

PRIME INSURANCE COMPANY LIMITED

SOLVENCY AND FINANCIAL CONDITION REPORT

Year 2021



Executive Summary

This Solvency and Financial Condition Report has been prepared for Prime Insurance Company Limited (hereinafter “Prime” or “Company”) in accordance with all applicable laws and regulations. It refers to the financial year ended **31 December 2021**.

Business and Performance

The Company is licensed by the Cyprus Insurance Companies Control Service to underwrite the following insurance classes:

Life Business

Classes 1, 3 and 4

Non-Life Business

Classes 1, 3, 5, 6, 7, 8, 10, 11, 12, 13, 15, 16, 17,18

The Company is registered and operates in Cyprus. It also maintains a Branch in Greece, closed to new business since April 2020, under the Freedom of Establishment Act.

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

As the Greek operations are discontinued following the BoD’s decision in 2019, Prime’s continuing operations (Cyprus) illustrated an underwriting gain before tax of €1,12 million compared to €4,28 million loss in 2020.

The underwriting losses before taxes arising from discontinuing operations (Greece) were €1,40 million compared to €0,74 million losses in 2020.

Overall, the Company had an underwriting loss before tax of €0,27 million in 2021 compared to underwriting loss of €5,02 million in 2020 and after-tax losses of €0,63 million, compared to after tax losses of €5,58 million experienced in 2020.

Capital Management

The SCR coverage ratio as at **31.12.2021** was **116%**, improved from the 113% reported as at 31.12.2020. The company took active steps to improve its coverage ratio through de-risking and further discontinuing loss making operations in Greece.

The company aims to improve coverage ratio even further by increasing market share, further restoring individual lines and overall profitability.

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1 Business Performance

1.1 Business

1.1.1 Name and legal form of undertaking

Prime Insurance Company Limited

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1070 Nicosia

Cyprus

Telephone: 0035722896000

Fax: 0035722896001

Email: info@primeinsurance.eu

Private Company Limited by Shares

The Company's registration number is **HE70923**

1.1.2 Name and contact details of the supervisory authority

Prime Insurance Company Limited is a Cyprus regulated entity. The contact details of its regulator are:

Superintendent of Insurance

Cyprus Insurance Companies Control Service

Ministry of Finance

P.O. Box 23364, 1682 Nicosia

Cyprus

Telephone: 0035722602990

Fax: 0035722302938

Email: insurance@mof.gov.cy

1.1.3 Name and contact details of the external auditor

KPMG Limited

Esperidon 14, 1087, Nicosia

1.1.4 Description of the holders of qualifying holdings

The major shareholders of the Company are:

- Rodardo Ltd: 97.48% - No. of shares 25.174.700
Shareholders of Rodardo:
 - Golvenveil Ltd 83,3% - No. of shares 8.080
 - Michael Michaelides 15,0% - No. of shares 1.455
 - Dalantel Trading Ltd 1,7% - No. of shares 165
- Intervista AE: 1.34% - No. of shares 345.000
- Michael Michaelides: 1.18% - No. of shares 304.712

1.1.5 *Material lines of business and material geographical areas where the undertaking carries out business*

Prime Insurance writes business in Cyprus and in Greece through a Branch under both Life and Non-Life classes as listed below:

Life Insurance

- Unit-linked insurance
- Term insurance
- Other life insurance

Health Insurance

- Either stand alone or health riders to life contracts

Non-Life

- Accident and Health 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

1.1.6 *Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking*

None

1.2 Underwriting performance

1.2.1 *Qualitative and quantitative information on the Company's underwriting performance, at an aggregate level*

The following table presents quantitative information on the underwriting performance of the Company for the current and for the previous reporting period as per the financial statements.

€ '000s	YE2021	YE2020	%
Gross premiums earned	38,508	47,868	-20%
Net premium earned	32,642	36,214	-10%
Other Income (Reinsurance commission and Investment gain)	4,954	3,196	55%
Insurance Benefits (Life)	-13,519	-10,856	25%
Net insurance claims incurred (including reserves)	-7,763	-13,206	-41%
Total expenses from insurance activities	-15,857	-19,828	-20%
Total expenses from non-insurance activities	-731	-522	40%
Underwriting result	-274	-5,002	

1.2.2 Qualitative and quantitative information on the Company's underwriting performance by material line of business

€ '000s	YE2021	YE2021	YE2020	YE2020
	General business	Life business	General business	Life business
Net premium earned	10,723	21,919	14,504	21,710
Other Income (Reinsurance commission and Investment gain)	299	4,655	1,557	1,639
Insurance Benefits (Life)	-	-13,519	-	-10,856
Net insurance claims incurred (including reserves)	-5,424	-2,339	-9,977	-3,229
Total expenses from insurance activities	-8,628	-7,229	-12,643	-7,185
Total expenses from non-insurance activities	-239	-492	-505	-17
Underwriting result	-3,269	2,995	-7,064	2,062

1.2.3 Qualitative and quantitative information on the undertaking's underwriting performance by material geographical area

€ '000s	YE2021	YE2021	YE2020	YE2020
	Cyprus	Greece	Cyprus	Greece
Gross premiums	37,298	1,210	38,081	9,788
Net premium earned	32,088	554	30,720	5,493
Other Income (Reinsurance commission and Investment gain)	4,451	503	2,550	646
Insurance Benefits (Life)	-13,519	-	-10,856	-
Net insurance claims incurred (including reserves)	-7,818	55	-11,999	-1,206
Total expenses from insurance activities	-13,347	-2,510	-14,171	-5,657
Total expenses from non-insurance activities	-731	-	-522	-
Underwriting result	1,124	-1,398	-4,278	-724

1.3 Investment Performance

Investment performance remains important to our overall profitability. We aim to determine our strategic asset allocation following thorough investigations and asset liability modelling and to maximise returns subject to predefined risk tolerance limits safeguarding that no unwanted investment risk is taken on.

The Company's investment portfolio is managed by experienced investment managers and their performance is reviewed quarterly by the Company's Investment Committee.

The current prolonged low and even negative interest rate and inflationary environment introduces an additional challenge to the Company and investment manager as the prices of fixed income securities are relatively expensive and secured yields are at historically low levels in the Eurozone.

The composition of the investment portfolio as at 31.12.2021 was as follows:

Type - € '000s	Total	Life	General
Property, Plant & Equipment	2,858	-	2,858
Investment Property	4,247	2,438	1,809
Collective Investments Undertakings	34,935	30,938	3,997
Investment to Subsidiaries	5,702	-	5,702
Equities	3,896	3,896	-
Bonds	8,427	4,207	4,220
Cash and Deposits	27,013	24,774	2,239
Mortgages and Loans	752	752	-
Assets held for sale	2,503	-	2,503
Total	90,333	67,005	23,328

1.3.1 Income and expenses arising from investments by asset class,

Type - € '000s	Total	Life	General
Interest income	293	150	143
Dividend income	3,781	48	3,733
Rental income	45	12	33
Fair value losses on investment properties	-79	-77	-2
Gain / (Loss) from investments at fair value through profit or loss	1,950	2,353	-403
Gain / (Loss) on disposal of investments	686	1,020	-334
Impairment of subsidiary	-3,735	-	-3,735
Other income	51	10	41
Exchange differences	74	74	0
Loss on fair value of fixed assets	-53	-	-53
Total	3,013	3,590	-577

Income arising is composed of dividends, interest, fair value gains, gains on disposal of investments, rental income received and foreign exchange gains.

1.3.2 Any gains and losses recognised directly in equity

Type - € '000s	Total	Life	General
2021 - Loss from investments Available for Sale (AFS)	-6,200	-	-6,200
2020 - Loss from investments Available for Sale (AFS)	-922	-	-922

1.4 Performance of other activities

As mentioned in the 2020 SFCR report, the Greek operations closed to new business and renewal rights were sold to another Greek insurance company at a premium of €975.000. This premium was credited to the 2020 accounts.

In 2021 Prime received €1.175.327 from the selling agreement of renewal rights to another Greek insurance company.

1.5 Any other information

COVID-19

The Coronavirus disease 2020 (COVID-19) has been impacting both local and world economies since Q1 2021 leading to decreased economic activity and increased government debt.

The impact on Prime's financials has been fairly benign with temporarily increased life insurance lapses when the disease first broke out, combined with reduced motor and health insurance claims. Reduced loss ratios are expected for at least the first half of this year. As per last year, death rates are not expected to be affected by the disease as they often relate to over 65s.

In addition, despite the initial shocks both unit-linked and own funds have recovered, with the latter exhibiting positive returns for the year 2021 as a whole.

Going forward we do not expect Covid 19 to affect Prime's operations significantly.

UKRAINE CRISIS / WAR

Prime has examined the particular conditions and the risks to which the Company is exposed and has reached the conclusion that there is no significant impact on the Company's operations and profitability at this stage.

It is, however, estimated that the Company's investment portfolio will record small losses because of the more general disruption caused to the international financial markets due to the new inflationary pressures arising from the sanctions against Russia. In addition, if inflationary pressures become persistent, there is a possibility of a fall in aggregate demand and in consequence a fall in demand for insurance products.

The Company's Management is taking all necessary measures to maintain the Company's sustainability and develop its activities in the current business and economic environment.

2 System of Governance

2.1 General information on the system of governance

Prime is committed to implementing a sound governance framework that provides for the sound and prudent management of the business based on the following principles:

- Transparent organisational structure
- Strategic objectives and corporate values communicated throughout Prime
- Clear lines of responsibility and accountability throughout Prime
- BOD members and Senior Management are qualified for their positions, have a clear understanding of their role in corporate governance and are able to exercise sound independent judgment about the affairs of Prime and that fit and proper requirements are met
- There is appropriate oversight of Prime's activities through the three lines of defence model
- Effective utilisation of the work conducted by internal and external auditors, as well as other control functions, given their critical contribution to sound corporate governance
- Compensation policies and practices are consistent with Prime's ethical values, objectives, strategy, and control environment

2.1.1 *The structure of the Board of Directors (BoD)*

The current membership of the Board is presented below:

- Mr Dimitris Contominas, Chairman, Non-Executive (resigned 13/02/2021)
- Mrs Maria Contomina, Chairwoman, Non-Executive (appointed 13/02/2021)
- Mr Panayiotis Panayiotou, Vice Chairman, Executive CEO
- Mr Savvas Agapiou, Non-Executive, (resigned 27/01/2021)
- Mrs Theoni Panagopoulou, Non-Executive
- Mr George Christodoulou, Non-Executive (resigned 31/01/2022)
- Mr Alexandros Economou, Non-Executive (resigned 30/09/2021)
- Mr Socrates Ellinas, Non-Executive (appointed 22/12/2021)
- Mr Marios Cosmas, No-Executive (appointed 24/03/2021)

The Company is ultimately governed by the BoD comprising of a non-executive chairman, four non-executive directors and one executive director who is the Managing Director of the Company.

The BoD maintains responsibility for the prudent management of the Company. It reviews and assesses the Company's strategic and business planning, solvency, as well as the Senior Management's approach to addressing risks and challenges. It reviews reports submitted by Senior Management and maintains frequent and open communication with the General Manager and Executive and Risk Committees.

For a more effective organisation of Prime, the Board has established the below-mentioned Committees (as at 07/04/2022).

