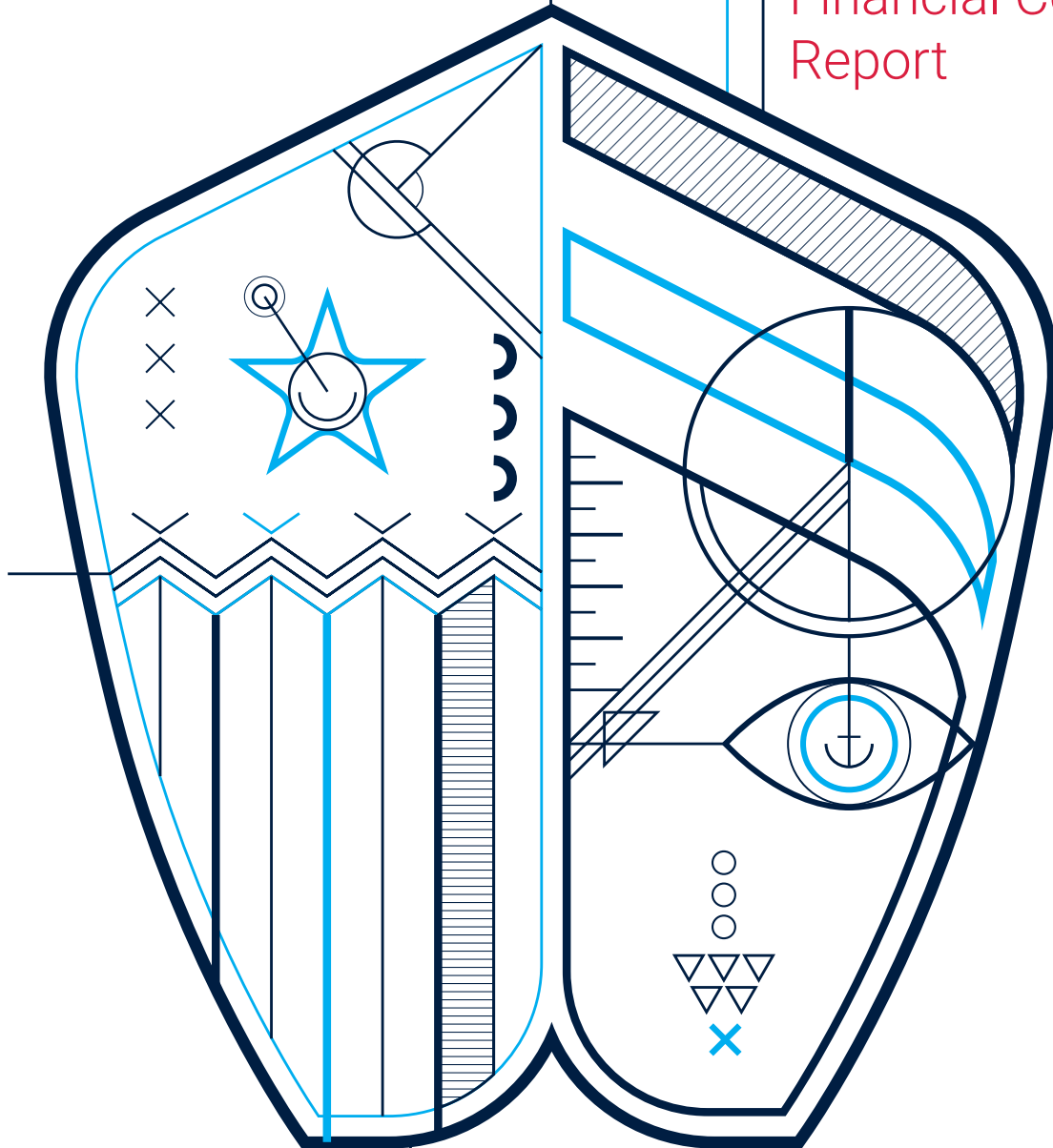


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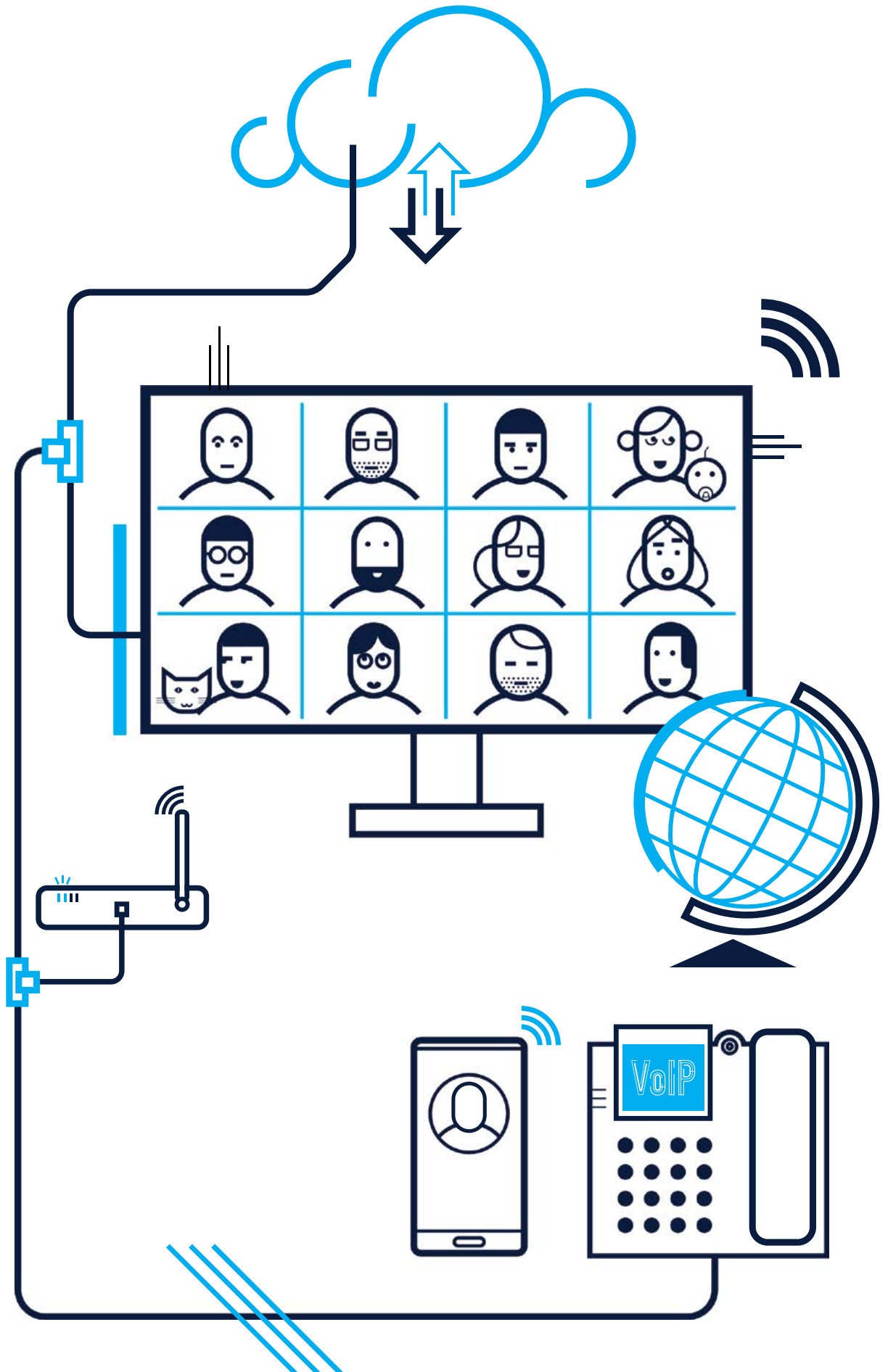
Solvency &
Financial Condition
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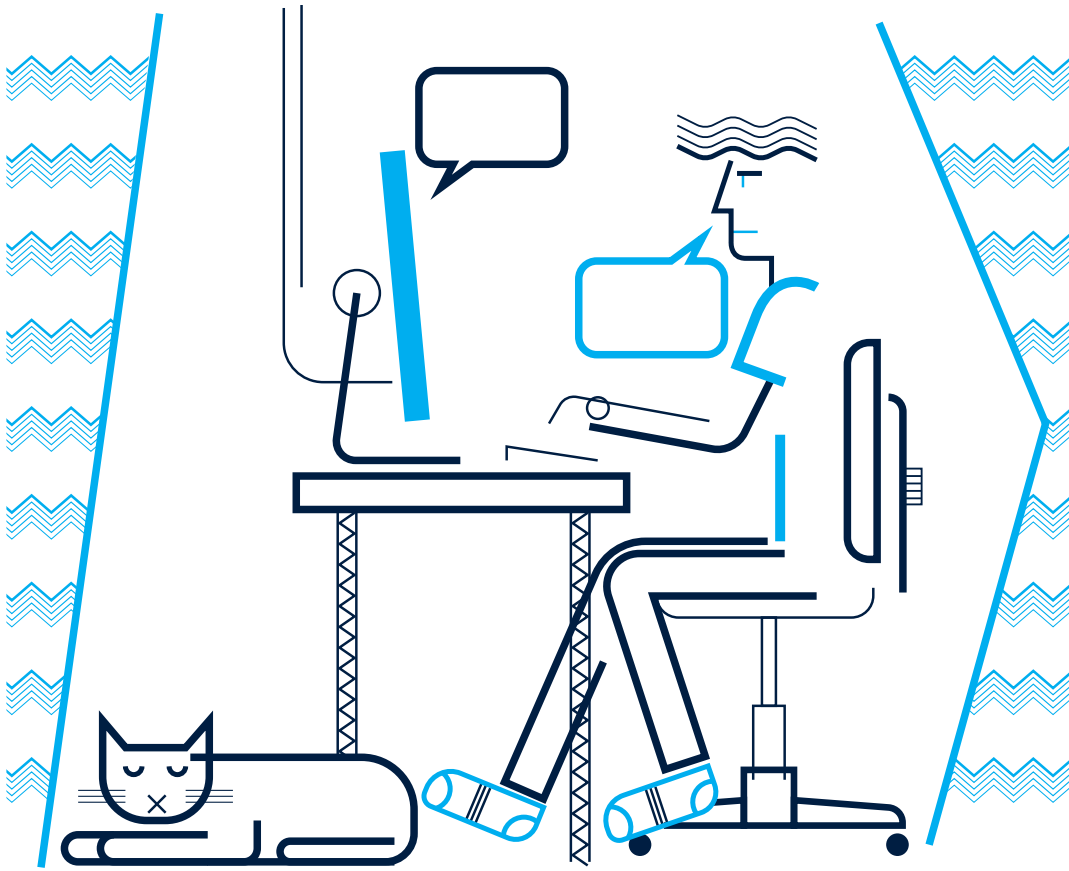
INCLUDES
Covid-19
Exceptional
Circumstances
Update



**American
Hellenic Hull**
Insurance Company



Covid-19 - Exceptional Circumstances Statement



American Hellenic Hull Insurance Company Ltd (AHHIC) is the fastest growing hull and machinery insurance company in the world. The managers and executives of AHHIC commit themselves to closely monitor and assess the risks and diminish high-risk behavior.

Due to the ongoing spread of the Coronavirus Disease 2019 (Covid-19), the company has activated its Business Continuity Plan in response. The World Health Organization (WHO) has assessed Covid-19 as a pandemic and this underlines the need for all parts of the value chain to react in a responsible way to address the risks and consequences of this contagious disease. The health and wellbeing of the company's employees is of utmost priority. Therefore, all functions of American Hellenic Hull Insurance Company Ltd with immediate effect have been conducted off-site, operating with a remote workforce, since Friday March 13th.

The management and employees all share the same dedication and loyalty, as well as the readiness to embrace innovation and respond to challenges. They, together with the state-of-the-art information technology, enable the company to prevent disruptions to its business and to continue to securely provide premium, bespoke services to its clients.

Thus, the company has established reliable systems for its executives to work remotely, including the use of voice over IP in order to prevent disruptions in telecoms, and the use of Microsoft Teams application, which enables AHHICs departments to interact and communicate sufficiently.

Solvency & Financial Condition Report

2019

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CEO's note

In 2019, the hull and machinery market began to show signs of improving insurance rates after 20 years of falling premiums and terrible losses.

Sustainable underwriting has become a priority for all companies worldwide and in combination with the market conditions this has led to the withdrawal from the market of a number of high-profile hull and machinery underwriters. At the same time, in 2019 the global economy faced a variety of additional challenges such as Brexit, Eurozone instability and US-China trade skirmishes. Specific to shipping, the industry was trying to come to terms with new International Maritime Organization regulations intended to reduce emissions.

In this challenging environment, American Hellenic Hull Insurance Company Ltd (AHHIC) recorded its best financial year. With the continued strong support of the century-old American P&I Club, the company's sole shareholder, we managed to make significant progress towards our aim of becoming a leading company in the global hull and machinery marine insurance market. During the year, we continued to widen our presence and strengthen our performance in the key international maritime centres.

In 2019, AHHIC increased its fleet of insured vessels by 15%, ending the year with a fleet of approximately

2,700 vessels. Loss ratio, reinsurance cost and operating expenses as percentages of gross earned premium were all substantially improved.

We have achieved a 90% increase of gross written premium, a key factor in AHHIC's best financial year since it started its operations in 2016. Underwriting profit (earned premiums net of reinsurance costs minus claims and technical provisions net of reinsurance recoveries) was almost tripled, increasing by 299% compared with 2018.

This outstanding performance was reflected in the company's balance sheet: assets increased by 32%, with cash and investments representing 43% of assets' total value (compared with 37% in 2018) and 161% of the amount of gross outstanding claims (compared with 117% in 2018).

Our liquidity ratio (current assets to current liabilities) reached 490%.

In the first quarter of 2020 AHHIC continued growing despite the outbreak of the Coronavirus (Covid-19) pandemic. As of 12th March 2020 we have implemented our Business Continuity Plan which is based on a hybrid structure of remote and cloud servers. This has enabled our company to continue providing excellent service to our clientele and at the same time protecting our people against this unprecedented world crisis.

In addition, along with conducting AHHIC's functions off-site, we have stress tested the company's ability to withstand adverse events, including the Covid-19 outbreak. The company demonstrated exceptionally high resilience in multiple adverse scenarios.

Looking ahead, we expect AHHIC's growth to continue in 2020 and we are confident that our client base and profitability will expand further. Our three-year business plan is expected to remain unaltered as we focus on becoming the leading company in the international hull and machinery market.

Sincerely,

Ilias P. Tsakiris



Chairman's note

I am proud and privileged to serve as Chairman of the American Hellenic Hull Insurance Company, Ltd. (AHHIC). This has been challenging in an increasingly regulatory intensive business while still emerging from a decades-long soft market, but it has also been immensely rewarding. Success in the hull and machinery insurance sector mainly depends on intelligent risk assessment, fair pricing and expert service. It is always helpful, too, to have a bit of good luck, although "good luck is another name for tenacity of purpose." (Emerson).

Properly assessing business risk requires industry knowledge and expertise gained over many business cycles and industry conditions. Such experience uniquely provides leaders with wisdom that is needed to interpret the risk assumed. AHHIC is fortunate to possess those important qualities with the unparalleled skills of its management team, Hellenic Hull Management Ltd. (HMA), led by Ilias Tsakiris. This is much more than a gratuitous compliment from the Chairman. I have been intimately involved in all aspects of AHHIC's operations – as is required under Solvency II requirements – and can sincerely attest to the skills displayed, business conducted, extensive reporting and documentation transparency, and most importantly the powerful commitment of HMA to make AHHIC the best and most successful in the industry.

