Solvency and Financial Condition Report

18 May 2017

GROUPAMA PHOENIX HELLENIC INSURANCE COMPANY S.A.
213-215 SYGGROU AVE., 17121 ATHENS, GREECE

TEL.: +30 210 3295 111 | FAX: +30 210 3239 135
info@groupama.gr | www.groupama.gr

Contents

GROUPAMA PHOENIX HELLENIC INSURANCE COMPANY S.A.
213-215 SYGGROU AVE., 17121 ATHENS, GREECE

TEL.: +30 210 3295 111 | **FAX:** +30 210 3239 135
info@groupama.gr | www.groupama.gr

Groupama ASFALISTIKI

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SUMMARY

The objective of the solvency and financial condition report for Groupama Phoenix Hellenic Insurance Company S.A. (the Company) is:

- a description of business and performance;
- a description of the system of governance and an assessment of its adequacy for the risk profile;
- a description, separately for each category of risk, of the risk exposure, concentration, mitigation, and sensitivity;
- a description, separately for assets, technical provisions, and other liabilities, of bases and methods used for their valuation, together with an explanation of any major differences in the bases and methods used for their valuation in financial statements;
- and a description of the capital management.

This Solvency and Financial Condition Report has been approved by the company's Board of Directors meeting of 19/05/2017

- Business and performance

Company's turnover in 2016 reached 135.6 m€ (including investment products), decreased by -1.9% in comparison to last year.

In property & casualty business, company's turnover over-performed the market overall (-4.1% for the company vs -5.6% for the market). The key business line is motor where despite the overall positive fleet development (+11% in comparison to December 2015) premiums were reduced (-2.8% for the company in comparison to -7.4% for the market) reflecting soft market conditions.

Premiums in Individual health and riders business on the other hand increased by +11.4% versus 2015 supported by new business levels and especially annual renewable products that represent approximately 71% of total health new business.

Technical result in Property and Casualty lines is positive with the combined ratio at 85% while Life result is negatively impacted by -5.3m€ due to the persistently low level of interest rates.

- System of governance

There were no meaningful changes made to the governance system during 2016, apart from implementing Solvency 2, which was decided at the end of 2015 and became into effect from effective 1 January 2016.

In FY 2016 there were no critical changes made to the Company's risk management system.

- Risk profile

Given its activity and its positioning in the market, the Company is essentially exposed to insurance risk (premiums, reserves, and catastrophes), and financial risks.

Premium risks and reserves have the advantage of extensive diversification between, the various kinds of insurance on the one hand, between types of markets on the other, (personal lines, small businesses, enterprises, etc.)

Additionally, the Company has implemented an insurance risk mitigation system that consists of an array of principles and rules covering underwriting and reserving, as well as a system of reinsurance. The Company did not experience any significant change in its underwriting risk in FY 2016.

In compliance with the Group's reinsurance policy, the Company reinsures primarily with Groupama SA.

Overall SCR reaches 70.6M€ in FY 2016 increased by 1.4% in comparison to the previous period (69.7M€).

Underwriting risks represent 60% of SCR (before diversification) with the most important risk being non-life underwriting risk (40%). Non-life underwing risk is decreasing in comparison to Day 1 (01/01/2016) reporting, due to the change in catastrophe risks mainly reflecting the new structure or reinsurance agreements.

Market risk is the 2nd most important risk: it represents 25% of the basic solvency capital requirement (SCR) in FY 2016. Market Risk has increased from 20.4% of total SCR before diversification between modules to 25.0%, mainly due to the increase in spread sub-risk.

- Valuation for solvency purposes

In FY 2016 there were no crucial changes in valuation methods for solvency purposes.

- Capital management

The SCR and MCR regulatory coverage ratios are respectively of 121% (118% without the use of VA) and 255% (247% without the use of VA) at 31 December 2016 versus 117% SCR (103% without the use of VA) and 245% MCR (210% without the use of VA) on 1 January 2016.

A. BUSINESS AND PERFORMANCE

A.1. Business

A.1.1. Overview

A.1.1.1 Organization of the Company

Groupama Phoenix Hellenic Insurance Company S.A. (the “Company”) is a company incorporated in Greece. The Company is active in all sectors of insurance industry both life and non -life, providing comprehensive insurance coverage to both individuals and enterprises. The Company is 100% controlled by Groupama SA which is part of Groupama Group and its financial statements are fully consolidated with the Group’s.

- Supervisory authority responsible for financial supervision of the of the company

Groupama Phoenix Hellenic Insurance Company S.A. is supervised by the Department of Private Insurance Supervision of the Bank of Greece.

We note that the regulator pursuant to Law 4364/2016 may require the modification or revision of published Company reports or the publication of additional information, as well as other actions to be taken by management.

- Company’s independent auditor

The independent auditor of Groupama Phoenix Hellenic Insurance Company S.A. is PriceWaterhouseCoopers, located 260 Kifissias Avenue, Halandri 15232 Athens Greece.

A.1.1.2. Description of the Groupama Group

Groupama is a mutual insurance, banking, and financial services, Group. A major player on the insurance market in France, it is also present internationally. The network of Groupama (the "Group") is organized around a structure established on the three following levels:

- Local mutual companies (the "Local Mutuals"): they are the basis of Groupama’s mutualist organization; allowing true proximity to be established with the policyholders. Local mutuals are reinsured with regional mutuals according to a specific reinsurance mechanism by which the regional mutual takes the place of the local mutuals within its district in fulfilling their insurance commitments towards members.
- The regional mutuals are insurance companies that, under the control of a central body of Groupama SA with which they are reinsured, are responsible for their management, pricing and product policy and, as part of the Group’s strategy and their sales policy. The Groupama network had 9 regional mutuals in metropolitan France, 2 overseas mutuals and 2 specialist mutuals.
- Groupama SA: the Group’s central body is a "non-life" insurance and reinsurance company, the holding company for the Equity Management Division of the Groupama group.

Groupama SA and its subsidiaries (including Groupama Phoenix Hellenic Insurance Company S.A.), which make up the Equity Management Division of the Groupama Group, maintain with their controlling shareholders, the Groupama regional mutuals, which make up the Groupama group’s Mutual Insurance Division, close and long-lasting economic relationships mainly in the areas of:

i. reinsurance, through exclusive reinsurance and in significant proportions of Regional Mutuals with Groupama SA, which provides economic support and a transfer of a part of their property and casualty activity to Groupama SA;
ii. business relations between Groupama SA subsidiaries and the Regional Mutuals that include the distribution provided through Regional Mutuals; of Group products such as life insurance, pensions, banking, and services;
iii. a scheme concerning systems of security and support aimed at ensuring the security of the business and the financial strength of all the Regional Mutuals and of Groupama SA, and for organizing support.

A.1.1.3. Qualified holdings in the company and related companies

- Holders of qualified equity interests in the company

The Company is 100% controlled by Groupama SA.

- Significant related companies

In accordance with articles 212 (1) (b), 13 (20) and 212 (2) of the Solvency 2 Directive of 2009, related companies are either a subsidiary company or another company in which ownership is either directly or indirectly greater than 20%, or one in which dominant influence is exerted.

The main related company are detailed in the table below:

Name	Legal form	Country	% held	% of voting rights
Group Merimna	Limited company (Ltd)	Greece	95%	95%

The participation represents only 0.1% of the Company's total financial investments portfolio as presented in the S2 balance sheet.

A.1.2. Analysis of the Company's activity

A.1.2.1. Activity by significant line of business

The Company offers a complete range of insurance and financial products, mainly including:

- Private motor vehicle;
- Home insurance;
- Property and Casualty, Civil Liability;
- Health, insurance of individuals and groups;
- Life insurance: endowment contracts, pension and death benefit;
- Saving products for individual and groups.

The Company has a strong presence in the following markets:

- Personal life and health lines (including health similar to Life and health similar to Non-Life) and pensions market, which represents 39.2% of its total turnover
- Motor business representing 39.7% of its total turnover
- Other property and casualty lines with a strong focus on fire business representing in total 21.1% of its total turnover

A.1.2.2. Activity by main geographical area

All activities are carried out in Greece.

A.1.3. Significant events of the year

Despite the deteriorating economic environment, the Company continued its profitable development in 2016 by focusing on effective risk management and product development across all business segments.

In April 2016, Mr. Katsios Christos assumed the position of the General Manager & Legal Representative and Mr. Thuillier Laurent assumed the position of Deputy to General Manager and Deputy Legal representative, following the decision of the competent Commission of Groupama S.A.

A.2. Underwriting performance

A.2.1. Overall underwriting performance

The table below presents underwriting results based on IFRS financial statements[1] (S.05.01):

	Year N			Year N-1
in thousands euros	Non life	Life	Total	Total
Premiums written				
Gross	107.185	27.747	134.932	137.552
Reinsurers' share	12.442	411	12.853	12.622
Net	94.743	27.336	122.079	124.930
Premiums earned (+)				
Gross	107.999	27.747	135.746	139.881
Reinsurers' share	12.395	411	12.806	12.558
Net	95.604	27.336	122.940	127.324
Claims incurred (-)				
Gross	42.846	18.646	61.492	93.657
Reinsurers' share	3.651	529	4.180	3.880
Net	39.195	18.117	57.312	89.778
Changes in other technical provisions (+)				
Gross	1.376	-16.197	-14.821	18.266
Reinsurers' share	0	276	276	216
Net	1.376	-16.473	-15.097	18.050
Expenses incurred (-)	49.856	3.256	53.112	54.575

- General analysis of underwriting expenses and income

The total amount of written premiums, direct business and acceptances at 31 December 2016 amounted to €134.9 million (gross) i.e. a net change of -1.9% in comparison to prior year and €122.1 million (net), i.e. a net change of -2.3% in comparison to prior year.

Claims incurred amounted to €61.5 million (gross) and €57.3 million (net of reinsurance). For non-life claims incurred represent a claim to earned premiums ratio of 40% gross and 41% net of reinsurance.

Changes in other technical provisions reached €14.8 million (gross) and € 15.1 million (net of reinsurance).

[1] The table does not include financial result

Life result has been impacted by the update of the discount rates used for the purpose of Liability Adequacy Test and reflects the persistently low level of interest rates.

Distribution and management costs amounted in total to €53.1 million, a decrease of €-2.7% compared to the previous year. The overall ratio of overhead costs to premiums earned and accepted amounted to 39.1%.

- Breakdown of Non-Life and Life Activities

Written premiums (gross) of The Company can be split by broad activity in the following way:

- 79% for Non-life activities
- 21% for Life activities

In 2016 all the business of the Company was carried out in Greece.

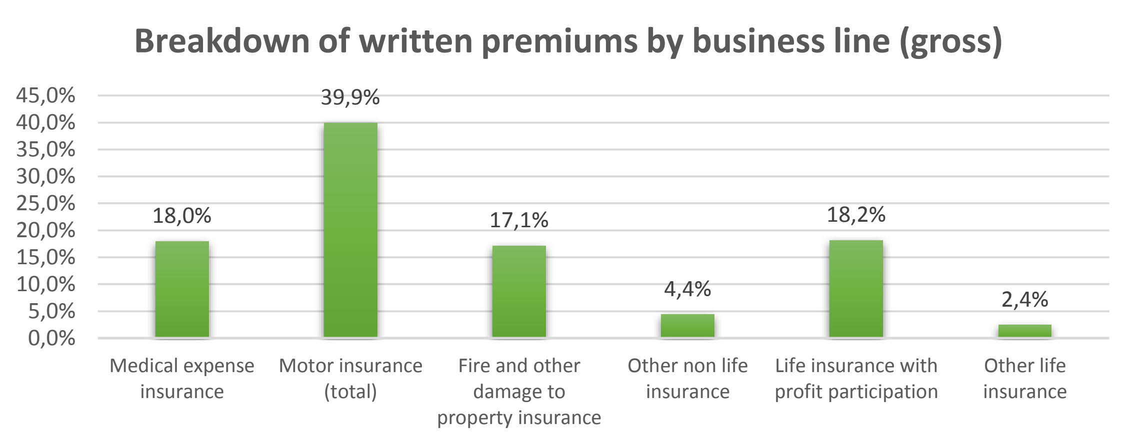
A.2.2. Premiums written

Premiums written in thousands euros	Year N Gross	 % of total	Year N-1 Gross
Medical expense insurance	24.270	18%	23.436
Income protection insurance	1.783	1%	2.291
Motor vehicle liability insurance	37.254	28%	39.372
Other motor insurance	9.562	7%	9.617
Marine, aviation and transport insurance	2.844	2%	3.049
Fire and other damage to property insurance	23.140	17%	24.781
General liability insurance	1.276	1%	1.312
Legal expenses insurance	1.451	1%	1.400
Assistance	5.605	4%	5.045
Non-life insurance (direct business and accepted reinsurance)	**107.185**	**79%**	**110.303**
Insurance with profit participation	24.502	18%	14.312
Index-linked and unit-linked insurance	1.601	1%	11.132
Other life insurance	1.644	1%	1.805
life insurance	**27.747**	**21%**	**27.249**
Total non life and life insurance	**134.932**	**100%**	**137.552**

Premiums written reached €135 million gross and €122 million net of reinsurance. The business lines "Medical expenses", "Motor vehicle third party liability" (MTPL), "Fire and other damage to property insurance" and "life insurance with profit participation" are the most representative with 81% of the total premiums written (gross):

- Business lines "Motor vehicle third party liability (MTPL)" represent €37 million (gross) of premiums written or 28% of premiums (gross).
- Premiums written for business line "Fire and other casualty to the property", amounted to €23.1 million gross. This business line includes the following risks:
    - Home insurance for a sum of 9,3mi € (40%)
    - Professional risks for a sum of 12 mi € (52%)
    - Other damages for a sum of 1.8 mi € (8%)

- Finally, the business line "Medical Expenses" is made up of individual and group health activities, the gross written premiums of which amounted respectively to €16 million and €8.3 million.



