# SYNETERISTIKI INSURANCE COMPANY

## FINANCIAL STATEMENTS 2016

### in accordance with I.F.R.S.s

# Contents

# A. BOARD OF DIRECTORS REPORT

Dear Shareholders,

We submit you the Financial Statements for 2016 (38th fiscal year 01/01/2016-31/12/2016).

## 1. General Information

The Board of Directors submits for approval the Financial Statements of Syneteristiki Insurance for the 38th fiscal year, which ended on December 31st, 2016.

## 2. Business

The Company operates in the insurance and reinsurance field, offering Non-Life and Life insurance products (composite license).

## 3. Financial Environment

In the first three quarters of 2016, the G.D.P. increased due to a rise in consumption. According to the first estimate of the Hellenic Statistical Authority, financial activity remained stable, while investments and exports decreased.

The Gross Domestic Product (G.D.P.) was €184,49 bn. euros in 2016 and €186,46 bn. in 2015, according to chained volume indicators.

The nominal GDP reached €175,88 bn. in 2016 and €175,69 bn. in 2015. More precisely:

The final consumption expenditure grew by 0,6% reaching €168,76 bn. in 2016 from €167,67 bn. in 2015. This is mainly due to the increase in household consumption by 1,4%, since the general government consumption expenditure decreased by 2,3%. Gross capital formation decreased by 0,8% since 2015, while exports (products and services) dropped by 2% according to chained volume indicators. Imports of products and services also decreased by 0,4%.

It is worth mentioning that in 2016 both taxes and subsidies on products increased. Taxes on products increased by 8,7% and subsidies by 4,9%.

European economy recorded a mild growth, resulting to a real G.D.P. growth of 2,2% for the 28 state-members of the EU (+1,6% in 2014). The performance of major stock exchanges was mixed and the profit in Europe was moderate.

In 2016 inflation recorded intense fluctuations, as deflationary pressures remained strong due to low prices in fuel and weak domestic demand. The upcoming tax rise in products and services, rise on oil price and growth of domestic demand are expected to have a positive impact on general inflation.

In regard to competitiveness, losses were recorded during the year, however the significant improvement of international competitiveness in prices and labor costs, which was recorded after 2009 in Greece, is estimated to continue favoring the growth of an outward looking economy. According to B.o.G. (Bank of Greece) estimations, in 2016 there was a marginal growth in financial activity, mainly due to the improvement recorded in the second half of the year. The growth rates for 2017, 2018 and 2019 are estimated to be 2,5%, 3% and 3% respectively.

Regarding the labor market, unemployment is expected to continue de-escalating in 2017, due to the return of positive growth rates in economy, a more stable economic environment and active employment policies. The average unemployment rate was 24% in the first half of 2016, lower by 1,6% compared to the respective period in 2015, but it remains the highest unemployment rate among the 28 EU countries.

However, the insisting high percentage of long-term unemployment is not a problem that will solve itself, even in the event of a new, virtuous circle in the economy; hence it needs a coordinated and effective response.

## 4. Revenue Regulations

In the past few years and under the weight of memoranda, taxation has become a key area, due to the continuous modifications in tax legislation. In this context, Insurance Companies kept acting in order to point out flaws in tax legislation to the Tax Administration, aiming at a smooth settlement of identified injustices or malfunctions.

An important development is the adoption of L. 4446/2016 and the regulation regarding the evaluation of insurance companies' technical reserves. The regulation was adopted to restore the "gap" created following the annulment of L. 400/70, which provided for the calculation of discounted technical reserves until 31/12/2015.

The solution provided was to maintain the previous tax regime, as it constitutes a stable tax framework, ensuring a fiscally balanced tax method.

## 5. Solvency II

Solvency II was implemented in all European countries on 01/01/2016. In Greece, the transposition of European Directive 2009/138/EC in national law was completed with L. 4364/2016, ensuring the new regime for the financial operation of Greek insurance companies. L. 4364/2016 along with regulatory acts of the B.o.G. and European Institutions constitute an innovative supervisory and legal framework, focusing on holistic risk and aiming to shield the capital of insurance companies and strengthen consumer protection.

Greek insurance companies adjusted to the new regime by making capital increases and investing on corporate governance, in accordance with Solvency II. Within 2016, the B.o.G. focused on the supervision of procedures followed by insurance companies.

Stress tests conducted in 2016 confirmed that Solvency II has a rather conservative approach for the calculation of liabilities, resulting in a disproportionate burden on insurance undertakings. At the same time, stress tests proved the overall resistance of the European insurance market to extreme scenarios.

Despite difficulties, Solvency II guarantees the market's credibility and will enhance the desired penetration to society that the Greek insurance market needs in order to grow and cover the significant gap with the average European insurance markets.

## 6. Greek Insurance Market

Despite adverse economic conditions, capital sufficiency in the Greek Insurance Markets is stable thanks to actions taken by insurance undertakings' managements to comply with Solvency II requirements. According to data from the B.o.G. (Governor's Report in February 2016), available supervisory capital of insurance undertakings was €2,51 bn. as at 30.09.2015, while the minimum capital required for the entire Greek insurance market was €0,8 bn. Regarding the overall premium production of the insurance market it increased by 4,60%, the only exception being the MTPL class of business, which had a negative result. More specifically:

| CLASS OF BUSINESS | PREMIUM PRODUCTION 2016 (million €) | ΜΕΤΑΒΟΛΗ |
|---|---|---|
| **Life** | **1.907,99** | **6,10%** |
| **Non-Life** | **1.875,53** | **3,10%** |
| ***M.T.P.L.*** | *727,55* | -9,70% |
| ***Other Non-Life*** | *1.147,98* | 13,30% |
| **Total** | **3.783,52** | **4,60%** |

* Source: Hellenic Association of Insurance Companies

## 7. Company Financial Key Figures

Within an extremely competitive environment in the Insurance Market, dominated by continuous decreases both in tariffs and demand, the development of Syneteristiki key figures is the following:

**Production**

In 2016, earned gross premiums production reached €27,3 m. compared to €25,9 m. in 2015.

**Paid Claims**

In 2016, the Company paid €10,8 m. in claims, compared to €12,7 m. in 2015.

**Technical Reserves**

Technical Reserves reached €41,3 m. in 2016 compared to €39,8 m. in 2015. Technical reserves for Motor, the most important class of business for Syneteristiki, added up to €29,4 m., i.e. 235,50% on premiums production, compared to €28,5 m., i.e. 257,84% in 2015.

**Claims Ratio**

The Non-Life claims ratio reached 38,34% in 2016 (38,55% in 2015). In MTPL it slightly increased to 50,38% (49,62% in 2015).

**Investments**

The total of our investments, including real estate for the Company's own use, reached €61,84 m. and is analyzed below:

| | |
|---|---|
| Real estate (including buildings for the company's own use) | 4.185.555 |
| Investments in subsidiaries | 69.594 |
| Financial instruments | |
| - Held to maturity | 6.901.441 |
| - Available for sale | 30.611.669 |
| - Classified as loans and receivables | 9.439.245 |
| - Cash & equivalents | 10.637.427 |
| | 61.844.931 |

- The Company's real estate per location is described on page 15 of the Appendix.

- Financial instruments per class are described in paragraphs 5.18, 5.19, 5.20 and 5.25 of the Appendix.

The Company's investments in financial instruments and available funds, added up to a total of €57,7 m. with the following country risk split: Greece 51% - abroad 49%. Within the new Solvency II requirements, our investments must have the highest possible diversification per type of investment, country and credit rating. However, we do not neglect synergies that, morally and economically, we have to support.

**Own Funds**

Based on I.F.R.S., the Company's Own Funds increased to €26,9 m. in 2016 from €26,4 m. in 2015. The Company did not have own shares as at 31.12.2016.

**Solvency Margin**

On 31/12/2016 the Company's SCR, in accordance with the new Solvency Directive, added up to €9,9 m. and the MCR to €7,4 m. The capital eligible to meet SCR added up to €17,5 m., Therefore, SCR is covered by 176,51% and MCR by 215,17%.

## 8. Branches

The Company's headquarters are in Paleo Faliro (367 Sygrou Avenue). The Company has the following three branches:

a) Thessaloniki: 27, Polytechniou Str.

b) Paleo Faliro: 6, Imittou Str.

c) Nikea, Athens: 37, 28th Oktovriou Str.

## 9. Environmental, social and labor issues

Due to the Company's business there are no environmental problems or effects to health and safety. However, within its Corporate Social Responsibilites, the Company participates in activities realized by social entities and takes various actions, such as paper recycling.

Since the Company created the e-communication platform, it managed to reduce significantly paper consumption, as the largest part of the procedure for issuing policies and communicating with the network is completed through the platform.

At the same time the Company tries to reduce energy consumption by substituting updated IT equipment with new products and by controlling the air conditioning system at a regular basis.

In regard to labor issues the Company believes in respect to human rights and equal opportunities to employment. It considers its staff to be a key factor for its progress and invests in its employees ensuring their regular training and offering equal opportunities for promotions and professional progress.

Finally, the Company provides a safe working environment in which hygiene and security regulations are followed.

## 10. Insurance and Financial Risk Management

An efficient risk management framework is a key factor for the limitation of risk exposure and for the protection of shareholders and clients.

The risk management system consists of procedures for identifying, measuring, monitoring, controlling and reporting risks.

The Company's B.o.D. is ultimately responsible for risk management and is assisted by the Risk Management Committee, the Audit Committee, as well as the managers and departments falling under such Committees.

The risk management system is completed by the Actuarial Function, the Compliance Function and the Internal Audit Direction.

Insurance and financial risks for the fiscal year 2016 were efficiently managed by the Board of Directors, with the support of individual committees and departments of the Company.

Detailed information on risks and their management are included in chapter 4 of the Appendix.

## 11. Auditors

The Company's Financial Statements are being audited by "ACTION AUDITING S.A".

## 12. Results – Profit distribution

Within 2016 the Company's profit before taxes was €1.200.866 and after taxes €723.807.

According to the Income Statement, the total income of the Company before taxes, including profits from the valuation of available for sale financial instruments at fair value, was €1.395.981 and after taxes it was €862.339.

Profit distribution

After deducting the due tax, the net profit available for distribution is €845.215.

We propose the distribution of the amount as follows:

a. Dividend distribution of €295.835

b. Remaining net profit of € 549.379 carried forward.

## 13. Prospects – Objectives

Syneteristiki Insurance is part of the wider Social Economy area. Its main objectives are the growth of a healthy portfolio and the maintenance of positive results and high solvency ratio.

Its main distribution channels are co-operatives (Agricultural Unions, Banks, other institutions) and private agents. The Company also collaborates with other insurance companies in order to provide full and high-quality services to its customers. It monitors developments not only in the insurance industry but also in technology, adopting innovative actions and practices. Its collaboration with European companies, i.e. its shareholders, is an extremely significant source of information and support. In such a competitive environment, the Company puts all its effort in its growth without deviating from its core principles.

We strongly believe that there is significant potential for growth and a positive future for the Greek Insurance Market. In this context, our main objective is to claim a share from the future growth and, possibly, expand our synergies.

P. Faliro, May 19th 2017

THE PRESIDENT OF THE BOARD OF DIRECTORS
THOMAS IOANNIDIS

## B. INDEPENDENT AUDITOR'S REPORT

**Independent Auditor's Report**
**to the Shareholders of the Company**
**"SYNETERISTIKI INSURANCE COMPANY"**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Company "**SYNETERISTIKI INSURANCE COMPANY**", which comprise of the statement of financial position as at **December 31st 2016**, the statement of total income, the statement of changes in equity and the statement of cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

**Management's Responsibility on the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union and for the internal safeguards which are regarded as essential by the management thus enabling the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as they have been adopted by the Greek legislation (Government Gazette / B / 2848 / 23.10.2012). These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal safeguards relevant to the entity's preparation and fair presentation of the financial statements, 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 entity's internal safeguards. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Company **"SYNETERISTIKI INSURANCE COMPANY"** as at **December 31st 2016**, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Report on other Legal and Regulatory Requirements**

Taking into consideration that management is responsible for the preparation of the Board of Director's Report, according to the provisions of par. 5, article 2 (part B) of the C.L. 4336/2015, we mention that:

a) In our opinion, the Board of Director's Report has been prepared in accordance with the applicable legal requirements of article 43a of the C.L. 2190/1920 and the content of the Board of Director's Report is consistent with the accompanying financial statements as at December 31st 2016.

b) Based on the knowledge gained during our audit for the Company "SYNETERISTIKI INSURANCE COMPANY" and its environment, we have not identified any material misstatements in the Board of Director's Report.

Athens, May 31st, 2017
Certified & Registered Auditor

**Vasileios Charissis**
**Reg. No. 15141**
**ACTION AUDITING S.A.**
**16-18 Antinoros Str., 11634, Athens**
**Reg. No. 164**
*Member of Russell Bedford International*

# C. FINANCIAL STATEMENTS

## Statement of Comprehensive Income

| | Note | 1/1-31/12/2016 | 1/1-31/12/2015 |
|---|---|---|---|
| Gross premiums | 5.1 | 27.269.915,00 | 25.911.188,50 |
| Less: Premiums ceded to reinsurers | 5.1 | (13.249.921,88) | (12.873.633,16) |
| **Net premiums** | | **14.019.993,12** | **13.037.555,34** |
| Fees and commission income | 5.2 | 4.929.678,24 | 5.387.044,75 |
| Investment income | 5.3 | 891.111,48 | 875.115,31 |
| Gains/ Losses on investments | 5.4 | (5.500,00) | (176.300,46) |
| Fair value gains and losses | 5.5 | 76.792,93 | 301.151,21 |
| Other operating income | 5.6 | 80.047,15 | 78.756,34 |
| **Total revenue** | | **19.992.122,92** | **19.503.322,49** |
| Gross benefits and claims paid | 5.7 | (10.752.903,55) | (12.710.586,37) |
| Claims ceded to reinsurers | 5.7 | 4.570.902,26 | 5.764.460,47 |
| Gross change in contract liabilities | 5.8 | (543.360,62) | 1.964.627,63 |
| Change in contract liabilities ceded to reinsurers | 5.8 | (621.934,66) | (1.722.601,96) |
| **Net benefits and claims** | | **(7.347.296,57)** | **(6.704.100,23)** |
| Commission expenses | 5.9 | (4.939.310,66) | (4.359.125,86) |
| Other operating and administrative expenses | 5.10 | (6.504.649,69) | (6.598.057,96) |
| **Profit before tax** | | **1.200.866,00** | **1.842.038,44** |
| Income tax expense | 5.11 | (477.059,03) | 68.357,33 |
| **Profit for the year** | | **723.806,97** | **1.910.395,77** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to Profit or Loss** | | | |
| Gain/(Losses) on available for sale financial assets | | 306.700,36 | (66.417,16) |
| Income tax relating to gain/(losses) on available for sale financial assets | 5.27 | (88.943,10) | 3.282,14 |
| **Items that will not be reclassified subsequently to Profit or Loss** | | | |
| Employee benefits actuarial gains and losses | 5.32 | (111.585,00) | 67.247,00 |
| Income tax relating to employee benefits actuarial gains and losses | 5.17 | 32.359,65 | (13.885,45) |
| **Other comprehensive income for the year, net of tax** | | **138.531,91** | **(9.773,47)** |
| **Total comprehensive income before taxes** | | **1.395.981,36** | **1.842.868,28** |
| **Total comprehensive income for the year, net of tax** | | **862.338,88** | **1.900.622,30** |

The accompanying notes (pages 14-72) are an integral part of the Financial Statements.

## Balance Sheet

| | Note | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| **ASSETS** | | | |
| Property Plant and Equipment | 5.12 | 3.713.010,87 | 3.800.776,35 |
| Investment Properties | 5.13 | 890.132,84 | 835.577,30 |
| Intagible Assets | 5.14 | 119.638,45 | 136.646,61 |
| Deferred acquisition costs | 5.15 | 2.649.832,37 | 2.553.208,60 |
| Investments in Associates | 5.16 | 69.594,00 | 69.594,00 |
| Deferred tax asset | 5.17 | 6.238.319,32 | 6.614.125,91 |
| Held to maturity financial assets | 5.18 | 6.901.440,57 | 6.864.634,08 |
| Available for sale financial assets | 5.19 | 30.611.669,16 | 21.888.561,54 |
| Financial assets classified as loans and receivables | 5.20 | 9.439.245,33 | 9.151.841,27 |
| Insurance receivables | 5.21 | 1.187.775,87 | 1.325.224,53 |
| Reinsurance receivables | 5.22 | 18.683.617,96 | 19.144.761,29 |
| Other receivables | 5.23 | 2.185.825,65 | 1.364.033,47 |
| Income tax receivable | 5.24 | 285.676,55 | 721.745,59 |
| Cash and cash equivalents | 5.25 | 10.637.427,03 | 15.669.190,79 |
| **Total Assets** | | **93.613.205,97** | **90.139.921,33** |
| | | | |
| **EQUITY** | | | |
| Share capital | 5.26 | 7.907.923,80 | 7.907.923,80 |
| Additional paid-in capital | 5.26 | 4.141.988,98 | 4.141.988,98 |
| Reserves | 5.27 | 6.598.556,84 | 6.460.024,93 |
| Retained earnings | | 8.282.984,01 | 7.888.674,08 |
| **Total Equity** | | **26.931.453,63** | **26.398.611,79** |
| | | | |
| **LIABILITIES** | | | |
| Insurance contract liabilities | 5.28 | 41.295.020,57 | 39.818.751,88 |
| Other provisions | 5.29 | 723.000,00 | 423.000,00 |
| Financial liabilities | 5.30 | 4.500.000,00 | 4.500.000,00 |
| Debts owed to non-credit institutions | 5.31 | 35.142,82 | - |
| Provision for post-employment benefits | 5.32 | 1.080.454,00 | 895.120,00 |
| Reinsurance Liabilities | 5.22 | 16.331.405,44 | 15.440.602,17 |
| Other liabilities | 5.33 | 2.716.729,51 | 2.492.522,35 |
| Current tax liability | 5.24 | - | 171.313,14 |
| **Total Liabilities** | | **66.681.752,34** | **63.741.309,54** |
| **Total Equity and Liabilities** | | **93.613.205,97** | **90.139.921,33** |

The accompanying notes (pages 14-72) are an integral part of the Financial Statements.