The 2019 Solvency and Financial Condition Report presented herein show progressively improving results and intelligent growth in premiums written and underwriting profitability with a nearly break-even bottom line. The ratios are normalizing now after three full operating cycles allowing better matching of premiums earned and related incurred claims and operating expenses. AHHIC is becoming a 'seasoned' insurance company and is positioning itself intelligently in a hardening market long overdue for rebalancing premium and risk.

The American P&I Club, as ultimate shareholder, made this strategic investment in setting up AHHIC with the intent and commitment to serve its members and the maritime industry with a full suite of products. This promise has been kept and we can now cover a wide spectrum of relationship needs including mutual owner P&I and FD&D, charterers risk, fixed premium P&I, and hull & machinery and war risk.

In the last decade, the maritime industry has been through difficult times presenting challenges for both shipowners and their insurance providers. I would like to think AHHIC and the American P&I Club have helped the industry to embrace and overcome these challenges as much as possible.

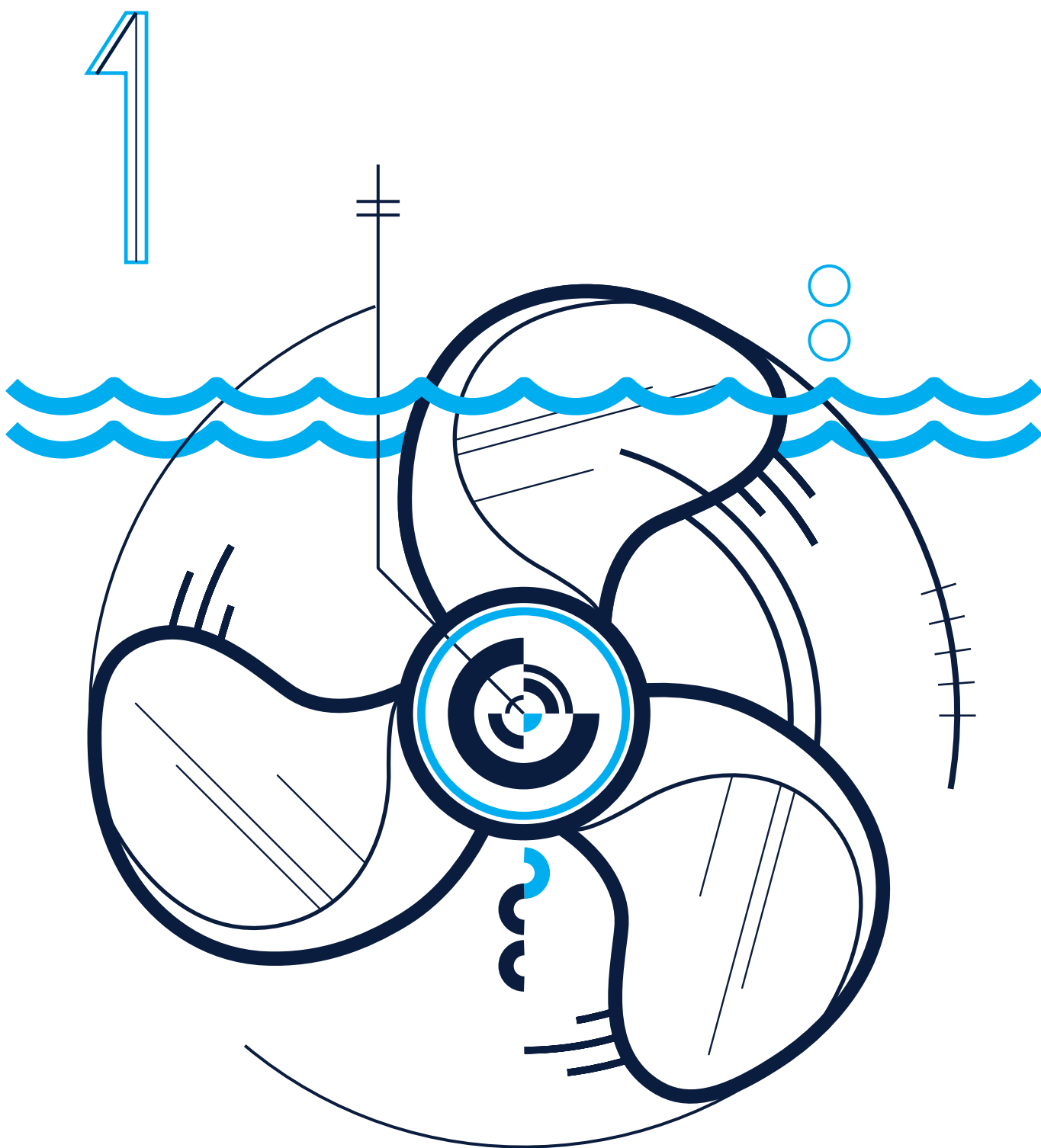
We are committed to continue our efforts through the unexpected global disturbance of the Covid-19 pandemic. On behalf of the AHHIC Board of Directors, I offer our sincere condolences to all businesses, families and friends that have had to struggle with financial and personal losses.

We wish you good health, good memories, and good sailing.

Sincerely,

Vince Solarino





1. Business Performance

1.1 Business

1.1.1 Name and legal form of undertaking

American Hellenic Hull Insurance Company Ltd (hereinafter "the Company") was incorporated on the 21st April, 2016, as a private limited liability Company by shares in accordance with the provisions of Cyprus Companies Law, Cap. 113. The registered office of the Company is at John Kennedy Str., Iris House, 3rd Floor, 3016 Limassol, Cyprus and its headquarters of the Company is at 4, Kallitheas street, Limassol Cyprus.

The Company obtained its licence to conduct insurance business under non-life Class 6, that is to provide insurance cover in connection with damage of or loss of sea vessels or lake vessels, or river or canal vessels as well as the damage to or loss of the machinery, the fittings and features or the equipment of such vessels on 24th June 2016 (Licence Number 180) by virtue of the provisions of the Insurance and Reinsurance Services and Other Related Issues Law of 2016.

1.1.2 Name and contact details of the supervisory authority

The supervisory authority of the undertaking is the Superintendent of Insurance

Address: P.O. Box 23364, 1682 Nicosia

Telephone Number: 22602990

Fax Number: 22302938

E-mail: insurance@mof.gov.cy

The group supervisory is New York Superintendent of Insurance.

1.1.3 Name and contact details of the external auditor

Moore Limassol Limited

196 Arch. Makarios Ave., Ariel Corner, 1st floor, office 102, 3030 Limassol | Cyprus

Partner, Christos Tsissios

e-mail: c.tsissios@moore-limassol.com.cy

tel.: +357 25 820280

Fax: +357 25 344237

1.1.4 Description of the holders of qualifying holdings in the undertaking

The sole shareholder of the Company which holds the entire issued share capital of the Company is AHHIC Inc, a United States Company. AHHIC Inc in turn is a 100% subsidiary of the American Steamship Owners Mutual Protection and Indemnity Association, Inc. (trading as the American Club), which is the ultimate owner of the Company.

1.1.5 Details of the undertaking's position within the legal structure of the group

As mentioned above the Company is a subsidiary of AHHIC Inc. which is a holding company which in turn is owned by the American Steamship Owners Mutual Protection and Indemnity Association, Inc. The American Steamship Owners Mutual Protection and Indemnity Association, Inc. (trading as the American Club) was established in New York in 1917.

The American Club is a member of the International Group of P&I Clubs, an unincorporated association of thirteen independent mutual insurance associations which together provide Protection and Indemnity insurance for approximately 90% of the world's ocean-going tonnage.

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

The undertaking maintains a licence issued by the Superintendent of Insurance of Cyprus to carry out insurance activities under non-life Class 6, that is to provide insurance cover in connection with damage of or loss of sea vessels or lake vessels, or river or canal vessels as well as the damage to or loss of the machinery, the fittings and features or the equipment of such vessels. The headquarters of the undertaking are situated in Limassol, Cyprus.

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

On the 29th of May 2019 the Board of Directors of the Company, following an increase of the authorised share capital of the Company, resolved to allot 1.500.000 ordinary shares at nominal value of US\$1 each to its sole shareholder, AHHIC Inc. On the 29th of July 2019 the Board of Directors issued 1.500.000 ordinary shares at nominal value of US\$1 each to AHHIC Inc. The issued shares were fully paid in 2019 in cash by its Shareholder, AHHIC Inc. Apart from this event, there was no other significant business nor other events that have occurred over the reporting period that have had a material impact on the undertaking.

1.2 Underwriting performance

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

During 2019 the company continued its growth in terms of insured vessels and gross written premium. With a fleet of approximately 2700 insured vessels as of 31st December 2019 (+15% compared to 2018) and a 90% increase of Gross Written Premium to \$20.91m AHHIC Ltd. enjoyed its best financial year since it started its operations.

STATEMENT OF COMPREHENSIVE INCOME	FY '19 vs FY '18	FY 2019	FY 2018
	%	US\$	US\$
PREMIUM			
Gross earned premium after discounts	90.3%	16,681,328	8,766,379
Ceded Reinsurance Premium	30.9%	-3,721,966	-2,842,870
NET EARNED PREMIUM	118.8%	12,959,362	5,923,509
ADDITIONAL UNEXPIRED RISK RESERVE (AURR)		624,567	-55,000
CLAIMS		US\$	US\$
Gross Claims paid	73.4%	-12,980,710	-7,484,938
Recovered from Reinsurers	87.6%	5,791,294	3,086,396
Movement on Gross Claims Reserve	-33.7%	-863,311	-1,302,586
Movement on Reinsurance Recoveries	-313.9%	-1,704,292	796,648
TOTAL CLAIMS	98.9%	-9,757,017	-4,904,480
UNDERWRITING RESULT	297.0%	\$3,826,912	\$964,029
COMMISSIONS, OPEX & OTHER INCOME / EXPENSES		US\$	US\$
Commissions to Brokers	78.5%	-2,147,286	-1,202,821
OPEX and other income / expenses	38.2%	-2,321,594	-1,679,803
Investment Income	111.5%	202,110	95,553
PROFIT / (LOSS) BEFORE TAX	-75.9%	\$-439,858	\$-1,823,042

AHHIC's underwriting result (earned premiums net of reinsurance costs minus claims and technical provisions net of reinsurance recoveries) has exceeded all projections as it improved by 297% (or \$0.96m) of gross earned premium in 2018 to \$3.83m. This indicates a year-on-year outstanding performance, despite the fact that an unprecedented number of seven major (over US\$300,000) losses in 2019 in the total amount of US\$6,180,698 (compared to five major losses in 2018 in the total amount of US\$2,811,101) have affected the year's underwriting result.

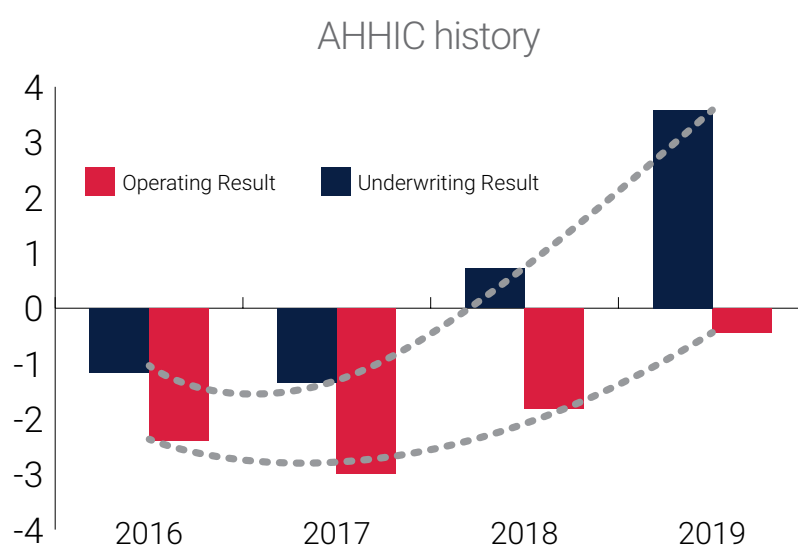
The company has achieved to book a total amount of US\$20.9m in Gross Written Premium during 2019, with half of the controlled growth during next year resulting to a slight decrease of the Earned to Written Premium ratio from 93.1% in December 2018 to 86% in December 2019. Earned premium has increased by 90.3%, from \$8.8mio to \$16.7mio.

KPIs have all improved: i) net loss ratio decreased from 86.3% to 76.8%, ii) OPEX on Gross Earned premium dropped from 16.2% to 12.5% (-23.2%) and Company's combined ratio dropped by 31 points.

KEY PERFORMANCE RATIOS	Dif. %	12M 2019	12M 2018
Reinsurance cost on earned premium	-32.8%	23.6%	35.2%
Gross claims to Gross earned	-17.2%	83.0%	100.2%
Net claims to Net earned	-11.0%	76.8%	86.3%
OPEX and other income / expenses on earned premium	-23.2%	12.5%	16.2%
Underwriting Result / Gross earned premium		21.5%	8.3%
Operating Result / Gross earned premium		-2.6%	-20.8%

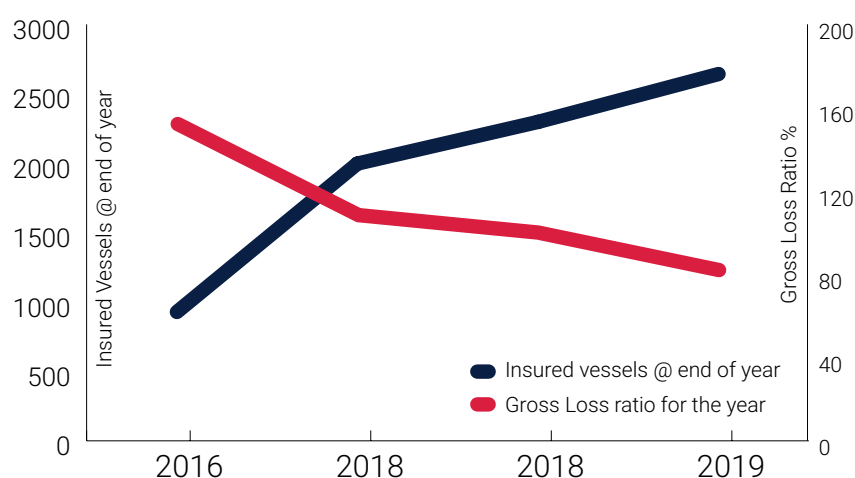
The bottom-line result for 2019 was marginally below break-even (-2.6%), a notable improvement on the comparatively small, but inevitable, losses sustained during the company's start-up period which included not only the setting up costs but also the low level premiums charged at that period.

The company has achieved a constant improvement of both, its Underwriting and Operating results since its inception (July 2016), together with a sharp increase of its portfolio of insured vessels, as indicated in the below charts and table



	2016	2017	2018	2019
Gross Earned Premium	1,687,603	6,300,585	8,766,379	16,681,327
Gross Earned Premium increase		273.4%	39.1%	90.3%
Fleet of insured vessels @ end of year	928	1,997	2,297	2,642
Fleet increase		115.2%	15.0%	15.0%
Gross Loss ratio for the year	153.5%	100.7%	100.9%	83.0%
Gross Loss Ratio decrease		-28%	-9%	-18%

Insured Vessels vs Gross Loss Ratio



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

Portfolio: The company continued its controlled growth in 2019 maintaining a selective approach, implementing its strict Underwriting criteria, insuring 64 out of 351 fleets seen (18.23%), with the overall acceptance rate since 2016 being 20%.