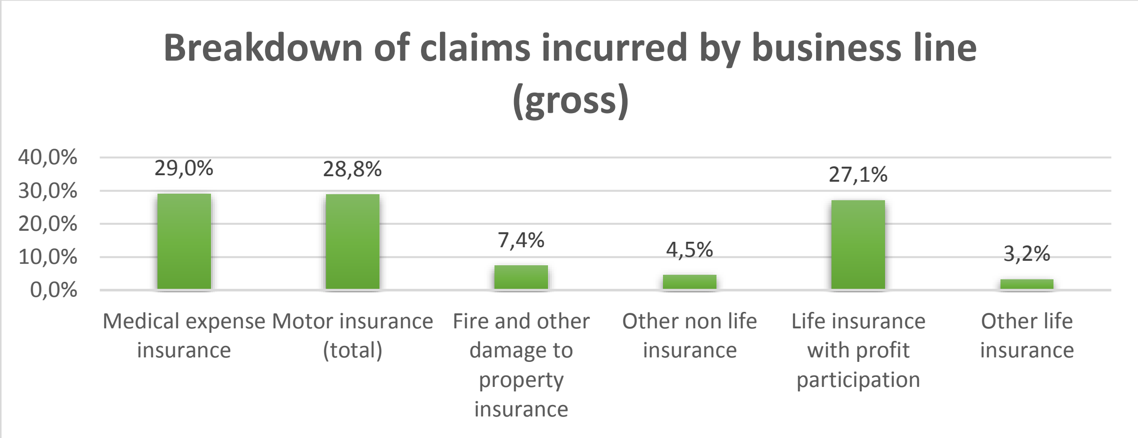
A.2.3. Claims incurred

Claims incurred in thousands euros	Year N Gross	 % of total	Year N-1 Gross
Medical expense insurance	17.850	29%	17.090
Income protection insurance	656	1%	934
Motor vehicle liability insurance	11.967	19%	6.972
Other motor insurance	4.204	7%	7.610
Marine, aviation and transport insurance	1.927	3%	2.711
Fire and other damage to property insurance	4.541	7%	5.623
General liability insurance	181	0%	578
Legal expenses insurance	89	0%	330
Assistance	1.431	2%	1.387
Non-life insurance (direct business and accepted reinsurance)	42.846	70%	43.235
Insurance with profit participation	16.673	27%	44.287
Index-linked and unit-linked insurance	3.032	5%	5.329
Other life insurance	-1.059	-2%	807
life insurance	18.646	30%	50.423
Total non life and life insurance	61.492	100%	93.657

Cost of claims amounted to €61.5 million.

In non-life the gross claims ratio is 45.3% slightly increased versus 2015 (+1.3pts) impacted by:

- MTPL current year ratio increase driven by increased frequency and increased average cost combined with decrease in average premium.
- The persistently low loss ratio levels in fire and other damage to property.



A.2.4. Expenses incurred

Technical overheads (including net commissions and general expenses) amounted in total to €53.1 million in 2016, presenting a decrease of -2.7% from 2015. The rate compared to premiums earned is 39.1% in year N, versus 39% in the previous year. They break down into:

- €16.8 million for administration expenses;
- €0.6 million for investment management fees;
- €3.8 million for claims management expenses;
- €31.9 million for acquisition costs including commissions;

The decrease in general expenses (i.e. excluding commissions and investment management fees) reaches -2.8% and reflect continued management efforts on process optimization and efficiency.

A.3. Investment performance

Investment result reached 16,2m€ overall with the largest part (13.2m€) being investment income (interest, dividends, rents), only slightly lower comparing to last year's income of 13.3m€. Bonds interest reached 12m€ (government bonds €7.9m and corporate bonds €4.1m) and dividends from investment funds reached 1m€ approximately.

Investment performance was positive in 2016 also due to the market value movement in the period as unrealized gains & losses reached €2.6m and the realized gains and losses were €0.5m€ approximately.

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B. SYSTEM OF GOVERNANCE

B.1. General Information about the system of governance

B.1.1. Description of the system of governance

B.1.1.1. At the Company level

The Company is incorporated in Greece authorized and regulated by the Department of Private Insurance Supervision of the Bank of Greece. The Company is active in all sectors of insurance industry both life and non -life, providing comprehensive insurance coverage to both individuals and enterprises. The Company is 100% controlled by Groupama SA which is part of Groupama Group and its financial statements are fully consolidated with the Group's. As a wholly consolidated subsidiary of Groupama Group, the Company is actively committed to the latter's governance policy and applies it in its own organization.

The Company is managed by a Board of Directors whose members are appointed by the ordinary General Assembly. Their number is at least five (5) and at maximum fifteen (15). Their term of office is for three years. When a director is appointed to replace another director, he/she will only exercise the functions of the latter for the remainder of the previous director's term of office.

At present, the Board of Directors consists of six (6) directors that have been appointed by the ordinary General Assembly.

Regarding effective officers, the Board of Directors has opted for splitting the functions of chairmanship and general management.

General management is assumed by a General Manager (GM) appointed by the Board of Directors, on a proposal from the chairperson. His/her powers are specified by the Board of Directors. General management is a fully effective governing body of the company. The chairperson of the Company's Board of Directors is also an effective officer of the company.

Both Chairperson and General Manager participate in deciding upon important matters.

B.1.1.2. At Groupama Group level

Groupama Group has a governance method that empowers everyone involved within the organization. Members elect their representatives at the local level with over 41,000 elected, who then elect their own representatives at the regional and national level. Administrators, who are insured by the mutuals, control all the Boards of the Group's mutual entities. They select the Managers who handle operating activities. The Board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance group. They select the Managers who handle operating activities. The elected representatives thus participate in all the Group's decision-making bodies, whether local mutual (3,140), regional (9 regional mutuals in Metropolitan France, 2 overseas mutuals, and 2 specialized mutual), or national through federations and the Board of Directors of Groupama SA and its subsidiaries.

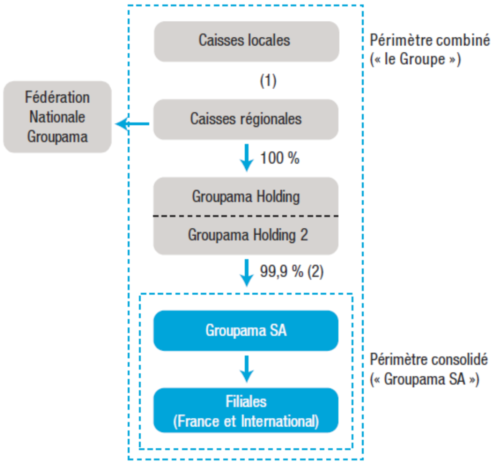
Since 2003, Groupama Group has had three central organizational entities:

- The Fédération Nationale, comprised of the Groupama regional mutuals. Its duties are to define the overall strategies of the mutual insurance group and check their application, act as an agricultural trade organization at national level, and promote mutual-insurance principles within the Groupama Group. The FNG is an association governed by the French law of 1901;
- Groupama SA, which directs the operating activities of the Group and its subsidiaries, is the reinsurer for the regional mutuals and has become the central body of the Groupama network since the law of 26 July 2013 on the separation and regulation of banking activities;
- Groupama Holding: the function of this intermediate Company is to ensure the financial control of Groupama SA by the regional mutuals, by combining all their equity interests.

The entities share the same Chairman and the same executive management to ensure greater consistency.

Groupama SA is responsible for ensuring the cohesion and proper functioning of the network organizations, to assume the administrative, technical, and financial control over the organization and management of the network of bodies, to set strategic guidelines for the latter, to issue all necessary instructions to this effect, ensuring their effective implementation, and, in particular, take all necessary measures to guarantee the solvency and the commitments of each of the network organizations as with the Group.

Groupama SA, a French société anonyme, is 99.97% owned by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the specialist mutuals ("regional mutuals") through Groupama Holding and Groupama Holding 2. The remaining portion of its share capital (0.03 %) is owned by former or current agents and employees of Groupama SA. Both Groupama Holding and Groupama Holding 2, which are French sociétés anonymes, are wholly owned by the regional mutuals.



1. *Since regional and local mutuals are mutual insurance companies, companies without share capital, there is no capital relationship between them. Local mutuals are members of a regional mutual from which they get reinsurance.*
2. *92.01% held by Groupama Holding and 7.96% held by Groupama Holding 2.*

B.1.2. Structure of the administrative, management, and supervisory body

Groupama Phoenix Hellenic Insurance Company S.A. is managed by the Board of Directors and its General Management (see section B.1.1.1).

Apart from the implementation of Solvency 2, which was decided late 2015 and effective from 1 January 2016, no significant changes to the governance system occurred during FY 2016.

B.1.2.1. the Board of Directors

B.1.2.1.1. Membership

The Company's administration is undertaken by its Board of Directors and Executive Management that are appointed by the General Assembly.

	No	Names	Initial Nomination	Latest renewal	Expire Mandate	Category
1	President of the Board of Directors	M. Dominique UZEL	26/09/2012	28/06/2016	2019	Executive
2	Vice-President	M. Olivier LARCHER		28/06/2016	2019	Executive
3	General Manager	M. Christos KATSIOS	30/03/2016	_	2019	Executive
4	Member of the Board of Directors	Mme. Fabienne Geneviève Diane Marie Milon (spouce of Ferey	11/06/2015	28/06/2016	2019	Non-executive Independent
5	Member of the Board of Directors	M. Jérôme JANETTACCI	29/06/2012	_	2019	Non-executive Independent
6	Member of the Board of Directors	Mme Ambre VIGNY	13/06/2014	_	2019	Non-executive

B.1.2.1.2. Main roles and responsibilities

- Responsibilities of the Board

As described by the Company's Articles of Association the main roles and responsibilities of the Board of Directors are as follows:

ARTICLE 13

1. The Board of Directors has authority to decide all matters related to the Company's administration or the management of its assets, except for matters which according to the law are within the exclusive jurisdiction of the General Assembly.
2. Apart from the other powers pursuant to the provisions of the law, the Board of Directors is competent for the issuance of the bond loans, except from those mentioned in Article 3b of the Codified Law 2190/1920. As far as the bond loans convertible to shares, the Board of Directors is entitled to decide its issuance pursuant to the article 13 paragraph 1 of the Codified Law 2190/1920.

ARTICLE 14

1. The Board of Directors is entitled to assign, through resolution, the exercise of some or even all its rights and duties, as well as the responsibility for the execution of its resolutions, with the exception of those deeds for which collective action is required by Law, to its Chairman or to one of its Directors who will bear the title of the Managing Director, or to one or more General Managers, General Secretaries or Deputy General Managers, members of the Board of Directors or not or to more Directors of the Board or to Managers of the Company or any other employee or third parties. The Chairman of the Board can also be appointed Managing Director of the company.
2. Moreover, the Board of Directors may transfer the right of organic representation, with a decision to be taken with a simple majority of its members present or represented, to any member of the Board or to General Managers or to General Secretaries or to Deputy General Managers , who may not be its members or to Managers of the Company or to other employees or to third parties, who will be a substitute of the Board of Directors and will act each one separately as representatives of the Company.
3. The Board of Directors has the right, without limitation, by taking a following decision, to withdraw from the General Manager or any other person all or some of the already given duties or transferred rights.

Moreover, pursuant to the above Articles of Association, the General Manger is also authorized via the Minutes of the Board no. 1285/28-06-2016 with the powers contained therein. In general, the Board of Directors sets the Company's strategy and business guidelines, ensures that they are implemented and oversees the performance of the Executive Management. In addition, it requests any audits or reviews that may deem necessary.

- Responsibilities of the Chairman of the Board of Directors

As described by the Company's Articles of Association regarding the responsibilities of the Chairman of the Board of Directors:

ARTICLE 9

1. The Board of Directors is constituted as a body on its first meeting after every election of Directors by the General Meeting as well as in any event upon the position of the Chairman becoming vacant for whatever reason. In this case, and until a new Chairman is elected, the respective duties are performed by the Vice Chairman, who is appointed by the Board.
2. The Board of Directors elects, among its members its Chairman and one or more Vice Chairmen and determines their duties. It may also elect a Secretary, who might be a member of the Board or not.
3. The Chairman, when absent or hindered, is replaced by one of the Vice Chairmen, appointed by the Board of Directors, and in case the Vice Chairmen are, also absent or hindered, by another Director, appointed by the Board of Directors.
4. The Chairman (or his deputy) chairs the meetings of the Board of Directors and leads its operations.

In general, the Chairman of the Board of Directors ensures the effective operation of corporate bodies organizes and leads the work of the Board of Directors, on which he reports to the General Assembly. Particularly, he ensures that the Directors are capable of fulfilling their duties.

- Authority reserved for the Board of Directors

Certain operations are also subject to approval by the Board of Directors if they exceed a unit amount set by the Board of Directors.

B.1.2.1.3. Committees reporting directly to the Board of Directors

Audit Risk & Compliance Committee

Membership:

In 2016, the Audit, Risk & Compliance Committee is made up of three members appointed by the General Assembly of the Shareholders, including:

- 1 non-exécutive Director: Ambre Vigny;
- 2 non-executive & independent Directors: Jérôme Janettacci and Fabienne Geneviève Diane Marie Milon (spouce of Ferey).
- The Audit Committee is chaired by an Independent Director, Jérôme Janettacci.

Responsibilities:

The Audit, Risk & Compliance Committee has the following main responsibilities:

All members need to have knowledge of the business activity of the company. The non-executive and independent members need to have proven adequate knowledge in accounting and auditing matters. The Committee may invite other persons, when appropriate. The Chairman of the Committee shall communicate the meetings' minutes to the Board. The Audit Committee meets with the Director of Internal Audit periodically and at least once a year with the external auditors. The Board authorizes the Audit Committee to have access to the Managers and employees of the Company, supervise the Internal Audit function, recommend the appointment of the External Auditors, and supervise their work.

B.1.2.2. Executive Management

B.1.2.2.1. Main roles and responsibilities

The Company is managed by a General Manager by resolution of the Company's 1285/28-6-2016 meeting of the Board. The Chairman of the Board is also vested by the same document with the ultimate supervision of the Company and the rest of powers contained in the aforementioned resolution. Christos Katsios, General Manager, and Dominique Uzel, Chairman of the Board, are vested with broad powers to act on behalf of the Company under any and all circumstances. They exercise their authority within the limit of the corporate purpose and subject to the authority expressly granted to General Meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors.

B.1.2.2.2. Role of the General Management Committee

The General Manager chairs the General Management Committee (GMC) which main purpose is to set the strategic direction and objectives of the Company, and oversees the functionality and efficiency of operations. It facilitates the communication and coordination of critical information between management. The oversight of the GMC extends across all functional areas and subdivisions.

General Management Oversight:

- Set the strategic direction for and its functions;
- Align Company's strategic direction with Group goals;

- Oversee and assure the effective management;
- Review and discuss the commercial and technical results;
- Review and discuss quarterly results and official closing of accounts;
- Discuss strategy and action plan;
- Review, discuss and approve topics and projects specific to major functions.

B.1.2.2.3. Delegation of responsibilities

The current system for delegating powers established at Groupama Phoenix Hellenic Insurance Company S.A in collaboration with Group compliance, has been set up as follows:

- it is based on the management reporting line
- it relies on a network of corresponding powers that have been designated in each of its divisions. and the main French subsidiaries of Groupama SA

The delegations granted by the Board of Directors are falling into three distinct categories: delegations of power per se, delegation of signature authorization and, lastly, representation mandates. Only the delegation of authority may entail the transfer of civil and penal responsibilities.

B.1.3. Key functions

- Risk management and permanent control function

The Risk Management and permanent control function has a reporting line to the Board of Directors through the Audit Risk & Compliance Committee. Functionally refers to the Company's Management through the Deputy General Manager.