## Statement of Changes in equity

| | Share Capital | Additional paid in capital | Reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| **Balance as at 01.01.2015** | **7.907.923,80** | **4.141.988,98** | **6.229.631,91** | **6.218.444,80** | **24.497.989,49** |
| Profit for the year | - | - | - | 1.910.395,77 | 1.910.395,77 |
| **Other comprehensive income (loss) for the year** | - | - | - | - | - |
| Available for sale financial assets | - | - | (63.135,02) | - | (63.135,02) |
| Employee benefits actuarial gains and losses | - | - | 53.361,55 | - | 53.361,55 |
| Legal reserve | - | - | 235.341,49 | (235.341,49) | - |
| Other movements | - | - | 4.825,00 | (4.825,00) | - |
| **Total comprehensive income** | **-** | **-** | 230.393,02 | **1.670.229,28** | **1.900.622,30** |
| Dividends | - | - | - | - | - |
| **Total transactions with owners** | **-** | **-** | **-** | **-** | **-** |
| **Balance as at 31.12.2015** | **7.907.923,80** | **4.141.988,98** | **6.460.024,93** | **7.888.674,08** | **26.398.611,79** |
| | | | | | |
| **Balance as at 01.01.2016** | 7.907.923,80 | 4.141.988,98 | 6.460.024,93 | 7.888.674,08 | 26.398.611,79 |
| Profit for the year | - | - | - | 723.806,97 | 723.806,97 |
| **Other comprehensive income (loss) for the year** | - | - | - | - | - |
| Available for sale financial assets | - | - | 217.757,26 | - | 217.757,26 |
| Employee benefits actuarial gains and losses | - | - | (79.225,35) | - | (79.225,35) |
| Legal reserve | - | - | - | - | - |
| Other movements | - | - | 0,00 | - | - |
| **Total comprehensive income** | **-** | **-** | 138.531,91 | **723.806,97** | **862.338,88** |
| Dividends | - | - | - | (329.497,04) | - |
| **Total transactions with owners** | **-** | **-** | **-** | (329.497,04) | (329.497,04) |
| **Balance as at 31.12.2016** | **7.907.923,80** | **4.141.988,98** | **6.598.556,84** | **8.282.984,01** | **26.931.453,63** |

The accompanying notes (pages 14-72) are an integral part of the Financial Statements.

## Cash Flow Statement

| | 1/1-31/12/2016 | 1/1-31/12/2015 |
|---|---|---|
| **Profit before tax** | 1.200.866,00 | 1.842.038,44 |
| **Adjustments for:** | | |
| Depreciation, amortization expenses | 197.470,80 | 138.690,72 |
| Changes on deferred acquisition costs | (96.623,77) | 258.187,84 |
| Gains/ Losses on investments | 5.500,00 | 176.300,46 |
| Fair value gains and losses | (76.792,93) | (301.151,21) |
| Interest expenses | 43.318,38 | 50.588,88 |
| Interest income | (862.022,63) | (845.660,38) |
| Change in intermediaries provisions | 456.572,44 | 67.709,85 |
| Gain from use of intermediaries provisions | (840.110,50) | - |
| Other provisions | 300.000,00 | - |
| Provision for post-employment benefits | 73.749,00 | 76.094,00 |
| **Working capital adjustments:** | | |
| Purchases of available for sale financial assets | (17.339.836,76) | (13.016.933,30) |
| Disposals of available for sale financial assets | 8.956.826,99 | 3.555.126,56 |
| Disposals of held to maturity financial assets | - | - |
| (Increase)/Decrease in loans and receivables | (287.404,06) | (4.723.823,92) |
| (Increase)/Decrease in insurance contract liabilities | 1.476.268,69 | (3.319.287,91) |
| (Increase)/Decrease in debts owed to non-credit institutions | 35.142,82 | - |
| (Increase)/Decrease in trade and other receivables | 145.894,55 | 1.560.719,24 |
| (Increase)/Decrease in reinsurance receivables | 461.143,33 | 3.826.703,48 |
| (Increase)/Decrease in reinsurance liabilities | 890.803,27 | (3.039.055,74) |
| (Increase)/Decrease in trade and other payables | 52.894,02 | (517.579,51) |
| Income tax paid | (157.835,89) | (464.549,37) |
| Interest received | 852.480,61 | 871.174,82 |
| Interest paid | (43.318,38) | (50.588,88) |
| **Net cash generated from operating activities** | **(4.555.014,02)** | **(13.855.295,93)** |
| **Cash Flow from investing activities** | | |
| Purchase of property and equipment | (147.252,70) | (380.764,49) |
| **Net cash used in investing activities** | **(147.252,70)** | **(380.764,49)** |
| **Cash Flow from financing activities** | (329.497,04) | |
| Dividends | **(329.497,04)** | **-** |
| **Net cash used in financing activities** | | |
| | **(5.031.763,76)** | **(14.236.060,42)** |
| **Net (decrease)/increase in cash at bank and in hand** | 15.669.190,79 | 29.905.251,21 |
| Cash and cash equivalents at the beginning of the year | **10.637.427,03** | **15.669.190,79** |

The accompanying notes (pages 14-72 ) are an integral part of the Financial Statements.

## D. NOTES TO THE FINANCIAL STATEMENTS

### 1. Company information

#### 1.1 General information

SYNETERISTIKI INSURANCE CO. SA (hereinafter the "Company") is the only purely cooperative insurance company in Greece with shareholders originating from cooperative enterprises. The Company's term, which began on 24 November 1978 with its incorporation under the corporate name "SYNETERISTIKI GREEK GENERAL INSURANCE COMPANY" trading as "SYNETERISTIKI INSURANCE CO. SA" with Government Gazette circular number 3105, the Greek Agricultural Cooperative Organizations, ends on 24 November 2077.

The Company operates in accordance with the provisions of Law 2190/1920 and the LD 400/1970 on Private Insurance Undertakings as currently in force, and is seated at 367 Sygrou Ave, Paleo Faliro, 17564, with Societe Anonyme Register Number: 12890/005/B/86/0070 and General Commercial Register Number: 123465801000. In 1994, Europe's leading Cooperative Insurance Organizations (Unipol Italy, Macif France, P & V Belgium, Euresa) also became the company's shareholders and were later followed by all Greek Cooperative Banks. Pursuant to the decision taken by the Ordinary General Assemblies on 29 April 1999, the Company merged by absorption with the Company 'SYNETERISTIKI LIFE Insurance Societe Anonyme". The merger of these companies was approved by the Ministry of Development decision number K3-9494/18.10.99.

The Company is managed by the Board of Directors which constists of a minimum of 11 to a maximum of 11 members. Board members are elected by the Shareholders' General Assembly with a four-year term.

The Board of Directors is composed of the following individuals and their term expires on June 30th, 2018:

| | |
|---|---|
| **Chairman:** | Thomas Ioannidis |
| **Vice Chairman:** | Philippe Da Costa |
| **Vice Chairman:** | Marc Guy Victor Sordoni |
| **Executive Director:** | Nikolaos Myrtakis |
| **Members:** | Dimitrios Zorbas |
| | Federico Gentile |
| | Thierry Jeantet |
| | Alain Montarant |
| | Dimitrios Kountouriadis |
| | Nikitas Printzos |
| | Christos Barlias |
| | Athanassios Sotiropoulos |
| | Sofia Karagianni |
| | Nikos Kezos |
| | Konstantinos Xenitidis |
| | Martin Willems |
| | Martine Yvonne Magnee |

Based on the provisions of CL 2190/1920 and LD 400/1970 “on S.A. companies” the Company’s Supervisory Authority is the Ministry of Economy and Development. The Bank of Greece (DOPIS) is the Company’s Supervisory Authority for the implementation of the provisions of L. 4364/2016 (G.O.G. A13/05.02.2016) “on insurance and reinsurance activities” as well as for the implementation of any Law relevant to insurance companies.

The Company’s financial statements, for the period from 1 January to 31 December 2016, were approved by the Board of Directors on 19.05.2017 and under the law are subject to final approval by the Annual General Assembly of Shareholders, which is legally entitled to amend them.

## 1.2 Freehold Properties

The Company owns freehold property (owner-occupied and investment) which is detailed, per location, as follows:

1. First floor commercial space measuring 1,271.45 sq.m., second floor commercial space measuring 191.58 sq.m., and underground parking spaces measuring 106.00 sq.m. at 367 Sygrou Avenue, Paleo Faliro, Attica

2. Storage area and underground parking spaces measuring 167.91 sq.m. at 16 Imittou Street, Paleo Faliro, Attica

3. Ground floor store measuring 141.00 sq.m. and basement (storage area) measuring 148.00 sq.m. at 37, 28th Octovriou Street, Nikea

4. Ground floor store measuring 49.00 sq.m. at 1 Roumelis Street, Haidari

5. Second floor commercial space measuring 193.17 sq.m., ground floor store measuring 155.57 sq.m. and basement (storage area) measuring 94.72 sq.m. at 27- 29 Polytechniou Street, Thessaloniki

6. Ground floor store measuring 69.68 sq.m. and basement (storage area) measuring 63.83 sq.m. at 58-60 Karaoli M Street, Xanthi

7. Fourth floor commercial space measuring 100.68 sq.m. at 2 Taliadourou Street, Karditsa

8. Second floor apartment measuring 57.14 sq.m. on Ethnikis Antistaseos Street, Serres.

# 2. Summary of significant accounting policies

## 2.1 Basis of preparation of Financial Statements

The Financial Statements as at 31 December 2016 were prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") which have been issued by the International Accounting Standards Board (IASB), and the Interpretations, which have been issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union with Regulation No. 1606/2002 of the European Union and applicable as at 31 December 2016. The Company applied the same accounting policies as in 2015.

The Financial Statements have been prepared based on the principle of going concern and the historical cost principle with the exception of available-for-sale financial assets.

The preparation of financial statements in accordance with IFRSs requires the use of estimates and judgments during the application of accounting policies, which may affect the accounting balances of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date of the Financial Statements, as well as the revenue and expense amounts that were recognized during the reporting period. The most important assumptions were made in areas that were characterized by increased complexity and subjectivity in applying the accounting policies and are described in Chapter 3.

It should be noted that, although these estimates are based on the best possible knowledge by the Company's management with respect to current events and actions, actual results may differ and have an impact on the Financial Statements. The estimates and decision-making criteria are reviewed to take account of current developments and impacts arising from changes are recognized in the financial statements in the year that they are incurred.

The Financial Statement amounts are presented in Euro (the Euro is the functional currency), unless otherwise stated in the individual Notes.

Where necessary, the comparative data (31.12.2015) were adjusted to meet the changes presented during the reference period, as stated in note 5.38.

## 2.2 New standards, amendments to standards and interpretations διερμηνείες

### New Standards, Interpretations, Revisions and Amendments to existing Standards effective in the year 2016

**"Disclosure Initiative - Amendment to IAS 1"** effective for annual periods beginning on or after 01.01.2016. The amendments to IAS 1 clarify that should not be obscured by aggregating or by providing immaterial information, and materiality considerations apply to all parts of the financial statements. They had no impact on the financial statements of the Company.

**IFRS 5 "Non-cur-rent Assets Held for Sale and Discontinued Operations".** The amendment clarifies that switching from one disposal method to another (e.g. sale or distribution to owners) should not be considered as a new sales plan but a continuation of the original plan. Therefore, there is no discontinuation in the application of the requirements of IFRS 5. Moreover, the amendment clarifies that changing the disposal method does not change the date of classification. It had no impact on the financial statements of the Company.

**IFRS 7 “Financial Instruments: Disclosures”.** Servicing contracts after the transfer of financial assets:

If an enterprise transfers a financial asset under conditions that allow the transferor to de-recognize the asset, IFRS 7 requires the disclosure of all forms of the continued involvement that the transferor may have on the transferred assets. IFRS 7 provides instructions on what it means by “continued involvement”. The amendment has added specific guidance to help the administrations determine whether the terms of a contract for servicing financial assets, which have been transferred, constitute a “continuing involvement”. The amendment gives the right (not the obligation) of a retroactive application.

Interim financial statements:

The amendment clarifies that the additional disclosure required by IFRS 7 “Disclosure - Offsetting a Financial Asset and a Financial Liability” is not specifically required for all interim periods, unless required by IAS. 34. The amendment is valid retroactively.

They had no impact on the financial statements of the Company.

**“Amendments to IAS 16 and IAS 38”**, which provide clarifications on acceptable methods of depreciation and amortization for annual periods beginning on or after 01.01.2016. The amendment to IAS 16 does not allow the use of a depreciation method on tangible assets based on the amount of revenue that a fixed asset may generate. The amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. The presumption can be rebuttable when the intangible asset is expressed as a measure of revenue or when it can be shown that the income and the consumption of the economic benefits accruing from the intangible asset are closely related. They had no impact on the financial statements of the Company.

“**Amendment to IAS 19 - Defined Benefit Plans: Employee Contributions”,** which were adopted in November 2013 and relate to defined-benefit plan contributions by employees or third parties which are associated with the rendering of a service. The purpose of the amendments is to simplify the accounting for contributions that are independent of employee service years, such as contributions calculated as a fixed percentage on payroll. The amendment is effective for annual periods beginning on or after 01.02.2015. They had no impact on the financial statements of the Company.

**“Amendment IFRS 11".** Accounting for acquisitions of interests in Joint operation, effective for annual periods beginning on or after 01.01.2016. The amendment clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply all the provisions of the standard. It had no impact on the financial statements of the Company.

**“Amendments to IAS 16 and 41 - Agriculture: Bearer Plants”,** effective for annual periods beginning on or after 01.01.2016. With this amendment, it was decided that bearer plants should be accounted for in the same way as tangible fixed assets (IAS 16). Therefore, with these amendments, bearer plants fall within the scope of IAS 16 instead of IAS 41. The production developed on bearer plants remains within the scope of IAS 41. It had no impact on the financial statements of the Company.

**“Amendment to IAS 27 - Equity Method in Separate Financial Statements”**, effective for annual periods beginning on or after 01.01.2016. Based on the amendment, investment in subsidiaries, associates and joint ventures in an entity’s separate financial statements can be measured using the equity method, as defined by IAS 28. It had no impact on the financial statements of the Company.

**“Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities – Applying the Consolidation Exception”,** effective for annual periods beginning on or after 01.01.2016. These amendments introduce explanations regarding the accounting requirements of the investment entities, while they provide exemptions in specific cases, which will reduce the costs associated with the implementation of the Standards. They had no impact on the financial statements of the Company.

## New Standards, Interpretations, Revisions and Amendments to existing Standards which have not yet entered into force or have not been approved by the European Union

**IFRS 9 "Financial Instruments",** which was adopted in July 2014, effective for annual periods beginning on or after 01.01.2018. The improvements introduced by the new Standard include the creation of a reasonable model for classification and measurement, a single predictive model for "expected losses" impairment as well as a reformed approach to hedge accounting. These have been adopted by the European Union. The Company will examine the impact of the above in its financial statements.

**"IFRS 14 Regulatory Deferral Accounts".** In January 2014, IASB issued a new IFRS Standard. 14. The purpose of this Intermediate Standard is to enhance the comparability of financial reporting of the entities that have regulated activities. In many countries, there are sectors subject to special regulation, according to which the government authorities regulate the provision and pricing of specific types of activities of private economic entities. These have not been adopted by the European Union, pending the final version of the Standard. The Company will examine the impact of the above in its financial statements, although it is not expected to have any.

**"IFRS 15 - Revenue from Contracts with Customers"**, effective for annual periods beginning on or after 01.01.2018. The standard replaces the Standards 11 and 18 and the Interpretations 13, 15, 18 and 31. This Standard is fully aligned with the revenue recognition requirements, following 5 basic steps, according to the principles of both the International Financial Reporting Standards and the American Generally Accepted Accounting Principles (U.S. GAAP). The underlying principles, on which this Standard is based, are consistent with an important part of the current practice. The new Standard is expected to improve the financial reporting by establishing a more robust framework for resolving issues that arise, by enhancing the comparability between industries and capital markets, by providing additional disclosures and by clarifying the accounting treatment of the costs of the contracts. The Company will examine the impact of the above in its financial statements, although it is not expected to have any.

**"IFRS 16 Leases".** In January 2016, the IASB issued a new IFRS Standard. 16. The purpose of the IASB project was to develop a new Lease Model that sets out the principles that both parties apply to a contract - namely both the customer (the "lessee") and the supplier (the "lessor") - for the provision of relevant information regarding the leases in a manner that faithfully reflects these transactions. To achieve this purpose, the lessee should recognize the assets and liabilities arising from the lease. These have not yet been adopted by the European Union. The new Standard is effective for annual periods beginning on or after 01.01.2019. The Company will examine the impact of the above in its financial statements.

**"New Interpretation 22 - Foreign Currency Transactions and Advance Consideration".** It has been adopted in December 2016 by the IASB, with effect for annual periods beginning on or after 01.01.2018. This Interpretation includes the requirements regarding the exchange rate to be used when presenting foreign currency transactions, when a prepayment has been received or paid. These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements, although it is not expected to have any.

**"Amendments to IAS 7 Statement of Cash Flows".** The amendment provides for the disclosure of changes to the liabilities arising from financial activities, including changes resulting from cash flows, as well as non-cash changes, so as to enable investors to evaluate them. These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements.

**“Amendment to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses”,** (effective for annual periods beginning on or after 01.01.2017). In January 2016, the IASB issued limited-purpose amendments to IAS 12. The purpose of these amendments is to clarify the accounting treatment of deferred tax assets for unrealized losses on debt securities measured at fair value. Not expected to have a material impact on the Company.

**“Amendment to IFRS 2 - Classification and Measurement of Share Based Payment Transactions”,** effective for annual periods beginning on or after 01.01.2018. In June 2016, the IASB issued limited-purpose amendments to IFRS 2. The purpose of this amendment is to provide clarifications on the accounting treatment of specific types of equity-based payment transactions. In particular, the amendment introduces the requirements for the accounting treatment of the effect of vesting and non-vesting conditions on the measurement of the equity-based payment transactions that are settled in cash, the accounting treatment of the equity-based payment transactions bearing a settlement characteristic on a deduction basis for a withholding tax, as well as an amendment to the terms and conditions of an equity-based payment transaction, which alters the transaction classification from cash-settled to equity-settled. These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements.

**“Amendment to IFRS 4: IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”,** effective for annual periods beginning on or after 01.01.2018. In September 2016, the IASB issued amendments to IFRS. 4. The purpose of these amendments is to determine the treatment of the temporary accounting effects due to the different effective date of IFRS 9 Financial Instruments and the Standard on Insurance Contracts to be issued. The amendments to the existing IFRS requirements 4 allow economic entities, whose main activities are combined with insurance, to defer the application of IFRS 9 to 2021 (“temporary exemption”) and allow all issuers of insurance contracts to recognize in the other comprehensive income, rather than profits or losses, the volatility that may result from the application of IFRS 9, before the adoption of the new Standard on Insurance Contracts (“overlapping approach”). These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements.

**“Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”.** In September 2014, the IASB issued limited-purpose amendments to IFRS 10 and IAS 28. The purpose of these amendments is to address a recognized inconsistency among the requirements of IFRS 10 and those of IAS 28 on the treatment of the sale or transfer of assets between an investor and its associate or its joint venture. In December 2015, the IASB suspended indefinitely the entry into force of these amendments, pending the results of the research project on accounting treatment using the equity method. These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements, although it is not expected to have any.