Committee	Brief Terms of Reference	Composition
Audit & Risk Committee	Ensures the operation of an effective system of internal controls within Prime and oversees the selection and remuneration of external auditor	Mr Marios Cosma Mrs Theoni Panagopoulou
Compliance	Monitor's compliance initiatives including regulatory as well as voluntary and ensures codification of processes of the Company. It also considers the exposure of the Company to significant risk and ensures the overall risk profile of the Company is sound and proficient	Mr Socrates Ellinas Mrs Theoni Panagopoulou
Investment Committee	Reviews and challenges the investment policy of Prime and its implementation in the business	Mr Panayiotis Panayiotou Mr Marios Cosma
Remuneration Committee	Monitors the formation of policies related to benefits and appointments and ensures that these policies drive for an effective internal control system	Mrs Maria Contomina Mr Panayiotis Panayiotou

2.1.2 Description of the main roles and responsibilities of key functions

– Internal Audit

The Internal Audit function of the Company is administratively independent of any functions which have operational responsibilities in line with Solvency II Delegated Acts and local legislation.

Through annual audits and consultations, the Internal Audit function provides assurance and advice on the adequacy and effectiveness of the Company's Internal Control System, operational functions and any matters which would require their review.

The Internal Audit function reports to the Board through the Audit Committee.

– Compliance

The Compliance Function reports to the General Manager and has a direct reporting line to the Board. It is independent of risk-taking functions e.g., underwriting and claims. The function is subject to audit by the Internal Audit function.

– Actuarial Function

The Actuarial function advises the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. Additionally, it is responsible to assess the pricing adequacy.

The Actuarial function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice.

– Risk Management Function (RMF)

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The mission of the RMF is the efficient and effective management of risks in

accordance with the risk appetite of the Company, as stipulated in its Risk Appetite and Tolerance Statement.

In order to achieve its mission, the RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual and on an aggregate level. This function is also responsible for the preparation of the Own Risk and Solvency Assessment (ORSA) report which is submitted to the Board for approval and submission to the Regulator at least once a year.

2.1.3 Material changes in the system of governance over the reporting period

During the year 2021 and up to 07/04/2022 four members of the Board resigned (both non-executive) and three new members were appointed.

2.1.4 Remuneration policy and practices for the BoD and employees

The Company has in place a remuneration policy which ensures that any remuneration is in line with the market norms in order to enable the Company to attract competent and experienced resources and ensure that any resources that it engages do not take excessive risks that could be detrimental to the Company. With regard to the awarding of any performance bonuses, at the end of each financial year the Managing Director together with the executive management propose what global amount of the Company's profits is to be distributed by way of performance bonus to the employees. The proposed amount is forwarded to the Remuneration Committee and the Board of Directors for final approval, and once this is approved the total amount is distributed to employees depending on their individual performance in the preceding year.

With regards to any commission-based remuneration, the Company ensures that all commission rates are in line with market rates and that these rates do not expose the Company to any potential risks, primarily mis selling and policy churning.

The remuneration policy is reviewed and maintained by the Remuneration Committee and is approved by the BoD. The BoD are responsible for the implementation of the remuneration policy in Prime and specifically its application to BoD.

2.1.5 Information about material transactions during the reporting period

The Company received €975.000 in year 2020 from the selling of Greek portfolio renewal rights to another Greek insurance company.

In year 2021 the Company received €1.175.327 from the selling agreement of renewal rights to another Greek insurance company.

In year 2021 the Company through its subsidiary Company "Balisea Shipping Co Limited" sold a Yacht and received the amount of €4,3 million (gross), €3,97 million (net of fees). A realized loss of €3,75 million and a dividend income of €3,73 million were recognized in the P&L of year 2021.

2.2 Fit and proper requirements

The following are applicable to the persons who effectively run the undertaking or have other key functions:

2.2.1 *Description of the specific requirements concerning skills, knowledge and expertise*

The Company ensures that all persons who effectively run the Company or have other key functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

Moreover, the BoD collectively possesses professional qualifications, experience and knowledge about at least:

- Insurance and financial markets
- Business strategy and business model
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements.

2.2.2 *Description of the undertaking's process for assessing the fitness and the propriety*

In order to ensure that Senior Managers / Company Directors are fit, they are recruited giving due regard to interview requirements, referencing, relevant skills, personal and professional background and other checks as required and relevant to the role to be undertaken. Some of the general checks conducted include:

- Educational Background Check
- Professional Qualifications / Membership Check.

In order to ensure that Senior Managers / Company Directors are proper, they are subject to a variety of checks at the commencement of their assessment, including:

- Credit checks
- Identity checks
- Employment History
- Criminal History checks.

Members are also approved by the regulator.

2.3 Risk management system including the own risk and solvency assessment

2.3.1 Description of the undertaking's risk management system

Prime has implemented an effective risk management system which is designed to ensure timely identification and assessment of existing and emerging risk exposures as well their effective management. The risk management system is comprehensively addressed in the Company's risk management policy which provides for the **risk governance**, a **risk appetite** statement, and the **risk management framework**.

The risk management policy suite comprises of individual risk policies for all main categories of risk namely: Underwriting Risk, Investment and Asset Liability Risk, Credit Risk, Liquidity Risk, Concentration Risk, Operational Risk and Reinsurance. It is approved by the BoD and is reviewed at least once a year.

2.3.1.1 Risk Appetite Statement

Prime's vision is to create relations of mutual trust with its customers and associates and to offer products that undoubtedly provide quality of life and security. The risk appetite statement lays down the level and nature of risks that are considered acceptable for the Company and the constraints within which it should operate in pursuing its vision.

Prime manages its risk appetite through a set of limits. The limits are set, not such that they are likely to be fully used, but rather so that limited exceptions are reported. The aggregate risk limits and the risk category limits are to be used by the RMF for the monitoring and reporting of overall risk exposure and by the BoD and Risk Committee for making decisions on the Company's risk profile.

Overall Prime sees itself as a low-risk entity and risk tolerance limits have been set to reflect that.

The Company has a target of maintaining a solvency coverage ratio at all times in excess of **115%**. This target is expected to be reached by the end of the year.

2.3.1.2 Risk Governance

The risk governance of the Company forms an integral part by defining the role of each function of the Company in the Risk Management Framework. It is organised in a way that ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels.

As mentioned in previous sub-sections, the system of governance is based on the "three lines of defence model" safeguarding that risk management is embedded into the organisational structure and decision-making processes of the Company and that the risk management system is supported by appropriate internal controls and by information systems that provide relevant, accurate and reliable information. The roles of the key functions in the Risk Management System are outlined below:

Body / Function	Roles in the risk management framework
BoD	The responsibility for the approval and periodic review of the risk profile and risk appetite, as well as the risk strategy and the policies for managing risks, lies with the BoD, so as to ensure that the BoD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. This information reaches the BoD through the Risk Committee
Risk Committee	Responsibility for the supervision of the risk management framework is assumed by the Risk Committee

Body / Function	Roles in the risk management framework
	• The Risk Committee reviews on an annual basis the suite of Risk Policies of the Company and pre-approves any required changes, and subsequently forwards the updated Policy to the BoD for final approval • The Risk Committee receives frequent information on the levels of risks to which the Company is exposed, with the purpose of ensuring that the Company's risk profile remains within the established risk tolerance limits. Risk appetite and risk limits are set at a level which is commensurate with the sound operation of the Company and its strategic goals
Risk Management Function (RMF)	• Supports the BoD in the determination and implementation of the risk strategy and capital planning • Coordinates the implementation of the risk management framework and is the main unit for risk management responsibilities • Regular reporting to the Senior Management and Risk Committee • Risk management training to the BoD, Committees, Senior Management and Risk-taking functions directly involved in the management and oversight of risk, on the contents of the current and other risk-specific policies, and for providing guidance on their application • Moreover, the RMF continuously reviews the compliance of the Risk Management Policy with Solvency II requirements and the appropriateness of risk strategy with Company objectives, appetite, and limits, and informs the Risk Committee of any changes that may be required • Monitors the risk profile of the Company against the BoD's risk appetite • Develops internal risk methodologies and models • The RMF also brings to the attention of the Risk Committee any breaches of the Risk Management Policy • The full responsibilities of the RMF are documented in the RMF Policy
Managing Director and Senior Management with risk taking capacity	• The Company's Senior Management is responsible for the implementation of the risk strategy, as this has been approved by the BoD, and for the development of the policies, methodologies and procedures required to identify, measure, monitor and control every type of risk, in accordance with the nature and complexity of the Company's operations • They also have the responsibility to apply the framework in their day-to-day activities
Business Units	• The individual business units under the direction of their Heads have the responsibility to know and apply the requirements of the risk strategy and policies in their area of business
Actuarial Function	• The Actuarial function is a specialised function that advises the Senior Management of the Company on the calculation of technical provisions, capital requirements, product pricing, as well as on the technical aspects of risk management and modelling. The actuarial department provides further input on items such as -business planning -overall risk management -investment management

Body / Function	Roles in the risk management framework
Compliance Function	The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's risk management framework with existing and new laws and regulations
Internal Audit	The Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee. The responsibilities of Internal Audit are governed by the Internal Audit Policy

2.3.1.3 Risk management Processes

The Company's Risk Management System encompasses a number of key processes and procedures which address the Company's key risks. These steps are summarised below:

- a. **Risk identification** - Risks are identified and documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls.
- b. **Risk assessment** - The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risk not covered by capital and using the Value at Risk (VaR) measure for risks covered by capital. Stress testing is conducted regularly by the RMF as a risk assessment tool in order to assess the Company's vulnerability to possible events or future changes in economic conditions which have unfavourable effects on its performance, solvency, liquidity or reputation and its ability to withstand such changes.
- c. **Risk control and mitigation** - The Company designs and implements controls to prevent or detect the occurrence of an identified risk event or to mitigate its severity. The Company's control activities are documented in the Risk Register.
- d. **Risk monitoring** - The RMF has the responsibility to ensure that all material risk exposures are monitored on an on-going basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk Committee. At least once a year, the Risk Register is formally reviewed by the RMF and any actions deemed necessary following such review are brought to the attention of the Board.