The Unit reports to the Audit, Risk & Compliance Committee, at least annually, on matters within its competence, in a manner that ensures its independence and the avoidance of conflict of interest and has access to all the elements and information necessary to fulfil its mission. The Unit is staffed by two dedicated employees.

The risk management function informs the General Management of major risks and the status of efforts made to address weaknesses identified. All these indications are sent to the Board by the General Manager.

The main objective of the Unit is to ensure coordination and implementation of the established Risk Management System and the Internal Control System in cooperation with the Actuarial Function and Compliance Function.

- The compliance function

The Compliance function has a reporting line to the Board of Directors through the Audit Risk & Compliance Committee. Functionally refers to the Company's Management through the Deputy General Manager.

The Unit reports to the Audit, Risk & Compliance Committee, at least annually, on matters within its competence, in a manner that ensures its independence and the avoidance of conflict of interest and has access to all the elements and information necessary to fulfil its mission. The Unit is staffed by 1.5 (FTE) dedicated employee.

Within the System of Internal Controls, the mission of the Compliance Unit is to identify, monitor and control compliance with and application of laws and regulations (external and internal). Its objectives (indicatively) are to identify and evaluate the compliance risks within the Company, organize and structure a compliance risk mapping, put in place and coordinate compliance procedures and controls, control and monitor all measures taken to mitigate the compliance risks, assess and continuously improve existing arrangements and provide organized and regular reports and act as an adviser in compliance matters within the Company.

Among the Unit's duties is also to conduct an annual control plan that is subject to validation by the Audit, Risk & Compliance Committee.

- Internal audit function

The Internal Audit function has a reporting line to the Board of Directors through the Audit Risk & Compliance Committee. Functionally refers to the Company's Management through the Deputy General Manager.

The Division reports to the Audit Committee, at least annually, on matters within its competence, in a manner that ensures its independence and the avoidance of conflict of interest and has access to all the elements and information necessary to fulfil its mission. The Unit is staffed by 2 dedicated employees.

The Internal Audit Function is part of the Internal Controls System. Its main objective is to audit and evaluate the adequacy and effectiveness of the Internal Controls System and as the third line of defense, to ensure compliance of the operations with the Company's policies, laws and regulations. It also evaluates the accuracy and completeness of the financial statements and administrative reports

- Actuarial function

The Actuarial function has a reporting line to the Board of Directors through the Audit Risk & Compliance Committee. Functionally refers to the Company's Management through the Chief Financial Officer.

The manager of the Actuarial function reports to the Audit, Risk & Compliance Committee, at least annually, on matters within its competence, in a manner that ensures its independence and the avoidance of conflict of interest and has access to all the elements and information necessary to fulfil its mission. The function is staffed by 5 dedicated employees.

B.1.4. Remuneration policy and practices

B.1.4.1. Remuneration policy and practices of members of the Board of Directors

The responsibility of the remuneration of the Members of the Board of Directors lies within the General Assembly of Shareholders.

The members of the Board of Directors of the Company do not receive any remuneration or fees for their services as Members of the Board of Directors.

B.1.4.2. Remuneration policy and practices of corporate officers

A. Expatriates

The top executives of the parent company (expatriates) receive fixed and variable earnings as defined and approved by the parent company Groupama S.A.

B. Division Managers

The Directors' remuneration are comprised of a fixed and variable component, both of which are provided at their employment contract. The fixed component of the salary represents the most important part of their total remuneration, while the variable component is a small percentage. The payment and the extent or even the non-payment of the variable component within the above mentioned contractual restrictions are determined mainly on the basis of the achievement of the individual objectives, the financial results of the company and the Group. In the event that the variable component is calculated based on inaccurate performance or company results, any amount paid is withdrawn.

In general, earnings should be competitive in order to attract qualified professionals with the appropriate qualifications.

In addition, the following non-economic variables must be considered:

- Non-economic goals related to contributing to the performance of their tasks.
- Non-economic factors related to skills, personal development, compliance with company internal regulations and procedures, code of conduct and standards of professional conduct..

B.1.4.3. Remuneration policy and practices applicable to employees

Employee compensation includes:

- A fixed salary determined at the time of hiring. This takes into account the position and the scope of responsibility of the employee, and the levels of remuneration applied by the company (internal consistency) and the market for an equivalent position (benchmark).
- According to the level of responsibility, an individual variable remuneration to recognize individual and/or collective performance. This depends on the objectives set at an annual interview, determined in line with the company's strategy and risk management policy, and related to context and results.
- A collective variable remuneration scheme made up of incentive and profit-sharing schemes implemented in the context of company or Group agreements, renegotiated in accordance with current regulations.

Employee savings plans and group retirement savings plans, and benefits supplement employee remuneration.

For employees of Group companies, the rules for determining variable remuneration do not encourage risk-taking to the extent that:

- the structure of variable remuneration is designed to avoid introducing incentives that could lead to situations of conflict of interest, or a breach of the rules of good conduct;
- risks are governed by strict limits and delegations periodically reviewed that de facto prevent excessive risk taking
- Employees' variable remuneration, represents a reasonable amount and percentage of total gross remuneration paid to employees of the Group companies.

Accordingly, the payment of variable remuneration attributed for a certain period is not deferred in time.

B.2. Requirements of competence and integrity (fit and proper)

B.2.1. Fit and proper requirements

B.2.1.1. Procedure for assessing director competence

Key principles of the policy on fit requirements are applied according to the categories of persons concerned.

Board of Directors

In 2005, the Board of Directors of the parent Company, Groupama S.A., adopted internal regulations which clarify and supplement certain regulatory and statutory provisions concerning the operation of the Board of Directors and of the general management, and reiterate the rights and obligations of directors.

Those internal regulations point out that the Board of Directors shall consist of directors with competencies, independence of mind and willingness to get involved in the company's activities, and that those directors shall serve the interests of society.

Those internal regulations also establish the directors' right to training.

B.2.1.2. Procedure for assessing the fitness of chief executives

The company's general management is assumed by a General Manager (GM) appointed by the Board of Directors, on a proposal from the chairperson. The Board of Directors specifies his /her powers. The Chief executives are selected based on the following fit assessment criteria:

- Professional Experience
- Academic Background
- Professional Training.

B.2.1.3. Procedure for assessing the competence of key function holders

The selection process for key function holders is similar to that of senior managers, with the exception that key function holders are not deemed to be senior managers.

The key function holders' fit requirements are assessed during the assignment of duties process monitored by the Human Resources Division or at request of the Supervisor or the Group (Groupama SA) and are assessed based on the professional experience, academic background and professional certifications.

B.2.2. Proper

Regarding the Board of Directors proper assessment the practices of Groupama SA are applied. These practices are applicable to directors, senior managers, and key function representatives. The proper requirements refer to good repute of the individual confirmed by certification of non-convictions, non-bankruptcy and non-judicial assistance. Concerning the appointment or reappointment of a director, they will be asked to sign a solemn protestation of no convictions.

Regarding the key function representatives, the Human Resources Division obtains an abstract of criminal record and a non-bankruptcy certificate.

B.3. Risk management system, including the own risk and solvency assessment

B.3.1. Risk Management System

B.3.1.1. Objectives and strategies of the company's risk management

Groupama Phoenix Hellenic Insurance Company S.A has set up a risk management system based on Group principles and Solvency 2 requirements. These principles are outlined in the risk management policy in terms of identification, assessment and risk management methods as well as in organizational terms. This risk management policy is complemented by a set of written policies specific to each type of risk and validated by the authorities of Company Groupama Phoenix Hellenic Insurance Company S.A.

The risk management strategy, defined in line with the company's strategy, is based on maintaining a balanced risk profile based in particular on:

- The diversification of risk between insurance business lines (e.g. property and casualty insurance, life and health insurance) and markets (e.g. individual, group, small and medium size enterprises), as well as geographic areas.
- An insurance risk mitigation system consisting of an internal reinsurance protection with Groupama SA and external reinsurers covering, in particular, important risks. This reinsurance facility, which is subject to annual monitoring, is set up so that the Company's retention in case of an incident is generally less than 10 years in return period equivalent.
- The use of mitigation techniques for operational risks (e.g. permanent control system, business continuity plans, physical security and IT security, etc.).

Regarding assets, the Company has specifically set up a risk limits framework which consists of a primary set of limits (main asset classes' exposure) and a secondary set of limits (exposure in categories within each asset class) that aims to:

- Limit the exposure to high risk assets (equities, property, and credit, etc.)
- Define a minimum cash position
- Avoid concentrations in issuers, sectors, and countries regarding equities and bonds.

This risk limits framework was determined by the Group and takes into account the Company's resilience to shocks to the assets.

Regarding insurance risk management is to reduce and control the major uncertainty of risks affecting Company's solvency and the risk of deviation in relation to the Company's target net combined ratio which is defined at 98%.

In this framework, the Company seeks to maintain a balanced risk profile based on the following activities:

- a business portfolio composed of insurance risks in which it has acquired sound competences and experience;
- diversification of risk between the insurance business lines (life and non-life) and markets (individuals, enterprises, etc.);
- prudent practices for underwriting and management of the portfolio, as well of reserving; and
- an insurance risk mitigation system which consists of a programme of reinsurance with Groupama SA and other external reinsurers

Regarding operational risk, the Company uses a process approach method in order to determine the operational risks that could affect business and implement permanent controls.

B.3.1.2. Identification, assessment, and monitoring of risks

The risk management system relies on efficient processes to identify, measure, monitor, manage, and report, permanently, all risks at the individual and aggregate level to which the Company is or may be exposed.

Groupama Phoenix Hellenic Insurance Company S.A completed and annually updates a risk mapping on the basis of classifications defined according to Group standards and by major areas of operational, insurance, and financial risks. These classifications are based on risk categories taken into account when calculating the regulatory Solvency 2 along with other risks, quantifiable or not, that are not included in the regulatory calculation. Homogeneous risk categories are defined and the types of risk are broken down into finer classifications based on their manifestation.

For each risk category, the main risks are identified.

The assessment of the quantifiable risks, thus identified, uses several approaches according to the risk, enabling each to develop different lines of analysis:

- for risks assessed within the regulatory framework, the standard formula calculations measure losses corresponding to the risk with a probability of 1/200 years
- the scenarios, developed, in principle, for the major risks provide assessments corresponding to high probabilities of occurrence in the order of 1/10 years
- diverse analyses and expert assessments complete these evaluations.

For each of these risks, mitigation measures are presented, which are defined at the Group level, and introduced by the entities or set up specifically by the Company.

In light of all the significant presented in this mapping, a Company identifies the risks it considers major, i.e. risks whose occurrence, before any risk reduction measures, with a significant potential impact on the Company's image or reputation. Risks that Groupama considers to be major at the Group level undergo evaluation by the Company systematically.

Each major risk is assigned to a risk "owner", responsible for monitoring and controlling the risk in accordance with Group defined standards.

Each major risk has a datasheet describing the risk, presenting the assessment methodology and results, detailing control plans, follow-up to improvement plans and risk indicators.

Assessments are updated annually by the Company, at the time of the internal assessment of major risk campaigns (Group and entities) organized by the Risk Department and the Group Permanent Control and Compliance Department involving all entities of the Group. These exercises contribute to developing the expertise of the risk owner network and the Risk Management key functions of the entities, and also allow a detailed understanding of the risk profile as well as the risk mitigation systems implemented within the entities.

These assessments contribute to the Own Risk and Solvency Assessment (ORSA) and go towards measuring the impact of the risks on the overall solvency requirements (see paragraph B.3.2).

B.3.1.3. Internal governance and reporting lines

In terms of organization and governance, the roles and responsibilities of the board of directors, the executive management, the key functions' representatives and committees at the Company level are detailed in the risk policies.

At the Board of Directors level, the Audit, Risk, Compliance Committee defines the policy and regulations governing the acceptance and containment of risks. It validates the risk management policy, approves the limits for key risks, approves the measures to control them, reviews, and monitors the management of the Company's key risks.

At the executive management level, specialized committees according to risk families provide the monitoring of the risk management system. Three bodies, consisting of the managers of Company's divisions, assist with the regular monitoring of the key risks incurred:

- The Insurance Committee ensures transverse control of the insurance activity, controls projects related with the insurance activity and manages insurance risks. In this respect, it defines the framework of insurance risk management, coordinates the work of the divisions concerned with handling risks, identifies and proposes measures to reduce risks and set limits for risks.
- The Financial Committee proposes the policy and regulations governing the acceptance and preservation of financial risk, defines the financial risk management framework (allocation of assets, investments and asset/liability management, valuation of assets and decision to realize gains & losses) and ensures compliance with the framework.
- The Operational Risk Committee defines operational risk management and compliance framework, including the proposal of the policy and regulations governing the acceptance and preservation of operational risk and ensures compliance with the framework.
- The Information Security Management Committee controls projects related to the protection of data and management of Information Systems intrusion and cyber risks. Review incidents of breaches or attempts to breach the Company's security systems and evaluate the management of these incidents.
- The IT Steering Committee ensures that IT initiatives and proposed projects assists the company achieve strategic goals and objectives.

The Group Risk Department and the Group Permanent Control/Compliance Department accompany entities in deployment and follow-up of the Group standards. Exchanges among affiliates representatives on risk management best practice platforms coordinated by the Risk Department and the Group Permanent Control and Compliance Department, complete the system and regularly meet together with all risk managers and Permanent Control/Compliance managers of the entities.

The risk management system as presented above includes a reporting and communication network that allows rapid reporting of the risk related information to management.

The reports are discussed and commented on at the specialized risk committees before being presented to the Company's Audit, Risk, and Compliance Committee at the Board of Directors level. More particularly, financial risks' monitoring is based on the application of primary and secondary limits are reviewed semi-annually, and are subject to a semi-annual exchange between the Finance and Risk Departments of the Company and the Group.

Regarding operational risks, the Company will use the OROP tool in 2017 that will allow the combination of the following indicators:

- Operational risks and corresponding indicators (semi-annually or annually)
- Incidents (each occurrence)
- Controls (monthly).

At the same time, the evaluation of own risks and solvency (section B.3.2.) is performed by the Company in accordance with the regulations, and communicated to the Company's Board of Directors for validation.

B.3.2. Own risk and solvency assessment

The objective of the own risk and solvency assessment (hereinafter referred to as "ORSA" acronym for Own risk and Solvency Assessment) is:

- To analyze and evaluate all the risks and the solvency situation over the short and medium term - the time frame is determined by the strategic operational planning;
- To identify the resources required to mitigate these risks.

B.3.2.1. General Organization of the ORSA work

Groupama Phoenix Hellenic Insurance Company S.A. implemented the Group's approach has developed a policy defining its principles in terms of ORSA. This policy stipulates the content of the annual ORSA file that includes at least the following:

- an assessment of the risks that the Company is facing or might be exposed to, including non-Pillar 1 risks such as liquidity, commercial, reputation and regulatory.
- a gap analysis between the Company's risk profile and the assumptions underlying the calculation of the Company's regulatory solvency capital requirements according to the standard formula or the internal partial model
- an assessment of the Company's compliance with the regulatory requirements covering solvency and the technical provisions within the business plan timetable
- an evaluation of the solvency under adverse situations
- a determination of the global solvency requirements, namely all of the means the Company needs to deal with its risks and to develop in accordance with its strategic plan and within the margins of safety sought by management in terms of risk tolerance.

