Cosmos Insurance Company (Public) Limited

Solvency and Financial Condition Report 2016 (SFCR)

REGULAR SUPERVISORY REPORT

Contents

Executive Summary

This Regular Supervisory Report has been prepared for Cosmos Insurance Company (Public) Limited (hereinafter “Cosmos”) in accordance with all applicable laws and regulations. It refers to the financial year ended on 31 December 2016 (“the reference date”).

Cosmos is a non-life insurance company registered in Cyprus and regulated by the Superintendent of Insurance.

The company offers insurance protection across all major lines of business and is looking to continue implementing a growth strategy whilst offering uncompromised levels of protection to its client base. The continuous enhancements made to our product suite resulted in improved competitiveness and marketability, thus generating positive results. Further injections of capital are envisaged for 2017 which will strengthen its capital base to ensure adequate levels of solvency at all times. The company maintains a well-diversified asset portfolio generating satisfactory investment returns with acceptable market risk exposures.

Our business strategy is to maintain growth over our business planning horizon through adequate structures and commitment.

The Company maintains a robust system of governance which is deemed to be adequate in ensuring the sound and prudent management of the Company. The system of governance witnessed significant improvements over 2016 with further improvements envisaged in 2017 following the appointment of new Directors and the implementation of a continuous training and development program for the BOD as well as for our staff. We continue investing heavily on technology and maintain state of the art systems and IT infrastructure.

Our risk management policy provides for a thoroughly articulated risk appetite statement and a closely monitored risk management system ensuring that the company is not exposed to any unwanted risks.

Financial performance in 2016 was driven by strong investment performance as well as growth in sales coupled with underwriting profitability. Profit before taxation for the year ended 31 December 2016 of €452.738 compared to (€317.088) in the prior year.

As at 31/12/2016 the Company had a capital position which triggered the implementation of a recapitalisation plan. More specifically, there is now a commitment for an injection of additional capital of at least €3m. At the reference date, the Solvency Capital Requirement amounted to €7,549,477 million and the eligible own funds available to cover this requirement amounted to €4,951,888 million. Upon completion of the recapitalisation plan this ratio is forecasted to exceed 6% and will be further enhanced with a further injection in the same year.

A. Business Performance

A.1 Business

A.1.1 Name and legal form of undertaking

Cosmos Insurance Company Public Ltd is a limited liability company incorporated under the laws of Cyprus on April 1981 with company Registration Number: C16361.

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.

A.1.3 External Auditors

Its external auditors are MGI Gregoriou & Co Ltd.

A.1.4 Shareholders

Cosmos is a publicly listed company in the Cyprus Stock Exchange. Its main shareholder is Kyriakos M Tyllis & Co Ltd. who owns 50.8% of the paid-up share capital. Other shareholders controlling more than 10% are Naso Eliadou Insurance Agents & Consultants Ltd

The company is treated as a solo legal entity for insurance supervision purposes.

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

The company is authorised to carry on non-life business for all classes with the exception of Credit Insurance.

Cosmos operates in general business insurance in Cyprus. Personal Lines is an area where the Company is particularly strong, having one of the largest motor portfolios and significant business in home, and medical insurance.

Cosmos has a wide distribution network in Cyprus with a large head office in Nicosia and branch offices situated in Limassol and Paphos. The company's network of insurance agents is located throughout Cyprus and provide a very personalized level of service to its 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

Year 2016 has been a turning point for Cosmos Insurance. A recapitalisation and restructuring plan were agreed upon which following implementation will allowing the company to relentlessly pursue its growth strategy and offering uncompromised protection to its fast-growing clientele.

During 2016 the Company registered significant growth, mainly in motor business which has been the main focus of the management in the past few years.

Furthermore, during the year the company restructured its asset portfolio which is now well diversified across sectors and counterparties and managed by professional experienced asset managers. An important part of our business involves managing the treasury function, investing policyholder. Throughout 2016, investment conditions remained quite challenging with the persisting low interest rate environment.

The Company continued to undertake restructuring and transformation activity to align the business operations with the board approved strategy. Relentless efforts to differentiate ourselves from the market started during the course of the year and will continue, with a stronger emphasis in 2017. The enhancements made to our product suite helped facilitate improved competitiveness and marketability, thus generating positive results.

A.1.7 Trends and factors that contribute to the development, performance and position of the company over its business planning time period

The performance of Cosmos is largely driven by growth in its insurance portfolio and the underlying profitability of the business. In spite of the low interest rate environment investment income also contributes materially to bottom line profitability. Performance is also driven by operational efficiencies through economies of scale achieved with the growth of the portfolio.

The market remains intensely competitive with market players quoting premium rates which are arguably unsubstantiated and this is reflected in market statistics. Another market challenge is the continuous efforts of competitors approaching other companies' agents which drives up acquisition costs. Furthermore, credit facilities offered to intermediaries and clients exposes the market to credit risk and forces companies to commit additional capital as result of this risk exposure.

Underwriting profitability is continuously monitored and early signals are provided where corrective action is considered necessary. The reinsurance arrangements put together and the continued monitoring of these arrangements contributes to the stability of underwriting profits.

A.1.8 Business Objectives

Cosmos is committed to profitable growth, and ensuring that the company remains well-capitalised. The strategic objective of the Company is to utilise its cutting edge technology and expertise of the management to achieve a steady profitable growth both in the short and medium term. The quality and loyalty of the distribution network is a key component of this strategy.

The company further looks to safeguard the excellent reputation it has in terms of reliability and fast claim settlement.

A.2 Underwriting performance

The Company's underwriting performance is the major driver of the Company's profitability.

The Company's underwriting income and expenses consist mainly of insurance premiums written, reinsurance premiums ceded, gross claims incurred, reinsurers' share of claims incurred and acquisition expenses.

As shown in the financial statements, the Company registered an underwriting result of €336.663 in 2016, compared to (€312.860) in 2015. The table below shows the components of the 2016 result together with the comparison for the prior period.

	2016	2015
	€	€
<u>**INCOME**</u>		
Gross earned premiums	**18.739.616**	18.696.723
Reinsurer's share in earned premiums	**(6.940.358)**	(11.415.436)
Net earned premiums	**11.799.258**	7.281.287
Premium fees and other fees	**1.433.537**	1.420.401
Commission from reinsurers	**2.560.762**	4.632.737
Other Income from isnurance operations		

Total other income	**3.994.299**	6.053.138
Total income	**15.793.557**	13.334.425
EXPENSES		
Expenses Compensations	**8.577.541**	6.104.686
Commissions payable and other sales expenses	**4.293.780**	4.249.744
Other operating and administrative expenses from insurance operations	**2.837.118**	2.833.092
Total operating and administrative expenses from insurance operations	**15.708.439**	13.187.522
Change in valid risk reserve	**54.800**	27.160
Technical insurance result	**30.317**	119.744
Income from investments	**108.703**	144.871
Insurance operating result	**139.019**	**264.615**
Investment portfolio results	**21.619**	14.230
Result from revaluation of investment property	**500.000**	(194.085)
Profit after results of investing activities	**660.638**	**84.760**
Other income	**144.767**	172.734
Profit share from insurers' joint venture	**51.022**	56.301
Other expenses	**(362.106)**	(566.806)
Finance costs	**(41.583)**	(64.079)
Administrative expenses of dependent company		
Profit before taxation	**452.738**	(317.088)
Taxation	**(86.075)**	4.228
Profit for the period	**366.663**	(312.860)

The premiums written, premiums earned and claims incurred by line of business are shown in the table below:

LoB	Gross Premiums Written €	Gross Premiums Earned €	Gross Claims Incurred €
Medical expense	3.311.976,06	3.341.292,06	2.670.777,28
Income protection	48.773,74	49.927,74	35.396,00

Workers' compensation	-	-	-
Motor vehicle liability	10.758.066,25	12.201.592,59	7.103.394,71
Other motor	636.997,34	34.786,00	-
Marine, aviation & transport	148.153,11	146.056,11	9.014,00
Fire & other property. damage	2.168.371,71	2.254.171,71	623.886,28
General liability	691.789,25	695.027,25	192.888,86
Credit and suretyship	-	-	-
Assistance	-	-	-
Miscellaneous	16.763,00	16.763,00	-
Total for year 2016	17.780.890,46	18.739.616,46	10.635.357,13
Total for year 2015	18.484.819,22	18.696.723,22	10.921.301,06
Percentage Increase	**-3,96%**	**0,23%**	**-2,69%**

The Company's reinsurance arrangements did not have a material effect on the Company's underwriting results in 2016. This is due to the fact that, the main reinsurance arrangements are designed to provide the Company with protection from large claims, excessive accumulation of losses and catastrophic events. As no large claims were incurred there was limited participation of reinsurers in such claims.