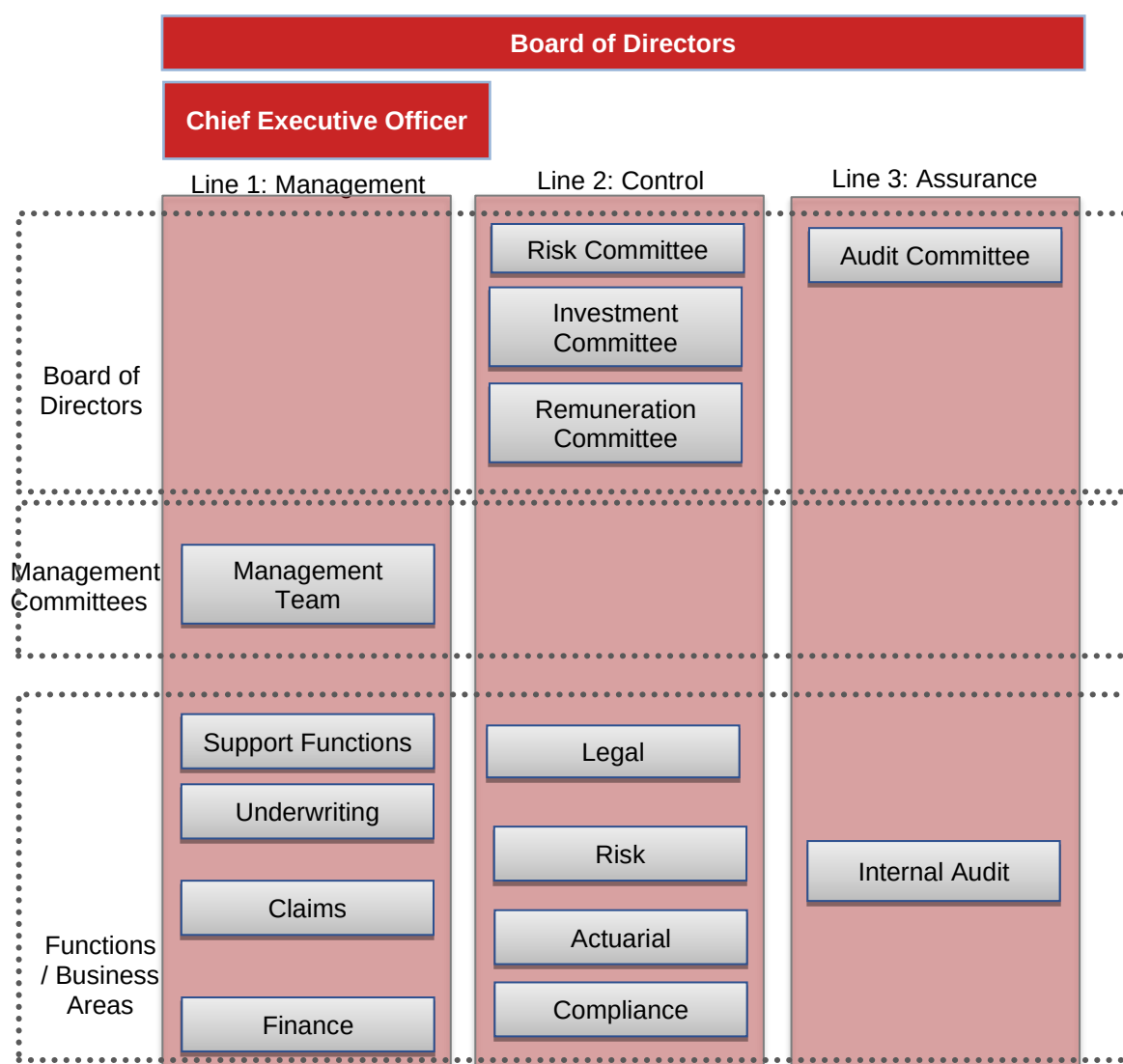
2.3.1.4 Risk Reporting

The Risk Management function reports to the BoD, through the Risk Committee at least annually on its assessment of material risks and the management thereof, in particular the actions being taken to mitigate or control key risk exposures. It is also obliged to report the following to the BoD, without delay:

- Any significant changes to the overall risk profile of the Company
- Any deviations from the risk management strategy or risk appetite
- Any risk management matters in relation to strategic affairs, such as major projects and investments.

2.3.2 Description of how the risk management system (including the risk management function) are implemented and integrated into the organisational structure and decision-making processes of the undertaking

In implementing its risk management strategy, the Company operates the 'Three Line of Defence Model' to manage its risk and control its activities. This ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels, including the BoD, Senior Management, RMF and Business Units.



The **First Line of Defence** relates to the management of risks at the points where they arise. These activities are carried out by persons who take on risks on behalf of the Company. Risk management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set by the Risk Committee with the assistance of the RMF.

The **Second Line of Defence** concerns the risk management activities that are carried out by the RMF and the important supporting operations. It also refers to the risk management activities performed by the Risk Committee and includes the approval and oversight of the implementation of risk policies and the establishment of systems and controls so that the overall level of risks and the relationship between risk and rewards remains within acceptable levels.

The **Third line of Defence** concerns the activities of the Internal Audit Function that through its work provides an independent assurance to the BoD, on the performance and effectiveness of the risk management systems within the Company.

The Company embeds the risk management system into the organisational structure and supports it by appropriate internal controls and by information systems that provide relevant, accurate and reliable information. The risk management system then provides information that are fed into the decision-making processes by assessing the risk exposure of alternative strategies the Company is considering with respect to risk mitigation, business volumes and investments.

2.3.3 Process adopted to fulfil the obligation to conduct an ORSA

2.3.3.1 Description of the process undertaken by the undertaking to fulfil its obligation to conduct an ORSA as part of its risk management system

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times.

The Company follows the steps below to implement its ORSA:

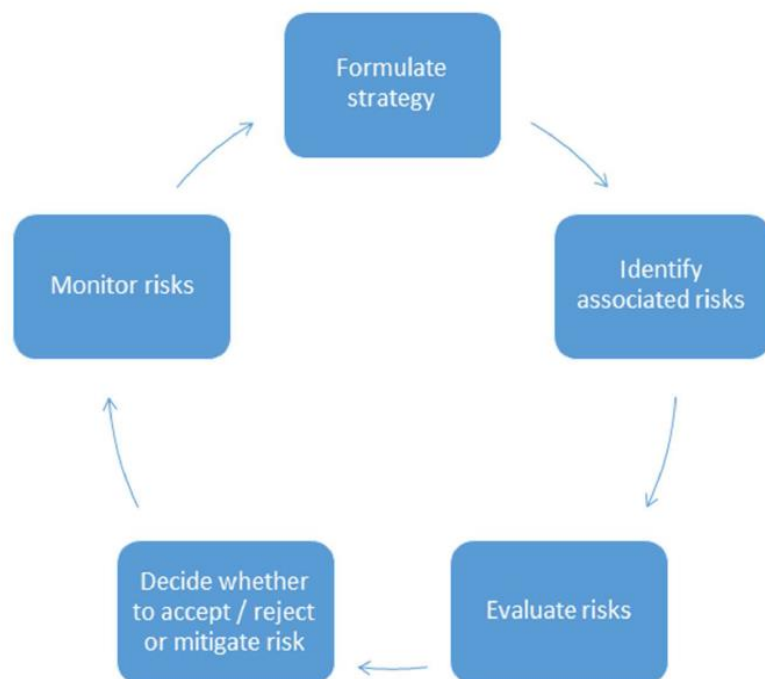
- a. Identify and classify risks** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR standard formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.
- b. Assessment and measurement of risks through different approaches including stress testing** - the Company collects data, quantifies, and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics.
- c. Capital Allocation** – According to its risk profile, the Company determines the necessary additional capital over and above the regulatory minimum SCR.
- d. Capital planning** – Based on the capital allocation projections, the Company prepares a capital plan for the following 3 years. Such plans depend on the Company's strategic objectives and financial projections and assumptions on future economic conditions.
- e. Stress testing** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.
- f. Communicate and document the results** – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

2.3.3.2 How the ORSA is integrated into the organisational structure and decision-making processes of the undertaking

ORSA covers all the operations of the organisation and all business units of the Company.

The ORSA considers the Company as whole, Cyprus and Greece. The BoD is the body that bears the ultimate responsibility for the ORSA, its application and embedment within the Company's Day to Day procedures.

The roles and responsibilities for the ORSA for each body and function of the Company (BoD, Senior Management, RMF, Actuarial function, Compliance function, Finance function, Internal Audit function, Risk taking departments) are defined in the ORSA policy of the Company.



The ORSA process is not independent from the “business as usual” process of the Company. As a result, the RMF reports the Company’s risks and stress tests and the BoD and Management make decisions upon the results of these procedures. In addition, the Company considers the impact on its capital in its financial projections. Strategic decisions are assessed and evaluated in the light of their effect on the Company’s risk situation and risk-bearing capacity over the business planning horizon. Such strategic decisions include but are not limited to:

- Target business volumes
- Reinsurance arrangements
- Investment decisions
- Introduction of new products
- Utilisation of additional distribution channels or direct sales.

2.3.3.3 *A statement detailing how often the ORSA is reviewed and approved by the BoD*

The Company currently intends to perform the ORSA annually. Furthermore, the assessment will be performed immediately following any significant changes to the environment that the Company operates.

These changes include, but are not limited to:

- Significant changes to the financial and political environment in which the Company operates
- Significant operational losses
- Material changes to the new business volumes
- Planned changes to the operating model of the Company
- Significant changes in the Company’s risk profile.

2.3.3.4 *A statement explaining how the undertaking has determined its own solvency needs given its risk profile and how its capital management activities and its risk management system interact with each other*

Solvency needs are determined by the EIOPAs standard formula. Hence the standard formula is the key capital optimisation tool used by the company. Each individual risk module sensitivities are investigated, and the company makes informed decisions as to whether a risk should be taken, maintained, increased or decreased considering the respective risk / return considerations. For example, the investment portfolio is assessed against the market risk components such as equity, spread and concentration risk formulae and individual investments are readjusted accordingly.

Coverage was increased from 113% in 2020 to 116% in 2021 through a number of measures, including:

- Investment de-risking (e.g. investing in higher rated bank institutions)
- Continued run-off of loss-making operations in Greece (reduced impact on own funds, coupled with reduced capital requirements)

The Company is committed to executing further improvements to improve the SCR coverage ratio in the upcoming years through measures targeted at increasing profitability whilst keeping capital requirements to a minimum.

2.4 Internal control system

2.4.1 *Description of the undertaking's internal control system*

Internal control is a process effected by Prime's Board of Directors, management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations.

Every member of Prime has a role in the system of internal control. Internal control is people-dependent, and its strength depends on people's attitude toward internal control and their attention to it:

- The Board is responsible for setting the strategy, tone, culture, and values of the Company
- Management, Risk Management, Compliance and Actuarial functions design policies and procedures to ensure that an effective internal control system is established within the Company
- The Internal Audit function monitors the effectiveness of the internal control system

There are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Management
- Control Activities
- Reporting
- Monitoring.

Each of these are outlined below:

2.4.1.1 Control environment

The control environment sets the tone of the Company, influencing the control consciousness of its people. It is the foundation for all other components of the Company's internal control system, providing discipline and structure. Control environment factors include:

- Integrity and ethical values
- Commitment to competence
- Management's philosophy and operating style
- Organisational structure
- Assignment of authority and responsibility
- HR policies and practices.

2.4.1.2 Risk Management

The risk management system entails the identification and analysis of relevant risks which threaten the achievement of the Company's objectives, forming a basis for determining how the risks should be managed. As an integral part of its Risk Management system, the Company identifies all reasonably foreseeable material risks and assesses the frequency and severity of such risks, recording such identification and assessment in the Risk Register.

The process is overseen by the Board and Risk Management function. The risk management process is described in detailed in the Company's Risk Management Policy.

2.4.1.3 Control Activities

Control activities are the policies and procedures that are designed to ensure that management directives are carried out, strategies are properly implemented, and the necessary actions are taken to address material risks to the achievement of the Company's objectives. Control activities occur throughout the entire Company, at all levels and in all functions. They include a range of activities as diverse as:

- approval and authorization requirements, as required by the Company's procedure manual;
- segregation of duties, as reflected in the Company's organisational structure and in other controls outlined in the procedure manual;
- controls required by the Company's various policies, such as the Outsourcing Policy;
- verifications, reconciliations, reviews, controls over assets and other controls as identified in the procedure manual and which are primarily aimed at implementing the four-eyes principle.

The Company has appropriate documented policies, procedures, techniques, and mechanisms in place for each of its business areas (e.g., Underwriting, Claims) and control functions (Risk and Compliance). All relevant objectives and associated risks for each significant activity are identified in conjunction with conducting the risk identification process.

Up to date Company policies and procedures are distributed to all relevant personnel, who read and understand them. Management oversees the implementation of the Company's policies and procedures and ensures that control activities are properly applied. Monitoring personnel review the functioning of established control activities and remain alert for instances in which excessive control activities should be streamlined. They act timely on exceptions, implementation problems, or information that requires follow-up.

Control activities are regularly evaluated to ensure that they are still appropriate and working as intended.

