Solvency and Financial Conditions Report ('SFCR') for the year ended 31.12.2024

Contents

1. Introduction

The structure of the Solvency and Financial Condition Report (SFCR) has been prepared as described in Chapter XII of the Delegated Acts. The subjects addressed are based on article 51 to 56 of the Solvency II directive and article 292 up to 298 of de Delegated Acts. Furthermore, the figures presented in this report are in line with the supervisor’s reported Quantitative Reporting Templates.

All amounts in this report are presented in thousands of euros (€000), being the functional currency of Atlantic Insurance.

2. Business and performance

2.1. Business

2.1.1 Name and legal form

Atlantic Insurance Company Public Ltd ("the Company"; "Atlantic") was incorporated in Cyprus in 1983. Atlantic is a public company and its shares are listed in the Cyprus Stock Exchange since October 2000.

The address of the registered office is:

15 Esperidon Street, Strovolos,

Nicosia

2001 Cyprus

This Solvency and Financial Condition Report ("SFCR") covers Atlantic Insurance on a solo basis.

2.1.2 Name of the Supervisory Authority

The Supervisory Authority which is responsible for the financial supervision of the undertaking can be contacted at:

Superintendent of Insurance
Postal Address: P.O. Box 23364, 1682 Nicosia
Tel.: 22602990
Fax: 22302938
E-mail: insurance@mof.gov.cy

2.1.3 Name of external auditors

The independent auditors of the Company are:

Ernst & Young Cyprus Ltd
Jean Nouvel Tower
6 Stasinou Avenue
P.O. Box 21656
1511 Nicosia, Cyprus

2.1.4 Holders of qualifying holdings in the undertaking

The persons, to the knowledge of the Company, who were direct and indirect holders of qualifying holdings in the Company at any time during the reporting period and at the end of the financial year, were:

	%
Emilios Pyrishis[1]	34,64
Andreas Frangoullis[2]	21,22
Piraeus Bank S.A.	9,99
AstroBank Public Company Ltd	9,99
Maro Marathovouniotou[3]	5,98

(1) The holding of Emilios Pyrishis includes his direct share of 24,17% and his indirect holding arising from the shares owned by his brother George Pyrishis (10,47%).

(2) The holding of Andreas Frangoullis includes his direct share (20,12%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,83%), his mother Vasilou Frangoulli (0,03%) and his brother Filippos Frangoullis (0,05%).

(3) The holding of Maro Marathovounioti includes her direct share (1,43%) and her indirect holding arising from the shares owned by her daughter Athena Nicolaidou (1,61%), her son Alexis Marathovouniotis (1,43%) and her son Andreas Marathovouniotis (1,49%).

2.1.5 Legal structure of the group

Atlantic Insurance does not belong to any insurance group and does not have any ultimate controlling parent company.

The Company has the following subsidiary companies which are all private limited liability companies registered in Cyprus:

Company	Principal activities	Share	NBV
		%	€'000
Lyssi Investments Ltd	Car hire	100,0	**86**
Lion Insurance Agency Ltd *	General insurance agent	100,0	**-**
Atlantic Securities Limited	Brokerage and investment services	67,7	**674**
			760

**The company is dormant and it entered voluntary liquidation on 31 October 2024*

2.1.6 Material lines of business and geographical areas

Material lines of business
The principal activity of the Company is the undertaking of general insurance business. For Solvency II ("SII") purposes, the Company's business includes insurance obligations that fall into the following defined Solvency II lines of business:

- Medical expense 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
- Assistance
- Miscellaneous financial loss

These Solvency II lines of business are used when reporting the premium, claims, expenses and technical provisions in the SII QRTs.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS").

Geographical areas

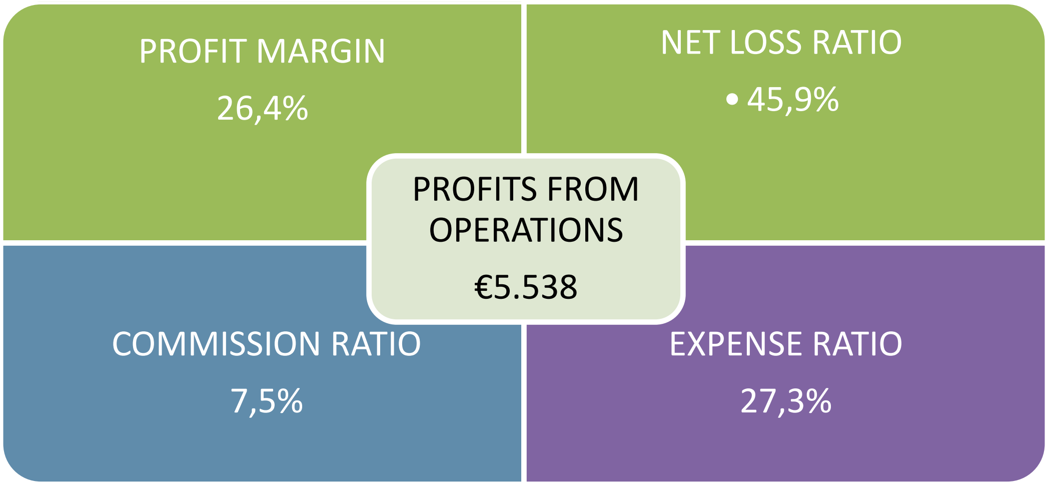
The Company conducts its insurance business only in the Republic of Cyprus.

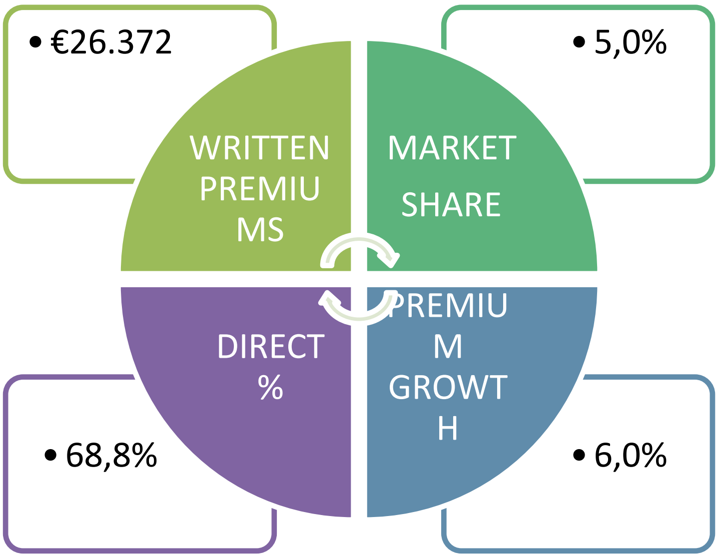
The Company operates through its headquarters that are located in Nicosia and its branches which are located in the cities of Larnaka, Limassol and Paphos.

2.1.7 Significant business events after the reporting period

There were no events subsequent to the reporting date that have materially affected the financial statements as at 31 December 2024.

2.2. Performance





SOLVENCY RATIO	DIVIDEND YIELD	OWN FUNDS	BVPS	EPS	ROE
• 249,2 %	• 5,8%	• €65,7 mln	• €1,69	• 34,02 cents	• 21,5%

2.2.1 Profitability

	2024	2023	%
	€	€	
Insurance revenue	**26.121.774**	23.599.351	**10,7%**
Insurance service expense	**(14.664.062)**	(12.782.313)	14,7%
Insurance service result	**11.457.711**	10.817.038	**5,9%**
Allocation of reinsurance premiums	**(3.949.871)**	(3.403.521)	16,1%
Amounts recoverable from reinsurers for incurred claims	**600.786**	610.459	-1,6%
Net expense from reinsurance contracts held	**(3.349.086)**	(2.793.062)	**19,9%**
Insurance finance expenses for insurance contracts issued	**(474.764)**	(498.466)	-4,8%
Reinsurance finance income for reinsurance contracts held	**53.233**	79.146	-32,7%
Net insurance result	**7.687.095**	7.604.656	**1,1%**
Other income from operations	**258.320**	176.262	46,6%
Other operating expenses	**(2.408.087)**	(2.361.025)	2,0%
Profit from operations	**5.537.328**	5.419.894	**2,2%**
Gains on sale and revaluation of investments	**6.596.480**	6.310.153	4,5%
Gains on revaluation of investment properties	**117.150**	171.227	-31,6%
Other investment income	**897.830**	543.708	65,1%
Net finance income	**1.002.616**	1.035.114	-3,1%
Profit before taxation	**14.151.405**	13.480.096	5,0%
Taxation	**(901.058)**	(880.774)	2,3%
Profit attributable to the shareholders	**13.250.347**	12.599.322	5,2%

The Company's profits for the year increased by 5,2% to reach €13,25mln from €12,59mln in 2023. The improvement of profitability is mainly attributable to the increase of profit from operations by 2,2% and the increase in gains on investments and of other investment income.

Profit from insurance operations increased by 2,2% to €5,53mln (2023: €5,42mln). The increase in profitability is mainly due to the increase in insurance revenue by 10,7%.

The operating profit margin fell to 26,4% compared to 28,3% in 2023 mainly as a result of the increase in net loss ratio to 45,9% from 42,9% in 2023.

Insurance income amounted to €26.12 million compared to €23.59 million, recording an increase of 10,7%. The increase is mainly due to the 12,4% growth in motor premiums. The insurance revenues of the property and liability sectors also increased significantly by 14,0% and 14,2% respectively.

Insurance service expenses amounted to €14,66 million compared to €12,78 million in 2023, an increase of 14,7% which was mainly due to the increase in the claims of the motor line of business. As a result the net claims loss ratio on net earned premiums rose to 45,9% from 42,9% in the previous year.

Net expenses from reinsurance contracts held amounted to €3,35 million compared to €2.79 million in 2023. Reinsurance premiums after deduction of reinsurance commissions receivable increased by 16,1% to €3,95 million compared to €3,40 million in 2023 mainly as a result of the increase in the insured amounts of the property sector. Amounts recoverable from reinsurers for claims payable decreased to €0,60 million compared to €0,61 million in 2023.

Operating expenses amounted to €5,71 million compared to €5,41 million in 2023, an increase of 5,5%. Payroll expenses which represent 63% of operating expenses amounted to €3,56 million with an increase of 4,3%. Discounts, audit fees, depreciation, advertising expenses and computer expenses also recorded an increase. On the other hand, vehicle expenses, electricity costs, printing and investment expenses recorded a decrease.