A.2.1 Underwriting performance over the business planning horizon

The forecasted new business volumes by product line are as follows:

Budgeted New Business Written Premium €			
LoB	**YE2017**	**YE2018**	**YE2019**
Medical expense	2.750.000	2.100.000	2.150.000
Income protection	50.000	51.500	52.000
Motor Insurance	12.500.000	12.750.000	13.000.000
Marine, aviation & transport	150.000	165.000	180.000
Fire & other prop. damage	2.250.000	2.300.000	2.350.000
General liability	700.000	750.000	800.000

As shown above, growth in terms of premium income will be driven from organic growth in the domestic market. This will be achieved following growth in the sales force, aggressive marketing and reinforcement of the business development team dedicated to build relationships with corporate clients and explore other growth areas.

Overall the projected portfolio of Cosmos is expected to remain profitable over the business planning horizon.

Availability of reinsurance remains critical for the company to maintain its competitiveness as well as its risk-taking capacity. Reinsurance arrangements are largely expected to remain unchanged with the exception of medical business where the company plans to enter a 95% proportional arrangement with a major global player in the field who is expected to contribute enormously to the growth and improvement of the portfolio with their international know-how and expertise.

A.3 Investment Performance

Investment performance remains important to our overall profitability although to a lesser extent. Our strategic asset allocation is determined with the objective to achieve the maximum possible diversification and to meet predefined risk tolerance limits safeguarding that no unwanted investment risk is taken on. This approach is a radical change to the practice of previous years where a short term profit-maximising attitude was adopted.

The Company's investment portfolio is managed by experienced investment managers and their performance is reviewed monthly by the Company's senior management.

A significant portion of the asset portfolio is in the property market and efforts are made to gradually reduce this exposure. This should further boost the company's rich liquidity position as well the diversification and risk profile of the portfolio. In order to achieve the returns required for the guaranteed rates of interest-sensitive business the company introduced ring-fencing of the funds based on the embedded guaranteed levels and targeting different investment returns for each of these subgroups.

There are plans for further improvements in the diversification of the portfolio following a rights issue scheduled for 2017.

The current prolonged low interest rate environment introduces an additional challenge to the company and investment managers as the prices of fixed income securities are relatively expensive and secured yields are at historically low levels in the Eurozone. Inevitably in order to achieve sensible yields the investment manager is looking into lower rates issues to get the pick up through the credit spread but always within the investment grade corporate space and sovereign bonds. Each recommendation of the investment manager is investigated separately and the marginal increase in capital requirement is assessed by the Company prior to concluding any placement.

The composition of the investment portfolio as at 31.12.2016 was as follows:

Type	€
Fixed Income Securities	1.191.232
Equities	3.258
Foreign Mutual Funds	4.089.454
Investment Property	3.429.000
Cash & Cash equivalents	1.302.249

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

Type	€
Fixed Income Securities	67.635
Equities	59
Foreign Mutual Funds	0
Investment Property	14.120
Cash	5.188

Income arising is composed of dividends, interest and rental income received.

A.4 Performance of other activities

A.4.1 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.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

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

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

The Corporate Governance framework for Cosmos is based on the ‘three lines of defence model’. This model supports the implementation of a robust internal control system and is aligned with the ‘four eye principle’ that Cosmos. In practice, there is sufficient control and challenge at all levels of the organization.

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

The BoD is responsible for leading and controlling the Company, devising strategies and plans for their implementation and reviewing and evaluating the Company’s performance against such strategies and plans.

The BoD organises and directs the affairs of Cosmos in a manner that seeks to protect its policyholders’ funds, maximize the value of Cosmos for the benefit of its shareholders, while complying with regulatory requirements and relevant governance standards.

Furthermore, the members of the BoD act as advisers and counsellors to the Senior Management and oversee the Senior Management’s performance.

The Directors are responsible for the general governance of Cosmos, its proper administration and management and for the general supervision of its affairs. The day-to-day management of Cosmos is delegated by the Directors to an executive committee (the “Executive Committee”) consisting of the company’s senior management.

B.1.1.1 Selection and Appointment of Board Members

The Directors are appointed by election at the annual general meeting of the Issuer.

The directors of the Company are required to retire by rotation but they have the right to be available for re-election by the General Assembly.

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

Andreas P. Erotokritou – Chairman

Michael Tyllis - Executive Vice Chairman

Andreas Tyllis – Managing Director

Andreas Efthimiou - Executive Director

Frixos Kitromilides - Member

Michael Skoufarides - Member

Nikolaos Plakides - Member

Costas Agathokleous - Member

All members of the Board and Senior Management should fulfil the Fit and Proper requirements in accordance with the Solvency II framework.

B.1.1.2 Board Meetings

The BoD shall meet formally at least 4 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 of Cosmos, 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 Cosmos and oversees the selection and remuneration of external auditor.	Andreas Efthimiou Costas Agathokleous Michael Skoufarides
Nominations Committee	Identifies necessary board member skills, suggests potential members and orients new members.	Andreas P. Erotokritou Andreas Tyllis Michael Skoufarides
Remunerations Committee	Determines its member's remuneration.	Michael Skoufarides Costas Agathokleous Frixos Kitromilides

B.1.2 Organisational Structure

The Organisational structure and reporting lines of Cosmos 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
- Ensure the prudent and effective management of Cosmos

As previously mentioned Cosmos's ultimate supervisory body is the BoD.

The Senior Management 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. The operation and responsibilities of senior management are outlined in this Policy.

The Business Functions of Cosmos have the responsibility for the implementation of the BoD's strategy in their business functions. They report directly to the Senior Management 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, Compliance and Actuarial Functions have a reporting line to the Risk Committee.

The Organisational structure of Cosmos is presented in Appendix A.

B.1.3 Key Functions

In accordance with the Solvency II framework they 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

There have been no material changes in the system of governance in 2016.

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.

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

The remuneration policy is reviewed and maintained by the Senior Management and is approved by the BoD.

The remuneration of BoD members during 2016 was as follows:

Andreas P. Erotokritou	€6.000
Andreas Tyllis	€100.600 (in his executive capacity)
Michael Tyllis	€100.600 (in his executive capacity)
Michael Skoufarides	€4.900
Costas Agathokleous	€4.900
Frixos Kitromilides	€4.900
Andreas Efthimiou	€7.000
Nikolaos Plakides	€3.000
Adamos Konias	€2.700

B.1.6 Information about material transactions during the reporting period with:

During 2016 there were no material transactions between the company and its shareholders of members of the BoD.

B.2 Fit and proper requirements

Prior to the appointment of any member of the BoD, member of senior management of Key Function 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 Cosmos.