2.4.1.4 Reporting

Financial and other information must be identified, captured, and communicated in a form and timeframe that enables the management and the BoD to carry out their responsibilities. Management accounts, solvency assessments and risk reports are submitted to the BoD on a quarterly basis. Moreover, all key functions report to the Board at least once a year on their activities, the adherence to their respective Company policies together with any proposals for changes to the policy as considered necessary by the relevant function.

2.4.1.5 Monitoring of internal controls

The Company has established the necessary monitoring mechanisms that facilitate the understanding of the Company's situation and provide the Board with relevant information for the decision-making process. Management and monitoring personnel know their responsibilities for internal control and make control and control monitoring part of their regular operating processes.

Regular monitoring occurs during normal operations and includes on-going Management activities and actions taken by all personnel when performing their duties. It is performed continually and on a real-time basis, reacts dynamically to changing conditions and is ingrained in the Company's operations.

The effectiveness of the internal control system is monitored on a continuous basis by business areas and control owners, any deficiencies of the system are identified and rectified in a timely manner. As part of the internal control monitoring, the quality of performance over time is assessed and the findings of audits and other reviews are promptly resolved.

2.4.2 Description of how the Compliance function is implemented

The Compliance function ensures that compliance awareness is promoted internally and externally, and that compliance is an integral part of the corporate culture of Prime. Employees within the organisation receive adequate training on compliance and Anti-Money Laundering issues on a set periodic basis and are encouraged to identify and report all breaches as necessary so that corrective action can be immediately taken, and risks mitigated.

The role of the Compliance function includes:

- a. advising the Board of Directors on compliance with any legislation, regulations, and any other applicable laws, in so far as they apply to the Company,
- b. the assessment of possible impact as regards changes in the legal environment on the Company,
- c. the identification and assessment of any compliance/regulatory risks,
- d. providing the Board of Directors with regular reports on the progress of the compliance plan, and any other matters which need to be brought to the attention of the Board of Directors.

Prime has a compliance plan and a compliance policy in place. The compliance policy delineates the responsibilities of the Board of Directors together with the delegated responsibilities of the resources within the Compliance department and more specifically the responsibilities of the Compliance function. The compliance policy is reviewed every year by the Board of Directors, and if required, it is updated to ensure that it remains relevant to the Company and in line with the regulation. On the other hand, the annual compliance plan is drawn up every year by the Compliance function and is approved by the Board of Directors.

2.5 Internal audit function

The Company's Internal Audit Policy establishes and maintains an Internal Audit function, the objectives of which are:

- a. to independently examine and evaluate the functioning and effectiveness of the internal controls and all other elements of the system of governance.
- b. to assess compliance with internal strategies, policies, processes, and reporting procedures.

The Internal Audit function reports to the Board through the Audit Committee. The Internal Audit function has an unrestricted right to obtain information relevant to the discharge of its responsibilities. This entails the prompt provision of all necessary information, the availability of all essential documentation and the ability to look into all activities and processes of the Company. To this effect, the Internal Audit function has full, free, and unrestricted access to all the personnel of the Company who shall, in turn, ensure that the Internal Audit function obtains the necessary information about, and has the necessary access to the Company's outsourced functions.

2.6 Actuarial function

The Actuarial function is a critical function for Prime given the nature of its product suite and its operations. It is subject to the fit and proper criteria and according to the relevant legislation it should always be carried out by persons who are fit and proper to carry out the duties outlined below, in an objective manner and free from any undue influences. The Actuarial function is executed by a Fellow of the Institute of Actuaries who fulfils all above criteria.

The Actuarial function reports to the Chief Executive Officer and to the BoD and is subject to the audit of the Internal Audit function regarding the adequacy and effectiveness of its procedures.

The role of the Actuarial function is to establish and maintain appropriate procedures, processes, and systems sufficient to allow the Company to reasonably estimate its insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised professional standards. In this context, the Actuarial function coordinates the assessment and validation of internal data to determine the level of compliance with recognised standards for data quality and, if necessary, recommends improvements.

Furthermore, the Actuarial function is involved in the profit testing process of new products assessing them for profitability, capital intensiveness, risk profile, system compatibility and marketability. It also contributes to financial modelling in relation to risk management activities and the ORSA in particular.

The activities of the Actuarial function during 2021 were as follows:

- Carried out the calculation of technical provisions on a quarterly basis in accordance with all relevant regulatory requirements,
- Submitted reports in relation to the above calculations to the BoD,
- Expressed opinion on adequacy of Reinsurance Arrangements and participated in the discussions with the Reinsurers for the renewal of treaties,
- Expressed opinion on the Company's underwriting policy,
- Worked closely with the management and addressed areas of its expertise in relation to the Company's ongoing operations,
- Attended Audit Committee meetings and actively participated in discussions around the Company's restructuring plan and its strategy going forward,
- Carried out investigations to the Company's experience in terms of claims, lapses, expenses, and new business volumes.

2.7 Outsourcing

The criteria for the selection of service providers and the process for their appointment is laid down in the Company's outsourcing policy which is approved by the BoD and reviewed once a year. In particular, the outsourcing policy states that when choosing a service provider for any critical or important functions or activities Prime ensures that:

- The potential service provider has the ability and capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, considering the undertaking's objectives and needs
- The service provider has adopted all means to ensure that no explicit or potential conflict of interests with Prime impairs the needs of the outsourcing undertaking
- It enters into a written agreement with the service provider which clearly allocates the respective rights and obligations of the undertaking and the service provider
- The general terms and conditions of the outsourcing agreement are authorised and understood by the Managing Director. The outsourcing does not represent a breach of any data protection regulation or any other laws
- The service provider is subject to provisions on the safety and confidentiality of information relating to Prime or to its policyholders or beneficiaries

In order to ensure against an undue increase in Operational Risk, when outsourcing critical or important functions or activities the Company shall:

- Verify that the service provider has adequate financial resources to take on the tasks Prime plans to transfer and to discharge its duties properly and reliably towards Prime and that the staff of the service provider is chosen based on criteria that give reasonable assurance that they are sufficiently qualified and reliable,
- Make sure the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and has periodic testing of backup facilities where that is necessary having regard to the function, service or activity outsourced.

Furthermore, the Policy lays down the minimum required contents of an outsourcing agreement safeguarding the quality of service provided, protecting the interests of Prime, ensuring that conflicts of interest are avoided and that the service provider cooperates with internal or external auditors as well as the Cyprus Superintendent of Insurance.

Tania Kyprianidou (Deloitte Actuarial Services Limited) is the Risk Management Function Holder of the Company.

MNK risk consulting are the Compliance function holders for Prime Ins.

2.8 Adequacy of the system of governance

The system of governance has been designed to ensure that the management is able to provide the appropriate levels of oversight whilst allowing decisions to be made more quickly and ensuring that the Company's employees are empowered to make decisions at the right levels of the Company.

The Company continues to align its management and governance structure to proactively respond to the business and regulatory needs.

The BoD has the overall responsibility for setting the Company's strategy and to safeguard that the strategy does not expose the Company to any unwanted levels of risk as defines in its risk appetite statement.

The Committees at BoD level have clearly defined terms of reference, are empowered to make decisions within their limits of authority thereby allowing the Company to adapt to changes in an agile and flexible manner.

Once the strategy and the business plan are agreed the executive management are delegated with the responsibility to implement it and to operate within these constraints. The organisation of Prime is such that enables the implementation of the BoD strategy in an effective manner whilst adequate oversight is taking place through the second line of defence functions.

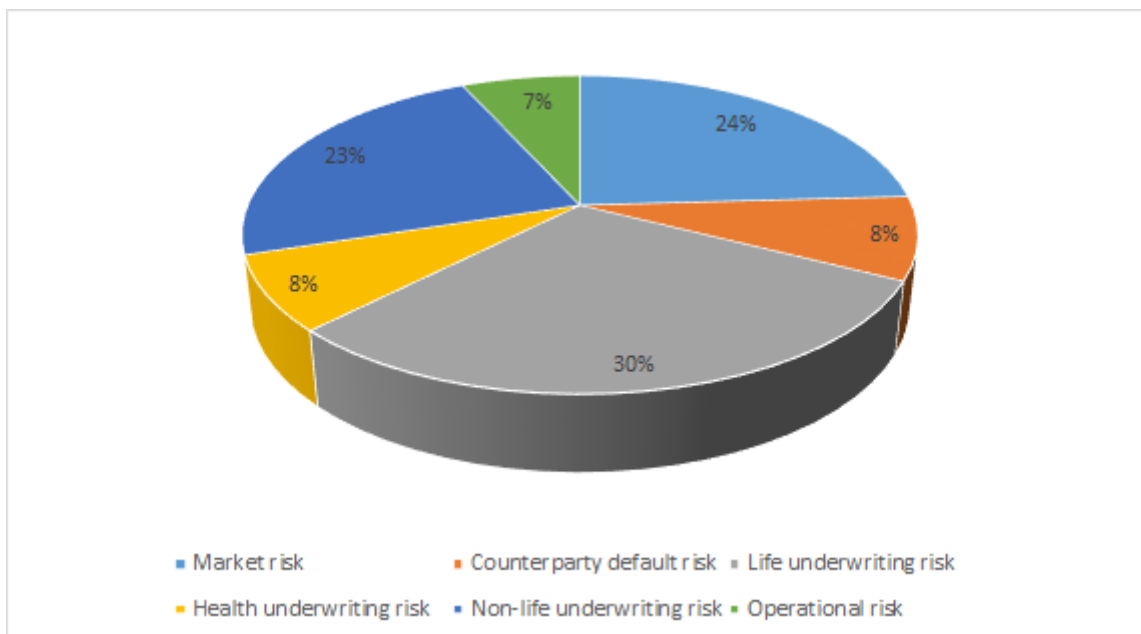
The risk management system is integrated into the strategy and the business planning process and is generally embedded in the decision-making processes of the Company. This ensures that the strategy results in an acceptable risk profile. It also facilitates awareness of the risk exposures of the Company and provides early warning signals for the management to take corrective action and ensure sufficient and smooth emergence of profits.

Nonetheless, the Company aims to continuously improve its governance system by ensuring that it is regularly reviewed, evaluated, and enhanced.

3 Risk Profile

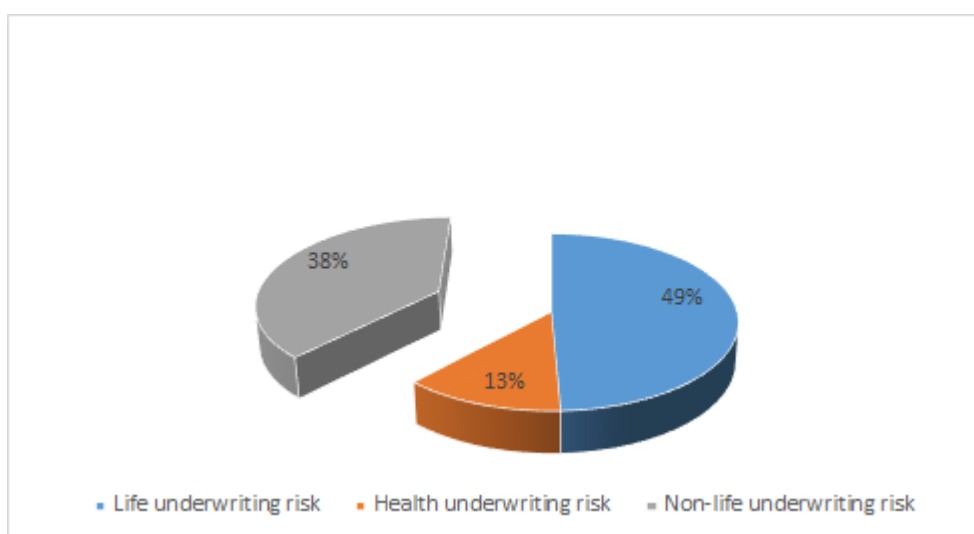
Prime measures quantifiable risks through the 99.5% Value at risk using the Solvency II standard formula (SCR). The Company aims to always hold sufficient capital to protect itself from losses occurring due to such risks. In addition to capital, the Company manages all risks through its processes and procedures and its internal control framework and by monitoring exposures and benchmarking against its risk appetite.