**“Amendment to IAS 40 - Transfers of Investment Property to or from investment properties”,** which has been adopted in December 2016 by the IASB, with effect for annual periods beginning on or after 01.01.2018. The purpose of this amendment is to reinforce the principle of transfers from or to investment properties in order to establish that a transfer from or to investment property should only take place if there is a change in the use of the property and a change in the use of the property would include the assessment of the amount by which the property in question meets the criteria for its classification as an investment property. Therefore, this change in use should be supported by relevant documentation with appropriate evidence. These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements, although it is not expected to have any significant impact.

**“Annual improvements 2014-2016 of IFRS 1, IFRS 12 and IAS 28”.** They have been approved in December 2016 for annual periods starting after 01.01.2017 for IFRS 12 (clarification of the scope of the Standard) and after 01.01.2018 for IFRS 1 (deletion of short-term exemptions for first-time adopters of IFRS) and IAS 28 (measurement of a related or joint venture at fair value). These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements.

**"Clarifications to IFRS 15 - Revenue from Contracts with Customers",** (effective for annual periods beginning on or after 01.01.2018). In April 2016, the IASB issued clarifications to IFRS. 15. The amendments to IFRS 15 do not alter the basic principles of the Standard but provide clarification as to the application of these principles. The amendments clarify how a performance obligation is recognized in a contract, how it is determined whether an entity is the originator or trustee, and how it is determined whether the income from the grant of a license should be recognized at a particular time or as time goes by. These have not yet been adopted by the European Union. The Company will examine the impact of the above in its financial statements.

## 2.3 Tangible Fixed Assets (Owner-occupied)

This category includes land, buildings, addition and improvement costs to leased properties, means of transport and equipment, which are used by the Company.

The Company's land and buildings are presented in the financial statements at their deemed cost, as determined based on fair values at the transition date (1.12014), according to the estimation of an external certified appraiser, less accumulated depreciation and any impairment of the assets value.

The remaining fixed assets are presented in the financial statements at acquisition cost.

Costs incurred after the acquisition of a fixed asset that is included in the "Tangible fixed assets" account are capitalized only if it is probable that these costs will result in future economic benefits for the Company. Otherwise, these costs are directly transferred to the profit and loss when incurred.

Depreciation of a tangible fixed asset begins when it is used and ceases only with the sale or transfer of the fixed asset. Consequently, the depreciation of a tangible fixed asset that is no longer used is not ceased, unless it is fully amortized, but its useful life is remeasured. Tangible fixed assets are depreciated using the straight-line method during their useful life. The estimated useful life of tangible fixed assets is classified as follows:

| | |
|---|---|
| Privately-owned buildings: | Up to 50 years |
| Additions and improvements to leased buildings: | The lease term |
| Means of transportation: | Up to 6 years |
| Furniture and other equipment: | Up to 10 years |
| Computers and systems: | Up to 5 years |

Land is not amortized, but is tested for impairment.

The residual values of fixed assets and their useful lives are reviewed at each financial statement reporting date.

Gains and losses from the sale of fixed asset are recognized in the profit or loss.

## 2.4 Investment Property

Investment in property includes privately-owned land and buildings, which are held to earn rentals or for capital appreciation.

These investments are initially recognized at acquisition cost, as determined based on fair values at the transition date (1.1.2014), according to the estimation of an external certified appraiser.

After initial recognition they are measured at acquisition cost less accumulated depreciation and any accumulated losses from their impairment. Investment properties are depreciated using the straight-line method over their useful life, which does not differ significantly from the useful life of similar assets included in the "tangible fixed assets account". Investments are reviewed annually by external certified appraisers in order to determine possible impairment.

Expenses for maintenance and repairs are recognized in the income statement when realized.

### 2.5 Intangible Assets

Intangible assets relate to software programs which are measured at acquisition cost less accumulated depreciation and any impairment. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications are capitalized and added to the initial acquisition cost. Otherwise, these costs are transferred directly to the profit and loss when incurred.

The software programs are depreciated using the straight-line method during the expected useful life, which does not exceed 5 years.

Expenditure such as formation and initial establishment expenses, staff training costs, advertising and promotional costs and the Company’s partial or total restructuring costs are recognized as expenses when they are incurred.

### 2.6 Investments in subsidiaries and associates

In the financial statements the Company’s holding in the subsidiary U&M Insurance Agency SA is recorded at cost less any provision for impairment.

### 2.7 Foreign Currency Transactions

Foreign currency transactions are converted using the effective exchange rate as at the transaction date. Monetary items in foreign currencies at the balance sheet date are converted into Euro at the rate of exchange at that date and exchange differences arising from the conversion are recognized as gains or losses in the statement of comprehensive income. Non-monetary items in foreign currency, which are measured at acquisition cost are converted into Euro at the rate of exchange at the date of the transaction. Non-monetary items in foreign currency, which are measured at fair value are converted into Euro at the rate of exchange at the fair value determination date.

### 2.8 Financial Assets

The Company's investments in financial assets have been classified into the categories held-to-maturity, available-for-sale and classified as loans and receivables. These investments are initially measured at their fair value plus the direct cost associated with their acquisition. The classification of the financial assets is performed by Management according to their characteristics and the purpose for which they were acquired. The investment classification decision is taken at acquisition.

### 2.8.1 Held-to-maturity investments

Included in this category are financial assets with fixed or determinable payments and fixed maturity; they are classified as held-to-maturity investments for which the Company's Management has the positive intention and ability to hold to maturity. After initial recognition, they are measured at amortized cost using the effective interest method. The amortized cost takes into account any discount or premium at acquisition and fees or costs that are considered an integral part of the effective interest rate. The depreciation from the application of the effective interest method is included in the financial income in the income statement.

### 2.8.2 Available-for-sale financial assets

This category includes financial assets, which the Management intends to hold for an indefinite period and can be sold in order to meet liquidity needs or to respond to changing market conditions. Subsequent to initial recognition, they are measured at fair value and gains or losses that arise are recognized in equity reserve through the statement of other comprehensive income, from where they are transferred to the comprehensive income statement when sold or when an impairment loss exists. Where the fair value of these securities cannot be determined reliably and objectively, then these securities are shown at their acquisition cost.

### 2.8.3 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method. This category includes time deposits with a term longer than three months.

### 2.8.4 Impairment of financial assets

At the Financial Statements reporting date the Company assesses whether there is objective evidence that an investment security or a group thereof has been impaired. Objective evidence of impairment includes events such as the issuer's significant financial difficulty, breach of contract, outstanding or overdue interest, probability of the issuer's bankruptcy or other financial reorganization, observable data indicating that there is a significant reduction in calculated cash flows, active market disappearance for that asset because of financial difficulties, significant deterioration in the internal or external degree of solvency of financial instruments.

Especially for investment equity securities that have been classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its acquisition cost is used as a benchmark if this information has been impaired.

If there is objective evidence of impairment on available-for-sale financial assets, the cumulative loss is transferred to the statement of comprehensive income. If in a subsequent period, the fair value of an available-for-sale investment security is increased, and the increase can be objectively related to an event occurring after the entry into effect of the provision, this provision is reversed in the Statement of Comprehensive Income.

### 2.8.5 Revenue from financial assets

Interest income on investment securities are recorded in income from interest. Dividend income is recognized when there is vested right to collect dividends.

### 2.8.6 Transfer of financial assets

The Company may transfer AFS to the loan and receivables portfolio, provided the securities meet the definition of this category at the date of transfer and it has the intention and ability to hold the securities for the foreseeable future or until maturity. The fair value of securities on the day of the transfer is considered the new amortized cost at that date. The difference between the amortized cost immediately prior to the transfer and the fair value on the date of the transfer is recognized in the available for sale securities reserves through the statement of other comprehensive income and is amortized to the statement of comprehensive income.

If there is a change in intention or ability to hold a security to maturity, the Company transfers these securities from the available-for-sale category to the held-to-maturity category, given that the assets satisfy the definition of the latter at the date of the transfer. For financial assets that are transferred in the above manner, the fair value at the transfer date becomes the new amortized cost at that date.

### 2.8.7 Fair value measurement

The Company measures its available-for-sale financial assets at fair value. It also measures the fair values of financial assets that appear at amortized cost, for disclosure purposes.

Fair value is the price that would be obtained by selling an asset or during the transfer of a liability in a normal transaction between participants at the measurement date. The fair value measurement is based on the assumption that sale transaction of an asset or transfer of a liability occurs either:

- In the main market for the asset or liability
- In the absence of a main market, in the most advantageous market for the asset or liability

All financial assets for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as described, based on the lowest level inputs that are significant for fair value measurement, as following:

- Level 1 - Quoted (unadjusted) market prices in active markets accessible to the Company for identical financial assets.
- Level 2 – Inputs non included in Level 1 that are directly or indirectly observable for the fair value estimation of financial assets.
- Level 3 – Not observable inputs with few or no transactions in active markets that have a significant impact on fair value estimation.

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

For financial assets recognized in the financial statements on a recurring basis, the Company determines the extent of the transfers between Levels with the re-evaluation of the classification (based on the lowest level inputs) at the end of each reporting period.

## 2.9 Cash and Cash Equivalents

This category includes cash, bank deposits and short-term liquid and insignificant risk investments that mature within three months from the reporting date of the financial statements.

## 2.10 Receivables from insurance premiums and other receivables

This category includes receivables from customers and other debtors, initial recognition of which is at fair value. These are subsequently measured at amortized cost less any impairment losses.

## 2.11 Leases

The Company enters into operating property leases either as a lessee or as a lessor and operating or finance leases of other fixed assets as a lessee.

**Financial Leases**

The ownership of a leased asset is transferred to the lessee, if substantially all the risks and rewards associated with the leased asset are transferred to the lessee irrespective of the legal form of the contract. At the commencement of the lease, the asset is recognized at its fair value or, if lower, at the present value of the minimum lease payments, including additional payments - if any - covered by the lessee. A corresponding amount is recognized as a finance lease liability regardless of whether some of the lease payments are paid in advance at the commencement of the lease.

The subsequent accounting for the assets acquired under leasing contracts is the same as that applied to comparable assets acquired apart from lease contracts. The accounting for the corresponding liability relates to its gradual decrease, based on minimum lease payments minus financial charges, which are recognized as an expense in finance costs. Financial charges are spread over the lease term, representing a fixed interest rate on the outstanding balance of the liability.

**Operating Leases**

The leases, in which the lessor does not substantially transfer all the risks and rewards of the asset, are classified as operating leases.

For operating leases, the Company acts as the lessee; it recognizes the related rent as an expense using the straight-line method during the lease term.

For operating leases, the Company acts as a lessor, the leased item is accounted for as an asset and depreciation is based on its useful life. The lease amounts that correspond to the use of the leased asset is recognized as revenue using the straight-line method during the lease term.

## 2.12 Income Tax

Income tax comprises of current and deferred tax.

- Current income tax is the tax on the fiscal period's taxable income and any differences in the income tax (including surcharges) of previous years.
- Deferred tax is the income tax that is determined for all deductible temporary differences arising between the carrying values of assets and liabilities in the financial statements and the attributable tax value in accordance with the relevant tax provisions. The temporary tax differences regard amounts that have an impact on the accounting result of the year, however they form the tax result of a subsequent period.

Deferred tax assets and liabilities are calculated using the current tax rates. Receivables from deferred taxes are recognized only when it is probable that future taxable profits will arise which can be utilized to reduce the respective temporary differences.

Current and deferred tax is recognized in the profit or loss or in equity through the statement of comprehensive income if it concerns items whose differences are recognized in equity through the statement of other income.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

## 2.13 Employee benefits

(a) Short-term benefits

Short-term employee benefits in cash and in kind are recognized as an expense when accrued. Any unpaid amount is recorded as a liability and if the amount paid exceeds the amount of the benefits, the excess amount is recognized as an asset only to the extent that the prepayment will lead to a reduction of future payments or to a return.

(b) Post-employment benefits
Post-employment benefits include defined-contribution plans and defined-benefit plans (compensations upon termination according to the Law. 2112/20). The accrued cost of defined-contribution plans is recorded as expense in the period concerned.

The liability that is recorded in the balance sheet for defined-benefit plans is the present value of the defined-benefit obligation, in accordance with the provisions of L. 2112/20, which is estimated actuarially and constitutes the present value of the Company's accumulated liability which corresponds to the services offered by employees up to that moment. The actuarial profits and losses that arise from empirical adjustments and modifications to actuarial assumptions are recognized in other total income in the year they have incurred (Note 5.32).

## 2.14 Share Capital

Registered shares are recorded as equity. Direct costs for the issuance of shares appear net of taxes, deducted in equity, as a reduction of the issuance product.

## 2.15 Dividend Distribution

Dividends that are distributed to shareholders appear as a liability in the period they are approved by the General Assembly of Shareholders.

## 2.16 Provisions

The Company recognizes provisions in its financial statements for current obligations arising from events which have occurred and it is certain that their settlement will create outflow, the amount of which can be reliably estimated. The formed provisions are reassessed and revised at each financial statement reporting date.

These provisions are reduced by the amounts paid for the settlement of specific obligations.

## 2.17 Insurance Policies

An insurance policy is a "contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder". Insurance risk is significant if, and only if an event could cause the insurance company to pay significant additional benefits. The additional benefits refer to amounts that exceed at least 10% of those that would have been payable if the insurance risk had not occurred.

Insurance policies are classified into the following categories according to the nature of the insured risk.

### 2.17.1 Life insurance policies

These are policies issued by the Company to cover the event of death, pension, disability, accident and sickness both on an individual and group basis, short or long term. Insurance premiums are recognized as revenue (earned premiums) proportionally to insurance period and appear prior to the deduction of the commission, whereas benefits, when they arise, are recorded as expenses. Benefits, in case of an event, can be predefined or dependent on the extent of the event, according to the terms of each policy.

Life insurance policies are classified as following:

**a. Individual policies, risk premium**

This category includes all individual guaranteed interest life insurance policies, with or without dividend. Policies in this category involve mortality or longevity risk throughout the life of the policy.

**b. Individual policies, additional benefits to risk premium**

This includes any additional protective coverage that can be attached to basic life cover. This coverage has insurance risk and entails a mortality and/or morbidity risk.

**c. Group life insurance policies and additional coverage**

This category includes all services provided on a group basis and relate to life coverage and/or complementary protection cover.

**d. Group pension fund management contracts**

This includes group defined-contribution management policies with guaranteed interest rate (determined annually) and participation in excess return. The guaranteed part of such policies as well as excess return amounts are considered accumulated reserves. From an accounting point of view, such policies are treated as all other insurance policies, i.e. premiums are recognized as revenue, while modifications in insurance reserves and indemnities are recognized as expenses or revenue, respectively.

### 2.17.2 Non-life insurance policies

Non-life insurance policies relate to contracts that cover risks against property, third-party liability, accidents and illnesses. Insurance premiums are recognized as revenue (earned premiums) proportionally to the duration of the insurance policy. At the closing date of the financial statements, the amount of insurance premiums that are attributable to the next or subsequent years, for the period after the balance sheet date until the end of the period for which the premiums are recorded, are transferred to the reserve for unearned insurance premiums. The insurance premiums are recorded without the deduction of the attributable commissions.

Non-life insurance policies are divided into two main categories:

**a. Motor third party liability**
This category includes policies issued by the Company to cover the risk of motor third party liability.

**b. Other non-life insurance**
This category includes policies covering the risks of fire, earthquake, theft, transportation, land vehicles, pleasure craft tpl, third party liability, accidents, legal protection, road assistance etc.

### 2.18 Insurance Provisions

Insurance provisions represent estimates of future cash flows arising from life and non-life insurance policies, excluding provisions for unearned insurance premiums, which constitute a contractual obligation and not an assessment.

The insurance provisions are calculated at the reporting date of the Financial Statements in accordance with the anticipated principles and rules of each insurance provision category and in accordance with the provisions of current legislation.

The insurance provisions are analyzed in the following main categories:

- **Mathematical reserves**: They include the mathematical reserve of life coverage and is the difference resulting as at the reporting date of the financial statements between the actuarial current value of financial liabilities assumed by the insurance company for each life insurance policy and the actuarial current value of the net insurance premiums payable by the policyholder and is payable to the insurance company in the coming years. The difference is calculated using actuarial methods accepted by the Supervisory Authority.

- **Provisions for unearned insurance premiums**: These represent the part of net registered insurance premiums which proportionally cover the period from the reporting date of the financial statements until the end of the period for which insurance premiums have been registered.

- **Reserve for unexpired risks**: This relates to the additional provision that is formed at the reporting date of the financial statements when the reserve of unearned premiums is not considered sufficient to cover the estimated losses and expenses on policies in force on that date.

- **Reserve for Outstanding Compensation file to file (f/f):** The Outstanding Loss Reserves (OSLR) concerns the following reserves:
    - File to file reserve
    - IBNR reserve
    - Indirect Settlement Expenses Reserve

  The file to file reserve relates to obligations for losses that have occurred and have been reported, but have not yet been paid at the reporting date of the financial statements. It is formed on the basis of existing information (loss reports, medical reports, court decisions, etc.) and direct settlement costs. Actuarial methods that are consistent with the current Insurance Law have been used for the formation of additional reserves (IBNR, indirect settlement costs).

- **Provisions for participation in the profits:** This provision includes amounts intended for policyholders or insurance contract counterparties or beneficiaries and are formed by the difference between the interest rate which was achieved by the Company when investing the program's mathematical reserves and the guaranteed interest rate, to the extent that this difference is positive.

- **Payable benefits:** These are the insurance benefits payable to policyholders and for various reasons have not been paid until the reference date of the financial statements.

- **Liability Adequacy Test:** The Company assesses the adequacy of recognized insurance provisions by implementing the liability adequacy test using current estimates of the insurance contracts' future cash flows. The test is based on the projection of all estimated future cash flows, taking into account actuarial assumptions that are determined with reference to the best estimates based on the Company's experience and the current market conditions. If the Company's liabilities, resulting from the liability adequacy test, exceed the calculated insurance reserves, the additional provision increases the reserves of the concerned categories and debits the profit and loss of the fiscal period in which the test was carried out.

### 2.19 Deferred acquisition costs

The commissions and acquisition costs relative to new contracts and renewals, are distributed to the fiscal periods according to their duration as follows:

- Short-term life insurance and non-life insurance is amortized according to the accrued premium.

- Long-term life insurance is amortized according to the premiums revenue and the paid or unpaid acquisition costs with corresponding assumptions being used to calculate the liability for the contract's future benefits.

