COSMOS insurance

SFCR

2022

Solvency and Financial Condition Report
2022

COSMOS INSURANCE COMPANY PUBLIC LTD
HEAD OFFICE: 46 Griva Digeni Avenue, 1080 Nicosia
P.O.Box 21770, 1513 Nicosia
T: +357 22 796 000 I F: +357 22 022 000

Table of Contents

Executive Summary

I. Purpose of the report

The purpose of the Solvency and Financial Condition Report ("SFCR") is to satisfy the public disclosure requirements according to Article 304 (1) of the Delegated Regulation (EU) 2015/35.

The Report discloses the information referred to in Articles 292 to 298 of this Regulation under the following main headings: business and performance, system of governance, risk profile, valuation for solvency purposes and capital management.

The present SFCR has been prepared with reference date 31st December 2022 and has been approved by the Company's Board of Directors on 30th March 2023.

II. Overview of the Company

Cosmos Insurance Company Public Limited (hereinafter "Cosmos") was established in Cyprus on October 17, 1981 as a Private Limited Liability Company and on December 6, 1999 the Company became listed in the Cyprus Stock Exchange Market.

Cosmos operates island-wide through its large network of insurance intermediaries and through its offices in Nicosia, Larnaca, Limassol and Paphos. The Company employs sixty-five (65) well-trained individuals and maintains cooperation with more than one hundred and twenty (120) insurance intermediaries throughout the island.

The Company maintains a loyal network of insurance agents and clients. Service standards and claim settlement in particular have remained intact and Cosmos enjoys a very good reputation in the market.

Cosmos ranked 12th in 2022 (in comparison to 11th in 2021) in terms of market share in the Non-Life Insurance Industry, with total GWP amounting to €18,78m. Motor insurance is the Company's biggest line of business followed by the General Liability line of business.

On 1 January 2016, the Company transitioned into the Solvency II regulatory framework after completing a comprehensive program of regulatory requirements in corporate governance, risk assessment and management, solvency and reserving as well as supervisory and public disclosure.

III. Business and Performance

The Company's main lines of business ("LoBs") are Motor, Accident & Health, Fire and Liability. The Company's net technical results for 2022 amounted to €1.3m profit as follows:

Amounts in EUR (€)	A&H	MOTOR	MAT	FIRE	LIABILITY	TOTAL
Gross Premiums written	2.837.987	12.225.229	203.803	2.416.269	1.098.083	**18.781.371**
Net Premiums earned	471.415	11.159.097	31.328	631.345	445.487	**12.738.673**
Net Claims Incurred	(162.933)	(6.255.533)	(11.394)	(122.979)	(72.380)	**(6.625.219)**
Net Commissions and Acquisition Costs	141.617	(2.627.302)	34.196	312.552	37.355	**(2.101.582)**
Operating Expenses	(434.660)	(1.734.417)	(31.170)	(357.842)	(168.099)	**(2.726.188)**
Underwriting Results	**15.439**	**541.846**	**22.960**	**463.076**	**242.363**	**1.285.684**

Table 1: Underwriting Results 2022 per LoB

Overall, the Company's gross written premiums ("GWP") were approximately €18,8m in 2022, recording a decrease of 8,1%% or €1,6m compared to 2021.

During 2022, the Company experienced a significant decrease in GWP from Liability LoB and a small decrease in GWP of Motor LoB, which was partially offset by increases in the volume of written premiums from all other lines of business.

The decrease in Motor LoB GWP was mainly attributed to the decision of the Company to reduce exposure from a particular type of portfolio. On the other hand, Company's efforts to increase its share in other profitable line of business such as Fire was considered as successful, taken into consideration, the aggressive approach from Bank-affiliated insurance companies.

Moreover, Company's expenses were reduced mainly due to the improvement of loss ratios in all lines of business.

The Business performance of the Company is further analysed in Section A of this report.

IV. System of Governance

The corporate governance framework of the Company is based on the "Three Lines of Defence" model which supports the implementation of a robust internal control system and is aligned with the "four eye principle" that the Company is required to comply with.

Moreover, the Company has established the following functions to ensure effective oversight of its operations, in accordance with the requirements of Solvency II for an Internal Control System:

- Risk Management Function;
- Compliance Function;
- Internal Audit Function; and
- Actuarial Function.

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

The Company has also defined its own risk management system and performs an Own Risk and Solvency Assessment ("ORSA") at least once a year.

The System of governance of the Company is further analysed in Section B of this report.

V. Risk Profile

The Company uses the standard formula to estimate its Solvency Capital Requirement ("SCR") according to which the SCR calculation is divided into risk modules.

The components of the SCR (before diversification) for the reporting year ended 31 December 2022 together with their allocation of SCR are presented below:

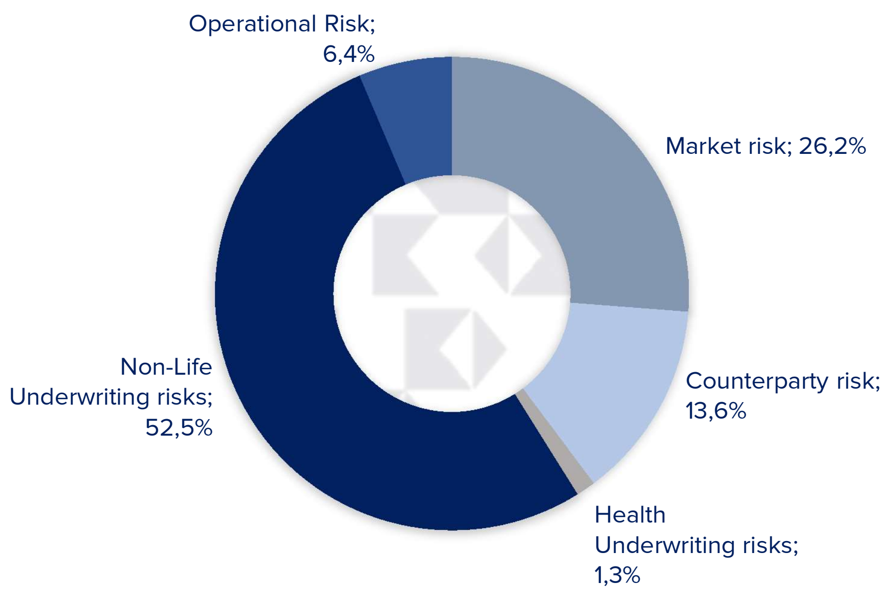


Figure 1: Cosmos SCR Components as at 31/12/2022

The main components of Company's SCR are Non-Life Underwriting risk, Market risk and Counterparty Default risk.

Non-life underwriting risk is comprised from Premium & Reserve risk, Lapse risk and Catastrophe risk, which are mitigated mainly through the purchase of reinsurance cover.

SCR from Market risk is relatively high and is substantially driven due to the large portfolio of properties and the significant exposure of the Company in Property risk.

The Risk profile of the Company is further analysed in Section C of this report.

VI. Valuation for solvency purposes

The valuation of assets and liabilities for Solvency II purposes is in line with the Company's financial statements prepared under International Financial Reporting Standards ("IFRS") except for:

- Differences in the valuation of technical provisions and associated reinsurance recoverables;
- Intangibles and deferred acquisition costs recognised as assets under IFRS but valued at zero under Solvency II;
- Differences in deferred tax measurement; and
- Difference in the valuation of Insurance and intermediaries receivables.

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

The valuation for solvency purposes of the Company is further analysed in **Section D** of this report.

VII. Capital Management

The Company's SCR as at 31 December 2022 is €7,2m compared to Own Funds of €9,735m, resulting in a SCR coverage ratio 135,24%.

In accordance with Solvency II Directives, all insurance entities, at any given time must have adequate available capital to meet the Minimum Capital Requirement ("MCR") to retain its license and operate in the Cyprus insurance market.

MCR of the Company as at 31 December 2022 was estimated at €4m, which means that the Company can cover its minimum capital requirement by approximately 2,43 times.

The Capital management of the Company is further analysed in **Section E** of this report.

A. Business Performance

A.1 Business

A.1.1 Name and legal form of undertaking

Cosmos Insurance Company Public Limited (hereinafter “Cosmos”) was established in Cyprus on October 17, 1981 as a Private Limited Liability Company and on December 6, 1999 the Company became listed in the Cyprus Stock Exchange Market.

Its registered address is 46 Griva Digeni Avenue, 1080 Nicosia, Cyprus.

A.1.2 Supervisory authority

The Company is authorised and regulated by the Superintendent of Insurance. The Superintendent of Insurance is the competent authority of the insurance sector in the Republic of Cyprus and exercises all the powers granted by the Law on Insurance and Reinsurance Services and Other Related Issues of 2016 [Law 38(I) 2016] and by the relevant Regulations, for the purpose of protecting the policyholders and the insurance beneficiaries.

Contact Information:

Address:	P.O. Box 23364, 1682 Nicosia
Telephone Number:	+35722602990
Fax Number:	+35722302938
E-mail:	insurance@mof.gov.cy

A.1.3 External Auditors

The Company’s external auditors are PricewaterhouseCoopers Limited.

Contact Information:

Address:	PwC Central, 43 Demostheni Severi Avenue, CY-1080 Nicosia, Cyprus
Telephone Number:	+35722555000
Fax Number:	+357-22555001

A.1.4 Holders of qualifying holdings in the undertaking

Cosmos is a Company listed in the Cyprus Stock Exchange. Its main shareholders are:

Major shareholders	% of share capital
Kyriakos M. Tyllis and Co Ltd	40,98
Kyriakos Tyllis	18,81
Charalambos Panayiotou	9,74
Elias Mavromatis	9,74

A.1.5 Material lines of business and material geographical areas where the Company carries on business

The Company carries out business in Cyprus under the following non-life insurance lines of business:

Financial statements ("IFRS")	Solvency II
Accident and Health	Medical Expense Income protection
Motor	Motor vehicle liability, other motor
Marine	Marine, aviation and transport
Fire	Fire and other damage to property
Liability	General liability
Miscellaneous	Miscellaneous financial loss

Table 2: Cosmos Lines of Business (LoB)

Cosmos has a wide distribution network in Cyprus which is monitored through its head office in Nicosia and branch offices situated in Limassol, Paphos and Larnaca. The Company's network of insurance agents is located throughout Cyprus and provides a very personalized level of service to their customers.

A.1.6 Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

The global economy is facing a gloomy and uncertain outlook. The year 2022 was marked with the unprecedented events of Russia – Ukraine crisis. The crisis which started at the 24th of February of 2022 has magnified uncertainty in the economic sector including financial services and insurance and drastically increased uncertainty about the recovery of the global economy, which is still reeling from the effects of Covid-19 pandemic.

The historically high rise in inflation and price index is driven by a series of events occurring simultaneously during the past three years. The actions taken and restrictions imposed by the governments across the world for the prevention of the spreading of Covid-19 in 2020 and 2021 and the increase in consumer demand, caused complications and disturbances in the supply chain, which were accelerated even further by the Suez Canal blockage in early 2021.

At the same time, extreme weather conditions due to the global warming and climate change, have caused significant losses in the primary industry sector and construction.

The Russia-Ukraine conflict and the sanctions in financial transactions imposed by the US and the EU against Russia caused a further disruption in the global energy market, which drove the inflation indexes even higher. Global consumer price inflation has risen substantially and is way above central bank targets posing a significant threat of recession.

COSMOS INSURANCE COMPANY PUBLIC LTD
HEAD OFFICE
46. Griva Digeni Avenue, 1080 Nicosia
P.O. Box 21770, 1513 Nicosia
T: +357 22 796000 | F: +357 22 022000

The Central Banks in their attempts to restrain the accelerated inflation and control the emerging demand, have imposed increases in interest rates on regular intervals; however, increases in interest rates simultaneously hinder the potential for growth and the risk of a new recession emerges.

European Central Bank ("ECB") has increased interest rates for the first time in eleven (11) years. These increases in interest rates have triggered the end of the negative territory to zero percent in respect of deposit rates. The extended period of monetary policy at the zero lower bound is over and the companies in the Eurozone now need to prepare and adjust to these rising interest rates. The European Commission, taking into consideration the new status quo has recently adjusted its projections for the Eurozone economy and inflation for both 2022 and 2023. The rising interest rates, the record-high inflation and the general geopolitical uncertainty have forced investors to reassess their expectations and adjust their strategy.

The Cyprus economy has not remained unaffected by the global events, but is demonstrating evidence of resilience. On an annual basis, real GDP growth is expected to increase by 4,6% in 2022 compared to 2021. According to the CyStat, the positive GDP growth rate is mainly attributed to the sectors: "Hotels and Restaurants", " Transport and Storage", "Information and Communication", "Wholesale and Retail Trade, Repair of Motor Vehicles", "Arts, Entertainment and Recreation", "Other Service Activities".

As a result of the increase of inflation together with the measures imposed to restrained it and the uncertainty created in the financial markets as well as the wider macroeconomic consequences, the Company has incurred investment losses of approximately €832k. These losses are driven by the devaluation of direct exposures in Russian corporate bonds and from interest-bearing investments such as corporate and government bonds, Money Market and Bond funds, which their price is linked with the upward movement of interest rates. Company's intention is to hold these investments until the market recovers so that these losses will not be realised.

Management will continue to monitor the situation closely and assess the potential impact in case prolonged conflict and take immediate measures/actions to mitigate its exposure.

A.2 Underwriting performance

Company's underwriting results increased substantially compared to prior year. Specifically, insurance results increased to €1.29m compared to €507k in 2021 recording a notable increase of €778K or 153,61%. All LoB were profitable during 2022, with the significant increase to be attributed mainly to the improvement of Motor Lob results.

Gross written premiums were reduced by €1,65m or 8,7% from €20,43m in 2021 to €18,78m in 2022. The decrease in GWP was driven by the decrease of GWP in Liability LoB, whereas all other LoBs except for Motor recorded a slight increase compared to 2021.

To be more specific, Motor LoB GWP in 2022 decreased by €119k or 1% to €12,225k compared to €12,344k in 2021. A&H LoB GWP increased by €130k or 4,8% to €2,838k compared to €2,708k in 2021.

On the other hand, Liability LoB GWP substantially decreased by approximately €1,8m to €1,10m from €2,94m in 2021, which was driven by the decrease of professional indemnity insurance policies.

Moreover, claims incurred decreased by 11,53% or €864k to €6,6m compared to €7,5m in 2021. The decrease in claims incurred was mainly driven by the decrease of approximately €799k in claims incurred in Motor LoB.

Underwriting performance	2022 €	2021 €	Difference %
Income			
Gross written premium	18.781.371	20.430.876	-8,07%
Net earned premium	12.738.673	12.814.005	-0,59%
Other insurance related income	1.587.037	1.543.771	2,80%
Total Income	**14.325.710**	**14.357.776**	**-0,22%**
Expenses			
Claims incurred	6.625.219	7.488.863	-11,53%
Commission expense	3.688.619	3.720.844	-0,87%
Administrative expenses	2.726.188	2.641.106	3,22%
Total Expenses	**13.040.026**	**13.850.813**	**-5,85%**
Underwriting results	**1.285.684**	**506.963**	**153,61%**
Non- insurance related			
Other income	163.628	208.699	-21,60%
Other expenses	(1.026.667)	(381.727)	168,95%
Profit before tax	**422.645**	**333.935**	**26,57%**
Tax	(100.767)	(12.015)	738,68%
Profit for the year	**321.878**	**321.920**	**-0,01%**

Table 3: Underwriting Performance 2022 vs 2021

Gross written premiums portfolio mix for the year ended 31 December 2022 is as follows:

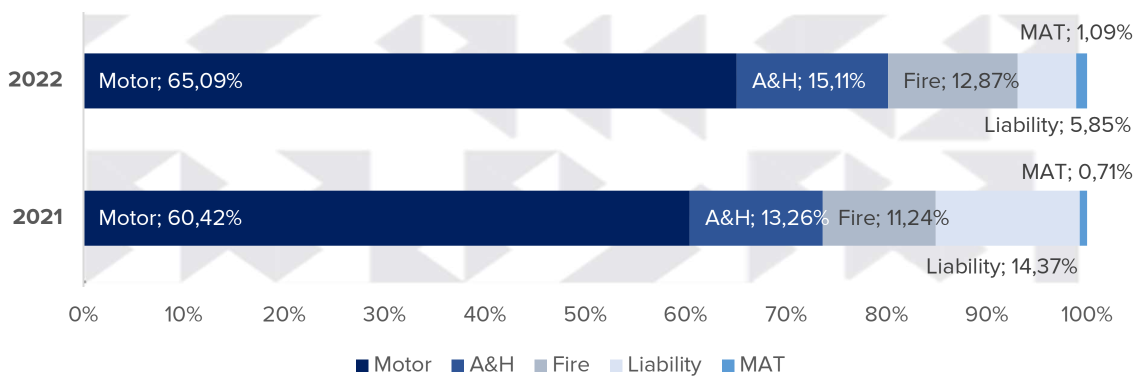


Figure 2: Gross Written Premium breakdown per LoB - 2022 vs 2021

The table below, provides an analysis of the underwriting profit or loss of the Company (in comparison to the year prior) by line of business as at the valuation date:

Amounts in EUR (€)	Line of Business → ↓Year	A&H	MOTOR	MAT	FIRE	LIABILITY	Total
Gross Premiums written	**2022**	**2.837.987**	**12.225.229**	**203.803**	**2.416.269**	**1.098.083**	**18.781.371**
	2021	2.708.411	12.344.753	145.168	2.295.669	2.936.875	20.430.876
Net premiums earned	**2022**	**471.415**	**11.159.097**	**31.328**	**631.345**	**445.487**	**12.738.673**
	2021	413.174	11.424.090	26.255	572.409	378.077	12.814.005
Net Claims Incurred	**2022**	**(162.933)**	**(6.255.533)**	**(11.394)**	**(122.979)**	**(72.380)**	**(6.625.219)**
	2021	(141.050)	(7.054.130)	8.766	(216.309)	(86.140)	(7.488.863)
Net Commissions and Acquisition Costs	**2022**	**141.617**	**(2.627.302)**	**34.196**	**312.552**	**37.355**	**(2.101.582)**
	2021	138.841	(2.902.650)	15.770	381.012	189.954	(2.177.073)
Operating Expenses	**2022**	**(434.660)**	**(1.734.417)**	**(31.170)**	**(357.842)**	**(168.099)**	**(2.726.188)**
	2021	(367.881)	(1.546.520)	(19.518)	(300.714)	(406.473)	(2.641.106)
Underwriting Performance	**2022**	**15.439**	**541.846**	**22.960**	**463.076**	**242.363**	**1.285.684**
	2021	43.084	(79.210)	31.273	436.398	75.418	506.963

Table 4: Underwriting Performance breakdown per LoB 2022 vs 2021

A.3 Investment Performance

The Company manages its investments in accordance with the Prudent Person Principle and has set in place a framework for monitoring performance and investment risk exposures. In particular, indicators have been developed to help monitor the security, quality, liquidity and profitability of the entire investment portfolio.