The components of the SCR (before diversification) for the reporting period ended 31 December 2021, are presented in the following graph:



The Company's risk profile is mainly driven by its insurance operations. Underwriting risk forms around 60% of the total risk portfolio of Prime. The rest of the risk exposure arises from credit risk (in relation to premium receivables from brokers, reinsurance recoverables and cash at bank) and market risk (in relation to the investments of the Company). Finally, the exposure to operational risk is also assessed through qualitative analyses mentioned in subsequent sections.

3.1 Underwriting Risk



3.1.1 Description of the risk

Prime currently ranks its overall residual exposure to underwriting risk as a medium risk exposure.

The underwriting risk of Prime has three main categories which are listed below in order of magnitude:

- Non-life underwriting risk
- Life underwriting risk
- Health underwriting risk

Due to closure to new business in Greece, non-life underwriting risk has fallen significantly.

The components of the underwriting risk of Prime by risk category are shown in the table below.

Non-Life Underwriting risk	
Premium and Reserve risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency, and severity of insured events, and in the timing and amount of claim settlements</i>
Catastrophe risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events</i>
Lapse Risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals, and surrenders</i>
Life underwriting risk	
Lapse risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals, and surrenders</i>
Life expense risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts</i>
Mortality risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities</i>
Life catastrophe	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events</i>
Disability-morbidity risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness, and morbidity rates</i>
Health underwriting risk	

Premium and Reserve risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency, and severity of insured events, and in the timing and amount of claim settlements</i>
catastrophe risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events</i>
Lapse Risk	<i>the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals, and surrenders</i>

3.1.2 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculation, stress and scenario testing, the risk register, and other quantitative and qualitative assessments. There has been no material change in the tools, parameters or assumptions used since the previous year.

3.1.3 Risk Concentration

No material underwriting risk concentrations have been identified. This is because of:

- The Company writes both life and non-life insurance business. This enables Prime to diversify between different sources of insurance risk.
- The life insurance portfolio enjoys high levels of diversification with respect to age, gender, smoker status, socio- economic class, level of life insurance cover, type of insurance cover and degree of underwriting applied at inception of the cover.
- With respect to the non-life insurance portfolio, the Company underwrites mainly annual policies, and therefore has the ability to rate risks individually and to impose conditions in accordance with the risk under consideration. The underwriting strategy is to diversify the type of insurance risk accepted and within each line of business to obtain a sufficiently large population of risk to reduce the variability of the expected outcome.
- Reinsurance: The Company manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to the Company is generally limited to its retention.

3.1.4 Risk Mitigation

The main risk mitigation technique that Prime Insurance employs is reinsurance. Reinsurance protection is in place substantially for the lines of business deemed necessary.

Risks arising from underwriting activities are managed through Prime's underwriting strategy, internal risk limits and underwriting guidelines that are in place to enforce appropriate risk selection criteria and are also reinforced by internal controls.

Product approval process, premium rate reviews and internal underwriting authority and limits are also in place to further mitigate Underwriting Risk exposures.

Prime does not allow, under any circumstances, the underwriting of high-risk or complex products, of which risks cannot be fully understood, measured and/or managed.

Finally, to further mitigate Underwriting Risk, the Company also undertakes an actuarial evaluation of Technical Provisions and the adequacy of premium pricing rates.

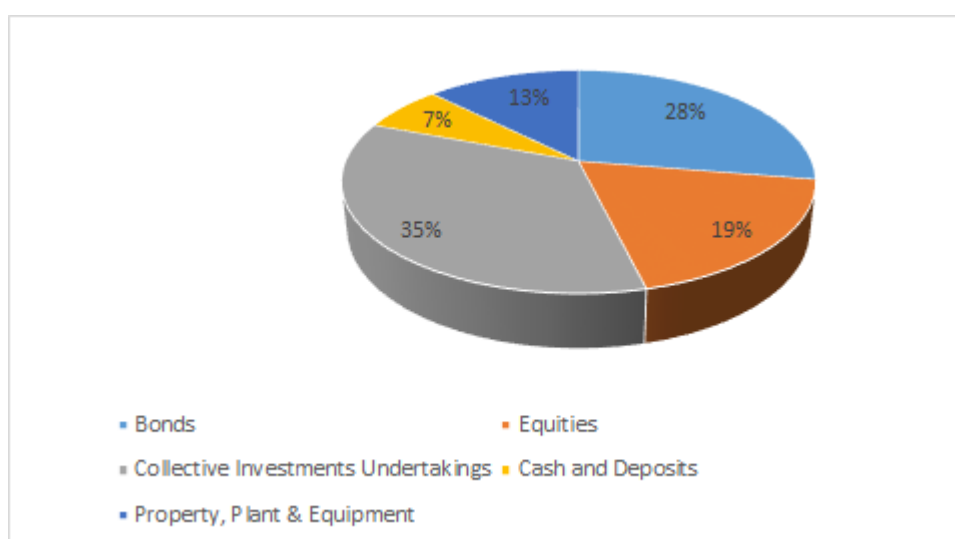
3.1.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests to feed into the ORSA. This ensures that potential adverse scenarios are considered, and negative outcomes can be adequately mitigated either through controls implemented, through timely remedial actions or through the commitment of additional capital.

3.2 Market risk

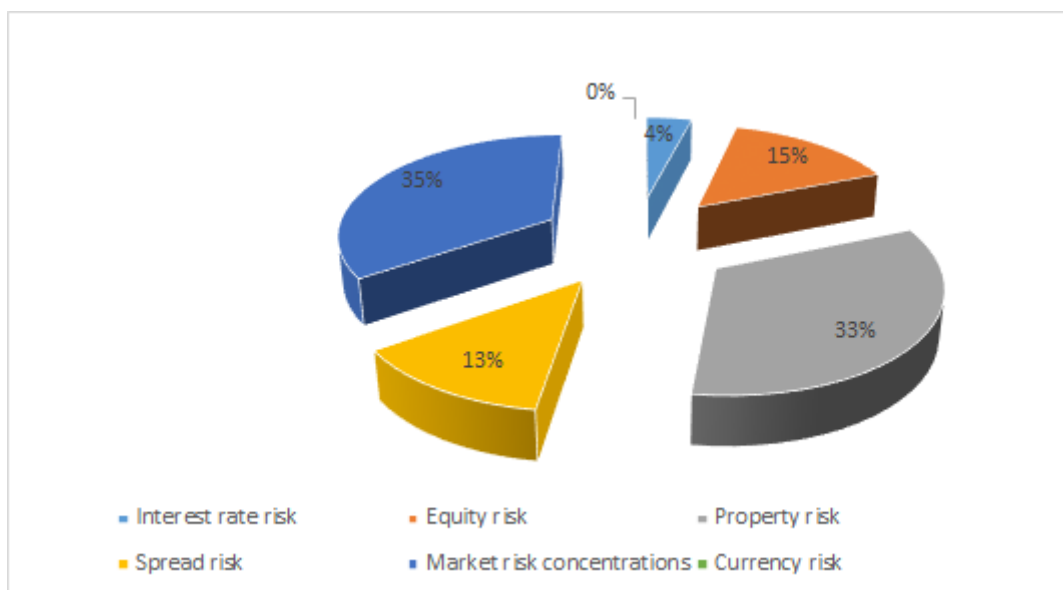
3.2.1 Description of the risk

The Company is exposed to market (Investment) risk through its asset portfolio and in particular from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company.



As at 31 December 2021, Prime's investment assets include property, equity, bonds, mutual funds, cash and deposits. Investments are subject to credit risk (including counterparty default risk, spread risk and concentration risk) and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms both on the asset and on the liability side as the value of technical provisions depends on market conditions:

- Interest rate risk: *the sensitivity of the values of assets, liabilities, and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates*
- Equity risk: *the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of market prices of equities*
- Property risk: *the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of market prices of real estate*
- Currency risk: *the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of currency exchange rates*



The primary sources of market risk are equity and property risks arising from exposure to the respective asset classes. Significant concentration risk arises from high exposure in single investments. Interest rate is nil due to liability shocks moving in the opposite direction. Currency risk is zero due to nil non-euro denominated investments.

3.2.2 Description of the measures used to assess the risk

Prime measures its market risk using the standard formula for the calculation of SCR. The measurement is done separately for the sub-categories mentioned above. Then the aggregate market risk measure allows for diversification between its components.

3.2.3 Risk Concentration

A significant portion of Prime's assets are held through collective investment vehicles. These enable higher levels of diversification which may not have been possible with direct holdings.

The investment portfolio of Prime is well diversified with no single name exposure holding more than 5% of the total assets.

3.2.4 Risk Mitigation

Market risk is mitigated through the investment policy adopted by Prime which safeguards limited exposure to risky asset classes and minimum diversification limits.

The Investment Committee reviews investment related information regularly to ensure that the portfolio is invested in line with the investment guidelines and the risk appetite of the Company.

3.2.5 Risk Sensitivity

As part of the business and capital planning processes, the risk management function carries out stress tests to feed into the ORSA. This ensures that potential adverse scenarios are considered, and negative outcomes can be adequately mitigated either through controls implemented, timely remedial actions or through the commitment of additional capital.

3.2.6 Prudent Person Principle

The Solvency II regulation requires investment of assets in accordance with the "Prudent Person Principle". Considering this, the Company aims to align its investment policy with this principle.

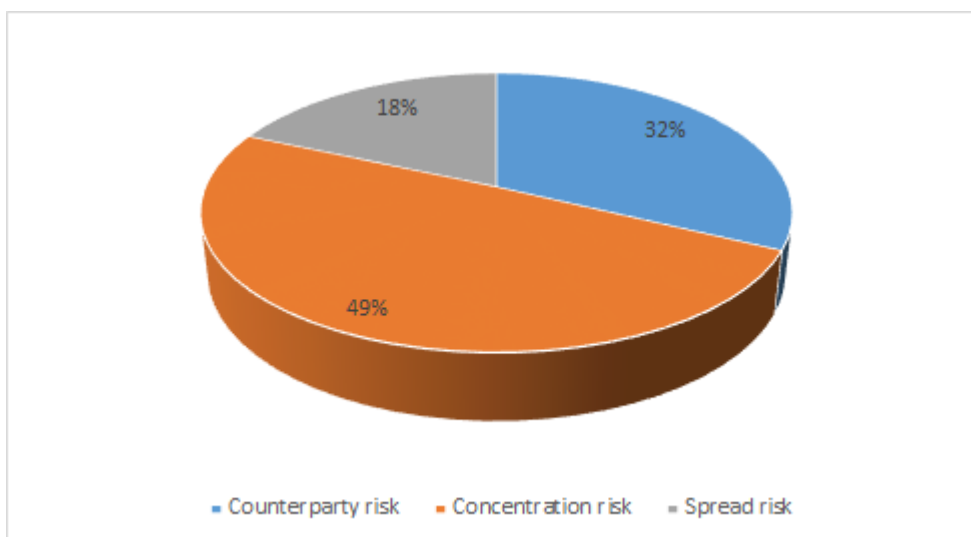
The Company regularly reviews the financial condition of its investment counterparties and endeavours that the currency, nature, and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location. The Company has not invested in derivatives or inadmissible financial instruments.