	2016	2017	2018	2019	Overall
Fleets Seen	87	304	341	351	1,083
Fleets Insured	27	83	43	64	217
Acceptance Rate	31%	27%	13%	18%	20%

The above mentioned growth was accomplished in accordance with the strict Underwriting protocols in place, as far as oceangoing vessels are concerned, which among others includes the following guidelines:

- Vessels flying white listed flags
- Vessels IACS classed
- Vessels no more than 15 years old, unless they are part of a fleet whose total average age does not exceed 15 years.
- No singletons / doubletons

Above guidelines do not apply to coastal/inland trading vessels due to the restricted nature of

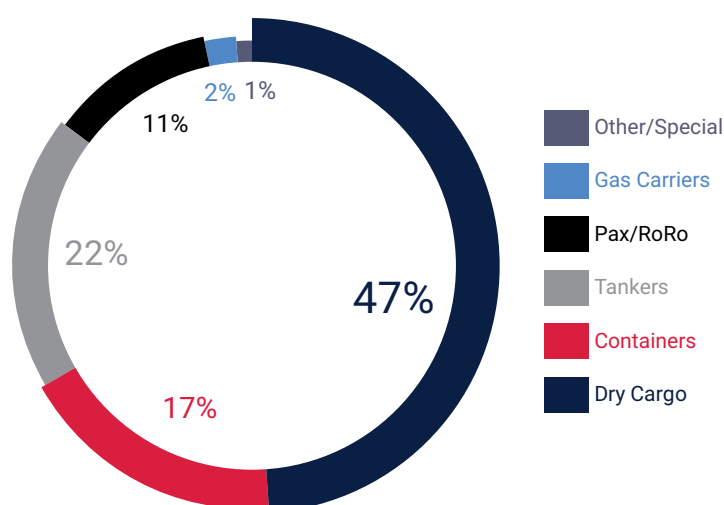
their trading.

The company during 2019 further increased its oceangoing vessels portfolio to 2,618 oceangoing vessels (99.09% of whole portfolio), whilst its coastal/inland trading vessels portfolio only comprised of 24 vessels (0.91% of whole portfolio) as at 31st December 2019.

Out of the 2,618 oceangoing vessels:

- 1,230 are dry cargo vessels (BBU, GGC, MPP etc.);
- 444 are container carriers (UCC etc.);
- 576 are tanker vessels (VLCC, TPD, TCH. TCR, TTA etc.);
- 283 are passenger and/or vehicle carriers (PRR, MPR, etc.);
- 55 are gas carriers (LNG, LPG etc.);
- 30 are other/special type vessels (OSV, XTG etc.).

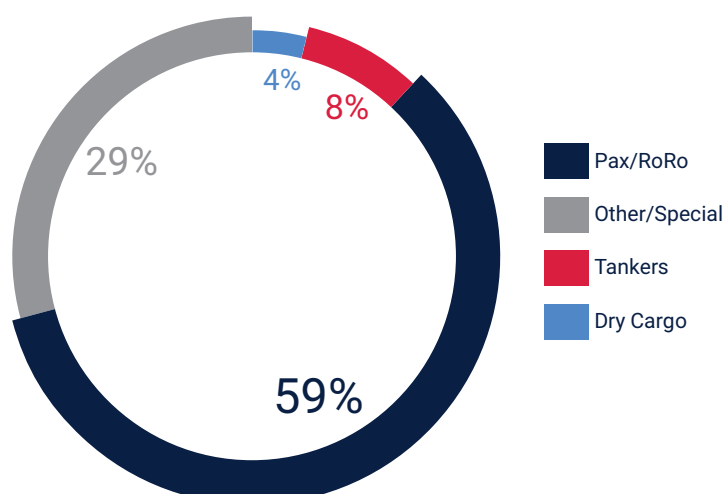
Oceangoing Portfolio



As far as the 24 coastal/inland trading vessels are concerned:

- 7 are other/special type vessels (OSV, XTG etc.).
- 14 are passenger and/or vehicle carriers (PRR, MPR, etc.);
- 1 is dry cargo vessel (BBU, GGC, MPP etc.);
- 2 are tanker vessels (VLCC, TPD, TCH. TCR, TTA etc.);

Coastal/Inland Trading Portfolio



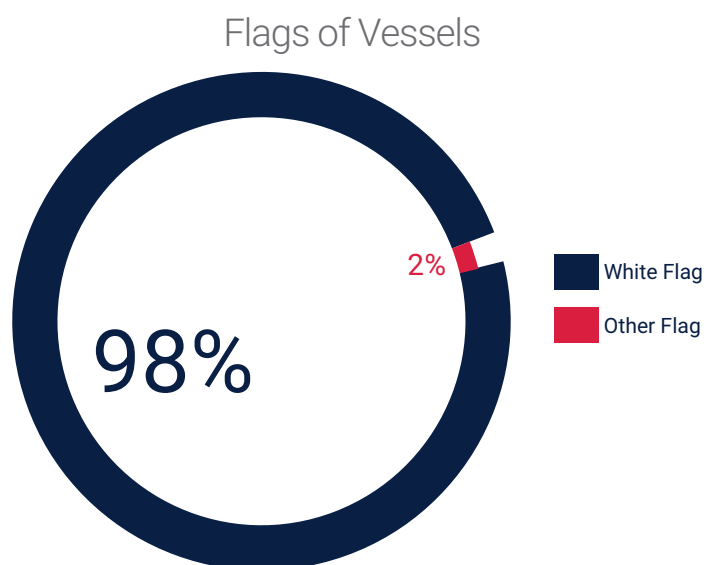
Vessels' demographics:

Vessels insured with the company as at 31st December 2019 are flagged as follows:

Flag	No of Vessels	Flag	No of Vessels
Liberia	488	Poland	60
Marshall Islands	451	Gibraltar	55
Panama	259	Isle Of Man	47
Cyprus	196	Germany	40
Antigua & Barbuda	170	Hong Kong, China	34
Malta	161	Netherlands	29
Greece	151	Indonesia	20
Singapore	136	Finland	19
Bahamas	119	Cayman Islands	16
Italy	112	Other	79

Out of the 2,642 vessels insured by the company on 31st December 2019, 98.15% fly white listed flags (as per Paris MoU 2018 Performance List), an increase compared to 94.60% in 2018.

Vessels insured with the company as at 31st December 2019 are classed as follows:

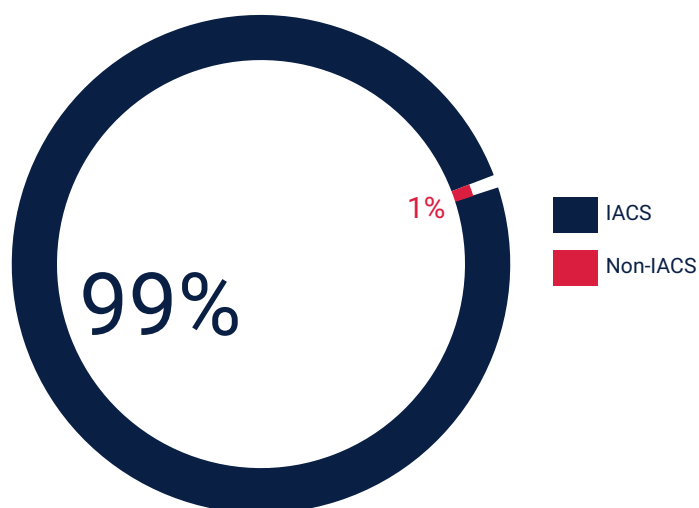


Vessels insured with the company as at 31st December 2019 are classed as follows:

Class	No of Vessels	Class	No of Vessels
DNV GL	706	RINA	267
NK	456	KR	83
BV	380	CCS	40
LR	374	RS	10
ABS	294	Other	32

Out of the 2,642 vessels insured by the company on 31st December 2019, 99.17% are IACS classed, with the rest being predominantly coastal/inland trading vessels, an increase compared to 95.56% in 2018.

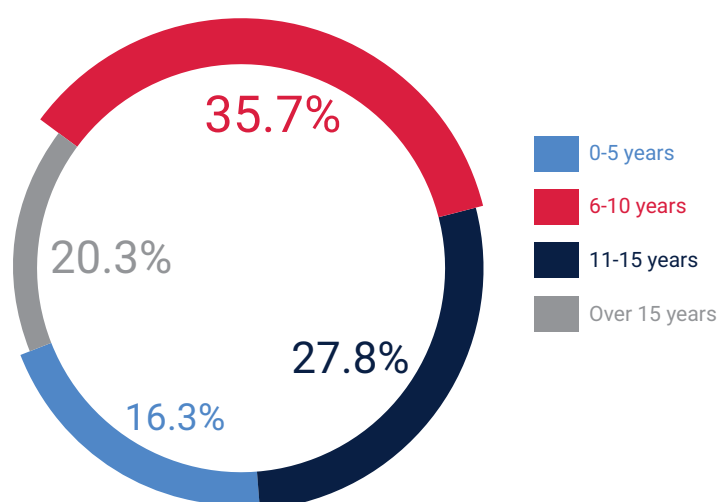
Classification of Vessels



Vessels insured with the company as at 31st December 2019 are of the following age:

Age Band	0 - 5 years	6 - 10 years	11 - 15 years	over 15 years
No of Vessels	430	943	734	535

Age of Vessels



The average age of the whole portfolio as at 31st December 2019 remains 12 years, with an increased percentage of 79.75% of the whole portfolio of vessels having an age of up to 15 years, compared to 76.58% in 2018.

Production

Brokers: During 2019, 46 different Broking Houses of the following origin produced business for the company, increased by 9 compared to 2018, establishing the Company as the marine insurer of choice for brokers internationally. The biggest increase is noted in the number of U.K. brokers producing business for the Company, increasing to 15 from 8 in 2018:

Broker Origin	Greece	U.K.	Germany	Cyprus	Italy	U.S.A.	Norway
No of Brokers	14	15	8	3	3	2	1

Managers: As at 31st December 2019, the company insures fleets of 205 different Managers of the following origin, increased by 29 compared to 2018:

Manager Origin	Greece	Germany	Other European	Asia	Cyprus	Other	U.S.A.
No of Managers	133	26	19	9	6	6	6

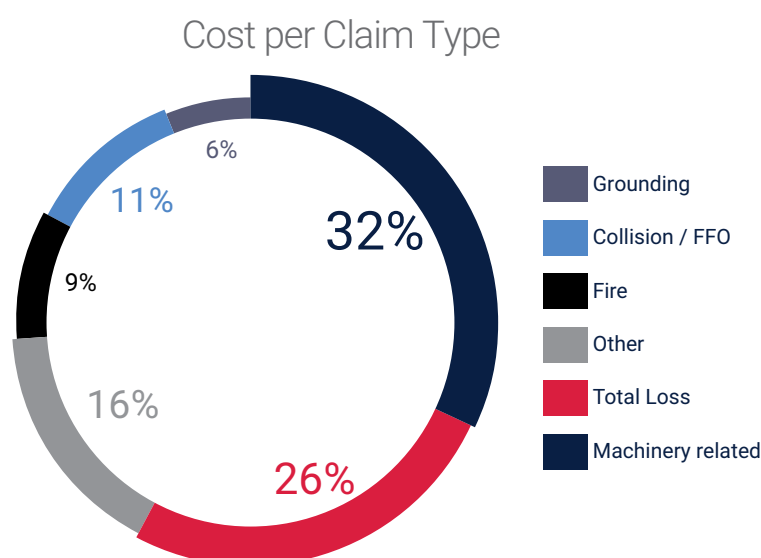
The majority of the company's insured fleets (77.56%) originate from Greece and Germany, two traditionally shipping nations.

Claims

General: During 2019, 587 claims were reported with a total claim cost (excluding technical reserves) of US\$9,167,297, which can be split in different types as follows:

Type of Claim	No of Claims	Total Claim cost (US\$)	Average per claim (US\$)
Machinery related	184	2,908,888	15,809
Total Loss	1	2,387,437	2,387,437
Other*	160	1,459,346	9,121
Fire	11	866,529	78,775
Collision/ FFO	193	993,783	5,149
Grounding	38	551,314	14,508
Total	587	9,167,297	15,617

* Heavy weather damage, anchor related machinery, stern tube leakages (non-grounding), rudder damage (non-grounding), propeller damage (non-grounding), structural damage (non-grounding)



The average claim cost in 2019 has decreased 28% compared to 2018 (as at 31.12.2019).

Ann. Year	No of claims	Total Claim Cost (US\$)	Average cost per claim (US\$)
2019	587	9,167,297	15,617
2018	591	12,797,729	21,654

1.3 Investment Performance

According to company's investing philosophy investment activities should not pose undue risks to capital. Company maintains at all times a well-diversified investment portfolio. Company currently holds money in operating accounts, time deposits and / or investments in US Treasury bills.

1.3.1 Income and expenses arising from investments by asset class

According to the performance analysis of 31 December 2019 the Investment Asset had a valuation of US\$10,139,812 (31 December 2018: US\$6,872,806) giving an unrealized profit in current year of US\$88,652 and a Rate of Return: of 2.4% (31 December 2018: US\$17,112 and a rate of return: 0.25%).

1.3.2 Any gains and losses recognised directly in equity

As of 31st December 2019 there were no gains or losses recognised directly in equity.

1.3.3 Any investments in securitisation

There are not any investments in securitisation.

1.3.4 Performance of other activities

There are no other activities.

1.3.5 Other material income and expenses

There is no other material income and other expenses that incurred over the reporting period.

1.4 Any other information

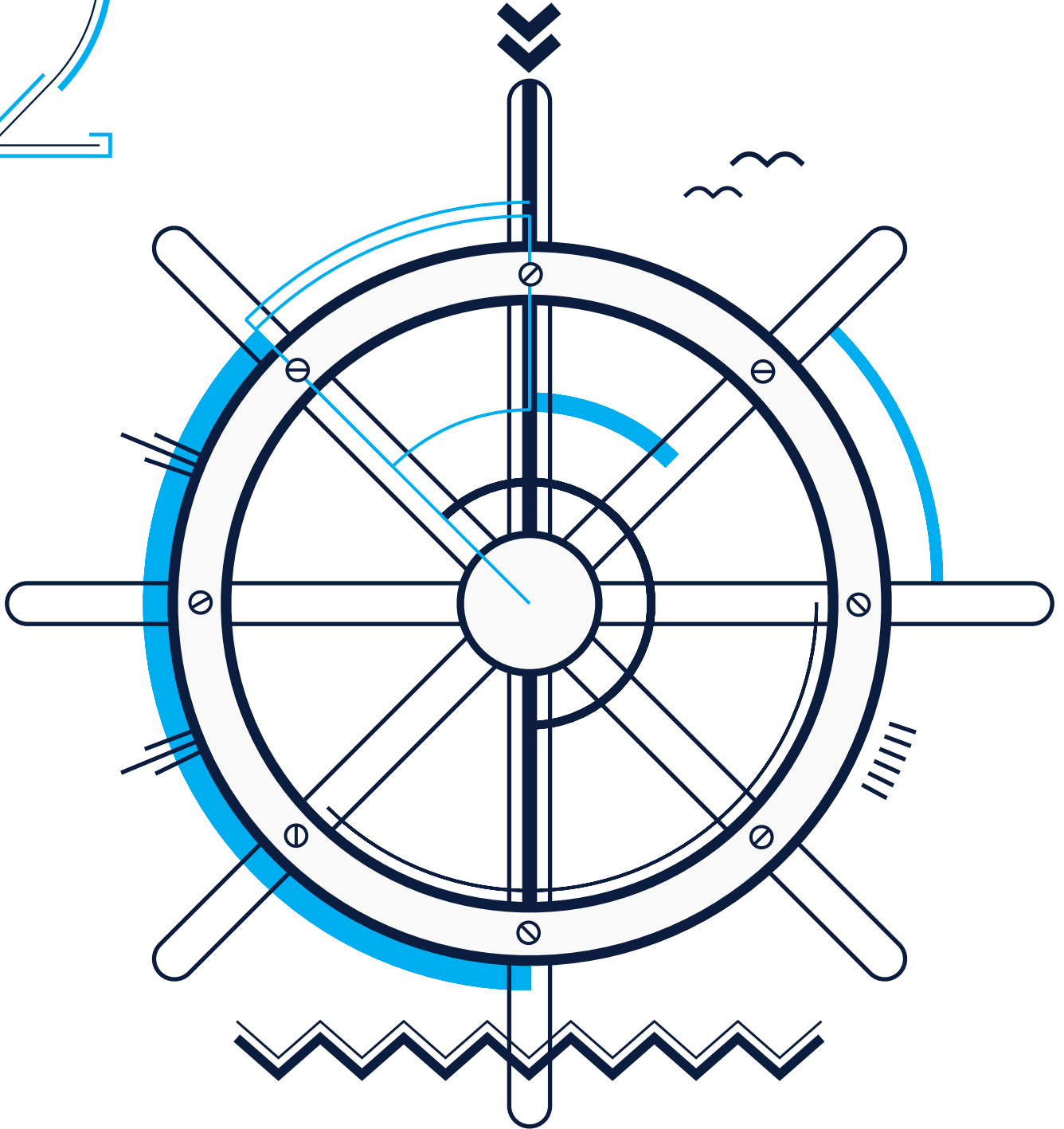
The developments surrounding COVID-19 are constantly evolving and we are closely monitoring and assessing the risks in order to reduce risk exposure. Thus, the pandemic is not expected to significantly affect the Company's Solvency position. In particular, due to the global marine trade and transportation slowdown, both the level and incidence of claims could possibly decrease. On the other hand, a decline in revenue is also expected, due to a reduction in new business and premium collections due to the slowdown. The overall impact is currently not expected to materially affect the Company's operations.