Profitability indicators

	2024	2023
Net loss ratio	45,91%	42,89%
Expenses ratio	27,29%	28,24%
Commissions ratio	7,46%	6,83%
Operating profit margin	26,44%	28,26%
Investment return	15,11%	18,15%
Net profit margin	63,27%	65,69%
Earnings per share	34,02	32,35
Dividend per share	tbd	14,00

Underwriting performance

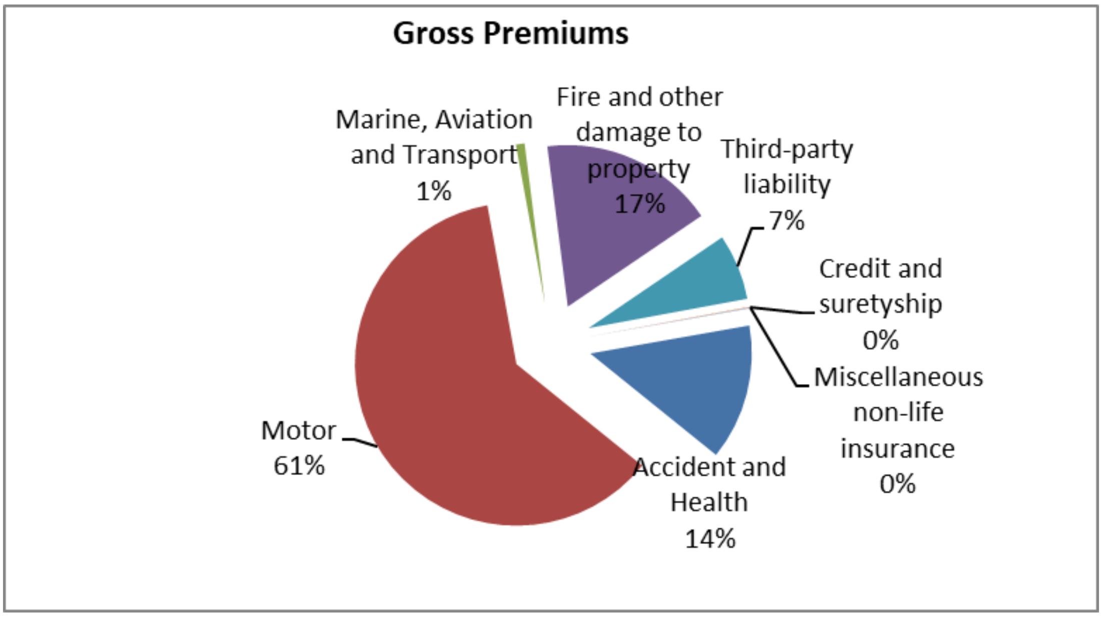
The analysis of premiums, claims and net loss ratio by line of business is presented below. The net loss ratio of all lines of business is below the industry average.

Line of Business -€	Gross written premiums	Net earned premiums	Net claims	Net loss ratio
Accident and Health	3.581.432	2.966.031	780.324	26,3%
Motor	16.167.918	14.836.509	8.229.135	55,5%
Marine, Aviation and Transport	229.581	74.501	-20.280	-27,2%
Fire and other damage to property	4.621.448	1.614.125	272.224	16,9%
Third-party liability	1.735.549	1.430.963	354.715	24,8%
Credit and suretyship	15.362	14.489	-	0,0%
Miscellaneous non-life insurance	20.683	7.685	-	0,0%
Total	**26.371.972**	**20.944.303**	**9.616.119**	**45,9%**

All lines of business achieved satisfactory profitability levels. Underwriting profits per line of business were €1,59mln for the accident and health line of business, €1,14mln for property, €0,60mln for the liability sector and €1,83mln for the motor insurance class.

Line of Business-€	Claim costs	Acquisition costs	Maintenance costs	Reinsurance commissions	Combined cost ratio	Underwriting profit	Margin
Accident and Health	157.971	85.620	365.276	12.048	46,4%	1.588.888	53,6%
Motor	1.141.207	964.098	2.678.295	9.184	87,6%	1.832.957	12,4%
Marine, Aviation and Transport	5.414	15.075	42.863	56.115	-17,5%	87.543	117,5%
Fire and other damage to property	107.928	370.666	854.400	1.130.553	29,4%	1.139.460	70,6%
Third-party liability	40.946	124.787	324.142	14.403	58,0%	600.777	42,0%
Credit and suretyship	0	0	3.760	0	25,9%	10.730	74,1%
Miscellaneous non-life insurance	534	1.497	1.144	5.551	-30,9%	10.061	130,9%
Total	**1.454.000**	**1.561.743**	**4.269.880**	**1.227.855**	**74,8%**	**5.270.416**	**25,2%**

Motor premiums account for 61% of the total gross premiums. Property premiums and accident & health premiums account for 17% and 14% respectively.



2.2.2 Investment performance

Atlantic's investment policy is aimed at striking a balance between generating returns and preventing risks. Protecting the solvency position is an important factor in this context.

Investment income

	2024	2023
	€	€
Dividends	786.052	437.892
Interest on bonds	784.674	789.034
Investment gains	6.596.480	6.310.153
Gain on transferable securities	**8.167.206**	**7.537.079**
Rents received	111.778	105.816
Gain / (loss) on investment property revaluation	117.150	171.227
Gain on investment properties	**228.928**	277.043
	8.396.134	7.814.122

Investment return	**15,11%**	**17,58%**
On investment properties	4,78%	5,97%
On transferable securities	16,08%	18,93%

The Company recorded an overall investment return of 15,11% compared to 17,58% in 2023.

Investment gains amounted to €6,59mln (2023: €6,31mln) and overall investment gains after the inclusion of dividends and interest reached €8,17mln compared to €7,54mln in 2023. As a result, the Company's investment portfolio in transferable securities recorded a return of 16,10% (2023:18,93%).

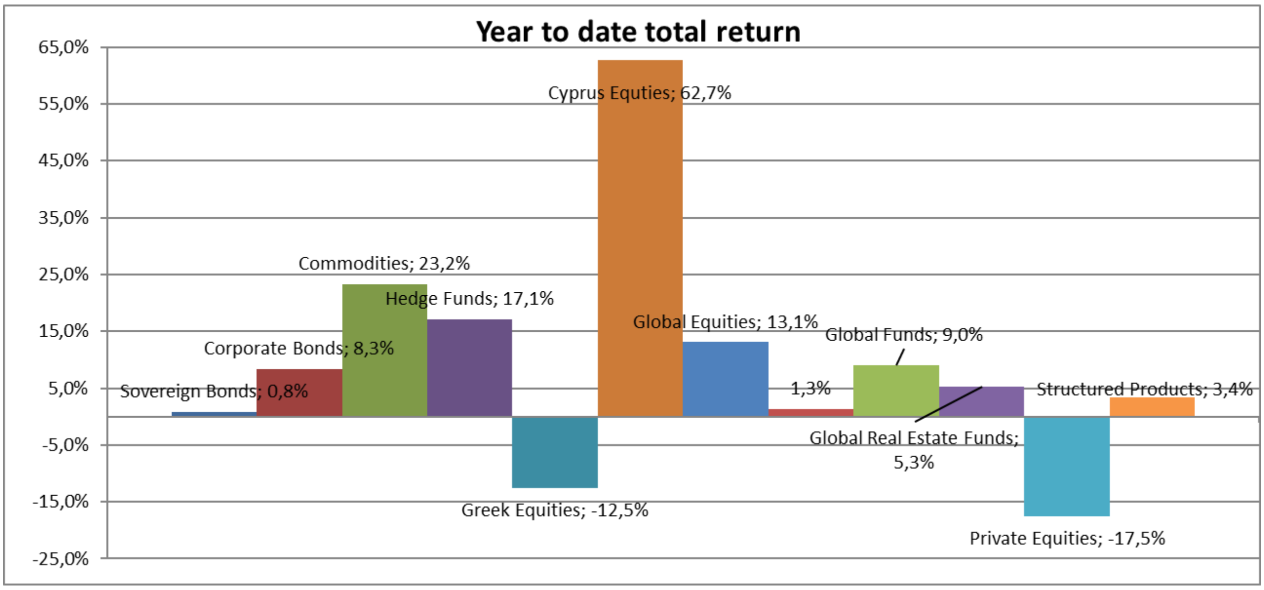
Investment property revaluations resulted in a gain of €117 thousand compared to a gain of €171 thousand in 2023. After taking into account the relevant rents received the overall return on investment properties was 4,78% compared to 5,97 in 2023.

Interest on deposits

	2024	**2023**
	€	€
Interest on Bank deposits	61.481	81.770
Interest on short term treasury bills	246.742	252.624
Exchange gains	-	-
	308.223	**334.393**
Return on bank deposits	1,14%	0,86%
Return on treasury bills	2,82%	3,68%

The Company switched most of its bank deposits to short term treasury bills due to more attractive yields, higher liquidity and better security. The average return on treasury bills was 2,82% (2023: 3,68%) whilst the return on bank deposits was 1,14% (2023: 0,86%).

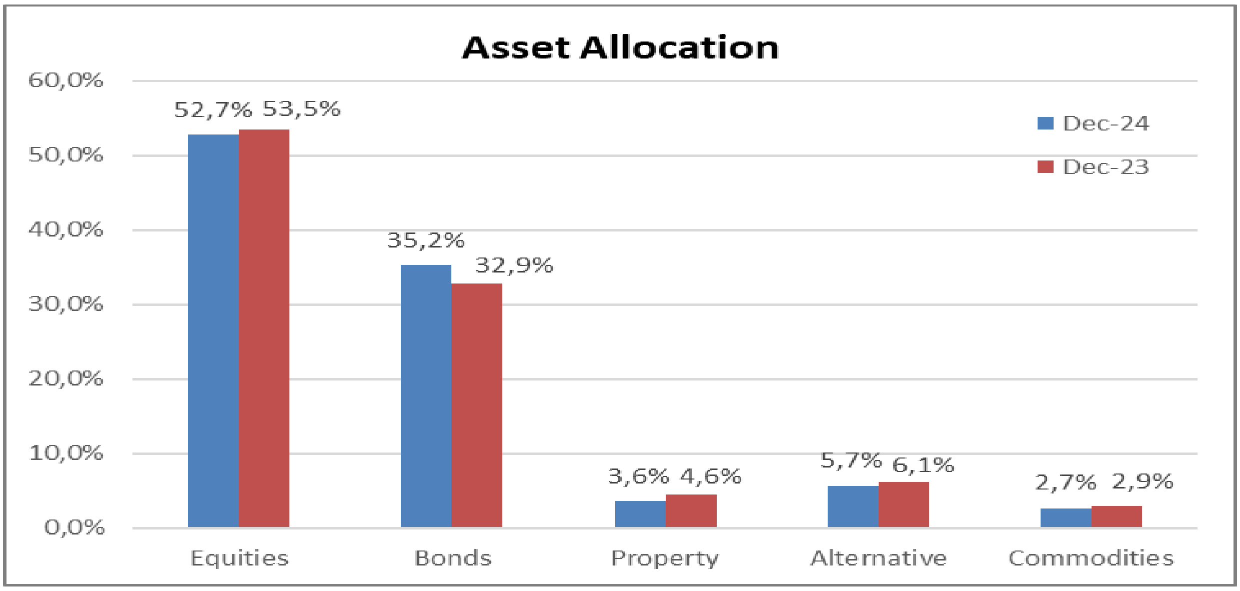
The chart below shows the investment performance of the different asset categories of the Company's investment portfolio.



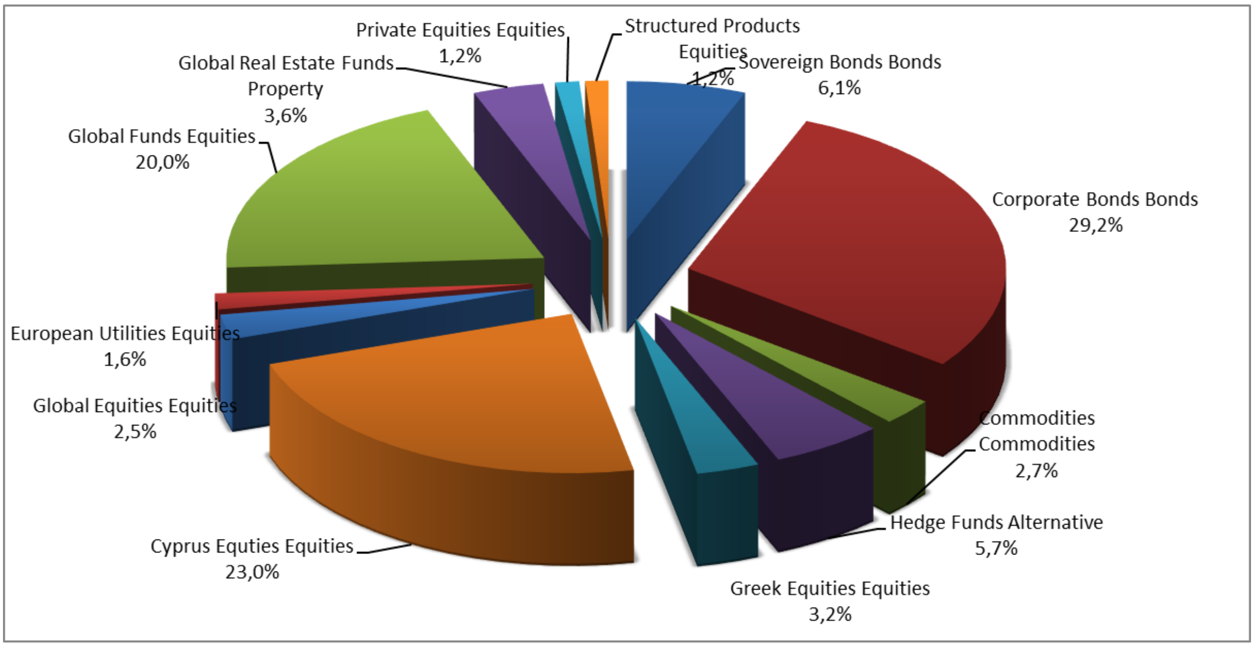
The value of the Company's transferable securities portfolio reached €57,45mln at the end of 2024 compared to €44,10mln at the beginning of the year.