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;
- 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 describe 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:

Managing Director	– Andreas Tyllis
Head of Accounting	– Irene Palesi
Operations Manager	– Costas Leontiou
Sales Manager	-- Antonis Mylidonis
Actuarial Function	– Dimitris Dimitriou
Risk Management Function	– Kyriakos Tyllis

Compliance Function	– Panayiotis Hatzipanayis (Retired 30/6/2016, Replaced By Kyriacos Tyllis 1/7/2016)
Internal Audit Function	– Anna Demosthenous (Resigned 26/01/2017)

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 Risk, Concentration Risk, Operational Risk and Reinsurance. It is approved by the BoD and is reviewed at least once a year. During 2016, the company completed a comprehensive audit of the risk management system and the BoD approved to commit additional resources to improve the robustness and effectiveness of the system.

B.3.1.1 Risk Appetite Statement

Cosmos's vision is to continue its conservative approach by maintaining a steady growth in the market with its main focus being the profitability and the 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 RMF for the monitoring and reporting of overall risk exposure and by the BoD and Risk Committee for making decision 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 100%.

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

Body / Function	Roles in the risk management framework
	BoD, so as to ensure that the BoD takes all measures necessary for the monitoring and control of risks, in accordance with the approved risk strategy and policies. This information reaches the BoD through the Risk Committee
Risk Committee	• Responsibility for the supervision of the risk management framework is assumed by the Risk Committee • The Risk Committee reviews on an annual basis the suite of Risk Policies of the Company and pre-approves any required changes, and subsequently forwards the updated Policy to the BoD for final approval • The Risk Committee receives frequent information on the levels of risks to which the Company is exposed, with the purpose of ensuring that the Company's risk profile remains within the established risk tolerance limits. Risk appetite and risk limits are set at a level which is commensurate with the sound operation of the Company and its strategic goals
Risk Management Function	• 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. • 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 Committees of any changes that may be required • Monitors the risk profile of the Company against the BoD's risk appetite • Develops internal risk methodologies and models • The full responsibilities of the RMF are documented in the RMF Policy
Senior Management	• The Company's Senior Management is responsible for the implementation of the risk strategy, as this has been approved by the BoD, and for the development of the policies, methodologies and procedures required to identify, measure, monitor and control every type of risk, in accordance with the nature and complexity of the Company's operations • They also have the responsibility to apply the framework in their day to day activities
Business Units	• The individual business units under the direction of their Heads have the responsibility to know and apply the requirements of the risk strategy and Policies in their area of business
Actuarial Function	• The Actuarial function is a 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.
Compliance Function	• The Compliance Function applies suitable procedures for the purpose of achieving a timely and on-going compliance of the Company's risk management framework with existing and new laws and regulations.
Internal Audit	• The Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee. The responsibilities of Internal Audit are governed by

Body / Function	Roles in the risk management framework
	the Internal Audit Policy

B.3.1.3 Risk management Processes

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

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.

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.

Risk Control and Mitigation

Cosmos has a strong risk controls culture to ensure the mitigation of all risks in its risk universe. 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 as hedging instruments.

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

Cosmos'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.

Once Cosmos has identified and quantified its risks, it can implement a strategy 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 insurance), and then finance those risks it could not insure.

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)
- 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.

B.3.2 Significant Risk Exposures

The main risk exposures as at 31 December 2016 as measured through the Solvency II standard formula are shown in the table below:

99.5% Value at risk (SCR)	€'000s
Market risk	1,896,084
Counterparty default risk	2,493,615
Life Underwriting risks	0
Health underwriting risk	511,317
Non-Life underwriting risk	4,334,404
Intangible asset risk	112,289.6
Operational risk	562,188.5

B.3.3 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.3.4 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 regard 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.3.5 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.4.1.1 ORSA Process

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times. The 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 and 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.4.1.2 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, due to its very nature, 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.4.1.3 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 commit, explore alternative options and assess their impact and decide on the optimal strategy and advise to BoD accordingly.

B.4.1.4 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
- Significant changes in the Company's risk profile

B.4.1.5 Solvency needs and Risk Profile

In 2016, the Company undertook a detailed risk and solvency assessment as well as a forward-looking assessment of capital requirements comprising of the year 2016-2019. 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 internal 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 Cosmos's Board of Directors, management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

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

Every member of Cosmos 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
- The Internal Audit function monitors the effectiveness of the internal control system

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

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

Each of these are outlined below and described in detail in the company's Internal Control Policy:

B.5.2 Compliance Policy and Compliance Function

The Compliance Function is adequate both in terms of number, as well as in terms of expertise, in order to ensure compliance with all the applicable regulation and legislation. The Function has unhindered access to all areas of the company's operations at all times to enable them fulfil their compliance function to the full.

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 role of the Compliance Function includes:

a) advising the Board of Directors on compliance with any legislation, regulations and any other applicable laws, in so far as they apply to the company,

b) the assessment of possible impact as regards changes in the legal environment on the company,

c) the identification and assessment of any compliance/regulatory risks.

d) providing the Board of Directors with regular reports on the progress of the Compliance plan, and any other matters which need to be brought to the attention of the Board of Directors .

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

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

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

B.6.1 Internal Audit in 2016

During 2016 the Internal Audit was performed on the Underwriting and Claims Departments as well as to the Credit Control procedures. The BoD confirms that all findings and recommendations of the Internal Audit reports have been thoroughly discussed and the affected functions have demonstrated satisfactory evidence that these have been duly addressed and any deficiencies have been addressed.

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 of Cosmos is outsourced to Lux Actuaries and Consultants (Cyprus) Limited, and is executed by a Fellow of the Institute of Actuaries who fulfils all 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.

The activities of the Actuarial Function during 2016 were as follows:

- Carried out the calculation of technical provisions on a quarterly basis in accordance with all relevant regulatory requirements
- Submitted reports in relation to the above calculations to the BoD
- Provided modelling assistance for the calculation of Solvency Capital Requirements on a quarterly basis
- Assessment of data quality
- Expressed opinion on adequacy of Reinsurance Arrangements and participated in the discussions with the Reinsurers for the renewal of treaties.
- Expressed opinion on the company's underwriting policy

- Worked closely with the management and addressed areas of its expertise in relation to the company's ongoing operations
- Attended four meetings of the BoD and actively participated in discussions around the company's restructuring plan and its strategy going forward.
- Carried out investigations to the company's experience in terms of claims, lapses, expenses and new business volumes

B.8 Outsourcing

Cosmos has opted to outsource the Actuarial Function given the high level of specialisation and the limited availability of such skills in the domestic market. Furthermore, we have 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 partner 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 notified to the ICCS. 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 once a year. In particular the Outsourcing Policy states that when choosing a service provider for any critical or important functions or activities Cosmos ensures that:

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

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

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

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

B.9 Adequacy of the system of governance

The BoD believes that the System of Governance is sufficient for the sound and prudent management of the company and is adequate in light of the nature, scale and complexity of the risks inherent in its business.