Furthermore, the Company strengthened its capital position through a capital injection of \$2.5m in April 2020. This ensures that the Company's capital position is strong enough to withstand adverse shocks including any unfavourable movements due to COVID-19.

The impact of the pandemic is inherently uncertain, however it is not expected to have a material impact on the Company, due to the capital injection, the Company's strong financial status and robust Business Continuity Plan.

The figures presented in this Report have not been adjusted for the impact of COVID-19.

2



2. System of Governance

2.1 General information on the system of governance

2.1.1 The structure of the Board of Directors (BoD)

The Board of Directors of the undertaking is currently comprised of eight directors.

Currently, the Board of Directors has two committees: the Audit Committee and the Finance and Investment Committee.

The Audit Committee is consisted of three Board Members out of which the two of them (including the president of the Audit Committee) are independent non-executive Directors whereas the other member of the Audit Committee, following an approval from the Superintendent of Insurance, is the Chairman of the Board.

The Investment Committee is consisted of two Board Members and the General Manager of the undertaking.

The BoD consists of 8 non-executive members. The current Board Members are the following:

Chairperson	Vincent Solarino
Secretary of the BoD	Fidentia Secretarial Ltd
Member	James P. Corcoran
Member	Joseph Edwin Morgan Hughes
Member	Dorothea Ioannou
Member	Andreas Georghadjis
Vice - President	Angelos Kostakos
Member	Demos Demou
Member	Manolis Hadjimanolis

2.1.2 Description of the main roles and responsibilities of key functions

Internal Audit Function

The Internal Audit function of the Company is administratively independent of any functions which have operational responsibilities. The Internal Audit function reports to the BoD through the Audit Committee. The Internal Audit function does not subordinate to any other operational function of the Company however, all its reports are communicated to the Company's Management.

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

Compliance Function

The Compliance Function reports to the Board of Directors and to the CEO / General Manager. The Compliance Function is administratively independent of risk taking functions e.g. underwriting and claims. It also has a direct reporting line to the BoD, in order to ensure its operational independence and safeguard its ability to escalate important issues.

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

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

Actuarial Function

The Actuarial function advises the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. Additionally, it is responsible to assist where requested in the pricing adequacy. The Actuarial Function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice.

Risk Management Function (RMF)

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The mission of the RMF is the efficient and effective management of risks in accordance with the risk appetite of the Company, as stipulated in its Risk Appetite and Tolerance Statement.

In order to achieve its mission, the RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual and on an aggregate level.

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

There were no material changes in the system of governance over the reporting period.

2.2 Remuneration policy and practices for the BoD and employees

Principles of the remuneration policy, with an explanation of the relative importance of the fixed and variable components of remuneration

Board of Directors: The Remuneration of non-executives Board Members takes into account other factors, such as their regular attendance to the Board and Committee meetings and their responsibilities.

Non-executive Members of the Board receive an agreed annual fee which has been approved during company's first meeting of the Board of Directors, 8th September 2016.

The Company has outsourced all management and administration affairs to Hellenic Hull Management (HMA) Limited, which is remunerated according to the provisions of a Management Agreement which has been ratified during company's second Board of Directors, on 6th December, 2016 and as amended on 31st December 2017.

Information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based

There is no provision of any entitlement to share options, shares or variable components of remuneration to the Members of the Board of Directors.

With regards to company's managers, Hellenic Hull Management (HMA) Limited there are certain remuneration provisions of annual fee and profit commission. Exact mechanism of managers' remuneration is described in detail in section 7 of relevant Management Agreement signed between AHHIC Ltd. and Hellenic Hull Management (HMA) Limited, ratified on 6th December, 2016.

A description of the main characteristics of supplementary pension or early retirement schemes for the members of the BoD and other key function holders

There is no provision for supplementary pension or early retirement schemes for the members of the BoD and other key function holders.

2.3 Information about material transactions during the reporting period with:

Shareholders

There were no material transactions with Shareholders during the reporting period.

Persons who exercise a significant influence on the undertaking

There were no material transactions with persons who exercise a significant influence on the undertaking during the reporting period.

Members of the BoD

There were no material transactions with Members of the BoD during the reporting period.

2.4 Fit and proper requirements

All members of the Board of Directors and people who effectively run the business or have other key functions have professional skills, expertise and knowledge as per the requirements of Article 44 of the Insurance and Reinsurance Activities and other Related Matters Law of 2016 (Law 38(I) / 2016) and applicable regulations. The Members of the Board have been approved, at the time of their appointment, by the Superintendent of Insurance.

2.4.1 Description of the specific requirements concerning skills, knowledge and expertise

The fit and proper requirements are set out in section 8 of the Governance Manual of the undertaking.

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

The undertakings' process for assessing the fitness and the propriety is set out in section 8 of the Governance Manual of the undertaking.

2.5 Risk management system including the own risk and solvency assessment

2.5.1 Description of the undertaking's risk management system and how it is able to effectively identify, measure, monitor, manage and report, on a continuous basis

2.5.1.1 Principles

The Risk Management System is governed by the Risk Principles defined by the BoD. The main principles adopted by the Company regarding the management of risk are listed below:

- The Company aims to create and promote a strong risk culture that is embedded in all aspects of the Company's activities.
- The BoD in carrying out both its management and supervisory functions has collectively a full understanding of the nature of the business and its associated risks
- The BoD is responsible for setting AHHIC's risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals of the Company
- The Company has an established, comprehensive and independent from risk taking

activities RMF

- The Company applies high standards of transparency with regards to the performance of its operations and communicates all the information it considers necessary to the interested and affected parties.
- New products, markets, and business strategies are analysed carefully and the Company makes sure that it possesses adequate internal tools and expertise to understand and monitor the risks associated with them
- The risk management framework is subject to an independent review by the Internal Audit Function.

2.5.1.2 Risk Appetite

In line with its overall strategy, the Company's appetite is for underwriting risk and specifically related to Marine Hull. Hence, non-life underwriting risk accounts for the most significant portion of the Company's risk portfolio. Nonetheless, the Company accepts that underwriting inevitably gives rise to other risk exposures, such as the counterparty default risk that arises from the agreements with reinsurers and from the delays in the collection of premiums from brokers, as well as operational risk. The Company acknowledges that these risks are unavoidable and seeks to reduce these risks to a reasonable and practicable extent.

Moreover, like any other insurance company, the Company has a capital base, the investment of which introduces some investment risk. The Company has a very low appetite for investment risk and hence it invests its portfolio of assets in a manner that ensures security of investments, adequate diversification as well as sufficient liquidity to meet liabilities as they fall due.

2.5.1.3 Risk Management Cycle

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

- Risk identification** - Risks are identified and documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls.
- Risk assessment** - The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risk not covered by capital and using the Value at Risk (VaR) measure for risks covered by capital.
- Risk control and mitigation** - The Company designs and implements controls to prevent or detect the occurrence of an identified risk event or to mitigate its severity. The Company's control activities are documented in the Risk Register.
- Risk monitoring** - At least once a year, net risks are compared to the stated risk tolerance levels and the Risk Register is formally reviewed by the RMF. Moreover, the RMF, together with the Actuarial Function, runs the stress and scenario tests as specified in the Board policies. A set of Key Risk Indicators has been developed to be used for a more frequent assessment of the risk exposures of the Company.

2.5.1.4 Risk Reporting

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

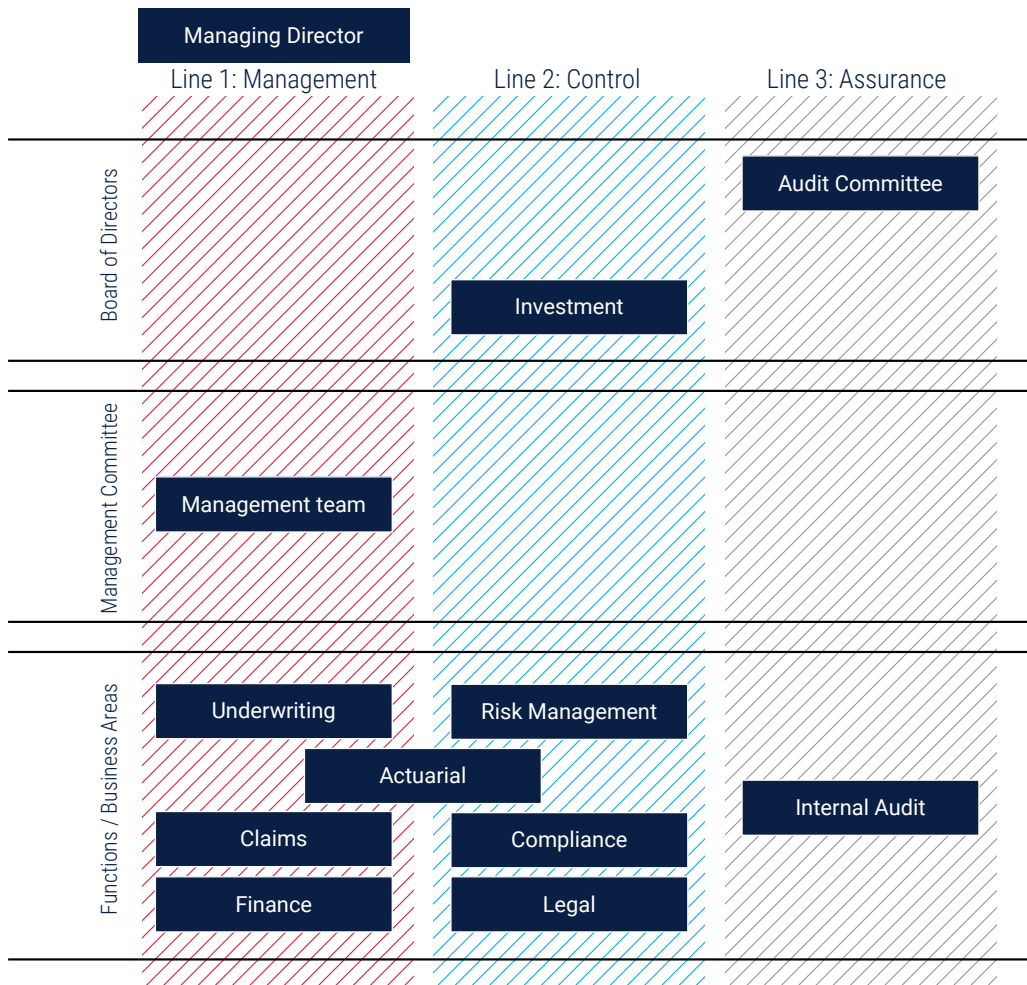
Any significant changes to the overall risk profile of the Company
Any deviations from the risk management strategy or risk appetite

Any risk management matters in relation to strategic affairs, such as major projects and investments

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

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

Board of Directors



Responsibility for the management of individual risks (**first line of defence**) vests with the function identified as the risk (and control) owner. Each risk owner is accountable for all the RMS processes and procedures outlined above in relation to the owned risks.

The RMF acts as a **second line of defence** by assisting and supporting such processes and procedures, reporting risks in a timely manner and ensuring an aggregated and consistent approach towards risk management. The tasks of the risk management function are outsourced to Deloitte.

The role of the RMF is to:

- Support the BoD in the determination and implementation of the risk strategy and capital planning
- Coordinate the implementation of the risk management framework
- Be the main unit for risk management responsibilities
- Report to the Senior Management
- 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, and for providing guidance on their application
- Monitor the risk profile of the Company against the company's risk appetite
- Develop internal risk methodologies and models
- Bring to the attention of the BoD any breaches of the Risk Management Policy

The RMF is assisted by the Actuarial Function on the technical aspects of risk management and modelling.

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

2.5.3 Description of the risks on an individual and aggregated level, to which the undertaking is or could be exposed

The primary risk exposure of the Company arises from its underwriting activities. This is consistent with the risk appetite of the AHHIC. Premium and reserve risks are the main drivers of the exposure to underwriting risk as catastrophe risk is to a large extent ceded through the reinsurance contracts in force. AHHIC is fully aware of the disastrous effect a catastrophe event could have on its solvency and financial position and hence it chooses to mitigate that risk through a number of reinsurance agreements, at of course a cost.

By entering into reinsurance arrangements, the Company exposes itself to counterparty default risk. In order to minimise this risk, all risk mitigation is placed through at least A-rated reinsurers. Another element introducing counterparty default risk as at year end 2019 were the premium receivables. As the Company is following leaders, it is obliged to also follow the credit periods they offer. At year-end 2019, the majority of these amounts relate to future instalments and only a very small proportion of the amounts due was overdue.

The Company's exposure to market risk is minimal and aligned with its risk appetite. This was achieved through investments in high-graded Treasury bills and Treasury Notes.

2.5.4 Process adopted to fulfil the obligation to conduct an ORSA

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

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

AHHIC follows the steps below to implement its ORSA:

- a. **Identify and classify risks** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR standard formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.
- b. **Assessment and measurement of risks** - the Company collects data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics.
- c. **Capital Allocation** – According to its risk profile, the Company determines the necessary risk capital required at that point in time.
- d. **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.
- e. **Stress testing** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.
- f. **Communicate and document the results** – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

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

ORSA covers all the operations of the organisation and all business units of the company. The BoD is the body that bears ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures. The roles and responsibilities for the ORSA for each body and function of the company (BoD, Senior Management, RMF, Actuarial Function, Compliance Function, Finance Function, Internal Audit Function, Risk Taking Departments) are defined in the ORSA policy of AHHIC.

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

Introduction of new products

- Utilisation of additional distribution channels
- Target business volumes
- Reinsurance arrangements
- Investment decisions

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

The Company currently performs the ORSA annually. The assessment will be repeated immediately following any significant changes to the internal or external environment that the company operates.

2.5.4.4 *A statement explaining:*

how the undertaking has determined its own solvency needs given its risk profile

The Company determined that the Solvency II standard formula would be used to calculate the required solvency capital and to assess the overall solvency needs. The standard formula is widely used internally as it represents the main metric for the ongoing management of risk and capital. Given the characteristics of AHHIC's portfolio, AHHIC is confident that the risk capital as calculated by the standard formula is generally at least equal to the actual underlying risk of the company. Furthermore, we observe that the ranking of risks as quantified by the standard formula represents the expectations of the management which provides additional comfort about the merits in adopting this approach.

how its capital management activities and its risk management system interact with each other

A three-year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements ('SCR') is produced using the standard formula. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the BoD and, where appropriate, potential management actions are noted and conclusions drawn. Based on the scenarios presented to the BoD, it is assessed whether the Company is adequately capitalised and if not what options are available.