B.3.2.1.1. Organization of the ORSA work

B.3.2.1.1.1. Principles and rules on delegation

As the central body, Groupama SA is in charge of the Group's ORSA policy and setting the guidelines of the ORSA work for the Group and the entities.

In this context, Groupama SA:

- sets the framework of the ORSA work;
- organizes the process within Groupama SA in association with the related entities;
- sets the standards and methodologies for all work;
- defines up front the analyzed perimeters and the assumptions used for the ORSA at the Company level – adverse situations, scenario calibrations, and calculation time horizon.

Moreover the Group's Finance Department carries out a certain amount of quantitative work within the framework of ORSA that it submits to the entities, including for the various situations selected (central situation, stressed situations, and prospective situations):

- The balance sheet items in the Solvency 2 environment (formation of available items, capping calculations, and calculation of the portfolio value for the life business);
- Capital requirements per module and under the risk module.

The Group Risk Department:

- provides the entities with a structured framework for risk analysis including classifications, risk assessment methods, mitigation systems, and adverse scenarios
- offers their analyses, standard support, and documents adapted to their particularities to facilitate their ORSA work
- accompanies the entities in completing their ORSA file.

B.3.2.1.1.2. Scope of responsibility of the Company

Groupama Phoenix Hellenic Insurance Company S.A establishes its ORSA policy in line with the principles defined at Groupama SA.

The Company implements the measures necessary to comply with its ORSA policy in accordance with Group standards.

It is responsible for:

- implementing the ORSA process within the company as defined in the policy consistent with the other processes
- completing a mapping of the risks to which the Company is exposed through its activities
- completing ORSA work according to the principles defined in its policy
- validating the annual ORSA report and carrying out actions resulting from the findings of the report
- triggering, if necessary, an ad hoc ORSA in accordance with its policy.

B.3.2.1.2. Roles and responsibilities of key functions and operational management divisions of the Company

B.3.2.1.2.1. Scope of responsibility of Risk and Actuarial function

The risk management and permanent control function is responsible for:

- Coordination and implementation of the ORSA exercise,
- Identification, assessment and ranking of major risks faced by the Company,
- Coordinating the review by the Group and approval by the Board of Directors,
- Including the risk of non-compliance in the ORSA process.

The actuarial function ensures the compliance with the Group's actuarial standards.

B.3.2.1.2.2. Scope of the responsibility of the other operational departments

The Company's other departments are asked to participate according to the nature of the work, in particular:

- reviewing the consistency of the solvency elements produced by Groupama SA for the different situations selected for ORSA (central situation, stressed situations, and prospective situations);
- properly taking into account all the elements of the business plan established by the Company in the prospective ORSA calculations and associated risks;
- integrating the ORSA works into the strategic planning process;
- taking part in the definition of the adverse risk scenarios from the methodological framework provided, and analyzing and assessing the risks that they own.

B.3.2.1.3. Administration, management bodies, and specialized committees

Board of Directors (the "BoD"):

- Definition and annual review of the risk strategy.
- Approval of the business plan (referred to as the PSO) which should be performed at least twice a year.
- Direct the process for the ORSA exercise.
- Challenge and approval of the ORSA results and the overall report.
- Determination of when an out of cycle ORSA report is to be produced

B.3.2.2. Current and prospective risk and solvency assessment methodology

In accordance with the ORSA Directive and regulatory requirements, and Group guidance, the Company performs the following with the assistance of Groupama SA:

- Analysis and assessment of the risk profile;
- Analysis of disparities between the risk profile and the assumptions underlying the calculation of the regulatory requirements;
- Determination of eligible equity under forward-looking views and/or under an adverse situation;
- Calculation of current and forward-looking regulatory capital requirements (on the strategic operational planning horizon);
- Identification of the overall solvency requirement and the risk mitigation systems, either those existing or to be put in place.

B.3.2.3 Frequency of ORSA work and timetable for completion

The own risk and solvency assessment process is conducted annually, at a minimum. The ORSA exercise is performed during the second and third quarter of the year.

An own risk and solvency assessment can also be triggered if a significant change in the Company's risk profile. The principles inherent in this ad hoc process are similar to those used for the annual process, and the elements included in the calculations are of the same nature.

B.4. Internal control system

B.4.1. Description of the internal control system

Groupama Phoenix Hellenic Insurance Company S.A. has defined and implemented an Internal Control system that outlines its approach to managing internal control. The Company's Internal Control System (ICS) is comprised of all the procedures, systems and controls implemented to ensure:

- that its objectives are met and its activities are secure,
- compliance with laws, regulations, market rules and codes of conduct,
- compliance with internal rules and regulations,
- that risks of every kind to which it is exposed are managed

The ICS relies on three levels of control (three lines of defense), with responsibilities and control plans tailored and formalized at each level. The first level constitutes ongoing operational controls executed on a daily and regular basis by managers and employees. Indicatively, these controls include automated and manual reconciliations, segregation of duties, embedded authorization levels and access rights. The second level of defense includes ongoing checks and testing that are conducted by the Risk Management Function and the Compliance Function within each function's scope and responsibilities, mainly to identify real or potential areas of weakness that could expose the company to risks. Finally, the internal audit function provides the third line of defense, through periodic audits. Additionally, Group auditors and external auditors periodically audit the Company.

B.4.2. Implementation of the permanent control function

The Risk Management and Permanent Control Unit performs the permanent control function within Groupama Phoenix Hellenic Insurance Company S.A. It implements a controlling monitoring system that is documented, appropriate to the activities, and meet the Group's minimum standards. It interacts with the Group Permanent Control Department. The Group permanent control department reviews the implementation and effectiveness of the controls performed locally, knowing that second level controls are the responsibility of the Company's Risk Management and Permanent Control Unit.

B.5. Internal audit function

B.5.1. Intervention guidelines of the internal audit function

The Internal Audit reports to the General Management of Groupama Phoenix Hellenic Insurance Company S.A. and organize its audit plan on an annual rhythm around several types of missions:

- Cross-functional audits of processes (piloted by General Audit Group)
- Audits of Departments of the company
- Ad hoc audits requested by the General Management or planned by internal procedures.

To carry out their objectives the Company's internal audits have the ability to delegate all or part of their audit plan to another group company or outside the group

The internal audit function is implemented according to the following principles:

- The Mission Plan of the Internal Audit is annual, and elaborated from (i) the rhythm of periodic audits (with a three-year coverage objective for the whole perimeter) (ii) interviews / feedback with main responsible persons of the company to identify the subjects of concern and expectations, (iii) an analysis of the risks mapping linked to the key function of Risk Management (iv) the environment or current events evolution and (v) requests from the General Management and exchanges with the Audit, Risk and Compliance Committee.
- The organization of the internal audits is then based on a risk-based approach to establish the priorities and schedule of investigations.
- The annual audit plan is validated by the General Management and then presented to the Audit and Risk Committee before being submitted for approval to the Board of Directors.

- The General Management, for substantive ground, has the prerogative to change the mission plan and launch an unplanned mission in the annual plan.
- The Internal Audit, on its own initiative or upon request of any manager, may suggest to the General Management to launch an unplanned mission in the initial plan.
- The responsibility for defining the scope and objective of intervention and the conduct of the internal audit missions with regard to the treated subject is a matter of the Internal Audit Director, taking into account the real constraints of the audited area.
- The Internal Audit has free access to all documents, personnel, properties and resources necessary for the execution of its mission. Requested information must be communicated to him in deadlines at the same time reasonable and compatible with the good execution of his mission. The data privacy or bank secrecy cannot be opposed to the auditors. In case of obstruction, the General Management will be alerted.
- During its works, Internal Audit regularly informs the General Management about the progress of the mission.
- Before the report distribution, the Director of the audited entity shall receive communication of the audit findings to confirm the accuracy of the observations, with the right of reply within the framework of a contradictory procedure on the final text of the audit report.
- The Internal Audit submits its report and presents its final conclusions to the General Management. In addition, on request of the latter, the Internal Audit can present its works to the management bodies of the entity (Audit, Risk and Compliance Committee of the Board of Directors).
- The conclusions of the audit are accompanied with recommendations to be implemented by the entity audited to ensure compliance with Group standards or reduce any risks identified during the audit.
- They are categorized according to their criticality for the company and include implementation deadlines.
- A quarterly summary and follow-up of the progress level of the recommendations is produced and intended for the General Management and semi-annually for the Audit, Risk and Compliance Committee of the Board of Directors.

B.5.2. Principles of exercise of the internal audit function

Independence and professional secrecy

- The internal audit assumes no direct responsibility and no power on the activities reviewed.
- The Director of Internal Audit is connected with the General Management, and a member of the General Executive Committee and guarantor of the independence of the functions placed under its responsibility.
- All the auditors are bound by professional confidentiality on information they collect during their missions as well as on their conclusions.

Prevention of conflicts of interest

- The responsibility of the audit can be combined with other functions in accordance with the conditions laid down by Article 271 of the Delegated acts of the Solvency II Directive.

Obligation of alert

- Every auditor is subject to an alert obligation as soon as he's becoming aware of a risk or a serious incident.

Competence and worthiness

- The persons responsible for the audit function should meet the criteria defined in the Fit and Proper Policy, and they are subject to a notification to the supervisory authority DEIA.

Expertise and delegation

- The diversity of the approached subjects concerned by the audit missions does not allow maintaining permanently within the audit team the best specialists in all the jobs.
- The Internal Audit can thus appoint for their interventions the assistance of external experts or from other departments or subsidiaries of the Group, with the agreement of the assigning department. These experts then have the status "Temporary Internal Auditor" and they intervene under the responsibility of the Internal Audit Director by following its directives.

B.6. Actuarial function

B.6.1. Provisioning

The general framework for reserve estimations according to the Solvency II guidelines is defined by the Group and the calculations made by the Company are subject to a second level control made by the Group actuarial function.

All technical reserves should be evaluated under the Solvency II framework. The actuarial function of the Company ensures the methods used are justified, the risk segmentation is in accordance with Solvency II, and the selected approaches are proportionate to the materiality, nature, and complexity of the risks.

The actuarial function of the Company assesses whether the information technology systems used in the calculation of technical provisions sufficiently support the actuarial and statistical procedures. It checks that the key data are controlled prior to performing the calculations: accounting reconciliation, completeness of the modelled portfolios, and consistency with the data from previous years, etc. When there is insufficient data of appropriate quality to apply a reliable actuarial method, the actuarial function ensures that the most appropriate approximations were used.

Within the reserving process, the actuarial function compares best estimates against experience, reviews the quality of past best estimates, uses the insights gained from this assessment to improve the quality of current calculations and justifies any material differences in the calculation of technical provisions from year to year.

The main results and conclusions from these analyses are included in the report that the actuarial function of the Company prepares annually and submits to the board of directors.

B.6.2. Underwriting

The actuarial function of The Company makes an analysis of the new product launch procedures, of how tariffs are determined, and portfolios are monitored. It ensures in particular that price changes also take into account changes to the underlying risks, and any gap with the technical recommendations are identified and subjected to corrective action. The main conclusions from this work are included in the report that it presents annually to the board of directors.

B.6.3. Reinsurance

The actuarial function of The Company analyses the reinsurance programs in terms of their adequacy with the risk profile, their effects produced during adverse scenarios, such as those presented in the ORSA report and those implemented under the standard formula and the credit standing of the reinsurance providers. The main conclusions drawn are included in the report presented annually to the board of directors.

B.7. Outsourcing

B.7.1. Objectives of the outsourcing policy

In compliance with the Group's outsourcing policy, the policy of Groupama Phoenix Hellenic Insurance Company S.A. towards the outsourcing of operational activities or functions, including those described as important or critical, aims to specify the rules, terms and conditions to be applied concerning the skills and qualifications required and the supervision and monitoring of outsourced services, bearing in mind the challenges implied by each service (volumes, risks).

B.7.2. Major or critical external service providers

In 2016, no agreements of service providers were identified as outsourcing of critical or important activities.

C. RISK PROFILE

C.1. Underwriting risk

C.1.1. Exposure to underwriting risk

C.1.1.1. Methods for identifying and assessing risks

The identification and assessment of underwriting risks are part of the risk management system described in section B.3.1.

Underwriting risks are included in the following categories according to the Solvency 2 classification:

- Life (or similar to Life) underwriting risks:
  - Mortality risk: Risk of increase in technical provisions caused by an increase in the mortality rate.
  - Longevity risk: Risk of increase in technical provisions caused by a decrease in the mortality rate.
  - Disability risk: Risk of increase of technical provisions caused by a deterioration in the insured party's state of health
  - Lapse risk: Risk caused by variations in the surrender, cancellation, or reduction rates.
  - Expense risk: Risk generated by a variation in management costs
  - Life catastrophe risk: Risk caused by extreme events that are not listed in the previous sub-risk categories.
- Non-Life (or similar to Non-Life) underwriting risk:
  - Non-Life premium Risk corresponding to the risk that the claims costs (claims and expenses) linked to claims that may occur in the future are higher than anticipated in the prices.
  - Reserve Risk corresponding to the occurrence of an upwards revaluation of the amount of claims reserves or a negative change between the actual amount of claim settlements and the estimates.
  - Non-Life lapse risk incorporating an annual unilateral renewal clause for the insured party or an option for terminating the policy prior to the anticipated end date.
  - Non-Life catastrophe risk corresponding to extreme or extraordinary events, which were not considered previously.

For each risk category mentioned above, the main risks are identified.

The assessment of the quantifiable risks thus identified is carried out according to a multiple approach methodology (the standard formula calculations measure the loss corresponding to the occurrence of risk with a probability of 1/200 years; simulation of adverse situations are elaborated a priori for the most important risks, various analyses, or experts judgments, etc.

C.1.1.2. Description of significant risks

In view of its activity and its positioning in the market, the Company is primarily exposed to Non-Life premium and reserve risk and less importantly exposed to Life lapse risk and to Non-Life catastrophe risk. This risk profile also appears in the graph showing the capital requirement presented in E.2.2.

With regard to premium risk, it should be noted that the non-life business operates in cycles of varying duration. These cycles may be determined by events occurring with an unusual frequency or intensity or be impacted by general economic conditions that lead to alternating periods of high price competition or, on the contrary, to tariff increases.

With regard to the non-life reserve risk, the Company, in accordance with industry practices and the accounting and regulatory requirements in force, books provisions both for covering claims and expenses related to the settlement of claims for the branches it insures. The principles and rules for constituting these provisions are presented in D.2.