### 2.20 Reinsurance Treaties

Reinsurance treaties are the contracts between the Company and companies in Greece and abroad for the concession of a part of the profit from an insurance contract in exchange for the Company's indemnification -up to a certain percentage- in the event of claim.

The Company also acts as a reinsurer taking on risks from other insurance companies. Reinsurance is not the Company's main activity, therefore related profits are not significant.

The part of the reserve that is attributable to the Company's reinsurers is recognized as an Asset under "Receivables from reinsurers".
Liabilities to reinsurers mainly concern payable reinsurance premiums. The Company reviews whether receivables from reinsurers have been impaired when preparing the financial statements; it accordingly reduces the carrying value and recognizes the impairment loss in the profit and loss.

A receivable from a reinsurer is impaired if, and only if there is objective evidence, as a result of an event that occurred after the initial recognition of the receivable, that the Company may not collect the full amount that is attributed to it under the terms of the contract, and this event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

### 2.21 Claim Recoveries

It is the reserve formed at the closing date of the Financial Statements for the part of claims that will be recovered. The reserve is monitored with the use of an actuarial method based on historical data.

### 2.22 Transactions with related partied

Related parties include entities over which the Company has control or exercises significant influence on their managerial and financial policy. Moreover, related parties include members of the administration, persons that are closely related to the latter and companies owned by them.

### 2.23 Revenue and expense recognition

Revenue is accounted for, only when it is probable that the economic benefits associated with the transaction will flow to the enterprise. Revenue recognition from insurance policies is described in Note 2.18.

Interest - Interest income is recognized according to the accrual basis, taking into account the effective return of the asset.

Dividends - Dividend income is recognized when the shareholder's right to receive payment is established, i.e. following approval by the General Assembly.

Rental income - Rental income from investment properties is accounted for on a systematic basis over the lease term.

Expenses - Expenses are recognized in the profit or loss on an accrual basis.

### 2.24 Offsetting

The entry in the financial statements of the net amount resulting from offsetting financial assets and liabilities is allowed only if there is a legally enforceable right of set-off of the recorded amounts and there is either an intention or simultaneous settlement of the total amount, both of the financial asset and liability, respectively, or to settle the net amount obtained after netting.

### 2.25 Basic earnings per share

Basic earnings per share are calculated by dividing the earning after tax by the weighted average of the existing ordinary shares during the period.

## 3. Significant accounting estimates and judgements by management when applying accounting policies

Financial Statements in accordance with IFRSs requires estimates and assumptions that may affect gains and losses recognized within the year, as well as the accounting balances of assets and liabilities. Using available information and personal judgement is an integral part of making estimates.

The Company makes estimates and assumptions that affect the reported assets and liabilities amounts. Estimates and assumptions are continuously evaluated based on history, previous experience and other factors, including expected future events that are considered reasonable under current conditions.

The Company performs estimates for the implementation of accounting principles in the following cases:

**Measurement of Liabilities for Insurance Policies**

Life

Provisions for Life insurance policies are measured with recognized actuarial methods based on parameters regarding mortality, future investment yields, operating costs, guarantees, expected surrenders etc. Life insurance policies are measured based on the parameters in force during pricing. The Company monitors estimations and assumptions and revises them, if necessary due to current conditions. At the date of Financial Statements the Company controls the sufficiency of provisions and determines whether such sufficiency is secured under current circumstances.

Non-Life

Regarding Non-Life insurance policies, liabilities arising from outstanding claims is the Company's most important provision. Apart from indemnity estimation for each single case, statistical methods are also implemented in order to obtain a more solid overall valuation of future liabilities and form necessary provisions. The aforementioned statistical methods are based on assumptions regarding median claim costs, future inflation and regulatory/legal modifications. The outstanding Losses Reserve is constantly evaluated and revised pursuant to current data and information, regardless of whether or not such information is reported to the Company.

**Revaluation of tangible fixed assets**

The Company assigns the estimation of its properties' fair value to an independent certified appraiser at regular intervals. The properties' fair value is measured by applying the Comparative Information Method and the Income Method.

**Impairment of financial assets value**

The Company determines that the available-for-sale financial assets portfolio has incurred impairment when there is a significant or prolonged decline in the fair value of investment securities below their acquisition cost. To determine what is a significant or prolonged decline, the Company's management is based on its own judgment.

Regarding its bonds portfolio, the Company primarily examines qualitative factors to assess the possible impairment of their value. In particular, it considers the issuer's average credit rating if there is a formal declaration of bankruptcy, or if an interest dividend has defaulted.

**Fair value of financial assets**

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. Valuation techniques that are used include current value methods, by discounting the future cash flows and other models based primarily on observable data and to a lesser extent on unobservable data, in order for the measurement at fair value to be reliable.

Given the uncertainty and inherent subjectivity in estimating fair value of financial instruments, changes in assumptions and estimates could affect the reported fair values.

**Valuation of receivables and other assets**

Where there is an indication that the current value of expected cash flows is less than the carrying value of the receivables and other assets, the corresponding provision is made to cover possible losses from non-collection. Therefore, at each reporting date of the Financial Statements, the Management decides on the impairment amount of these assets based on current data, taking into account the advice of the Legal Department and any vested guarantees.

**Tax Estimates**

The provision for taxes is calculated by assessing the amounts to be paid for the current and previous periods. However, the final settlement of payable tax, which usually occurs on expiry of the period provided for by tax laws for conducting tax audits, may result in tax differences that will burden the Company's profit or loss, provided these taxes are charged by the tax authority and are accepted by the Company.

The Company recognizes the deferred tax asset to the extent that it is probable that there will be sufficient taxable profits against which the unused tax losses and deductible temporary differences can be utilized. In order to determine the recognizable deferred tax asset, significant judgment is required by Management regarding the potential timing and level of future taxable profits. By performing this assessment, the Company considers all available evidence, including the historical profitability level, Management's provision for future taxable income and tax law.

**Post-employment benefits**

The present liabilities value due to employee retirement depends on factors such as age, salary, past service and are calculated using an actuarial method by an independent actuary.

The key assumptions that are used to determine net cost for retirement obligations include the discount curve, future salary increases, inflation, mortality table, morbidity table, voluntary retirement rate and normal retirement ages. Any changes in these assumptions will have an impact on the carrying value of the retirement obligation.

The service cost and gains or losses arising from settlements and the net financial cost of net liability/receivable of defined benefits are recognized in the comprehensive income and included in personnel costs. The net defined-benefit liability is recognized in the statement of Financial Position. Actuarial gains or losses arising from the calculation of severance pay are recognized in other comprehensive income with no possibility of future profit or loss reclassification.

## 4. Insurance and financial Risk Management

An efficient risk management framework is a key factor for the limitation of risk exposure and for the protection of shareholders and clients.

The risk management system consists of procedures for identifying, measuring, monitoring, controlling and reporting risks.

The Company's B.o.D. is ultimately responsible for the management of risks and is assisted by the Risk Management Committee, the Audit Committee, as well as the managers and departments falling under such Committees.

The Risk Management Committee acts as a link between the Company's business units and the B.o.D.
It is responsible for the presentation of issues regarding risk management, ensuring sufficient information for the efficiency of the B.o.D.'s overall operation.

The risk management system is completed with the Actuarial Function, the Compliance Function, which is responsible for the Company's compliance with the current laws and regulations, and the Internal Audit Management that reports directly to the B.o.D. through the Audit Committee.

The Company is exposed to the following risks:

- Insurance Risk
- Credit Risk
- Market Risk
  - Interest Rate Risk
  - Currency Risk
  - Equity Risk
  - Concentration risk
- Liquidity Risk
- Operational Risk

**Risk Management Direction**

The Risk Management Direction of the Company supports the Board of Directors in the efficient planning and implementation of the risk management strategy. More specifically it aims at:

- Monitoring, auditing, valuating and reporting all significant risks.

- Proposing risk management policies in relation to significant risks undertaken by the Company.

- Creating action plans - by simulating extreme scenarios in collaboration with the competent Directions - in order to adapt the undertaken risks to the limits set by the Company.

The Company's financial assets and liabilities, mainly exposed to the aforementioned risks, are the following:

| Financial Assets | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Held to maturity financial assets | 6.901.441 | 6.864.634 |
| Available for sale financial assets | 30.611.669 | 21.888.562 |
| Financial Assets at fair value | - | - |
| Financial assets classified as loans and receivables | 9.439.245 | 9.151.841 |
| Cash and cash equivalents | 10.637.427 | 15.669.191 |
| Reinsurance receivables | 18.683.618 | 19.144.761 |
| Insurance receivables - Other receivables | 3.373.602 | 2.689.258 |
| **Total** | **79.647.002** | **75.408.247** |

| Liabilities | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Insurance contract liabilities | 41.295.021 | 39.818.752 |
| Financial contract liabilities | 35.143 | - |
| Financial liabilities | 4.500.000 | 4.500.000 |
| Reinsurance liabilities | 16.331.405 | 15.440.602 |
| Other liabilities | 2.716.730 | 2.492.522 |
| **Total** | **64.878.299** | **62.251.876** |

## 4.1 Insurance Risk

It is the risk that may occur due to insufficient reserves, inappropriate underwriting and pricing, as well as claims from unexpected natural disasters.

Insurance policies risk consists of the possibility for the insurance risk to occur and the uncertainty regarding the indemnity amount.
An insurance policy covers risks that may or may not occur, therefore they are not predictable.

In an insurance policies portfolio, in which the theory of possibility is applied to pricing and provisions, the main risk is that real claims and indemnities may exceed the provisions amount. This may happen when frequency and/or intensity of claims are greater than initially estimated.

Insurance events are incidental, therefore the real number of claims and amount of indemnities from year to year may differ from the established valuation approach, which is based on statistical methods.
Based on the Company's experience, the larger the portfolio of similar risks, the smaller the variability of the estimated result. Moreover, a diversified portfolio is less likely to be impacted by changes in any of its sub-groups.
The Company has an insurance underwriting strategy in place, in order to diversify the types of insurance risks it underwrites, as well as to achieve a sufficiently vast risk diversification, aiming at reducing the variability of the final result.

Following is the current year's claims frequency and average cost for the Motor class of business, which represents 56,80% of the Company's total premium production for 2016.

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Frequency | Average Cost | Frequency | Average Cost |
| Motor | 6,88% | 1.231 | 6,22% | 1.156 |

The Reinsurance Program is a key factor for the insurance underwriting strategy.

| Reinsurance Treaties breakdown in insured capital | | | | | | |
|---|---|---|---|---|---|---|
| | Own Retention | | Reinsurers | | Total | |
| **Non-Life** | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** |
| **Fire** | | | | | | |
| Proportional | 1.500.000 | 1.500.000 | 3.500.000 | 3.500.000 | 5.000.000 | 5.000.000 |
| Facility (proportional) Co-op | 0 | 0 | 2.500.000 | 2.500.000 | 2.500.000 | 2.500.000 |
| Excess of Loss per Event / CAT* | 600.000 | 600.000 | 15.900.000 | 15.900.000 | 16.500.000 | 16.500.000 |
| Excess of loss - Per Risk* | 300.000 | 300.000 | 1.200.000 | 1.200.000 | 1.500.000 | 1.500.000 |
| **Technical Insurance** | | | | | | |
| Proportional | 600.000 | 600.000 | 1.400.000 | 1.400.000 | 2.000.000 | 2.000.000 |
| Excess of Loss per Event / CAT* | | | | | | |
| Excess of loss - Per Risk* | | | | | | |
| **Miscellaneous Accidents** | | | | | | |
| Proportional (Electr. Equip.) | 150.000 | 150.000 | 350.000 | 350.000 | 500.000 | 500.000 |
| Excess of Loss per Event / CAT* | | | | | | |
| Excess of loss - Per Risk* | | | | | | |
| Proportional (Burglary) | 150.000 | 150.000 | 150.000 | 150.000 | 300.000 | 300.000 |
| Proportional (Transit/Cash) | 75.000 | 75.000 | 75.000 | 75.000 | 150.000 | 150.000 |
| Proportional (Safe / Cash) | 250.000 | 250.000 | 250.000 | 250.000 | 500.000 | 500.000 |
| Proportional (ATM Co-op / Cash) | 100.000 | 100.000 | 100.000 | 100.000 | 200.000 | 200.000 |
| **Personal Accident** | | | | | | |
| Proportional | 150.000 | 150.000 | 150.000 | 150.000 | 300.000 | 300.000 |
| Proportional (Med Expenses) | 15.000 | 15.000 | 15.000 | 15.000 | 30.000 | 30.000 |
| **Motor** | | | | | | |
| Excess of loss | 850.000 | 850.000 | 49.150.000 | 49.150.000 | 50.000.000 | 50.000.000 |
| Proportional | 382.500 | 382.500 | 467.500 | 467.500 | 850.000 | 850.000 |
| **GTPL** | | | | | | |
| Proportional (GTPL/EL) | 150.000 | 150.000 | 150.000 | 150.000 | 300.000 | 300.000 |
| Proportional (PI Intermediaries) | 125.062 | 125.062 | 1.125.556 | 1.125.556 | 1.250.618 | 1.250.618 |
| **Goods in Transit** | | | | | | |
| Proportional | 400.000 | 400.000 | 400.000 | 400.000 | 800.000 | 800.000 |

| | Own Retention | | Reinsurers | | Total | |
|---|---|---|---|---|---|---|
| **Life/Health** | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** |
| **Individual policies, risk premium** | | | | | | |
| Proportional | 50.000 | 50.000 | 100.000 | 100.000 | 150.000 | 150.000 |
| **Individual policies, additional benefits to risk premium** | | | | | | |
| Proportional | 52.500 | 52.500 | 97.500 | 97.500 | 150.000 | 150.000 |
| **Group** | | | | | | |
| Proportional | 50.000 | 50.000 | 100.000 | 100.000 | 150.000 | 150.000 |
| Proportional (Loan) | 200.000 | 200.000 | 50.000 | 50.000 | 250.000 | 250.000 |
| Facility (Propor. - Loan) | 75.000 | 75.000 | 125.000 | 125.000 | 200.000 | 200.000 |
| Excess of Loss - CAT | 40.000 | 40.000 | 200.000 | 200.000 | 240.000 | 240.000 |

* Excess of Loss Per Event and Per Risk in the above Fire description, also include technical and electronic equipment insurance.

** The Assistance contracts (Roadside Assistance and Autohelp) with Interamerican are not included (2015 and 2016).

### 4.1.1 Non – life insurance policies

The Company has put in place corporate policies to front risks created by insurance policies. Such corporate policies mainly cover the underwriting risks policy, the claims management, the reinsurance policy and the accurate provision of outstanding claims, as presented in the Annual Financial Statements.

### 4.1.2 Non-Life Liability Adequacy Test

The methods used for the estimation of outstanding claims are:

- Chain Ladder (DFM)
  -Simple Average (Avg)
  -3-year Simple Average (3yearSimpleAvg)
  -Simple Average with evolution coefficient above 1 (Avg Max1)
  -3-year Weighted Average (WAvg3)
  -4-year Weighted Average (WAvg4)
  -Weighted Average (WAvg)
  -Average without high and low values (Avg Hi Lo)
  -Harmonic
- Loss Ratio Method

According to statistical evaluation performed, higher reserves were needed for the following classes of business:

• **Motor Third Party Liability**, which represents 63,97% of the Company's earned premiums in 2016.

*Outstanding claims estimation table*

| AY | Avg_Incurred | 3yearSimple_avg | Avg Max1 | WAvg3_Incurred | WAvg4_Incurred | Wavg_Incurred | Avg Hi Lo | Harmonic |
|---|---|---|---|---|---|---|---|---|
| 2008 | 0 | 0 | 0 | 61.751 | 61.751 | 61.751 | 0 | 0 |
| 2009 | 65.134 | 0 | 65.134 | 141.073 | 141.073 | 141.073 | -11.861 | 64.456 |
| 2010 | 383.150 | 266.200 | 383.150 | 415.262 | 456.817 | 456.817 | 292.197 | 382.220 |
| 2011 | 389.540 | 268.642 | 389.540 | 401.869 | 450.014 | 454.659 | 306.761 | 388.703 |
| 2012 | 212.786 | 149.097 | 241.609 | 251.831 | 227.833 | 258.778 | 186.774 | 211.632 |
| 2013 | 259.232 | 198.670 | 283.955 | 363.930 | 321.105 | 305.219 | 222.919 | 257.148 |
| 2014 | 296.756 | 137.954 | 322.082 | 373.253 | 334.340 | 357.898 | 252.608 | 293.419 |
| 2015 | 520.244 | 88.753 | 545.240 | 356.188 | 483.137 | 612.311 | 468.493 | 512.001 |
| 2016 | 1.604.384 | 980.289 | 1.638.141 | 1.076.750 | 1.338.279 | 1.754.991 | 1.586.751 | 1.584.213 |
| **Total** | ***3.731.224*** | **2.089.604** | ***3.868.850*** | **3.441.908** | ***3.814.349*** | ***4.403.495*** | ***3.304.642*** | ***3.693.792*** |

• **M.O.D.**, which represents 6,94% of the Company's earned premiums in 2016.

*Outstanding claims estimation table*

| AY | Avg_Incured | 3yearSimple_avg | Avg Max1 | WAvg3_Incured | WAvg4_Incured | Wavg_Incured | Avg Hi Lo | Harmonic |
|---|---|---|---|---|---|---|---|---|
| 2008 | 0 | 0 | 0 | 1.381 | 1.381 | 1.381 | 0 | 0 |
| 2009 | -440 | 0 | 0 | 1.055 | 1.055 | 1.055 | -413 | -440 |
| 2010 | 2.093 | 3.908 | 2.531 | 4.297 | 3.840 | 3.840 | 1.440 | 2.093 |
| 2011 | 3.109 | 5.027 | 3.448 | 4.818 | 4.761 | 4.520 | 2.387 | 3.108 |
| 2012 | 1.674 | 613 | 2.294 | 263 | 2.453 | 2.504 | 342 | 1.670 |
| 2013 | -2.487 | -1.983 | 1.722 | -3.529 | -6.563 | -2.758 | -1.702 | -2.509 |
| 2014 | -3.094 | -6.931 | 1.393 | -8.000 | -8.348 | -2.849 | -2.399 | -3.118 |
| 2015 | -11.066 | -18.753 | 1.459 | -21.562 | -17.152 | -10.023 | -10.316 | -11.110 |
| 2016 | 26.378 | (2.801) | 40.725 | (5.779) | 516 | 29.908 | 28.064 | 25.920 |
| **Total** | ***16.167*** | **-20.920** | ***53.572*** | **-27.056** | ***-18.058*** | ***27.578*** | ***17.404*** | ***15.613*** |

• **Legal Protection**, which represents 4,46% of the Company's earned premiums in 2016.