2.6 Internal control system

2.6.1 Description of the undertaking's internal control system

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

- The BoD 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

In accordance with the standardized framework for internal control used by COSO, there are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Assessment
- Control Activities
- Reporting
- Monitoring

The Company has established the necessary assessment criteria for evaluating its internal control system.

2.6.2 Description of how the compliance function is implemented

Compliance is a responsibility shared by all staff. Regardless of their position within the Company or the Management Company, all individual employees share the responsibility of compliance with applicable laws, regulations and business standards. To this effect, Senior Management ensures that all staff in their respective departments has knowledge of applicable compliance policies, and understand the regulations, standards and best practices associated with the discharge of their respective duties, as well as the compliance risks involved and managing of such risks.

AHHIC adopts the following principles with respect to the operations of the Compliance Function:

- a. The operation of the Compliance Function is assigned to a person/function who/ which is independent from other significant functions of the Company where there might be possible conflicts of interest
- b. The Compliance Function has a formal status within the Company to give it appropriate standing and authority
- c. The Compliance Function reports to the BoD and to the General Manager of the Company
- d. The Compliance Function carries out its responsibilities on its own initiative in all areas of the Company in which compliance risk exists and report any irregularities or possible breaches without fear of retaliation or dissatisfaction from Management
- e. The Compliance Function should be undertaken by persons that have the necessary qualifications, experience and professional qualities to carry out its duties
- f. The responsibility of the Compliance Function is to assist the General Manager and the BoD in managing effectively the compliance risks faced by the Company.

2.7 Internal audit function

2.7.1 Description of how the undertaking's internal audit function is implemented

Internal audit execution, including development of the audit program, is performed after approval of the Internal Audit Plan.

During the internal audit execution process the following activities are conducted:

- Business Process Analysis
- Creation of Internal Audit Program
- Execution of the Program
- Documentation of Evidence and Report Issues

The activities performed during internal audit execution may allow the IAF to identify operational weaknesses and produce relevant recommendations which are important to adding value to the Company.

Internal Audit may also provide consultancy services to the Company for any specific internal control issues, best practise recommendations, review of the ad-hoc requests subject to BoD/ Audit Committee enquiries and other services.

2.7.1.1 Audit preparation

Information for the audit is gathered during the preparation stage, from information available from previous audits (as applicable), procedures manuals, as well as information gathered on site and through discussions with Management.

The scope of the on-site visit is to obtain a full understanding of the audited cycle of operations, to perform business process analysis and to define the specific risk factors.

By reviewing all information gathered, auditors can identify manual and automated controls, establish the time period for the audit, necessary evidence, and any necessary special knowledge and auditing tools needed. Objectives are identified during the planning phase in order for the auditor to focus on the required audit work for each case.

2.7.1.2 Preparation of Internal Audit Programmes

Audit programmes are developed and are also enhanced based on the information gained during the audit preparation. Audit programmes for each audited area are completed during the Internal Audit visits.

2.7.1.3 Documentation of Evidence

During the course of the Internal Audit visits, the evidence gathered from testing is documented in the working papers. Each test procedure should link back to the specific scope of the internal audit project. Upon completion of the test / audit work, the audit program is referenced to the relevant working papers.

During the work, identification of additional internal control issues that require resolution but are not specifically within the scope of the internal audit project may be identified.

2.7.1.4 Summarise Findings/ Performance Improvement Observations (PIOs)

A finding is noted when the results of internal control testing denotes that the control is either missing or is not working as expected, and could be documented in the Summary of Findings. All findings included in the internal audit report should tie back to the Summary of Findings, which in turn should tie directly back to the supporting test documentation or other relevant working papers.

Additionally, performance improvement observations (PIO) may be defined. Based on the results of the internal audit procedures, the auditor will document the following information for both findings and PIOs:

- Basis for observation
- Associated risks
- Recommended actions
- Management responses

2.7.1.5 Dispute / Disagreement Resolution

There are certain cases where there will be disagreement between the audited party and the Internal Audit. Where agreement cannot be reached, the audited party has the opportunity to have its written comments included in the report. The comments will be recorded in the management response portion of the internal audit report. Management's views should clearly identify:

- The reasons for disagreement with the recommendations
- The alternative course of action that management plans to follow (if any)
- Justification for preferring the alternative course of action.

2.7.2 Description of how the undertaking's internal audit function maintains its independence and objectivity from the activities it reviews

The tasks of the Internal Audit Function are outsourced to KPMG Limited Chartered Accountants. The Internal Audit Function is objective and independent from any operational functions, in accordance with Article 47 of the Solvency II Directive. The Internal Audit is independent from the organisational activities audited and carries out its assignments with impartiality. The principle of independence entails that the Internal Audit Function only operates under the oversight of

the administrative, management or supervisory body, reporting to the Audit Committee. At the same time, it is ensured that the Internal Audit Function is not subject to instructions of the administrative, management or supervisory body when performing the audit and when evaluating and reporting the audit results.

Audit area independence is defined by many factors, such as the objective of work, categorisation and interdependence of procedures and associated risks. This facilitates the execution, to the extent possible, of completed audits, which with their completion will provide a general assessment on the quality and the operation of the internal control system for the audited area.

Therefore, it is possible that a Department / Service or Unit of the Company, or a procedure, information system, or a cycle of operations, is defined as an audit area, depending on the degree of completion and independence of its operations, which is possible to be extended in more than one Department or Service.

2.8 Actuarial Function

2.8.1 Description of how the undertaking's actuarial function is implemented

AHHIC's actuarial function is the responsibility of the key function holder, who reports to the Senior Management and the BoD. The tasks of the actuarial function are outsourced to Deloitte.

The duties of the actuarial function include:

- Coordinate the calculation of technical provisions
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions
- Compare best estimates against experience
- Inform the Senior Management and the BoD of the reliability and adequacy of the calculation of technical provisions
- Oversee the calculation of technical provisions in cases where approximations are used in the calculation of the best estimate
- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA)
- Assist where requested in the pricing adequacy

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Senior Management and the Board in an internal actuarial function report. Both the calculation of technical reserves and the risk modelling underlying the calculation of the solvency capital requirements are performed on a quarterly basis.

2.9 Outsourcing

2.9.1 Description of the outsourcing policy

This Policy is maintained and updated by the Compliance Function and reviewed and accepted by the Board of Directors. The Compliance Function assesses and updates the Policy at least on an annual basis, in order to take account of the market and Company developments and to ensure that the policies for outsourcing continue to be in compliance with the latest requirements and

regulations in force.

Each department's Manager is responsible for ensuring that all staff under their control complies with the Policy's provisions and standards. A deliberate or serious breach of this Policy may render an employee liable to action under AHHIC's disciplinary procedures up to, and including, termination of employment.

2.9.2 List of any critical or important operational functions or activities that are outsources and the jurisdiction in which the service providers of such functions or activities are located

Critical or important outsourced functions of the Company are included in the following table:

Function/ Activity	Description of outsourced service	Critical or Important [Y/N]	Service Provider
Risk Management Function	The carrying out of the risk management function reporting to the Board of Directors of the Company	Y	Deloitte
Internal Audit	The carrying out of the internal audit function reporting to the Audit Committee of the Company.	Y	KPMG Ltd
Actuarial Function	The carrying out of the actuarial function reporting to the Board of Directors of the Company	Y	Deloitte
Compliance Function		Y	Andreas Georgiadis LLC
Claims Handling		Y	Hellenic Hull Management (HMA) Ltd
Underwriting		Y	Hellenic Hull Management (HMA) Ltd
Accounting		Y	Hellenic Hull Management (HMA) Ltd

2.10 Adequacy of the system of governance

To ensure that the outsourcing of any critical or important functions or activities does not lead to a material impairment of the quality of AHHIC's governance system:

Taking into consideration the Services to be provided and the size of the Service Provider, the Company shall implement the principle of proportionality, and accordingly ensure that the Service Provider has in place an adequate risk management and internal control system

The outsourced activities are adequately included in AHHIC's risk management and internal control system

AHHIC establishes a contractual right to information about the outsourced activities and a contractual right to issue general guidelines concerning the outsourced activities

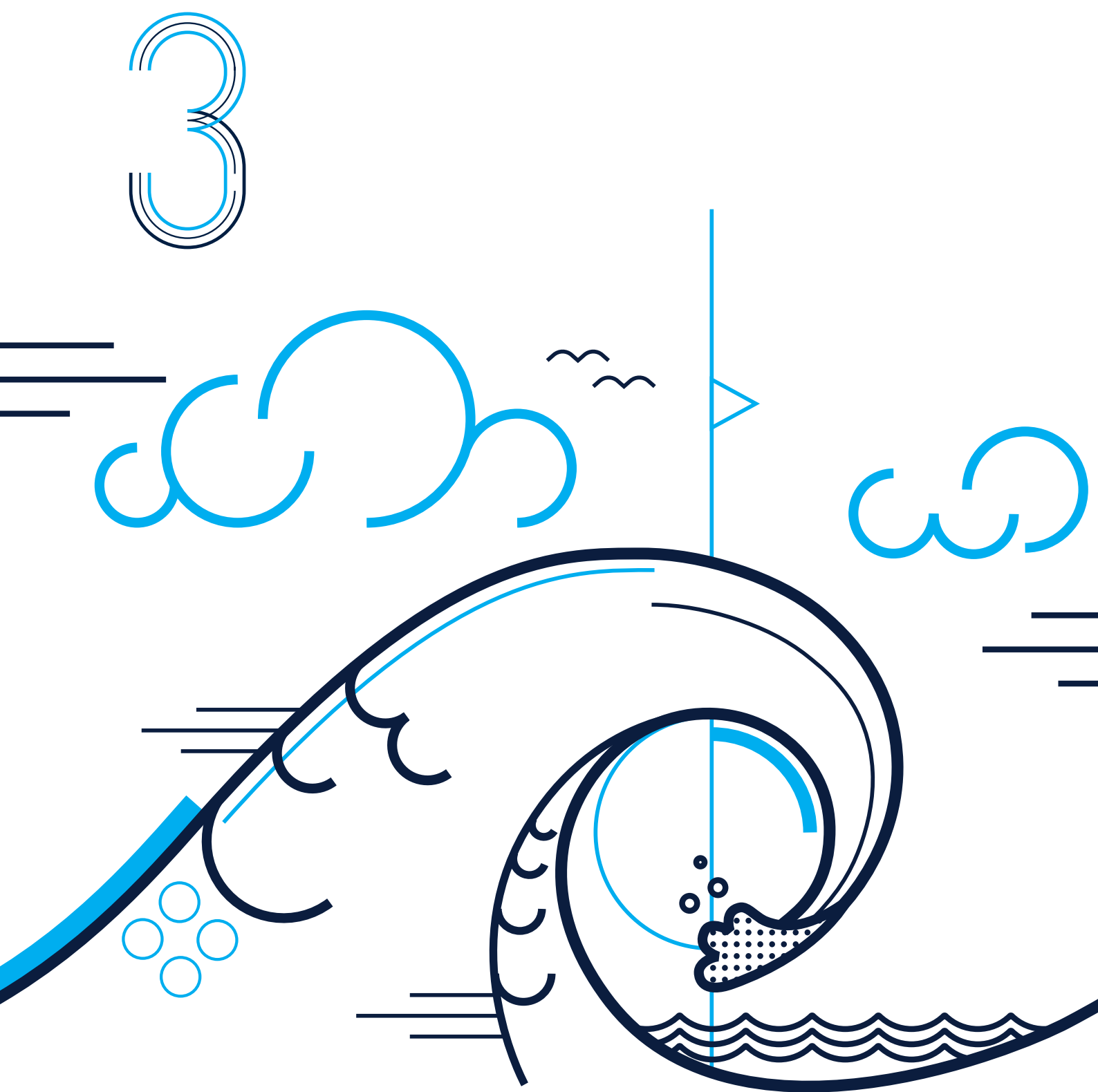
The Company is responsible for ensuring that the outsourced functions and activities are satisfactorily performed. To this end the Company shall designate a person within the Business Unit under which the outsourced function would have been performed, which shall have the overall responsibility of the outsourced activity. In the case of a Key Function the person designated must fulfil the Fit and Proper requirements and possess sufficient knowledge and experience

regarding the outsourced key function. This person will be considered the Function Holder (the person responsible for the outsourced activity) and will be notified to the ICCS as such

In the event that the outsourced activity is sub-outsourced, the Company retains its responsibility for ensuring the outsourced activity is satisfactorily performed

2.11 Any other information

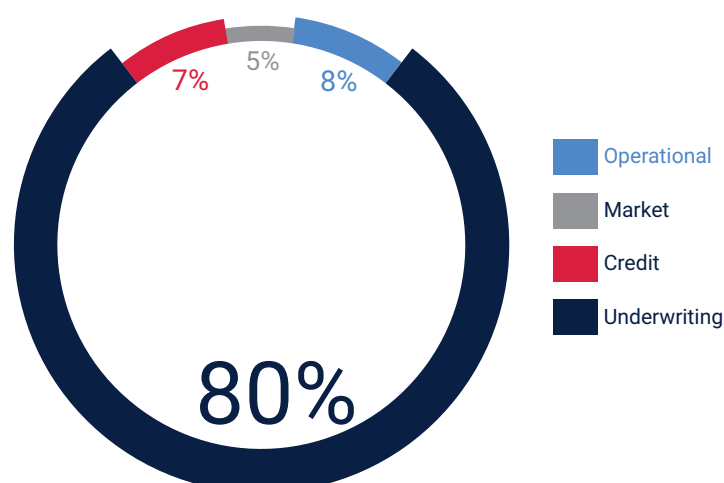
The outbreak of COVID-19 is not expected to significantly impact the Company's system of governance.



3. Risk Profile

The Company's risk profile is mainly driven by its insurance operations. Underwriting risk forms around 80% of the total risk portfolio of AHHIC. The rest of the risk exposure arises from credit risk in relation to premium receivables from brokers, reinsurance recoveries and cash at bank, operational and market risk.

Contribution of each risk to SCR



3.1 Underwriting Risk

3.1.1 Description of the risk

For AHHIC, the underwriting risk reflects the risk arising from insurance obligations, in relation to Marine Hull and the processes used in conducting the business. This risk refers to the uncertainty in the results of the Company related to the existing insurance obligations as well as to the new business expected to be written over the following 12 months.

AHHIC ranks its residual exposure to underwriting risk as a high risk exposure.

3.1.2 Description of the measures used to assess the risk

AHHIC measures its Underwriting risk using the standard formula. The measurement is done in three parts; Premium & Reserve Risk, Lapse Risk and Catastrophe risk. The main exposure to underwriting risk arises from Premium & Reserve risk, the measurement of which depends on premium and reserve volumes.

3.1.3 Risk Concentration

Underwriting risk is concentrated to one line of business, Marine, due to the business strategy and focus of the Company. Within this line of business, the Company diversifies the risk by type of vessel from bulk carriers to tankers, containers full and RoRo.

During 2019, AHHIC has overall reduced its lines (risk share per vessel) compared to that of 2018. In particular, its average risk share decreased from 7.82% in 2018 to 7.03% in 2019 for existing business and to 5.99% for new business (these figures exclude any risk where we have a 50%+ line). As the portfolio grows and risk share per vessel is kept low, portfolio becomes more diversified and the volatility of the claims is reduced.

3.1.4 Risk Mitigation

Underwriting risk is to a great extent mitigated through reinsurance. This reduces the volatility in financial results due to potential claims and also protects the Company from extreme losses due to catastrophic events. Furthermore, due to the capital relief effect of reinsurance the company is able to insure a larger number of smaller risks further diversifying its portfolio. Risk mitigation of course comes at a cost which under a best estimate scenario would be expected to reduce own funds.