Best estimate provisions for claims correspond to an estimate of the claim amount at a given date based on actuarial projection techniques. Reserves for claims, however, are subject to change due to the number of variables that influence their final cost. These variables may be of several types such as intrinsic changes in claims, regulatory modifications, trends in legislation, and disparities due to differences between the occurrence, the notification and the payment date of the claims.

The Company's non-life technical provisions by Line of Business is presented in Appendix 4.

Life lapse risk is associated to the risk that policyholder's will lapse less than anticipated, thus The Company will be exposed to high guaranteed unprofitable business for a longer duration.

The Company is also exposed to Non-Life catastrophe risks, i.e. earthquakes, as well as other risks such as acts of terrorism, explosions, etc. that might have significant impacts on the insurers' current and future business and results.

The measures to mitigate these risks are presented in § C.3.1. The Company does not sell or re-pledges collateral within the meaning of article 214 of delegated regulation 2015/35.

In 2016, the Company did not experience any significant change in its risk profile.

C.1.2. Concentration of the underwriting risk

Although premium and reserve risks represent the most significant insurance risks for the Company, they benefit from a significant diversification between the lines of business.

Maintaining a balanced risk profile is an essential part of a company's risk management strategy (see § B.3.1.1), which is based, inter alia, on:

- diversification of its risks between the insurance business lines (life and non-life) and markets (individuals, enterprises, etc.);
- prudent underwriting, portfolio management, and provisioning practices, detailed in the next section;

The risk of being confronted with a concentration of risks and an accumulation of claims, remains nevertheless a major preoccupation of the Company.

C.1.3. Underwriting risk mitigation techniques

The Company's insurance risks mitigation system consists of:

- A set of principles and rules pertaining to underwriting and reserving;
- Reinsurance arrangements.

C.1.3.1. underwriting and reserving policy

The underwriting risks management principles are documented in the Company's underwriting and reserving policy approved by the Board of Directors. It specifies, inter alia, for each line of business, and according to the Group policy:

- the underwriting rules, limits, and exclusions set out in respect of the reinsurance treaties;
- the monitoring of the portfolio and commensurate tariffs levels;
- actions for prevention;
- the rules for claims management;
- reserving standards;

Underwriting rules are defined within the Company. Risks are accepted or rejected at each level of delegation based on the underwriting guidelines that integrate the Group's guidelines. Identification, assessment, regular monitoring and defining of action plans to handle major risks complete the managing of insurance risk.

- Underwriting rules, limits, and exclusions

The underwriting rules that include the definition of limits, exclusions and co-underwriting terms, are clearly defined when a new product is launched or in case of a significant change to an existing product within the framework of standard process defined by the Group.

Moreover, during the life of the product, these terms are regularly reviewed by the company Groupama SA taking into account changes in the environment and exposures of the Group

The risks to be underwritten and those to be excluded, and the rules to be respected depend on the type of business lines and markets.

- Managing accumulation risk

Identifying accumulation risk may be performed either at the underwriting stage or during the portfolio management. A significant part of the identification process for accumulation risk is thus carried out through risk surveys, and checks on possible existing coinsurance.

- Rules for claims handling and reserving

The Company's claims management policy, in line the Group’s policy, is structured around two main axes: quality management geared towards the needs of the customer, and the claims cost management relying on the use of monitoring tools, managing tools, partnership with networks and experts.

The Company calculates its provisions in accordance with the regulation and the Group’s methodology and maintains a prudential level for each line of business. Within the Solvency 2 environment, reserves are calculated in Best estimates based on the above elements applying the necessary adaptations in accordance with the Solvency 2 regulation.

C.1.3.2. Reinsurance

The policy of the Company is aligned with the Group reinsurance policy and subsequently consists of the following fundamental axes:

- Non-proportional forms of protection are preferred;
- Adjusting protection levels to that of the potential loss;
- Verify if protection fits with the underwritten risks;
- Ensure the good solvency ratio of the reinsurers;

- Choose recognized lead reinsurers;
- Limit the use of facultative cessions;
- Use reinsurance brokers according to their genuine added value.

C.1.4. Sensitivity to underwriting risk

Considering its risk profile and as part of its impact assessments, the Company carried out an analysis of the most significant risks within its insurance portfolio. Sensitivity to underwriting risk is seen as a priority for risks considered to be of prime importance for the Company's risk profile, so as to be certain of its capacity to withstand the most significant risks, namely Non-Life premium and reserve risk.

This paragraph presents main assumptions used for making the stress tests and analyses of different risk scenarios of the Company. In cases of stress, the impact is measured on the amount of equity capital and for this purpose the value of the best estimate provisions is recalculated taking into account the assumption change retained in each stress scenario. Stress tests results are presented using the volatility adjustment.

Pricing risk (impact -1.7 M€). Accumulation of the following adverse events:

- 10% under-pricing in fleets, and corporate non-life risks: impact over 1 year on new business.
- Under evaluation of 0.25% of the premium income on renewals, impact over 1 year
- 10% under-pricing on Motor private car insurance: impact over 6 months on new business.

Risk of an increasing loss ratio (impact -4.0 M€). The scenario combines the following:

- Attritional claims: Cumulative deviation of
  - MTPL: deviation of the cost of bodily injury claims (20%)
  - Property: deviation of the frequency (5%)
  - Health: increase of claims cost due to a change in public medical care policy (2%);
- Large claims (threshold of 100 K€): global increase of 20% of all large claims cost.

Claim Reserve Risk (impact -7.8 M€). The following adverse events happening together:

- Deviation in claim reserve amounts (16% higher than the current ones) for claims occurring since 2010 and are related to bodily injuries other than deaths with a current incurred cost up to 100 K€ or to deaths.
- Increase of 5% of total cost for large (threshold of 100 K€) bodily injury claims, except deaths, due to the evolution of the medical science (prosthesis, transplant, etc.) in half of the relevant claims.

These various adverse scenarios may cause a decline in the Company's net income on a one year horizon but do not call into question its solvency, therefore the tests show the ability of The Company to confront shocks related to the underwriting risk even if they involve risks of prime importance.

C.2. Market risk

C.2.1. Exposure to market risk

The table below displays the market risk exposure of the Company at the end of the financial year per category of financial instrument:

Market Risk exposure per Category	31/12/2016
	in €K
Property, plant & equipment held for own use	9,589
Property (other than for own use)	13,818
Holdings in related undertakings, including participations	595
Equities	260
Bonds	409,525
Collective Investments Undertakings	126,553
Derivatives	139
Deposits other than cash equivalents	6,900
Assets held for index-linked and unit-linked contracts	40,169
Loans and mortgages	3,348
Total assets	**610,896**

During the past period, the Company did not transfer risks to any securitization vehicle. There are no exposures arising from off-balance sheet positions (guarantees provided or received by the company, and sureties provided or received as collateral).

Assets are invested according to the prudent person principle, including especially:

- A system for monitoring risks assessed according to several criteria (results, solvency impact) and taking into account various scenarios;
- An investment policy and risk limits;
- Governance to validate the strategy and monitor its implementation.

C.2.1.1. Assessing risks

C.2.1.1.1. Assessment Measures

Identification and risk measurement methods are described in paragraph B.3.1.2.

C.2.1.1.2. List of significant risks

The breakdown of capital requirements found in paragraph E.2 shows the market risk weighting on the base SCR (25% before diversification).

Market risk represents the second largest risk in order of importance after Non-life underwriting risk.

The two most important components of market risk are spread risk (59.7% of the market risk before diversification of submodules) and property risk (19.5%).

C.2.2. Concentration of market risk

The accumulations of exposure to each counterparty do not exceed the standard formula thresholds and as a result capital requirements covering concentration risk are zero.

Moreover, the secondary limits of the risk limits framework restrict the concentration in terms of ratings, geography, and exposure category.

C.2.3. Market risk mitigation techniques

Various risk mitigation strategies can be implemented separately or to complement each other so as to maintain a balanced risk profile. These are defined with regard to the risk strategy of the Company and are consistent with that of the Group.

These strategies are defined by type of risks in the ALM/Investment risk policy. Risk mitigation is primarily provided through a strategy of adequate diversification and an asset limiting system.

This risk limiting system has been defined at the Group and Company level to ensure maintaining a solvency ratio compatible with the appetite for risk.

For assets, the limit system on primary (on the main asset classes) and secondary asset classes (within each asset class), has been defined taking into account the ability to withstand simultaneous shocks on assets. Its objective is to:

- Limit the holding of risky assets (equities, real estate, credit, etc.);
- Define a minimum cash position;
- Avoid concentrations (in terms of issuers, sectors, and countries...) within equity and bond portfolios.

The Company may also consider techniques to mitigate the potential ALM risks, as appropriate. Indicative mitigation techniques are:

- Rebalancing of the asset portfolio according to risk asset classes (credit, liquidity, interest and equity risks)
- Restructuring or stopping completely the sale of products for which mitigation is not feasible
- Other hedging techniques
- Mitigation actions on the liability side - e.g. appropriate product design and guarantee levels.

C.2.4. Sensitivity to market risk

Analyses of sensitivities were conducted on the following asset classes:

- Equities,
- credit (including government bonds)
- Interest rate assets.

They thus enable a framing of situations of adverse market conditions of various types and severity.

Currency risk and concentration do not undergo sensitivity calculation due to their insignificant weighting (1.7% for the foreign currency risk (as a percentage of the total market risk before diversification of submodules) and 0% for concentration risk).

The Company conducted short-term solvency assessments of less than one year in adverse situations to determine its capacity to absorb shocks. These evaluations were conducted using sensitivity tests on different asset classes whose risks were considered major for the Company or the Group.

The calculation methods applied were the following:

- eligible own funds and unrealized capital gains or losses as at 31/12/2016 are impacted by the direct application of stress tests on the Company's portfolio and on the intercompany securities held by the Company;
- the Company's other Solvency 2 eligible funds have been retained;
- capital requirements related to market risk have been recalculated according to changes occurring in the market values of the Company's assets of the Company post-stress;
- the capital requirements of the other modules have been recalculated once the impact of the stress tests on these is assumed to be significant;
- the absorption capacity of the capital requirements by taxes has been updated after applying the stress tests beginning with the new deferred tax amounts recorded on the financial statements;
- Solvency 2 eligible funds have been classified by Tier according to its quality and recalculated capping rules with the post-stress SCR.

The stress-test shocks were made on:

- falling equity markets
- interest rate increases and falls
- unfavorable changes taking place in spreads according to the ratings of corporate bonds on the one hand, and country ratings for government bonds on the other.

The following stress test were performed:

1. Sensitivity to the yield curve (+50 bps)
2. Sensitivity to the yield curve (-50 bps)
3. Sensitivity to the yield curve (+100 bps)
4. Sensitivity to a shift on equities (-20%)
5. Sensitivity to a shift on equities (+20%)
6. Sensitivity to an increase in government bonds spreads
7. Sensitivity to an increase in corporate bonds spreads
8. Sensitivity to a combined increase in government and corporate spreads
9. Multi Factor: Combined sensitivity to spreads + sensitivity to a shift in equities by -20%

The results indicate that the Company is able to absorb these shocks with an SCR coverage ratio which does not drop below 104.9% in any of these scenarios.

C.3. Credit Risk

C.3.1. Exposure to credit risk

The credit risk covered here is the risk of loss that may arise from an unexpected default of counterparties, or any debtors to which the insurance and reinsurance company are exposed in the form of counterparty risk. This corresponds to the risks of the standard formula "counterparty" module.

These are included in the following categories according to the Solvency 2 classification:

- Risk of reinsurer default
- Risk of bank default as account custodian
- Default risk of any debtor other than those listed above, particularly for amounts receivable from intermediaries and amounts due from holders.

The risk relative to deterioration in credit quality and, in the extreme, default of security issuers, is treated as market risk.

Risk of reinsurer default

Default risk most often happens after the occurring of a loss or a series of losses likely to trigger a process of recovery from one or a number of reinsurers.

C.3.2. Concentration of credit risk

Groupama SA, as the Company's main reinsurer to an extent of 74.6% (in terms of Loss Given Default), represents a concentration risk. However, the safety measures put in place are designed to limit this risk, and Groupama SA (see details in paragraph 3.3.) is especially careful to diversify its external reinsurance counterparties and implementing the safety measures with its counterparties.

C.3.3. Credit risk mitigation techniques

Risk of reinsurer default

As cession involves transferring part of the risks accepted by the ceding company to the reinsurer, the quality of the reinsurers must be regularly examined to control and limit the credit risk on third-party reinsurers. The External Cessions and Reinsurance Department of Groupama SA (DCER) trains and runs the group reinsurance security committee that reviews and validates an approved list of reinsurers for all external reinsurance ceded by Group entities (including Groupama SA) according to various criteria (solvency, external ratings, ability to meet protection requirements, support, and the volume of counterparties, etc.).

The list of these reinsurers is fully reviewed at least twice a year. During the year, permanent monitoring is ensured in order to adapt group reinsurance security committee ratings to changing trends that might take place at a reinsurer that could alter the assessment made of its solvency.

C.3.4. Sensitivity to credit risk

The resistance of the Company to default risk was tested through a stress scenario assuming a downgrade by one level of the reinsurer with the largest exposure. The stress affects SCR level and the eligible own funds through increase of tier 3 maximum limit, so the impact was measured as an effect on the solvency ratio. The stress resulted in a decrease of the solvency ratio by 16pts, reaching approximately 104%.

C.4. Liquidity Risk

C.4.1. Exposure to liquidity risk

Liquidity risk is defined as the risk of being forced to dispose assets under subpar conditions in order to honor the company's financial commitments at the time they become payable. Managing this risk rests on:

- introducing measures to monitor liquidity risk, such as the follow-up of the exposure to illiquid securities
- imposing several risk limits affecting the composition of the Company's assets: minimum cash levels, and maximum levels of illiquid assets under normal market conditions.

The Company holds an assets portfolio including a sufficient amount of high quality liquid assets, such that:

i. It will be able to cover expected and predictable net cash-flows in the short and medium term;
ii. In the case of unpredictable events, it will be able to liquidate assets without significant financial loss arising from the enforced realization;
iii. The amount of high quality liquid assets should be in line with the overall investment objective & long-term expected liability cash-flows.

C.4.2. Concentration of liquidity risk

The cash position is primarily managed through a money market mutual fund that given its investment constraints offers a higher diversification than direct cash placements.

The Company also holds the necessary cash at bank in banking institutions in order to manage the day-to-day business (premiums receipt, payment of claims, payment of suppliers, taxes etc).

C.4.3. Liquidity risk mitigation techniques

The Company manages its liquidity risk on three levels, short term, medium term, and long term.

Short-term liquidity management includes monitoring operational & financial cash flow and ensuring liquidity in a monthly horizon. Short term liquidity (cash management), covers also the day-to-day cash requirements under normally expected or likely business conditions. The Company maintains an appropriate liquidity buffer, in order to guard against a liquidity shortfall.

Medium-term liquidity management takes into consideration all estimated future cash flows in the time horizon of three to twelve months. This action aims to define the available cash to invest over the medium term.