*Outstanding claims estimation table*

| AY | Paid Claims_cum | Case Reserves | Incurred | Earned Premiums | Ultimate L/R | IBNR&IBNER |
|---|---|---|---|---|---|---|
| 2008 | 185.500 | 2.670 | 188.170 | 1.469.173 | - | - |
| 2009 | 153.758 | 5.370 | 159.128 | 1.627.246 | - | - |
| 2010 | 154.888 | 9.150 | 164.038 | 1.776.140 | - | - |
| 2011 | 139.105 | 13.510 | 152.615 | 1.697.031 | - | 992 |
| 2012 | 98.295 | 12.350 | 110.645 | 1.391.199 | - | 1.473 |
| 2013 | 55.838 | 11.209 | 67.047 | 1.137.734 | - | 3.623 |
| 2014 | 52.664 | 18.450 | 71.114 | 1.032.101 | - | 7.898 |
| 2015 | 24.522 | 24.710 | 49.232 | 896.883 | - | 7.570 |
| 2016 | 12.255 | 32.500 | 44.755 | 1.080.927 | - | 10.147 |
| **Total** | ***876.825*** | **129.919** | ***1.006.744*** | **12.108.434** | **-** | ***31.703*** |

The three classes of business mentioned above represent 75,37% of the Company's earned premiums in 2016.

Statistical evaluations were performed for direct insurance business claims. The data used were taken from years 2008 until 2016, they were grouped per accident year and on a year basis.

The results of the liability adequacy test, as well as the Techical Reserves for 2016 and 2015 are presented below:

**Liability Adequacy Test Results**

| | 2016 | 2015 |
|---|---|---|
| Results of liability adequacy test, with the use of actuarial – statistical methods | 35.339.642 | 34.328.301 |
| Non-Life reserves | 29.505.001 | 28.054.929 |

### 4.1.3 Life Policies

The Company issues policies for which the insured risk is either death or life.

Benefits paid at term either are fixed or depend on the amount of financial loss suffered by the insured. Life policies present the following main risks for the Company:

- mortality risk
- morbidity risk
- survival risk
- investment risk
- expenses risk
- underwriting risk.

The Company's strategy is to underwrite risks that will ensure diversification in type and amount of insured capital. In this context, the Company's effort is to maintain balance between term and endowment policies.

The main parameters that affect the Company's estimation of Life reserves are the following:

**Mortality** – The mortality table used is the Greek mortality table EAE 2005 for men and women, which was improved in order to reflect mortality in 2016.
The Company is not sufficiently expert to assess the long-term mortality of its portfolio on the basis of its particularities and the underwriting rules followed. For that reason and after taking into consideration that the table EAE 2005 includes data from the entire market, no amendments were made to the table and the estimated mortality was set at 100% of the table.
The table was improved to reflect mortality in 2016, in accordance with suggestions from the Actuaries Association.

**Morbidity** – the trigger of morbidity coverage is based on experience and historical data.

**Surrender ratios** – surrender of the life policy may occur due to non payment of premiums or following decision of the policyholder to terminate the policy. For the estimation of surrenders' ratio, statistical approaches are used and general macroeconomic factors are being taken into consideration.

**Expenses** – estimations of operating expenses consist of projections of management costs for policies in-force and for their correspondent general expenses. The level of current expenses is used as basis for future estimations and projections.

**Discounting ratio** – future cash flows are discounted with an interest rate that takes into consideration the realized returns of the Company in the last three years, in comparison with the corresponding returns of the risk-free rate curve with volatility adjustment. The average 3-year difference is considered to be the return of the Company's portfolio in excess of the risk-free curve. Such amount is added as parallel shift in the risk-free rate curve.

### 4.1.4 Life Liability Adequacy Test

In accordance with IFRS 4, the Company performs a life liability adequacy test that meets the following requirements:

- Takes into consideration current estimation for all liabilities.
- If the test shows that the liability is insufficient, the total deficit is recognized at the Company's results.

The approach applied to life insurance products was based on current estimations for future cashflows resulting from policies, including respective direct operating expenses.

The assumptions used to determine technical provisions are realistic and consistent over time, while taking into consideration not only the portfolio characteristics and the Management's future actions, but also the trends in the insurance market. The recording and justification of each assumption is realized once a year and assumptions remained unaltered during the year. However, their redetermination within the year is considered necessary in case of significant diversification. The estimations consist of main and macroeconomic assumptions, as follows:

***Main Assumptions***

- Mortality
- Surrender ratio
- Expenses other than commissions
- Commissions
- Loss Ratio

***Macroeconomic Assumptions***

- Discounting Rates Curve
- Investment Yield
- Inflation

The adequacy test's cumulative results, as well as the technical results for 2016 and 2015, are:

| | 2016 | 2015 |
|---|---|---|
| Liability Adequacy Test | 5.255.776 | 4.762.449 |
| Reserves on the basis of approved technical bases | 4.523.361 | 4.158.317 |

**Assumption Sensitivity Tests**

Assumption Sensitivity Tests were performed and their results are presented in the table below:

| Sensitivity Test | Result | Variation % |
|---|---|---|
| Liability Adequacy Test Basic Scenario | 5.255.776 | - |
| Expenses Change 10% | 5.411.000 | 2,95% |
| Surrended Ratio Change +10% | 5.205.188 | -0,96% |
| Surrender Ratio Change -10% | 5.312.617 | 1,08% |
| Mortality Table Change +10% | 5.288.778 | 0,63% |
| Mortality Table Change -10% | 5.226.574 | -0,56% |
| Loss Ratio Change +10% | 5.793.856 | 10,24% |
| Discount Rate Increase 0,1% | 5.290.782 | 0,67% |
| Discount Rate Decrease 0,1% | 5.221.905 | -0,64% |

The above data show that changes to loss ratio have a significant impact on results and, secondarily, on expenses. On the contrary, changes to mortality do not affect significantly the sensitivity test.

### 4.2 Financial Risk

The Company is exposed to financial risk due to its financial assets and liabilities, its reinsurers receivables and its insurance provisions. Financial risk consists mainly of credit, liquidity and market risk. The Company's principle for financial risk management is the balance between assets and liabilities resulting from policies and other financial instruments.

#### 4.2.1 Credit Risk

Credit risk is the breach of a counterparty's financial obligations to the Company. It mainly concerns reinsurance, intermediaries and insurance receivables or investment receivables. The Company has adopted various measures to decrease credit risk, such as collaborations with high credit rating reinsurance companies.

The breakdown of financial assets per credit rating and type of investment is presented in the table below (on the basis of credit ratings by Moody's, Fitch and S&P):

| | 31/12/2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Investment** | AAA | AA | A | BBB | BB | <B | UNRATED | Σύνολο | % |
| % | 6,23% | 7,72% | 37,45% | 4,28% | 0,14% | 22,91% | 21,26% | | |
| Financial assets held to maturity – | | | | | | | | | |
| Loans & Receivables | - | - | 6.002.298 | - | - | 6.901.441 | 3.436.947 | 16.340.686 | 20,52% |
| Bonds | - | - | - | - | - | 6.901.441 | - | 6.901.441 | 8,67% |
| Loans & Receivables | - | - | 6.002.298 | - | - | - | 3.436.947 | 9.439.245 | 11,85% |
| Financial assets available for sale | 4.965.769 | 5.993.784 | 5.261.418 | 3.297.696 | 110.375 | 6.807.931 | 4.174.695 | 30.611.669 | 38,43% |
| Bonds / Treasury bills | 4.804.365 | 3.118.575 | 417.020 | 3.297.696 | 110.375 | 6.797.476 | 2.041.539 | 20.587.045 | |
| Shares | - | - | - | - | - | 10.456 | 903.735 | 914.191 | 1,15% |
| Mutual funds | 161.404 | 2.875.209 | 4.844.399 | - | - | - | 1.229.421 | 9.110.433 | 11,44% |
| Cash flows | - | - | 692.367 | - | - | 4.539.349 | 5.405.712 | 10.637.427 | 13,36% |
| Reinsurance receivables | - | 157.638 | 17.873.785 | 111.947 | - | - | 540.248 | 18.683.618 | 23,46% |
| Insurance receivables - Other receivables | - | - | - | - | - | - | 3.373.602 | 3.373.602 | 4,24% |
| **Total** | 4.965.769 | 6.151.422 | 29.829.867 | 3.409.643 | 110.375 | 18.248.721 | 16.931.203 | 79.647.002 | |

| | 31/12/2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Investment** | AAA | AA | A | BBB | BB | <B | UNRATED | Σύνολο | % |
| % | 6,93% | 3,89% | 44,30% | 4,31% | 0,14% | 18,29% | 22,14% | | |
| Financial assets held to maturity – Loans & Receivables | - | - | 6.002.526 | - | - | 6.864.634 | 3.149.315 | 16.016.475 | 21,24% |
| Bonds / Greek treasury bills | - | - | - | - | - | 6.864.634 | - | 6.864.634 | 9,10% |
| Loans & Receivables | - | - | 6.002.526 | - | - | - | 3.149.315 | 9.151.841 | 12,14% |
| Financial assets available for sale | 5.222.820 | 2.836.008 | 7.548.011 | 3.025.384 | 106.775 | 1.287.550 | 1.862.014 | 21.888.562 | 29,03% |
| Bonds / Greek treasury bills | 5.222.820 | 2.836.008 | 204.140 | 3.025.384 | 106.775 | 1.279.763 | 964.500 | 13.639.390 | 18,09% |
| Shares | - | - | - | - | - | 7.787 | 897.514 | 905.301 | 1,20% |
| Mutual funds | - | - | 7.343.871 | - | - | - | - | 7.343.871 | 9,74% |
| Cash flows | - | - | 1.182.913 | - | - | 5.637.797 | 8.848.481 | 15.669.191 | 20,78% |
| Reinsurance receivables | - | 99.623 | 18.673.379 | 222.336 | - | - | 149.423 | 19.144.761 | 25,39% |
| Insurance receivables - Other receivables | - | - | - | - | - | - | 2.689.258 | 2.689.258 | 3,57% |
| **Total** | 5.222.820 | 2.935.631 | 33.406.829 | 3.247.720 | 106.775 | 13.789.980 | 16.698.492 | 75.408.247 | |

Receivables maturity of non-impaired financial items is presented in the following table.

| | 31/12/2016 | | | | 31/12/2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | <180 days | 180-360 days | >360 days | **Total** | <180 days | 180-360 days | >360 days | **Total** |
| Loans & Receivables | 6.002.298 | - | 3.436.947 | 9.439.245 | 6.002.526 | - | 3.149.315 | 9.151.841 |
| Reinsurance receivables | 15.009.089 | 3.140.843 | 533.687 | 18.683.618 | 14.091.356 | 4.217.445 | 835.961 | 19.144.761 |
| Insurance receivables - Other receivables | 2.282.553 | 408.588 | 682.461 | 3.373.602 | 1.497.685 | 555.239 | 636.334 | 2.689.258 |
| **Total** | 23.293.939 | 3.549.431 | 4.653.095 | 31.496.465 | 21.591.567 | 4.772.683 | 4.621.610 | 30.985.861 |

### 4.2.2 Market Risk

Market risk is the risk that may arise due to volatility or fall on prices of interest rates, exchange rates and shares. Portfolio losses may occur at the course of assets-liabilities management.

#### 4.2.2.1 Interest Rate Risk

Interest rate risk affects future cash flows from financial assets, due to fluctuating interest rates. Interest rate risk impacts significantly on the Company's assets and liabilities. Fluctuating interest rates also impact significantly on current value of expected cash flows from an investment or a liability.

The Company monitors the impact of interest rate risk by considering the duration of the securities portfolio and its liabilities, in combination with market developments. Following, the Company invests significant part of its portfolio in fixed rate bonds, maturing at a date that matches liabilities.

Regarding earning assets, the following tables present their real average interest rates at the balance sheet, maturity and revaluation date. Apart from insurance provisions, there are no other interest-bearing financial liabilities.

At the balance sheet date, the Company's interest-bearing financial assets were the following:

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Floating Rate | Fixed Rate | **Total** | Floating Rate | Fixed Rate | **Total** |
| Bonds / Treasury bills | 4.211.440 | 26.577.046 | 30.788.486 | 4.154.415 | 19.349.609 | 23.504.024 |
| Term Deposits | - | 13.152.298 | 13.152.298 | - | 13.501.305 | 13.501.305 |
| Loans | - | 136.947 | 136.947 | - | 149.315 | 149.315 |
| **Total** | 4.211.440 | 39.866.291 | 44.077.731 | 4.154.415 | 33.000.229 | 37.154.644 |

**Assets Breakdown per average real interest rate**

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | 0-3% | 3%-6% | **Total** | 0-3% | 3%-6% | **Total** |
| Bonds / Treasury bills | 18.009.046 | 12.779.440 | 30.788.486 | 11.172.542 | 12.331.482 | 23.504.024 |
| Term Deposits | 13.152.298 | - | 13.152.298 | 13.501.305 | - | 13.501.305 |
| Loans | 136.947 | - | 136.947 | 149.315 | - | 149.315 |
| **Total** | 31.298.291 | 12.779.440 | 44.077.731 | 24.823.162 | 12.331.482 | 37.154.644 |

**Fair Value Sensitivity**

The Company does not hold derivatives as items of hedging fair value hedge accounting model. Therefore, a change in the Balance Sheet date would not have an impact on the result.

#### 4.2.2.2 Currency Risk

It is the risk of fluctuation in the value of a financial instrument due to changes in currency exchange rates. The Company does not have assets or liabilities in foreign currencies, therefore it is not exposed to currency risk.

#### 4.2.2.3 Equity Risk

Equity Risk occurs from change in direction, fluctuation or correlation of stock prices. The Company does not face a significant equity risk as its investments in stocks are very limited (1,6% approx. of total financial investments).

#### 4.2.2.4 Concentration Risk

Concentration risk is the risk arising from a negative change in current values or a loss in the investment portfolio in which there is high concentration per counterparty or type of investment.

The Company manages concentration risk in line with its corporate Policy of Liquidity and Concentration Risk Management and of the risk appetite limits it has set for its solvency.

Such risk is managed at three levels:

- Geographical diversification
- Type of investment
- Concentration per counterparty

The Company makes sure it has the widest diversification possible per region, type of investment and counterparty, in order to avoid financial impact from respective negative changes to investment values.

### 4.2.3 Liquidity Risk

Liquidity risk is the risk of significant loss that may occur from premature liquidation of assets in order to pay liabilities or from the inability to meet obligations due to lack of liquidity.

The Company manages concentration risk based on its corporate Policy of Liquidity and Concentration Risk Management. The Companys monitors its liquidity risk by ensuring sufficient liquidity to meet its transactional obligations. Such liquidity is ensured through management of time correlation between cash inflows/outflows and highly liquid securities.

Following is the contractual maturity of assets and liabilities, including interest rate payments and excluding netting agreements:

| 31.12.2016 | Years<br>0-5 | 6-10 | 11-15 | 16-20 | >20 | Unreported<br>Maturity | TOTAL |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Assets held to maturity – Loans & Receivables | 9.483.530 | 4.671.427 | 2.669.312 | 2.344.259 | 2.333.442 | - | 21.501.970 |
| Bonds / Greek Treasury Bills | 1.029.285 | 2.541.427 | 2.669.312 | 2.344.259 | 2.333.442 | - | 10.917.725 |
| Loans & Receivables | 8.454.245 | 2.130.000 | - | - | - | - | 10.584.245 |
| Assets available for sale | 23.389.833 | 6.891.141 | - | - | - | 914.191 | 31.195.164 |
| Bonds / Greek Treasury Bills | 14.279.400 | 6.891.141 | - | - | - | - | 21.170.541 |
| Shares | - | - | - | - | - | 914.191 | 914.191 |
| Mutual Funds | 9.110.433 | - | - | - | - | - | 9.110.433 |
| Cash Flows | 10.656.828 | - | - | - | - | - | 10.656.828 |
| Reinsurance Receivables | 18.590.531 | 93.087 | - | - | - | - | 18.683.618 |
| Insurance Receivables-Other Receivables | 3.373.602 | - | - | - | - | - | 3.373.602 |
| **Total undiscounted receivables** | 65.494.324 | 11.655.655 | 2.669.312 | 2.344.259 | 2.333.442 | 914.191 | 85.411.182 |
| **LIABILITIES** | | | | | | | |
| Non-Life Provisions | 34.509.035 | 830.607 | - | - | - | - | 35.339.642 |
| Life Provisions | 1.719.039 | 359.394 | 260.567 | 344.635 | 3.271.743 | - | 5.955.378 |
| Reinsurance liabilities | 16.331.405 | - | - | - | - | - | 16.331.405 |
| Other Liabilities & Loans | 2.716.730 | - | - | - | - | 4.500.000 | 7.216.730 |
| **Total undiscounted liabilities** | 55.276.209 | 1.190.001 | 260.567 | 344.635 | 3.271.743 | 4.500.000 | 64.843.155 |
| **Net liquidity difference** | 10.218.114 | 10.465.654 | 2.408.745 | 1.999.624 | (938.302) | (3.585.810) | 20.568.026 |

| 31.12.2015 | Years 0-5 | 6-10 | 11-15 | 16-20 | >20 | Unreported Maturity | TOTAL |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Assets held to maturity – Loans & Receivables | 9.113.376 | 4.496.261 | 2.702.076 | 2.416.936 | 2.773.223 | - | 21.501.873 |
| Bonds | 986.535 | 2.236.261 | 2.702.076 | 2.416.936 | 2.773.223 | - | 11.115.032 |
| Loans & Receivables | 8.126.841 | 2.260.000 | - | - | - | - | 10.386.841 |
| Assets available for sale | 14.294.849 | 6.881.279 | 900.000 | - | - | 905.301 | 22.981.429 |
| Bonds | 6.950.978 | 6.881.279 | 900.000 | - | - | - | 14.732.257 |
| Shares | - | - | - | - | - | 905.301 | 905.301 |
| Mutual Funds | 7.343.871 | - | - | - | - | - | 7.343.871 |
| Cash Flows | 15.669.191 | - | - | - | - | - | 15.669.191 |
| Reinsurance Receivables | 19.009.410 | 135.352 | - | - | - | - | 19.144.761 |
| Insurance Receivables-Other Receivables | 2.689.258 | - | - | - | - | - | 2.689.258 |
| **Total undiscounted receivables** | 60.776.083 | 11.512.892 | 3.602.076 | 2.416.936 | 2.773.223 | 905.301 | 81.986.512 |
| **LIABILITIES** | | | | | | | |
| Non-Life Provisions | 33.556.164 | 772.138 | - | - | - | - | 34.328.301 |
| Life Provisions | 1.617.721 | 323.539 | 182.135 | 291.796 | 3.075.260 | - | 5.490.451 |
| Reinsurance liabilities | 15.440.602 | - | - | - | - | - | 15.440.602 |
| Other Liabilities & Loans | 2.490.367 | - | - | - | - | 4.500.000 | 6.990.367 |
| **Total undiscounted liabilities** | 53.104.854 | 1.095.676 | 182.135 | 291.796 | 3.075.260 | 4.500.000 | 62.249.721 |
| **Net liquidity difference** | 7.671.230 | 10.417.216 | 3.419.941 | 2.125.140 | (302.037) | (3.594.699) | 19.736.791 |

The above amounts are presented in contractual, undiscounted cash flows. Therefore, they do not correspond to the amounts presented in the financial statements.