3.1.5 Risk Sensitivity

3.1.5.1 *Methods used, Assumptions made and Outcome of stress testing and sensitivity testing*

The Company has carried out stress testing based on its latest projections which included also underwriting risk such as higher loss ratio, lower/higher future premium volumes and higher expenses. Three out of the seven scenarios render the company insolvent triggering the implementation of a recovery plan as per the Company's Capital Management policy. The stress scenarios are indicative of the resilience of AHHIC to deterioration of forecasted performance and help identify the events representing a material threat to solvency and financial condition, thus necessitating the increase of capital upon their occurrence.

3.2 Market risk

3.2.1 Description of the risk

Market risk reflects the risk arising out of 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 forms 5% of the total SCR.

As at 31 December 2019, AHHIC's investment assets are held in cash in both Cyprus and the USA based bank accounts and in US Treasury bills and notes. Investments are subject to credit risk (including default risk, spread risk and concentration risk) which is dealt with in the respective section below. In addition to credit risk investment risk arises from the US Treasury bills and notes which introduce interest rate risk. However, this exposure is minimal due to the short duration of the assets. Moreover, interest rate risk arising from investments is partly offset by the impact of changes in interest rates on the value of the best estimate liabilities.

AHHIC has also exposure to currency risk due to operating accounts cash balances in EUR and GBP. Currency risk is partly offset by the impact of changes in EUR rates on the value of the best estimate liabilities (part of the Company's insurance portfolio was written in EUR).

AHHIC has no exposure to equity, property or derivatives.

The overall market risk exposure is considered to be low.

3.2.2 Description of the measures used to assess the risk

AHHIC measures its market risk using the standard formula. The measurement is done in separately for Interest rate risk, Equity risk, Property risk, Spread risk, Currency risk and Concentration risk. Then the aggregate market risk measure allows for diversification between its components.

3.2.3 Risk Concentration

The Company's investments are concentrated to just two asset classes. This however is in line with having very limited appetite for market risk.

3.2.4 Risk Mitigation

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

3.2.5 Risk Sensitivity

Due to the extremely low exposure to market risk, AHHIC does not perform any sensitivity or stress testing.

3.2.6 Prudent Person Principle

The short-term high-quality liquid investment holdings are a consequence of the investment assets being prudently invested, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

AHHIC 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.

Prior to any material investment an SCR impact is generated that helps the management understand the marginal impact on the SCR and the solvency coverage ratio of the proposed investment.

There are no investments in derivative instruments.

3.3 Credit risk

3.3.1 Description of the risk

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

- Cash at bank (local and US banks)
- Reinsurance recoverables
- Premium receivables

Credit risk as measured through the SCR is composed of entirely of counterparty default risk as there is no exposure to concentration risk or spread risk in relations to the investments. Credit risk forms 8% of the total SCR.

The overall credit risk exposure is considered to be low. This is considered well within the company's appetite in order to ensure the smooth continuity of its operations.

3.3.2 Description of the measures used to assess the risk

AHHIC measures its credit risk using the standard formula. With respect to exposures to banks 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.

3.3.3 Risk Concentration

Credit risk concentration is limited through the following 2 actions:

Cash at bank are held in 3 different banks.

XoL Reinsurance is placed through more than 10 reinsurers.

3.3.4 Risk Mitigation

To mitigate the risk of reinsurer counterparty default, reinsurance is split between a number

of reinsurance counterparties to reduce single name exposure. Credit ratings of reinsurance counterparties are reviewed every quarter. A further mitigation of credit risk is that reinsurance counterparties are large, well established multinational reinsurers and selected such that the credit rating is at least A.

Similarly, to mitigate the risk of banking counterparty default, banks are chosen following a thorough diligence exercise to select only highly reputable and creditworthy banks. Nonetheless, for operational efficiencies an amount is kept at local banks.

3.3.5 Risk Sensitivity

3.3.5.1 *Methods used, Assumptions made and Outcome of stress testing and sensitivity testing*

The sensitivity of the solvency ratio to credit rating downgrades of the counterparties of AHHIC was assessed. This demonstrated a reduction in the solvency coverage ratio of less than 1% when the credit quality step deteriorated by one step.

3.4 Liquidity risk

3.4.1 Description of the risk

Liquidity risk refers to the risk that AHHIC will be unable to realise investments and other assets in order to settle their financial obligations when they fall due. Given that all investment assets of AHHIC are highly realisable due to either being liquid (cash at bank) or due to being highly tradable (US Treasury Bills), the Company's exposure to liquidity risk is considered very low.

3.4.2 Description of the measures used to assess the risk

AHHIC'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.

3.4.3 Risk Concentration

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

3.4.4 Risk Mitigation

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

3.4.5 Risk Sensitivity

3.4.5.1 *Methods used, Assumptions made, Outcome of stress testing and sensitivity testing*

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

3.4.6 Expected profit in future premiums

No allowance is made in the best estimate liabilities for expected profit in future premiums as these are outside contract boundaries.

3.5 Operational risk

3.5.1 Description of the risk

Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

During the latest ORSA performed, the following sources of operation risk were identified as the most material following any risk mitigation actions:

Risk Class	Risk
Information Technology	Error in historical claims records.
Underwriting	Uncertainty around the frequency, timing and cost of claims. Inadequacy of underwriting model.
Strategy	Inadequate Company Strategy.
Claims	Delays in claims payments leading to reputational risk.
Compliance	Lack of appropriate compliance procedures (breaches of laws/regulations including adherence to regulatory reporting timeframes).

3.5.2 Description of the measures used to assess the risk

The following measures are used to assess operational risks:

Risk and control assessments – 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 measurement is performed both before and after any risk mitigation/control actions taken.

The SCR standard formula includes an assessment and quantification of the operational risk exposure.

3.5.3 Risk Concentration

The operations of AHHIC are managed through one main service provider, Hellenic Hull Management.

3.5.4 Risk Mitigation

Since its inception, the Company has in place its Business Continuity plan, which captures a number of operational risks it is exposed to. In addition to that, a number of controls are enforced which mitigate the operation risk exposure, some examples of which are listed below:

- Effective oversight of management at BOD level
- Application of the four-eyes-principle in all activities
- Set up of a compliance function, an internal audit function and a risk management function
- Documented policies and procedures
- Introduction of a number of controls within the IT systems
- Training of employees to ensure that each task can be performed by more than one person

3.5.5 Risk Sensitivity

3.5.5.1 *Methods used, Assumptions made and Outcome of stress testing and sensitivity testing*

Operational risk makes up 8% of the standard formula SCR at 31 December 2019.

AHHIC perceives reputation damage as one of the primary loss that could be incurred by the crystallisation of an operational risk event. A stress test has been performed under which reputational damage is represented by a 20% decrease in business volumes over the next three-year business planning horizon. Under this scenario, the Company remained adequately capitalised in all years.

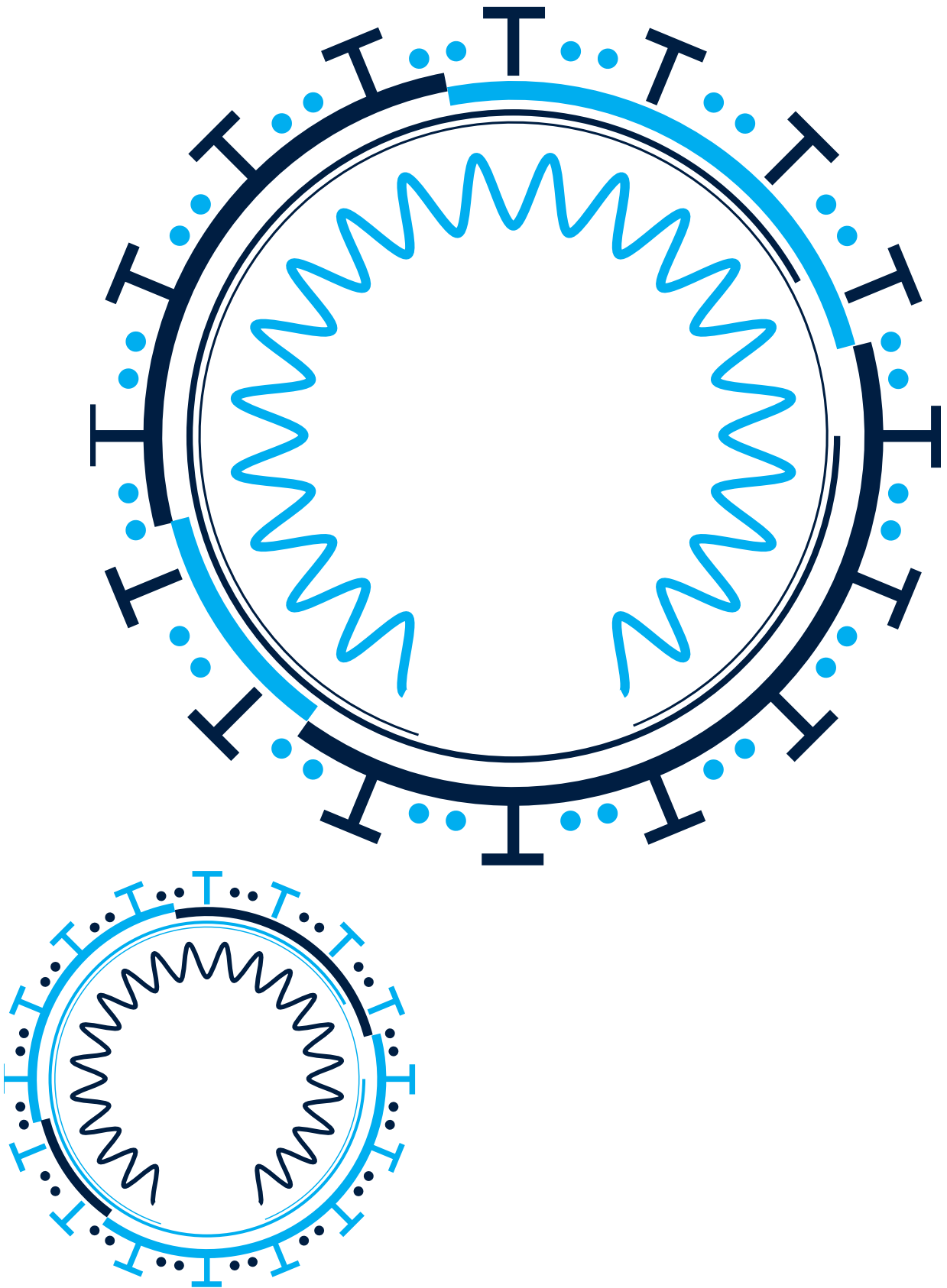
3.6 Any other material information

The Covid-19 outbreak and the imminent economic crisis has shown its results to the material fall in stock prices as well as widening of spreads. There is a risk that this will impact AHHIC's investments and asset values which might result in a possible impairment of solvency.

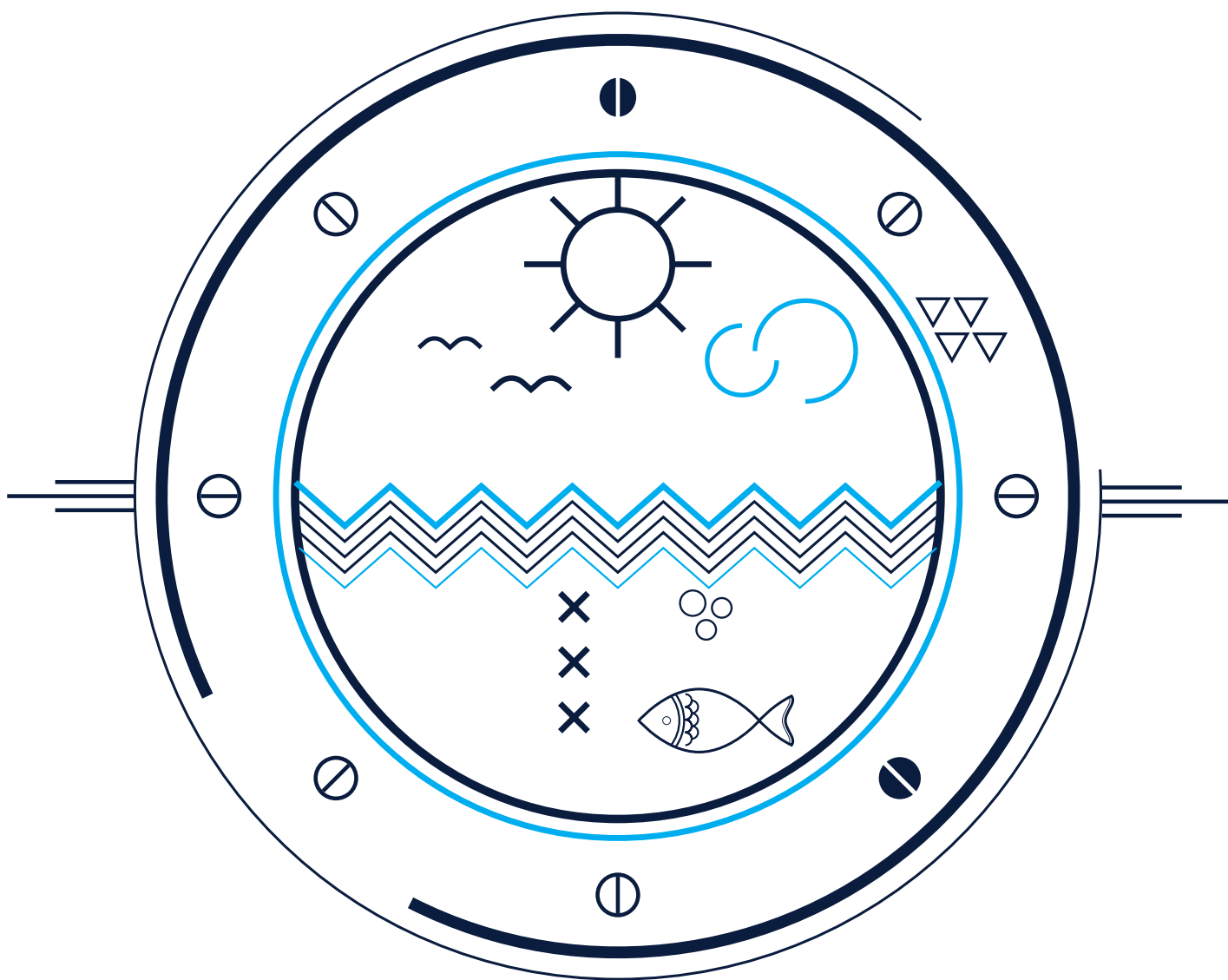
The Company strengthened its capital position through an injection of \$2.5m in April 2020. This ensures that the Company's capital position is strong enough to withstand adverse shocks including any unfavourable movements due to COVID-19.

AHHIC is monitoring the World Health Organization's and National Government's updates with regards to the Covid-19 outbreak. Thus, protecting the health and safety of its executives and staff is a key focus under AHHIC's Business Continuity Plan, and of great importance in maintaining its reputation and trust of its clientele.

Therefore, all functions of AHHIC were conducted off-site, operating with a remote workforce. Through the establishment of reliable systems and the state-of-the-art information technology, including cloud servers, the use of voice over IP in order to prevent disruptions in telecoms, and the use of Microsoft Teams application, which enables our departments to interact and communicate sufficiently, the Company's executives work remotely since early March. Given these mitigating measures and the capital injection of \$2.5m in April 2020, it is expected that Company will remain resilient to any adverse conditions that may arise.



4



4. Valuation for solvency purposes

4.1 Assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

4.1.1 Value of assets

Trade receivables: Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period.

Financial assets: The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Regular way purchases and sales of financial assets are recognised on tradedate which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Cash and cash equivalents: For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

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

Bases, methods and main assumption used for valuation for solvency purposes is analysed in detail in section 4.2.2.