3.3 Credit risk

3.3.1 Description of the risk

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. Prime is exposed to credit risk arising from the following exposures:

- Cash at bank
- Bonds and deposits
- Reinsurance recoverables
- Premium receivables



The overall credit risk exposure is considered to be fair at 5.8mIn. The main driver of credit risk concentration risk with just a few large holdings affecting the overall concentration risk capital requirement.

3.3.2 Description of the measures used to assess the risk

Prime measures its credit risk using the standard formula for the calculation of SCR. The measurement is done separately for the sub-categories mentioned above.

3.3.3 Risk Concentration

Concentration mainly arises from single name exposures which are unrated and hence there is greater uncertainty as to their creditworthiness. Another source of concentration risk is local / Greek bank exposure which is constantly mitigated by increasing money market investments.

3.3.4 Risk Mitigation

Credit risk is mitigated by closely monitoring the credit rating and the financial condition of all key counterparties. These are reviewed at least quarterly, and management is ready to take action in the event of a deterioration in the credit quality.

Furthermore, the Company has implemented a process for the timely collection of premiums as they fall due thus mitigating the risk of accumulating overdue balances. In addition, the Company has intensified efforts to collect overdue balances and has secured collaterals in several cases which help minimise the risk of default of debtors.

3.3.5 Risk Sensitivity

The Company has not performed any risk sensitivity tests for credit risk

3.4 Liquidity risk

3.4.1 Description of the risk

Liquidity risk refers to the risk that Prime will be unable to realise investments and other assets in order to settle their financial obligations when they fall due. Given that a significant proportion of the company's Net Asset Value is notionally backed by debtors, property and other less liquid assets, liquidity risk can be significant. Hence the company aims to liquidate a significant part of its own funds' investment portfolio.

3.4.2 Description of the measures used to assess the risk

Prime's liquidity requirements are assessed monthly in order to meet the Company's stated liquidity objectives. A projection is performed each month from the accounts department to assess whether all obligations due will be met by the expected cash inflows mainly from premiums due. In addition, a notional allocation of assets is mapped per the main obligations, i.e., reserves, other liabilities (such as tax) and own funds.

3.4.3 Risk Concentration

Sources of cash inflows and cash out flows (premium receivables, claims, expenses etc.) are diversified and to a certain extent independent.

3.4.4 Risk Mitigation

The Company maintains a pool of liquid assets which exceed its short-term liquidity demands. Moreover, Prime has in place a contingency liquidity plan to manage and co-ordinate the actions required to mitigate the effects of a liquidity problem across Prime.

3.4.5 Expected profit in future premiums

With respect to non-life insurance, no allowance is made in the best estimate liabilities for expected profit in future premiums as these are outside contract boundaries.

Regarding the life portfolio, the total amount of the expected profit included in future premiums as calculated in accordance with Article 260(2) is €8,486k. The methodology used in the derivation of this figure is in line with the relevant guidance issued by EIOPA.

3.5 Operational risk

3.5.1 Description of the risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or from external events. This risk encompasses all exposures faced by the Company's functions in the course of conducting the Company's business, including but not limited to, accounting and financial reporting, business continuity, claims management, information technology and data processing, legal and regulatory compliance, outsourcing and reinsurance. The Company has the exposure to the following types of operational risk:

Business Disruption & Systems Failure	Interruption of business activity due to system or communication failures
Financial Integrity & Reporting	Disclosure of materially incorrect or untimely information
External Fraud	Acts intended to defraud, misappropriate property, or circumvent the law by an external party
Internal Fraud	Acts intended to defraud, misappropriate property, or circumvent the law by an internal party
Process Risks	Failure to execute or process transactions timely and accurately with clients and other counterparties
Clients, Products and Business Practices	Lack of productivity and poor customer service

The overall exposure to operational risk is classified as low.

3.5.2 Description of the measures used to assess the risk

The main risk assessment tools used by the Company are the standard formula solvency capital requirement calculations and qualitative assessments. Qualitative assessments are undertaken to track the developments within the risk profile and review the design and operational effectiveness of the control environment across the key processes.

There have been no material changes in the tools, parameters or assumptions used since the previous year.

3.5.3 Risk Concentration

Currently there are no material operational risk concentrations.

3.5.4 Risk Mitigation

The Company addresses its operational risk through:

- The Company's business continuity plan which ensures continuity and regularity in the performance of activities
- The regular Internal Audit
- Its internal control system
- The peer review of material work

- The enforcement of appropriate underwriting, claims and other authority limits
- Insurance against property damage that could cause business disruption

3.5.5 Risk Sensitivity

Due to the complexity of the operational risk, no explicit sensitivities have been performed for the particular risk.

4 Valuation for solvency purposes

All assets and liabilities listed in the table below are valued in accordance with the Solvency II Principle and are compared to their IFRS valuation. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuation's methods occurred during the year under review.

The Company does not have any off-balance sheet assets or liabilities.

4.1 Assets

4.1.1 Value of assets

Assets	Solvency II 2021	IFRS Valuation 2021
Deferred acquisition costs	0	1,359
Other intangible assets	0	567
Deferred tax assets	0	0
Property, plant & equipment held for own use	3,886	3,886
Investments (other than assets held for unit-linked funds)	29,837	29,837
Assets held for unit-linked funds	55,650	55,650
Reinsurance recoverables	14,861	18,833
Insurance & intermediaries receivables	1,362	2,315
Receivables (trade, not insurance)	1,277	1,277
Cash and cash equivalents	2,055	2,055
Total Assets	108,927	115,778

4.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

Investments

The fair value of quoted financial assets is based on quoted market prices at the end of the reporting period. If the market for a quoted financial asset is not active or the financial asset is unlisted, the Company tries to establish other fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. However, there are cases where some short-term bonds are valued at cost due to lack of active markets.

Reinsurance Assets

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurers' share of technical provisions or receivables from reinsurers (unless netted off against amounts payable to reinsurers). These assets consist of short-term balances due from reinsurers (classified within receivables), as well as receivables (classified as reinsurers' share of technical provisions) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Properties

Investment properties are carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

4.1.3 IFRS vs Solvency II

Differences exist for Reinsurance Recoverables and for Deferred Acquisition Cost assets described in detail below:

Reinsurance recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. On a Solvency II valuation these are valued on a best estimate basis.

Deferred Acquisition Cost (DAC)

There is no concept of Deferred Acquisition Costs in Solvency II. The premium provision only allows for future expense cash flows. For the in-force policies, initial expenses such as up-front commission have occurred in the past and thus, they are not to be allowed in the premium provision.

Other intangible assets

Relate to software's which is of nil value under Solvency II.

4.2 Technical Provisions

4.2.1 Value of Technical Provisions

4.2.1.1 Non-Life Technical Provisions

The Technical provisions are defined as the probability-weighted average of future cashflows, discounted to consider the time value of money. Technical provisions are grouped into the following key components:

- Claims Provisions: Best Estimate of provisions relating to outstanding claims
- Premium Provisions: Best Estimate of provisions that relate to the unearned exposure
- Risk Margin: Additional provision to bring the best estimate to the level required to transfer the insurance obligations to a third party

The below figures are shown both gross of reinsurance (RI) and also the share of the reinsurer.

€'000	Claims Provision		Premium Provision		Risk Margin
Line Of Business	Gross BE	RI Recoverable	Gross BE	RI Recoverable	
Motor vehicle liability	19,819	8,332	2,129	-220	417
Fire and other damage	6,142	5,949	191	71	120
General liability	321	131	263	119	11
Medical expenses	1,361	514	1,706	307	107
Workers' compensation	1,479	298	194	-12	32
Marine, aviation and transport	18	16	4	3	0
Motor, other classes	39	39	0	0	1
Total	29,179	15,278	4,488	268	688

4.2.1.2 Life and Unit-Linked Technical Provisions

The value of the Company's technical provisions is equal to the sum of the best estimate and the risk margin, which are calculated separately. The table below shows the value of technical provisions as at, 31 December 2021 both gross and net of reinsurance recoverables by line of business.

€'000	GROSS BEST ESTIMATE	REINSURANCE RECOVERABLE	RISK MARGIN
LINE OF BUSINESS			
Unit-linked insurance	48,355	-1,614	2,110
Other life insurance	-3,377	929	1,556
Total	44,978	-685	3,666

4.2.2 Description of the bases, methods and main assumptions used

4.2.2.1 Non-Life Insurance

Claims provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. Thus, the components of the Claims Provision are the outstanding case estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the Unallocated Loss Adjustment Expenses (ULAE). Under Solvency II, the reserves are discounted to allow for the time value of money using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

The payment pattern of the reserves, for each line of business (LoB), has been derived using the historical payment pattern, as observed in the Paid Claims triangles.

The expense ratio for claims handling was estimated at 4% of claims for Greece and 3% for Cyprus, respectively.

Premium provision

The calculation of the best estimate of the premium provision relates to all future cashflows arising from future events, over the remaining duration of unexpired policies. Such cashflows mostly relate to future claims, administration expenses and reinsurance cost.

For Cyprus, expense ratio was set at 8% and loss ratios between 5-61% depending on the product in question

For Greece expense ratio was set high at 90% owing large fixed expenses in relation to a relatively small in force health portfolio (closed to new business). Loss ratio for that product line was set at nearly 100% owing to low premium rates in relation to expected claims

4.2.2.2 Unit-Linked Insurance

For the Unit-Linked Business the best estimate liability (BEL) set up has been derived from the value of the units allocated to the policies that were in force on the valuation date and the present value of the expected future cashflows related to these policies. The cash flow projections are performed on a best estimate basis (i.e., without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.3 Other Life Insurance

The BEL for Other Life Insurance is calculated as the expected present value of all future cashflows arising in relation to other life insurance policies (premiums, expenses, claims etc.). The cash flow projections are performed on a best estimate basis (i.e., without any prudence margins) and discounting is performed using the EUR risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA.

4.2.2.4 Risk Margin

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over their lifetime thereof. This rate, called the Cost-of-Capital, is prescribed at 6%, as published by EIOPA.

4.2.2.5 *Reinsurance Recoverables*

Reinsurance Recoverables represent the difference between Gross and Net provisions.

- For the Claim Provision, the reinsurance recoverables were determined as the reinsurers' share on the current outstanding case by case reserves.
- For the Premium Provision, we have allowed for the cost of reinsurance and assumed zero reinsurance recoverables for classes with non-proportional reinsurance.
- For the Other Life BEL, all cashflows related to the current reinsurance treaties have been projected over the lifetime of the insurance policies. Their net present value represents the reinsurance recoverables.

Reduction of the reinsurance recoverables to allow for expected losses due to the default of counterparty has been also applied.

4.2.2.6 *Discounting*

The euro risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting. As expected, the impact of discounting for non-life and non SLT health was small due to the short-term nature of the business and the prevailing low interest rates.

4.2.3 *Description of the level of uncertainty associated with the value of technical provisions*

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. Additional comfort on the appropriateness of the Technical provisions is provided through the use of independent external advisors who perform reviews of the results via a parallel valuation.

4.2.4 *Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS.*

The following table shows how the value of the IFRS Technical Provisions (Reserves) change under the valuation for solvency purposes on a net of reinsurance basis.