All investment activity within the Company is driven by the nature, term and currency of its liabilities and by the Company's overall risk appetite and solvency levels. The overall policy objective is to adequately fund the Company's technical reserves and solvency margin and to contribute to the growth of surplus for the benefit of the shareholders.

The Company has adopted a low risk appetite for investment risk.

The Company's Asset –Liability Management ("ALM") and investment strategy is to maximize return on assets taking into account the Company's risk tolerance levels and the prudent person principle. The Company's investments are distributed into asset classes according to their composition and/or investment horizon namely Equity, Property, Bonds (Fixed income Assets) and cash.

The Company's investments comprise mainly of cash and deposits, foreign mutual funds, bonds (Corporate and Government) and properties.

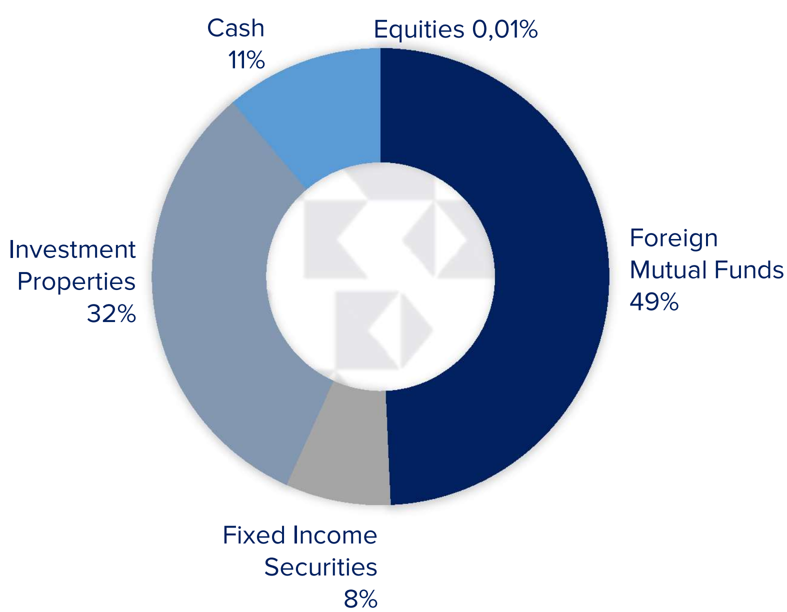


Figure 3: Cosmos 2022 Investment Portfolio mix

	2022	2021	Difference	Difference
	€	€	±	%
Equities	1.015	1.015	-	0,00%
Bond Mutual Funds	6.289.447	5.596.472	692.975	12,38%
Money Market Mutual Funds	2.710.897	2.991.036	(280.139)	-9,37%
Cyprus Bonds	558.318	469.667	88.651	18,88%
Foreign Corporate Bonds	801.210	1.055.529	(254.319)	-24,09%
Cash	2.043.657	1.592.876	450.781	-24,09%
Total	**12.404.544**	**11.706.595**	**697.949**	**5,96%**

Table 5 Investment Portfolio 2022 vs 2021

During 2022, the Company investment portfolio (including cash balances) increased by €698k or 5,96% compared to prior year. The Company has invested additional funds of approximately €1,15m in 2022. However, following the distortion of the market due to the inflationary pressures prevailing in the economy and measures from Central Banks to control inflation via gradual increases of interest rates, Company decided that any surplus funds will not be invested in financial instruments and were deposited in Banks with high credit rating.

A.3.1 Income and expenses arising from investments by asset class

Performance and information on income and expenses arising from investments by asset class is presented in the following table:

Amounts in EUR (€)	Investment Income		Investment Expenses		Realised and Unrealised gains/(losses)	
	2022	2021	2022	2021	2022	2021
Cash and cash equivalents	-	-	(73.211)	(68.710)	-	-
Foreign Mutual Funds	-	-	-	-	(756.861)	(146.207)
Fixed Income Securities	31.061	29.934	-	-	(75.338)	(18.084)
Investment Properties	49.920	53.120	-	-	33.881	16.148
Other	44	-	-	-	-	-
Total	**81.025**	**83.054**	**(73.211)**	**(68.710)**	**(798.318)**	**(148.143)**

Table 6: Investment Performance 2022 vs 2021

Investment income from investment properties and fixed income remain stable compared to prior year. Investment expenses were increased by €5k or 7%, as a result of the increased charges from JCC, due to the extensive use of online payments and direct debit arrangements as well as the increased charges imposed from Local Banks.

On the contrary, as mentioned above as a result of the increase of inflation together with the measures imposed to restrained it and the uncertainty created in the financial markets as well as the wider macroeconomic consequences, the Company has incurred investment losses from its financial investments portfolio of approximately €832k.

These losses are driven by the devaluation of direct exposures in Russian corporate bonds and from interest-bearing investments such as corporate and government bonds, Money Market and Bond funds, which their price is linked with the upward movement of interest rates. This significant decrease was offset by the positive movement of Company's properties portfolio by €34k due to the increased demand in the real estate market pushing the prices upwards.

A.3.2 Gains and Losses recognised directly in Equity

There are no gain or losses recognised directly in Equity relating to Company's investments.

A.3.3 Information about investments in securitisation

Cosmos has no investments in securitization.

A.3.4 Other material income and expenses

The Company does not have any material leasing arrangement or any other material income and expense item in addition to the underwriting and investment income and expenses outlined in the sections above.

A.3.5 Any other information

There is no other material information regarding the business and performance of the Company which has not already been disclosed in the sections above.

B. System of Governance

B.1 General information on the system of governance

Corporate governance is essential in reinforcing the Board of Directors ("BoD'') oversight role and its independence in making decisions and in the production of transparent and timely information. The Company is committed to implementing a sound governance framework through which objectives are set and the means of attaining these objectives and monitoring performance is determined.

To achieve this, the Company operates within a set of corporate governance principles. These principles require that the Company:

- Establishes strategic objectives and a set of corporate values that are communicated throughout the Company;
- Sets and enforces clear lines of responsibility and accountability throughout the Company;
- Ensures that BoD members and Management are qualified for their positions, have a clear understanding of their role in corporate governance and are able to exercise sound independent judgment about the affairs of the Company and that Fit and Proper requirements are met;
- Ensures that there is appropriate oversight of the Company's activities by Management;
- Effectively utilizes the work conducted by internal and external auditors, as well as other control functions, given their critical contribution to sound corporate governance;
- Ensures that compensation policies and practices are consistent with the Company's ethical values, objectives, strategy and control environment;
- Conducts corporate governance in a transparent manner;
- Maintains an understanding of the Company's operational structure, including when operating in jurisdictions, or through structures, that impede transparency; and
- Continues to balance the needs of its shareholders.

The Corporate Governance framework for the Company is based on the 'three lines of defence model'. The 'three lines of defence' model supports the implementation of a robust internal control system and is aligned with the 'four eye principle' that the Company is required to comply with under Solvency II i.e. the Company is effectively run by at least two persons who review any significant decision concerning the Company before such decision is implemented. In practice, there is sufficient control and challenge at all levels of the organization.

1st line of defence: Origination and primary risk management
This refers to the control activities carried out by business line Management (i.e. inter alia, controls within the HR, sales & business development, claims department, underwriting function, operations, IT). These control activities are built into policies, systems, processes and procedures of the specific business.

2nd line of defence: Challenge and risk control

This refers to the bodies that provide challenge and oversight over the activities of the 1st line of defense. These include Risk Management, Actuarial and Compliance Functions which, together with Internal Audit (3rd Line of defense) comprise the Company's key control functions.

3rd line of defence: Assurance

Assurance. This refers to bodies that provide independent and objective assurance of the effectiveness of the firm's systems of internal control established by the first and second lines of defense. In practice this is the Company's Internal Audit Function and ultimately the Audit Committee.

Governing Body:

This refers to the controlling body of a firm, i.e. the BoD. The Governing Body bears the ultimate responsibility for ensuring that Corporate Governance arrangements within the Company are sufficient and appropriate to the size, nature and complexity of its business. The BoD may delegate authority to certain Committees in order that they monitor and oversee specific aspects of the business without further reference to the BoD.

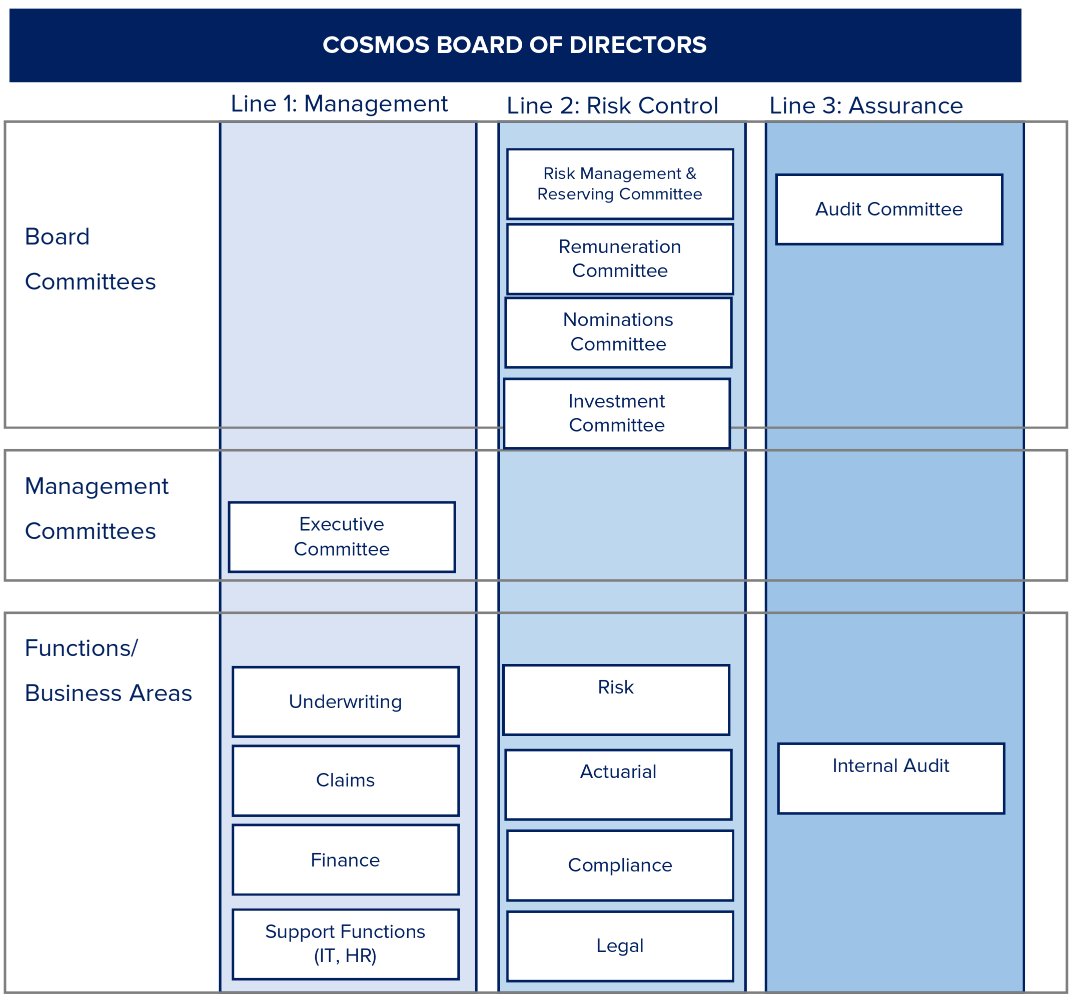


Figure 4: Cosmos three-lines of defence model

B.1.1 The structure of the Board of Directors (BoD)

The Board of Directors is the ultimate authority for the management of the Company and it maintains responsibility for the prudent management of the Company. The BoD organizes and directs the affairs of the Company in a manner that seeks to protect its policyholders' funds, maximize the value of the Company for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

The members of the BoD serve as the elected representatives of the current and future shareholders and oversee the Management's performance on behalf of the shareholders. In performing its overall oversight function, the BoD reviews and assesses the Company's strategic and business planning, its solvency, as well as the Management's approach to addressing significant risks and challenges facing the business. As part of this function, the BoD reviews and discusses reports regularly submitted to the BoD by Management with respect to financial and non-financial performance. In performing its oversight function, the BoD maintains frequent, active and open communication and discussions with the General Manager ("GM") and the Executive Committee.

The BoD is responsible for setting the appropriate "tone at the top" by providing appropriate organizational values, ethics and priorities and by establishing and embedding an organizational culture that supports the effective operation of the system of governance.

B.1.1.1 Selection and Appointment of Board Members

Appointment to the BoD is on the recommendation of the Nomination Committee, following fit & proper checks undertaken internally in accordance with the Company's Fit and Proper Policy. The BoD deliberates upon the recommendation and if accepted, a resolution is passed making the appointment to the BoD subject to the approval of the Regulator. Board appointments are validated by shareholders.

If an appointment to the BoD is made between Annual General Meetings ("AGM"), the new Director will be recommended for election by the shareholders at the next AGM following an appointment.

The composition and resourcing of the Board reflects the range of skills, knowledge and experience necessary for the Board to be effective, including the appointments of Non-Executive Directors to provide informed challenge and independent Non-Executive Directors for providing independent external challenge and guidance.

The objective in determining the Board composition is to ensure that there is appropriate level of skills and capability.

The size and composition of the Board should facilitate substantive discussions by the whole Board in which each Director can participate meaningfully.

All members of the BoD and the Heads of Key Positions should fulfil the Fit and Proper requirements in accordance with Article 42 of Solvency II.

The current members of the Board of Directors of Cosmos are as below:

Name	Role	Managerial Responsibilities	Independence
Marios Loucaides	Chairperson	Non – Executive	Independent
Andreas Tyllis	Member	Non – Executive	Non Independent
Elias Demetriou	Member	Non – Executive	Independent
Marios Kyriakou	Member	Non – Executive	Independent
Stalo Koumidou	Member	Non – Executive	Independent
Kyriakos Tyllis	Member	Executive	Non Independent

Table 7: Cosmos Board of Directors

B.1.1.2 Board Meetings

The BoD shall meet formally at least six (6) times a year in the context of its regular duties in the annual business cycle. Additional meetings may also be held upon such need as identified by the senior management or by members of the BoD or its Committees.

B.1.1.3 Board Committees

For a more effective organisation, the Board established the below-mentioned Committees.

Committee	Brief Terms of Reference	Composition
Audit Committee	Ensures the operation of an effective system of internal controls within the Company and oversees the selection and remuneration of internal and external auditors	Elias Demetriou (Chairperson) Marios Kyriakou (Member)
Nominations Committee	Leads the process for board appointments and makes recommendations to the Board of Directors	Marios Loucaides (Chairperson) Andreas Tyllis (Member) Stalo Koumidou (Member)
Remunerations Committee	Reviews and challenges the remuneration policy and its implementation in the business	Elias Demetriou (Chairperson) Marios Kyriakou (Member) Stalo Koumidou (Member
Risk Management and Reserving Committee	Oversight responsibilities for the identification, analysis, assessment and management of all the risks. Review/approves claim reserves above a threshold of €300K.	Marios Kyriakou (Chairperson) Elias Demetriou (Member) Andreas Tyllis (Member)
Investment Committee	Implementing and monitoring the investment strategy and policy based on the Company's risk profile and risk appetite and without prejudicing the Company's Solvency II position.	Stalo Koumidou (Chairperson) Marios Kyriakou (Member) Kyriakos Tyllis (Member)

Table 8: Board Committees

B.1.1.4 Annual General Meeting

The chairman of the BoD is responsible to ensure that the Annual General Meetings (“AGM”) will be held in accordance with the Company’s Memorandum and legislation.

The chairman also safeguards the fair treatment of all shareholders and the fair counting of majority and minority equity holders in votes during the AGM of the shareholders. All shares are ordinary and have the same rights.

Shareholders, as long as they represent an adequate number of shares (5%), have the right to submit issues for discussions at the General Meetings of the shareholders in accordance with the procedures provided by the Companies Law.

For the convening of General Meetings, a written invitation for the General Meeting is sent to all shareholders in a timely manner, which includes the date, time and place of the General Meeting.

The invitation includes all the topics to be discussed and is accompanied by adequate information. Voting at General Meetings is by show of hands unless a secret ballot is requested, in which case each shareholder is entitled to one vote for each share held. In case of voting by proxy, it will be carried out following the granting of a written proxy by the legal holder of the securities. The relevant proxy form is sent to the shareholders together with the meeting invitation.

The members of the Board of Directors and Executive Management are obliged, in compliance with the continuous obligations for immediate notification, to disclose information to the Board of Directors and the shareholders through the Annual Report and the Company's Financial Statements, regarding any material interest that may arise from the Company's transactions that fall within their duties, as well as any other conflict of interest with those of the Company or affiliated companies arising from the exercise of their duties.

B.1.2 Organisational Structure

The Organisational structure and reporting lines are designed to:

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

As previously mentioned, the Company’s ultimate supervisory body is the BoD.

The three lines of defence are embedded within the organizational structure and reporting lines in order to enforce an effective internal control system.

The Executive Management, through the General Manager has the day to day responsibility for the implementation of the BoD’s approved strategy and reports to the BoD. Reporting to the BoD is both structured, through planned meetings and regular reporting and ad hoc as required.

COSMOS INSURANCE COMPANY PUBLIC LTD
HEAD OFFICE
46. Griva Digeni Avenue, 1080 Nicosia
P.O. Box 21770, 1513 Nicosia
T: +357 22 796000 | F: +357 22 022000

The Business Functions of the Company through their Heads / Managers have the responsibility for the implementation of the BoD's strategy in their business functions. They report directly to the GM with regards to their day-to-day duties. In order to minimize the probability of a potential conflict of interest and preserve their operational independence, the key control functions have additional direct reporting lines to the BoD or Board committees. These additional reporting lines are implemented in order to ensure that these functions have the ability to escalate important issues directly to the BoD. Consequently, the Risk and Actuarial Functions and the Head of the Compliance Function have a reporting line to the BoD in addition to their reporting to their designated person within Management.

The Company's internal audit provides independent assurance to the BoD and reports to the Audit Committee and to the BoD. The Internal Audit function is administratively independent from all other functions and activities of the Company.

The Organisational structure of Cosmos is presented in **Appendix A**.

B.1.3 Key Functions

In accordance with the Solvency II framework the Key Functions recognised by the BoD are the following:

- Actuarial Function
- Risk Management Function
- Compliance Function
- Internal Audit Function

Details of the duties of these functions are shown in subsequent sections.

Each key function reports directly to the Board without any restrictions and the Board is ultimately responsible for reviewing the performance of the key functions and considering any recommendations made by these functions.

The Board is also responsible for ensuring that all key functions are operationally independent, which implies that each function should be free from any undue influence, control or constraint from any other key function or the Board itself.

B.1.4 Material changes in the system of governance over the reporting period

During 2022 there were no material changes in the Company's system of governance.

The organisational chart of Cosmos is presented in **Appendix A**.

B.1.5 Remuneration policy and practices for the BoD and employees

The Company has in place a remuneration policy which ensures that any remuneration is in line with the market norms in order to enable the Company to attract competent and experienced resources and ensure that any resources that it engages do not take excessive risks that could be detrimental to the Company. The Company's remuneration policy ensures that remuneration awards do not threaten the Company's ability to maintain an adequate capital base and that remuneration arrangements with service providers do not encourage risk-taking that is excessive in view of the Company's risk management strategy.