The table below presents the changes of the Company's portfolio asset allocation in main investment categories.

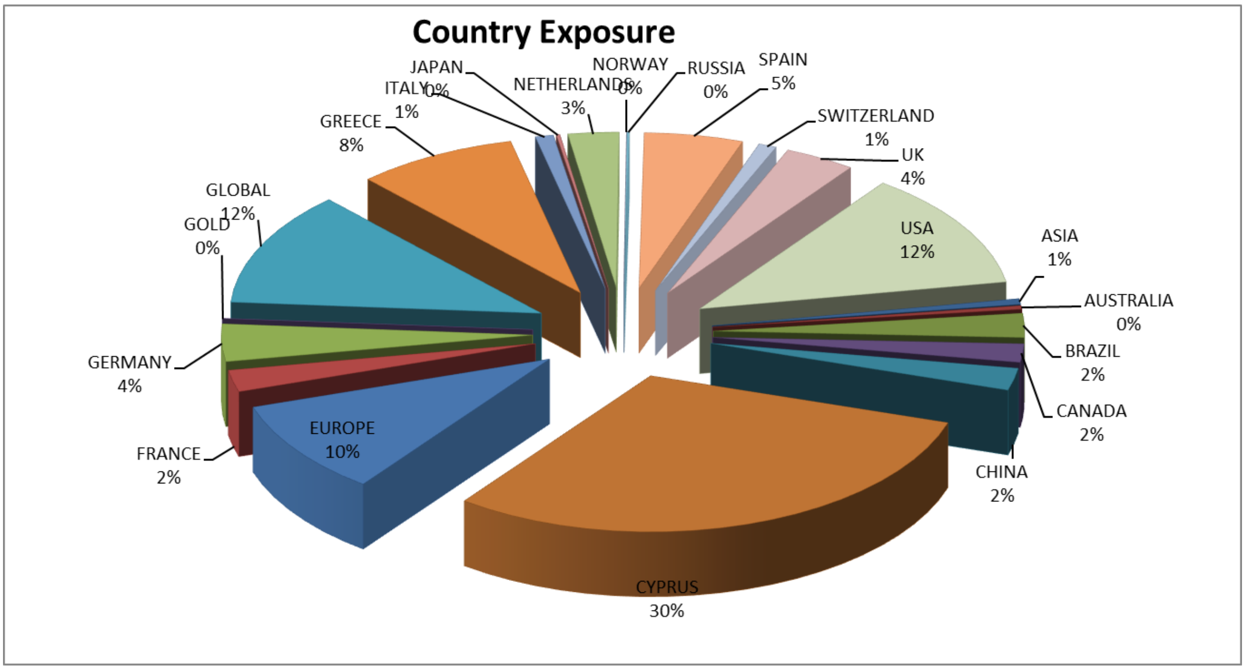
	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
Equities	52,7%	49,7%	48,5%	49,6%	53,5%
Bonds	35,2%	38,1%	39,0%	38,2%	32,9%
Property	3,6%	3,8%	3,8%	3,9%	4,6%
Alternative	5,7%	5,4%	5,9%	5,6%	6,1%
Commodities	2,7%	2,9%	2,8%	2,7%	2,9%
	100,0%	**100,0%**	**100,0%**	**100,0%**	**100,0%**



The investment allocation of the Company's portfolio is shown below:



The Company's investment portfolio of transferable securities is widely diversified in terms of geographical regions as indicated by the below chart.



Information about investments in securitisation

Atlantic has no investments in securitization.

2.2.3 Other material income and expenses

None.

2.2.4 Any other material information

None.

3. System of Governance

3.1. General Information

Basic strategic objective

The management's strategy has always focused on creating value for its shareholders. The management will continue to focus on its succesful business model and the adoption of policies which aim to further enhance reduction of costs and inefficiencies, effective claims handling, prudent risk management and maintaining high profitability indicators and a strong financial position.

Corporate Governance

The Company is committed to implementing a sound governance framework through which objectives are set and the means of attaining these objectives and monitoring performance is determined. For many years the Board of Directors has partly adopted the Code of Corporate Governance ('Code') issued by the Cyprus Stock Exchange since the Company is listed in the Alternative Market of the Cyprus Stock Exchange hence the adoption of the Code is voluntary and not compulsory. The report of the Board on the **Corporate Governance Code** which describes the degree of the Company's compliance and provides explanation of areas of non-conformity with the principles and articles of the Code is shown on pages 9 to 20 of the consolidated financial statements and is available on the Company's website www.atlantic.com.cy.

The Board of Directors

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

Composition of the Board

The main objective for the determination of the composition of the Board is to ensure that the appropriate level of skill and competence required for the prudent management of the company is achieved.The composition of the Board includes **non-executive** as well as independent directors to ensure the objective external guidance and supervision.

The current composition of the Board is :

Name	Role
Emilios Pyrishis	Chairman and Managing Director
Andreas Pirishis	Vice-Chairman –Non-Executive Director
Andreas Frangoullis	Executive Director
Menicos Messios	Non-Executive Director-Independent
George Pyrishis	Non-Executive Director
Nina Pyrishi	Non-Executive Director
Charalambos Alexandrou	Non-Executive Director
Loukis Ioannou	Executive Director
Marios Savvides	Non-Executive Director-Independent
George Koutsos	Non-Executive Director

The Board consists of 3 Executive Directors and 7 Non-Executive Directors, two of whom are independent.

Role and responsibilities

The Board of Directors oversees the performance of the Executive Management on behalf of the shareholders. During the execution of its overall supervision the Board inspects and evaluates the strategic and business plan of the Company, its solvency, as well as the approach of the management in addressing major risks and challenges.

The main role and responsibilities of the Board include:

- Long term strategy and business plan
- Expansion in new areas, mergers and acquisitions
- Capital structure and dividend policy
- Securing a sound internal control system and risk management
- Ensure that the solvency capital requirements are maintained at all times
- Approval of material contracts and transactions which do not fall within the ordinary activities of the Company
- Corporate governance assessment
- Approval of major policies including policies required by the Solvency II regulations

Board Committees

The BoD established the following four Board Committees, for the more effective management of the Company:

Audit Committee

Name	Role
Menicos Messios *(Independent Non-Executive Director)*	Chairman
Charalambos Alexandrou *(Non-Executive Director)*	Member
Marios Savvides *(Independent Non-Executive Director*	Member

Risk Management Committee (RMC)

Name	Role
Marios Savvides *(Independent Non-Executive Director)*	Chairman
Emilios Pyrishis (Managing Director)	Member
Charalambos Alexandrou (Non-Executive Director)	Member

Appointment Committee

Name	Role
Andreas Pirishis (Non-Executive Director)	Chairman
George Pyrishis (Non-Executive Director)	Member
Menicos Messios *(Independent Non-Executive Director)*	Member

Remuneration Committee

Name	Role
Menicos Messios *(Independent Non-Executive Director)*	Chairman
Charalambos Alexandrou *(Non-Executive Director)*	Member
Marios Savvides *(Independent Non-Executive Director*	Member

Investment Committee

Name	Role
Emilios Pyrishis-Chairman	Executive director
Marios Savvides	Independent non-executive director
Charalambos Alexandrou	Non-executive director
Loukis Ioannou	Executive director

With a view to a more effective functioning of the Committee the Chairman invites at the meeting certain professional investment advisors and / or persons with extensive experience in the field.

Committee	Main function
Risk Management Committee	Monitor and control of the Company's risk exposures and ensure that these exposures are within the tolerance limits set by the Board.
Audit Committee	Ensures the functioning of an effective internal control system, reviews the reports and the work performed by the internal and external auditors and approves the main accounting principles and assumptions used in the preparation of financial statements.
Investment Committee	Formulates recommendations regarding the investment strategy and monitors its implementation.
Appointment Committee	Review of the composition and balance of the Board and its committees. Assists the Board in finding suitable persons for appointment as Board members.
Remuneration Committee	Examine matters relating to the control and determination of the remuneration of the Company's Directors. Prepare the remuneration policy.

In compliance with the CSE regulations, the Board of Directors has also appointed the following senior officers:

Reporting Officer

- Menicos Messios- Independent Non-Executive director

The reporting officer addresses any concerns and problems of shareholders which have not been resolved through other communication procedures.

Compliance Officer with the Corporate Governance Code of the CSE

- Michalis Papageorgiou

The compliance officer has the responsibility of monitoring the implementation of the Code of Corporate Governance and prepares, with the assistance of the Audit Committee, the Board of Directors ' report on corporate governance.

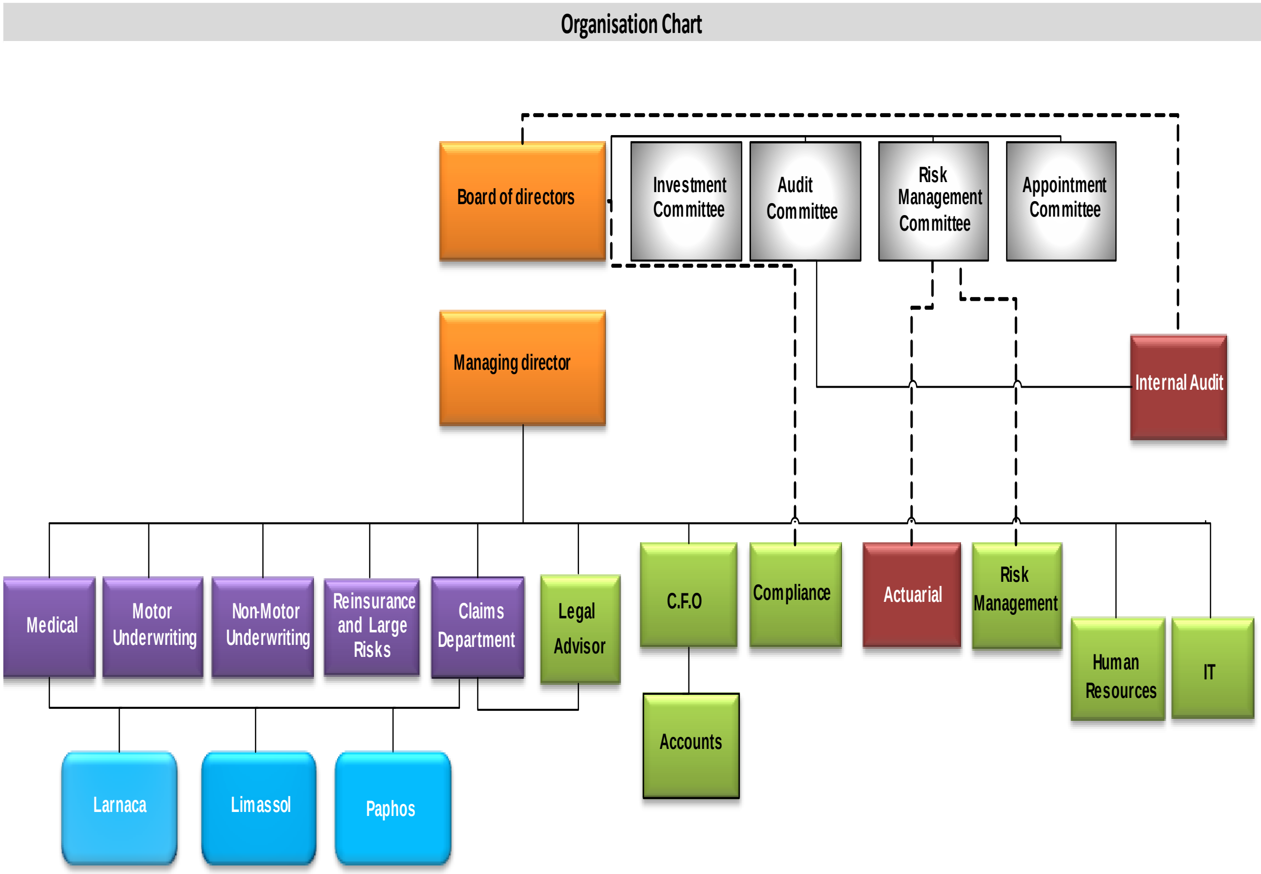
Investor Liaison Officer

- Andreas Pirishis – Vice-Chairman / Non-executive director

The investor liaison officer ensures the constant communication with shareholders and the timely provision of reliable information. He also encourages greater shareholder participation at the General Meetings and represents the Company in press conferences, congresses and other activities organized by the CSE.