4.1.3 IFRS vs Solvency II

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

Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS as per section 4.2.2.

4.2 Technical Provisions

4.2.1 Value of Technical Provisions (Amount of Best Estimate and Risk Margin)

The table below shows the technical provisions of AHHIC as at 31 December 2019 both gross and net of reinsurance (RI) recoverables.

\$'000s	Claims provision	Premium Provision	Risk Margin	Technical Provisions
Gross	7,014	-2,192	412	5,235
RI Recoverables	917	325	0	1,242
Net	6,097	-2,517	412	3,993

4.2.2 Description of the bases, methods and main assumptions used

4.2.2.1 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. Thus, the components of the Claims Provision are the Outstanding Case Estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER), the Unallocated Loss Adjustment Expenses (ULAE) and an allowance for Events Not In Data (ENID). Under Solvency II, the reserves are discounted to allow for the time value of money.

Company's own experience could not be solely used to estimate the claims provision due to the scarcity of data. As such, historical data of the Hellenic Hull Mutual were also used. In particular, a credibility approach was followed whereby more weight was placed on the claims development experience of the Hellenic Hull Mutual. This approach was considered appropriate for providing more statistically credible results.

4.2.2.2 Premium provision

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

The expected claims ratio was set at 72.5% for unexpired policies (excluding Grimaldi) while for Grimaldi policy was set at 30%. The expense ratio for all policies was set equal to 8%.

4.2.2.3 Recoverables

The reinsurer's share on the outstanding reserve was determined according to the reinsurance arrangements that relate to each claim. The calculations for the reinsurance share of IBNR and IBNER by accident year was based on the proportional allocation of claims under each reinsurance arrangement. Since the proportional reinsurance arrangements are determined by underwriting year, it was required to calculate the durations of all the policies in the claims dataset to specify the company's average exposure by underwriting year.

In order to estimate the gross reserves, we ignore any cashflows related to the existence of reinsurance. In order to estimate the net reserves, the projections allow also for any cashflows related to reinsurance. A reduction of reinsurance recoverables has been made to allow for expected losses due to the default of a counterparty. The probability of default is derived from that used in the counterparty default risk under the standard formula depending on the credit quality of each reinsurer.

4.2.2.4 Risk Margin

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

4.2.2.5 Discounting

The USD risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA, has been used for discounting.

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

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are development factors, loss ratios and expense ratios. A robust assumption setting process is followed in order to ensure the uncertainty is well understood and minimised.

As at 31 December 2019, the main source of uncertainty arises from the limited volume of own experience data on the development of claims. This forces AHHIC to rely on the use of data from another entity.

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

The table below compares the Net Technical Provisions under solvency II with those under IFRS.

\$'000s	Solvency II Valuation			IFRS Valuation				
	Net Claims Provision	Net Premium Provision	Risk Margin	Net Technical Provisions	Net Claims Reserves	Net UPR	NET AURR	Net Technical Provisions
Marine, aviation and transport insurance	6,097	-2,516	412	3,993	6,158	6,401	44	12,603

The difference between the net Premium Provision and the net UPR is the result of the following (partly) offsetting effects:

- Under Solvency II, the full cost of XoL reinsurance is realised while under IFRS it is deferred. This leads to a lower net reserve under IFRS by c\$1.3m.
- Under Solvency II, we allow for future profits where we expect these to emerge. This leads to the gross Premium Provision being lower than the Gross UPR (IFRS) by c\$3m.
- Under Solvency II, we allow for future premium payments by instalment (c\$7.5m) whereas under IFRS these are held separately on the asset side as premiums receivable.

In addition, there is a small reduction in the Net Claims Provisions under solvency II due to the allowance for time value of money through discounting of future cash flows.

Furthermore, the IFRS balance sheet includes the Deferred Acquisition Cost of \$1.4m which is not admissible in the Solvency II balance sheet.

Finally, the Solvency II Technical Provisions include the Risk Margin, a concept which does not appear under IFRS.

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

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

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

AHHIC 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

4.2.8 Material assumption changes

Expense ratio assumption used in premium provision decreased from 9.5% to 8.4% consistent with emerging experience. Future premium payments were assumed to be 90% of UPR. In addition, the loss ratio assumption used for the calculation of the premium provision was split between the Grimaldi policy at 30%, and the rest of the portfolio at 72.5%, which is lower compared to the combined assumption used as at year-end 2018 (Set at 72.5% for the whole portfolio).

4.3 Valuation of other liabilities

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

4.3.1 Value of other liabilities

Borrowings: Borrowings are recorded initially at the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables: Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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

Bases, methods and main assumption used for valuation for solvency purposes is analysed in detail in section 4.2.2.

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

Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS as per section 4.2.2.

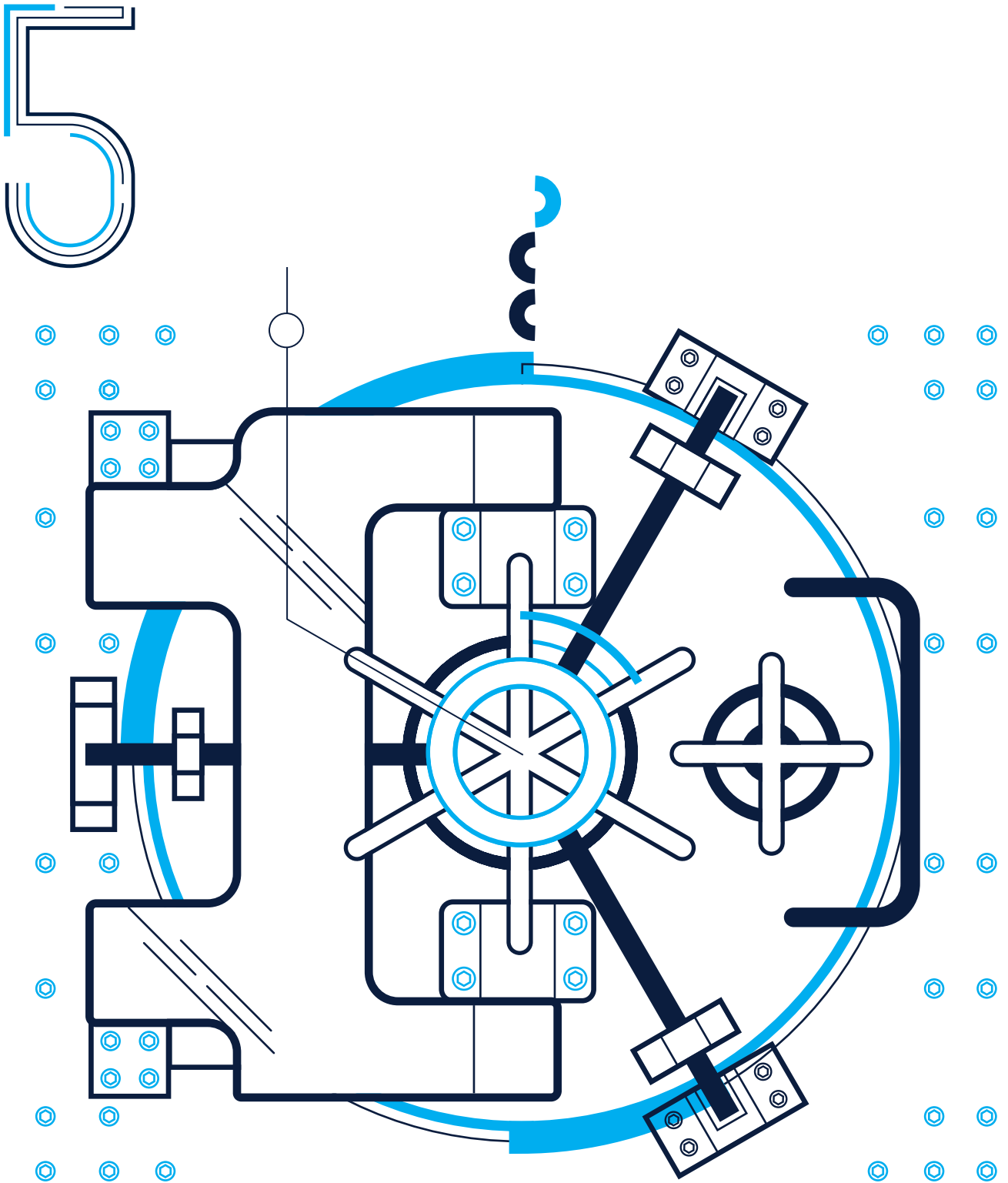
4.4 Any other information

COVID-19 is not expected to significantly affect the Company's Solvency position. In particular, both the level and incidence of claims could possibly decrease as a result of a global marine trade and transportation slowdown. A decline in revenue is also possible, in relation to a reduction in new business and premium collections due to the slowdown. As far as the Company's liabilities are concerned, Technical Provisions are not expected to move materially as a result of the pandemic.

The Company has strengthened its capital position through a capital injection of \$2.5m in April 2020. This ensures that the Company's capital position is strong enough to withstand adverse shocks including any unfavourable movements due to COVID-19.

Considering the implications caused by an incident such as the covid-19 outbreak to the maritime industry's financial environment, the Company has stress tested its ability to withstand adverse scenarios which incorporate adverse movements in revenue, premium collection, investments and counterparty defaults. The results of the stress tests demonstrate resilience to several adverse conditions including those arising due to the Covid-19 outbreak.

Following of the capital injection, as well as the Company's ability to withstand adverse scenarios, it is not expected that the solvency position of AHHIC would be materially affected by the outbreak.



5. Capital Management

5.1 Own Funds

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

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

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

The following table shows the structure of own funds as at 31 December 2019 as well as at the end of the previous reporting period.

Own Funds (\$'000s)	December 2019	December 2018
Ordinary share capital	4,050	1,050
Share premium account related to ordinary share capital	10,450	10,450
Net deferred tax assets	0	0
Reconciliation reserve	-7,943	-7,215
Total Basic Own Funds	6,557	4,285

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

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

The Company's own funds are available to cover the SCR.

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

All own fund items are eligible to cover the MCR as they are tier 1.

5.1.5 IFRS Equity vs Own Funds

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

	IFRS \$'000s	Solvency II \$'000s	Movement \$'000s
Total Assets	26,858	16,523	10,335
Total Liabilities	20,037	9,966	10,071
Total Own Funds	6,821	6,557	264
Ordinary Share Capital (incl. share premium account)	14,500	14,500	0
Retained Earnings	-7,679	-	-7,679
Net deferred tax assets	-	-	-
Reconciliation Reserve	-	-7943	7943

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 section 4.2.4)

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at 31 December 2019 the SCR of AHIC was calculated at \$6,206K and the MCR at \$2,789K.

5.2.2 Amount of SCR split by risk modules

The following table shows the SCR split by risk modules:

Solvency Capital Requirement	\$'000s
Market risk	308
Counterparty default risk	555
Non-Life underwriting risk	5,319
Life Underwriting risks	0
Health underwriting risk	0
Sum of risk components	6,182
Diversification effects	-477
Diversified risk	5,705
Intangible asset risk	0
Basic SCR	5,705
Operational risk	501
Adjustments	0
SCR	6,206

5.2.3 Simplifications

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

5.2.4 Undertaking-specific parameters

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

5.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are listed below:

Absolute floor of €2,500K (converted to USD; \$2,789K)

SCR of \$6,206K

Net Technical Provision excluding Risk Margin \$3,581K

Net written premium in 2019 \$11,339K

5.2.6 Material changes in the SCR and MCR compared to the previous reporting period

The only material change in the SCR arises from underwriting risk which is driven by the growth achieved by the Company during the year.

The change in the MCR is driven by the change in the absolute floor denominated in USD and is driven solely by exchange rate movements against the Euro.

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

5.3.1 Non-compliance with the MCR

5.3.2 The period and maximum amount of each non-compliance during the reporting period, an explanation of its origin and consequences, any remedial measures taken and an explanation of the effects of such remedial measures

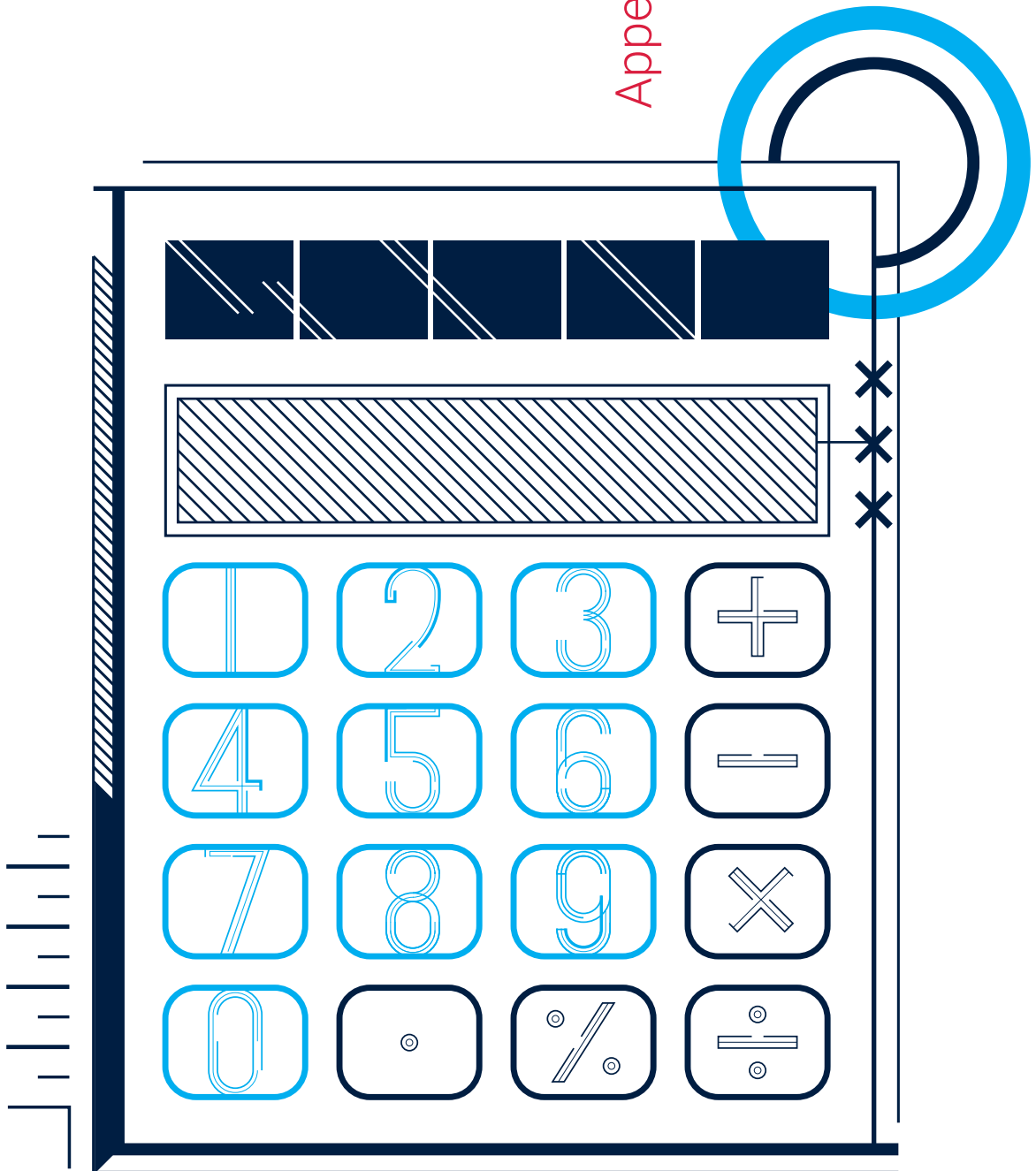
AHHIC was compliant with the MCR throughout the year.