Long-term liquidity management takes into consideration all estimated future cash flows over a longer period (currently set at 3 years in line with the business planning period), which also include new business and surrender estimations. This aims to ensure adequate liquidity over the business-planning horizon.

Moreover, in order to avoid potential liquidity management problems caused by a temporary mismatch between current claims and claims against reinsurers, special reinsurance deposits may be arranged with the main proportional treaties reinsurers, while cash-loss solutions are used in case of the excess of loss treaties.

GROUPAMA PHOENIX HELLENIC INSURANCE COMPANY S.A.
213-215 SYGGROU AVE., 17121 ATHENS, GREECE

TEL.: +30 210 3295 111 | FAX: +30 210 3239 135
info@groupama.gr | www.groupama.gr

C.4.4. Sensitivity to liquidity risk

As part of the liquidity management framework, contingency liquidity management considers as well the additional liquidity that would be required under adverse scenarios. The purpose of a contingency plan is to provide direction in the event of liquidity issues in order to ensure timely decision-making.

The following stress scenarios has been considered linked with life and non-life activities:

- For life business a scenario analysis has been conducted regarding the liquidity risk of a mass lapse scenario as at reporting date. The assumption of the scenario is that corporate pension contracts corresponding to 70% of the relevant provisions are terminated. The Company holds enough placements at the reporting date in money market funds liquidity and highly liquid government bonds to immediately cover any such need of cash outflow without any adverse impact from the liquidation of assets.
- For non-life business the liquidity aspect of catastrophe scenarios has been assessed. In particular we have taken into account the catastrophe scenarios considered under standard formula. The combination of the application of reinsurance loss payment clause and the liquidation of available liquid assets cover the expected cash outflows.

C.5. Operational risk

C.5.1. Exposure to operational risk

C.5.1.1. Measures for identifying and assessing risks

Operational risk assessment, based on a group methodology using qualitative and quantitative criteria, aims to assess and priorities operational risks that are likely to affect Company's activities.

The mapping of processes, risks, and controls is updated regularly in order to adjust to:

- Changes in the environment, organizational changes and/or the development of new business activities that may, for example, pose new risks;
- Progress reports on action plans related to risk control measures.

The principle is to assess each major operational risk at least annually from the standpoint of the existing control system. To this end, operational risk owners have been appointed and are responsible for risk assessments in their company. The evaluation results are documented in specific forms (group normative document). Operational risks are identified as major if they are likely to have a significant financial impact or their occurrence has a significant adverse effect on the image of the Company or the reputation of the Group.

C.5.1.2. Description of significant risks

- Business disruption and system failures (Cyber risk)
- Employment Practices and Workplace Safety (loss of key personnel)
- External fraud (Insurance fraud)
- Internal fraud (Risk of underwriting outside the scope of reinsurance)
- Customers, Products and Business Services (Risk of duty to advise)
- Execution, Delivery and Process Management (AML/FT)

C.5.2. Concentration of operational risk

The risk of IT System failure and cyber risk are concentrated, since all the information system services of the Company is performed by one main data center. In order to mitigate this concentration risk, the Company has adopted the solution to use computer equipment hosting services in LamdaHellix that has available a system similar to the main computer center. With the use of appropriate replication techniques, the necessary services will be recovered on those systems.

C.5.3. Operational risk mitigation techniques

Strategies for reducing Operational Risks

A reduction of operational risks is defined as any deliberate action (or decision to take no action) to reduce the frequency, severity or unpredictability of incidents.

The principle adopted for reducing operational risks requires the implementation of risk control systems adapted according to the criticality and risk tolerance of the company:

- Permanent controls, as a prevention device;
- Business Continuity Plans (BCP);
- Security of IT Systems;
- Physical security of property and persons.

The Permanent Control System (Prevention)

The definition and implementation of the permanent control system are the responsibility of the managers and top management, i.e. the Executive Management of the companies and the managers of the various activities. Permanent Controls must be set up where risks may occur.

Management of Business Continuity (Protection)

The Group has opted to establish a system for Business Continuity Management. Business continuity is a procedure for protecting undertakings and the Group, and protection aimed at minimizing impacts when incidents do occur. This involves preparing and anticipating extended unavailability of the company's resources, adopting a proactive attitude and minimizing risks, whether financial, legal, or of image.

The Group has opted to prepare itself for the occurrence of a major incident by preparing Business Continuity Plans enabling all companies to operate in subpar mode in the case of a major crisis according to the following three scenarios:

- Unavailability of Human Resources
- Unavailability of Operating Premises
- Unavailability of IT Systems

The Group Business Continuity Policy sets out the Group's priorities in this regard.

Information Systems Security

The procedure for controlling operational risks relies on the implementation of a segregation strategy with redundancy for the IT operational sites and also, on a data security system. As a risk reduction system, the approach involves:

- Ensuring the security of data processed in terms of:
    - Availability,

- Integrity,
- Confidentiality,
- Proof (traceability of data processing actions),

- Protecting the Group's digital information data assets,
- Integration into the Group's crisis management,
- Meeting contractual obligations to customers, service providers, and suppliers, as well as satisfying the Company's regulatory obligations.

The principles and provisions of Information System Security are incorporated in the Company's permanent control process. In this regard, the company must implement all appropriate technical and organizational measures to ensure the security of its Information Systems.

The Information Systems Security Policy's main objective is to define the security requirements that will ensure continuity of essential services, protection of data, and preservation of the Group's image.

C.5.4. Other Strategies

The transfer of activities from the Company's operating buildings to third parties consists an option that requires the third parties to ensure a robust control environment over the operational risks, as required by the Company's Outsourcing Policy.

C.5.5. Sensitivity to operational risk

The methodology for assessing operational risk involves predictively estimating in the current environment for the following year:

- The impact of predefined scenarios using a quantitative rating;
- Assessing the reputational risk, if relevant;
- According to regulatory and legal criteria, if relevant;
- Assessing the risk management elements relevant to risk considered.

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D. VALUATION METHODOLOGY FOR SOLVENCY PURPOSES

The valuation principles and methods for purposes of balance sheet solvency presented in Appendix are described below:

D.1. Assets

D.1.1. Goodwill

Goodwill is not recognized under the Solvency 2 guidelines and is therefore valued at zero.

D.1.2. Deferred acquisition costs

Deferred acquisition costs are not recognized under the Solvency 2 guidelines and are therefore valued at zero.

D.1.3. Intangible assets

Intangible assets mainly encompass software acquired and developed. Intangible assets are held at a zero valuation in the balance sheet for solvency purposes.

Intangible assets cannot be recognized and valued in the Solvency 2 balance sheet at any value other than zero, unless they can be sold separately and it can be demonstrated that there is an active market for identical or similar intangible assets. At this stage and as a matter of prudence, these intangible assets are valued at zero in the Solvency 2 economic balance sheet.

D.1.4. Deferred taxes

Deferred tax assets and liabilities are valued and recognized in accordance with International Accounting Standards (IAS) 12.

Deferred taxes are valued taking into consideration:

- The carry forward of unused tax credits and unused tax losses;
- Temporary differences arising from the differences between the value of assets and liabilities recognized and valued in accordance with Solvency 2 and the tax values of the assets and liabilities.

All deferred tax liabilities are taken into account. However, deferred taxes are only recognized if they are likely to be offset against future taxable profits, taking into account the time limitation of the tax loss or unused tax credit carry forwards. Deferred tax assets and liabilities are not discounted.

D.1.5. Pension plan surplus

This line item concerns any net surplus of the pension plan assets fair value compared to the present value of pension obligations. Currently not applicable.

D.1.6. Tangible assets for own use

Tangible assets held for own use mainly consist of operating properties and movable operating assets.

GROUPAMA PHOENIX HELLENIC INSURANCE COMPANY S.A.
213-215 SYGGROU AVE., 17121 ATHENS, GREECE

TEL.: +30 210 3295 111 | FAX: +30 210 3239 135
info@groupama.gr | www.groupama.gr

Operating properties are valued at their fair value in the balance sheet for solvency purposes. This fair value is determined on the basis of an independent appraisal conducted by an expert approved by domestic regulator.

This is an important difference from the valuation made in the audited financial statements in which the property assets are valued at their amortized cost, which corresponds to their acquisition cost less accumulated depreciation and adjusted for any impairment provisions.

D.1.7. Investments other than assets representing unit-linked and indexed contracts

D.1.7.1. Real estate other than for own use

Real estate investments consist mainly of investment properties. Investment properties are valued at their fair value in the balance sheet for solvency purposes. Fair value is determined on the basis of an independent appraisal conducted by an expert approved by domestic regulator.

This is an important difference from the valuation made in the statutory financial statements in which the investment property assets are valued at their amortized cost, which corresponds to their acquisition cost less accumulated depreciation and adjusted for any impairment provisions.

D.1.7.2. Holdings in affiliates, including minority positions

Non-consolidated equity participations (unlisted equities) are valued based on the Adjusted Equity Method, calculated as the Total Net Equity of the company minus the balance sheet value of Intangibles and Goodwill. The participation is valued at the adjusted net equity amount corresponding to the percentage of the shares held.

D.1.7.3. Equities, bonds, investment funds, structured securities, and collateralized securities

Equities, bonds, investment funds, structured securities, and collateralized securities are valued at their fair value in the balance sheet for solvency purposes.

The determination of fair value is based on the principle of the hierarchy of valuation methods. If there is an active market, the fair value of the security corresponds to its quoted market price. If the market is not active, the fair value of the financial instrument is measured with valuation techniques using observable market data were available or, if not, with assumptions involving some degree of judgement. Not listed equities are valued at their cost minus impairment and no reversals of previous years' impairment are performed, for prudency reasons.

A financial instrument is considered listed on an active market if prices are readily and regularly available from an exchange, dealer, broker, business sector or pricing service and these prices represent actual and regularly occurring market transactions under normal competition conditions.

Determining whether or not a market is active is based on indicators such as a significant decline in the transaction volume and the level of market activity, a wide dispersion of available prices over time and between different market players, or the fact that prices no longer relate to sufficiently recent transactions.

GROUPAMA PHOENIX HELLENIC INSURANCE COMPANY S.A.
213-215 SYGGROU AVE., 17121 ATHENS, GREECE

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info@groupama.gr | www.groupama.gr

D.1.8. Derivatives

The only derivatives currently held are a Greek GDP-Linked Security issued by the Greek State for the PSI exchange, and three bank warrants issued by HFSF during the recapitalization of three systemic Greek banks in 2013. The GDP-Linked Security is valued according to its quoted price (Bloomberg quotation composite) while the other three bank warrants are valued their closing price in the Athens Stock Exchange. The derivative positions are long only and their market value is less than 0.1% of the total assets portfolio. The valuation for IFRS statutory accounts and SII purposes is the same.

D.1.9. Deposits other than cash equivalents

Non cash-equivalent deposits are term deposits with credit institutions. They are valued at their nominal amount. The valuation for IFRS statutory accounts and SII purposes is the same.

D.1.10. other investments

The firm has no other investments

D.1.11. Assets representing unit-linked and indexed contracts

Assets held for index-linked and unit-linked funds are assets held to offset insurance contracts in which risk is borne by the policyholder.

Assets held for index-linked and unit-linked funds are measured at fair value, i.e. the quoted market price on an active market. If the market is not active, fair value is measured using valuation techniques, with observable market data as inputs if available. If not available, unobservable inputs are used, requiring a certain degree of judgement.

Unit-linked or index-linked investments are valued the same way in both Solvency 2 and the statutory financial statements. Any excess of the units of the unit linked funds comparing to the units of the ul liabilities, is allocated to the firm in market values.

D.1.12. Loans and mortgages

Loans and mortgages to individuals comprise mainly mortgage loans to employees which are measured for SII purposes by discounting future cash flows at an appropriate discount rate reflecting market conditions. For IFRS purposes, they are measured at their carrying book value (remaining balance of the loan). Other Loans are granted to policyholders and backed by the surrender value of the contracts. The loans are measured at their carrying book value (remaining balance of the loan).

D.1.13. Loans on policies

Not applicable.

D.1.14. Amounts recoverable under reinsurance contracts, or assigned technical provisions

The recoverable amounts under reinsurance contracts are listed in the balance sheet, and valued for solvency purposes net of adjustments for probable reinsurer default. See section D2 - Technical provisions.

D.1.15. other assets

D.1.15.1. Deposits with cedants companies

Deposits to cedants comprise cash deposited with cedants in the context of inward reinsurance activities. Currently not applicable.

D.1.15.2. Receivables from insurance operations

Insurance receivables (direct business and inward reinsurance) are amounts due by policyholders, insurance intermediaries, co-insurers, other insurers, and other third parties relating to insurance business. The carrying amount of the receivables is used both in financial statements and SII valuation.

D.1.15.3. Receivables stemming from reinsurance operations

Reinsurance receivables are the amounts due from reinsurers arising from reinsurance activities, other than technical provisions ceded. They particularly encompass receivables from reinsurers relating to claims settled for policyholders or beneficiaries. The carrying amount of the receivables is used both in financial statements and SII valuation.

D.1.15.4. other receivables (excluding insurance)

Other receivables are mainly amounts due from non-insurance debtors (e.g. government, advances to employees, etc.). The carrying amount of the receivables is used both in financial statements and SII valuation.

D.1.15.5. Treasury shares

Not applicable.

D.1.15.6. Equity instruments called but unpaid

Not applicable.

D.1.15.7. Cash and Cash Equivalents

Cash and cash equivalents (deposits under three months) correspond mainly to bank account balances.

D.1.15.8. other assets not mentioned in the above items

Not applicable.

D.2. Technical provisions

D.2.1. Method for calculating and analyzing the disparities between the valuations for solvency purposes and the valuations in the financial statements

All of the technical provisions in the company financial statements must be evaluated under the Solvency 2 guidelines. The paragraphs below present the method used for valuing the technical provisions for Solvency 2, consisting of the risk margin and the best estimate of commitments, referred to below as the "best estimate provisions", the amounts of which are detailed by business line in Appendices 3 and 4 of this document.

D.2.1.1. Best estimate provisions of Non-life claims

The actuarial ultimate losses, which lead to claims BE before discount, expenses and adjustment for reinsurance, are estimated using triangles for claims or triangles for payments net of recoveries and gross or net of reinsurance, if data is available. If data net of reinsurance is not available, net reserves are obtained from a gross/net accounting ratio per occurrence year.

The elementary calculation level is at least the business line; some business lines can be subjected to further segmentation, and are thus divided into sub segments. For areas where such approaches would not provide reliable results (portfolios are too small, historical data is too vague, etc.), the actuarial function ensures that the estimates used are acceptable.

The ultimate actuarial cost estimates are initially evaluated from data extracted as at November and subsequently adjusted taking into consideration December development.