Outstanding losses provisions include indirect settlement expenses.

Unearned premiums provisions include URR.

### 4.2.4 Operational Risk

It is the current or future risk that may occur due to inappropriate or insufficient internal procedures, inappropriate or insufficient staff, inappropriate or insufficient operating systems or due to external factors.

The Company aims to ensure that operational risk is under control and within such limits that allow its smooth operation and the achievement of its operational goals.

In that purpose, the departments' daily operation is based on recorded and standardized written procedures. The personell is responsible to follow such procedures, ensuring consistency in the exercise of their duties. Company procedures are constantly evaluated and improved by the respective Company departments. At the same time, the Company's Internal Audit Direction monitors whether procedures are being followed and valuates their efficiency. Failures identified by the Internal Audit Direction are recorded and submitted for valuation to the Audit Committee.

The operational risk measurement is performed through the Solvency II standard formula (L. 4364/2016). Some operational risks are measured in ORSA in order to be managed with appropriate actions.

## 4.3 Capital Adequacy

The Company manages actively its capital base in order to cover risks resulting from its business. The Company's capital adequacy is monitored through various channels, such as regulations and ratios set by the Department of Private Insurance Supervision.

Throughout 2016, the Company complied fully with all capital requirements imposed externally.

The main purpose of capital management is to ensure that the Company complies with capital requirements imposed externally and that it has good credit ratings and satisfactory capital adequacy ratios, in order to be able to support its operation and maximize its shareholders' profit.

The Company manages its capital structure and makes adjustments depending on the general economic conditions and the characteristics of risks present in its activities.

## 5. Breakdown of Financial Statements

### 5.1 Net premiums

| a) Direct business premiums | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life business | 3.054.480,90 | 2.978.088,06 |
| Change in unearned premium reserve | 3.062,46 | (4.014,54) |
| **Total Life business** | **3.057.543,36** | **2.974.073,52** |
| | | |
| Non-Life business – Motor TPL | 15.558.921,09 | 13.694.708,77 |
| Change in unearned premium reserve | (70.253,24) | 1.128.958,64 |
| **Total MTPL** | **15.488.667,85** | **14.823.667,41** |
| | | |
| Non-Life business – Other classes | 8.949.498,94 | 7.880.069,75 |
| Change in unearned premium reserve | (258.100,91) | 195.312,53 |
| **Total other Non-Life business** | **8.691.398,03** | **8.075.382,28** |
| **Direct business premiums** | **27.237.609,24** | **25.873.123,21** |

| b) Reinsurance premiums | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life business | - | - |
| Non-Life business – Other classes | 32.838,31 | 37.067,42 |
| Change in unearned premium reserve | (532,55) | 997,87 |
| **Reinsurance premiums** | **32.305,76** | **38.065,29** |
| **Gross premiums and other income** | **27.269.915,00** | **25.911.188,50** |

| Premiums ceded to reinsurers | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life business | 684.424,39 | 679.667,88 |
| Change in unearned premiums | (1.676,41) | (127,21) |
| **Total Life premiums ceded to reinsurers** | **682.747,98** | **679.540,67** |
| | | |
| Non-Life business – Motor TPL | 8.861.565,93 | 7.822.637,38 |
| Change in unearned premiums | (142.563,14) | 730.785,92 |
| **Total MTPL premiums ceded to reinsurers** | **8.719.002,79** | **8.553.423,30** |
| | | |
| Non-Life business – Other classes | 3.991.166,18 | 3.593.208,17 |
| Change in unearned premiums | (142.995,07) | 47.461,02 |
| **Total Non-Life – Other classes premiums ceded to reinsurers** | **3.848.171,11** | **3.640.669,19** |
| **Premiums ceded to reinsurers** | **13.249.921,88** | **12.873.633,16** |

### 5.2 Fees and commission income

| Commissions from Reinsurers | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life | 207.173,21 | 194.959,87 |
| Non-Life - MTPL | 3.386.001,30 | 3.861.887,30 |
| Non-Life – Other | 1.336.503,73 | 1.330.197,58 |
| | **4.929.678,24** | **5.387.044,75** |

## 5.3 Investment income

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Interest on fixed deposits | 120.050,03 | 362.600,30 |
| Income from shares | 422,53 | 363,95 |
| Gains on bonds | 657.798,26 | 468.525,83 |
| Income on Greek treasury bills | 73.174,25 | - |
| Income from rental properties | 28.666,32 | 29.090,98 |
| Other income | 11.000,09 | 14.534,25 |
| | **891.111,48** | **875.115,31** |

## 5.4 Gains/Losses on investments

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Gains on available for sale investments | - | 680,00 |
| Losses on available for sale investments | (5.500,00) | (176.980,46) |
| | **(5.500,00)** | **(176.300,46)** |

## 5.5 Fair value gains/losses

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Fair value gains | 77.528,30 | 314.416,67 |
| Fair value losses | (38.630,81) | (59.468,96) |
| Fair value gains on investments held to maturity (effective interest rate) | 37.895,44 | 46.203,50 |
| | **76.792,93** | **301.151,21** |

## 5.6 Other operating income

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Other operating income | 80.047,15 | 78.756,34 |
| | **80.047,15** | **78.756,34** |

Other operating income derives from the settlement of foreign insurance companies claims in Greece.

## 5.7 Gross benefits and claims paid

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Total paid claims | Reinsurers' Share | Company's Share | Total paid claims | Reinsurers' Share | Company's Share |
| Life | 1.476.943,38 | (309.119,59) | 1.167.823,79 | 1.326.950,77 | (302.978,84) | 1.023.971,93 |
| Non-Life – Motor TPL | 7.693.545,09 | (3.928.681,41) | 3.764.863,68 | 9.688.012,98 | (5.156.056,80) | 4.531.956,18 |
| Non-Life – Other classes | 1.582.415,08 | (333.101,26) | 1.249.313,82 | 1.695.622,62 | (305.424,83) | 1.390.197,79 |
| | **10.752.903,55** | **(4.570.902,26)** | **6.182.001,29** | **12.710.586,37** | **(5.764.460,47)** | **6.946.125,90** |

## 5.8 Gross change in contract liabilities

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| | Total change | Reinsurers' Share | Company's Share | Total change | Reinsurers' Share | Company's Share |
| Life | (467.989,98) | (14.923,48) | (482.913,46) | (562.210,54) | 43.774,23 | (518.436,31) |
| Non-Life – Motor TPL | (205.505,84) | (520.019,25) | (725.525,09) | 2.332.945,27 | (1.924.027,67) | 408.917,60 |
| Non-Life – Other classes | 130.135,20 | (86.991,93) | 43.143,27 | 193.892,90 | 157.651,48 | 351.544,38 |
| | **(543.360,62)** | **(621.934,66)** | **(1.165.295,28)** | **1.964.627,63** | **(1.722.601,96)** | **242.025,67** |

## 5.9 Commission expenses

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life | 242.609,34 | 244.469,30 |
| Non-Life - MTPL | 2.807.310,38 | 2.279.361,60 |
| Other Non-Life | 1.889.390,94 | 1.835.294,96 |
| | **4.939.310,66** | **4.359.125,86** |

## 5.10 Operating and administrative expenses

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Personnel Remuneration and expenses | 4.180.737,34 | 3.984.372,01 |
| Third-party expenses | 1.177.915,57 | 1.117.978,25 |
| Other Taxes/Fees (excluding income tax) | 24.897,21 | 26.052,40 |
| Other Expenses | 1.215.185,59 | 1.174.555,72 |
| Financial costs | 91.981,54 | 88.699,01 |
| Amortizations | 197.470,50 | 138.690,72 |
| Other provisions | (383.538,06) | 67.709,85 |
| | **6.504.649,69** | **6.598.057,96** |

The number of employees on December 31st, 2016 was 91 (2015: 91).

| Breakdown of Personnel remuneration and expenses | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Wages and salaries | 3.070.197,53 | 2.966.496,30 |
| Social security contributions | 624.476,71 | 840.993,35 |
| Provision for professional insurance fund contributions | 300.000,00 | - |
| Other benefits | 112.314,10 | 100.788,36 |
| Provision for employee benefits | 73.749,00 | 76.094,00 |
| **Total** | **4.180.737,34** | **3.984.372,01** |

| Breakdown of third-party expenses | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Frelancers fees | 244.799,15 | 264.670,59 |
| B.o.D members fees | 173.460,00 | 168.300,00 |
| I.T. services | 88.701,32 | 48.365,98 |
| Lighting & water bills | 45.491,93 | 53.522,64 |
| Communication expenses | 132.168,99 | 114.674,62 |
| Rents & leases | 189.669,75 | 216.591,96 |
| Premiums & Maintenance expenses | 133.112,50 | 132.411,05 |
| Other payments to third parties | 170.511,93 | 119.441,41 |
| **Total** | **1.177.915,57** | **1.117.978,25** |

| Breakdown of other expenses | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Transport fares & travel expenses | 98.140,95 | 107.039,35 |
| Advertising | 281.312,33 | 402.100,25 |
| Stationery and other expenses | 187.398,69 | 174.420,23 |
| Subscriptions | 115.415,23 | 119.288,99 |
| Organization expenses | 159.930,89 | 76.644,03 |
| Banking expenses | 22.491,48 | 71.542,33 |
| Other expenses | 121.223,23 | 120.406,85 |
| Extraordinary payments for judicial settlements | 213.998,45 | - |
| Extraordinary expenses (less income) of previous years | 15.274,34 | 103.113,69 |
| **Total** | **1.215.185,59** | **1.174.555,72** |

| Breakdown of financial costs | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Interest from reinsurance treaties | 48.214,30 | 44.543,77 |
| Bond loan interest | 43.318,38 | 44.155,24 |
| Other interest | 448,86 | - |
| **Total** | **91.981,54** | **88.699,01** |

| Breakdown of Amortizations | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Tangible assets | 142.955,55 | 117.080,82 |
| Property investments | 16.680,53 | 15.243,86 |
| Intangible assets | 37.834,42 | 6.366,04 |
| **Total** | **197.470,50** | **138.690,72** |

## 5.11 Income tax

| Breakdown of Income Tax: | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Current Income Tax | (147.413,01) | (305.246,66) |
| Other Tax | (2.800,00) | (2.800,00) |
| Variation between tax audit and tax provision | - | 5.686,86 |
| Discount on lump sum for income tax payment | (7.622,88) | 14.810,43 |
| Deferred Tax | (319.223,14) | 355.906,70 |
| | **(477.059,03)** | **68.357,33** |
| | | |
| Profit/Loss before taxes | **1.200.866,00** | **1.842.038,44** |
| Income tax rate | 29% | 29% |
| Income tax | (348.251,14) | (534.191,15) |
| <u>Tax increase/(decrease) due to:</u> | | |
| Tax rate modification | - | 733.688,34 |
| Variation between tax audit and tax provision | - | 5.686,86 |
| Tax decrease on tax-free income | | |
| Variation in tax due to lump sum payment | (7.622,88) | 14.810,43 |
| Non deductible expenses | (118.385,01) | (148.837,15) |
| Other adjustments | (2.800,00) | (2.800,00) |
| **Total** | **(477.059,03)** | **68.357,33** |

According to the provisions of L. 4172/2013, the income tax rate as at December 31st, 2016 was 29%, as in December 31st, 2015.

## 5.12 Property plant and equipment

| | Land | Buildings | Vehicles and equipment | Total |
|---|---|---|---|---|
| **Acquisition cost or fair value** | | | | |
| **January 1st, 2015** | 2.054.484,99 | 1.574.192,62 | 1.188.593,24 | 4.817.270,85 |
| Additions | - | - | 249.060,23 | 249.060,23 |
| **December 31st, 2015** | 2.054.484,99 | 1.574.192,62 | 1.437.653,47 | 5.066.331,08 |
| | | | | |
| Accumulated amortization/depreciation | | | | |
| **January 1st, 2015** | - | (117.825,68) | (1.030.648,23) | (1.148.473,91) |
| Amortizations | - | (51.734,34) | (65.346,48) | (117.080,82) |
| **December 31st, 2015** | - | (169.560,02) | (1.095.994,71) | (1.265.554,73) |
| **Undepreciated value on December 31st, 2015** | 2.054.484,99 | 1.404.632,60 | 341.658,76 | 3.800.776,35 |
| | | | | |
| **Acquisition cost or fair value** | | | | |
| **January 1st, 2016** | 2.054.484,99 | 1.574.192,62 | 1.437.653,47 | 5.066.331,08 |
| Additions | - | - | 126.426,44 | 126.426,44 |
| Deletions | - | - | (43.193,24) | (43.193,24) |
| Transfer from investment property | 28.800,00 | 4.800,00 | - | 33.600,00 |
| Transfer to investment property | (56.409,38) | (51.300,00) | - | (107.709,38) |
| **December 31st, 2015** | 2.026.875,61 | 1.527.692,62 | 1.520.886,67 | 5.075.454,90 |
| | | | | |
| Accumulated amortization/depreciation | | | | |
| **January 1st, 2016** | - | (169.560,02) | (1.095.994,71) | (1.265.554,73) |
| Deletions | - | - | 43.192,94 | 43.192,94 |
| Transfer from investment property | - | (436,36) | - | (436,36) |
| Transfer to investment property | - | 3.309,67 | - | 3.309,67 |
| Amortization/depreciation | - | (50.297,63) | (92.657,92) | (142.955,55) |
| **December 31st, 2016** | - | (216.984,34) | (1.145.459,69) | (1.362.444,03) |
| **Undepreciated value on December 31st, 2016** | 2.026.875,61 | 1.310.708,28 | 375.426,98 | 3.713.010,87 |

The Company's property has been evaluated at fair value at the date of the IFRS opening balance sheet (01.01.2014), based on a report drawn up by an independent, certified real estate appraiser. The fair value estimated by the valuation was considered as acquisition cost. For the valuation of the property's fair value, both comparative information and income approach have been used. The land's valuation was completed by using both comparative information and depreciated replacement cost approaches. The first stage of the depreciated replacement cost approach regarded the estimation of the construction costs for newly built real estate of qualitative and quantitative characteristics similar to the property under estimation. Following the estimation of the aforementioned cost, a depreciation rate per building was applied, with the adoption of an annual depreciation from 1,50% to 2% and taking into consideration the type and age of the estimated property.

Amortizations are included in the item «Other operating and administrative expenses» in the Statement of Comprehensive Income.

The Company's management commissioned an independent, certified real estate appraiser to valuate its real estate as at December 31st 2016. The appraiser determined the fair value of the Company's owner-occupied property by approx. €82.000 higher than the value in the table above.

There are no liens or other rights on the Company's owner-occupied property.

## 5.13 Investment properties

| | Land | Buildings | Total |
|---|---|---|---|
| **Acquisition cost or fair value** | | | |
| **January 1st, 2015** | 573.265,02 | 292.800,00 | 866.065,02 |
| **December 31st, 2015** | 573.265,02 | 292.800,00 | 866.065,02 |
| | | | |
| Accumulated amortization/depreciation | | | |
| **January 1st, 2015** | - | (15.243,86) | (15.243,86) |
| Amortizations/Depreciations | - | (15.243,86) | (15.243,86) |
| **December 31st, 2015** | - | (30.487,72) | (30.487,72) |
| **Undepreciated value on December 31st, 2015** | 573.265,02 | 262.312,28 | 835.577,30 |
| | | | |
| **Acquisition cost or fair value** | | | |
| **January 1st, 2016** | 573.265,02 | 292.800,00 | 866.065,02 |
| Transfer from owner-occupied | 56.409,38 | 51.300,00 | 107.709,38 |
| Transfer to owner-occupied | (28.800,00) | (4.800,00) | (33.600,00) |
| **December 31st, 2016** | 600.874,40 | 339.300,00 | 940.174,40 |
| | | | |
| Accumulated amortization/depreciation | | | |
| **January 1st, 2016** | - | (30.487,72) | (30.487,72) |
| Transfer from owner-occupied | - | (3.309,67) | (3.309,67) |
| Transfer to owner-occupied | - | 436,36 | 436,36 |
| Amortizations/Depreciations | - | (16.680,53) | (16.680,53) |
| **December 31st, 2016** | - | (50.041,56) | (50.041,56) |
| **Undepreciated value on December 31st, 2016** | 600.874,40 | 289.258,44 | 890.132,84 |

Amortizations are included in the item «Other operating and administrative expenses» in the Statement of Comprehensive Income.
Rental income as at December 31st, 2016 was €28.666.
The Company’s management assigned the value estimation of its property as at December 31st, 2016 to an independent, certified real estate appraiser, who estimated the fair value of investment properties at €826.174. The Company’s management reckons that the decrease resulting from the aforementioned estimation is not of a permanent nature.
There are no liens or other rights on the Company’s investment property.

## 5.14 Intangible assets

| | Software |
|---|---|
| **Acquisition cost or fair value** | |
| **January 1st, 2015** | 346.082,25 |
| Additions | 131.704,26 |
| **December 31st, 2015** | 477.786,51 |
| | |
| Accumulated amortization/depreciation | |
| **January 1st, 2015** | (334.773,86) |
| Amortizations/Depreciations | (6.366,04) |
| **December 31st, 2015** | (341.139,90) |
| **Undepreciated value on December 31st, 2015** | 136.646,61 |
| | |
| **Acquisition cost or fair value** | |
| **January 1st, 2016** | 477.786,51 |
| Additions | 20.826,26 |
| **December 31st, 2016** | 498.612,77 |
| | |
| Accumulated amortization/depreciation | |
| **January 1st, 2016** | (341.139,90) |
| Amortizations/Depreciations | (37.834,42) |
| **December 31st, 2016** | (378.974,32) |
| **Undepreciated value on December 31st, 2016** | 119.638,45 |

Amortizations are included in the item «Other operating and administrative expenses» in the Statement of Comprehensive Income.