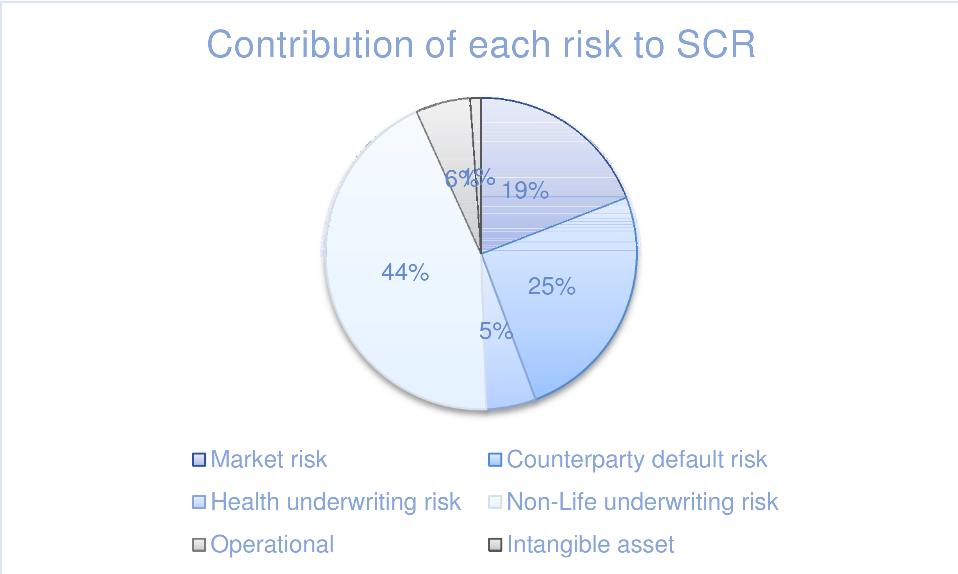
B.10 Any other information

There is no other information.

C. Risk Profile

Quantifiable risks are assessed through the 99.5% Value at risk as measured with the Solvency II standard formula (SCR). The company aims to hold sufficient capital at all times to protect itself from losses occurring due to such risks. Non-quantifiable risks are measured through qualitative analyses 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 Company's risk profile is mainly driven by its exposure to the underwriting risk. Underwriting risk forms around 49% of the total risk portfolio of Cosmos. The second largest exposure (25% of undiversified SCR) arises mainly from recoverables from debtors and current accounts in Banks. The third material risk exposure of Cosmos is the Market risk and is the result of the investment operations of the Company. The exposure to operational risk and intangible asset risk is relatively small.

The risk profile of Cosmos as at 31 December 2016 was in line with its risk strategy.

C.1 Underwriting Risk

C.1.1 Overview of any material risk exposures anticipated over the business planning 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.

The Company underwrites mainly annual policies (with the exception of Contractors All Risks contract term cover, Travel and Marine short term policies), and therefore has the ability to rate risks individually and to impose conditions in accordance with the risk under consideration. The underwriting strategy is to diversify the type of insurance risk accepted and within each line of business to obtain a sufficiently large population of risk to reduce the variability of the expected outcome.

Being an insurance company specializing in non-life and health lines of business, The Company's largest risk exposure is in Premium and Reserving Risk.

The mix of business written remains broadly similar to previous years, both in terms of lines of business written, underwriting profile and geographical location. As such, no material changes have been noted in respect of the underwriting profile.

Over the business planning horizon, the Company is expecting steady growth which will proportionately increase the underwriting risk.

As part of its business planning exercise, Cosmos has considered its business objectives and strategy and how they fit with its capital and risk strategies. The higher expected volumes of business over the business planning horizon will give rise to a moderately higher underwriting risk exposure. On the other hand, they will also yield significant profits which will increase the capital base of the Company and its overall solvency ratio.

C.1.2 Risk Assessment/Measurement

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

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

	99.5% value at risk
Premium & Reserve risk	4,117,018.5
Catastrophe Risk	672,681.2

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.

[RSR only] These 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

C.1.3.1 Information on any material risk concentrations the undertaking is exposed to

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

- Cosmos's well-diversified insurance portfolio: The portfolio enjoys high levels of diversification with respect to geographical cover and between lines of business.
- Low catastrophe risk: The catastrophe risk (assessed using the two scenarios prescribed by the standard formula) is very low (€672,681.2)
- Reinsurance: Cosmos manages its exposure to any one risk and to catastrophic events using reinsurance. Thus, the loss to Cosmos is generally limited to its retention.

C.1.3.2 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. Cosmos does not plan to change its reinsurance structure by either increasing its attachment level or lowering the reinsurance limit on its treaties. Treaty (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 Board.

C.1.4 Risk Mitigation

C.1.4.1 Information on the techniques currently used

C.1.4.1.1 Product design process

All new products, prior to their launch are thoroughly assessed through a profit testing analysis carried out by the Actuarial Function. The 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 our products. Training is also provided to the TIIs to ensure that products are targeted to the appropriate clientele. 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.1.4.1.2 Reinsurance

Cosmos uses reinsurance to protect against claims volatility. A proportional reinsurance arrangement is in place for all product lines. Any single policies where the sum insured is beyond the treaty limits is 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. The actuarial function also 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, so that 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 enable 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 remain profitable with little volatility in its financial results.

C.1.4.1.3 Portfolio Monitoring

The senior management of the Company receives and reviews:

- Regular reports on the gross written premium, risks written (Sum Assured), 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. As a result of the regular monitoring, Cosmos has maintained healthy levels of profitability.

C.1.4.1.4 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 CEO. 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.

C.1.4.2 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

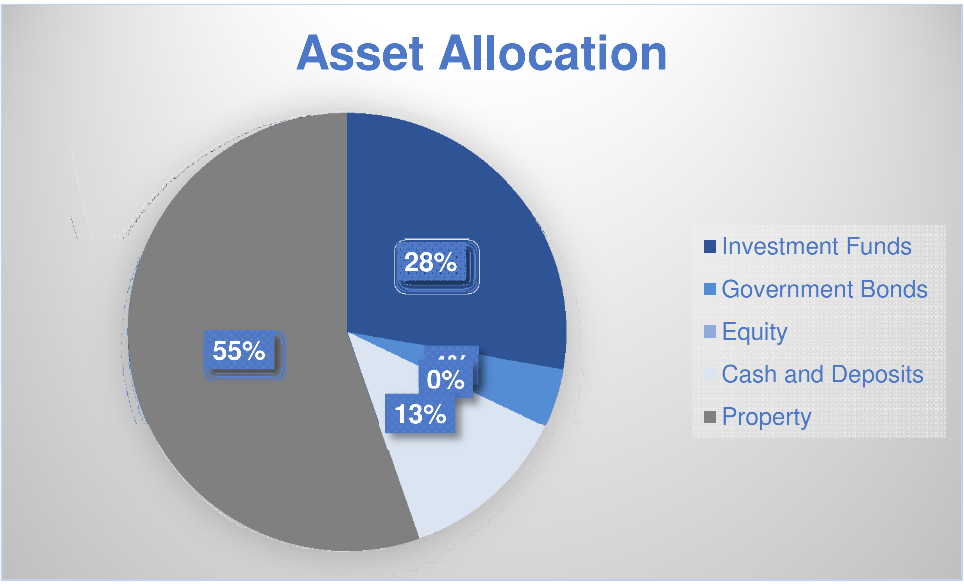
As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios (not necessarily with a negative impact) to feed into the ORSA. This ensures that potential adverse scenarios are considered and negative outcomes can be adequately mitigated either through controls implemented, through timely remedial actions or through the commitment of additional capital.

C.2 Market risk

C.2.1 Overview of any material risk exposures anticipated over the business planning period and how they are managed

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

Market risk reflects the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company.