3.2. Organization Chart

The Company's organizational structure reporting lines are summarized on the below chart:



The **BOD** is the Company's ultimate supervisory body.

The Senior Management, through the **CEO** has the day-to-day responsibility for the implementation of the BoD's approved strategy and reports to the BoD. Reporting to the BoD is both structured, through planned meetings and regular reporting and ad hoc as required.

The **Business Functions** of the Company through their Head have the responsibility for the implementation of the BoD's strategy in their business functions. They report directly to the CEO with regards to their day-to-day duties.

The Risk, Compliance and Actuarial Functions have a direct reporting line to the Risk Management Committee of the Board in order to ensure that these functions have the ability to escalate important issues directly to the BoD.

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

The senior management includes the persons who are in charge of the key functions and business units who report directly to the CEO.

3.3. Material changes in the system of governance that have taken place over the reporting period

Board of Directors

George Pyrishis, Andreas Pirishis and Menicos Messios who retired by rotation in accordance with the Articles of the Company's Association were re-elected at the latest Annual General Meeting dated 5 June 2024.

The directors who According to the Articles of the Company's Association Messrs retire by rotation at the next Annual General Meeting but being eligible offer themselves for re-election are George Pyrishis, Andreas Pirishis and Menicos Messios.

Board Committees

On April 5, 2024 the Board decided to set up of a Remuneration Committee. The members of the committee are:

Name	Role
Menicos Messios *(Independent Non-Executive Director)*	Chairman
Charalambos Alexandrou *(Non-Executive Director)*	Member
Marios Savvides *(Independent Non-Executive Director*	Member

There were no other changes in the constitution of the Board Committees during 2024.

3.4. Remuneration report

Objective

The remuneration policy is intended to recruit and retain employees whose values are aligned to the Company's culture and values. Atlantic aims to create an environment that motivates high performance and supports the overall business strategy of the Company.

Principles of remuneration policy

- Be in line with the Company's business and risk strategy, risk profile, objectives, values, risk management practices, and long-term entity wide interests and performance
- Consider both financial and non- financial performance
- Comprehensively and properly reflect the individual and the Company's performance
- Offering pay packages that are competitive in the market to attract and retain qualified individuals with appropriate skills and professional competence;
- Remuneration practices are structured in such a way that avoids potential incentive for unauthorized or unwanted risk taking.
  - The remuneration of employees involved in risk-taking activities such as underwriting, reinsurance or investment management, is designed so as not to encourage unauthorized or unwanted risk-taking
  - The remuneration is based on an assessment of the individual's performance which is based on both quantitative and qualitative criteria
  - Remuneration policy takes into account the long-term interests of the Company and not just short-term financial results.

The senior management of the Company and the professional staff receive a fixed salary, without any variable component. The Company believes that this remuneration policy restricts conflicts of interest and prevents unwanted risk-taking.

Provident fund
The Company operates a defined contribution provident fund scheme which is separately financed and prepares its own financial statements. In accordance with the Funds' memorandum the members are entitled to the payment of certain benefits on their retirement or early termination of their employment. The Company's contribution is 5,75% on the employee's gross salary.

Remuneration on retirement/ share options
The Company does not provide any remuneration or benefits on retirement. The Company does not offer any share option scheme.

Director's remuneration and fees
The remuneration policy and the analysis of directors' remuneration is described in pages 16-17 of the Company's Annual Report.

Material transactions with directors, shareholders and related parties
There were no significant contracts in force by the year end to which shareholders owning directly or indirectly more than 5% of the share capital of the Company and members of the Board and the management of the Company, their spouses or minor children have or had direct or indirect material interest, with the exception of the contracts of employment of executive directors and the agreement for the appointment of Astrobank Insurance Agency Ltd as an insurance agent of Atlantic Insurance Co Public Ltd as mentioned in note 31 of the financial statements.

The transactions of the Company with related parties are disclosed in note 28 of the Financial Statements. All transactions with related parties are conducted on an arm's length basis. The transactions of the Company with the directors and their related parties are described in note 31 of the Financial Statements.

3.5. Fit and proper requirements

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

The Company requires its Senior Management and holders of key functions to be fit and proper, to adhere to the Principles and Code of Ethics and Conduct and achieve competence.

Fitness

The assessment considers the person's professional competence and capability in relation to the competencies and skills required for the position he holds.

- This assessment is based on the person's previous experience, knowledge, and professional qualifications and should demonstrate due skill, care, diligence and compliance with the relevant standards for the area sector they have worked in.
- The Company will have regard to whether the person is competent, and demonstrate, through experience and training that they are able to perform the key functions.
- All individuals must maintain their competence for the role they fulfil. The HR manager in cooperation with the Senior Management is responsible for ensuring that all individuals receive appropriate training for maintaining their competence.

- Where specific professional qualifications are required for particular key function, recruitment adheres to those requirements.
- All senior officers are obliged to inform the human resources manager for any specific education and training needs which they consider necessary in the performance of their duties.

Proper
In assessing the propriety of a person, the Company assesses his honesty, integrity, reputation and financial soundness.

Factors that may have an adverse impact on the assessment of the suitability of a person are:

- convictions for criminal offences,
- adverse findings in civil proceedings,
- disciplinary actions by regulators or professional bodies,
- pending investigations or enforcement actions,
- disciplinary or administrative sanctions and offences,
- bankruptcy, insolvency.

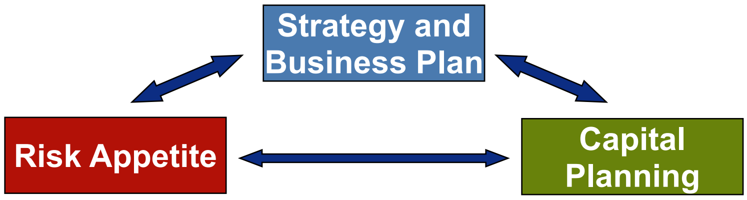
During the recruitment process of approved persons:

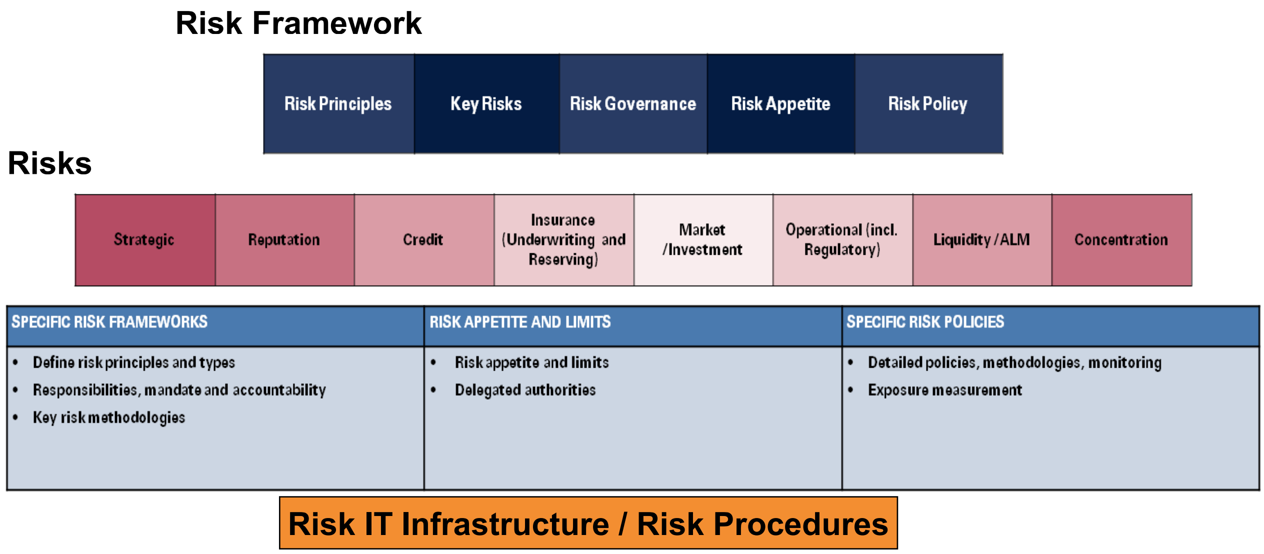
- Criminal record checks and check on professional bodies,
- At least one written reference from a former employer,
- Submission of the form ' Statement of fitness and property of senior officers.

All approved persons are required to self-certify on an annual basis that they are fit and proper for their job position.

3.6. Risk Management

The Company has developed a comprehensive set of risk policies, frameworks and guidelines to ensure that adequate processes and procedures are in place to manage all types of risk. These documents are aligned with the current regulatory requirements under the Solvency II regime.





The Company's risk management framework, as illustrated below, is an embedded part of the business and fully interacts with the strategic planning and the capital management process.

The Company's **risk appetite is set by the BoD** and reflects its strategic objectives, shareholder and policyholders' aspirations as well as the interests of the Supervisory Body, employees and associates. The risk appetite is expressed in terms of the risk profile, which is then used in the process of setting appropriate **risk limits**.

Risk Tolerance Limits

The Company manages its risk appetite through a set of limits. Risk limits are established at three levels within the Company:

- Aggregate level –sets the overall risk profile of the Company
- Risk category level- sets the aggregate risk appetite for each of the key risk categories
- Exposure level limits for each risk

The **aggregate and risk category limits** are used by the BoD, Executive management and RMC for decision making.

Exposure level limits on the other hand are used by risk taking functions in their day-to-day operations to manage their exposures.

The **Risk Management Committee** of the Board has the overall responsibility for the supervision of the risk management framework. The RMC receives frequent information on the levels of risks to which the

Company is exposed, in order to ensure that the Company's risk profile remains within the established risk tolerance limits. The Committee advises the Board in the formulation of the strategy and the risk management policies.

The **Risk Management function** (RMF) is responsible for the identification, measurement, monitoring, management and reporting of the significant risks the Company is exposed. The RMF reports directly to the Board through the Risk Management Committee. The composition of the RMF function is:

Name	Role
Loukis Ioannou	Head
Socrates Demetriou	Member
Agis Charalambous	Member

Implementation of risk management system

The business units are responsible for the day-to-day management of risk and control within an agreed governance and risk framework.