## 5.15 Deferred acquisition costs

| | Life | Non-Life | Total |
|---|---|---|---|
| Deferred acquisition costs 31.12.2013 | 188.665,06 | 2.836.259,89 | 3.024.924,95 |
| Deferred acquisition costs 31.12.2014 | 181.297,70 | 2.630.098,74 | 2.811.396,44 |
| Deferred acquisition costs 31.12.2015 | 179.637,50 | 2.373.571,10 | 2.553.208,60 |
| Deferred acquisition costs 31.12.2016 | 181.141,24 | 2.468.691,13 | 2.649.832,37 |

## 5.16 Investments in subsidiaries

| | Participation % | Shares | 31/12/2016 Acquisition value | 31/12/2016 Book value | 31/12/2015 Acquisition value | 31/12/2015 Book value |
|---|---|---|---|---|---|---|
| U & M INSURANCE AGENCY SA | 100 | 2.000 | **69.594,00** | **69.594,00** | **69.594,00** | **69.594,00** |

The Company's participation was reported at the acquisition value.The main figures of U & M INSURANCE AGENCY SA are the following:

| U & M INSURANCE AGENCY SA | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Assets** | | |
| Property Plant and Equipment | 2.187,84 | 2.437,75 |
| Receivables | 107.319,20 | 72.437,35 |
| Cash & other assets | 138.866,64 | 137.146,57 |
| **Total Assets** | **248.373,68** | **212.021,67** |
| | | |
| **Equity & Liabilities** | | |
| Equity | 133.063,54 | 123.318,22 |
| Short-term liabilities | 115.310,14 | 88.703,45 |
| **Total Equity & Liabilities** | **248.373,68** | **212.021,67** |

## 5.17 Deferred tax assets

| Deferred tax assets/liabilities | Balance 31/12/2014 | Recognized in Statement of Comprehensive Income | Recognized in equity | Balance 31/12/2015 |
|---|---|---|---|---|
| Fixed benefits to personnel | 230.430,98 | 43.039,27 | (13.885,45) | 259.584,80 |
| Additional Life provisions due to LAT and reversal of post-employment benefit reserve from mathematical reserves | (162.653,19) | (65.195,59) | - | (227.848,78) |
| Financial assets | 190.992,96 | (49.611,41) | 3.282,14 | 144.663,69 |
| Debit difference from bond swap (PSI) | 5.550.617,69 | 411.156,86 | - | 5.961.774,55 |
| Adjustment of property to fair value as deemed cost of IFRS first-adoption | 106.729,85 | (23.550,40) | - | 83.179,45 |
| Non recognition of long-term amortization costs | 2.915,95 | (292,22) | - | 2.623,73 |
| Deferred tax asset on temporary differences from premium liabilities depreciation | 349.788,28 | 40.360,19 | - | 390.148,47 |
| **Total deferred tax assets** | **6.268.822,52** | **355.906,70** | **(10.603,31)** | **6.614.125,91** |

| Deferred tax assets/liabilities | Balance 31/12/2015 | Recognized in Statement of Comprehensive Income | Recognized in equity | Balance 31/12/2016 |
|---|---|---|---|---|
| Fixed benefits to personnel | 259.584,80 | 21.387,21 | 32.359,65 | 313.331,66 |
| Additional Life provisions due to LAT and reversal of post-employment benefit reserve from mathematical reserves | (227.848,78) | (26.805,71) | - | (254.654,49) |
| Provision for professional insurance fund contributions | - | 87.000,00 | - | 87.000,00 |
| Financial assets | 144.663,69 | (22.176,00) | (88.943,10) | 33.544,59 |
| Debit difference from bond swap (PSI) | 5.961.774,55 | (229.299,02) | - | 5.732.475,53 |
| Adjustment of property to fair value as deemed cost of IFRS first-adoption | 83.179,45 | (35.865,40) | - | 47.314,05 |
| Non recognition of long-term amortization costs | 2.623,73 | (628,67) | - | 1.995,06 |
| Deferred tax asset on temporary differences from premium liabilities depreciation | 390.148,47 | (112.835,55) | - | 277.312,92 |
| **Total deferred tax assets** | **6.614.125,91** | **(319.223,14)** | **(56.583,45)** | **6.238.319,32** |

Deferred tax assets are offset with deferred tax liabilities. Deferred tax assets are recognized up to the amount of probable sufficient future tax income, which could be used for the settlement of temporary differences.
The largest part of deferred tax assets is due to the debit difference from PSI. According to L. 4046/2012, legal entities that participated in the PSI may deduct tax losses from PSI in 30 equal annual installments, starting from fiscal year 2012.

## 5.18 Financial assets held to maturity

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Greek Government Bonds | **6.901.440,57** | **6.864.634,08** |

Bonds are valuated at amortised cost with the effective interest rate method.

Fair value of held to maturity financial assets and their classification in accordance with IFRS 13 is:

| | IFRS 13 Classification | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| Greek Government Bonds | Level 1 | 4.473.778,96 | 4.038.965,53 |

## 5.19 Financial assets available for sale

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Government bonds (E.U.) | 4.392.985,00 | 4.312.600,00 |
| Treasury Bills | 5.982.570,00 | - |
| Supranational bonds | 5.299.225,00 | 5.020.228,00 |
| Corporate bonds | 4.912.265,30 | 4.306.561,50 |
| Listed shares | 10.455,57 | 7.787,29 |
| Unlisted shares | 903.734,93 | 897.514,01 |
| International Mutual Funds | 9.110.433,36 | 7.343.870,74 |
| | **30.611.669,16** | **21.888.561,54** |

Financial assets information:

| | Κρατικά Ομόλογα | Έντοκα Γραμμάτια | Υπερεθνικά Ομόλογα | Εταιρικά Ομόλογα | Μετοχές-Μερίδες | Αμοιβαία Κεφάλαια | Σύνολο |
|---|---|---|---|---|---|---|---|
| **Value as at January 1st,2015** | **2.838.135,00** | **-** | **4.538.390,00** | **4.816.740,55** | **221.259,16** | **-** | **12.414.524,71** |
| Difference from previous valuation | (227.352,00) | - | (179.723,00) | 297.524,17 | 1.116.930,01 | - | **1.007.379,18** |
| Acquisitions | 1.503.544,00 | - | 493.362,00 | 963.060,00 | 906.967,30 | 9.150.000,00 | **13.016.933,30** |
| Liquidations | - | - | - | (1.552.140,00) | (204.207,74) | (1.798.778,82) | **(3.555.126,56)** |
| Liquidation Gains/Losses | - | - | - | (172.319,72) | (2.759,56) | (1.221,18) | **(176.300,46)** |
| Valuation Gains/Losses | 198.273,00 | - | 168.199,00 | (46.303,50) | (1.132.887,87) | (6.129,26) | **(818.848,63)** |
| **Value as at December 31st,2015** | **4.312.600,00** | - | **5.020.228,00** | **4.306.561,50** | **905.301,30** | **7.343.870,74** | **21.888.561,54** |
| | | | | | | | |
| **Value as at January 1st,2016** | **4.312.600,00** | **-** | **5.020.228,00** | **4.306.561,50** | **905.301,30** | **7.343.870,74** | **21.888.561,54** |
| Difference from previous valuation | (198.273,00) | **-** | (168.199,00) | 46.303,50 | 1.132.887,87 | 6.129,26 | **818.848,63** |
| Acquisitions | - | 14.435.032,88 | 196.710,00 | 899.310,00 | 10.005,06 | 1.798.778,82 | **17.339.836,76** |
| Liquidations | - | (8.530.000,00) | - | (500.000,00) | (1,25) | - | **(9.030.001,25)** |
| Liquidation Gains/Losses | - | | - | (5.500,00) | | - | **(5.500,00)** |
| Return | - | 73.174,26 | - | - | - | - | **73.174,26** |
| Valuation Gains/Losses | 278.658,00 | 4.362,86 | 250.486,00 | 165.590,30 | (1.134.002,48) | (38.345,46) | **(473.250,78)** |
| **Value as at December 31st,2016** | **4.392.985,00** | **5.982.570,00** | **5.299.225,00** | **4.912.265,30** | **914.190,50** | **9.110.433,36** | **30.611.669,16** |

**Fair value (IFRS 13)**

Based on IFRS 13, the following table presents the classification of available for sale financial assets in the following hierarchy levels, classifying inputs used in methods for fair value measurement:

| | 31/12/2015 | | | |
|---|---|---|---|---|
| **Securities available for sale** | **Επίπεδο 1** | **Επίπεδο 2** | **Επίπεδο 3** | **Σύνολο** |
| Bonds | 13.639.389,50 | - | - | 13.639.389,50 |
| Listed shares | 7.787,29 | - | - | 7.787,29 |
| Unlisted shares | - | - | 897.514,01 | 897.514 |
| Mutual funds | 7.343.870,74 | - | - | 7.343.871 |
| **Total** | **20.991.047,53** | **-** | **897.514,01** | **21.888.561,54** |

| | 31/12/2016 | | | |
|---|---|---|---|---|
| **Securities available for sale** | **Επίπεδο 1** | **Επίπεδο 2** | **Επίπεδο 3** | **Σύνολο** |
| Bonds | 14.604.475,30 | - | - | 14.604.475,30 |
| Greek Treasury Bills | 5.982.570,00 | - | - | 5.982.570,00 |
| Listed shares | 10.455,57 | - | - | 10.455,57 |
| Unlisted shares | - | - | 903.734,93 | 903.735 |
| Mutual funds | 9.110.433,36 | - | - | 9.110.433 |
| **Total** | **29.707.934,23** | **-** | **903.734,93** | **30.611.669,16** |

**Level 1:** Stock prices (not adjusted) in active markets. Level 1 includes financial assets (bonds, listed shares, mutual funds) that are traded in active markets or for which prices are published on a daily basis.

**Level 2**: Directly or indirectly observable inputs (not included in Level 1) such as stock prices of identical assets, prices from non active markets etc.

**Level 3:** Non observable inputs.
As at 31/12/2016, Level 3 included non listed shares and cooperative banks' shares, the fair value of which was measured with discounted cash flows (income approach) or with other valuation methods, of €860.222 as well as non listed shares and cooperative banks' shares of €43.513. The respective amounts as at 31/12/2015 were €844.019 and €53.495.
In 2016 the change in Level 3 is due to an increase by €10.005 and a loss from shares depreciation of €3.784, which had a negative impact on results.

There have been no transfers of financial instruments between Levels in 2016.

## 5.20 Financial assets classified as loans and receivables

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Money Market certificates | 6.002.298,00 | 6.002.526,00 |
| Corporate bonds not traded in active market | 3.300.000,00 | 3.000.000,00 |
| Personnel and intermediaries loans | 136.947,33 | 149.315,27 |
| | **9.439.245,33** | **9.151.841,27** |

## 5.21 Insurance receivables

| Insurance Receivables | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life | 228.487,94 | 168.336,97 |
| Property | 797.619,81 | 1.267.181,64 |
| Other damage to property | 66.431,70 | 143.362,39 |
| Goods in transit | 28.483,22 | 101.416,07 |
| Motor third party liability | 344.088,39 | 284.434,54 |
| Other non-life classes of business | 83.093,20 | 69.055,20 |
| Less: Provision | (360.428,39) | (708.562,28) |
| Bad and doubtful debts | 688.913,31 | 724.317,48 |
| Less: Provision for bad abd doubtful debts | (688.913,31) | (724.317,48) |
| Bills of exchange and receivable cheques | 210.825,64 | 177.312,55 |
| Less: Receivable securities | (210.825,64) | (177.312,55) |
| | **1.187.775,87** | **1.325.224,53** |

Information on provisions for bad and doubtful claims:

| Provisions for bad and doubtful - judicial claims | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Balance at beginning of economic use | 1.432.879,76 | 1.365.169,91 |
| Additions | 456.572,44 | 67.709,85 |
| Provision used | (840.110,50) | |
| | **1.049.341,70** | **1.432.879,76** |

The insurance balances maturity, at the date that the balance sheet was drawn up, was:

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| 0 to 90 days | 1.059.294,28 | 985.689,03 |
| 90 to 365 days | 277.523,66 | 481.051,85 |
| Over 365 days + judicial claims | 900.299,63 | 1.291.363,41 |
| Less: provision | (1.049.341,70) | (1.432.879,76) |
| | **1.187.775,87** | **1.325.224,53** |

## 5.22 Reinsurance receivables

| Receivables from participation in insurance provisions | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Receivables from participation in outstanding claims | 13.859.150,71 | 14.481.085,37 |
| Receivables from participation in premium provisions | 4.820.478,00 | 4.533.243,38 |
| | **18.679.628,71** | **19.014.328,75** |
| Other reinsurance receivables | 3.989,25 | 130.432,54 |
| | **18.683.617,96** | **19.144.761,29** |

Other reinsurance receivables include receivables from the reinsurers' current accounts movement. The correspondent liabilities of the Company due to current accounts movement are the following:

| Reinsurance Liabilities | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Balance of current accounts | 16.331.405,44 | 15.440.602,21 |
| | **16.331.405,44** | **15.440.602,21** |

| Breakdown of receivables from reinsurers' participation in outstanding losses | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life | 109.716,86 | 124.640,34 |
| Non-Life MTPL | 12.588.686,67 | 13.108.705,92 |
| Other Non-Life | 1.160.747,18 | 1.247.739,11 |
| | **13.859.150,71** | **14.481.085,37** |

| Breakdown of receivables from reinsurers' participation in premium provisions | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Life | 279.424,19 | 277.747,78 |
| Non-Life MTPL | 2.894.747,66 | 2.752.184,52 |
| Other Non-Life | 1.646.306,15 | 1.503.311,08 |
| | **4.820.478,00** | **4.533.243,38** |

## 5.23 Other receivables

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Given guarantees | 682.460,92 | 636.333,92 |
| Claims recovery | 779.299,79 | 172.215,96 |
| Other receivables (accrued interest) | 305.657,86 | 295.026,89 |
| Other debts | 405.928,06 | 254.492,10 |
| Advances for acquisition of fixed assets | 5.000,00 | - |
| Expenses to be spread over several years | 7.479,02 | 5.964,60 |
| | **2.185.825,65** | **1.364.033,47** |

## 5.24 Income tax receivables

| Income Tax Receivables | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Amount receivable from income tax declaration 2015 | - | 379.213,46 |
| Amount receivable from income tax declaration 2016 | 106.684,60 | - |
| Income tax advance for following fiscal year | 51.738,52 | 214.788,98 |
| Income tax receivable 2009 | 127.106,96 | 127.106,96 |
| Other | 146,47 | 636,19 |
| | **285.676,55** | **721.745,59** |

| **Breakdown of Income Tax Receivables** | **31/12/2016** | **31/12/2015** |
|---|---|---|
| Opening balance | 721.745,59 | 1.256.251,24 |
| Change in income tax advance (from 80% to 100%) | - | 198.839,76 |
| Adjustment of previous year income tax advance | (213.871,10) | (812.638,70) |
| Tax refund for fiscal year 2013 | - | (512.197,21) |
| Amount receivable from income tax declaration 2015 | - | 379.213,46 |
| Amount receivable from income tax declaration 2016 | 106.684,60 | - |
| Tax refund 2015 | (381.143,85) | - |
| Income tax advance for following fiscal year | 51.738,52 | 214.788,98 |
| Other | (489,72) | 489,72 |
| Adjustments | 1.012,51 | (3.001,66) |
| **Closing balance** | **285.676,55** | **721.745,59** |

| Income Tax Liabilities | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Opening balance | 171.313,14 | 541.674,81 |
| Amount due from income tax declaration 2015 | - | - |
| Amount due from variations in tax audits on previous years | - | 171.313,14 |
| Tax payments | (171.313,14) | (541.674,81) |
| **Closing balance** | **-** | **171.313,14** |

## 5.25 Cash and cash equivalents

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Cash | 504.121,10 | 510.676,14 |
| Demand deposits | 2.983.305,93 | 7.659.735,83 |
| Fixed deposits (up to 3 months) | 7.150.000,00 | 7.498.778,82 |
| | **10.637.427,03** | **15.669.190,79** |

Demand deposits have a variable interest rate based on their balance and on banks' monthly deposit rate. The current value of the aforementioned demand deposits approaches their book value, due to variable interest rates and short-term maturities.

## 5.26 Share capital

**Share Capital**
The total number of common shares is 26.359.746 of € 0,30 nominal value per share. The share capital is entirely paid. All shares allow for voting rights and participation in profits.

**Difference from above par share issuance**
It is due to the issuance of shares with value higher than the nominal. The total amount of shares issuance above par is € 4.141.988,98.

## 5.27 Reserves

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Legal reserves | 2.976.572,30 | 2.976.572,30 |
| Extraordinary reserves | 923.431,50 | 923.431,50 |
| Difference from assets adjustment | 977.846,09 | 977.846,09 |
| Reserve from income subject to special taxation | 1.241.191,07 | 1.241.191,07 |
| Reserves from dividends | 24.248,82 | 24.248,82 |
| Goodwill reserve from corporate bonds transfer, L. 3156/13 | 4.825,00 | 4.825,00 |
| Tax-free reserve as in art. 72, L. 4172/13 | 66.071,22 | 66.071,22 |
| Benefits to personnel reserve | (164.396,24) | (85.170,89) |
| Available for sale financial assets reserve | 548.767,08 | 331.009,82 |
| | **6.598.556,84** | **6.460.024,93** |

According to the provisions of L. 2190/20, on an annual basis at least 1/20 of net profit is being added to the legal reserve, which, before dividend distribution, is used only for equation in the event of a possible debit balance brought forward. The formation of such reserve is optional, when its amount is over 1/3 of the share capital.

Extraordinary reserves have been formed by previous years' profits, following a General Assembly decision.

Reserves formed in accordance with special decree laws consist of reserves formed in accordance with tax conditions that offer the possibility of partial or total income tax exemption until their distribution is decided.

Benefits to personnel reserve consists of actuarial gains or losses on post-employment benefits that occur from empirical adjustments and changes to actuarial assumptions at the actuarial valuation (in accordance with IFRS 19) of the accumulated liabilities to personnel, in accordance with L. 2212/20 provisions.

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Opening balance** | **(85.170,89)** | **(138.532,44)** |
| Change to benefits to personnel reserve | (111.585,00) | 67.247,00 |
| Deferred income tax | 32.359,65 | (13.885,45) |
| **Closing balance** | **(164.396,24)** | **(85.170,89)** |

The available for sale assets reserve regards gains or losses from the valuation of financial assets which have been classified in line with IFRS 39. Unrealized gains from valuation of available for sale financial assets are recognized in equity until liquidation or maturity, in which case they are transferred to the Statement of Comprehensive Income.

Available-for-sale financial assets reserve:

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Opening balance** | **331.009,82** | **394.144,84** |
| Change to reserve due to valuation | 306.700,36 | (66.417,16) |
| Deferred income tax | (88.943,10) | 3.282,14 |
| **Closing balance** | **548.767,08** | **331.009,82** |

It is compulsory to distribute dividend to shareholders annually, equal to a minimum of 35% on net profits, after deducting the amount for legal reserves and the net result from the value estimation of assets and liabilities at fair value. Such obligation may not be fulfilled only following the General Meeting's decision supported by shareholders representing a total minimum of 65% of paid share capital. In such case, the non-distributed amount, consisting of at least 35% of net profits, is included in a special reserve account unto capitalization and within four years new shares are issued and offered for free to entitled shareholders. Finally, the General Meeting may decide the non-distribution of dividend, if such decision is supported by shareholders representing a total minimum of 70% of paid share capital.