As at 31 December 2016, Cosmos's investment assets include investment funds, property, equity, bonds, bank deposit and cash. Investments are subject to credit risk (including counterparty default risk, spread risk and concentration risk) and liquidity risk which are dealt with in the respective sections below. Market risk arises in the following forms both on the asset and on the liability side as the value of technical provisions depends on market conditions:

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

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

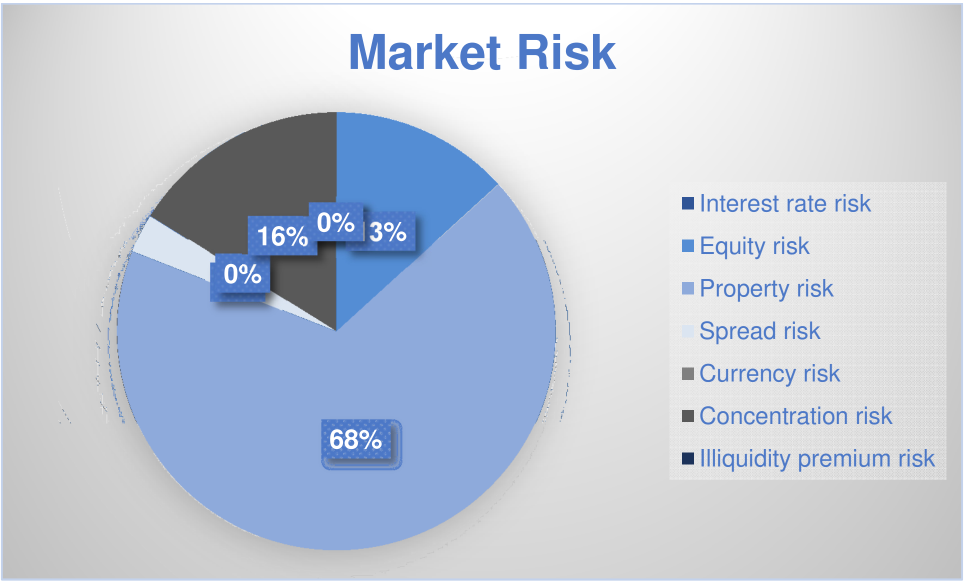
C.2.2 Risk Assessment/Measurement

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. Then the aggregate marker 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.



The primary sources of market risk are equity risk and property risk arising from exposure to such investment securities. The overall current market risk exposure is considered to be low.

Equity Risk

The total Equity portfolio of Cosmos as at 31.12.2016 was €3.258 and the total SCR for Equity risk on the same date was €308.894 due to the stress of investment funds under equity risk.

Property Risk

The company has a significant portion of its asset portfolio invested in properties. This relates to the company's head office as well as properties held for investment and for rental income. The composition of the property portfolio is as follows:

	2016	2015
Property (Head Office)	4.452.000	4.100.000
Investment Property	3.429.000	2.929.000
Total	**7.881.000**	**7.029.000**

The fair value of properties was determined by reference to an independent professionally qualified valuer. The basis of valuation adopted by the independent qualified valuer is the 'Open Market Value' which gives an opinion of the best price at which the sale of the property would be completed unconditionally, for cash consideration, by a willing seller, assuming there had been a reasonable period for the proper marketing of the property, and for the agreement of the price and terms for the completion of the sale.

C.2.3 Risk Concentration

C.2.3.1 Information on any material risk concentrations the undertaking is exposed to

Overall the investment portfolio of Cosmos is well diversified across and within different asset classes, with respect to issuers/counterparties, industries, countries. Part of the Company's investments are held through collective investment vehicles which further enhance the level of diversification within the portfolio.

Some concentration is present with regard to its holdings in property which are entirely placed in Cyprus hence there is lack of geographical diversification. The largest single holding is the Company's head office building in Nicosia.

C.2.3.2 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 over the business planning period and hence Cosmos anticipates the same level of market risk concentration.

C.2.4 Risk Mitigation

C.2.4.1 Information on the techniques currently used

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

The continued effectiveness of the risk mitigation techniques and controls is monitored by Senior Management and additional oversight is provided by the Board of Directors.

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.

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

With regards to investments held through collective investment vehicles, before entering into these investments, diligence was performed on the underlying fund holdings and enquiries were made on the availability of data on these holdings on a look through basis such that Cosmos was satisfied that it was possible to properly identify, measure, monitor, manage, control and report on their underlying risk and be able to perform the required solvency capital calculations.

C.2.6 Risk Sensitivity

C.2.6.1 Stress tests and scenario analyses

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios (not necessarily with a negative impact) to feed into the ORSA.

C.3 Credit risk

C.3.1 Overview of any material risk exposures anticipated over the business planning period and how they are managed

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

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

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 how long overdue these are and the probability of default is determined based on that.

Credit risk as measured through the SCR is composed of counterparty default risk by 57%, concentration risk by 29% property risk, 7% concentration risk, 6% equity risk and 2% spread risk. Credit risk forms 34% of the total undiversified SCR.

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.

The overall credit risk exposure is considered to be medium.

Credit risk is expected to reduce over the business planning horizon with the repayment of the intercompany loan.

C.3.3 Risk Concentration

C.3.3.1 Information on any material risk concentrations the undertaking is exposed to

The 10 largest counterparty exposures are summarised in the table below:

Counterparty	Total Exposure
Bank Of Cyprus	341,935
Hellenic Bank Public Company Ltd	340,039
Cyprus Development Bank	206,643
USB Bank Cyprus	98,865

Cooperative Central Bank	88,515
Eurobank - Cyprus	66,590
Societe Generale Bank-Cyprus	26,767
National Bank Cyprus	22,433
Alpha Bank - Cyprus	21,728
Russian Commercial Bank	16,853

Premium Debts are significant component of the company's balance sheet. An aging analysis of these debtors as at 31/12/2016 is shown in the table below:

Debtor Category	Balance Due €.000	Overdue for more than 3 months	Within 3 months
Client	2.078.936	0	2.078.936
Agents	2.133.729	1.070.421	1.063.308
TOTAL	**4.212.665**	**1.070.421**	**3.142.244**

C.3.4 Risk Mitigation

C.3.4.1 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 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.

Furthermore, the company has implemented a process for the timely collection of premiums as they fall due thus mitigating the risk of accumulating overdue balances. This has worked very effectively in the recent years and is continuously reinforced by the company.

C.3.4.2 Description of any material risk mitigation techniques the undertaking is considering purchasing or entering into over the business planning period and the rationale

Cosmos uses the mitigation techniques mentioned above to ensure that the risk of default or non-payment is within the risk appetite limits set by the Board. The vetting, regular monitoring of the financial condition of the company and the tight terms and conditions allow the company to take action as early as possible and protect the company's financial and liquidity position.

The continued effectiveness of the risk mitigation techniques and controls is monitored through the risk register, which is a dynamic list of the risks the company faces and their controls (amongst others). The risk register is reviewed and updated continuously as new risks are identified and/or failures in controls.

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.3.5 Risk Sensitivity

C.3.5.1 Description of relevant stress tests and scenario analysis including their outcome, description of the methods used and the main assumptions underlying those stress test and scenario analyses

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios (not necessarily with a negative impact) to feed into the ORSA.

C.4 Liquidity risk

C.4.1 Overview of any material risk exposures anticipated over the business planning period

Liquidity risk is defined as the risk that the Company is unable to realise investments and other assets (or realise them at excessive cost) in order to settle its financial obligations when they fall due.

The liquidity risk of the company is generally very low as:

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

The composition of the asset portfolio is not expected to change over the business planning horizon in a way that would introduce liquidity risk.

C.4.2 Risk Assessment/Measurement

Cosmos's liquidity requirements are assessed monthly in order to meet the Company's stated liquidity objectives. A projection is performed each month from the accounts department to assess whether all obligations due will be met by the expected cash inflows mainly from premiums due.

Cosmos also adopts other risk assessment tools such as the use of Key Risk Indicators e.g. ratio of surrendable liabilities to liquid assets.

C.4.3 Risk Concentration

C.4.3.1 Information on any material risk concentrations the undertaking is exposed to

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

C.4.3.2 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

C.4.4.1 Techniques currently used

The company has developed investment guidelines (reviewed and approved by the Board) which, among others limit investment 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;
- 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;
- closely monitoring the timing of claims payments and reinsurance recoveries.

