0					0
Gross	**R0160**	360.526	-	-	12.304.577	3.776.709	407.239	8.881.032	11.675.790	30.552	-	-	390.509	-	-	-	-	37.826.934
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	129.523	-	-	4.457.509	1.615.673	261.243	5.132.517	2.736.381	24.914	-	-	323.691	-	-	-	-	14.681.451
Net Best Estimate of Claims Provisions	**R0250**	231.003	-	-	7.847.068	2.161.036	145.996	3.748.515	8.939.409	5.638	-	-	66.818	-	-	-	-	23.145.483
Total Best estimate - gross	**R0260**	749.272	-	-	16.156.525	7.024.406	504.907	17.477.683	13.776.464	42.474	-	-	582.163	-	-	-	-	56.313.894
Total Best estimate - net	**R0270**	564.539	-	-	10.146.402	4.090.470	222.684	9.971.997	10.784.924	17.483	-	-	222.282	-	-	-	-	36.020.781
Risk margin	**R0280**	91.831	-	-	189.487	124.090	90.029	429.497	250.015	88.035	-	-	93.793	-	-	-	-	1.356.775
Technical provisions - total																		
Technical provisions - total	**R0320**	841.103	-	-	16.346.012	7.148.496	594.936	17.907.180	14.026.479	130.509	-	-	675.956	-	-	-	-	57.670.669
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	184.733	-	-	6.010.123	2.933.936	282.223	7.505.686	2.991.540	24.991	-	-	359.881	-	-	-	-	20.293.113
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	656.370	-	-	10.335.889	4.214.560	312.713	10.401.494	11.034.939	105.518	-	-	316.075	-	-	-	-	37.377.556

Appendix B4 - S.19.01.21: Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Accident year [AY] {s2c_AM:x4}

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+			In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100											39.823		R0100	39.823	35.648.293
N-9	R0160	9.494.453	3.593.044	508.271	83.984	295.112	44.003	113.999	-12.125	56.794	358.190			R0160	358.190	14.535.725
N-8	R0170	10.168.077	2.427.965	300.109	132.901	4.932	13.850	74.035	148.453	175.767				R0170	175.767	13.446.089
N-7	R0180	7.646.758	4.011.442	330.674	137.163	105.075	18.331	32.544	393.957					R0180	393.957	12.675.944
N-6	R0190	8.500.168	3.095.411	581.951	216.139	172.072	15.937	202.455						R0190	202.455	12.784.133
N-5	R0200	8.919.943	4.805.868	492.154	467.202	211.046	86.490							R0200	86.490	14.982.703
N-4	R0210	7.866.724	4.964.978	446.125	209.848	142.799								R0210	142.799	13.630.474
N-3	R0220	6.052.125	5.576.510	1.597.679	91.033									R0220	91.033	13.317.347
N-2	R0230	6.919.130	4.216.378	1.303.489										R0230	1.303.489	12.438.997
N-1	R0240	6.564.205	4.987.557											R0240	4.987.557	11.551.762
N	R0250	8.881.909												R0250	8.881.909	8.881.909
													Total	R0260	16.663.469	163.893.376

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10&+			Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											2.864.595		R0100	2.753.783
N-9	R0160	0	0	0	0	0	0	0	0	0	306.940			R0160	295.183
N-8	R0170	0	0	0	0	0	0	0	0	728.599				R0170	700.215
N-7	R0180	0	0	0	0	0	0	0	692.806					R0180	667.319
N-6	R0190	0	0	0	0	0	0	1.694.327						R0190	1.629.870
N-5	R0200	0	0	0	0	0	1.560.330							R0200	1.508.111
N-4	R0210	0	0	0	0	2.446.807								R0210	2.372.652
N-3	R0220	0	0	0	4.655.804									R0220	4.506.743
N-2	R0230	0	0	2.998.352										R0230	2.892.925
N-1	R0240	0	5.513.394											R0240	5.328.753
N	R0250	12.676.131												R0250	12.316.828
													Total	R0260	34.972.382

Appendix B5 - S.23.01.01: Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	5.130.000	5.130.000		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-				
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	35.666.952	35.666.952			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	R0290	40.796.952	40.796.952	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	
A legally binding commitment to subscribe and pay for subordinated liabilities on	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	R0350	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	40.796.952	40.796.952	-	-	-
Total available own funds to meet the MCR	R0510	40.796.952	40.796.952	-	-	
Total eligible own funds to meet the SCR	R0540	40.796.952	40.796.952	-	-	-
Total eligible own funds to meet the MCR	R0550	40.796.952	40.796.952	-	-	
SCR	R0580	21.531.554				
MCR	R0600	6.076.126				
Ratio of Eligible own funds to SCR	R0620	190%				
Ratio of Eligible own funds to MCR	R0640	671%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	40.796.952	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720	-	
Other basic own fund items	R0730	5.130.000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-	
Reconciliation reserve	R0760	35.666.952	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770		
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	3.860.483	
Total Expected profits included in future premiums (EPIFP)	R0790	3.860.483	

Appendix B6 - S.25.01.21: Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	6.838.484		
Counterparty default risk	R0020	5.737.036		
Life underwriting risk	R0030	.		
Health underwriting risk	R0040	406.334		
Non-life underwriting risk	R0050	13.236.582		
Diversification	R0060	-6.257.982		
Intangible asset risk	R0070	.		
Basic Solvency Capital Requirement	R0100	19.960.454		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1.843.880
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-272.780
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	.
Solvency Capital Requirement excluding capital add-on	R0200	21.531.554
Capital add-on already set	R0210	.
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	21.531.554
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	.
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	.
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Approach to tax rate		C0109
Approach based on average tax rate	R0590	Approach not based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	-272.780
LAC DT justified by reversion of deferred tax liabilities	R0650	-272.780
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	

Appendix B7 - S.28.01.01: Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	6.076.126

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	564.539	1.023.781
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	10.146.402	5.063.006
Other motor insurance and proportional reinsurance	R0060	4.090.470	4.052.057
Marine, aviation and transport insurance and proportional reinsurance	R0070	222.683	416.726
Fire and other damage to property insurance and proportional reinsurance	R0080	9.971.997	12.153.149
General liability insurance and proportional reinsurance	R0090	10.784.924	7.033.036
Credit and suretyship insurance and proportional reinsurance	R0100	17.483	17.314
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	222.283	358.332
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	-

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

Overall MCR calculation

		C0070
Linear MCR	R0300	6.076.126
SCR	R0310	21.531.554
MCR cap	R0320	9.689.199
MCR floor	R0330	5.382.889
Combined MCR	R0340	6.076.126
Absolute floor of the MCR	R0350	4.000.000
		C0070
Minimum Capital Requirement	R0400	6.076.126

Appendix C - Independent Auditor's Report

To the Board of Directors of General Insurance of Cyprus 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 4 April 2023, of General Insurance of Cyprus Limited (the "Company"), prepared as at 31 December 2023:

S.02.01.02 – Balance sheet
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.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance activity or reinsurance 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").

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 the 'Capital Management' and other relevant disclosures 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 4 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.

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 judgement and maintain professional scepticism 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.

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.

PricewaterhouseCoopers

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

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28 March 2024