The Risk Management Function as the second line of defence monitors the Company's actual risk exposure against risk tolerance levels and reports its findings on a quarterly basis to the Executive Management and the Risk Management Committee of the Board.

The Company's Board is responsible for taking key decisions across the organisation, but delegates some of its decision-making responsibilities to the Executive Committee, Risk Management Committee and Audit Committee. The output of the risk management system is reviewed by the Executive and Risk Management Committees with a summary of key items brought to the attention of the Board. This process facilitates the integration of the risk management system in the decision-making process.

All key decisions of the Company such as product initiatives, capital management, reinsurance arrangement review, investment strategy, marketing strategy, and distribution strategy, follow internal governance processes, which include an assessment of the risk exposure and mitigation strategies.

3.7. Own Risk Self-Assessment (ORSA)

ORSA ensures a comprehensive assessment of the Company's overall solvency needs in view of its business strategy, its risk profile, the risk tolerance limits it sets for itself and its responsibility to meet its financial obligations towards policyholders.

The ORSA process enables the Company to properly identify and manage the risks it faces or could face in the short and long term and project its capital needs over its 3-year business planning period.

The Risk Management Function is responsible for the preparation of the ORSA report **on an annual basis** and its submission for approval by the Company's BoD and later to the supervisor. ORSA covers all of the business units of the Company.

The assessment of risks is performed by the RMF at a business unit level using a Risk Register. The risk identification process covers existing risks as well as the emergence of new or additional risks. The Company's ORSA process covers both risks which are captured by the Standard formula as well as those which are not considered such as liquidity risk, reputational, strategic, political and business risks.

Different methodologies of stress tests are applied to all material risks and risk sensitivities are calculated.

The Company's capital planning includes projections of internal capital requirements (Pillar I and II) and own funds over the 3-year planning period. The capital plan is based on the financial projections which are prepared by the finance function and reflect the future strategic actions and business plans of the management over the next 3 years.

The RMF reports the ORSA results to the executive management and the BoD. As part of the ORSA process, the effectiveness of risk mitigating measures and planned improvement actions is assessed. This means risk management strategies are discussed, resulting in refined risk management strategies. Based on the assessment of risks and all internal as well as external factors, the main deficiencies and weaknesses are considered and, if significant, an action plan is prepared. This action plan normally includes the following measures:

- Modification of the Company's risk profile
- Improvements in governance and internal organization as well as improvements in risk management and internal control
- Gradual modification of own funds target.

3.8. Internal Control System

Internal control is a process affected by the Company's BoD, Senior Management, and other personnel and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting and non-financial information
- Compliance with applicable laws and regulations
- Achievement of Company's strategy and objectives

The Company maintains an effective internal control system which aims at reducing the possibility of unexpected losses or damage to its reputation. The system also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur.

A high level of **integrity** is an essential part of the control culture of the Company. The **organizational structure** of the Company is appropriate for the size, nature and complexity of its operations, it sets the level of responsibility and defines appropriate and clear **internal reporting relationships**. Key duties and responsibilities are divided or **segregated among different people** to reduce the risk of error and fraud. Responsibilities and duties involving transactions and events are separated among different employees with respect to authorization, approval, processing and recording, making payments or receiving funds, review and auditing.

Operational risk management includes the identification, analysis, prioritization and management of operational risk in line with the risk appetite. The Company considers **external risks** such as technological advancements and risks posed by new legislation or regulations as well as business and economic changes. **Internal operational risks** are also addressed and they include risks associated with redesign of operating processes, disruption of information systems, personnel training, timely replacement of key employees etc.

The effectiveness of the internal control system is monitored on a continuous basis by business areas and control functions. Any deficiencies of the system which are identified are rectified in a timely manner.

The **Internal Audit function** plays a key role in establishing a formal methodology for evaluating internal controls at a level of scope and frequency which is appropriate to the operations of the Company.

Financial and regulatory reporting

The Company's financial control framework governs financial and regulatory reporting in the Company. The financial control framework is subject to annual review of the appropriateness and effectiveness of the controls. This review is conducted by the Internal Audit function and the results are submitted to the Audit Committee.

The IFRS financial statements are subject to rigorous review and control. Main accounting policies and estimates are reviewed by the Audit Committee. The technical reserves are set using best actuarial practices that are subject to review by the Risk Management function and the Actuarial Function.

Business Continuity Plan

Operational management can be disrupted significantly by unforeseen circumstances caused by a natural disaster or a man-made event. In order to ensure timely resumption of essential operations the Company has prepared a Business Continuity plan and appointed a business continuity coordinator and a crisis management team. The plan describes clearly roles, responsibilities and emergency procedures and resumption plans.

Compliance

The Compliance Function reports to the Company's CEO. The Head of the Compliance Function, Mr Michalis Papageorgiou, is independent of risk-taking functions such as underwriting and claims. The compliance function 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 role 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 Compliance Function is reporting to senior management any breaches, or non-compliance with its policy or any other relevant policy, rules and regulations. This means that the Compliance Function shall be able to carry out its functions on its own initiative without obstruction from management and other staff members.

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

3.9. Internal Audit

The Board of Directors acknowledges Internal Audit's importance as a third line of defense in the internal control system's design framework, and is therefore committed to meeting or exceeding all relevant requirements of both the Solvency II Regulation (EU) 2015/35 and the CSE's Corporate Governance Code. In particular the Board of Directors recognizes that the key pillars of an effective Internal Audit Function (IAF) are:

- independence both in terms of reporting line and from the functions being reviewed
- objectivity and professionalism
- adequate resourcing

The Company has outsourced the internal audit function to KPMG (Cyprus) Ltd since 2019.

Independence

The Internal Audit Function is outsourced and hence it is administratively independent of all the other functions of the Company. The Company's internal auditors do not provide any other services that may jeopardize their independence.

The Audit Committee has formally reviewed IAF's independence, competence, and adequacy of resources and found them to be of an appropriate standard.

Process and Frequency of Review

Potential revision of the Internal Audit Policy may be warranted by changes in regulations or the Company's organizational set up and nature of activities or other factors. In any event, the Internal Audit Policy is subject to at least annual review by the Internal Audit Committee to ensure that it stays current.

Work performed and follow- up action

Internal audit reports raise both control recommendations as well operational performance recommendations.

Internal Audit reports include both management feedback on each control recommendation raised and an agreed date for implementation. Line managers are responsible for initiating action towards this end. Progress against agreed deadlines is monitored by internal audit through receipt of quarterly returns from each department noting whether a recommendation is pending, partially implemented, or fully implemented.

3.10. Actuarial function

The Actuarial function reports to the CEO and to the BoD through the Risk Management Committee. The Actuarial Function is subject to the audit of the Internal Audit Function regarding the adequacy and effectiveness of its procedures.

The Actuarial function is a specialist function that advises the Senior Management of the Company on the calculation of technical provisions and on the technical aspects of risk management and modeling.

The Company has outsourced its actuarial function to the qualified actuary Markos Markides of Numisma Advisors Ltd.

The main tasks and responsibilities of the Actuarial function are:

- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies, underlying models and 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 administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements; and
- contribute to the effective implementation of the risk management system

3.11. Outsourcing

The Company's Outsourcing Policy is outlined below:

Outsourcing Suitability Assessment
When considering outsourcing arrangements, the Company takes into account how it will fit into the reporting structure, business strategy and its ability to meet regulatory requirements.

Service Provider Selection
A tender process is conducted and due diligence is carried out to assess among other things financial viability, personal data protection, conflicts of interest, personnel, information and asset security, business continuity and disaster recovery, risk concentrations and regulatory permissions.

Contractual Requirements
Outsourcing relationships for critical functions must be established with a set of written agreements which set out the expectations and obligations of each party.

Approval
Outsourcing arrangements require internal approval in line with the Company's contract approval process. In the case of outsourcing of critical functions final approval by the managing director is required.

Monitoring of outsourced activities
Since the Company remains fully responsible for all outsourced functions and activities, it has established a process for monitoring and reviewing the quality of the service provided. For each outsourcing of a critical operational function the Company appoints a responsible person of the staff for the monitoring of the service provided.

The Company's critical functions which have been outsourced and the jurisdiction in which the service provider is located are shown below:

Outsourced Function or Activity	**Jurisdiction of service provider**
1. Actuarial Function	Cyprus
2. Internal Audit	Cyprus
3. Software programs	
a) Insurance software	Cyprus
b) Accounting software	Cyprus
4. Road assistance and accident care	Cyprus
5. Discretionary asset management	Switzerland/ Cyprus

3.12. Other material information

None.

4. Risk profile

4.1. Risk Management

Atlantic applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that obligations towards our stakeholders are met.

Risk management supports the Company in the identification, measurement and management of risks and monitors on a regular basis risk exposures against risk tolerance levels and ensures that appropriate actions are taken in the event of changes in Atlantic's risk profile.

The Company identifies and records all material risk exposures that arise from its activities. Risks are identified and registered both formally, through the annual review of the Company's Risk Register and the ORSA process, and informally as they arise in the course of business. Risk identification is performed for both existing and emerging risks.

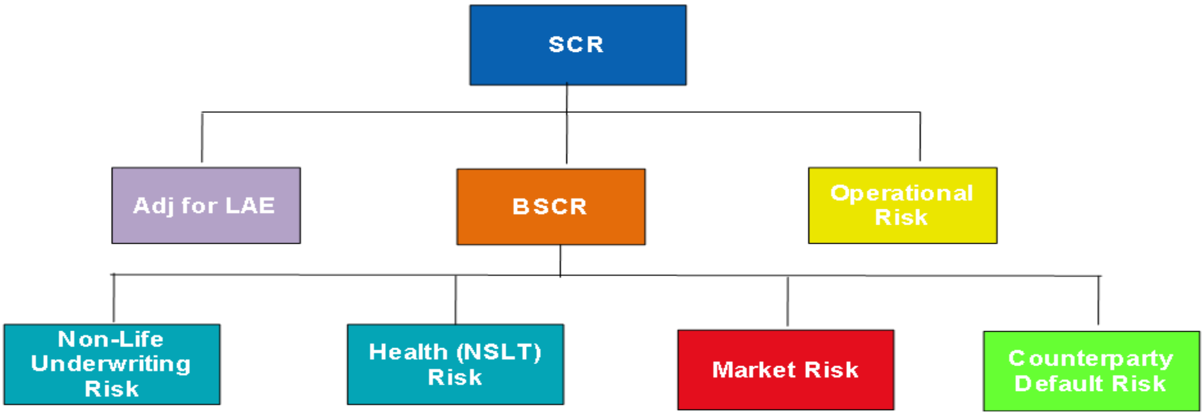
The Risk Management Function has the responsibility to assess whether the risks in the risk universe of the Company are material e.g. their impact on capital or earnings is above the materiality threshold set by the Company. Materiality is usually assigned based on a high-level qualitative assessment of risk. Risks that appear material are being considered more carefully to measure their impact precisely using qualitative and quantitative techniques.

The Risk Management Function has the responsibility to ensure that all material risk exposures are monitored on an ongoing basis and that any risks that fall outside the approved risk appetite of the Company are identified and appropriately escalated to the Risk and Reserving Committee. When monitoring the risk exposures against the risk appetite, the Risk Management Function produces management reports that provide information on the current risk exposures against risk appetite limits and highlight any breaches.