C.4.4.2 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 does not deem necessary to adopt 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 in future premiums.

C.4.6 Risk Sensitivity

Given that liquidity is not a material risk for the Company, no specific risk sensitivity is performed.

C.5 Operational risk

C.5.1 Overview of any material risk exposures anticipated over the business planning period

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

Business Disruption & Systems Failure	Interruption of business activity due to system or communication failures
Financial Integrity & Reporting	Disclosure of materially incorrect or untimely information
External Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an external party
Internal Fraud	Acts intended to defraud, misappropriate property or circumvent the law by an internal party

Process Risks	Failure to execute or process transactions timely and accurately with clients and other counterparties
Clients, Products and Business Practices	Lack of productivity and poor customer service

C.5.2 Risk Assessment/Measurement

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 the Cosmos is not expected to change over the business planning period.

C.5.4 Risk Mitigation

C.5.4.1 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
- Insurance against property damage that could cause business disruption

C.5.4.2 *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*

C.5.5.1 *Description of relevant stress tests and scenario analysis including their outcome, description of the methods used and the main assumptions underlying those stress test and scenario analyses*

As part of the business and capital planning processes, the risk management function carries out stress tests including the assessment of alternative scenarios (not necessarily with a negative impact) to feed into the ORSA.

D. Valuation for solvency purposes

D.1 Assets

D.1.1 *Value of assets*

All assets and liabilities, 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 valuations methods occurred during the year under review.

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

	Solvency II	Valuation
Assets	**2016**	**2016**
Intangible Assets	140.362	140.362
Investments	8.712.944	8.712.944
Deferred Acquisition Costs	0	1.818.073
Receivables	5.978.642	4.992.642
Reinsurance Assets	3.151.195	6.539.574
Property, Plant & Equipment	4.732.464	5.036.464
Loans & Mortgages	0	682.000
Goodwill	0	138.066
Cash & Cash Equivalents	1.302.249	1.302.294
Other Assets	96.559	96.559
Total Assets	**24.114.415**	**29.458.933**

D.1.2 *Description of bases, methods and main assumption used for valuation for solvency purposes*

Investments

The fair value of quoted financial assets is based on quoted market prices at the end of the reporting period. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Deferred Tax Assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available against which these deferred tax assets can be utilised.

Reinsurance Recoverables

The benefits to which the Group 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.

Properties

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

D.1.3 Differences between IFRS and Solvency II valuation

Differences exist only for Reinsurance Recoverables.

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

D.2 Technical provisions

The valuation of technical provisions was calculated in accordance with the Solvency II best estimate valuation principles. The results are summarised in the table below. These results make allowance for discounting, claims handling expenses and the adjustment for the expected counterparty default in the reinsurance recoverable.

Technical Provisions €'000	Claims Provision		Premium Provision		Risk Margin
	Gross Best Estimate	Reinsurance Recoverable	Gross Best Estimate	Reinsurance Recoverable	
Medical expense	1,539,379	1,075,188	353,031	15,608	77,192
Income protection	4,979	4,614	10,620	8,337	156
Workers' compensation	-	-	-	-	-
Motor vehicle liability	7,138,253	74,007	2,206,401	-	498,909
Other motor	1,784,563	-	551,600	-	119,603
Marine and transport	12,575	9,814	12,000	6,998	1,467
Fire and other prop. damage	730,800	675,129	397,239	354,418	9,444
General liability	715,297	618,385	120,288	64,729	14,235
Credit and Suretyship	-	-	-	-	-
Legal expenses	-	-	-	-	-

Assistance	-	-	167,144	84,013	-
Miscellaneous	4,806	4,454	-	-	109
Total	**11,930,652**	**2,461,589**	**3,818,324**	**534,104**	**721,115**

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.)

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.

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, which 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.

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;
- 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 Reinsurance Recoverables

Reinsurance Recoverables represent the difference between Gross and Net provisions. Due to the nature of the Reinsurance arrangements (non-proportional reinsurance), for the Claim Provision the reinsurance recoverable was determined as the reinsurers' share of current outstanding case by case reserve. For the Premium Provision, we have assumed zero reinsurance recoverable. Reduction of reinsurance recoverables to allow for expected losses due to a counterparty default is also applied.
The Company does not use any special purpose vehicles

D.2.5 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.2.6 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/URR 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 (DAC) 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 as follows in €'000s:

	Solvency II Valuation €'000				IFRS Valuation €'000	
	Net Claim Provision	Net Premium Provision	Risk Margin	Net Technical Provisions	Net Claims Reserve	Net Unearned Premium Reserve
Medical expense	464,191	337,423	77,192	878,807	417.269	358,265
Income protection	365	2,283	156	2,804	243	827
Workers' compensation	-	0	0	-		0
Motor vehicle liability	7,064,246	2,206,401	498,909	9,769,556	5.108.231	3,490,753
Other motor	1,784,563	551,600	119,603	2,455,767	887.133	872,688
Marine, aviation& transport	2,762	5,002	1,467	9,230	2.450	5,499
Fire & other prop. damage	55,671	42,822	9,444	107,937	33.679	104,720
General liability	96,912	55,559	14,235	166,706	72.132	74,250
Credit and Suretyship	-	0		-	-	0
Legal expenses	-	0		-	-	0
Assistance	-	83,130		83,130	-	105,240
Miscellaneous	352	0	109	461	234	0
Total	**9,469,063**	**3,284,220**	**721,115**	**13,474,398**	**6.521.370**	**5,012,242**

D.2.7 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
- The transitional deduction referred to in Article 308d of Directive 2009/138/EC

D.3 Valuation of other liabilities

There are no other liabilities in the company's balance sheet

D.4 Any other information

Disclosure of any other material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

E.1 Own Funds

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

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

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

The following table shows the structure of own funds as at 31 December 2016:

Own Funds ($'000s)	Dec-16
Ordinary share capital	5.575.350
Preference shares	
Reconciliation reserve	
Retained Earnings	(1.197.995)
An amount equal to the value of net deferred tax assets	
Other Own Funds	2.727.705
Total Basic Own Funds	7.105.060

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

The composition of Own Funds as at 31.12.2016 and the classification into tiers is shown below:

ELIGIBLE OWN FUNDS €'000	TOTAL	TIER 1	TIER 2	TIER 3
Ordinary share capital (net of own shares)	5,575,350	5,575,350		
Retained earnings	1,365,340	1,365,340		
Preference shares				
Deferred tax assets				
Reconciliation reserve	-2,152,785	-2,152,785		
· *Adjustments to assets*	*-5,344,518*	*-5,344,518*		
· *Adjustments to technical provisions*	*2,018,812*	*2,018,812*		
Other own funds not specified above	*1,172,631*	*1,172,631*		
TOTAL ELIGIBLE OWN FUNDS	4,952,178	4,952,178		

All of the above own funds items are eligible to cover the SCR.

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

As shown above, own funds are mostly 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 summary table shows the comparisons and movement in the IFRS and Solvency II valuation of assets, liabilities and Own Funds.

	IFRS $'000s	SOLVENCY II $'000s	MOVEMENT $'000s
Total Assets	29.463.120	24.118.602	5.344.518
Total Liabilities	22.358.158	19.166.424	3.191.734
Total Own Funds	**7.104.962**	**4.952.178**	**2.152.784**

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)
- Recalculation of the deferred tax asset to allow for the tax associated with the different profits recognised in the Solvency II balance sheet.

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 takes all necessary measures to maintain sustainability and development of its operations in the context of the prevailing economic conditions.