The Company's remuneration policy applies to the Company as a whole without exception. However, a focus is placed on those roles where the individuals' interests and those of the Company are more likely to raise potential conflicts. Such roles may include Management roles, risk taking roles and roles within the internal control functions.

The remuneration policy is reviewed and maintained by the Remuneration Committee and is approved by the BoD. The Remuneration Committee and BoD are responsible for the implementation of the Remuneration Policy of the Company and specifically its application to the BoD, Management and key function holders and other staff whose professional activities have material impact on the Company's risk profile.

B.1.6 Information about material transactions during the reporting period

Other than as described in **B.1.5** there were no material transactions between the Company, its shareholders and members of the BoD during 2022.

B.2 Fit and proper requirements

Prior to the appointment of any member of the BoD and or any member of senior management of the Key Functions, the Company carries out an evaluation of the fitness and propriety of that individual. Furthermore, such appointments are subject to approval by the Superintendent of Insurance.

The function delegated with the responsibility for the Fit and Proper test is the Compliance function. The Compliance Function also bears the responsibility for monitoring the fitness and propriety of individuals on an ongoing basis.

The fit and proper test criteria satisfy at a minimum the relevant regulatory requirements as well as additional criteria laid down by the Company.

The Fitness test assesses the individual's professional and technical competence through a consideration of:

- previous experience, knowledge and professional qualifications and whether these are adequate to enable sound and prudent management of the Company; and
- proof of skill, care, diligence and compliance with the relevant standards of the area/sector he/she has previously worked in.

The Propriety test assesses honesty, integrity, reputation and financial soundness of the individual by considering their:

- reputation, including an enquiry as to whether there have been any criminal or financial antecedents or past experience with regulatory authorities which may cast doubt on the ability of that person to adequately discharge his/her duties in line with applicable rules, regulations and guidelines.

The assessment is facilitated through:

- personal questionnaires;
- academic and/or professional qualification certificates;
- certificate of non-bankruptcy;
- clear criminal record certificate;
- personal resume; and
- personal declaration.

In particular, with regards to members of the BoD they must always have the collective knowledge of the financial and insurance market, business strategy, system of governance, financial and actuarial analysis and the regulatory framework and requirements. The detailed criteria and documentation requirement in the context of the fit and proper test are described in the Company's governance policy which is also subject to review on an annual basis.

The fitness of employees is the responsibility of the Human Resources department and is implemented through the recruitment process.

Furthermore, all Directors and members of staff must comply with the Company's Code of Conduct.

Key Function Holders

The persons holding Key Function roles in Cosmos are as follows:

Name	Key Function roles
Kyriakos Tyllis	General Manager
Andreas Mamas	Chief Finance Officer
Dimitris Dimitriou (Outsourced to Deloitte Actuarial Services Limited)	Head of Actuarial Function
Maria Michaelides (Outsourced to Deloitte Actuarial Services Limited)	Head of Risk Management Function
Katerina Hadjichristofi (Outsourced to Ioannides & Demetriou LLC)	Compliance Function
Nicolas Pavlou (Outsourced to EY Limited)	Internal Audit Function

Table 9: Key Function Holders

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

B.3.1 Description of the undertaking's risk management system

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

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

B.3.1.1 Risk Appetite Statement

Cosmos will continue its conservative approach by maintaining a steady growth in profitable market segments with its main focus being profitability and the provision exceptional service to its clients.

The risk appetite statement lays down the level and nature of risks that are considered acceptable for the Company and the constraints within which it should operate in pursuing its strategy.

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

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

The Company has a target of maintaining a solvency coverage ratio at all times in excess of 115%.

In this context, tolerance limits are set for all risk categories to ensure that on a worst-case scenario basis, risk exposures will not lead to losses threatening this target solvency ratio.

B.3.1.2 Risk Governance

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

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

The roles of the key functions in the Risk Management System are outlined below:

Body / Function	Roles in the risk management framework
BoD	• The responsibility for the approval and periodic review of the risk profile and risk appetite, as well as the risk strategy and the policies for managing risks, lies with the BoD, so as to ensure that the BoD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. This information reaches the BoD either directly by the Risk Management Function Holder or through the Risk Management Committee.
Risk Management and Reserving Committee	• Responsibility for the supervision of the risk management framework is assumed by the Risk Management and Reserving Committee. • The Risk Management and Reserving Committee reviews on an annual basis the suite of Risk Policies of the Company and pre-approves any required changes, and subsequently forwards the updated Policy to the BoD for final approval. • The Risk Management and Reserving receives frequent information on the levels of risks to which the Company is exposed, with the purpose of ensuring that the Company's risk profile remains within the established risk tolerance limits. Risk appetite and risk limits are set at a level which is commensurate with the sound operation of the Company and its strategic goals.
Risk Management Function	• Supports the BoD in the determination and implementation of the risk strategy and capital planning. • Coordinates the implementation of the risk management framework and is the main unit for risk management responsibilities. • Regular reporting to the Senior Management and Risk Management Committee. • Risk management training to the BoD, Committees, Senior Management and risk-taking functions directly involved in the management and oversight of risk, on the contents of the current and other risk-specific policies, and for providing guidance on their application. • Moreover, the RMF continuously reviews the compliance of this Policy with Solvency II requirements and the appropriateness of risk strategy with Company objectives, appetite and limits, and informs the Risk Management Committee of any changes that may be required. • Monitors the risk profile of the Company against the BoD's risk appetite. • Develops internal risk methodologies and models.

Body / Function	Roles in the risk management framework
	• The RMF also brings to the attention of the Risk Management and Reserving Committee any breaches of this Policy.
GM and Senior Management with risk taking capacity	• The Company's Senior Management (i.e. General Manager, Head of Finance, Head of Operations etc) is responsible for the implementation of the risk strategy, as this has been approved by the BoD, and for the development of the policies, methodologies and procedures required to identify, measure, monitor and control every type of risk, in accordance with the nature and complexity of the Company's operations. • They also have the responsibility to apply the framework in their day to day activities.
Business Units	• The individual business units under the direction of their Heads have the responsibility to know and apply the requirements of the risk strategy and Policies in their area of business.
Actuarial Function	• The Actuarial function is a specialist function that advises the Senior Management of the Company on the calculation of technical provisions and capital requirements, as well as on the technical aspects of risk management and modelling. The full responsibilities of the Actuarial Function are governed by the Actuarial Function Policy.
Compliance Function	• The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's risk management framework with existing and new laws and regulations.
Internal Audit	• The Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee.

B.3.1.3 Risk management Processes

The risk management framework is a continuous process encompassing of the following key stages:

I. Risk Identification

The identification process is facilitated by a continuous use and review of internal and external sources of information.

Quantitative risks are identified through observation of the Company's exposures through its financial records. Emerging risks are identified through external data or information.

Qualitative risks are identified through identification of events, actions or inactions (risks) that have the potential to materially impact the achievement of the objectives or the intended operation of functions and business processes. These can relate to both threats to operations or failures to take advantage of opportunities.

Stress testing, scenario analysis and sensitivity analysis are also adopted for the purposes of identifying risk exposures over the business planning horizon through the ORSA process which is described in the next section.

II. Risk Assessment / Measurement

The main metric for assessing quantifiable risk exposures is the 99.5% value at risk. This is a measurement of the maximum loss occurring from predefined events with a probability of 1 in 200. Additional risk metrics are a predefined set of key risk indicators encompassing all risk areas. All risk metrics correspond to a risk tolerance limit explicitly stated within the risk appetite statement. This enables the comparison of actual risk exposures against the Company's tolerances indicating where further mitigating action is necessary.

Non-quantifiable risks are measured and ranked based on established criteria for frequency and severity. The frequency and severity associated with risks are assessed on an inherent and residual basis, having considered both the existence and effectiveness of the controls, by following a four-step process:

- Assessing the frequency of risk events and their resulting severity (inherent risk);
- Identifying the controls in place that prevent or detect the occurrence of the risk event or mitigate its severity;
- Assessing the design and performance of each control; and
- Assessing the frequency of risk events and their resulting severity, having considered the effectiveness of existing controls (residual risk).

Once identified and measured, material risks are documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls. The Risk Register is monitored regularly and amended where necessary to capture changes in risks facing the business or in the controls used to mitigate existing risks.

III. Risk Control and Mitigation

Controls are developed and used to safeguard the integrity of the Company's processes and systems.

Additionally, the RMF evaluates and adopts appropriate risk transfer methods to mitigate its exposure to the identified risks. Such methods may include purchasing reinsurance coverage, using derivatives or other hedging instruments.

Unexpected risk exposures are also covered by own funds, in accordance with the Solvency II requirements.

Company's policies on risk transfer including the use of reinsurance or other instruments is documented in the Company's Reinsurance and Other Risk Mitigation Techniques Policy (contained within this document).

When risk are identified and quantified its risks, a strategy can be implemented for mitigating them with appropriate policies, procedures, systems, and controls. Within the established risk appetite and tolerance, Cosmos would retain a certain portion of risk, transfer another portion (through (re)insurance), and then finance those risks it could not (re)insure.

IV. Risk Monitoring and Reporting

The RMF has the responsibility to ensure that all material risk exposures are monitored on an on-going basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk Committee.

Specifically, the RMF monitors the following for each risk:

- Actual exposure vs. Limit at an aggregate base;
- Key Risk Indicators;
- Risk data and model validation;
- Appropriateness and assumptions of risk measurement methodologies;
- Unusual or material events;
- Early warning indicators (in the internal and external environment of the Company); and
- Policy breaches.

In addition, on an annual basis:

- the Risk Register is formally reviewed by the Risk Management Function and any actions deemed necessary following such review are brought to the attention of the Board; and
- the Risk Management Function runs stress and scenario tests and reports the results and suggested courses of action to the Board.

Cosmos has in place appropriate processes and systems for the reporting of risk and capital management information. These systems and processes:

- Provide complete and accurate information;
- Provide information which is sufficiently detailed;
- Allow for the aggregation of information;
- Allow for reconciliation and validation of data;
- Provide information which is focused and tailored in a format appropriate to the recipient;
- Allow for timely dissemination of information which enables Senior Management to make decisions in an appropriate timeframe; and
- Are supported by a suitable capability and infrastructure.

Report	Recipient	Frequency
Risk Management report	• BoD	Annual
Risk profile assessment	• Risk Management and Reserving Committee • General Manager	Semi-Annual
Risk Dashboard (KRIs)	• General Manager	Quarterly
Escalation of key issues	• As per Trigger Levels and Escalation procedures	Ad hoc
Own Risk and Solvency Assessment (ORSA)	• BoD • General Manager • Regulator	Annual

Table 10: Risk Reporting Schedule

B.3.1.4 Significant Risk Exposures

The main risk exposures as at 31 December 2022 as measured through the Solvency II standard formula are shown in the table below:

Risk Components	Gross solvency capital requirement Amounts in EUR (€)
	C0110
Market risk	2.396.571
Counterparty default risk	1.240.226
Life underwriting risk	-
Health underwriting risk	120.443
Non-life underwriting risk	4.800.294
Operational risk	583.444

Table 11: Main Risk Exposures as at 31/12/2022

B.3.2 Material Risks not included in the calculation of the Solvency Capital Requirement

There were no material risks other than those captured in the calculation of the SCR.

B.3.3 Prudent Person Principle

Cosmos manages its investments in a prudent manner and in accordance with "The Prudent Person Principle". As previously mentioned, the Company has set in place tolerance limits with regards to the underlying risk of its asset portfolio which work to control the risk profile of the portfolio in relation to diversification, liquidity, volatility and matching to the liabilities in terms of nature currency and duration.

An asset liability study is conducted on a regular basis which provides an assessment of the adequacy of the strategic asset allocation in relation to liabilities.

The performance and risk profile of the investment portfolio is monitored on a quarterly basis through a set of predefined metrics and is discussed at the BoD.

B.3.4 Credit Assessments

Credit assessments are used for the Company's main counterparties through its reinsurance program and its asset portfolio. The ratings used are those of the main global rating agencies such as AM Best, Standard & Poor's, Fitch and Moody's. The ratings are obtained by the asset managers and the reinsurers themselves and are verified through ad hoc research through the internet.

Cosmos considers these external ratings as adequate for the purpose of the credit risk assessment of these counterparties unless information emerges which is thought to compromise their credit worthiness and has not yet been allowed for by the rating agencies.

B.4 Own Risk and Solvency Assessment (ORSA)

B.4.1 ORSA Process

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

Strategic decisions such as the introduction of new products, utilisation of additional distribution channels etc. are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity.

Cosmos follows the steps below to implement its ORSA:

i. ***Identify and classify risks, including governance*** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.

ii. ***Assessment and measurement of risks*** - the Company collects data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics. This also includes an assessment of the Solvency II standard formula and whether it adequately reflects the underlying risk profile of the Company.

iii. ***Capital Allocation*** – According to its risk profile, the Company determines the necessary risk capital required at that point in time.

iv. ***Capital planning*** – The Company projects its risk profile based on its business plan and prepares a capital plan over the business planning horizon. The capital plan depends on its strategic objectives and financial projections and assumptions on future economic conditions.

v. ***Stress testing*** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future. Stress tests complement the use of the standard formula by assessing the financial effect of events or sequence of events that lead to specific adverse scenarios. Thus, they can be used to understand the Company's vulnerability to its various risk exposures and the level of financial strain that it can withstand.

vi. ***Communicate and document the results*** – The Company presents the results of the process to senior management and the BoD and prepares the ORSA report. The BoD reviews and challenges the results of the ORSA through minuted discussions.

B.4.2 Governing the ORSA

The ultimate responsibility for the ORSA process lies with the BoD. The BoD defines the corporate objectives and the risk strategies of the Company which form significant inputs to the ORSA. The BoD also defines the stress testing program and also reviews, challenges and approves the ORSA Report. The BoD also sets the ORSA policy and reviews it every year.

The function mostly responsible for carrying out the ORSA is the Risk Management Function. However, the ORSA requires input from across the whole Company and hence the Risk Management Function coordinates the ORSA process in conjunction with all the other functions as risk owners.

Significant input is required from the finance function for the preparation of the financial projections in accordance with the Company's business plan and from the Actuarial function in quantifying future risks and assisting with the financial modelling of forecasted solvency assessments.

B.4.3 ORSA and decision making processes

ORSA is considered as a very valuable assessment in addressing the risks inherent with the Company's strategy and the BoD confirms that it is embedded in the decision-making processes of the Company. In particular, the ORSA allows the management to take into account all the risks associated with the Company's business strategies and the required level of capital that the Company requires to commit, to explore alternative options and assess their impact and decide on the optimal strategy and advice to BoD accordingly.

B.4.4 Frequency of the ORSA

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

These changes include, but are not limited to:

- Significant changes to the financial and political environment in which the Company operates;
- Significant operational losses;
- Material changes to the new business volumes;

- Planned changes to the operating model of the Company; and
- Significant changes in the Company's risk profile.

B.4.5 Solvency needs and Risk Profile

In 2022, the Company undertook a detailed risk and solvency assessment as well as a forward-looking assessment of capital requirements comprising of the year 2022-2024. These assessments encompass all material risks that the Company faces or could expect to face over its planning period.

The assessment also addressed the adequacy of the standard formula and how it relates to the underlying risk profile of the Company. The assessment provided satisfactory evidence for the adequacy of the standard formula and comfort that we can continue using this as a key risk metric. Furthermore, it provided confidence that the capital requirements address the material risk exposures and the available own funds provide a satisfactory buffer in safeguarding business continuity beyond the 99.5% confidence threshold.

Any risks not covered by capital are believed to be adequately mitigated through the control measures applied internally and no additional capital beyond the SCR was deemed necessary.

B.5 Internal control system

B.5.1 Description of the undertaking's internal control system

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

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

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

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

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

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

B.5.2 Compliance Policy and Compliance Function

The Compliance Function is fully outsourced to Ioannides and Demetriou LLC.

The Compliance Function ensures that compliance awareness is promoted internally and externally and that compliance is an integral part of the corporate culture of the Company.

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

The function is subject to audit by the Internal Audit Function.

The role of the Compliance Function includes:

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

B.6 Internal Audit Function

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

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

The Company outsourced its Internal Audit Function to EY Ltd thus ensuring the independence and objectivity from any functions which have operational responsibilities. The Internal Audit Function reports to the Board through the Audit Committee. The Internal Audit Function does not subordinate to any other operational function of the Company however, all its reports are communicated to the Company's Management.

The Internal Audit Function is responsible for evaluating the adequacy and effectiveness of the internal control system and other elements of the system of governance. The responsibilities of this function are governed by the Internal Audit Policy, which is approved by the BoD and reviewed annually.

The Internal Audit Function has an unrestricted right to obtain information relevant to the discharge of its responsibilities. This entails the prompt provision of all necessary information, the availability of all essential documentation and the ability to look into all activities and processes of the Company.

To this effect, the Internal Audit Function has full, free and unrestricted access to all the personnel of the Company who shall, in turn, ensure that the Internal Audit Function obtains the necessary information about, and has the necessary access to, the Company's outsourced functions.

B.7 Actuarial Function

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

The Actuarial Function reports to the BoD and is subject to the audit of the Internal Audit Function regarding the adequacy and effectiveness of its procedures. The operating procedures of the function are described in detail in the Actuarial Function Manual.

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

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

The responsibilities of the Actuarial Function include:

- Coordinating the calculation of technical provisions;
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- Comparing best estimates against experience;

- Reporting to the Audit Committee, the Management and the Supervisory Authority on the reliability and adequacy of the calculation of technical provisions;
- Expressing an opinion on the adequacy of reinsurance arrangements;
- Expressing an opinion on the overall underwriting policy and technical pricing of products; and
- Contributing to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the ORSA.

B.8 Outsourcing

Cosmos outsources the following key functions:

Function	Entity	Person Responsible
Actuarial Function	Deloitte Actuarial Services Limited	Dimitris Dimitriou
Risk Management Function	Deloitte Actuarial Services Limited	Maria Michaelides
Compliance function	Ioannides & Demetriou LLC	Katerina Hadjichristofi
Internal audit	EY Limited	Nicolas Pavlou

Table 12: Outsourced key functions

Cosmos has opted to outsource these functions given the high level of specialisation and the limited availability of such skills in the domestic market. Furthermore, management has selected providers with significant expertise in their areas who can introduce knowhow and skillset in a beneficial way for the Company. Outsourcing is also believed to be a cost-efficient approach for the selected functions.

Additional benefits of outsourcing include the safeguarding the continuity of services since Cosmos does not rely on one person but a firm with a contractual obligation to provide the requested services under all circumstances.

It also saves on infrastructure and technology since the Company does not need to invest in specialised software and relevant IT solutions.

The selected partners have over the years proven to be efficient in their dealings with the Company and provide comfort to the BoD in the quality of their service and the value they add to Cosmos.