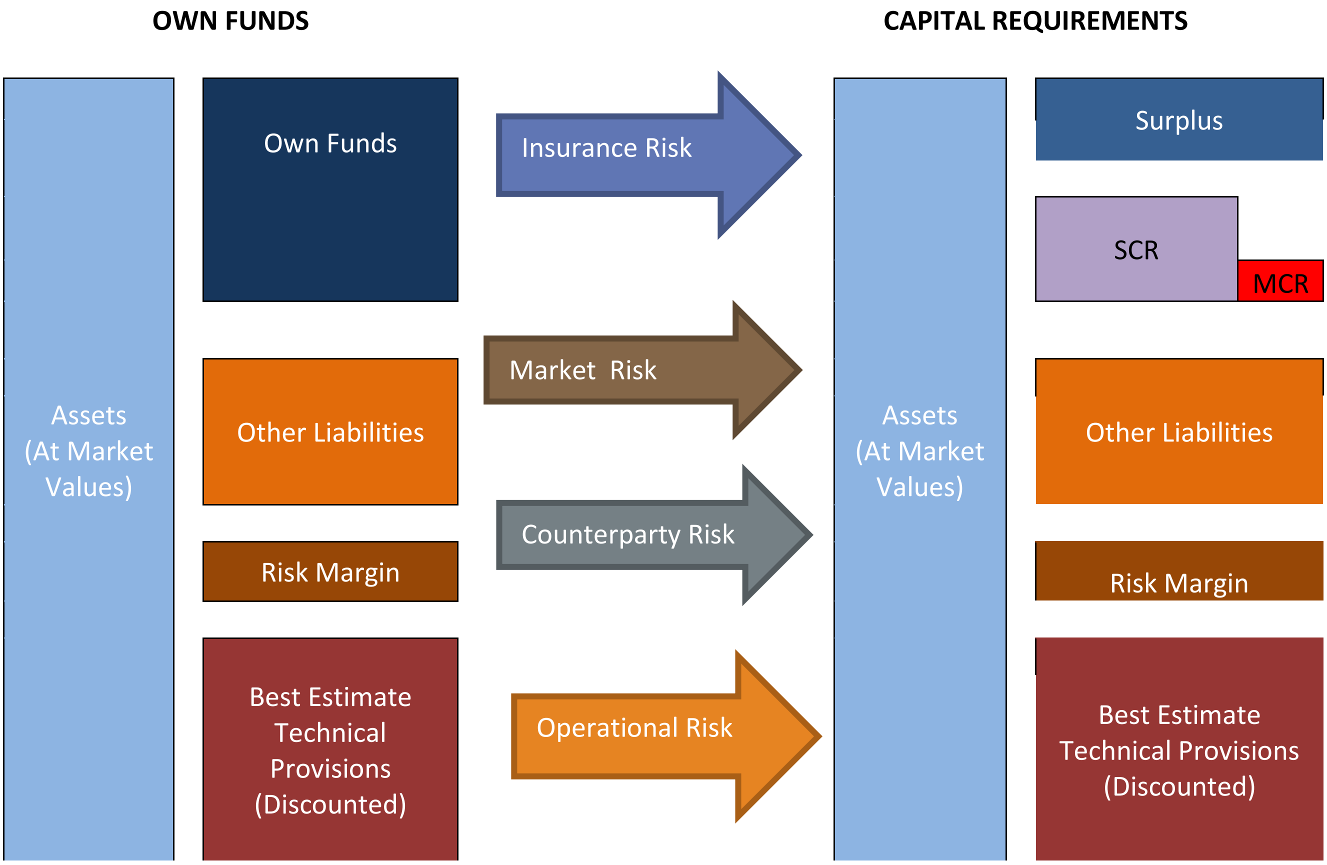
The Company has identified several risks that may potentially impact on the successful implementation of its business plan and its ability to generate adequate future profits. The risk appetite of the Company establishes a framework that supports an effective selection of risks.

The main risks the Company is exposed are market risk, underwriting risk and counterparty default risk. The Company's risk management framework supports the effective management of those risks.

Atlantic measures its risks based on the **standard model** as prescribed by the Solvency II regime. The Solvency Capital Requirement (SCR) is determined as the change in own funds caused by a predetermined shock which is calibrated to a 1-in-200-year event. The basis for these calculations is the Solvency II technical provisions which are calculated as the sum of a best estimate and a risk margin.



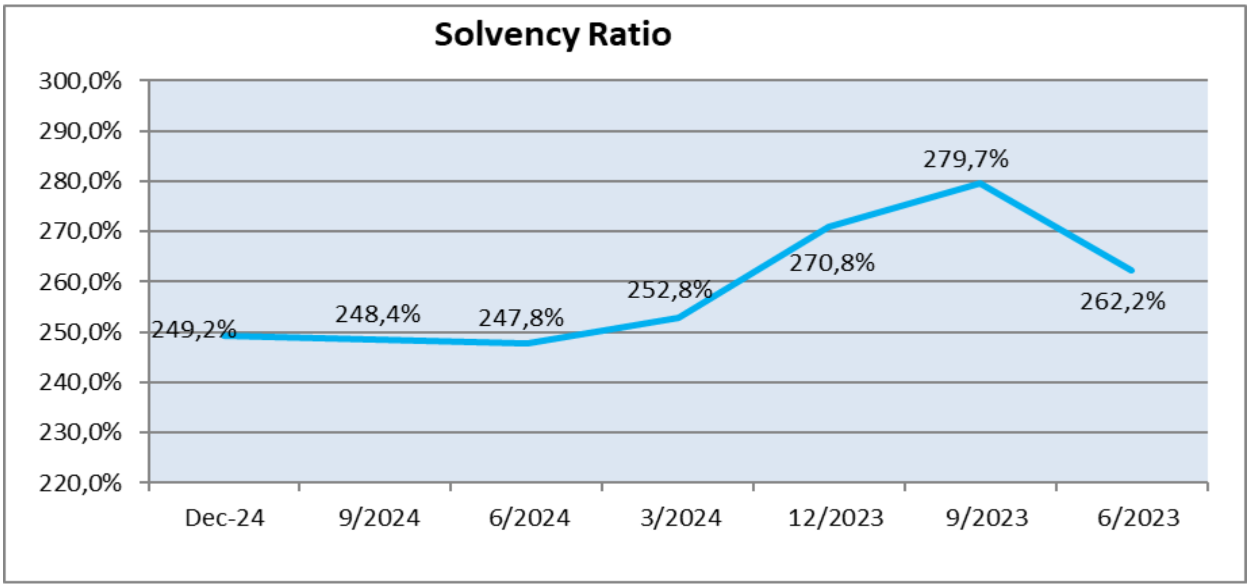
The structure of the SCR risk charges in the standard formula is summarised in the following diagram:



Solvency ratio in 2024

At the end of 2024 the solvency ratio of Atlantic was 249,2%. During 2024 the solvency ratio fluctuated between 247,8% and 252,8%.

The fluctuation of the Company's solvency ratio over the last 7 quarters is presented in the below chart.



4.2. Non-life insurance risk

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

Non-life Insurance risk can be broken down into:

- Premium and reserve risk
- Non-life catastrophe risk

Premium- and reserve risk

The premium risk is the risk that the premium is not adequate for the underwritten risk. The premium risk is calculated over the maximum of the expected written premium for the next year and the written premium for the current year.

The required capital for non-life insurance risk amounts to €8,12mln before diversification and €6,63mln after the diversification effects are taken into account. Non-life insurance risk accounts for 20,7% of the undiversified SCR. Non-life underwriting risk increased by 7,8% from 2023 mainly due to the 9,1% increase in premium and reserve risk.

€000	2024	2023	2022	% Change
Non-Life underwriting risk	**6.630**	**6.150**	**6.072**	**7,8%**
Diversification effects	-1.488	-1.409	-1.425	5,7%
Sum of risk components	**8.119**	**7.559**	**7.497**	**7,4%**
Premium and reserve risk	5.417	4.966	4.826	9,1%
Non-life CAT risk	2.702	2.592	2.671	4,3%

For the non-life portfolio, the technical provisions under Solvency II at year-end 2024 can be broken down as follows:

€000	2024	2023	Change
Best estimate	20.528	19.157	7,2%
Risk margin	748	665	12,4%
Technical provisions	**21.276**	**19.822**	**7,3%**

The increase in the best estimate by 7,2% to €20,53mln compared to €19,16mln in 2023 is attributable to the increase of gross claims provisions to €12,71mln from €11,59mln. Gross premiums provisions also increased by 3,4% to €7,82mln from €7,56mln.

The risk margin accounts for 3,64% (2023: 3,47%) of the best estimate of technical provisions.

Non-life Catastrophe Risk Module

Catastrophe risk is defined as the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events. The Non-life SCR Catastrophic Risk Module consists of natural catastrophe risk (Earthquake), man-made catastrophe risk (Fire, Motor, Liability and credit) and other non-life catastrophe risk.

The required capital for non-life catastrophe risk at the end of the year amounts to €2,70mln (2023: €2,59mln).

€000	Gross	Mitigation	Net
SCR Non-Life Catastrophe Risk	**61.969**	**59.266**	**2.703**
Sum of risk components	**73.419**	**69.636**	**3.783**
Natural catastrophe	60.637	59.020	1.617
Man Made catastrophe	12.782	10.616	2.166

	Nat CAT	NP Reinsurance	Man Made	Other CAT
Nat CAT	100%	100%	0%	0%
NP_Reinsurance	100%	100%	0%	0%
Man Made CAT	0%	0%	100%	0%
Other CAT	0%	0%	0%	100%

Earthquake is calculated based on insured values per cresta zone as at 31 December 2024. Insured values include all earthquake policies including static marine.

The **man-made catastrophe risk** is broken down below:

€000	Gross	Mitigation	Net
SCR for NL CAT Man Made	**12.782**	**10.616**	**2.166**
Sum of risk components	**22.071**	**19.237**	**2.834**
Motor [1]	10.682	10.482	200
Marine [2]	5.120	5.007	113
Fire [3]	4.479	2.353	2.127
Liability [4]	1.730	1.395	335
Credit [5]	60	0	60

1. *The motor calculation is based on the number of insured vehicles at the end of the year.*
2. *The marine calculation is based on the vessel with the largest risk exposure of all vessels with sum insured over €250k.*
3. *The fire calculation is based on the largest sum insured of buildings located within a radius of 200 metres. The Company's largest risk concentration relates to residential properties exposure and was calculated using the market share-based method. Taking into account the average gross sum insured of residential properties of €272,0k and the average net sum insured of €129,3k the total concentration for catastrophe risk net of reinsurance amounts to €2,13mln (€4,48mln gross exposure).*
4. *The liability risk is calculated based on the gross and net premiums and the largest liability limit provided for each of the following classes: professional indemnity, employer's liability, public liability and director's liability.*
5. *Credit catastrophe risk is based on the 2 largest risks by insured amount.*

The sensitivity of regulatory solvency II capital to non-life underwriting risk is shown below:

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
Increase in Non-life risk by 10%	-	492	-4,89%
Increase in BE Provisions by 5%	-975	-	-3,97%
Increase in loss ratio by 2%	-390	-	-1,59%

Health insurance risk

The health insurance portfolio of Atlantic contains the following insurance risks:

a) NSLT Health risk

The premium risk is the risk that the premium is not adequate for the underwritten risk. The premium risk is calculated over the maximum of the expected written premium of the next year, and the written premium of the current year. The calculation is factor-based.

b) Health Catastrophe risk

A health catastrophe is an unexpected future event with duration of one year. In the case of medical expenses, the risk is affected by the number of insured persons and the average claim cost. The following 3 scenarios are calculated:

- ***Pandemic scenario-*** In this scenario, there is a pandemic, which causes 1% of those affected to be hospitalized and 20% to see a local practitioner.
- **Mass accident scenario** - In this scenario, an accident takes place during a major public event. The risk is that 10% of the attendees are killed, 3,5% are permanently disabled, 16,5% are disabled for 12 months and 30% need medical attention.
- **Accident concentration scenario**-In this scenario, an accident takes place on site, with the most of our insured at the same location. The risk is that 10% of those present are killed, 3,5% are permanently disabled, 16,5% are disabled for 12 months and 30% need medical attention.