The Board of Directors having taken into account the reorganization plan outlined below and the uncertainties that exist at the reporting date, it is satisfied that the Company will have the means to continue its business activity in the foreseeable future. Therefore, the Financial Statements continue to be prepared on the basis of the going concern principle of the reasons mentioned below, despite the fact that the Company does not currently meet the required solvency margin in relation to its activities, which can be perceived by a significant uncertainty of its ability to continue as a going concern.

- The Company, in collaboration with financial advisers, has prepared a detailed plan for a proposed increase in its share capital in the context of restoring the required solvency margin.
- The Company's major shareholders have committed themselves to participate in the proposed increase share capital with a contribution through the transfer of personal real estate and cash payment. The required solvency margin, taking into account the assets to be transferred from the major shareholders will exceed the minimum Solvency margin required by the Law.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amounts of SCR and MCR

As at 31 December 2016 the SCR of Cosmos was calculated at €7,549K and the MCR at €3,700K.

E.2.2 Breakdown of SCR by risk modules

The following table shows the SCR split by risk modules:

SOLVENCY CAPITAL REQUIREMENT	€'000S
Market risk	1,896,084
Counterparty default risk	2,493,615
Life Underwriting risks	0
Health underwriting risk	511,317

Non-Life underwriting risk	4,334,404
Sum of risk components	**9,235,421**
Diversification effects	*-2,360,422*
Diversified risk	**6,874,999**
Intangible asset risk	112,289.6
Basic SCR	6,987,288
Operational risk	562,188.5
Adjustments	-
SCR	7,549,477

E.2.3 Simplifications

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

E.2.4 Undertaking-specific parameters

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

E.2.5 Information on the inputs used to calculate the MCR

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

MINIMUM CAPITAL REQUIREMENT	€'000S
Linear MCR	2,189,609
SCR	7,549,477
MCR cap	3,397,265
MCR floor	1,887,369
Combined MCR	2,189,609
Absolute floor of the MCR	3,700,000
MCR	**3,700,000**

E.3 Non-compliance with the MCR and non-compliance with the SCR

E.3.1 Non-compliance with the MCR & SCR

During the year of 2016 following the write-off of certain assets, the company encountered difficulties in meeting the Solvency Capital Requirements under Solvency II. In accordance to the provisions of the law, the company initiated a recapitalisation plan. This is activated in accordance with the regulations of the Cyprus Securities Exchange Commission and is expected to be completed within 2017.

E.3.2 Any reasonably foreseeable risk of non-compliance with the MCR or SCR

Mention that after recapitalisation plan of phase I a second phase will take place with a strategic investor etc.

E.3.3 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 action.

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 target solvency ratio.

Despite being sufficiently capitalised (based on the above projections), a medium-term capital management plan has been developed which includes realistic plans as to how to raise additional capital if and when required.

APPENDICES

Appendix A: Extract from Annual QRTs

Annex I		
S.02.01.02		
Balance sheet		
		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	140.362
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	4.732.464
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	8.712.944
Property (other than for own use)	**R0080**	3.429.000
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	3.258
Equities - listed	**R0110**	3.258
Equities - unlisted	**R0120**	-
Bonds	**R0130**	641.232
Government Bonds	**R0140**	641.232
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	4.089.454
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	550.000
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	-
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	2.995.693
Non-life and health similar to non-life	**R0280**	2.995.693
Non-life excluding health	**R0290**	1.891.946
Health similar to non-life	**R0300**	1.103.747
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	5.978.642
Reinsurance receivables	**R0370**	155.502

Receivables (trade, not insurance)	**R0380**	-
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	1.302.249
Any other assets, not elsewhere shown	**R0420**	100.746
Total assets	**R0500**	24.118.602
		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	16.470.091
Technical provisions – non-life (excluding health)	**R0520**	14.484.734
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	13.840.967
Risk margin	**R0550**	643.767
Technical provisions - health (similar to non-life)	**R0560**	1.985.357
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	1.908.009
Risk margin	**R0590**	77.349
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	-
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	-
Risk margin	**R0720**	-
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	-
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	555.400
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	7.583
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	695.234
Reinsurance payables	**R0830**	582.814
Payables (trade, not insurance)	**R0840**	818.699
Subordinated liabilities	**R0850**	
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	36.604

Total liabilities	**R0900**	19.166.424
Excess of assets over liabilities	**R1000**	4.952.178

Annex II
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	3.311.976	48.774	-	10.758.087	636.977	148.153	2.168.372	691.789	-	-	-	16.763					17.780.891
Gross - Proportional reinsurance accepted	**R0120**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance accepted	**R0130**													-	-	-	-	-
Reinsurers' share	**R0140**	191.763	46.335	-	398.172	392.476	127.073	1.985.502	486.707	-	-	-	15.366	-	-	-	-	3.643.394
Net	**R0200**	3.120.213	2.439	-	10.359.914	244.502	21.080	182.870	205.082	-	-	-	1.397	-	-	-	-	14.137.497
Premiums earned		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Direct Business	**R0210**	3.341.292	49.928	-	11.564.616	671.763	146.056	2.254.172	695.027	-	-	-	16.763	-	-	-	-	18.739.617
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0230**													-	-	-	-	-
Reinsurers' share	**R0240**	180.514	46.465	-	3.578.074	362.375	125.395	2.126.483	505.687	-	-	-	15.366	-	-	-	-	6.940.359
Net	**R0300**	3.160.778	3.463	-	7.986.541	309.389	20.661	127.689	189.340	-	-	-	1.397	-	-	-	-	11.799.258
Claims incurred		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Direct Business	**R0310**	2.670.777	35.396		7.103.395		9.014	623.886	192.889									10.635.357
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	**R0330**													-	-	-	-	-
Reinsurers' share	**R0340**	78.092	33.627	-	1.189.445	-	7.291	592.621	156.741	-	-	-	-	-	-	-	-	2.057.817
Net	**R0400**	2.592.685	1.769		5.913.950		1.723	31.265	36.148									8.577.540
Changes in other technical provisions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross - Direct Business	**R0410**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	**R0420**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	**R0430**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurers' share	**R0440**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	**R0500**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	**R0550**	945.119	17.715		4.732.247		41.638	816.680	248.538				5.810					6.807.747
Other expenses	**R1200**																	-
Total expenses	**R1300**																	6.807.747

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

		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	17.780.891						17.780.891
Gross - Proportional reinsurance accepted	R0120	-						-
Gross - Non-proportional reinsurance accepted	R0130	-						-
Reinsurers' share	R0140	3.643.394						3.643.394
Net	R0200	14.137.497						14.137.497
Premiums earned		-						-
Gross - Direct Business	R0210	18.739.617						18.739.617
Gross - Proportional reinsurance accepted	R0220	-						-
Gross - Non-proportional reinsurance accepted	R0230	-						-
Reinsurers' share	R0240	6.940.359						6.940.359
Net	R0300	11.799.258						11.799.258
Claims incurred		-						-
Gross - Direct Business	R0310	10.635.357						10.635.357
Gross - Proportional reinsurance accepted	R0320	-						-
Gross - Non-proportional reinsurance accepted	R0330	-						-
Reinsurers' share	R0340	2.057.817						2.057.817
Net	R0400	8.577.540						8.577.540
Changes in other technical provisions		-						
Gross - Direct Business	R0410	-						-
Gross - Proportional reinsurance accepted	R0420	-						-
Gross - Non- proportional reinsurance accepted	R0430	-						-
Reinsurers' share	R0440	-						-
Net	R0500	-						-
Expenses incurred	R0550	6.807.747						6.807.747
Other expenses	R1200							-
Total expenses	R1300	6.807.747						6.807.747