Rates of claim settlements, derived from historical experience, are applied to the ultimate actuarial costs to determine the payment pattern of future benefits and other costs. The present value of the gross best estimate provisions is calculated by business line by applying the risk free rate curve increased by the volatility adjustment (VA) to future cash flows (benefits and costs). The discounted provision assigned to reinsurers is obtained in a similar way, including an adjustment for reinsurer default.

The adjustment for possible reinsurer default risk is taken into account by the use of the simplified formula found in article 61 of the delegated regulation (EU) 2015/35.

D.2.1.2. Best estimate provisions of non-life premiums

No future premium is taken into account in the premiums reserve best estimate calculation for non-life premiums. The best estimate for premiums to be issued is actually considered as non-material. This assumption leads to not taking into account the future results on these contracts.

Premium best estimate is calculated by applying a combined economic ratio to the gross provision for unearned premiums in the financial statements. This ratio takes into account:

- The gross average loss ratio estimated from the ultimate loss ratio from the previous years;
- The general expense rate excluding acquisition costs (for consistency with the proposed premiums);
- The discount ratio estimated from the risk-free yield curve increased by the volatility adjustment (VA) and the cash flows from forecasted claims;
- The reinsurance cost ratio, by applying the accounting reinsurance ratio of the unearned premium reserves on the estimated gross loss ratio, possible reinsurer default and the share of the discount ceded to reinsurance.

D.2.1.3. Technical provisions for Life

Non-health annuities assimilated to life arising from non-life contract activities.

For The Company there are annuity settlements for Motor TPL review segment. However, it’s not possible to identify these annuities from the database for the total length of statistics, but only for the last 5 years. Hence, the statistics include annuity payments and therefore these annuities are modelled within the Motor TPL review segment.

Saving, pension and protection activities.

The valuation principles differ depending on the area concerned with two types of valuation:

- A so-called "modelled" scope: this scope is divided into two sub-parts:
    - Modelling by stochastic projections in order to take into account the value of financial options and guarantees (if material) resulting from profit sharing clauses. This type of modelling concerns, inter alia, the following products, with or without guaranteed minimum rates: individual savings and retirement accounts in euros, group retirement plans, endowments and whole life products;
    - Deterministic modelling by projection for the other commitments not involving asymmetrical sharing, especially for the following products: unit-linked products, individual disability and waiver of premium (WoP) products offered as a rider and term life;
- An "un-modelled" scope in which the use of projection tools would be inappropriate or disproportionate to the low materiality of the commitments. The actuarial function ensures that the approximations used to calculate the Best Estimate (technical provisions of the company accounts increased by a proportionate share of unrealized capital gains in relation to these provisions) are acceptable.

The calculation of the Best Estimate gross of reinsurance is made by homogeneous groups of contracts. Data aggregations can be done without loss of information (e.g. technical rate) or with a limited loss of information (e.g. age group), and without a major impact on the assessments. For areas covered by financial options and guarantees, the aggregation is performed using a grid enabling the correct representation of the interactions between assets and liabilities, i.e. in accordance with the contractual and regulatory clauses for profit sharing, guaranteed rate commitments, and the transferable nature of the original provisions on various products.

The probable future cash flows are forecasted based on product characteristics and using biometric (e.g. death) or behavioral laws (e.g. terminations) established on the historical portfolio data if such data is available and in sufficient number, or on the basis of regulatory tables, possibly adjusted by a coefficient of experience, in the opposite case. For the scopes subject to stochastic modelling, projections take into account balance sheet interactions, including profit sharing (contractual, statutory, and discretionary), and any additional redemptions resulting from a significant difference between the rate credited to insured parties and the expected rate.

These cash flows are discounted by applying the relevant risk-free rate curve plus the volatility adjustment (VA).

The effects of reinsurance coverage on the life business are limited; ceded reserves are valued at the amount of their accounting reserve.

D.2.1.4. Risk margin (Life and Non-Life)

The risk margin, representing the estimated cost of raising the required solvency capital for holding liabilities, is calculated in a simplified manner in accordance with article 58 of delegated regulation no. 2015/35.

The simplified approach is based on the duration of provisions: the risk margin is equal to the adjusted solvency capital requirement calculated on 31/12/2016, multiplied by the cost of capital (6%), and by the modified duration of the gross liabilities on 31/12/2016, as well as the discount factor for one year corresponding to the base risk-free interest rate in 2017, unadjusted for volatility.

The adjusted solvency capital requirement is calculated using the following modules:

- residual market risk is considered nil;
- counterparty risk recalculated excluding bank counterparty risk;
- underwriting risk;
- operational risk recalculated by introducing a new ceiling, according to the base SCR, determined on the basis of the modules calculated according to the principles outlined in the preceding paragraphs;

The adjusted solvency capital requirement is calculated without volatility adjustment and without loss absorption by deferred taxes.

The allocation by branch of the risk margin is performed in proportion to the risks.

D.2.1.5. Explanations of variances (Life and Non-Life) between the valuation for purposes of solvency and the valuation in the financial statements

The provisions presented in the statutory financial statements are valued according to the IFRS standards. Compared to the statutory audited accounts, the valuation for Solvency 2 purposes involves the replacement of a generally prudent estimate of commitments towards policyholders by the best estimate of future cash flows discounted at the risk-free rate (Best Estimate provisions), to which is added an explicit risk margin representing the cost of raising capital to cover the amount of marginal SCR associated with holding these liabilities.

The differences between the statutory provisions and the Best Estimate provisions stem from differences in the methodological approaches:

- For non-life insurance: prudent estimates versus average estimates, undiscounted provisions versus discounting at the risk-free rate, taking into account possible reinsurer default.
- For life insurance, the provisions presented in the statutory accounts are evaluated based on the prudence principle. The revaluation (LAT) is not allowing any reduction on the mathematical provisions determined according to prescribed standardized assumptions of expenses, loss rations and discounting. The best estimate of future cash flows includes the expected loss ratio, the level of interest rates, uncertainty regarding future financial income, and the ability to provide the guaranteed rates (option costs), revaluing above the guaranteed rate, structural and cyclical redemptions, expenses relating to managing contracts and assets, and unrealized gains or losses.

D.2.2. Uncertainty related to the amount of technical provisions

During the actuarial studies, sensitivities concerning the best estimate provisions and an analysis of variations is made. Coordinated by the actuarial function, these analyses confirm the integrity of the best estimates made.

D.2.3. Impact of the measures on long-term and transitional guarantees

D.2.3.1. Measures relating to long-term guarantees

In common with the different commitment areas and for the valuation of their technical provisions, The Company:

- Does not use the equalizer adjustment referred to in article 77 b of Directive 2009/138/EC;

- Does not use the transitional measure on the risk-free interest rates referred to in article 308c of Directive 2009/138/EC;
- Uses the volatility adjustment (VA) referred to in article 77e of Directive 2009/138/EC. The effects of a reduction to of this correction are shown in the following table:

As of 31/12/2016 in k EUR	With VA	Without VA	Impact
Technical provisions	510.090	511.981	1.891
Eligible own funds to meet the SCR	85.552	83.860	-1.692
Eligible own funds to meet the MCR	74.959	73.219	-1.740
SCR	70.622	70.942	320
MCR	29.380	29.594	214
Ratio of Eligible own funds to SCR	121%	118%	-3%
Ratio of Eligible own funds to MCR	255%	247%	-8%

In this table, eligible equity includes the effect of the reduction to 0 of the volatility correction on the valuation of equity investments held by the Company and included in the assets on its balance sheet, valued for solvency purposes.

D.2.3.2. Transitional measures on technical provisions

The Company does not use the transitional measure on technical provisions referred to in article 308e of Directive 2009/138/EC.

D.3. other liabilities

D.3.1. Contingent liabilities

See section D.3.2.

D.3.2. Provisions other than technical provisions

This item mainly corresponds to provisions for contingencies and charges and contingent liabilities, measured following IAS 37.Provisions for contingencies and charges are defined as liabilities of uncertain timing or amount. A provision should be recognized if the following three conditions are met:

- The company has a present (legal or constructive) obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

Provisions are valued at a best estimate of the expenditure required to settle the present obligation at the balance sheet period both for IFRS and S2 accounts.

Contingent liabilities are not recognized (off balance sheet) in IFRS financial statements. For S2 they are valued based on the probability weighted average of future cash flows required to settle the contingent liability.

D.3.3. Provisions for pensions and other benefits

This item corresponds to the Company's commitments for employee benefits (i.e. post-employment benefits and other long-term employee benefits) measured following IAS 19 revised. The amount recognized on the balance sheet is the present value of the defined benefit obligation using the projected unit credit method, or the fund value at the valuation date of the defined contribution schemes.

D.3.4. Deposits of reinsurers

Deposits of reinsurers are the amounts received from reinsurers. They correspond to guarantees from reinsurers on ceded technical provisions.

D.3.5. Deferred tax liabilities

See section D.1.4

D.3.6. Derivatives

Not applicable.

D.3.7. Liabilities towards credit institutions

Not applicable.

D.3.8. Financial liabilities other than borrowings from credit institutions

Not applicable.

D.3.9. Liabilities from insurance operations and amounts due to intermediaries

These are amounts due to policyholders, other insurers, and other intermediaries in the insurance business that are not technical provisions.

The carrying amount of the insurance & intermediaries payables is used both in financial statements and SII valuation.

D.3.10. Debts from reinsurance operations

These are owed to reinsurers and reinsurance-related businesses. This item is mainly made up of credit balances for reinsurance current accounts. The nominal value of the reinsurance payables is used both in financial statements and SII valuation.

D.3.11. other liabilities (excluding insurance)

This item is made up of debts to employees, suppliers, the government for corporate taxes, and social security taxes. The nominal value of the payables is used both in financial statements and SII valuation.

D.3.12. Subordinated liabilities

Not applicable.

D.3.13. other liabilities not mentioned in the above items

Not applicable.

E. CAPITAL MANAGEMENT

E.1. Equity capital

E.1.1. Structure, amount, and tiering of the core and ancillary equity capital

The comments below set out the costing figures on equity capital presented in Appendix 7 (S.23.01).

- Capital management

The Company's capital management policy aims to establish a framework structuring the capital management system to ensure compliance with the prevailing regulations. To this end, it sets the organizational principles, rules, and limits applied to the implementation of operational processes.

Capital management's primary objectives within a short, medium, and long term view are:

- To ensure the Company has its capital levels permanently in line with regulatory requirements and manage the volatility of the Solvency 2 coverage ratio.
- To ensure the solvency ratios are maintained consistent with the target set within the framework of the internal risk and solvency assessment, and consistent with risk appetite.
- To optimize capital allocation based on realized and targeted profitability, taking into account the development objectives and risk appetite of the Company.

The assessment of capital requirements is performed on the basis of studies, scenarios, and stress tests as part of the Own Risk and Solvency Assessment (ORSA). These requirements are assessed on a three years' time horizon, corresponding to the capital management planning that is under the strategic and operational planning.

- Determination of equity capital and eligible items

The base equity capital consists of surplus assets over liabilities under Solvency 2 (i.e. net assets valued for solvency purposes).

- Ancillary equity capital

No ancillary capital items were taken into account in the calculation of the equity capital.

- Tiering of equity capital

The classification of equity capital by tier was made in accordance with articles 69 to 79 of delegated regulation 2015/35. The following table shows the breakdown by tier of the available and eligible capital to cover the solvency capital requirement (SCR) and the minimum threshold (MCR). Thus:

- The reconciliation reserve is classified Tier 1;
- Subordinated liabilities are classified under Tier 1, 2, or 3 depending on their characteristics;
- Net deferred tax assets are classified as Tier 3.

		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)		24.171	24.171			
Share premium related to ordinary share capital		207.716	207.716			
Reconciliation reserve		-156.928	-156.928			
Subordinated liabilities		0		0	0	0
An amount equal to the value of net deferred tax assets		22.974				22.974
Total basic own funds after deductions		97.933	74.959	0	0	22.974
Total ancillary own funds		0			0	0

Total available own funds to meet the SCR		97.933	74.959	0	0	22.974
Total available own funds to meet the MCR		74.959	74.959	0	0	
Total eligible own funds to meet the SCR		85.552	74.959	0	0	10.593
Total eligible own funds to meet the MCR		74.959	74.959	0	0	

The capping rules applied to available capital are those described in article 82 of Delegated Regulation 2015/35 and allow arriving at the eligible capital to cover the SCR and MCR. Capping rules application is related to defer taxes recognition as all other equity capital items are Tier 1.

The rules for calculating the solvency capital requirements and the minimum capital requirements are detailed in §E2.1 and E.2.2.

E.1.2. Analysis of the disparities between the accounting capital and the balance sheet equity valued for solvency purposes

By construction, the excess of assets over liabilities (net assets on the balance sheet valued for solvency purposes) is the sum:

- of the equity presented in the company's financial statements;
- of the impact on economic equity of all the revaluations made on the asset and liability items during the preparation of the balance sheet at fair value.

Moving from the balance sheet to the simplified balance sheet valued for solvency purposes, the balance sheet items are revalued, upwards or downwards, depending on surplus items evaluated under the calculations for Pillar I of Solvency 2 (unrealized capital gains or losses, difference between technical provisions and best estimates, etc.). The impact on equity of each balance sheet revaluation is recognized in the balance sheet equity valued for solvency purposes within the "reconciliation provision", after taking into account a deferred tax.

Therefore, the significant differences between equity in the company financial statements and the asset surplus over liabilities calculated for solvency purposes mechanically correspond to differences between the valuations used in the financial statements and those retained in the balance sheet for solvency purposes, offset by the deferred tax mechanism.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

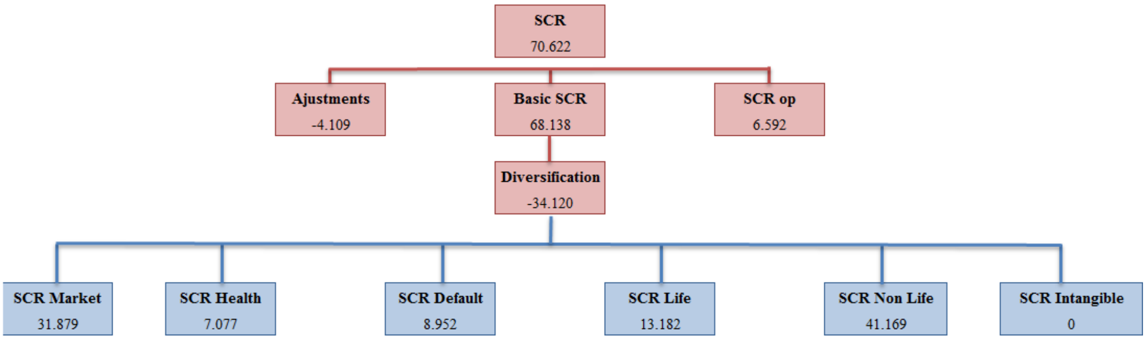
E.2.1. Solvency capital requirement

The amount of required solvency capital is determined according to the standard formula provided for in delegated regulation 2015/35 of the European Commission of 10 October 2014.