NET TECHNICAL Provisions (€'000s)		
Line of Business	Solvency II	IFRS
Non-life excl health	15,068	19,064
Health	3,741	574
Life excl UL	-2,750	16,042
Life other	52,079	55,650

The main valuation principles of Solvency II leading to differences from reserves shown in the Financial Statements are:

- Prudence margins are removed from the assumption basis and there is a shift to a best estimate approach and replaced by risk margin provisions for Solvency II purposes.
- Allowance for time value of money through the discounting of future cash flows (which under IFRS is not applied to non-life reserves).
- Allowance is possible for negative IBNER where it is expected that there will be a favourable development of case-by-case reserves.

- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under Solvency I this is disallowed, and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve (AURR) is mandatory only where it is positive but not when it is negative.
- There is no concept of risk margin or deferred acquisition costs under the current IFRS valuation.
- Allowance is made in the reinsurance recoverables for the for expected non-payment due to default or dispute.
- Removal of zeroization of negative reserves and allowance of future profits, result in further reduction of the net technical provisions.

4.2.5 *Statement on whether the volatility adjustment referred to in Article 77d of Directive 2009/138/EC is used*

4.2.6 *Statement on whether the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is applied*

4.2.7 *Statement on whether the transitional deduction referred to in Article 308d of Directive 2009/138/EC is applied*

The Company has not used any of the following:

- Volatility adjustment referred to in Article 77d of Directive 2009/138/EC,
- transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC,
- transitional deduction referred to in Article 308d of Directive 2009/138/EC.

4.3 Valuation of other liabilities

4.3.1 Value of other liabilities

Liabilities	Solvency II 2021	IFRS Valuation 2021
Provisions other than technical provisions	205	155
Reinsurance payables	4,388	4,388
Payables (trade, not insurance)	2,048	2,048
Any other liabilities, not elsewhere shown	2,016	2,016
Debts owed to credit institutions		
Total Liabilities	8,657	8,607

4.3.2 Description of the bases, methods and main assumptions used for their valuation for solvency purposes

Insurance payables

This balance is calculated in accordance with the terms and conditions of the contract with the intermediary/policyholder – no adjustments or judgements are made for valuation purposes. There is a high degree of certainty over the economic outflow due to the relatively short timeframe between the commission liabilities arising and the intermediary receiving payment from the Company.

Reinsurance payables

As at, 31 December 2021, the balance owed to reinsurers was circa of €4mIn. This balance is in respect of reinsurance agreements that were in force at the reporting date, aggregated based on their comparable nature, function, risk and materiality.

Payables (trade, not insurance)

Payables (trade, not insurance) relate to balances owed in respect of other services received by the Company; no estimation methods, adjustments for future value or valuation judgements are required for these balances.

Any other liabilities, not elsewhere shown

Any other liabilities not elsewhere shown relate to current tax liabilities in excess of €2m; no estimation methods, adjustments for future value or valuation judgements are required for these balances.

4.3.3 Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS

As shown in section 4.3.1 there are no differences on the liability side apart from the technical provisions which are explained in detail in section 4.2.

5 Capital Management

5.1 Own Funds

5.1.1 Objectives, policies, and processes employed for managing its own funds

The objective of capital management is to maintain sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, which are at least quarterly, in which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

5.1.2 Information on the structure, amount, and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at 31 December 2021 as well as at 31 December 2020.

OWN FUNDS € '000S	2021	2020
Ordinary share capital (gross of own shares)	21,951	21,951
Share premium account related to ordinary share capital	3,157	3,157
Reconciliation reserve	-8,255	-4,039
Deferred Tax Assets	-	-
Total Basic Own Funds	16,853	21,069

The current structure of own funds as shown above is composed only of capital classified as Tier 1 - Unrestricted.

5.1.3 Eligible amount of own funds to cover SCR (by tier)

The Company's own funds are all Tier 1 unrestricted and available to cover the SCR.

5.1.4 Eligible amount of own funds to cover MCR (by tier)

The Company's own funds are all Tier 1 unrestricted and available to cover the MCR.

5.1.5 IFRS Equity vs Own Funds

The following summary table shows the comparisons and movement in the IFRS and Solvency II valuation of assets, liabilities and own funds.

	Solvency II €'000s	IFRS €'000s	Movement €'000s
Total Assets	108,927	115,778	-6,851
Total Liabilities	92,074	114,174	-22,099
Total Own Funds	16,853	1,604	15,249

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

- Deferred Acquisition Cost (DAC) is not included under Solvency II
- Differences in gross technical provisions and reinsurance recoverables (as explained in the previous section)

5.1.6 Ancillary own funds

The Company had no ancillary own funds as at 31.12.2021.

5.1.7 Description of any item deducted from own funds

5.1.8 Brief description of any significant restriction affecting the availability and transferability of own funds within the undertaking

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at, 31 December 2021 the SCR of the Company was calculated at €14.6k and the MCR at €7,4mln.

5.2.2 Amount of SCR split by risk modules

The following table shows the SCR split by risk modules:

SOLVENCY CAPITAL REQUIREMENT	€'000s
Market risk	5,359
Counterparty default risk	1,867
Life Underwriting risks	6,663
Health underwriting risk	1,694
Non-Life underwriting risk	5,155
Sum of risk components	20,737
<i>Diversification effects</i>	-7,687
Diversified risk	13,050
Intangible asset risk	0
Basic SCR	13,050
Operational risk	1,502
Adjustments	0
SCR	14,552

5.2.3 Simplifications

Simplifications have been used for the

- calculation of catastrophe risk for life insurance
- calculation of risk margin

5.2.4 Undertaking-specific parameters

The Company has not used undertaking-specific parameters for any of the parameters of the standard formula.

5.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are presented in the table below:

Notional non-life and life MCR calculation	Non-life activities	Life activities
	C0140	C0150
Notional linear MCR	2,646	614
Notional SCR excluding add-on (annual or latest calculation)	11,812	2,740
Notional MCR cap	5,315	1,233
Notional MCR floor	2,953	685
Notional Combined MCR	2,953	685
Absolute floor of the notional MCR	3,700	3,700
Notional MCR	3,700	3,700

The total MCR for both activities (Life + Non-Life) is equal to **€7.4mln**.

5.2.6 Any material changes to the SCR and to the MCR over the reporting period, and the reasons for any such change

As shown below, only non-life underwriting risk has changed significantly

	2021	2020	Δ
Market risk	5,359	8,779	-3,420
Counterparty default risk	1,867	2,909	-1,042
Life Underwriting risks	6,663	6,695	-32
Health underwriting risk	1,694	1,765	-71
Non-Life underwriting risk	5,155	6,384	-1,229
Sum of risk components	20,737	26,532	-5,794
<i>Diversification effects</i>	-7,687	-9,534	1,847
Diversified risk	13,050	16,998	-3,948
Intangible asset risk	0	0	0
Basic SCR	13,050	16,998	-3,948
Operational risk	1,502	1,672	-170
Adjustments	0	0	0
SCR	14,552	18,670	-4,118

The change in SCR is due to

- Investment de-risking
- Reduced non-life exposure due to Greek branch closing to new business (reduced premium and reserving risks)

5.3 Non-compliance with the MCR and non-compliance with the SCR

5.3.1 *Non-compliance with the MCR*

The Company has always been compliant with the MCR.

5.3.2 *Non-compliance with SCR*

The company's SCR was above 110% throughout 2021 and reached 116% by the end of the year. As per the business plan, coverage ratio is expected to improve further in 2022.

Appendix A:

Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

Assets
Intangible assets
Deferred tax assets
Pension benefit surplus
Property, plant & equipment held for own use
Investments (other than assets held for index-linked and unit-linked contracts)
Property (other than for own use)
Holdings in related undertakings, including participations
Equities
Equities - listed
Equities - unlisted
Bonds
Government Bonds
Corporate Bonds
Structured notes
Collateralised securities
Collective Investments Undertakings
Derivatives
Deposits other than cash equivalents
Other investments
Assets held for index-linked and unit-linked contracts
Loans and mortgages
Loans on policies
Loans and mortgages to individuals
Other loans and mortgages
Reinsurance recoverables from:
Non-life and health similar to non-life
Non-life excluding health
Health similar to non-life
Life and health similar to life, excluding health and index-linked and unit-linked
Health similar to life
Life excluding health and index-linked and unit-linked
Life index-linked and unit-linked
Deposits to cedants
Insurance and intermediaries receivables
Reinsurance receivables
Receivables (trade, not insurance)
Own shares (held directly)
Amounts due in respect of own fund items or initial fund called up but not yet
Cash and cash equivalents
Any other assets, not elsewhere shown
Total assets

Liabilities
Technical provisions – non-life
Technical provisions – non-life (excluding health)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions - health (similar to non-life)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions - life (excluding index-linked and unit-linked)
Technical provisions - health (similar to life)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions – life (excluding health and index-linked and unit-linked)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions – index-linked and unit-linked
TP calculated as a whole
Best Estimate
Risk margin
Contingent liabilities
Provisions other than technical provisions
Pension benefit obligations
Deposits from reinsurers
Deferred tax liabilities
Derivatives
Debts owed to credit institutions
Financial liabilities other than debts owed to credit institutions
Insurance & intermediaries payables
Reinsurance payables
Payables (trade, not insurance)
Subordinated liabilities
Subordinated liabilities not in BOF
Subordinated liabilities in BOF
Any other liabilities, not elsewhere shown
Total liabilities
Excess of assets over liabilities

Solvency II value	
C0010	
R0030	
R0040	
R0050	
R0060	3,886
R0070	29,837
R0080	4,312
R0090	
R0100	5,702
R0110	
R0120	5,702
R0130	8,494
R0140	3,337
R0150	5,157
R0160	
R0170	
R0180	10,640
R0190	
R0200	688
R0210	
R0220	55,650
R0230	
R0240	
R0250	
R0260	
R0270	14,861
R0280	15,546
R0290	14,440
R0300	1,106
R0310	929
R0320	
R0330	929
R0340	-1,614
R0350	
R0360	1,362
R0370	
R0380	1,277
R0390	
R0400	
R0410	2,055
R0420	
R0500	108,927
Solvency II value	
C0010	
R0510	34,354
R0520	29,508
R0530	
R0540	28,926
R0550	581
R0560	4,847
R0570	
R0580	4,740
R0590	107
R0600	-1,821
R0610	
R0620	
R0630	
R0640	
R0650	-1,821
R0660	
R0670	-3,377
R0680	1,556
R0690	50,465
R0700	
R0710	48,355
R0720	2,110
R0740	
R0750	205
R0760	
R0770	
R0780	306
R0790	
R0800	114
R0810	
R0820	
R0830	4,388
R0840	2,048
R0850	
R0860	
R0870	
R0880	2,016
R0900	92,074
R1000	16,853

Annex I
S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for:				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written																		
Gross - Direct Business	R0110	8,735		809	6,344	2,115	35	1,801	842									20,680
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	2,516		28	441	147	27	1,136	482									4,777
Net	R0200	6,218		781	5,903	1,968	9	665	360									15,903
Premiums earned																		
Gross - Direct Business	R0210	8,879		771	6,380	2,138	40	1,741	779									20,728
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	2,636		28	471	157	27	1,091	440									4,850
Net	R0300	6,243		743	5,909	1,981	13	650	339									15,878
Claims incurred																		
Gross - Direct Business	R0310	3,840		673	3,242		0	280	69									8,104
Gross - Proportional reinsurance accepted	R0320																	
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	1,367		107	-692		0	127	30									938
Net	R0400	2,473		565	3,934		0	154	40									7,166
Changes in other technical provisions																		
Gross - Direct Business	R0410																	
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non-proportional reinsurance accepted	R0430																	
Reinsurers' share	R0440																	
Net	R0500																	
Expenses incurred	R0550	4,662		414	4,616		31	934	376									11,032
Other expenses	R1200																	
Total expenses	R1300																	11,032