The Company acknowledges that outsourcing does not in any way relieve the Company of ultimate responsibility for the outsourced functions. In line with regulatory requirements, Cosmos has appointed one member of senior management with the responsibility of oversight of these functions and these persons have been approved by the Insurance Companies Control Service. Furthermore, the performance of providers is regularly reviewed and monitored by the BoD.

B.8.1 Outsourcing Policy

The criteria for the selection of service providers and the process for their appointment is laid down in the Company's outsourcing policy which is approved by the BoD and reviewed at least once a year.

The outsourcing of any critical function to an external provider should be approved by the Company's Board of Directors who must ensure that outsourcing critical functions or activities do not lead to a material impairment of the quality of its governance system and there is no increase in the operational risk by:

a) Adequately considering the impact of outsourcing critical functions/activities on the Company's risk management and internal control systems;

b) Ensuring that the service provider has in place an adequate risk management and internal control system;

c) Verifying that the service provider has the necessary resources to perform the tasks in a proper and reliable way, and that all staff of the service provider who will be involved are sufficiently qualified and reliable; and

d) Ensuring that the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and periodically tests backup facilities where necessary.

The outsourcing of critical and important functions should be submitted for approval to the Cyprus Superintendent of Insurance Office via the prescribed forms and any decision of the Board of Directors should be made subject to such approval having been obtained.

The Outsourcing Policy states that when choosing a service provider for any critical or important functions or activities ensures that:

- The potential service provider has the ability, capacity and license required by law to deliver the required services relevant to the functions or activities;
- The service provider has adopted all means to ensure that there is no explicit or potential conflict of interest with the Company that may impair the needs of the outsourcing undertaking and provides relevant assurance to this;
- The general terms and conditions of the agreement are authorised and understood by the Company's General Manager and BoD;
- The service provider possesses adequate resources and experienced and qualified staff;
- There is in place adequate contingency plans in the case of business interruption on the part of the service provider;
- A member of staff of the service provider satisfies the "fit & proper" requirements applicable to the function being outsourced;
- The outsourcing does not represent a breach of any data protection regulation or any other laws;

- The service provider is subject to the same provisions on the, data protection, safety and confidentiality of information relating to the Company or to the Company's policyholders or beneficiaries that are applicable to the Company; and
- A written agreement between both parties exists, which defines the respective rights, obligations and remuneration of each party pursuant to the applicable laws.

The Company should perform due diligence procedures in case of outsourcing of critical functions and/or significant projects. As a minimum, the Company in order to validate the capabilities, expertise and economic situation must request the following information:

a) Most recent audited financial statements;
b) Presentation of Company's overview, comprising the provision of specific experience and credentials related to the request for proposal requirements;
c) List of Major Clients; and
d) Presentation of the key project team members / personnel profile, including the individuals' areas of responsibility, specialization and experience.

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

B.9 Adequacy of the system of governance

Overall The Company's system of governance is considered as appropriate and effective taken into consideration the nature, scale and complexity of the risks inherent in its business.

In addition, the Company is committed to continuously enhance and improve its governance in order to proactively respond to the constant changing business and regulatory needs.

In doing so, the Company will review, evaluate and enhance its compliance and governance systems on a regular basis.

B.10 Any other information

There is no other material information regarding the system of governance of the Company which has not already been disclosed in the sections above.

C. Risk Profile

The Solvency Capital Requirement ("SCR") defines the economic capital that should be held to ensure that the Company can meet its obligations to policyholders and beneficiaries with certain probability and should be set to a confidence level of 99,5% over a 12-month period. That requirement limits the chance of financial loss for the following year to a 1 in 200 year event.

In addition, there is also the Minimum Capital Requirement ("MCR"), which represents an 85% confidence level and should not be below 25% nor exceed the 45% of the SCR. The Company uses the standard formula to calculate the SCR, as provided by the European Insurance and Occupational Pensions Authority ("EIOPA"). Non-quantifiable risks are measured through qualitative analysis and a frequency/severity approach.

In addition to capital, the Company manages all risks through its processes and procedures and its internal control framework and by monitoring exposures and benchmarking those against its risk appetite.

The calculation of the SCR according to the standard formula is divided into modules and sub-modules.

The components of the SCR (before diversification) for the reporting period ended 31 December 2022, are presented in the following chart:

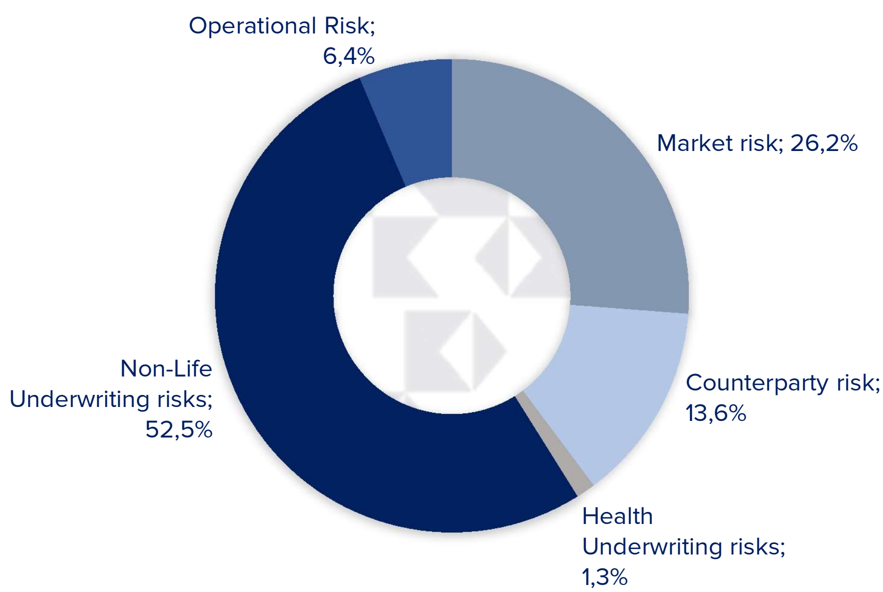


Figure 5: SCR components (before diversification) as at 31/12/2022

The Company's risk profile is mainly driven by its exposure to underwriting, market and counterparty default risk.

Underwriting risk forms around 53,8% (Non-life and Health) of the total risk portfolio of Cosmos, whereas market risk comprises the 26,2% of the Company's risk portfolio.

The Company is also exposed to counterparty default risk, which constitutes the 13,6% of its risk portfolio and 6,4% of operational risk.

Non-life underwriting risk components are premium and reserve risk, lapse risk and catastrophic events ("CAT") risk which are mitigated through the purchase of adequate reinsurance cover.

Market risk components are spread, equity, currency, interest rate, property and concentration risk. The most material risk faced by the Company is property risk. The Company follows a defined Investment Policy which includes specific criteria and limits (qualitative and quantitative) for each category of asset in order to ensure that investments are made in a prudent manner.

C.1 Underwriting Risk

C.1.1 Material risk exposures over the reporting period

Underwriting Risk is the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. Underwriting and Reserving Risk includes the fluctuations in the timing, frequency and severity of insured events, with relation to the Company's expectations at the time of underwriting. This risk can also refer to fluctuations in the timing and amount of claims settlements.

Non-life Underwriting risk amounts to approximately 52,5% of Company's SCR (before diversification).

The main components of Non-life underwriting risk are broken down in the following sub-modules:

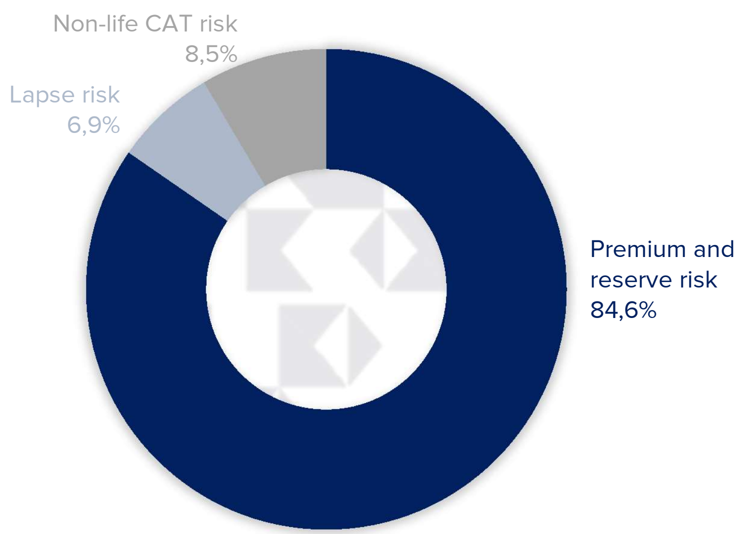


Figure 6: Non-life underwriting risk components as at 31/12/2022

Premium & Reserve risk

Premium and reserve risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (non-life premium and reserve risk).

Lapse risk

Lapse risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders.

Catastrophe risk

Catastrophe risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events (non-life catastrophe risk).

The Health Underwriting risk represents approximately 1,3% of Company's risk profile and its sub-modules are analysed as follows:

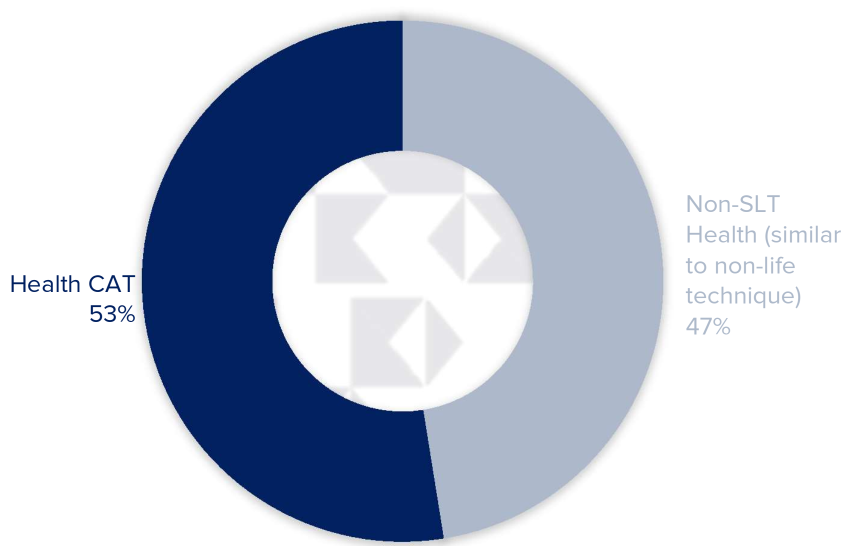


Figure 7: Health Underwriting Risk components as at 31/12/2022

C.1.2 Risk Assessment/Measurement

Cosmos measures its Underwriting risk using the standard formula. The measurement addresses three sources of risk: Premium and Reserve risk, Lapse risk and Catastrophe risk.

The results of the risk assessment as described above are summarised below:

99,5% Value at Risk Amounts in EUR (€)	**YE 2022**	**YE 2021**	**Difference**
Non – Life Underwriting risk			
Premium & Reserve risk	4.647.365	4.722.832	(75.467)
Lapse Risk	377.379	335.458	41.921
Catastrophe Risk	466.743	427.520	39.223
Diversification effects	(691.193)	(626.794)	(64.399)
Total	**4.800.294**	**4.859.016**	**(58.722)**
Health Underwriting risk			
SLT Health Underwriting Risk	72.267	64.212	8.055
Catastrophe Risk	79.966	74.569	5.397
Diversification effects	(31.790)	(28.882)	(2.908)
Total	**120.443**	**109.899**	**10.544**

Table 13: Underwriting Risk Assessment 2022 vs 2021

Cosmos also adopts other risk assessment tools such as stress and scenario testing (both on the current position and over the business planning horizon), maintenance of a risk register, comparison of actual exposure and risk tolerance limits and use of Key Risk Indicators.

These tools enable Cosmos to monitor the portfolio under normal circumstances, understand the magnitude of loss in the event of severe or extreme scenarios and ensure that it holds adequate levels of capital to protect its policyholders and other stakeholders. Using the assessment tools consistently (if appropriate), enables the Company to understand whether its risk is increasing and thus take action if appropriate. The tools used have significantly improved over the past year and are expected to be further developed and optimised over the next year.

C.1.3 Risk Concentration

Information on any material risk concentrations the undertaking is exposed to

Risk concentration in relation to underwriting risk may take place due to the concentration of an insurance operation in a particular area or an insurance peril.

The volume of the Non-life Underwriting risk is driven by the Premium and reserves part of the module. Premium and reserve risk is affected by the level of technical reserves and the volumes of premiums written.

Due to the higher volumes of Motor business written compared to other lines of business, there is a high concentration in the experience of the Motor line.

Overview of any future risk concentrations anticipated over the business planning period and how they will be managed

Cosmos plans to maintain its business diversification over the planning period and continue to closely monitor its portfolio to avoid unintended risk concentration. Treaty (Proportional or Non-proportional), facultative and catastrophe reinsurance will continue to be used to manage the net retention and maintain risks within the risk appetite limits approved by the BoD.

C.1.4 Risk Mitigation

Information on the techniques currently used

C.1.4.1 Product design process

All new products, prior to their launch are thoroughly assessed through a profit testing analysis carried out by the Actuarial Function. Actuarial function tests the underlying profitability of the products and its sensitivity, the capital intensiveness and any inherent risks. Furthermore, market research and internal analyses help assess the marketability and competitiveness of Company's products. IT is also engaged in ensuring that proposed products are compatible with the Company's systems and IT infrastructure. Availability of reinsurance is critical prior to the launch of any new product.

C.1.4.2 Reinsurance

Cosmos maintains reinsurance cover to protect against claims volatility. A proportional reinsurance arrangement is in place for all product lines except Motor line of business, whereas, the Company has a non-proportional reinsurance. Single policies which fall outside the scope of the respective treaty reinsurance, are reinsured on a facultative basis.

A detailed analysis is undertaken on an annual basis to assess the most appropriate reinsurance structure in accordance to the business, capital and risk strategies of the Company. Furthermore, the actuarial function issues an opinion on the adequacy of reinsurance arrangements annually. The credit rating and the financial condition of the key reinsurance counterparties are reviewed on a quarterly basis and corrective action is taken in the event of a deterioration in their financial quality.

The effectiveness of the current reinsurance structure as well as that of potential reinsurance agreements considered are also assessed in the ORSA with respect to their impact on profitability and solvency coverage ratio over the business planning horizon.

Use of reinsurance protection enables the Company to manage and optimise its underwriting portfolio, whilst protecting its balance sheet and maintaining its exposure to the risk limits set by the Board of Directors. The steps taken to ensure that both the reinsurance structure and the reinsurance counterparties are appropriate, have enabled Cosmos to reduce volatility in its financial results as well as achieve significant risk mitigation.

C.1.4.3 Portfolio Monitoring

The senior management of the Company receives and reviews:

- Regular reports on the gross written premium, risks written (sum insured), claims and reserves; and
- Regular detailed profitability analyses and reviews undertaken by the Actuarial Function.

The management of the Company undertakes the reviews above to ensure that the Company is protected against the risk of inadequate pricing. The frequency of the reviews, will enable the management to take quick action to resolve any issues identified.

C.1.4.4 Clear delegation of underwriting and claims authorities

There is a clear delegation of underwriting and claims authorities within the Company and peer review requirements, with the most complex risks and claims requiring review and sign-off by the General Manager. This ensures that the risks and claims are assessed by personnel of appropriate experience and expertise and the premium charged reflects the characteristics of each risk and appropriate claim provisions are put in place.

Clear delegation of underwriting and claims authorities and peer review ensures that the operational risks related with underwriting, claims and reserving; risk of insuring unintended exposures, risk of fraudulent claims or claims overpayment and the risk of inadequate pricing or under-reserving are reduced.

Description of any material risk mitigation techniques the undertaking is considering purchasing or entering into over the business planning period and the rationale

The continued effectiveness of the risk mitigation techniques and controls described above is monitored continuously by the Senior Management. In the event of any findings or shortcomings identified, quick action is taken and the risk mitigation techniques are adjusted accordingly.

Cosmos will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. Cosmos does not plan to enter or purchase any additional risk mitigation products over the planning period.

C.1.5 Risk Sensitivity

As part of the business and capital planning processes, the RMF carries out stress tests (either sensitivity or scenario analysis) to feed into the ORSA.

These tests or analysis measure the impact of any change in the risks including establishing a proper management of any change that happens, monitoring and measuring prospective changes in the risk situation and determining any consequences.

The RMF in cooperation with other business areas identifies the key areas on which the stress tests will be performed. The identification is performed by considering the Company's exposure to internal factors such as a change in business plan, and external factors, such as certain possible events with negative effects or a deterioration of economic conditions. Internal and external factors taken into consideration are clearly described in the ORSA report.

Under each stress test performed, the RMF assesses the adequacy of established mitigating measures as well as additional compensating measures and offsetting actions it realistically can change to restore or improve Company's capital adequacy or its cash flow position.

The stress testing program is used as a risk management tool supporting different business decisions and processes. Such decisions also take into consideration the shortfall of stress testing and the limitations of the assumptions used.

C.2 Market risk

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

The main components of market risk are:

- **Interest rate risk**: the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates
- **Equity risk**: the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities
- **Property risk**: the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate
- **Currency risk**: the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates
- **Spread risk**: the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure (spread risk)
- **Market risk concentrations**: additional risks to an insurance or reinsurance undertaking stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers

C.2.1 Material risk exposures over the reporting period

Market risk represents 26,2% of the Company's Solvency Capital Requirement (before diversification).

The Company's market risk comprises the following sub-risk:

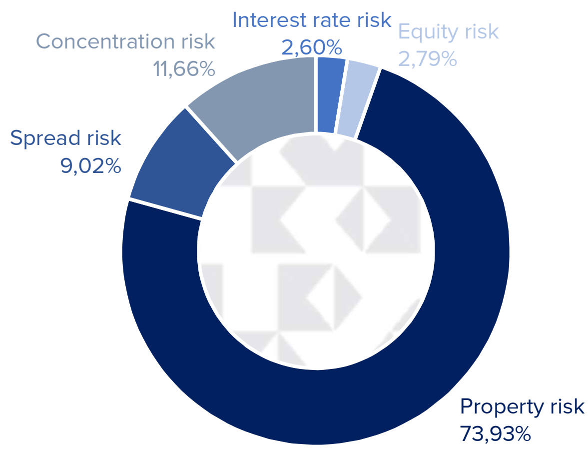


Figure 8: Market Risk components as at 31/12/2022

C.2.2 Risk Assessment/Measurement

Cosmos measures its market risk using the standard formula, the adequacy of which was assessed during the latest ORSA. The measurement is done separately for the sub-categories mentioned above and then the aggregate market risk measure allows for diversification between its components.

Cosmos also adopts other risk assessment tools such as stress and scenario testing (both on the current position and over the business planning horizon), maintenance of a risk register, comparison of actual exposure and risk tolerance limits and use of Key Risk Indicators.

Over the business planning horizon, Cosmos expects its own funds to increase materially as business is written on profitable terms. Inevitably, the higher capital base will introduce additional market risk.

With the support of the RMF, the Company assesses the impact of any material investment decisions on its solvency coverage ratio.