Annex IV
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**	353.031	10.620	-	2.206.401	551.600	12.000	397.239	120.288	-	-	167.144	-	-	-	-	-	3.818.324
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	15.608	8.337	-	-	-	6.998	354.418	64.729	-	-	84.013	-	-	-	-	-	534.104
Net Best Estimate of Premium Provisions	**R0150**	337.423	2.283	-	2.206.401	551.600	5.002	42.822	55.559	-	-	83.130	-	-	-	-	-	3.284.220
Claims provisions																		
Gross	**R0160**	1.539.379	4.979	-	7.138.253	1.784.563	12.575	730.800	715.297	-	-	-	4.806	-	-	-	-	11.930.652
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	1.075.188	4.614	-	74.007	-	9.814	675.129	618.385	-	-	-	4.454	-	-	-	-	2.461.589
Net Best Estimate of Claims Provisions	**R0250**	464.191	365	-	7.064.246	1.784.563	2.762	55.671	96.912	-	-	-	352	-	-	-	-	9.469.063
Total Best estimate - gross	**R0260**	1.892.410	15.599	-	9.344.654	2.336.163	24.576	1.128.039	835.585	-	-	167.144	4.806	-	-	-	-	15.748.976
Total Best estimate - net	**R0270**	801.614	2.648	-	9.270.647	2.336.163	7.764	98.493	152.471	-	-	83.130	352	-	-	-	-	12.753.283
Risk margin	**R0280**	77.192	156	-	498.909	119.603	1.467	9.444	14.235	-	-	-	109	-	-	-	-	721.115
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	**R0320**	1.969.602	15.755	-	9.843.562	2.455.767	26.042	1.137.484	849.820	-	-	167.144	4.915	-	-	-	-	16.470.091
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	1.090.796	12.951	-	74.007	-	16.812	1.029.547	683.114	-	-	84.013	4.454	-	-	-	-	2.995.693
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	878.807	2.804	-	9.769.556	2.455.767	9.230	107.937	166.706	-	-	83.130	461	-	-	-	-	13.474.398

Annex V

S.19.01.21

Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year	Z0010	Acc

Gross Claims Paid (non-cumulative)

(absolute amount)

Year		Development year 0	1	2	3	4	5	6	7	8	9	10&+		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100		
N-9	R0160	7.756.177	2.756.464	602.692	529.729	196.007	255.674	494.252	99.159	244.328	704.743		R0160	704.743	13.639.225
N-8	R0170	8.849.484	3.369.968	583.085	457.300	283.948	444.276	302.416	150.327	362.166			R0170	362.166	14.802.969
N-7	R0180	8.189.582	2.851.450	1.004.179	460.097	397.101	349.209	130.817	224.184				R0180	224.184	13.606.620
N-6	R0190	8.763.500	2.905.831	625.022	440.803	323.451	70.826	508.796					R0190	508.796	13.638.228
N-5	R0200	7.972.143	4.832.122	958.242	325.407	158.385	667.224						R0200	667.224	14.913.523
N-4	R0210	6.176.632	2.920.800	685.480	98.648	75.527							R0210	75.527	9.957.087
N-3	R0220	5.300.034	2.469.252	197.547	127.367								R0220	127.367	8.094.200
N-2	R0230	4.666.754	1.669.631	497.102									R0230	497.102	6.833.487
N-1	R0240	4.617.389	1.482.958										R0240	1.482.958	6.100.347
N	R0250	4.619.732											R0250	4.619.732	4.619.732
												Total	R0260	9.269.798	106.205.419

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year		Development year 0	1	2	3	4	5	6	7	8	9	10&+		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100												R0100	339.628
N-9	R0160										186.738		R0160	184.945
N-8	R0170									632.598			R0170	626.341
N-7	R0180								1.039.501				R0180	1.028.521
N-6	R0190							1.055.017					R0190	640.300
N-5	R0200						941.848						R0200	948.106
N-4	R0210					1.065.696							R0210	1.069.408
N-3	R0220				686.645								R0220	679.191
N-2	R0230			665.750									R0230	660.964
N-1	R0240		1.187.253										R0240	1.180.179
N	R0250	4.609.774											R0250	4.573.070
												Total	R0260	11.930.652

Annex VI
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	5.575.350	5.575.350	-	-	-
Share premium account related to ordinary share capital	R0030	-	-	-	-	-
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	1.529.612	1.529.612	-	-	-
Preference shares	R0090	-	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-	-
Reconciliation reserve	R0130	- 2.152.785	- 2.152.785	-	-	-
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds		-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-	-	-	-
Deductions		-	-	-	-	-
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	4.952.178	4.952.178	-	-	-
Ancillary own funds		-	-	-	-	-
Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	-
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-	-
Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-	-	-	-	-
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-	-	-	-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-	-	-	-	-
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-	-	-	-	-
Other ancillary own funds	R0390	-	-	-	-	-
Total ancillary own funds	R0400	-	-	-	-	-
Available and eligible own funds		-	-	-	-	-
Total available own funds to meet the SCR	R0500	4.952.178	4.952.178	-	-	-
Total available own funds to meet the MCR	R0510	4.952.178	4.952.178	-	-	-
Total eligible own funds to meet the SCR	R0540	4.952.178	4.952.178	-	-	-
Total eligible own funds to meet the MCR	R0550	4.952.178	4.952.178	-	-	-
SCR	R0580	7.549.477	-	-	-	-
MCR	R0600	3.700.000	-	-	-	-
Ratio of Eligible own funds to SCR	R0620	66%	-	-	-	-
Ratio of Eligible own funds to MCR	R0640	134%	-	-	-	-

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	4.952.178	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720	-	
Other basic own fund items	R0730	7.104.962	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-	
Reconciliation reserve	R0760	- 2.152.785	
Expected profits		-	
Expected profits included in future premiums (EPIFP) - Life business	R0770	-	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-	
Total Expected profits included in future premiums (EPIFP)	R0790	-	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	1.896.084		
Counterparty default risk	R0020	2.493.615		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	511.317		
Non-life underwriting risk	R0050	4.334.404		
Diversification	R0060	- 2.360.422		
Intangible asset risk	R0070	112.290		
Basic Solvency Capital Requirement	R0100	6.987.288		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	562.188
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	7.549.477
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	7.549.477
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Annex VIII
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	2189608,56

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**	801.614	3.120.214
Income protection insurance and proportional reinsurance	**R0030**	2.648	2.439
Workers' compensation insurance and proportional reinsurance	**R0040**	0	0
Motor vehicle liability insurance and proportional reinsurance	**R0050**	9.270.647	8.483.533
Other motor insurance and proportional reinsurance	**R0060**	2.336.163	2.120.883
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	7.764	21.080
Fire and other damage to property insurance and proportional reinsurance	**R0080**	98.493	182.870
General liability insurance and proportional reinsurance	**R0090**	152.471	205.083
Credit and suretyship insurance and proportional reinsurance	**R0100**	0	0
Legal expenses insurance and proportional reinsurance	**R0110**	0	0
Assistance and proportional reinsurance	**R0120**	83.130	0
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	352	1.397
Non-proportional health reinsurance	**R0140**	0	0
Non-proportional casualty reinsurance	**R0150**	0	0
Non-proportional marine, aviation and transport reinsurance	**R0160**	0	0
Non-proportional property reinsurance	**R0170**	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	**R0200**	

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

Overall MCR calculation

		C0070
Linear MCR	**R0300**	2.189.609
SCR	**R0310**	7.549.477
MCR cap	**R0320**	3.397.265
MCR floor	**R0330**	1.887.369
Combined MCR	**R0340**	2.189.609
Absolute floor of the MCR	**R0350**	3.700.000
		C0070
Minimum Capital Requirement	**R0400**	2.189.609

Appendix B: Cosmos Organisational Structure