The Company complies fully with the legislation on equity capital.

## 5.28 Mathematical and other technical reserves

| | 31/12/2015 | | |
|---|---|---|---|
| | Company | Reinsurers | Total |
| **LIFE** | | | |
| Mathematical Life reserves | 3.343.102,40 | - | 3.343.102,40 |
| Unearned premiums | 717.105,01 | 277.747,78 | 994.852,79 |
| Liability Adequacy Test | 604.132,00 | - | 604.132,00 |
| Oustanding claims | 423.723,18 | 124.640,34 | 548.363,52 |
| **Total Life Reserves** | **5.088.062,59** | **402.388,12** | **5.490.450,71** |
| **NON LIFE** | | | |
| **MTPL** | | | |
| Unearned premiums | 2.065.930,22 | 2.752.184,52 | 4.818.114,74 |
| Oustanding claims | 10.541.959,59 | 13.108.705,92 | 23.650.665,51 |
| **Total** | **12.607.889,81** | **15.860.890,44** | **28.468.780,25** |
| **Other Non-Life** | | | |
| Unearned premiums | 1.637.267,38 | 1.503.311,08 | 3.140.578,46 |
| Oustanding claims | 1.446.406,72 | 1.247.739,11 | 2.694.145,83 |
| Other reserves | 24.796,63 | - | 24.796,63 |
| **Total** | **3.108.470,73** | **2.751.050,19** | **5.859.520,92** |
| **Total Non-Life Reserves** | **15.716.360,54** | **18.611.940,63** | **34.328.301,17** |
| **TOTAL RESERVES** | **20.804.423,13** | **19.014.328,75** | **39.818.751,88** |

| | 31/12/2016 | | |
|---|---|---|---|
| | Company | Reinsurers | Total |
| **LIFE** | | | |
| Mathematical Life reserves | 3.712.711,58 | - | 3.712.711,58 |
| Unearned premiums | 712.366,14 | 279.424,19 | 991.790,33 |
| Liability Adequacy Test | 732.415,00 | - | 732.415,00 |
| Oustanding claims | 408.744,46 | 109.716,86 | 518.461,32 |
| **Total Life Reserves** | **5.566.237,18** | **389.141,05** | **5.955.378,23** |
| **NON LIFE MTPL** | | | |
| Unearned premiums | 1.993.620,32 | 2.894.747,66 | 4.888.367,98 |
| Oustanding claims | 11.733.925,15 | 12.588.686,67 | 24.322.611,82 |
| **Total** | 194.159,25 | - | 194.159,25 |
| **Other Non-Life** | **13.921.704,72** | **15.483.434,33** | **29.405.139,05** |
| Unearned premiums | | | |
| Oustanding claims | 1.752.905,77 | 1.646.306,15 | 3.399.211,92 |
| Other reserves | 1.301.389,62 | 1.160.747,180 | 2.462.136,80 |
| **Total** | 73.154,57 | - | 73.154,57 |
| **Total Non-Life Reserves** | **3.127.449,96** | **2.807.053,33** | **5.934.503,29** |
| **TOTAL RESERVES** | **17.049.154,68** | **18.290.487,66** | **35.339.642,34** |
| **LIFE** | **22.615.391,86** | **18.679.628,71** | **41.295.020,57** |

Breakdown of tables above:

## Breakdown of Life Reserves

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Unearned premium reserve** | | |
| Group policies, risk premium | 739.518,02 | 739.838,63 |
| | **739.518,02** | **739.838,63** |
| Individual policies, additional benefits to risk premium | 68.792,39 | 63.640,59 |
| Group policies, additional benefits to risk premium | 183.479,92 | 191.373,57 |
| | **252.272,31** | **255.014,16** |
| **Total** | **991.790,33** | **994.852,79** |
| **Mathematical Reserves** | | |
| Individual policies | 1.484.083,27 | 1.436.503,70 |
| Dividend | 3.872,64 | 9.234,69 |
| DAF | 2.224.755,67 | 1.897.364,01 |
| **Total** | **3.712.711,58** | **3.343.102,40** |
| **Liability Adequacy Test** | | |
| Liability Adequacy Test | 732.415,00 | 604.132,00 |
| **Total** | **732.415,00** | **604.132,00** |
| **Outstanding claims reserve & IBNR** | | |
| Outstanding claims | 457.352,73 | 479.074,63 |
| IBNR | **61.108,59** | **69.288,89** |
| **Total** | **518.461,32** | **548.363,52** |
| **TOTAL LIFE RESERVES** | **5.955.378,23** | **5.490.450,71** |

## Breakdown of Non-Life Reserves

| 31/12/2015 | | | | | | |
|---|---|---|---|---|---|---|
| | O/S Claims | Settlement Indirect Expenses | Total O/S Claims | Unearned Premiums | Unexpired risks | Total Non-Life |
| Accident | 77.364,09 | 3.474,68 | 80.838,77 | 176.975,74 | - | 257.814,51 |
| MOD | 326.424,48 | 14.660,82 | 341.085,30 | 503.074,28 | 24.796,63 | 868.956,21 |
| Goods in transit | 55.766,50 | 2.504,66 | 58.271,16 | 59.306,72 | - | 117.577,88 |
| Fire | 1.732.970,56 | 77.721,22 | 1.810.691,78 | 1.681.992,47 | - | 3.492.684,25 |
| Other damage to property | 164.727,49 | 7.398,46 | 172.125,95 | 126.602,35 | - | 298.728,30 |
| MTPL | 22.634.092,71 | 1.016.572,80 | 23.650.665,51 | 4.818.114,74 | - | 28.468.780,25 |
| Pleasure craft TPL | 2.500,00 | 112,28 | 2.612,28 | 11.139,46 | - | 13.751,74 |
| General TPL | 53.180,96 | 2.388,53 | 55.569,49 | 74.958,49 | - | 130.527,98 |
| Legal Protection | 165.517,17 | 7.433,93 | 172.951,10 | 306.379,64 | - | 479.330,74 |
| Road Assistance | - | - | - | 200.149,31 | - | 200.149,31 |
| **Total** | **25.212.543,96** | **1.132.267,38** | **26.344.811,35** | **7.958.693,20** | **24.796,63** | **34.328.301,17** |

| 31/12/2016 | | | | | | |
|---|---|---|---|---|---|---|
| | O/S Claims | Settlement Indirect Expenses | Total O/S Claims | Unearned Premiums | Unexpired risks | Total Non-Life |
| Accident | 76.287,97 | 2.405,74 | 78.693,71 | 219.043,15 | - | 297.736,86 |
| MOD | 196.136,23 | 8.952,23 | 205.088,46 | 546.003,83 | 73.154,57 | 824.246,86 |
| Goods in transit | 11.600,00 | 329,55 | 11.929,55 | 38.054,07 | - | 49.983,62 |
| Fire | 1.653.840,00 | 61.056,84 | 1.714.896,84 | 1.588.042,36 | - | 3.302.939,20 |
| Other damage to property | 154.150,00 | 5.690,95 | 159.840,95 | 123.824,76 | - | 283.665,71 |
| MTPL | 23.410.708,17 | 911.903,65 | 24.322.611,82 | 4.888.367,98 | 194.159,25 | 29.405.139,05 |
| Pleasure craft TPL | 4.800,00 | - | 4.800,00 | 7.819,04 | - | 12.619,04 |
| General TPL | 116.770,00 | 1.296,35 | 118.066,35 | 186.644,25 | - | 304.710,60 |
| Legal Protection | 163.622,03 | 5.198,92 | 168.820,95 | 369.169,94 | - | 537.990,89 |
| Road Assistance | - | - | - | 320.610,52 | - | 320.610,52 |
| **Total** | **25.787.914,40** | **996.834,22** | **26.784.748,62** | **8.287.579,90** | **267.313,82** | **35.339.642,34** |

## 5.29 Other reserves

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Extraordinary risks and expenses | 423.000,00 | 423.000,00 |
| Professional Insurance Fund contributions | 300.000,00 | - |
| | **723.000,00** | **423.000,00** |

## 5.30 Financial liabilities

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Bond Loan | 4.500.000,00 | 4.500.000,00 |
| | **4.500.000,00** | **4.500.000,00** |

The bond loan is subordinated, perpetual, with variable annual interest rate equal to the 3-month interest rate Euribor + margin 0.96%.

## 5.31 Debts owed to non-credit institutions

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Over 5 years | - | - |
| 1 – 5 years | 24.460,74 | - |
| Up to 1 year | 10.682,08 | - |
| | **35.142,82** | - |

The above amounts regard leasing of tangible assets up to 5 years.

## 5.32 Employee benefits

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Amounts recognized in the balance sheet** | | |
| Current liability value | 1.080.454,00 | 895.120,00 |
| Fair value of assets | - | - |
| **Net liability recognized in the balance sheet** | **1.080.454,00** | **895.120,00** |
| **Amounts recognized in the statement of income** | | |
| Current employment cost | 57.421,00 | 63.944,00 |
| Net interest on the liability/(asset) | 16.328,00 | 12.150,00 |
| **Expense in the statement of income** | **73.749,00** | **76.094,00** |
| Cost of reductions/settlements/end of employment | - | - |
| **Total expense in the statement of income** | **73.749,00** | **76.094,00** |
| **Change to liability's current value** | | |
| Current liability value at year opening | 895.120,00 | 886.273,00 |
| Current employment cost | 57.421,00 | 63.944,00 |
| Interest cost | 16.328,00 | 12.150,00 |
| Actuarial loss/(gain) – financial assumptions | 107.773,00 | (70.941,00) |
| Actuarial loss/(gain) – past experience | 3.812,00 | 3.694,00 |
| **Current value of liability at year end** | **1.080.454,00** | **895.120,00** |
| **Adjustments** | | |
| Adjustment to liabilities due to changes in assumptions | (107.773,00) | 70.941,00 |
| Empirical adjustments to liabilities | (3.812,00) | (3.694,00) |
| **Total actuarial gain/(loss) at Net Worth** | **(111.585,00)** | **67.247,00** |
| **Total amount recognized at Net Worth** | **(111.585,00)** | **67.247,00** |
| **Changes to net liability recognized in balance sheet** | | |
| Current liability at year opening | 895.120,00 | 886.273,00 |
| Benefits paid by employer | - | - |
| Total expense recognized in the Income Statement | 73.749,00 | 76.094,00 |
| Total amount recognized at Net Worth | 111.585,00 | (67.247,00) |
| **Net liability at year end** | **1.080.454,00** | **895.120,00** |
| **Accumulated amount at Net Worth** | **(231.544,00)** | **(119.959,00)** |

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Actuarial assumptions used: | | |
| Discount rate* | 1,30% | 2,00% |
| Inflation | 1,75% | 1,75% |
| Future salary increases | 1,75% | 1,75% |
| Liabilities duration | 15,63 | 15,22 |

* Return of index iBoxx AA Corporate Bond Index 10+

Sensibility analysis from changes to main assumptions:

| | Assumption change | Increase on Assumption | Decrease on Assumption |
|---|---|---|---|
| Discount rate | 0,50% | (7,30%) | 8,20% |
| Payroll change rate | 0,50% | 8,10% | (7,30%) |

## 5.33 Other liabilities

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Taxes (excluding income tax) | 1.151.104,49 | 1.047.506,84 |
| Deductions and contributions for social security and other institutions | 345.590,78 | 408.893,47 |
| Liabilities from insurance operations | 867.159,70 | 730.057,45 |
| Other liabilities | 221.008,36 | 181.447,95 |
| Paid dividends | 29.275,70 | - |
| Future Income | - | - |
| Other accrued expenses | 102.590,48 | 124.616,64 |
| | **2.716.729,51** | **2.492.522,35** |

## 5.34 Profit per share

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Profit after taxes | 723.806,97 | 1.910.395,77 |
| Weighted average of current shares | 26.359.746 | 26.359.746 |
| **Profit per share** | **0,0275** | **0,0725** |

## 5.35 Transactions with subsidiaries and executives/directors

The Company's transactions with the following subsidiary and the resulting receivables and liabilities as at 31st December 2016 are the following:

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Receivables from intermediary services** | | |
| U&M | 3.336,89 | 17.794,45 |
| **Total** | **3.336,89** | **17.794,45** |
| | | |
| **Liabilities from intermediary services** | | |
| U&M | 2.585,22 | 9.668,22 |
| **Total** | **2.585,22** | **9.668,22** |
| | | |
| **Rental Income** | **31/12/2016** | **31/12/2015** |
| U&M | 1.800,00 | 1.440,00 |
| **Total** | **1.800,00** | **1.440,00** |
| | | |
| **Commission expenses** | **31/12/2016** | **31/12/2015** |
| U&M | 107.602,52 | 119.436,23 |
| **Total** | **107.602,52** | **119.436,23** |

| B.o.D. directors and executives' remuneration | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Executives' wages | 1.136.180,30 | 989.378,82 |
| Fixed retirement plan contributions | 18.928,68 | 15.924,12 |
| Attendance fees for B.o.D directors | 111.360,00 | 108.360,00 |
| Representation fees for B.o.D. Directors | 88.700,50 | 78.154,28 |
| **Total** | **1.355.169,48** | **1.191.817,22** |
| **Loans** | | |
| Executives' loans | 34.092,68 | 25.224,96 |

All transactions mentioned above were realized under usual business conditions and were ruled by the same conditions of transactions performed with third parties or included in contracts.

## 5.36 Independent Auditors' Fees

Total fees charged by our legal auditors for the audit of the Company's financial statements, other assurance services, tax advisory and other non-auditing services:

| Financial Statements audit (before VAT) | Other audit services (before VAT) | Tax advisory services (before VAT) | Tax audit in accordance with Decision 1124/2015 (before VAT) | Total fees (before VAT) |
|---|---|---|---|---|
| 30.000,00 | 16.000,00 | - | 16.000,00 | 62.000,00 |

## 5.37 Contingent liabilities and commitments

The outcome of current cases regarding bad and doubtful debt is not expected to have a significant impact on the Company's financial situation, since they are considered to be within usual business and, according to the Company's management and legal advisor, are adequately covered by the correspondent provision.

The Company has no legal disputes, cases under arbitration, or court decisions that might have a significant impact on its financial situation or its operation.

For 2016, the Board of Directors proposed to the Ordinary General Assembly dividend distribution of a total of €295.835,43.

The Company is fiscally audited up to year 2007. Fiscal obligations for the financial years 2008 until 2010 are not finalized. For years 2011 - 2013 the Company was audited in accordance with par. 5 art. 82 of Law 2238/92 and Decision 1159/26.7.2011 on tax certificate issuance. For year 2014 and 2015 the Company was audited in line with provisions of art. 65a, Law 4174/13 by the Independent Auditor who performed the Financial Statements audit. For 2016 the Company will be audited by Independent Auditors, as provided by provisions of L. 4174/13, art. 65a. The audit is ongoing and the relevant tax certificate will be given after the approval of the 2016 financial statements. The Company's Management is under the opinion that no significant tax liabilities will occur, apart from those included and presented in the financial statements.

The Company's subsidiary, U&M Insurance Agency SA, has not been fiscally audited for the fiscal years 2010-2016.

Liabilities and commitments resulting from operational leasing are presented in the following table:

| Liabilities from operational leasing | 31/12/2015 | | | |
|---|---|---|---|---|
| | < 1 έτος | 1 - 5 έτη | > 5 ετών | **Σύνολο** |
| Real estate operational leasing | 40.971,60 | 143.268,00 | - | 184.239,60 |
| Other operational leasing | 111.522,62 | 134.012,98 | 8.265,60 | 253.801,20 |
| **Total** | 152.494,22 | 277.280,98 | 8.265,60 | 438.040,80 |

| Receivables from operational leasing | 31/12/2015 | | | |
|---|---|---|---|---|
| | < 1 έτος | 1 - 5 έτη | > 5 ετών | **Σύνολο** |
| Real estate operational leasing | 28.524,00 | 24.100,00 | 23.720,00 | 76.344,00 |
| Other operational leasing | - | - | - | - |
| **Total** | 28.524,00 | 24.100,00 | 23.720,00 | 76.344,00 |

| Liabilities from operational leasing | 31/12/2016 | | | |
|---|---|---|---|---|
| | < 1 έτος | 1 - 5 έτη | > 5 ετών | **Σύνολο** |
| Real estate operational leasing | 43.339,20 | 109.790,80 | - | 153.130,00 |
| Other operational leasing | 76.025,23 | 109.072,66 | - | 185.097,89 |
| **Total** | 119.364,43 | 218.863,46 | - | 338.227,89 |

| Receivables from operational leasing | 31/12/2016 | | | |
|---|---|---|---|---|
| | < 1 έτος | 1 - 5 έτη | > 5 ετών | **Σύνολο** |
| Real estate operational leasing | 28.524,00 | 16.060,00 | - | 44.584,00 |
| Other operational leasing | - | - | - | - |
| **Total** | 28.524,00 | 16.060,00 | - | 44.584,00 |

## 5.38 Reformulations

| Cash Flows | 1/1/2015 - 31/12/2015 | | |
|---|---|---|---|
| | **Amount Reformulated** | **Published amounts** | **Reformulation** |
| Interests expenses | 50.588,88 | 43.000,56 | 7.588,32 |
| Additions on reserves for bad & doubtful claims | 67.709,85 | - | 67.709,85 |
| Changes to receivables from insured and other receivables | 1.560.719,24 | 1.628.429,09 | (67.709,85) |
| Paid interest | (50.588,88) | (43.000,56) | (7.588,32) |
| | **1.628.429,09** | **1.628.429,09** | **(0,00)** |

The above reformulations of last year's amounts in the Cash Flow Statement were realized to render them similar and comparable to the current year's respective amounts.

## 5.39 Significant events after the Financial Statements

No significant events that should be communicated or that could alter the published financial statements amounts occurred after 31.12.2016.

P. Faliro, May 19th 2017

| THE PRESIDENT OF THE BOARD OF DIRECTORS | THE EXECUTIVE DIRECTOR | THE DEPUTY EXECUTIVE DIRECTOR AND GENERAL MANAGER | THE FINANCIAL DIRECTOR | THE ACTUARY |
|---|---|---|---|---|
| THOMAS IOANNIDIS | NIKOLAOS MYRTAKIS | DIMITRIOS ZORBAS | STYLIANOS MAROUTSIS | MARIANNA ANYFANTI |

Athens, May 31st 2017

**The Independent Auditor**

**VASILEIOS CHARISSIS**
**Reg. No. 15141**

**Member of Russell Bedford International**