Amounts in EUR (€)	Capital Requirement		
Market Risk Components	**YE 2022**	**YE 2021**	**Difference**
Interest rate risk	74.952	-	74.952
Equity risk	80.214	85.177	(4.963)
Property risk	2.127.684	2.141.386	(13.702)
Spread risk	259.595	343.883	(84.288)
Currency risk	-	-	-
Concentration risk	335.488	345.460	(9.972)
Illiquidity premium risk	-	-	-
Diversification effects	(481.362)	(490.157)	8.795
Total	**2.396.571**	**2.425.749**	**(29.178)**

Table 14: Market Risk Capital Requirement Assessment 2022 vs 2021 per component

Solvency capital requirement from Company's exposure to market risk as at 31 December 2022 slightly decreased by €29k or 1,2% compared to 31 December 2021. The decrease mainly derives from the decrease of SCR from spread risk and property risk which was partially offset by the increase in SCR from interest rate risk due to the increase in interest rates imposed by Central Banks in order to restrain accelerated inflation.

Interest rate risk

Interest rate risk relates to the sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

The uncertainty observed in the markets and the rise in the interest rates, resulted in the Company being exposed to interest rate risk. This was not previously applicable due to the low interest rate environment experienced in the past.

The duration of both assets and liabilities is short-term and thus both sides are not highly sensitive to interest rate movements but given the current macro-economic environment and the rise in the yield curves, the Company is exposed to interest rate risk amounting to €75k.

Equity risk

Equity risk represents only the 2,79% of Company's SCR from market risk (before diversification, which comprises the follow:

Amounts in EUR (€)	Capital Requirement		
Equity Risk Components	**YE 2022**	**YE 2021**	**Difference**
Type 1 Equities	1.568	948	620
Type 2 Equities	79.031	84.464	(5.433)
Diversification effects	(385)	(235)	(150)
Total	**80.214**	**85.177**	**(4.963)**

Table 15: Equity Risk Capital Requirement per component 2022 vs 2021

The total equity portfolio of Cosmos on the reference date was not material i.e. €1.015 (2021: €1.015). However, the Company is also exposed to equity risk from its investment funds as identified via the look-through approach.

The SCR is determined by applying an immediate drop in prices depending the type of securities:

- Type 1: 39% together with the symmetric adjustment of the equity capital charge.
- Type 2: 49% together with the symmetric adjustment of the equity capital charge.

Currency risk

The Company is not exposed to any currency risk, hence no capital requirement is determined.

Property risk

Property risk consists of approximately 73,9% (2021: 73%) (before diversification) of market risk, due to the large portfolio of properties held.

The Company's properties portfolio as at 31 December 2022 amounted to €10,20m and consists of properties held for own use, investment properties, right-of use assets and investment in properties derived from the look through approach applied on the Company's investment funds.

The SCR deriving from property risk is determined by applying a 25% shock on the properties' market value.

Amounts in EUR (€)	Capital Requirement		
	YE 2022	**YE 2021**	**Difference**
Property risk	2.127.684	2.141.386	(13.702)

Table 16: Property Risk Capital Requirement 2022 vs 2021

Spread risk

Spread risk constitutes the 9% of Company's market risk. The Company's exposure to spread risk derives from the Company's holdings in Government bonds, corporate bonds and interest-bearing investments deriving from the Look-through approach applied on Company's funds.

Amounts in EUR (€)	Capital Requirement		
	YE 2022	YE 2021	Difference
Spread risk	259.595	343.883	(84.288)

Table 17: Spread Risk Capital Requirement 20212vs 2021

Market Concentration risk

Concentration risk is the risk of a potential loss which its magnitude is significant enough to pose a threat on Company's solvency and financial position.

Concentration risks applies to all Company's assets included in spread, property and equity and it does not take under consideration assets included in counterparty default risk.

Amounts in EUR (€)	Capital Requirement		
	YE 2022	YE 2021	Difference
Concentration risk	335.488	345.460	(9.972)

Table 18: Concentration Risk Capital Requirement 2022 vs 2021

C.2.3 Risk Concentration

Information on any material risk concentrations the undertaking is exposed to

Cosmos holdings of property, amounts to nearly €10,20m. This is a significant concentration to the real estate market and a potential fall in property prices will have a material impact on the Company's financial position. The management is making efforts to accelerate the sale of several properties to mitigate this risk. The largest single holding is the Company's head office building in Nicosia which is estimated at €4,6m.

Overview of any future risk concentrations anticipated over the business planning period and how they will be managed

The investment mix is not expected to change substantially over the business planning period and hence Cosmos anticipates the same level of market risk concentration.

C.2.4 Risk Mitigation

Information on the techniques currently used

All investment activity within the Company is driven by the nature, term and currency of its liabilities and by the Company's overall risk appetite and solvency levels. The overall policy objective is to adequately fund the Company's technical reserves and solvency margin and to contribute to the growth of surplus for the benefit of the shareholders.

The Company has adopted a low risk appetite for investment risk.

The risks arising from investment activity are managed, monitored, reported and controlled in accordance with the Company's overall governance arrangements which follow the management and oversight of the Company's exposure to investment risk.

The BoD, through the Investment Committee, receives and reviews regular reports from Finance and Risk Management with regards to the Company's exposure, associated risks and investment strategies.

The BoD approves the investment decisions that are not within policy and allocates authorities and limits to executive officers in the Company.

The investment strategy is reviewed at least on an annual basis at Board Meetings, taking into account:

- The Company's current investment strategy and ALM strategy;
- The Company's business and liability profile, overall risk tolerance levels, solvency position and risk-return requirements; and
- The financial market environment.

The Risk Management Function is responsible for ensuring that the investment limits as set out by the Board are appropriate in view of the Company obligation to meet its liabilities. The Risk Management Function shall report directly to the Audit and Risk Committee, by providing regular reports with regards to the risk exposures which may arise from the Company's investment activities.

C.2.5 Prudent Person Principle

The Solvency II regulations require investment of assets in accordance to the "Prudent Person Principle". In light of this, the Company has aligned its investment policy and ALM strategy with this principle.

In accordance with the "Prudent Person" Principle the Board sets the following high-level investment principles that should be followed by the Investment Committee:

- All investment activity within the Company is driven by the shape, nature and term of its liabilities and by the Company's overall risk appetite and solvency levels;
- The overall policy objective is to adequately fund the Company's technical reserves and solvency margin and to contribute to the growth of surplus for the benefit of the shareholders;
- The Company does not engage in speculative investments or other high-risk investment activities including gains trading and short-selling;
- All investments must qualify under the EU regulations and Cyprus Insurance regulations;
- The Company's investment strategy is aligned with key risks policies on ALM and Liquidity management i.e. the Company holds assets with sufficient values and enough liquidity to meet all liabilities and enable payments as they fall due;
- Investment activities should be appropriate so that the Company's shareholders and policyholders are not exposed to undue risk;

- Investments should be sufficiently diversified across instruments and issuer counterparties;
- The Company does not invest on complex instruments or markets where the risks cannot be sufficiently understood, measured and managed by the Company's Investment and Risk professionals;
- All credit related issues on securities shall be reviewed by the Risk Management Function and follow the credit risk policy of the Company; and
- Outsourcing of investment to third party assets managers should adhere to the policy for outsourcing.

C.2.6 Risk Sensitivity

Stress tests and scenario analyses

As part of the business and capital planning processes, the risk management function ("RMF") carries out stress tests (either sensitivity or scenario analysis) to feed into the ORSA.

These tests or analysis measure the impact of any change in the risks including establishing a proper management of any change that happens, monitoring and measuring prospective changes in the risk situation and determining any consequences.

The RMF in cooperation with other business areas identifies the key areas on which the stress tests will be performed. The identification is performed by considering the Company's exposure to internal factors such as a change in business plan, and external factors, such as certain possible events with negative effects or a deterioration of economic conditions. Internal and external factors taken into consideration are clearly described in the ORSA report.

Under each stress test performed, the RMF assesses the adequacy of established mitigating measures as well as additional compensating measures and offsetting actions it realistically can change to restore or improve Company's capital adequacy or its cash flow position.

The stress testing program is used as a risk management tool supporting different business decisions and processes. Such decisions also take into consideration the shortfall of stress testing and the limitations of the assumptions used.

C.3 Counterparty Default Risk

Counterparty Default Risk (Credit risk) is the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

The Company is exposed to counterparty default risk ("CDR") mainly due to the reinsurance recoverable, placements with banks and the amounts due from policyholders and intermediaries.

C.3.1 Material risk exposures over the reporting period

Counterparty default risk represents approximately 13,6% of the Company's SCR (before diversification).

Counterparty Default risk of the Company is broken down as follows:

- **Type 1 exposures** involves exposures to counterparties that are non-diversifiable and usually rated e.g. reinsurance arrangements, cash at bank etc.
- **Type 2 exposures** involves diversifiable and unrated exposures e.g. receivable from intermediaries, policyholder etc.

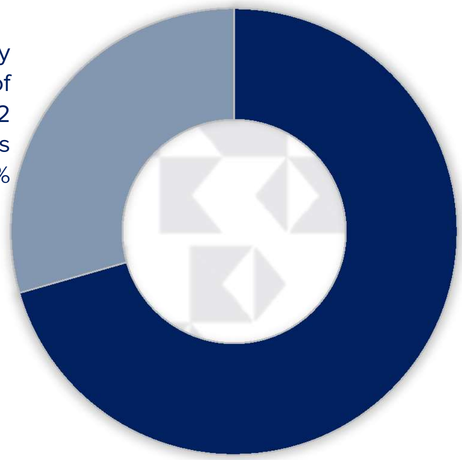


Figure 9: Counterparty default risk breakdown as at 31/12/2022

C.3.2 Risk Assessment/Measurement

Cosmos measures its credit risk using the standard formula, the adequacy of which was assessed during the latest ORSA. With respect to exposures to banks, bond issuers, loan holders and reinsurers the assessment depends highly on the credit rating of the counterparties which defines the probability of default. On the other hand, for premium receivables the assessment is based on the ageing of overdue balances and the probability of default.

The Solvency Capital Requirement from CDR as at 31 December 2022 was estimated at €1.240.226 as follows:

Amounts in EUR (€)	Capital Requirement		
Counterparty Default Risk	**YE 2022**	**YE 2021**	**Difference**
Type 1 Exposure	931.707	854.813	76.894
Type 2 Exposure	377.499	356.549	20.950
Diversification effects	(68.980)	(64.624)	(4.356)
Total	**1.240.226**	**1.146.738**	**93.488**

Counterparty default risk in 2022 increased by €93k or 8% compared to 2021 which is mainly attributed to the increase of Type 1 exposure.

C.3.3 Risk Concentration

Information on any material risk concentrations the undertaking is exposed to

Type 1

Type 1 – Largest exposures in counterparty default risk are indicated below:

Counterparty	Exposure Amounts in EUR (€)	% of Total Exposure
EFG Zurich	1.344.804	20%
Munich Re	714.197	10%
Hire Risk Pool	551.866	8%
MS AMLIN AG	342.308	4%
SCOR GLOBAL P&C SE	317.049	3%
KOREAN RE	308.640	5%
Mapfre Re Compañía De Reaseguros, S.A.	294.901	5%

Table 19: Counterparty Default Risk: Type 1 exposures (largest to smallest) as at 31/12/2022

Type 2

Premium Debts are a significant component of the Company's statement of financial position. Premium debtors include premium receivable from policyholders and balances from intermediaries. Balances from intermediaries are balances before 1 January 2018 and are stressed by 90% in accordance with the Solvency Directives, hence is considered a material concentration for counterparty default risk.

C.3.4 Risk Mitigation

Information on the techniques currently used

The Company mitigates its credit risk, through the credit risk policy, which prescribes minimum creditworthiness requirements for its investment counterparties and reinsurers and by ensuring an adequate level of diversification in its investment portfolio.

The policy determines the Credit risk appetite of the Company and allocates the aggregate risk appetite into specific tolerance levels and limits for the credit risks identified by Cosmos.

The Company's aggregate risk appetite is articulated by the BoD and is documented in the Risk Management Policy. The Risk Management and Reserving Committee, in cooperation with the RMF have the responsibility to allocate the risk appetite of the BoD to risk categories and to define a set of limits that can be used to make the risk appetite operational and embedded within Cosmos.

The credit rating and the financial condition of all key counterparties are reviewed at least quarterly and management is ready to take action in the event of a deterioration in the credit quality.

Moreover, the terms and conditions of the reinsurance contracts stipulating exit terms in the event of changes in the financial conditions of the counterparties.

For the balances with policyholders and intermediaries, the Company has established via the Credit control department, procedures for effective monitoring and control. In doing so, credit control department has set rigid criteria such as restriction of renewing policyholders with uncollected premiums. The Company also monitors, overdue balances from policyholder and/or intermediaries on a daily basis and takes immediate actions for instances of non-compliance with Company's credit period granted.

C.3.5 Risk Sensitivity

Stress tests and scenario analyses

As part of the business and capital planning processes, the risk management function carries out stress tests (either sensitivity or scenario analysis) to feed into the ORSA.

These tests or analysis measure the impact of any change in the risks including establishing a proper management of any change that happens, monitoring and measuring prospective changes in the risk situation and determining any consequences.

The RMF in cooperation with other business areas identifies the key areas on which the stress tests will be performed. The identification is performed by considering the Company's exposure to internal factors such as a change in business plan, and external factors, such as certain possible events with negative effects or a deterioration of economic conditions. Internal and external factors taken into consideration are clearly described in the ORSA report.

Under each stress test performed, the RMF assesses the adequacy of established mitigating measures as well as additional compensating measures and offsetting actions it realistically can change to restore or improve Company's capital adequacy or its cash flow position.

The stress testing program is used as a risk management tool supporting different business decisions and processes. Such decisions also take into consideration the shortfall of stress testing and the limitations of the assumptions used.

C.4 Liquidity risk

Liquidity risk is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

C.4.1 Material risk exposures over the reporting period

The Company generally has low exposure in liquidity risk due to following:

- A significant proportion of the assets is invested in short-terms products, including cash and bank deposits; and
- Most of the assets held (mutual funds and government bonds) are highly tradeable securities which enables fast and low cost liquidation of assets.

C.4.2 Risk Assessment/Measurement

The assessment and measurement of liquidity risks is performed using both qualitative and quantitative methods.

Liquidity Risk is measured with reference to the market values of the assets and the nominal (undiscounted) values for technical liabilities. Investment asset valuations are produced by the third party asset managers.

In quantifying liquidity risk, Cosmos assesses the differences between the contractual and the behavioural nature of its liabilities. In assessing the behavioural nature of Cosmos' liabilities, the following should be considered:

- The type of insurance business;
- The past history of volatility in the pattern of claims payment;
- Options available to policyholders and the circumstances in which they are likely to be exercised;
- Options available to the insurer and any incentive for the insurer to exercise them; and
- The other cash flow needs of the business.

The Senior Management highlights any significant deficiencies against the appetite during the period to the Risk Management Function and the Audit and Risk Management and Reserving Committees.

C.4.3 Risk Concentration

Information on any material risk concentrations the undertaking is exposed to

Sources of cash inflows and cash outflows such as insurance receivables, claims, expenses etc., are diversified and to a large extent independent. This risk concentration within liquidity risk is limited.

Overview of any future risk concentrations anticipated over the business planning period and how they will be managed

The Company does not anticipate a deterioration in its liquidity position or risk during the business planning period.

C.4.4 Risk Mitigation

Techniques currently used

The Company has developed investment guidelines (reviewed and approved by the Board) which, among others, sets investment limits in illiquid assets and ensure appropriate number of counterparties and levels of asset diversification are in place.

The Company adopts a prudent liquidity risk management approach by maintaining a sufficient proportion of its assets in cash and marketable securities through the ability to close out market positions. Senior management is updated on a regular basis on the cash position of the Company illustrating, inter alia, actual cash balance net of operational commitments falling due in the short term as well as investment commitments falling due in the medium and long term.

Cosmos also minimizes liquidity risk by:

- ensuring that the Accounting function designs and implements proper controls, documented in the procedure manual, to ensure that inflows are actively managed, monitored and followed up;
- ensuring that income generated from the investment portfolio is duly received by the Company;
- allowing for a cash loss limit in its reinsurance arrangements, which allows the Company to claim and receive immediate payment for a large loss without waiting for the usual periodic (quarterly) payment to occur;
- catering for unexpected cash flows, since the quota for highly liquid assets provides a good buffer over and above the maximum historic cash outflows;
- considering the effect of any proposed new business on liquidity and liquidity risk at Board level; and
- closely monitoring the timing of claims payments and reinsurance recoveries.

Description of any material risk mitigation techniques the undertaking is considering purchasing or entering into over the business planning period and the rationale

The Company has not adopted any risk mitigation techniques given the low level of its liquidity risk.

C.4.5 Expected profit included in future premiums

The Company does not have any expected profits included from future premiums.

C.4.6 Risk Sensitivity

The Risk Management Function in cooperation with the business areas identifies the key areas on which the stress tests will be performed. The identification is performed by considering the structure of Cosmos' portfolio and external environment factors which affect the exposure of Cosmos' positions.

- Impairment of assets;
- Large regulatory penalty or other large outflow;
- Withdrawal of funding;
- Lower than expected new business;
- Wider liquidity crisis in the financial markets; and
- Unexpected payment of a large claim or catastrophe claim.

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

C.5 Operational risk

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

Cosmos adopts the following seven types of operational risk events:

- **Internal Fraud** - Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or Company policy, excluding diversity/discrimination events, which involves at least one internal party.
- **External Fraud** - Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law (including hacking damage and theft of information), by a third party.
- **Employment Practices and Workplace Safety** - Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity / discrimination events.
- **Clients, Products and Business Practices** - Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements, GDPR and Money Laundering), or from the nature or design of a product.
- **Damage to Physical Assets** - Losses arising from loss or damage to physical assets from natural disaster or other events (e.g. terrorism, vandalism).
- **Business Disruption and System Failures** - Losses arising from disruption of business or system failures (Hardware, Software, Telecommunications, Utility outage / disruptions).
- **Execution, Delivery and Process Management** - Losses from failed transaction processing or process management, from relations with trade counterparties and vendors.
- **Errors or omissions in following processes** - e.g. accepting risks outside reinsurance scope, accepting risks outside limits.

C.5.1 Material risk exposures over the reporting period

Operational risk represents approximately 6% of the Company's SCR (before diversification).

C.5.2 Risk Assessment/Measurement

Operational Risks are assessed by the Company through the standard model of Solvency II. This involves assessing Operational Risk through assessing the Company earned premium, provisions and expenses.

Cosmos measures operational risk through the following:

- a qualitative assessment of operational risks is performed at least once a year during which potential sources of risk are identified, then a frequency severity assessment is performed both before and after any risk mitigation/control actions taken thus measuring inherent and residual risk.
- Loss event collection - the Company maintains a register of historical losses occurring due to process related events in order to ensure mitigating actions are taken to avoid repetition of such losses.

Furthermore the Company commits capital as a buffer to absorb losses due to operational risks as measured through the standard formula.

C.5.3 Risk Concentration

C.5.3.1 Material risk concentrations

Currently there are no material operational risk concentrations.