5.3.3 Non-compliance with SCR

5.3.4 The period and maximum amount of each significant non-compliance during the reporting period, an explanation of its origin and consequences and any remedial measures taken and an explanation of the effects of such remedial measures

AHHIC was compliant with the SCR throughout the year.

Appendix



6. Appendix

6.1 Annex 1/ S.02.01.02/ Balance Sheet

	Solvency II value C0010
Assets	
R0030 Intangible assets	0
R0040 Deferred tax assets	0
R0050 Pension benefit surplus	0
R0060 Property, plant & equipment held for own use	0
R0070 Investments (other than assets held for index-linked and unit-linked contracts)	10,140
R0080 Property (other than for own use)	0
R0090 Holdings in related undertakings, including participations	0
R0100 Equities	0
R0110 Equities - listed	0
R0120 Equities - unlisted	0
R0130 Bonds	10,140
R0140 Government Bonds	10,140
R0150 Corporate Bonds	0
R0160 Structured notes	0
R0170 Collateralised securities	0
R0180 Collective Investments Undertakings	0
R0190 Derivatives	0
R0200 Deposits other than cash equivalents	0
R0210 Other investments	0
R0220 Assets held for index-linked and unit-linked contracts	0
R0230 Loans and mortgages	0
R0240 Loans on policies	0
R0250 Loans and mortgages to individuals	0
R0260 Other loans and mortgages	0
R0270 Reinsurance recoverables from:	1,242
R0280 Non-life and health similar to non-life	1,242
R0290 Non-life excluding health	1,242
R0300 Health similar to non-life	0
R0310 Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320 Health similar to life	0
R0330 Life excluding health and index-linked and unit-linked	0
R0340 Life index-linked and unit-linked	0
R0350 Deposits to cedants	0
R0360 Insurance and intermediaries receivables	1,994
R0370 Reinsurance receivables	651
R0380 Receivables (trade, not insurance)	1,102
R0390 Own shares (held directly)	0
R0400 Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410 Cash and cash equivalents	1,394
R0420 Any other assets, not elsewhere shown	0
R0500 Total assets	16,523

		Solvency II value C0010
	Liabilities	
R0510	Technical provisions – non-life	5,235
R0520	Technical provisions – non-life (excluding health)	5,235
R0530	TP calculated as a whole	0
R0540	Best Estimate	4,823
R0550	Risk margin	412
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	1,926
R0830	Reinsurance payables	2,683
R0840	Payables (trade, not insurance)	122
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	Total liabilities	9,966
R1000	Excess of assets over liabilities	6,557

6.2 Annex 1/ 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)

	Medical expense insurance	Income protection insurance	Workers' compensa tion 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
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Premiums written											
R0110 Gross - Direct Business	0	0	0	0	0	15,657	0	0	0	0	0
R0120 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0
R0130 Gross - Non-proportional reinsurance accepted											
R0140 Reinsurers' share	0	0	0	0	0	4,318	0	0	0	0	0
R0200 Net	0	0	0	0	0	11,339	0	0	0	0	0
Premiums earned											
R0210 Gross - Direct Business	0	0	0	0	0	13,615	0	0	0	0	0
R0220 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0
R0230 Gross - Non-proportional reinsurance accepted											
R0240 Reinsurers' share	0	0	0	0	0	3,722	0	0	0	0	0
R0300 Net	0	0	0	0	0	9,893	0	0	0	0	0
Claims incurred											
R0310 Gross - Direct Business	0	0	0	0	0	13,744	0	0	0	0	0
R0320 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0
R0330 Gross - Non-proportional reinsurance accepted											
R0340 Reinsurers' share	0	0	0	0	0	4,087	0	0	0	0	0
R0400 Net	0	0	0	0	0	9,657	0	0	0	0	0
Changes in other technical provisions											
R0410 Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0
R0420 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0
R0430 Gross - Non- proportional reinsurance accepted											
R0440 Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0
R0500 Net	0	0	0	0	0	0	0	0	0	0	0
R0550 Expenses incurred	0	0	0	0	0	4,790	0	0	0	0	0
R1200 Other expenses											
R1300 Total expenses											

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
R0110	Gross - Direct Business					15,657
R0120	Gross - Proportional reinsurance accepted					0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0
R0140	Reinsurers' share	0	0	0	0	4,318
R0200	Net	0	0	0	0	11,339
Premiums earned						
R0210	Gross - Direct Business					13,615
R0220	Gross - Proportional reinsurance accepted					0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0
R0240	Reinsurers' share	0	0	0	0	3,722
R0300	Net	0	0	0	0	9,893
Claims incurred						
R0310	Gross - Direct Business					13,744
R0320	Gross - Proportional reinsurance accepted					0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0
R0340	Reinsurers' share	0	0	0	0	4,087
R0400	Net	0	0	0	0	9,657
Changes in other technical provisions						
R0410	Gross - Direct Business					0
R0420	Gross - Proportional reinsurance accepted					0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0
R0500	Net	0	0	0	0	0
R0550	Expenses incurred	0	0	0	0	4,790
R1200	Other expenses					0
R1300	Total expenses					4,790

6.3 Annex 1/ S.17.01.02/ Non-life Technical Provisions

	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
	C0020	C0030	C0040	C0050	C0060	C0070	C0080
R0010 Technical provisions calculated as a whole	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
R0060 Gross	0	0	0	0	0	-2,192	0
R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	325	0
R0150 Net Best Estimate of Premium Provisions	0	0	0	0	0	-2,516	0
Claims provisions							
R0160 Gross	0	0	0	0	0	7,014	0
R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	917	0
R0250 Net Best Estimate of Claims Provisions	0	0	0	0	0	6,097	0
R0260 Total Best estimate - gross	0	0	0	0	0	4,823	0
R0270 Total Best estimate - net	0	0	0	0	0	3,581	0
R0280 Risk margin	0	0	0	0	0	412	0
Amount of the transitional on Technical Provisions							
R0290 Technical Provisions calculated as a whole	0	0	0	0	0	0	0
R0300 Best estimate	0	0	0	0	0	0	0
R0310 Risk margin	0	0	0	0	0	0	0
Technical provisions - total							
R0320 Technical provisions - total	0	0	0	0	0	5,235	0
R0330 Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default -	0	0	0	0	0	1,242	0
R0340 Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	0	0	0	0	0	3,993	0

Direct business and accepted proportional reinsurance					Accepted non-proportional reinsurance				Total Non-Life obligation
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	
C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	-2,192
0	0	0	0	0	0	0	0	0	325
0	0	0	0	0	0	0	0	0	-2,516
0	0	0	0	0	0	0	0	0	7,014
0	0	0	0	0	0	0	0	0	917
0	0	0	0	0	0	0	0	0	6,097
0	0	0	0	0	0	0	0	0	4,823
0	0	0	0	0	0	0	0	0	3,581
0	0	0	0	0	0	0	0	0	412
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	5,235
0	0	0	0	0	0	0	0	0	1,242
0	0	0	0	0	0	0	0	0	3,993

6.4 Annex 1/ S.19.01.21/ Non-life Insurance Claims Information

Total Non-Life Business

Z0020		Z0020		Accident year [AY]											
Accident year / Underwriting year															
Paid (non-cumulative) (absolute amount)															
				Development year											
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			
R0100	Prior											0	R0100	C0170	C0180
R0160	N-9	0	0	0	0	0	0	0	0	0	0		R0160	0	0
R0170	N-8	0	0	0	0	0	0	0	0	0			R0170	0	0
R0180	N-7	0	0	0	0	0	0	0	0				R0180	0	0
R0190	N-6	0	0	0	0	0	0	0					R0190	0	0
R0200	N-5	0	0	0	0	0	0						R0200	0	0
R0210	N-4	0	0	0	0	0							R0210	0	0
R0220	N-3	267	1,874	253	84								R0220	84	2,478
R0230	N-2	2,047	2,972	1,047									R0230	1,047	6,066
R0240	N-1	4,031	6,749										R0240	6,749	10,780
R0250	N	2,508											R0250	2,508	2,508
R0260													Total	R0260	10,388
															21,832

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year											Year end (discounted data)		
Year		0	1	2	3	4	5	6	7	8	9	10 & +			
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360		
R0100	Prior											0	R0100	0	
R0160	N-9	0	0	0	0	0	0	0	0	0	0		R0160	0	
R0170	N-8	0	0	0	0	0	0	0	0	0			R0170	0	
R0180	N-7	0	0	0	0	0	0	0	0				R0180	0	
R0190	N-6	0	0	0	0	0	0	0					R0190	0	
R0200	N-5	0	0	0	0	0	0						R0200	0	
R0210	N-4	0	0	0	0	0							R0210	0	
R0220	N-3	2,453	713	43	27								R0220	27	
R0230	N-2	4,153	1,637	264									R0230	261	
R0240	N-1	4,590	1,879										R0240	1,857	
R0250	N	4,926											R0250	4,869	
R0260													Total	R0260	7,014

6.5 Annex 1/ S.23.01.01/ Own Funds

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 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	4,050	4,050		0	
Share premium account related to ordinary share capital	R0030	10,450	10,450		0	
undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	-7,679	-7,679			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	-264	-264			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions	R0290	6,557	6,557	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Other ancillary own funds	R0370	0			0	0
	R0390	0			0	0
	R0400	0			0	0
Total ancillary own funds						
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	6,557	6,557	0	0	0
Total available own funds to meet the MCR	R0510	6,557	6,557	0	0	
Total eligible own funds to meet the SCR	R0540	6,557	6,557	0	0	0
Total eligible own funds to meet the MCR	R0550	6,557	6,557	0	0	
SCR	R0580	6,206				
MCR	R0600	2,789				
Ratio of Eligible own funds to SCR	R0620	1.0566				
Ratio of Eligible own funds to MCR	R0640	2.3516				
Reconciliation reserve						
Excess of assets over liabilities	R0700	6,557				
Own shares (held directly and indirectly)	R0710	0				
Foreseeable dividends, distributions and charges	R0720	0				
Other basic own fund items	R0730	6,821				
funds	R0740	0				
Reconciliation reserve	R0760	-264				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	0				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0				
Total Expected profits included in future premiums (EPIFP)	R0790	0				

6.6 Annex 1/ S.25.01.21/ Solvency Capital requirement - for undertakings on Standard formula

	Gross solvency	USP
	C0110	C0090
R0010 Market risk	308	
R0020 Counterparty default risk	555	
R0030 Life underwriting risk	0	
R0040 Health underwriting risk	0	
R0050 Non-life underwriting risk	5,319	
R0060 Diversification	-477	
R0070 Intangible asset risk	0	
R0100 Basic Solvency Capital Requirement	5,705	
CHM Calculation of Solvency Capital Requirement	C0100	
R0130 Operational risk	501	
R0140 Loss-absorbing capacity of technical provisions	0	
R0150 Loss-absorbing capacity of deferred taxes	0	
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0	
R0200 Solvency capital requirement excluding capital add-on	6,206	
R0210 Capital add-on already set	0	
R0220 Solvency capital requirement	6,206	
Other information on SCR		
R0400 Capital requirement for duration-based equity risk sub-module	0	
R0410 Total amount of Notional Solvency Capital Requirement for remaining part	0	
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0	
R0430 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0	
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0	
Approach to tax rate	Yes/No	
	C0109	
	3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)	
R0590 Approach based on average tax rate		
Calculation of loss absorbing capacity of deferred taxes	LAC DT	
	C0130	
R0600 DTA		
R0610 DTA carry forward		
R0620 DTA due to deductible temporary differences		
R0630 DTL		
R0640 LAC DT	0	
R0650 LAC DT justified by reversion of deferred tax liabilities	0	
R0660 LAC DT justified by reference to probable future taxable economic profit	0	
R0670 LAC DT justified by carry back, current year	0	
R0680 LAC DT justified by carry back, future years	0	
R0690 Maximum LAC DT	0	

6.7 Annex 1/ S.28.01.21/ Minimum Capital Requirement Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010 1,956	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
			C0020	C0030
R0010	MCRNL Result			
R0020	Medical expenses insurance and proportional reinsurance		0	0
R0030	Income protection insurance and proportional reinsurance		0	0
R0040	Workers' compensation insurance and proportional reinsurance		0	0
R0050	Motor vehicle liability insurance and proportional reinsurance		0	0
R0060	Other motor insurance and proportional reinsurance		0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance		3,581	11,339
R0080	Fire and other damage to property insurance and proportional reinsurance		0	0
R0090	General liability insurance and proportional reinsurance		0	0
R0100	Credit and suretyship insurance and proportional reinsurance		0	0
R0110	Legal expenses insurance and proportional reinsurance		0	0
R0120	Assistance and proportional reinsurance		0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance		0	0
R0140	Non-proportional health reinsurance		0	0
R0150	Non-proportional casualty reinsurance		0	0
R0160	Non-proportional marine, aviation and transport reinsurance		0	0
R0170	Non-proportional property reinsurance		0	0

Linear formula component for life insurance and reinsurance obligations

		C0040 0	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
			C0050	C0060
R0200	MCRL Result			
R0210	Obligations with profit participation - guaranteed benefits		0	
R0220	Obligations with profit participation - future discretionary benefits		0	
R0230	Index-linked and unit-linked insurance obligations		0	
R0240	Other life (re)insurance and health (re)insurance obligations		0	
R0250	Total capital at risk for all life (re)insurance obligations			0
Overall MCR calculation		C0070		
R0300	Linear MCR	1,956		
R0310	SCR	6,206		
R0320	MCR cap	2,793		
R0330	MCR floor	1,552		
R0340	Combined MCR	1,956		
R0350	Absolute floor of the MCR	2,789		
R0400	Minimum Capital Requirement	2,789		

6.8 Auditor's Report



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Independent Auditor's Report

To: The Board of Directors of American Hellenic Hull Insurance Company Ltd

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of American Hellenic Hull Insurance Company Ltd (the "Company"), prepared as at 31 December 2019:

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

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

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



Basis for Opinion

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

Emphasis of Matter

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

Other information

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

Narrative sections:

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

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

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



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

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

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

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

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

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

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

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

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

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



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

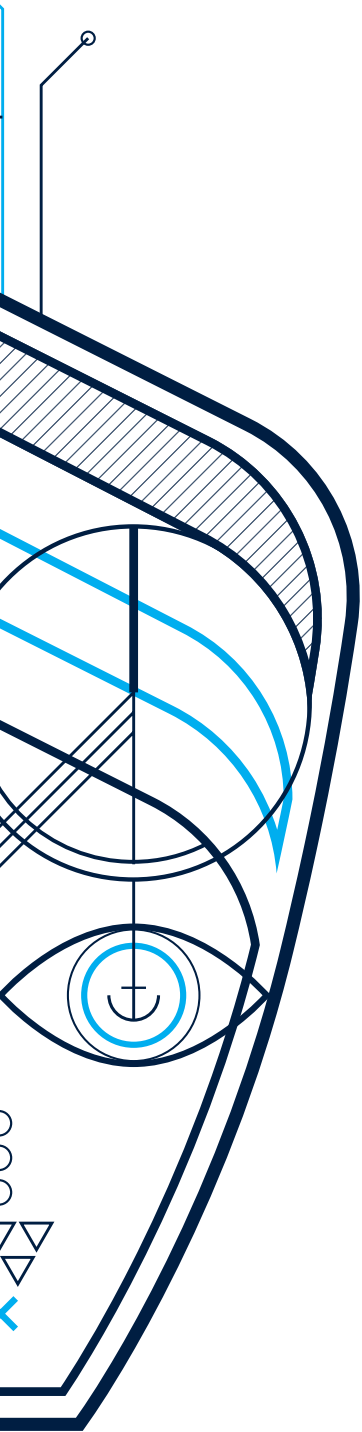
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

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

Moore Limassol Limited
Certified Public Accountants and Registered Auditors

Limassol, 27 May 2020



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