The required capital for health risk amounts to €0,50mln and is broken down as follows:

Capital requirement for Health underwriting risk-€000	**536,6**
Diversification effects	-128,4
Sum of risk components	**665,0**
SLT Health (similar to life technique) underwriting risk	0,0
Non-SLT Health (similar to non-life technique)	420,1
Health CAT	244,9

The analysis of health catastrophe risk is shown below:

Health catastrophe risk-€000	SCR
Mass accident risk	6,6
Accident concentration risk	79,7
Pandemic risk	231,5
Diversification within health catastrophe risk	-72,9
Total health catastrophe risk	**244,9**

Managing non-life insurance risk

Insurance risk is managed by monitoring claims frequency, the size of claims, claims development over time, risk concentration, claims handling time and claims costs. The risk is managed through effective underwriting procedures, internal underwriting limits, pricing, stricter acceptance criteria and effective claims management.

Claims frequency, size of claims and inflation
In order to limit claims and/or ensure that prices are adjusted correctly, the acceptance policy is continually refined using a number of indicators and statistical analyses. The product lines also use knowledge or expectations with respect to future trends to estimate the frequency, size and inflation of claims.

To mitigate the risk of claims, the Company bases its underwriting policy on claims history and risk models. The policy is applied to each client segment and to each type of activity. The risk of unexpected major damage claims is contained by policy limits, the concentration of risk management and reinsurance contracts.

Handling time
The time required for handling and settling claims is an important factor. The settlement of claims that have a long handling time, such as liability claims, can take many years. Analyses are performed regularly and based on the Company's experience in similar cases, historical trends – such as the pattern of liabilities – increases in risk exposure, payment of damages, the scale of current and not yet settled damage claims, court rulings and economic conditions.

Benefit and claims handling costs
Taking estimated future inflation into account, benefit and claims handling costs are managed on the basis of regular reviews and related actions.

Reinsurance

The Company enters into reinsurance agreements to mitigate non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios, taking account of the cost of reinsurance on the one hand, and the risk that is retained on the other. The impact on the Company's financial and solvency position is taken into account as well in determining the level of retention.

To limit risk concentration, excess of loss reinsurance contracts are placed with various reinsurance companies. The Company sets minimum credit rating criteria and maximum exposure per reinsurer.

4.3. Counterparty Default Risk

Counterparty default risk is the risk of loss, or of adverse change in the financial situation resulting from fluctuations in the credit standing of any debtors, counterparties and issuers of securities to which the Company is exposed.

The **main source** of counterparty default risk is the Company's exposure to reinsurance and the amounts due by policyholders and intermediaries.

Solvency II makes a distinction between **two types of exposures**:

• Type 1: These counterparties generally have a rating (reinsurance, derivatives, current account balances, deposits)

• Type 2: These counterparties are normally unrated (receivables from intermediaries and policyholders, prepayments, other debtors, amounts due from subsidiaries and related companies). These exposures are generally diversified.

The **Solvency capital** required for Counterparty Default Risk as at 31 December 2024 was €2,21mln as shown in the following table. The SCR was 35,1% lower than in 2022 due to a 50,1% decrease in CDR Type 1. On the other hand, CDR Type 2 exposures increased by 6,2%.

€000	2024	% Total	2023	% Total
Counterparty default risk	**2.463**	**100,0%**	**2.207**	**100,0%**
Diversification effects	-161	-6,1%	-151	-6,4%
Sum of risk components	**2.624**	**100,0%**	**2.358**	**100,0%**
Counterparty default risk of type 1 exposures	1.593	60,7%	1.287	54,6%
Counterparty default risk of type 2 exposures	1.031	39,3%	1.071	45,4%
CDR Reins Risk (Included in CDR Type 1)	433		405	

CDR Type 1 represents 60,7% of the undiversified amount of SCR. Approximately 79% of this exposure relates to bank current and trading accounts exposure.

CDR Type 1-Composition	2024	2023
Bank current and trading accounts	79,50%	79,50%
Reinsurance	27,22%	17,30%
Other	0,00%	3,20%
Other	**100,00%**	**100,00%**

Reinsurance

The Company has set maximum risk exposure limits and minimum credit rating criteria for reinsurers. As regards the major reinsurance treaties the minimum acceptable credit rating is A. The breakdown of reinsurance exposure as measured by the Solvency II loss given default amounts is as follows:

Reinsurers Rating	2024 % LGD	2023 % LGD
AA	78,3%	76,1%
A	21,7%	23,9%
unrated	0,0%	0,2%
Total	**100,0%**	**100,0%**

The sensitivity of regulatory solvency II capital to reinsurance risk is shown below:

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
Credit rating of largest reinsurer	-	105	-1,15%
Increase in bank current account exposure by 10%	-	130	-1,31%

Description of Scenario
Measured as the impact on SCR by the fall of the credit rating of the largest reinsurer by one credit quality step
Measured as the impact on SCR by the increase in bank current account exposures by 10%

Composition of Counterparty Default Risk Type 2 Exposures

The breakdown of the exposure of the Company to counterparty default risk type 2 is shown in the below table.

Counterparty Default Risk 2 Exposures	**2024**		**2023**	
	€0	%	€0	%
Policyholders	5.444	80%	5.547	79%
Amounts due from subsidiaries	401	6%	514	7%
Clients' Accounts	405	6%	405	6%
Intermediaries past due over than 3 months	178	3%	31	0%
Intermediaries past due less than 3 months	21	0%	119	2%
Prepayments	93	1%	94	1%
Other receivables	229	3%	271	4%
	6.770	**100%**	**6.982**	**100%**

The sensitivity of regulatory solvency II capital to counterparty default risk type 2 is shown below:

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
Increase of policyholder and intermediaries' balances by 10%	-	72	-0,73%
Increased bad debts of 5% of policyholder and intermediaries' balances	-290	-31	-0,87%

Managing counterparty default risk

The Company's risk management policy defines maximum tolerance levels for receivables in terms of credit period, maximum receivable amounts and maximum overdue amounts per counterparty category. The risk management function monitors actual risk exposures versus tolerance levels and reports its findings to the management and the Board on a quarterly basis.

As regards policyholders and intermediaries balances the Company has set strict credit control procedures which are monitored on a daily basis by the Credit Control Department. The Company has adopted strict criteria which restrict policy renewals of customers with overdue amounts above the predefined levels. The Company monitors overdue customers' accounts on a regular basis and takes appropriate action.

Banking counterparties are selected from a list of approved financial institutions which sets maximum exposure levels per bank which are determined based on assessment of credit rating, tier-1 capital adequacy ratio, liquidity ratio and profitability of the banks. Maximum exposure levels are reviewed periodically by the RMF and approved by the RMC.

Reinsurance risk is managed by setting minimum credit rating criteria and maximum exposure by reinsurers in order to reduce excessive risk concentration. For excess of loss reinsurance contracts the Company requires that they are placed with various reinsurance companies.

In addition to reinsurance credit ratings the RMF carries out an ongoing monitoring of current developments affecting the reinsurers (e.g., changes in credit ratings, acquisitions, financial results, etc.) through specialized newsletters which it receives on a regular basis. As regards the 4 main reinsurers of the Company the RMF monitors on a regular basis their share price movements, announcements and developments and receives alerts about significant adverse changes in their stock prices and bond yields.

Prudent person principle applied to credit risks

Reinsurance counterparties are selected by taking into account the credit rating and reputation of each reinsurer. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty and Atlantic ensures that only approved counterparties with a high enough credit rating are used. In addition, Atlantic uses multiple counterparties to avoid concentration risk.

Risk mitigation techniques used for credit risks

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 at least every three months. A further mitigation of credit risk is that major reinsurance counterparties are large, well established multinational reinsurers with a high credit rating. No derivatives are employed to manage credit risk.

The risk of banking counterparty default is mitigated by selecting only approved financial institutions and setting maximum exposure levels per bank based on credit assessment which ensures a satisfactory diversification of bank deposits.

4.4. Market Risk

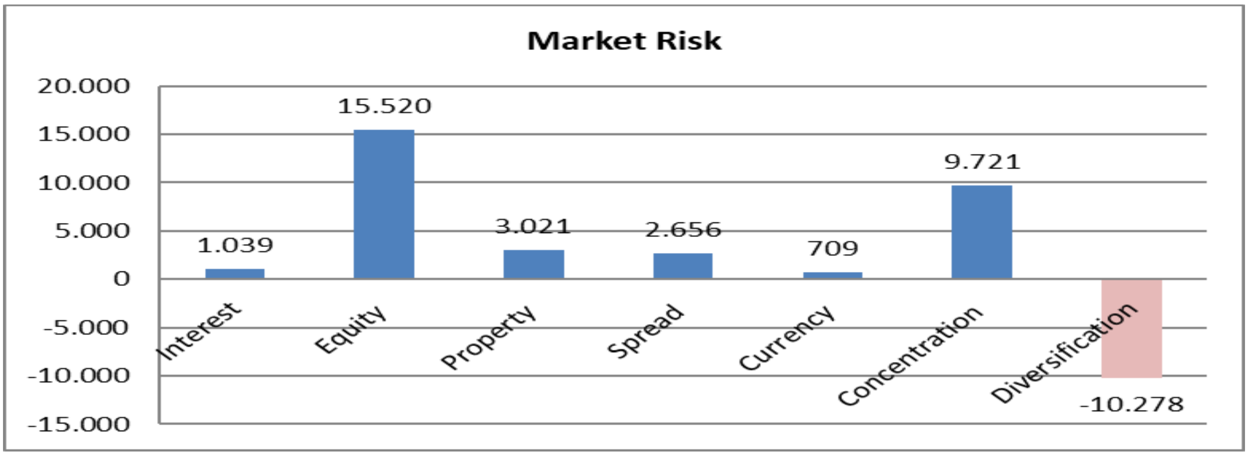
Market risk is the risk of potential losses due to adverse movements in financial market variables. Exposure to market risk is measured by the impact of movements in financial variables such as equity prices, interest rates and property prices.

The main types of market risk are:

- interest rate risk
- equity risk
- property risk
- currency risk
- spread risk
- concentration risk

A breakdown of the market risk exposure is presented in the tables below:

Market risk - €000	2024	2023	% Change
Equity risk	15.520	11.807	31,45%
Concentration risk	9.721	5.175	87,85%
Spread risk	2.656	2.408	10,31%
Property risk	3.021	2.974	1,58%
Currency risk	709	1.118	-36,58%
Interest rate risk	1039	739	40,60%
Sum of risk components	**32.666**	**24.221**	**34,87%**
Diversification effects	-10.278	-7.042	45,96%
Market risk	**22.388**	**17.179**	**30,32%**



The main market risk of the Company is equity risk which accounts for 47,5% of the undiversified market risk followed by concentration, property and spread risks which account for 29,7%, 9,2% and 8,1% respectively.

The diversification effect is an indication of the impact of having a well-diversified investment portfolio. As a result of the high degree of diversification of the Company's portfolio the diversification effect accounts for over 31,5% of the Company's undiversified SCR.

The capital requirement for market risk increased by 30,3% to €22,39mln (2023: €17,18mln) mainly as a result of the significant increase in equity and concentration risks.

Equity risk
Equity risk relates to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.

Composition of equity exposure

The fair value of equities at the end of 2024 increased by 27,7% to €38,18mln (2023: €29,90mln) of which €28,82mln (2023: €19,67mln) relates to type 1 equities. The Company's equity portfolio consists of 22 listed securities, 3 unlisted equities and 20 well diversified global equity funds, hedge funds, private equities and gold related funds. This composition secures a high level of sector and country diversification of the Company's overall equity exposure.