C.5.3.2 Overview of any future risk concentrations anticipated over the business planning period and how they will be managed

The operational risk profile of Cosmos is not expected to change over the business planning period.

C.5.4 Risk Mitigation

Information on the techniques currently used

The Company addresses its operational risk through the following:

- an Operational Risk Policy is in place to ensure that operational risks are properly identified, recorded, addressed and controlled;
- an Outsourcing Policy is in place to minimise the operational risks that result from outsourcing;
- an internal control system is in place;
- a business continuity plan is in place to ensure continuity and regularity in the performance of activities;
- Regular Internal Audit;
- Performance management and reviews to ensure employees are satisfied with their work and perform to the best of their abilities;
- Legal advice is sought at the earliest opportunity from specialised lawyers;
- Peer review of material work and appropriate underwriting, claims and other authority limits in place; and
- Insurance against property damage that could cause business disruption.

Description of any material risk mitigation techniques the undertaking is considering purchasing or entering into over the business planning period and the rationale

Cosmos will continue to use the risk mitigation techniques mentioned above, continuously aiming at enhancing them to reduce risk. Cosmos does not plan to enter or purchase any additional operational risk mitigation products over the planning period.

C.5.5 Risk Sensitivity

Stress tests and scenario analyses

As part of the business and capital planning processes, the risk management function ("RMF") carries out stress tests (either sensitivity or scenario analysis) to feed into the ORSA.

These tests or analysis measure the impact of any change in the risks including establishing a proper management of any change that happens, monitoring and measuring prospective changes in the risk situation and determining any consequences.

The RMF in cooperation with other business areas identifies the key areas on which the stress tests will be performed. The identification is performed by considering the Company's exposure to internal factors such as a change in business plan, and external factors, such as certain possible events with negative effects or a deterioration of economic conditions. Internal and external factors taken into consideration are clearly described in the ORSA report.

Under each stress test performed, the RMF assesses the adequacy of established mitigating measures as well as additional compensating measures and offsetting actions it realistically can change to restore or improve Company's capital adequacy or its cash flow position.

The stress testing program is used as a risk management tool supporting different business decisions and processes. Such decisions also take into consideration the shortfall of stress testing and the limitations of the assumptions used.

C.6 Other material risks

The Company is also exposed to other material risks that are described below:

Strategic Risk

The risk of the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.

Reputational Risk

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

Compliance risk

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

Climate change risk

Climate change risk is a new category of risk, to which insurance Companies are exposed to. Insurance companies are more sensitive to financial risks from climate change and should be in place to manage and mitigate the catastrophic effects that a climate change could have on their financial performance and position. For that purpose, the European Insurance and Occupational Pensions Authority (EIOPA) investigated further how the risk of climate change would ultimately be considered under Solvency II framework.

Climate change risks can negatively impact both asset and liability side of Company's Balance sheet. The Company translated the drivers of climate change risks into traditional prudential risk categories such as underwriting risk, market risk, credit and counterparty risk, operational risk, reputational risk and strategic risk.

The insurance industry plays a crucial role in promoting Environmental, Social and Governance (ESG) issues across the economy. ESG risks are arising out of climate change, violation of human rights, pollution, as well as risks related to health and safety. Insurance companies are placed in a unique position with the ability to influence sustainable practices among their clients and endorse ESG principles by adopting a relevant investment strategy.

Cosmos aims to integrate Environment, Social and Governance issues into risk management, underwriting and capital adequacy decision – making processes. Unsustainable practices come at a serious cost to all insurance companies. Insurance capacity is not limitless and comes at a considerable price both for the insurance industry and the end-users of insurance products.

With regards to environmental risks, the Company following EIOPA's Opinion on the supervision of the use of climate change risk scenarios in ORSA has started identifying, monitoring and evaluating qualitatively risks related to climate change so as to be in a position to collect information that can assist with forecasting future situations.

D. Valuation for solvency purposes

D.1 Assets

D.1.1 Value of assets

All assets listed in the table below are valued in accordance with the Solvency II Framework. Assets and liabilities are valued on the assumption that the Company will pursue the business as a going concern. No changes in the valuation methods occurred during the year under consideration.

Assets Amounts in EUR (€)		**Solvency II value**	**IFRS value**	**Difference**
Deferred acquisition costs	R0020	-	2.413.011	(2.413.011)
Intangible assets	R0030	-	55	(55)
Deferred tax assets	R0040	198.719	147.430	51.289
Property, plant & equipment held for own use	R0060	4.560.928	4.560.928	-
Property (other than for own use)	R0080	5.855.000	5.855.000	-
Equities	R0100	1.015	1.015	-
Bonds	R0130	1.377.520	1.359.528	17.992
Collective Investments Undertakings	R0180	9.000.344	9.000.344	-
Reinsurance recoverables	R0270	3.324.403	5.550.999	(2.226.596)
Insurance and intermediaries' receivables	R0360	1.058.707	2.852.247	(1.793.540)
Reinsurance receivables	R0370	266.732	698.760	(432.028)
Receivables (trade, not insurance)	R0380	649.976	775.503	(125.527)
Cash and cash equivalents	R0410	2.043.657	2.043.657	-
Any other assets, not elsewhere shown	R0420	9.151	9.151	-
Total assets	**R0500**	**28.346.152**	**35.267.628**	**(6.921.476)**

Table 20: Assets Valuation as at 31/12/2022- Solvency II vs IFRS value

D.1.2 Bases, methods and main assumption

According to Article 75 of the Solvency II Directive, all assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

According to Solvency II, insurance and reinsurance undertakings shall recognise assets and liabilities in conformity with the international accounting standards provided that those standards include valuation methods that are consistent with the valuation approach set out in Article 75 of Directive 2009/138/EC.

Where those standards allow for the use of more than one valuation method, insurance and reinsurance undertakings shall only use valuation methods that are consistent with Article 75 of Directive 2009/138/EC.

The current framework applied in measuring Company's financial statements is the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

As the default valuation method insurance and reinsurance undertakings shall value assets and liabilities using **quoted market prices** in active markets for the same assets or liabilities.

Where the use of quoted market prices in active markets for the same assets or liabilities is not possible, insurance and reinsurance undertakings shall value assets and liabilities using quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences.

Those adjustments shall reflect factors specific to the asset or liability including all of the following:

a) the condition or location of the asset or liability;
b) the extent to which inputs relate to items that are comparable to the asset or liability; and
c) the volume or level of activity in the markets within which the inputs are observed.

Company's valuation on each material asset category and an explanation of the differences between the Solvency II value and the IFRS value of each asset category are described below:

Deferred acquisition costs ("DAC")

Deferred acquisition costs relate to the direct and indirect costs incurred by the Company in a financial period deriving for a new or renewed insured contract. These costs are deferred to the extent of future premium.

Cash flows relating to deferred acquisition costs are included in the best estimate of the technical provisions and are not recognized separately on the asset side.

Therefore, there is no concept of deferred acquisition costs in Solvency II. As a result, DAC is not recognized in SII Balance Sheet.

Intangible assets

The internally developed software is recognized in the financial statements of the Company in accordance with requirements of IAS 38.

According to Solvency II valuation principles, intangibles shall value intangible assets as zero, unless they can demonstrate that there is a value for the same or similar assets. Given that, the intangible asset is an internally developed software, management considers that there is no market value deriving from active market, the valuation is nil.

The Intangible asset under IFRS is measured in accordance with IAS 38 i.e. directly attributable costs incurred less amortisation, whereas as per Solvency II is nil.

Deferred Tax Assets

Deferred tax assets are recognized in relation to temporary timing differences between accounting and tax values of assets and liabilities only to the extent that they can be utilized in the foreseeable future. Solvency II valuation principles also include a deferred tax asset or liability which is calculated using the applicable effective tax rate of the Company of 12,5% on the relevant Solvency II assets and liabilities valuation adjustments. In accordance with the Delegated Regulation the deferred tax assets and liabilities position resulting from Solvency II valuation adjustments is netted off in the balance sheet.

Deferred tax assets are recognized only to the extent it is probable that sufficient future taxable income will be available for their realization. Assessment requires the use of judgment regarding assumptions related to estimated future taxable profits. The following aspects are considered:

- the type and amount of taxable income;
- the periods in which the income will arise;
- the timing of the reversal of the deductible temporary differences underlying the deferred tax assets; and
- the local tax regulations (e.g. for loss carry forward periods).

The amount of Deferred Tax Asset recognized as at 31 December 2022 is estimated as follows:

Deferred Tax Asset Amounts in EUR (€)	**YE 2022**	**YE 2022**
Deferred Tax Asset as per IFRS		147.430
Difference Between IFRS and Solvency II Balance sheet	(410.311)	
Deferred Tax Asset due to the difference between IFRS and Solvency II Balance sheet		51.289
Deferred Tax as per Solvency II		**198.719**

Table 21: Deferred Tax Asset estimation as at 31/12/2022

The amount of Deferred Tax Asset ("DTA") as presented in the financial statements as at 31 December 2022 prepared in accordance with International Financial Reporting Standards (IFRS) was estimated at €147.430. This amount derives from the deferral of capital gain tax losses due to the revaluation of Company's investment properties. During the year, the amount of DTA was increased by €88.282 compared to 2021.

The amount of Deferred Tax Asset as per Solvency II is estimated as the difference between Excess of Asset over Liabilities as per Solvency minus Excess of Asset over Liabilities as per IFRS multiplied by the applicable tax rate in Cyprus i.e. 12,5%.

Management considers that it is probable that future taxable profits will be available against which the full amount of deferred tax asset can be utilized.

Property, plant, and equipment held for own use

Properties are measured in accordance with IAS 16 and the fair value mode. According to IAS 16, properties are initially measured at cost including transaction costs. Subsequently are measured at fair value. Fair value is determined by an external independent valuer on an annual basis.

Plant and equipment is valued at cost minus accumulated depreciation which provides a close approximation of fair value.

There is no difference in the valuation between IFRS and Solvency II.

Investments – Equity, collective investment funds

Financial assets are recognised and measured in accordance with IAS 39. Company's equity investments and collective investments are classified as **financial assets at fair value through profit and loss**. On initial recognition, financial assets are recorded at fair value and subsequently are measured at fair value based on quoted prices in an active market.

There is no difference in the valuation between IFRS and Solvency II.

Investments in Bonds

Investment in Bonds are classified and measured similarly to equity and collective investment funds i.e. IAS 39 Financial assets at fair value through profit and loss.

Company's investments in bonds are listed in regulated stock exchanges and hence they are measured at fair value using quoted prices in an active market.

There is no difference between IFRS and Solvency II valuation except for, accrued interest is added to the value of the bonds.

Reinsurance Recoverables

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

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

In addition, the difference in the balance as per Solvency II and IFRS also relates to the amount receivable regarding a Motor LoB Quota share reinsurance agreement. Specifically, this balance relates to a sliding Quota share agreement, for which based on the current data, no cashflows are expected to take place, thus is not eligible for recognition under Solvency II.

Insurance and intermediaries receivables

Insurance receivables represent premiums receivable from intermediaries and from policyholders. They are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method.

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Under SII basis all future premium instalments of inforce policies have to be recognised within the Technical Provisions of the Company. Under IFRS future instalments are recognised as insurance receivables. The net impact of this classification in the total Own funds of the Company is Nil.

Property (other than for own use)

Investment properties are measured in accordance with "IAS 40 Investment properties" using the fair value model. Investment properties are initially measured at cost including related transaction costs and are subsequently carried at fair value, representing open market value determined annually by external valuers.

There is no difference in the valuation between IFRS and Solvency II.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash collateral and other short-term highly liquid investments with original maturities of three months or less.

There is no difference in the valuation between IFRS and Solvency II.

Receivables (trade, not insurance)/Other assets

Other assets include interest receivable, prepayments, other debtors and the Company's share in the assets of the Cyprus Hire Risks Pool.

The difference between the Solvency II and the IFRS value relates to accrued interest which under Solvency II is part of the relevant bonds and bank deposits and a reclassification of a related party payable balance which was not performed for the purposes of Solvency II.

D.2 Technical provisions

Technical Provisions Amounts in EUR (€)	**Solvency II value**	**IFRS value**	**Difference**
Non-Life (excluding Health)	16.543.609	21.225.280	(4.681.671)
Health	647.360	1.416.353	(768.993)
Total technical provisions	**17.190.969**	**22.641.633**	**(5.450.664)**

Table 22: Technical provisions breakdown as at 31/12/2022

The valuation of technical provisions was calculated in accordance with the Solvency II best estimate valuation principles.

The results for 2022 and 2021 are summarised in *Table 22*. These results allow for discounting, claims handling expenses and the adjustment for the expected counterparty default in the reinsurance recoverable.

D.2.1 Claims Provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. The components of the claims provision under IFRS are the Case by Case Estimates (OSLR), the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNeR) and the reserve for Claims Handling Expenses. Under Solvency II, the reserves are discounted to allow for the time value of money.

Several methods have been applied to calculate this reserve namely the Chain Ladder on Paid and Incurred claims, the Loss Ratio method and the Bornhuetter Ferguson method. The methods applied, capture both the IBNR and IBNeR reserves. The IBNeR was determined by subtracting the IBNR calculation from the total reserve.

When triangulation methods are used, there are a number of issues to consider that may invalidate the underlying assumption that the future claims development is likely to be in line with the past claims development (i.e. Distortions caused by “Large Losses”, Changes in claims handling procedures, Changes in Claims reporting processes, One-off Claims Reviews, Changes in Reserving Policy, Changes in Legislation etc.)

Technical Provisions in €'000	Claims Provision				Premium Provision				Risk Margin	
	Gross Best Estimate		Reinsurance Recoverable		Gross Best Estimate		Reinsurance Recoverable			
Year → ↓ Line of business	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Medical expense	72.257	20.468	63.421	18.068	532.057	522.792	402.915	398.216	7.788	8.583
Income protection	22.282	16.638	14.884	11.400	11.505	13.725	9.877	11.027	1.471	1.797
Workers' compensation	-	-	-	-	-	-	-	-	-	-
Motor vehicle liability	11.520.430	11.515.707	1.791.764	1.625.080	2.006.989	2.092.480	-	-	445.769	570.302
Other motor	351.061	279.480	-	-	694.614	675.601	-	-	69.315	87.694
Marine and transport	140.440	108.498	109.630	85.077	3.385	5.523	14.929	11.999	3.965	3.148
Fire and other property damage	276.956	94.471	208.115	71.841	123.672	65.220	226.764	232.599	22.190	17.112
General liability	770.712	990.705	415.797	472.667	71.537	145.089	57.134	174.811	28.528	41.901
Credit and Suretyship	-	-	-	-	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-	-	-	-	-
Assistance	-	-	-	-	-	-	-	-	-	-
Miscellaneous	13.788	6.123	9.081	4.029	-117	346	94	177	374	194
Total	**13.167.926**	13.032.090	**2.612.691**	2.288.162	**3.443.642**	3.520.776	**711.712**	828.829	**579.401**	730.731

Table 23: Technical provisions breakdown per LoB - 2022 vs 2021

Therefore, actuarial judgment was used during the reserving process rather than the mechanical application of a triangulation method to the data. In particular, considerable care should be taken in applying the method that prevents unusual and one-off aspects in the data which have a significant impact on the results.

In general, the development factors were chosen based on the average and weighted average of the development factors of the 10 previous accident years but also taking into account any trends of either deterioration or improvement during the last 3-4 accident years.

The impact in the development factors of Motor Business, caused by the one-off Claims Review was also considered when selecting the development factors.

The current uncertainty in the global economy has led to excessive volatility in the inflation indices. The Company expects that the current high levels of inflation will affect the claim costs and therefore an explicit allowance for the impact of inflation was made in the reserving basis used.

D.2.2 Premium Provision

The calculation of the premium provision relates to all potential future claim payments arising from future events, post the valuation date that have not yet expired and to all administrative expenses associated with these policies.

The premium provision is determined on a prospective basis taking into account the expected cash-in and cash-out flows and the time value of money.

The expected cash flows were determined by applying an appropriate prospective combined ratio and payment pattern to the unearned premium reserve (“UPR”).

On the basis of the data analysis, this methodology and its underlying model and assumptions are deemed to be realistic for each line of business. The conditions rendering this method valid are met, namely:

- It can be expected that the combined ratio, explained below, remains stable over the run-off period of the premium provision;
- A reliable estimate of the combined ratio can be made; and
- The unearned premium provision is an adequate exposure measure for estimating future claims during the unexpired risk period.

The Combined Ratio is defined as the sum of the expense ratio, the claims ratio and the reinsurance cost ratio. This enables the claims forecast and the expense forecast to be modelled separately. For the calculation of the premium provision, the Company has included all expense items except for the acquisition expenses which have been allocated to each Solvency II line of business.

D.2.3 Risk Margin

The risk margin is equivalent to the amount that would be paid to another insurance or reinsurance Company to take over the Company's insurance obligations.

The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over the lifetime thereof. This rate, called the Cost-of-Capital, is prescribed by EIOPA and currently stands at 6%.

D.2.4 Level of Uncertainty

The variability of reserve estimates was quantified using the Mack Method, a statistical technique, based on the historical development of paid claims. Using the volatility of the development factors over the previous years, an estimate for the standard deviation of the total Claims Provision for each line of business has been produced. The standard deviation of the total Claims Provision was set equal to the sum of the estimated standard errors for each line of business. It has been assumed that the total Claims Provision follows a lognormal distribution and the confidence interval range lies between the 5th and the 95th percentile.

D.2.5 Differences between IFRS and Solvency II valuation

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

- Removal of any implicit or explicit margin for prudence;
- Allowance for time value of money through the discounting of future cash flows;
- Allowance is possible for negative IBNeR where it is expected that there will be a favourable development of case-by-case reserves;
- In the calculation of the Premium Provision under Solvency II, an insurer may take credit for profits embedded in unexpired policies. Under IFRS this is disallowed and any profits embedded in the UPR may not be recognised until the expiry of these contracts. An Additional Unexpired Risk Reserve ("AURR") is mandatory only where it is positive but not when it is negative;
- The UPR/AURR only allows for policies inforce at the valuation date. The Premium Provision needs to include all policies that the (re)insurer is obligated to, at the valuation date, including policies that have not yet incepted;
- For the URR calculation to allow for reasonably foreseeable events only;
- There is no concept of Deferred Acquisition Costs in Solvency II;
- There is no concept of risk margin under the current IFRS valuation;
- In addition to differences streaming from requirements to value in line with gross liabilities, there are also differences in requirements specific to the valuation of reinsurance. These include the requirement to allow for expected non-payment due to default or dispute.