Annex I
S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other	Health reinsurance	Life-reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410			15,709	2,071					17,780
Reinsurers' share	R1420			466	551					1,017
Net	R1500			15,243	1,521					16,763
Premiums earned										
Gross	R1510			15,709	2,071					17,780
Reinsurers' share	R1520			466	551					1,017
Net	R1600			15,243	1,521					16,763
Claims incurred										
Gross	R1610			8,687	310					8,997
Reinsurers' share	R1620			581	0					581
Net	R1700			8,106	310					8,416
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900			3,348	2,234					5,581
Other expenses	R2500									
Total expenses	R2600									5,581

Annex I
S.05.02.01
Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010	GR						
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
Gross - Direct Business	R0110	19,692	988				20,680
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	4,290	487				4,777
Net	R0200	15,402	501				15,903
Premiums earned							
Gross - Direct Business	R0210	19,517	1,210				20,728
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	4,194	656				4,850
Net	R0300	15,323	554				15,878
Claims incurred							
Gross - Direct Business	R0310	7,979	125				8,104
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	759	179				938
Net	R0400	7,220	-55				7,166
Changes in other technical provisions							
Gross - Direct Business	R0410						
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440						
Net	R0500						
Expenses incurred	R0550	8,531	2,501				11,032
Other expenses	R1200						
Total expenses	R1300						11,032

Annex I
S.05.02.01
Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400	GR						
	C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written							
Gross	R1410	17,780					17,780
Reinsurers' share	R1420	1,017					1,017
Net	R1500	16,763					16,763
Premiums earned							
Gross	R1510	17,780					17,780
Reinsurers' share	R1520	1,017					1,017
Net	R1600	16,763					16,763
Claims incurred							
Gross	R1610	8,997					8,997
Reinsurers' share	R1620	581					581
Net	R1700	8,416					8,416
Changes in other technical provisions							
Gross	R1710						
Reinsurers' share	R1720						
Net	R1800						
Expenses incurred	R1900	5,581					5,581
Other expenses	R2500						
Total expenses	R2600						5,581

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

Technical provisions calculated as a whole
Total Recoverables from reinsurance/SPV and
Finite Re after the adjustment for expected
losses due to counterparty default associated to
TP as a whole
Technical provisions calculated as a sum of
BE and RM
Best Estimate
Gross Best Estimate
Total Recoverables from reinsurance/SPV and
Finite Re after the adjustment for expected
losses due to counterparty default
Best estimate minus recoverables from
reinsurance/SPV and Finite Re - total
Risk Margin
Amount of the transitional on Technical
Provisions
Technical Provisions calculated as a whole
Best estimate
Risk margin
Technical provisions - total

	Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)			
		Contracts without options and guarantees	Contracts with options or guarantees	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	C0160	C0170	C0180	C0190	C0200	C0210
R0010																
R0020																
R0030			33,929	14,426		-3,377				44,978						
R0080			-1,152	-461		929				-685						
R0090			35,081	14,888		-4,306				45,663						
R0100		2,110			1,556					3,666						
R0110																
R0120																
R0130																
R0200		50,465			-1,821											

Annex I

S.17.01.02

Non-life Technical Provisions

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

Claims provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

	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
R0010																	
R0050																	
R0060	1,706		194	2,129		4	191	263									4,488
R0140	307		-12	-220		3	71	119									268
R0150	1,399		207	2,349		1	121	144									4,220
R0160	1,361		1,479	19,819	39	18	6,142	321									29,179
R0240	514		298	8,332	39	16	5,949	131									15,278
R0250	847		1,181	11,487		2	193	190									13,901
R0260	3,067		1,673	21,947	39	22	6,333	585									33,667
R0270	2,247		1,388	13,835		3	313	335									18,121
R0280	69		38	441	1	0	127	12									688
R0290																	
R0300																	
R0310																	
R0320	3,136		1,711	22,388	40	23	6,460	596									34,354
R0330	821		285	8,112	39	19	6,020	250									15,546
R0340	2,316		1,426	14,276	1	4	441	346									18,809

Annex I

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year /
Underwriting year

Z0020

Accident year [AY]

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

(absolute amount)															
		Development year										In Current year		Sum of years (cumulative)	
Year		1	2	3	4	5	6	7	8	9	10 & +				
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											2,997	R0100	2,997	2,997
2012	R0160	6,775	3,224	1,027	526	432	188	238	331	757	2,170		R0160	2,170	15,669
2013	R0170	7,283	2,472	547	498	316	229	394	148	1,044			R0170	1,044	12,931
2014	R0180	7,766	3,766	777	871	608	251	743	333				R0180	333	15,117
2015	R0190	8,846	3,403	625	639	800	801	160					R0190	160	15,274
2016	R0200	11,163	4,668	1,384	993	1,766	980						R0200	980	20,953
2017	R0210	9,867	5,220	1,601	2,618	1,659							R0210	1,659	20,965
2018	R0220	10,719	7,545	2,921	558								R0220	558	21,743
2019	R0230	14,036	6,184	919									R0230	919	21,138
2020	R0240	8,567	3,242										R0240	3,242	11,809
2021	R0250	5,993											R0250	5,993	5,993
Total												R0260	20,055	164,588	

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

(absolute amount)												Year end (discounted data)	
Year	Development year											C0360	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		
Prior	R0100										5,013	R0100	5,241
2012	R0160	4,175	4,063	3,578	2,484	1,940	1,772	1,767	1,498	2,455	1,806	R0160	1,871
2013	R0170	3,687	3,512	2,583	1,775	1,383	1,436	1,119	2,027	933		R0170	948
2014	R0180	7,438	5,100	4,080	3,180	2,949	1,584	1,076	624			R0180	633
2015	R0190	6,204	4,342	3,216	2,778	2,426	1,319	1,296				R0190	1,367
2016	R0200	8,912	6,023	5,258	3,762	1,832	985					R0200	1,050
2017	R0210	9,124	7,039	5,368	2,670	1,647						R0210	1,608
2018	R0220	16,356	12,265	9,368	8,609							R0220	8,594
2019	R0230	7,791	3,727	2,809								R0230	2,383
2020	R0240	3,271	1,662									R0240	1,610
2021	R0250	3,751										R0250	3,874
Total												R0260	29,179

Annex I
S.23.01.01
Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35

Ordinary share capital (gross of own shares)
Share premium account related to ordinary share capital
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
Subordinated mutual member accounts
Surplus funds
Preference shares
Share premium account related to preference shares
Reconciliation reserve
Subordinated liabilities
An amount equal to the value of net deferred tax assets
Other own fund items approved by the supervisory authority as basic own funds not specified above

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
Unpaid and uncalled preference shares callable on demand
A legally binding commitment to subscribe and pay for subordinated liabilities on demand
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
Other ancillary own funds

Total ancillary own funds

Available and eligible own funds

Total available own funds to meet the SCR
Total available own funds to meet the MCR
Total eligible own funds to meet the SCR
Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	21,951	21,951			
R0030	3,157	3,157			
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	-8,255	-8,255			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	16,853	16,853			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	16,853	16,853			
R0510	16,853	16,853			
R0540	16,853	16,853			
R0550	16,853	16,853			
R0580	14,552				
R0600	7,400				
R0620	115.81%				
R0640	227.74%				

	C0060
R0700	16,853
R0710	
R0720	
R0730	25,108
R0740	
R0760	-8,255
R0770	8,486
R0780	
R0790	8,486

Reconciliation reserve

Excess of assets over liabilities
Own shares (held directly and indirectly)
Foreseeable dividends, distributions and charges
Other basic own fund items
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business
Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
Market risk	R0010 5,359		
Counterparty default risk	R0020 1,867		
Life underwriting risk	R0030 6,663		
Health underwriting risk	R0040 1,694		
Non-life underwriting risk	R0050 5,155		
Diversification	R0060 -7,687		
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100 13,050		
Calculation of Solvency Capital Requirement	C0100		
Operational risk	R0130 1,502		
Loss-absorbing capacity of technical provisions	R0140		
Loss-absorbing capacity of deferred taxes	R0150		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		
Solvency capital requirement excluding capital add-on	R0200 14,552		
Capital add-on already set	R0210		
Solvency capital requirement	R0220 14,552		
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirement for remaining part	R0410		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420		
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430		
Diversification effects due to RFF nSCR aggregation for article 304	R0440		
Approach to tax rate	Yes/No C0109		
Approach based on average tax rate	R0590 3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)		
Calculation of loss absorbing capacity of deferred taxes	LAC DT C0130		
LAC DT	R0640		
LAC DT justified by reversion of deferred tax liabilities	R0650		
LAC DT justified by reference to probable future taxable economic profit	R0660		
LAC DT justified by carry back, current year	R0670		
LAC DT justified by carry back, future years	R0680		
Maximum LAC DT	R0690		

Annex I

S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

	Non-life activities MCR _{(0(L,NL))} Result	Life activities MCR _{(0(L,L))} Result
	C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	2,646

Medical expense insurance and proportional reinsurance
Income protection insurance and proportional reinsurance
Workers' compensation insurance and proportional reinsurance
Motor vehicle liability insurance and proportional reinsurance
Other motor insurance and proportional reinsurance
Marine, aviation and transport insurance and proportional reinsurance
Fire and other damage to property insurance and proportional reinsurance
General liability insurance and proportional reinsurance
Credit and suretyship insurance and proportional reinsurance
Legal expenses insurance and proportional reinsurance
Assistance and proportional reinsurance
Miscellaneous financial loss insurance and proportional reinsurance
Non-proportional health reinsurance
Non-proportional casualty reinsurance
Non-proportional marine, aviation and transport reinsurance
Non-proportional property reinsurance

	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
R0020	2,247	6,218		
R0030				
R0040	1,388	781		
R0050	13,835	5,903		
R0060		1,968		
R0070	3	9		
R0080	313	665		
R0090	335	360		
R0100				
R0110				
R0120				
R0130				
R0140				
R0150				
R0160				
R0170				

	Non-life activities MCR _(L,NL)) Result	Life activities MCR _(L,L)) Result
	C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	614

Obligations with profit participation - guaranteed benefits
Obligations with profit participation - future discretionary benefits
Index-linked and unit-linked insurance obligations
Other life (re)insurance and health (re)insurance obligations
Total capital at risk for all life (re)insurance obligations

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0090	C0100	C0110	C0120
R0210				
R0220				
R0230			49,969	
R0240				
R0250				377,109

Overall MCR calculation

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

Notional non-life and life MCR calculation

	Non-life activities C0140	Life activities C0150
Notional linear MCR	R0500	2,646
Notional SCR excluding add-on (annual or latest calculation)	R0510	11,812
Notional MCR cap	R0520	5,315
Notional MCR floor	R0530	2,953
Notional Combined MCR	R0540	2,953
Absolute floor of the notional MCR	R0550	3,700
Notional MCR	R0560	3,700



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INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
PRIME INSURANCE COMPANY LIMITED

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of Prime Insurance Company Limited (the "Company"), prepared as at 31 December 2021:

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

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

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2021 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

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Basis for Opinion

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

Emphasis of Matter

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

Other information

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

Narrative sections:

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

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Other Matter

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

KPMG limited

KPMG Limited

Certified Public Accountants and Registered Auditors

14 Esperidon Street

1087 Nicosia

Cyprus

7 April 2022