The basic risk-free yield curve selected is the one that is published monthly by EIOPA using the volatility adjustment (VA).

Below is the breakdown of the SCR into its various components.

As of 31/12/2016 in k EUR



At 31/12/2016, the Company does not use parameters in the standard form that are unique to the company or simplified calculations.

E.2.2. Minimum capital requirement (MCR)

The amount of the minimum capital required at the end of the reference period comes to €29.3 M. The minimum capital requirement is estimated using the method proposed by article 248 of delegated regulation 2015/35. It is calculated on a quarterly basis. Each quarter and at the end of the year, the straight-line calculation of the MCR mentioned in the article is based on a complete calculation of technical provisions and premium volumes.

E.3. Use of the "equity risk" submodule based on duration in calculating the required solvency capital

The equity risk measure based on duration laid down in article 304 of directive 2009/138/EC is not applied by the Company.

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Appendix 1	S.02.01.02	Balance Sheet
Appendix 3	S.12.01.02	Technical provisions life and health SLT
Appendix 4	S.17.01.02	Technical non-life provisions
Appendix 5	S.19.01.21	Non-life claims
Appendix 6	S.22.01.21	Impact of measures related to long-term guarantees and transitional measures
Appendix 7	S.23.01.01	Own funds
Appendix 8	S.25.01.21	Solvency capital requirement - for companies using the standard formula
Appendix 9	S.28.02.01	Minimum capital requirement - Insurance or reinsurance life only or insurance or reinsurance non-life only

S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	22.974
Pension benefit surplus	**R0050**	
Property, plant & equipement held for own use	**R0060**	9.589
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	557.790
Property (other than for own use)	**R0080**	13.818
Participations and related undertakings	**R0090**	595
Equities	**R0100**	260
Equities - listed	**R0110**	139
Equities - unlisted	**R0120**	121
Bonds	**R0130**	409.525
Government Bonds	**R0140**	234.830
Corporate Bonds	**R0150**	174.560
Structured notes	**R0160**	135
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	126.553
Derivatives	**R0190**	139
Deposits other than cash equivalents	**R0200**	6.900
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	40.169
Loans and mortgages	**R0230**	3.348
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	2.864
Other loans and mortgages	**R0260**	484
Reinsurance recoverables from:	**R0270**	20.447
Non-life and health similar to non-life	**R0280**	19.217
Non-life excluding health	**R0290**	16.233
Health similar to non-life	**R0300**	2.984
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	1.230
Health similar to life	**R0320**	117
Life excluding health and index-linked and unit-linked	**R0330**	1.113
Life index-linked and unit-linked	**R0340**	
Reinsurance recoverables not recognised for TP calculation	**R0350**	
Deposits to cedants	**R0360**	0
Insurance and intermediaries receivables	**R0370**	5.266
Reinsurance receivables	**R0380**	23
Receivables (trade, not insurance)	**R0390**	3.097
Own shares	**R0400**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0410**	0
Cash and cash equivalents	**R0420**	5.413
Any other assets, not elsewhere shown	**R0430**	1
Total assets	**R0500**	668.117

GROUPAMA PHOENIX HELLENIC INSURANCE COMPANY S.A.
213-215 SYGGROU AVE., 17121 ATHENS, GREECE

TEL.: +30 210 3295 111 | **FAX:** +30 210 3239 135
info@groupama.gr | www.groupama.gr

S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	183.348
Technical provisions – non-life (excluding health)	**R0520**	164.715
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	157.305
Risk margin	**R0550**	7.410
Technical provisions - health (similar to non-life)	**R0560**	18.633
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	18.345
Risk margin	**R0590**	288
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	282.473
Technical provisions - health (similar to life)	**R0610**	8.548
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	7.884
Risk margin	**R0640**	665
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	273.925
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	267.070
Risk margin	**R0680**	6.855
Technical provisions – index-linked and unit-linked	**R0690**	44.269
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	43.735
Risk margin	**R0720**	534
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	18.038
Pension benefit obligations	**R0760**	15.620
Deposits from reinsurers	**R0770**	2.997
Deferred tax liabilities	**R0780**	0
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	7.297
Reinsurance payables	**R0830**	2.917
Payables (trade, not insurance)	**R0840**	12.993
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	232
Total liabilities	**R0900**	570.184
Excess of assets over liabilities	**R1000**	97.933

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Life and Health SLT Technical Provisions
S.12.01.02

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010	0	0			0			0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0	0			0			0	0	0
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030	266.741		32.907	10.828		329	0	0	0	310.805
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	1.113		0	0		0	0	0	0	1.113
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	265.628		32.907	10.828		329	0	0	0	309.692
Risk Margin	R0100	6.752	534	0	0	103	0	0	0	0	7.389
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110	0	0	0	0	0	0	0	0	0	0
Best estimate	R0120	0	0	0	0	0	0	0	0	0	0
Risk margin	R0130	0	0	0	0	0	0	0	0	0	0
Technical provisions - total	R0200	273.492	44.269	0	0	432	0	0	0	0	318.194

Life and Health SLT Technical Provisions
S.12.01.02

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0			0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0			0	0	0
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		7.884	0	0	0	7.884
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		117	0	0	0	117
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		7.766	0	0	0	7.766
Risk Margin	R0100	665	0	0	0	0	665
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110	0	0	0	0	0	0
Best estimate	R0120	0	0	0	0	0	0
Risk margin	R0130	0	0	0	0	0	0
Technical provisions - total	R0200	8.548	0	0	0	0	8.548

Non-Life Technical Provisions
S.17.01.02

		Segmentation for:																
		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance:				Total Non-Life obligation
		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	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	4.995	240	0	10.424	2.918	429	3.175	511	0	152	634	0	0	0	0	0	23.478
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	29	38	0	0	0	18	-2	11	0	0	290	0	0	0	0	0	384
Net Best Estimate of Premium Provisions	R0150	4.967	202	0	10.424	2.918	411	3.177	501	0	152	346	0	0	0	0	0	23.099
Claims provisions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross	R0160	11.758	1.352	0	86.201	2.716	4.895	24.812	17.150	0	733	0	0	0	229	2.163	163	152.172
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	2.226	695	0	105	0	1.394	10.961	3.029	0	0	0	0	0	0	470	2	18.883
Net Best Estimate of Claims Provisions	R0250	9.534	658	0	86.096	2.716	3.504	13.874	14.135	0	733	0	0	0	229	1.694	160	133.333
Total Best estimate - gross	R0260	16.753	1.592	0	96.625	5.634	5.324	27.987	17.661	0	885	634	0	0	229	2.164	163	175.650
Total Best estimate - net	R0270	14.501	860	0	96.520	5.634	3.915	17.051	14.637	0	885	346	0	0	229	1.695	160	156.432
Risk margin	R0280	274	15	0	5.256	122	119	1.143	671	0	69	15	0	0	2	13	1	7.698
Amount of the transitional on Technical Provisions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical Provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	R0300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total	R0320	17.027	1.607	0	101.881	5.756	6.443	29.129	18.332	0	953	648	0	0	231	2.176	164	183.348
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	2.252	732	0	104	0	1.409	10.936	3.024	0	0	287	0	0	0	469	2	19.217
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	14.775	875	0	101.777	5.756	4.034	18.193	15.308	0	953	361	0	0	231	1.707	161	164.131

Annex I
S.19.01.21
Non-life Insurance Claims Information
in thousands of currency
Total Non-Life Business

Accident year	Z0010	1

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

	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											1.213	R0100	1.213	466.482
N-9	R0160	30.590	16.244	3.972	1.798	1.519	1.418	858	900	31	342		R0160	342	57.673
N-8	R0170	33.777	18.584	5.174	1.432	1.285	851	1.087	800	17			R0170	17	63.006
N-7	R0180	31.979	22.054	2.942	972	1.168	669	695	711				R0180	711	61.191
N-6	R0190	31.327	16.853	3.037	1.570	1.492	289	435					R0190	435	55.002
N-5	R0200	29.804	14.829	3.232	1.389	623	1.171						R0200	1.171	51.048
N-4	R0210	27.720	14.928	3.018	1.306	639							R0210	639	47.611
N-3	R0220	21.279	14.902	1.122	556								R0220	556	37.860
N-2	R0230	25.563	12.086	3.324									R0230	3.324	40.972
N-1	R0240	24.411	15.889										R0240	15.889	40.300
N	R0250	23.776											R0250	23.776	23.776
												Total	R0260	48.073	944.920

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	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											11.596	R0100	11.522
N-9	R0160	-	-	-	-	-	-	-	-	8.603	7.399		R0160	7.393
N-8	R0170	-	-	-	-	-	-	-	2.951	2.564			R0170	2.550
N-7	R0180	-	-	-	-	-	-	6.344	3.701				R0180	3.680
N-6	R0190	-	-	-	-	-	8.078	4.771					R0190	4.744
N-5	R0200	-	-	-	-	12.616	6.523						R0200	6.484
N-4	R0210	-	-	-	20.271	17.366							R0210	17.294
N-3	R0220	-	-	14.630	12.658								R0220	12.585
N-2	R0230	-	20.094	14.321									R0230	14.251
N-1	R0240	37.792	17.378										R0240	17.292
N	R0250	36.983											R0250	36.843
												Total	R0260	134.639

S.22.01.21
Impact of long term guarantees and transitional measures

		Amount with LTG and transitional measures	Impact of the LTG/transitional measures (Step-by-step approach)								
			Without transitional on technical provisions	Impact of transitional on technical provisions	Without transitional on interest rate	Impact of transitional on interest rate	Without volatility adjustment and without others transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of matching adjustment set to zero	Impact of all LTG/transitional measures
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions	R0010	510.090	510.090	-	510.090	-	511.981	1.891	511.981	-	1.891
Basic own funds	R0020	97.933	97.933	-	97.933	-	96.510	- 1.423	96.510	-	- 1.423
Excess of assets over liabilities	R0030	97.933	97.933	-	97.933	-	96.510	- 1.423	96.510	-	- 1.423
Restricted own funds due to ring-fencing and matching portfolio	R0040	-	-	-	-	-	-	-	-	-	-
Eligible own funds to meet SCR	R0050	85.552	85.552	-	85.552	-	83.860	- 1.692	83.860	-	- 1.692
Tier I	R0060	74.959	74.959	-	74.959	-	73.219	- 1.740	73.219	-	- 1.740
Tier II	R0070	-	-	-	-	-	-	-	-	-	-
Tier III	R0080	10.593	10.593	-	10.593	-	10.641	48	10.641	-	48
SCR	R0090	70.622	70.622	-	70.622	-	70.942	320	70.942	-	320
Eligible own funds to meet MCR	R0100	74.959	74.959	-	74.959	-	73.219	- 1.740	73.219	-	- 1.740
MCR	R0110	29.380	29.380	-	29.380	-	29.594	214	29.594	-	214

Own funds

S.23.01.01

		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	24.171	24.171			
Share premium account related to ordinary share capital	R0030	207.716	207.716			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0			
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0				
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	-156.928	-156.928			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	22.974				22.974
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	97.933	74.959	0	0	22.974
Ancillary own funds						
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	97.933	74.959	0	0	22.974
Total available own funds to meet the MCR	R0510	74.959	74.959	0	0	
Total eligible own funds to meet the SCR	R0540	85.552	74.959	0	0	10.593
Total eligible own funds to meet the MCR	R0550	74.959	74.959	0	0	
SCR	R0580	70.622				
MCR	R0600	29.380				
Ratio of Eligible own funds to SCR	R0620	1,21141				
Ratio of Eligible own funds to MCR	R0640	2,55134				

GROUPAMA PHOENIX HELLENIC INSURANCE COMPANY S.A.
213-215 SYGGROU AVE., 17121 ATHENS, GREECE

TEL.: +30 210 3295 111 | **FAX:** +30 210 3239 135
info@groupama.gr | www.groupama.gr

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

(*) Closed list :
1 (Article 112(7) reporting)
2 (Regular reporting)

Article 112 (*)	Z0010	2

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	25.829	31.879	0,00
Counterparty default risk	R0020	8.952	8.952	0,00
Life underwriting risk	R0030	13.580	13.182	0,00
Health underwriting risk	R0040	7.077	7.077	0,00
Non-life underwriting risk	R0050	41.169	41.169	0,00
Diversification	R0060	-32.577	-34.120	0,00
Intangible asset risk	R0070	0	0	0,00
Basic Solvency Capital Requirement	R0100	64.029	68.138	

Calculation of Solvency Capital Requirement

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Operational risk	R0130	6.592
Loss-absorbing capacity of technical provisions	R0140	-4.109
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	70.622
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	70.622
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
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

S.28.02.01

MCR components

		MCR components	
		Non-life activities	Life activities
		MCR(NL, NL) Result	MCR(NL, L)Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance (	R0010	20.913	0

Background information

		Background information			
		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	14.501	20.979	0	0
Income protection insurance and proportional reinsurance	R0030	860	1.410	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	96.520	36.994	0	0
Other motor insurance and proportional reinsurance	R0060	5.634	9.531	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	3.915	2.438	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	17.051	18.605	0	0
General liability insurance and proportional reinsurance	R0090	14.637	1.025	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0	0	0
Legal expenses insurance and proportional reinsurance	R0110	885	1.451	0	0
Assistance and proportional reinsurance	R0120	346	1.842	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0	0	0
Non-proportional health reinsurance	R0140	0	0	0	0
Non-proportional casualty reinsurance	R0150	229	0	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	1.695	27	0	0
Non-proportional property reinsurance	R0170	160	6	0	0

Linear formula component for life insurance and reinsurance obligations

		Non-life activities	Life activities
		MCR(L, NL) Result	MCR(L, L) Result
		C0070	C0080
Linear formula component for life insurance or reinsurance obligations	R0200	341	8.126

Total capital at risk for all life (re)insurance obligations

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance) best estimate provisions	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	0	0	240.528	0
Obligations with profit participation - future discretionary benefits	R0220	0	0	25.100	0
Index-linked and unit-linked insurance obligations	R0230	0	0	43.735	0
Other life (re)insurance and health (re)insurance obligations	R0240	0	0	8.095	0
Total capital at risk for all life (re)insurance obligations	R0250	0	487.638	0	78.892

Overall MCR calculation

		C0130
Linear MCR	R0300	29.380
SCR	R0310	70.622
MCR cap	R0320	31.780
MCR floor	R0330	17.655
Combined MCR	R0340	29.380
Absolute floor of the MCR	R0350	7.400
Minimum Capital Requirement	R0400	29.380

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	21.255	8.126
Notional SCR excluding add-on (annual or latest calculation)	R0510	51.090	19.532
Notional MCR cap	R0520	22.990	8.789
Notional MCR floor	R0530	12.772	4.883
Notional Combined MCR	R0540	21.255	8.126
Absolute floor of the notional MCR	R0550	3.700	3.700
Notional MCR	R0560	21.255	8.126