The differences are summarised in *Table* 24*24.*

D.2.6 Other Information

Cosmos has not used any of the following:

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

	Solvency II Valuation Amounts in EUR (€)			**IFRS Valuation** Amounts in EUR (€)		
Line of Business	Net Claim Provision	Net Premium Provision	Risk Margin	Net Technical Provisions	Net Claims Reserve	Net Unearned Premium Reserve
Medical expense	8.836	129.142	7.788	145.766	8.617	161.794
Income protection	7.398	1.628	1.471	10.498	7.332	8.162
Workers' compensation	-	-	-	-	-	-
Motor vehicle liability	9.728.666	2.006.989	445.769	12.181.424	9.624.780	4.122.457
Other motor	351.061	694.614	69.315	1.114.990	371.588	894.631
Marine, aviation& transport	30.810	(11.544)	3.965	23.231	31.816	9.994
Fire & other prop. damage	68.840	(103.092)	22.190	(12.062)	70.947	378.157
General liability	354.915	14.404	28.528	397.847	359.481	170.369
Credit and Suretyship	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	4.708	(211)	374	4.871	4.308	111
Total	**10.555.234**	**2.731.930**	**579.400**	**13.866.565**	**10.478.869**	**5.745.675**

Table 24: Differences between Solvency II and IFRS Valuations per LoB as at 31/12/2022

D.3 Other liabilities

D.3.1 Value of other liabilities

The following table indications the valuation of Liabilities other than Technical Provisions recognised by the Company:

Other Liabilities	Solvency II value	IFRS value	Difference
Amounts in EUR (€)	C0010	C0020	
Deferred tax liabilities	214.321	214.321	-
Debts owed to credit institutions	50.820	50.820	-
Reinsurance payables	405.327	1.060.395	(655.068)
Any other liabilities, not elsewhere shown	189.100	189.100	-
Payables (trade, not insurance)	561.232	561.232	-
Total Other Liabilities	**1.420.800**	**2.075.868**	**(655.068)**

Table 25: Liabilities other than Technical Provisions as at 31/12/2022

D.3.2 Bases, methods and main assumption

According to Article 75 of the Solvency II Directive, all assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

According to Solvency II, insurance and reinsurance undertakings shall recognise assets and liabilities in conformity with the international accounting standards provided that those standards include valuation methods that are consistent with the valuation approach set out in Article 75 of Directive 2009/138/EC. Where those standards allow for the use of more than one valuation method, insurance and reinsurance undertakings shall only use valuation methods that are consistent with Article 75 of Directive 2009/138/EC.

The current framework applied in measuring Company's financial statements is the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Company's valuation on each material other liabilities category and an explanation of the differences between the Solvency II value and the IFRS value of each other liabilities category are described below:

<u>Deferred tax liabilities</u>

Deferred tax liabilities are recognized in relation to temporary timing differences between accounting and tax values of assets and liabilities. The amount of deferred tax is calculated using the applicable effective tax rates. Solvency II valuation principles also include a deferred tax asset or liability which is calculated using the applicable effective tax rate of the Company of 12,5% on the relevant Solvency II assets and liabilities valuation adjustments.

In accordance with the Delegated Regulation the deferred tax assets and liabilities position resulting from Solvency II valuation adjustments is netted off in the balance sheet.

There is no difference between IFRS and Solvency II valuation.

Debts owed to credit institutions

Debts owed to credit institutions relates to Company's bank overdraft accounts.

These accounts are measured at amortised cost using the effective interest rate in accordance with IAS 39.

There is no difference in the valuation between IFRS and Solvency II.

Reinsurance Payables

Reinsurance payables relate to amounts due under reinsurance contracts which were in force at the reporting date. The amounts payable are calculated in accordance with reinsurance agreements and contract notes. No estimation methods, adjustments for future value or valuation judgements are required for these balances. The timing of expected economic outflows to settle the liability with each reinsurer is contractually based.

The difference in the balance as per Solvency II and IFRS relates to the amount payable regarding a Motor LoB Quota share reinsurance agreement. Specifically, this balance relates to a sliding Quota share agreement, for which based on the current data, no cashflows are expected to take place, thus is not eligible for recognition under Solvency II.

Payables (trade, not insurance)

Payables not insurance related, are usually other creditors and accrued expenses not relevant to the Company's core operations, i.e. insurance. Payables also include any employee contributions payable to government authorities. These balances are payable on demand and bear no interest.

There is no difference in the valuation between IFRS and Solvency II.

Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown relate to the amounts due to Cyprus tax authorities i.e. corporation tax and defence on deemed dividend distribution.

There is no difference in the valuation between IFRS and Solvency II.

D.3.3 Alternative methods for valuation

The Company does not use any other methods of valuation.

D.3.4 Any other information

The Company does not use any special purpose vehicles.

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

E. Capital Management

E.1 Own Funds

E.1.1 Objectives, policies and processes employed for managing its own funds

The Company's objective in managing its own funds is to safeguard a solid capital position. The objective is to have available capital of adequate value and quality to cover the solvency capital requirements (MCR and SCR) as determined by the Solvency II Directives.

The Company has adopted the following processes in managing its own funds:

- **ORSA report**: A 3 years business plan is taken into account in preparing the ORSA Report on an annual basis. This information including financial projections, enable the Company to identify its future solvency needs and own funds and design any necessary corrective actions if deemed necessary.
- **Monitoring reports**: Management on a monthly basis estimates the SCR/MCR in order to detect the higher risks the Company is exposed to and identify any new trends that may pose a threat to the Company's capital position.

There were no material changes on the Company's objective and policies over the reporting period.

E.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period

The Company's own funds are all classified as Basic Own Funds Tier 1 Unrestricted and are available to cover the Company's Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR") as follows:

Basic own Funds – Tier 1 Unrestricted Amounts in EUR (€)	**31 December 2022**	**31 December 2021**
Ordinary share capital (gross of own shares)	1.129.671	1.129.671
Share premium account related to ordinary share capital	2.907.588	2.907.588
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	4.017.655	4.017.655
Reconciliation reserve	1.679.469	405.741
Total basic own funds after deductions	**9.734.383**	**8.460.655**

Table 26: Basic Own Funds - Tier 1 Unrestricted as at 31/12/2022 compared to the year prior

There were no significant changes in Company's own funds over the reporting period other than the change in accumulated losses.

Moreover, the increase of own funds was driven by the improvement of Company's profitability. The profitability in 2022 was due to the positive underwriting results from all lines of business due to the conservative underwriting policy especially in traditionally loss making Lobs i.e. Motor.

E.1.3 Eligible amount of own funds to cover SCR & MCR

The Company's own funds amounted to €9,73m. All of the Company's own funds relate to **Tier 1 unrestricted and available to cover the SCR and MCR.**

Total ancillary own funds Amounts in EUR (€)	**31 December 2022** Tier 1	**31 December 2021** Tier 1
Available and eligible own funds		
Total available own funds to meet the SCR	9.734.383	8.457.514
Total available own funds to meet the MCR	9.734.383	8.457.514
Total eligible own funds to meet the SCR	9.734.383	8.457.514
Total eligible own funds to meet the MCR	9.734.383	8.457.514
SCR	**7.197.805**	**7.207.964**
MCR	**4.000.000**	**3.700.000**
Ratio of Eligible own funds to SCR	**135,24%**	**117,38%**
Ratio of Eligible own funds to MCR	**243,36%**	**228,58%**

Table 27: Total ancillary own funds as at 31/12/2022 compared to the year prior

E.1.4 Material terms and conditions of the main items of own funds held by the undertaking

As shown above, own funds are composed of Tier 1 ordinary share capital and retained profits and this is not expected to change over the projection horizon. Consequently, these own funds items have no maturity or call dates and therefore their duration expands beyond the duration of liabilities.

E.1.5 IFRS Equity vs Own Funds

The following table indicates a reconciliation of own funds in accordance with IFRS and Solvency II:

Own funds Reconciliation Amounts in EUR (€)	**31 December 2022**	**31 December 2021**
Total Equity (IFRS)	**10.093.407**	**9.720.942**
Difference in valuation of technical provisions	3.447.106	2.505.320
Deferred Acquisition Costs	(2.413.010)	(2.401.352)
Intangible assets	(55)	(1.906)
Difference in deferred tax valuation	51.289	180.041
An amount equal to the value of net deferred tax assets	-	(3.141)
Difference in Insurance and intermediaries receivables	(1.444.354)	(1.542.390)
Own Funds (Solvency II)	**9.734.383**	**8.457.514**

Table 28: Own Funds reconciliation as at 31/12/2022 compared to the year prior

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

- Deferred Acquisition Cost (DAC) is not included under Solvency II;
- Differences in gross technical provisions and reinsurance recoverables (as explained in the previous section);
- Difference in insurance and intermediaries receivables;
- Recalculation of the deferred tax asset to allow for the tax associated with the different profits recognised in the Solvency II balance sheet; and
- Internally developed intangible asset.

E.1.6 Whether there is any intention to repay or redeem any own-fund item

There is no intention to repay or redeem any own-fund item.

E.1.7 Plans to raise additional own funds

The Company aims to further improve its SCR by further reducing its risk profile and retention of profits which will be generated in the planning horizon.

E.1.8 Amounts of SCR and MCR

As at 31 December 2022 the **SCR** of Cosmos was calculated at **€7.197.805** and the **MCR** at **€4.000.000**.

E.1.9 Breakdown of SCR by risk modules

The following table shows the SCR split by risk modules:

Solvency Capital Requirement Amounts in EUR (€)	**YE 2022**	**YE 2021**
Market risk	2.396.571	2.425.761
Counterparty default risk	1.240.226	1.146.738
Life Underwriting risks	-	-
Health underwriting risk	120.443	109.899
Non-Life underwriting risk	4.800.294	4.859.012
Sum of risk components	**8.557.534**	**8.541.410**
Diversification effects	(1.943.173)	(1.917.666)
Intangible asset risk	-	-
Basic SCR	**6.614.361**	**6.623.744**
Operational risk	583.444	584.220
Adjustments	-	-
SCR	**7.197.805**	**7.207.964**

Table 29: Solvency Capital Requirement split by risk modules 2022 vs 2021

E.1.10 Simplifications

No simplifications have been used for any of the modules or sub-modules of the SCR.

E.1.11 Undertaking-specific parameters

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

E.1.12 Information on the inputs used to calculate the MCR

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

Amounts in EUR (€) ↓ Line of business	Net best estimate and TP calculated as a whole	Net premiums in the last 12 months
Medical expenses insurance and proportional reinsurance	137.978	465.085
Income protection insurance and proportional reinsurance	9.027	34.482
Motor vehicle liability insurance and proportional reinsurance	11.735.655	9.207.842
Other motor insurance and proportional reinsurance	1.045.675	1.997.090
Marine, aviation and transport insurance and proportional reinsurance	19.266	33.210
Fire and other damage to property insurance and proportional reinsurance	-	776.563
General liability insurance and proportional reinsurance	369.319	377.388
Miscellaneous financial loss	4.497	2.088

Table 30: Inputs in the calculation of the MCR as at 31/12/2022

E.1.13 Information regarding deferred tax

Amounts in EUR (€) Deferred Tax	YE 2022	YE 2021
Deferred Tax Asset	198.719	239.189
Deferred Tax Liability	(214.321)	(236.049)
Net Deferred Tax	**(15.602)**	**3.140**

Table 31: Net Deferred Tax as at 31/12/2022

The amount of Deferred Tax Asset recognized as at 31 December 2022 is estimated as follows:

Amounts in EUR (€) Deferred Tax Asset	2022	2022
Deferred Tax Asset as per IFRS		147.430
Difference Between IFRS and Solvency II Balance sheet	(410.311)	
Deferred Tax Asset due to the difference between IFRS and Solvency II Balance sheet		51.289
Deferred Tax as per Solvency II		**198.719**

Table 32: Deferred Tax Asset Calculation as per Solvency II as at 31/12/2022

The amount of Deferred Tax Asset ("DTA") as presented in the financial statements as at 31 December 2021 prepared in accordance with International Financial Reporting Standards (IFRS) was estimated at €147.430. This amount derives from the deferral of capital gain tax losses due to the revaluation of Company's investment properties.

During the year, the amount of DTA was increased by €88.282 compared to 2021.

The amount of Deferred Tax Asset as per Solvency II is estimated as the difference between Excess of Asset over Liabilities as per Solvency minus Excess of Asset over Liabilities as per IFRS multiplied by the applicable tax rate in Cyprus i.e. 12,5%.

Management considers that it is probable that future taxable profits will be available against which the full amount of deferred tax asset can be utilized.

There is no difference between the valuation of deferred tax liabilities as per IFRS and Solvency II Balance sheet. The deferred tax liability relates to the temporary differences arising from the fluctuations in Company's own use properties portfolio.

E.2 Compliance with the MCR and SCR

E.2.1 Compliance with the MCR & SCR

Company's SCR ratio as at 31 December 2022 is at 135,24% which is way above the minimum threshold i.e. 100% and above the requirement of 115% SCR as per the local supervisory authority.

The marginal Solvency Ratio in 2019, triggered the requirement of preparing and submitting a recovery plan the office of Insurance Superintendent. The success of this recovery plan can be verified via the progress of the SCR the last three (3) years, in which SCR Ratio recorded a steady and remarkable increase of approximately 33% from 102,25% in 2019, as shown in the Figure below. In addition, due to the significant improvement of SCR the Office of Insurance Superintendent has recalled its administrative action against the Company.

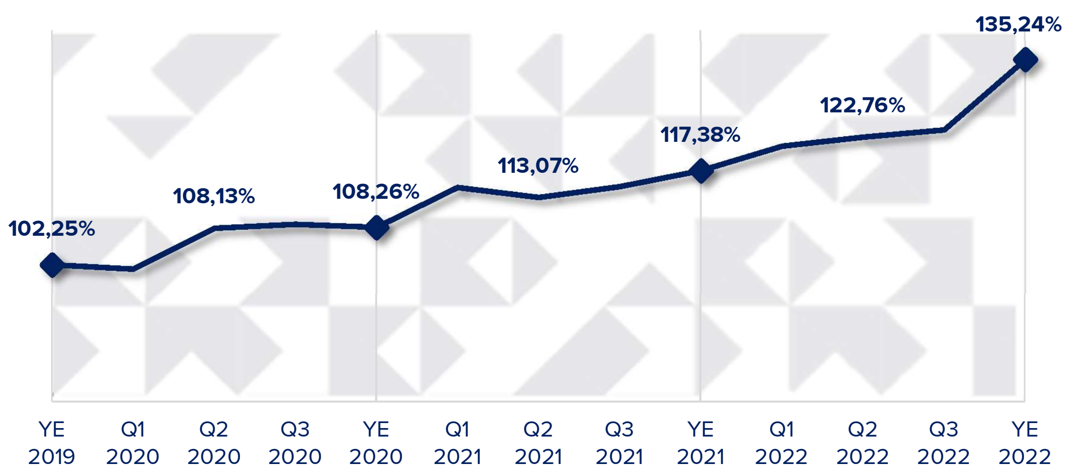


Figure 10: Solvency Ratio progression YE2019 - YE2022

MCR of the Company as at 31 December 2022 was estimated at €4m, which means that the Company can cover its minimum capital requirement by approximately 2,43 times.

Management will continue pursuing initiatives which will further reduce the risk profile of the Company, as well as, improve the profitability which will further improve the Solvency Coverage Ratio of Cosmos.

E.2.2 Any reasonably foreseeable risk of non-compliance with the MCR or SCR

Management is not aware of any foreseeable risk that may lead to non-compliance with the MCR or SCR.

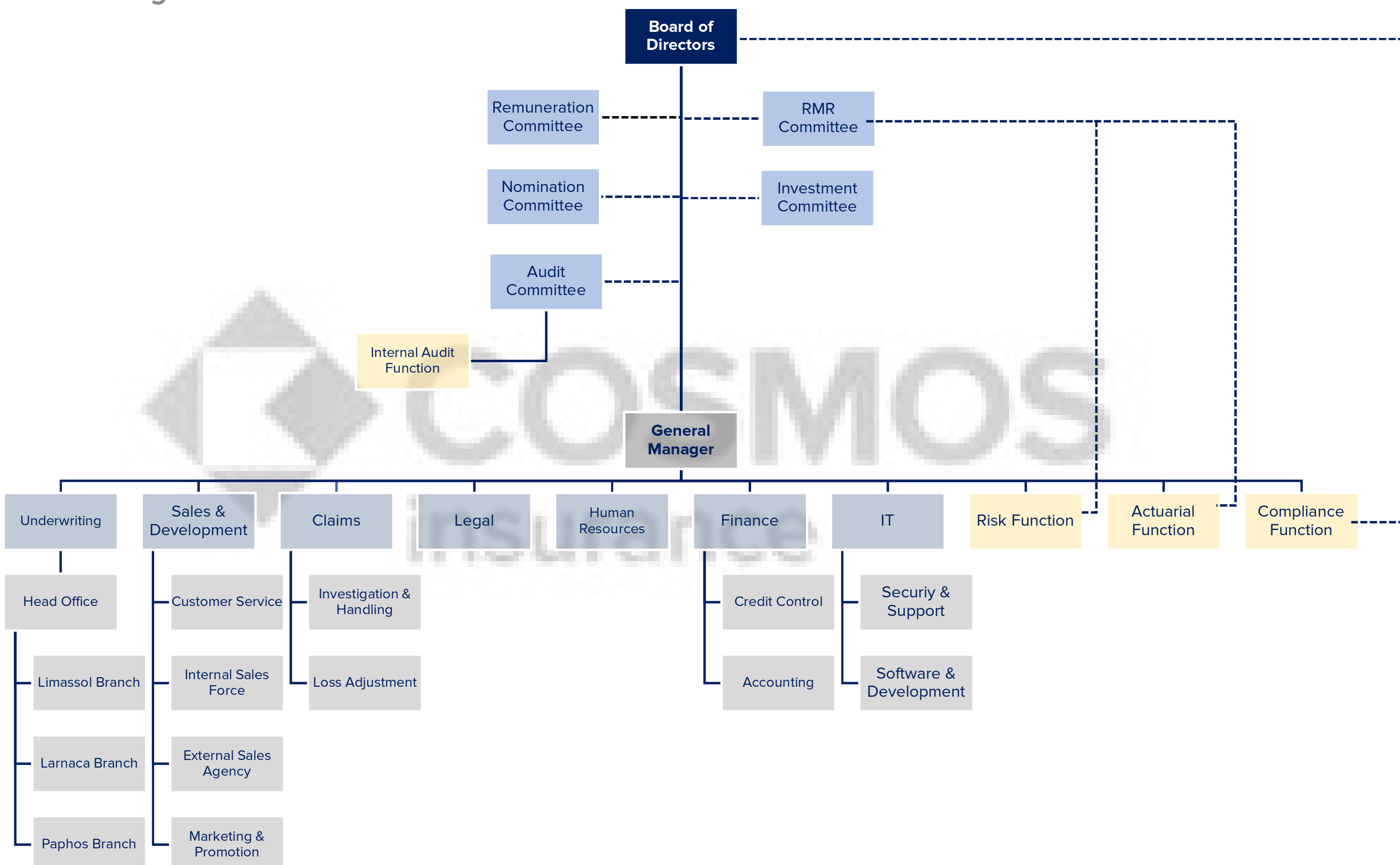
E.2.3 Plans to ensure compliance with SCR and MCR is maintained

Cosmos will closely monitor actual experience compared to what was assumed in the ORSA projections. Should any material deviation occur, an investigation will take place to identify the underlying source and take corrective actions. Moreover, ORSA projections will continue to be performed every year so as to ensure each and every year that the business strategy of the Company will be in line with its targeted solvency ratio.

Despite being sufficiently capitalised a medium-term capital management plan has been developed which includes realistic plans as to how to raise additional capital if and when required.

F. Appendices

Appendix A: Cosmos Organisational Structure



Appendix B: Extracts from Annual QRTs

P.02.01.02 – Balance Sheet

CHM	Assets	Solvency II value Amounts in €'000 C0010
R0030	Intangible assets	-
R0040	Deferred tax assets	199
R0050	Pension benefit surplus	-
R0060	Property, plant & equipment held for own use	4.561
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	16.234
R0080	Property (other than for own use)	5.855
R0090	Holdings in related undertakings, including participations	-
R0100	Equities	1
R0110	Equities - listed	1
R0120	Equities - unlisted	-
R0130	Bonds	1.378
R0140	Government Bonds	562
R0150	Corporate Bonds	816
R0160	Structured notes	-
R0170	Collateralised securities	-
R0180	Collective Investments Undertakings	9.000
R0190	Derivatives	-
R0200	Deposits other than cash equivalents	-
R0210	Other investments	-
R0220	Assets held for index-linked and unit-linked contracts	-
R0230	Loans and mortgages	-
R0240	Loans on policies	-
R0250	Loans and mortgages to individuals	-
R0260	Other loans and mortgages	-
R0270	Reinsurance recoverables from:	3.324
R0280	Non-life and health similar to non-life	3.324
R0290	Non-life excluding health	2.833
R0300	Health similar to non-life	491
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	-
R0320	Health similar to life	-
R0330	Life excluding health and index-linked and unit-linked	-
R0340	Life index-linked and unit-linked	-
R0350	Deposits to cedants	-
R0360	Insurance and intermediaries receivables	1.059
R0370	Reinsurance receivables	267
R0380	Receivables (trade, not insurance)	650
R0390	Own shares (held directly)	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
R0410	Cash and cash equivalents	2.044
R0420	Any other assets, not elsewhere shown	9
R0500	**Total assets**	**28.346**

		Solvency II value Amounts in €'000
CHM	**Liabilities**	C0010
R0510	Technical provisions – non-life	17.191
R0520	Technical provisions – non-life (excluding health)	16.544
R0530	TP calculated as a whole	-
R0540	Best Estimate	15.973
R0550	Risk margin	570
R0560	Technical provisions - health (similar to non-life)	647
R0570	TP calculated as a whole	-
R0580	Best Estimate	638
R0590	Risk margin	9
R0600	Technical provisions - life (excluding index-linked and unit-linked)	-
R0610	Technical provisions - health (similar to life)	-
R0620	TP calculated as a whole	-
R0630	Best Estimate	-
R0640	Risk margin	-
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	-
R0660	TP calculated as a whole	-
R0670	Best Estimate	-
R0680	Risk margin	-
R0690	Technical provisions – index-linked and unit-linked	-
R0700	TP calculated as a whole	-
R0710	Best Estimate	-
R0720	Risk margin	-
R0740	Contingent liabilities	-
R0750	Provisions other than technical provisions	-
R0760	Pension benefit obligations	-
R0770	Deposits from reinsurers	-
R0780	Deferred tax liabilities	214
R0790	Derivatives	-
R0800	Debts owed to credit institutions	51
R0810	Financial liabilities other than debts owed to credit institutions	-
R0820	Insurance & intermediaries payables	-
R0830	Reinsurance payables	405
R0840	Payables (trade, not insurance)	561
R0850	Subordinated liabilities	-
R0860	Subordinated liabilities not in Basic Own Funds	-
R0870	Subordinated liabilities in Basic Own Funds	-
R0880	Any other liabilities, not elsewhere shown	189
R0900	**Total liabilities**	**18.612**
R1000	**Excess of assets over liabilities**	**9.734**

P.05.01.02.01 – Premiums, claims and expenses by line of business – Table 1

Amounts in €'000	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Subtotal
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	
Premiums written													
Gross - Direct Business	2.759	79	-	10.024	2.201	204	2.416	1.094	-	-	-	4	18.781
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted									-	-	-		-
Reinsurers' share	2.294	45	-	816	204	171	1.640	716	-	-	-	2	5.888
Net	**2.759**	**79**	**-**	**10.024**	**2.201**	**204**	**2.416**	**1.094**	**-**	**-**	**-**	**2**	**12.894**
Premiums earned													
Gross - Direct Business	2.689	84	-	9.747	2.437	187	2.361	1.939	-	-	-	5	19.448
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted									-	-	-		-
Reinsurers' share	2.258	44	-	820	205	156	1.729	1.496	-	-	-	3	6.709
Net	**432**	**40**	**-**	**8.927**	**2.232**	**31**	**631**	**443**	**-**	**-**	**-**	**2**	**12.739**
Claims incurred													
Gross - Direct Business	1.355	27	-	5.166	1.291	50	482	246	-	-	-	15	8.633
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	–	–	–	–	–	–	–	–	-	-	-	-	-
Reinsurers' share	1.190	18	-	248	62	39	359	151	-	-	-	-	2.082
Net	**165**	**9**	**-**	**4.917**	**1.229**	**11**	**123**	**95**	**-**	**-**	**-**	**15**	**6.551**
Changes in other technical provisions													
Gross - Direct Business	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted									-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	307	4	-	3.547	887	-2	60	138	-	-	-	-	4.940
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	**246**	**-**	**-**	**3.619**	**905**	**5**	**-66**	**236**	**-**	**-**	**-**	**-**	**4.940**

Amounts in €'000	Line of Business for: accepted non-proportional reinsurance					Total
	Health	Casualty	Marine, aviation and transport	Property	Subtotal	
	C0130	C0140	C0150	C0160		C0200
Premiums written						
Gross - Direct Business	-	-	-	-	-	**18.781**
Gross - Proportional reinsurance accepted	-	-	-	-	-	**-**
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	**-**
Reinsurers' share	-	-	-	-	-	**5.888**
Net	-	-	-	-	-	**12.894**
Premiums earned						
Gross - Direct Business	-	-	-	-	-	**19.448**
Gross - Proportional reinsurance accepted	-	-	-	-	-	**-**
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	**-**
Reinsurers' share	-	-	-	-	-	**6.709**
Net	-	-	-	-	-	**12.739**
Claims incurred						
Gross - Direct Business	-	-	-	-	-	**8.633**
Gross - Proportional reinsurance accepted	-	-	-	-	-	**-**
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	**-**
Reinsurers' share	-	-	-	-	-	**2.082**
Net	-	-	-	-	-	**6.551**
Changes in other technical provisions						
Gross - Direct Business	-	-	-	-	-	**-**
Gross - Proportional reinsurance accepted	-	-	-	-	-	**-**
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	**-**
Reinsurers'share	-	-	-	-	-	**-**
Net	-	-	-	-	-	**-**
Expenses incurred	-	-	-	-	-	**4.940**
Other expenses	-	-	-	-	-	**-**
Total expenses	-	-	-	-	-	**4.940**

P.05.02.01.01 – Premiums, claims and expenses by country

Amounts in €'000	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
		0	0	0	0	0	
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
Gross - Direct Business	18.781	-	-	-	-	-	18.781
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	5.888	-	-	-	-	-	5.888
Net	**12.894**	-	-	-	-	-	**12.894**
Premiums earned							
Gross - Direct Business	19.448	-	-	-	-	-	19.448
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	6.709	-	-	-	-	-	6.709
Net	**12.739**	-	-	-	-	-	**12.739**
Claims incurred							
Gross - Direct Business	8.633	-	-	-	-	-	8.633
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	2.082	-	-	-	-	-	2.082
Net	**6.551**	-	-	-	-	-	**6.551**
Changes in other technical provisions							
Gross - Direct Business	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	4.940	-	-	-	-	-	4.940
Other expenses	-	-	-	-	-	-	-
Total expenses	**4.940**	-	-	-	-	-	**4.940**

P.17.01.02 – Non-Life Technical Provisions

Amounts in €'000	Direct business and accepted proportional reinsurance											
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM												
Best estimate												
Premium provisions												
Gross	532	12	-	2.007	695	3	124	72	-	-	-	-0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	403	10	-	-	-	15	227	57	-	-	-	0
Net Best estimate of Premium Provisions	129	2	-	2.007	695	-12	-103	14	-	-	-	-0
Claims provisions												
Gross	72	22	-	11.520	351	140	277	771	-	-	-	14
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	63	15	-	1.792	-	110	208	416	-	-	-	9
Net Best estimate of Claim Provisions	9	7	-	9.729	351	31	69	355	-	-	-	5
Total Best estimate – gross	**604**	**34**	**-**	**13.527**	**1.046**	**144**	**401**	**842**	**-**	**-**	**-**	**14**
Total Best estimate – net	**138**	**9**	**-**	**11.736**	**1.046**	**19**	**-34**	**369**	**-**	**-**	**-**	**4**
Risk margin	8	1	-	446	69	4	22	29	-	-	-	0
Amount of the transitional on Technical Provisions												
Technical Provisions calculated as a whole	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions – Total												
Technical provisions – Total	**612**	**35**	**-**	**13.973**	**1.115**	**148**	**423**	**871**	**-**	**-**	**-**	**14**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	466	25	-	1.792	-	125	435	473	-	-	-	9
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	146	10	-	12.181	1.115	23	-12	398	-	-	-	5

Amounts in €'000	Accepted non-proportional reinsurance				Total Non-Life obligation
	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross	-	-	-	-	3.444
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	-	-	-	712
Net Best estimate of Premium Provisions	-	-	-	-	2.732
Claims provisions					
Gross	-	-	-	-	13.168
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	-	-	-	2.613
Net Best estimate of Claim Provisions	-	-	-	-	10.555
Total Best estimate – gross	-	-	-	-	16.612
Total Best estimate – net	-	-	-	-	13.287
Risk margin	-	-	-	-	579
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	-	-	-	-	-
Best estimate	-	-	-	-	-
Risk margin	-	-	-	-	-
Technical provisions – Total					
Technical provisions – Total	-	-	-	-	17.191
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	-	-	-	-	3.324
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	-	-	-	-	13.867

P.19.01.21 – Non-Life Insurance Claims Information (amplified template for the public disclosure)

Total Non-Life Business: Accident Year [AY]

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
R0100	Prior											326		326	326
R0160	N-9	4.974	1.888	205	127	97	143	273	31	23	34			34	7.794
R0170	N-8	4.407	1.464	483	134	196	129	37	42	44				44	6.936
R0180	N-7	4.332	1.344	588	444	38	244	169	22					22	7.180
R0190	N-6	4.265	1.710	620	377	429	188	13						13	7.602
R0200	N-5	4.437	2.043	461	303	2	113							113	7.359
R0210	N-4	6.328	2.432	198	185	60								60	9.204
R0220	N-3	6.735	3.100	418	309									309	10.562
R0230	N-2	5.115	1.830	139										139	7.084
R0240	N-1	4.989	1.680											1.680	6.669
R0250	N	4.915												4.915	4.915
R0260													Total	7.656	75.632

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
R0100	Prior											14		6
R0160	N-9	-	-	-	687	781	845	614	730	650	609			577
R0170	N-8	-	-	666	735	760	922	714	629	620				589
R0180	N-7	0	1.187	879	732	844	665	299	275					262
R0190	N-6	4.610	1.149	920	1.537	1.188	913	937						887
R0200	N-5	2.961	1.116	810	1.211	2.983	2.841							2.695
R0210	N-4	2.846	914	507	369	326								309
R0220	N-3	3.005	1.308	765	276									262
R0230	N-2	3.121	650	679										644
R0240	N-1	4.744	1.951											1.852
R0250	N	5.348												5.075
R0260													Total	13.168

P.23.01.01 - Own Funds

CHM		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
R0010	Ordinary share capital (gross of own shares)	1.130	1.130		-	
R0030	Share premium account related to ordinary share capital	2.908	2.908		-	
R0040	~~I~~initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	4.018	4.018		-	
R0050	Subordinated mutual member accounts	-		-	-	-
R0070	Surplus funds	-	-			
R0090	Preference shares	-		-	-	-
R0110	Share premium account related to preference shares	-		-	-	-
R0130	Reconciliation reserve	1.679	1.679			
R0140	Subordinated liabilities	-		-	-	-
R0160	An amount equal to the value of net deferred tax assets	-				-
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	-	-	-	-	-
R0290	**Total basic own funds after deductions**	9.734	9.734	-	-	-
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-			-	
R0320	Unpaid and uncalled preference shares callable on demand	-			-	-
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	-
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	-
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
R0390	Other ancillary own funds	-			-	-
R0400	**Total ancillary own funds**	-			-	-
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	9.734	9.734	-	-	-
R0510	Total available own funds to meet the MCR	9.734	9.734	-	-	
R0540	Total eligible own funds to meet the SCR	9.734	9.734	-	-	-
R0550	Total eligible own funds to meet the MCR	9.734	9.734	-	-	
R0580	**SCR**	7.198				
R0600	**MCR**	4.000				
R0620	**Ratio of Eligible own funds to SCR**	**1,3524**				
R0640	**Ratio of Eligible own funds to MCR**	**2,4336**				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	Reconciliation reserve	C0060				
R0700	Excess of assets over liabilities	9.734	-			
R0710	Own shares (held directly and indirectly)	-	-			
R0720	Foreseeable dividends, distributions and charges	-	-			
R0730	Other basic own fund items	8.055	-			
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	-			
R0760	**Reconciliation reserve**	1.679	-			
	Expected profits		-			
R0770	Expected profits included in future premiums (EPIFP) - Life business	-	-			
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-	-			
R0790	**Total Expected profits included in future premiums (EPIFP)**	-	-			

P.25.01.21 – Solvency Capital Requirement (for undertakings on Standard Formula)

Amounts in €'000		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	2.397		
R0020	Counterparty default risk	1.240		
R0030	Life underwriting risk	-		
R0040	Health underwriting risk	120		
R0050	Non-life underwriting risk	4.800		
R0060	Diversification	-1.943		
R0070	Intangible asset risk	-		
R0100	**Basic Solvency Capital Requirement**	6.614		

CHM	**Calculation of Solvency Capital Requirement**	C0100
R0130	Operational risk	583
R0140	Loss-absorbing capacity of technical provisions	-
R0150	Loss-absorbing capacity of deferred taxes	-
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
R0200	**Solvency capital requirement excluding capital add-on**	7.198
R0210	Capital add-on already set	-
R0220	**Solvency capital requirement**	7.198
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	-
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-

		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	-

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
R0600	DTA	
R0610	DTA carry forward	
R0620	DTA due to deductible temporary differences	
R0630	DTL	
R0640	LAC DT	-
R0650	LAC DT justified by reversion of deferred tax liabilities	-
R0660	LAC DT justified by reference to probable future taxable economic profit	-
R0670	LAC DT justified by carry back, current year	-
R0680	LAC DT justified by carry back, future years	-
R0690	Maximum LAC DT	-

P.28.01.01 – Minimum Capital Requirement (Only life or only non-life insurance or reinsurance activity)

Linear formula component for non-life insurance and reinsurance obligations

Amounts in €'000		C0010
R0010	MCRNL Result	2.277

Amounts in €'000		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expenses insurance and proportional reinsurance	138	465
R0030	Income protection insurance and proportional reinsurance	9	34
R0040	Workers' compensation insurance and proportional reinsurance	-	-
R0050	Motor vehicle liability insurance and proportional reinsurance	11.736	9.208
R0060	Other motor insurance and proportional reinsurance	1.046	1.997
R0070	Marine, aviation and transport insurance and proportional reinsurance	19	33
R0080	Fire and other damage to property insurance and proportional reinsurance	-	777
R0090	General liability insurance and proportional reinsurance	369	377
R0100	Credit and suretyship insurance and proportional reinsurance	-	-
R0110	Legal expenses insurance and proportional reinsurance	-	-
R0120	Assistance and proportional reinsurance	-	-
R0130	Miscellaneous financial loss insurance and proportional reinsurance	4	2
R0140	Non-proportional health reinsurance	-	-
R0150	Non-proportional casualty reinsurance	-	-
R0160	Non-proportional marine, aviation and transport reinsurance	-	-
R0170	Non-proportional property reinsurance	-	-

Linear formula component for life insurance and reinsurance obligations

Amounts in €'000		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation – guaranteed benefits	-	
R0220	Obligations with profit participation – future discretionary benefits	-	
R0230	Index-linked and unit-linked insurance obligations	-	
R0240	Other life (re)insurance and health (re)insurance obligations	-	
R0250	Total capital at risk for all life (re)insurance obligations		-

Overall MCR calculation

Amounts in €'000		C0070
R0300	Linear MCR	2.277
R0310	SCR	7.198
R0320	MCR cap	3.239
R0330	MCR floor	1.799
R0340	Combined MCR	2.277
R0350	Absolute floor of the MCR	4.000

Amounts in €'000		C0070
R0400	**Minimum Capital Requirement**	**4.000**

Appendix C: Abbreviations

Term	Definition / Description
A&H	Accident and Health
AGM	Annual General Meeting
ALM	Asset Liability Management
BoD	Board of Directors of Cosmos
CAT	Catastrophic events
CDR	Counterparty Default Risk
CFO	Chief Financial Officer of Cosmos
Company/Cosmos	Cosmos Insurance Company Public Ltd
DAC	Deferred Acquisition Costs
EIOPA	European Insurance and Occupational Pensions Authority
HR	Human Resources
IAS / IFRS	International Accounting Standards / International Financial Reporting Standards
IBNeR	Incurred But Not Enough Reported
IBNR	Incurred but Not Reported
IT	Information Technology
KRIs	Key Risks Indicators
LoB	Line of Business
MAT	Marine, Aviation and Transit
MCR	Minimum capital requirement
ORSA	Own risk and solvency assessment
OSLR	Outstanding Liability Reserve
Regulator	The Insurance Companies Control Office in Cyprus via the Superintendent of Insurance and/or, as the case may be, the Cyprus Securities and Exchange Commission on matters concerning the Company as an issuer.
RMF	Risk Management Function
RMR	Risk Management & Reserving Committee
SCR	Solvency capital requirement
SFCR	Solvency and Financial Condition Report
SII	Solvency II Directive 2009/138/EC
UPR	Unearned Premium Reserve
URR	Unexpired Risk Reserve

Appendix D: Auditors Report

Independent Auditor's Report

To the Board of Directors of Cosmos Insurance Company Public Limited

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of Cosmos Insurance Company Public Limited (the "Company"), prepared as at 31 December 2022:

- S.02.01.02 – Balance sheet
- S.17.01.02 – Non-Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 – Solvency Capital Requirement – for undertakings on Standard Formula
- S.28.01.01 – Minimum Capital Requirement – Only non-life insurance or reinsurance activity

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

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2022 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the Commission Delegated Regulation (EU) 2019/981, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for opinion

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

Emphasis of Matter

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

Other information

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

Narrative sections:

- Business and Performance
- Valuation for solvency purposes
- Capital Management

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

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

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

pwc

Other Matter

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

PricewaterhouseCoopers

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 30 March 2023