Equity risk-€000	2024	2023	% Change
Strategic participations	1.490	1.342	11,03%
Long-term equity investments	493	634	-22,30%
Global equity bucket	28.821	19.671	46,51%
Other equity bucket	7.382	8.254	-10,56%
	38.185	**29.901**	**27,71%**
EIOPA Symmetric Equity Volatility adjustment	2,86%	1,46%	

	2024	2023	% Change
SCR Equity Risk-Gross	15.520	11.807	31,45%
SCR Equity Risk-Net Mkt Risk	10.638	8.374	27,03%

The required capital is determined by calculating the impact on the available capital due to an immediate drop in share prices. Both assets and liabilities are taken into account. Stocks listed in regulated markets in countries in the EEA or OECD, are shocked by 39% together with the symmetric adjustment of the equity capital charge (type I). Stocks in countries that are not members of the EEA or OECD, unlisted equities, alternative investments, or investment funds in which the look-through principle is not possible, are shocked by 49% together with the symmetric adjustment of the equity capital charge (type II). The basic shock for strategic participations and long-term equity investments is 22%.

The significant increase of 31,5% in the overall solvency capital requirement for equity risk to €15,52mln from €11,81mln in 2023 is mainly attributable to the increase in equity exposures by 27,7% and the increase in the EIOPA Symmetric Equity Volatility adjustment to 2,86% from 1,46% in 2023.

The sensitivity of regulatory solvency II capital to changes in equity prices is shown in the following table.

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
Global equity prices drop by 10%	-2.882	-614	-5,66%
Other equity prices drop by 10%	-738	-195	-1,04%
Participations and long-term equities drop by 10%	-198	-22	-0,58%
EIOPA Equity Symm Adjustment increase 2%	-	1.504	-6,48%

Currency risk

Currency risk stems from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

The Company has set a list of approved foreign currencies as well as maximum tolerances for each currency.

Composition of currency exposure
The Company's overall net exposure to foreign currencies at 31 December 2024 decreased by 36,6% to €2,84mln. The gross exposure amounts to €8,28mln but is reduced to €2,84mln as a result of the USD hedging futures of €5,44mln (2023: 4,91mln).

USD accounts for 100,0% of the foreign currency exposure.

The required capital for currency risk is determined by calculating the impact on the available capital due to a change in exchange rates. For each currency, the maximum loss due to an upward and a downward shock of 25% is determined, where lower shocks are applied to several currencies.

The gross SCR currency risk of €0,71mln accounts for 2,2% of the undiversified market risk SCR. The net SCR currency risk amounted to €0,49mln (2023: €0,79mln).

Net exposure by foreign currency	**2024**		**2023**	
Currency	**€000**	**%**	**€000**	**%**
USD	2.836	100,0%	4.473	100,0%
GBP	-	0,0%	-	0,0%
AUD	-	0,0%	-	0,0%
	2.836	**100,0%**	**4.473**	**100,0%**
SCR Currency Risk-Gross	**709**		**1.118**	
SCR (After Mkt risk Diversification)	**486**		**793**	

The sensitivity of the Company's SCR to currency risk fluctuations is indicated below:

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
USD -10%	-447	-57	-1,50
All Currencies -10%	-447	-57	-1,50

Spread risk

Spread risk relates to the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

Composition of spread risk exposure

The Company’s exposure to spread risk comprises investments in corporate bonds and fixed term bank deposits of an aggregate value of €18,57mln. (2022: €16,04mln)

Assets subject to spread risk	2024	2023
	€000	€000
Corporate bonds	17.126	12.185
Non-EEA Government bonds	-	820
Fixed term bank deposits	1.442	3.032
	18.569	**16.037**

The table below shows the breakdown by credit rating and duration of the assets which are subject to spread risk.

Spread Risk	2024		2023	
Bonds	**€000**	**Duration**	**€000**	**Duration**
AAA	-	-	-	-
AA	3.091	4,9	1.094	1,8
A	3.693	3,5	3.514	1,5
BBB	985	4,6	1.520	6,4
BB	10.274	6,7	8.646	6,6
B	-	-	308	2,3
CCC or lower	-	-	307	3,0
Unrated	526	3,0	647	1,7
Total Exposure	**18.569**	**5,53**	**16.037**	**5,0**

The weighted average duration of these holdings as at 31 December 2024 was 5,53 years.

The Company also holds EEA Government bonds and treasury bills of €10,59mln (2023: €13,18mln) which are exempted from spread risk calculation under the Standard Model of Solvency II. A breakdown of the EEA Government bonds by duration is shown below:

Government Bonds	2024	2023
Duration	€000	€000
<1 year	7.014	12.647
1-5 years	2.790	-
5-10 years	489	531
>10 years	213	-
	10.590	**13.178**

The **required capital for spread risk** is determined by calculating the impact on the available capital due to the volatility of credit spreads over the term structure of the risk-free rate. The required capital for spread risk is equal to the sum of the capital requirements for bonds, structured products and credit derivatives. The capital requirement depends on (i) the market value, (ii) the modified duration and (iii) the credit quality category.

	2024	**2023**
	€000	€000
SCR Spread risk-Gross	2.656	2.408
SCR Spread risk -Net of Mkt Risk Diversification	1.819	1.708

Atlantic's required solvency capital to cover spread risk amounts to €2,65mln and accounts for 8,1% of the undiversified Market Risk SCR. The overall net solvency capital requirement is €1,82mln.

The sensitivity of the solvency ratio to changes in bond yields is monitored on a quarterly basis. The sensitivity of regulatory solvency II capital to changes in current corporate bond prices is shown in the following table.

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
Value of Bonds falls by 10%	-1.713	-137	-5,61

Property risk
Property risk arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate.

Composition of Property exposure

The Company's property exposure as at 31 December 2024 amounts to €11,89mln (2022: €11,62mln) and consists of assets held for own use, local investment properties and foreign real estate funds as shown below:

	2024	**2023**
	€000	€000
Assets held for own use	6.236	6.657
Local Investment properties	4.852	4.732
Foreign Real Estate Funds	995	953
	12.083	**11.895**

SCR property risk	**3.021**	**2.974**

The required capital for property risk is determined by calculating the impact on the available capital due to an immediate drop in property prices by 25%. The Company's SCR property risk increased in 2024 by 1,6% to €3,02mln (2023: €2,97mln). Property risk accounts for 9,2% of the undiversified SCR.

The sensitivity of the solvency ratio to changes in property values is monitored on a quarterly basis. The sensitivity of regulatory solvency II capital to changes in property prices is shown in the following table.

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
Property prices drop by 10%	-1.208	-154	-3,38%

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

The required capital for interest rate risk is determined by calculating the impact on the available capital due to changes in the yield curve. Both assets and liabilities are taken into account. The interest rate risk is the maximum loss of (i) an upward shock or (ii) a downward shock of the yield curve according to the prescribed methodology.

Atlantic's Interest rate risk remained at very low levels due to the **effective matching of financial assets and financial liabilities** as shown in the table below:

€000	**Assets**	**Net Non-life provisions**	**Other liabilities**	
Value	28.395	18.322	1.962	
Modified duration	3,12	1,61	0,90	
Current interest rate	2,439%	2,690%	3,357%	
Undiscounted Value	30.610	19.124	2.022	
up shocked interest rate	4,000%	4,573%	5,707%	
down shocked interest rate	1,073%	0,942%	0,839%	

	Assets	**Non-life provisions**	**Other liabilities**	**NAV increase**
Net asset value after upward shock	27.087	17.793	1.923	-739
Net asset value after downward shock	29.609	18.837	2.007	655

Prudent Person principle
In accordance with the "Prudent Person" Principle the BoD has set the high level investment principles that should be followed by the Atlantic's Investment Committee:

- All investment activity within the Company is driven by the size, nature and term of its liabilities and by the Company's overall risk appetite and solvency levels
- All investments must qualify under relevant laws and regulations
- Investments should be sufficiently diversified across asset classes and instruments
- The Company does not invest in complex instruments or markets where the risks cannot be sufficiently understood, measured and managed
- Outsourcing of investment to third party assets managers should adhere to the policy for outsourcing.

Management of investment risk
The Board of Directors and the Investment Committee **determine and review the investment strategy** considering the economic environment and macroeconomic conditions, as well as the solvency condition of the Company and of the main risks to which the Company is exposed.

The Company's investments are distributed into five broad asset classes according to their composition and/or investment horizon namely Cash and Cash Equivalents, Equity, Bonds, Property and Other Alternative Investments. The Board has set through the RMC **maximum Risk tolerance limits** for each asset category as a % of the Company's investment portfolio and also aggregate limits per type of risk. Investment limits are set in order to avoid **undesirable concentrations in the Company's portfolio**. Risk limits are reviewed periodically by the RMF and the RMC and revised accordingly.
Atlantic's decision to **invest in specific securities** is taken by the Investment Committee based on the risk appetite of the Company. The risk appetite is expressed in terms of acceptable asset classes for investment, the tolerance level for the risks arising from each investment and the ability to manage and monitor these investments when acquired.

Interest rate risk is managed by proper asset-liability management which aims at aligning fixed-income investments to the profile of the liabilities. The Company does not use any derivatives like interest rate swaps for hedging interest rate risk.

Assessment and risk mitigation techniques used for market risks
The investment committee oversees the investments of the Company. Investment position and risk exposures are reported on a regular basis to the Investment Committee. The committee meets regularly and makes decisions on **tactical asset allocation** always within the constraints of Atlantic's overall investment strategy which is set by the Board and its Risk management committee.

The RMF carries out a **quarterly monitoring** of investment exposure against the acceptable risk limits. Quarterly risk monitoring reports are sent to the senior management and the RMC and appropriate action is taken for any identified breaches of risk exposure limits.

On an annual basis **as part of the ORSA** a formal assessment of investment risks is carried out using stress and scenario testing which is used to assess market risks under stressed conditions.

Derivatives

The Company takes into consideration techniques to mitigate investment risks such as the **use of derivatives**. As part of its hedging policy Atlantic entered into an agreement for the sale of 25 USD futures contracts maturing on September 13, 2021 of an aggregate amount of $3,74mln with the aim of hedging currency risk arising from the USD exposure of the Company's investments and bank balances.

4.5. Concentration Risk

The risk arises from risk exposures (credit, investment, reinsurance) which could lead to a loss of such magnitude which can significantly affect the solvency and financial position of the Company.

Sources of concentration risk
Concentration risk may arise from various sources, including counterparties (e.g., customers, agents) geographical areas, business sectors, reinsurance, investment, property and banking institutions.

Concentration risk increased by 87,8% to €9,72mln from €5,17mln in 2023. The total amount of assets which are subject to concentration risk increased by 13,2% to €79,43mln (2023: €70,19mln).

Concentration Risk-€000	2024	2023	2022	% Change
Total amount of assets considered in the market risk concentrations submodule	79.428	70.191	57.367	13,2%
Threshold for counterparties with rating below A	1.191	1.053	861	13,2%
Threshold for property	7.943	7.019	5.737	13,2%
Number of counterparties	4	7	8	-42,9%

The number of counterparties or assets having an exposure in excess of the threshold decreased from 7 to 4. The counterparties with exposure above the threshold comprise of Bank of Cyprus, Hellenic Bank, Sabadel Bank Ltd and the subsidiary Atlantic Securities Ltd.

Management of concentration risk
Concentration risk is managed through the setting of maximum risk levels. The aim of risk levels is the reduction of unnecessary concentration of risk on certain assets and liabilities. The limits pose restrictions on the staff of the risk-taking business units (underwriting, investment management etc.) in order to ensure satisfactory diversification of insurance risks, investments, reinsurance etc.

Maximum exposure limits are set by the RMF in consultation with executive management and are approved by the RMC. The limits are reviewed at least once a year unless changes take place which warrant their immediate review.

4.6. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner. Liquidity risk is not quantified in the Solvency Capital Requirement of Atlantic.

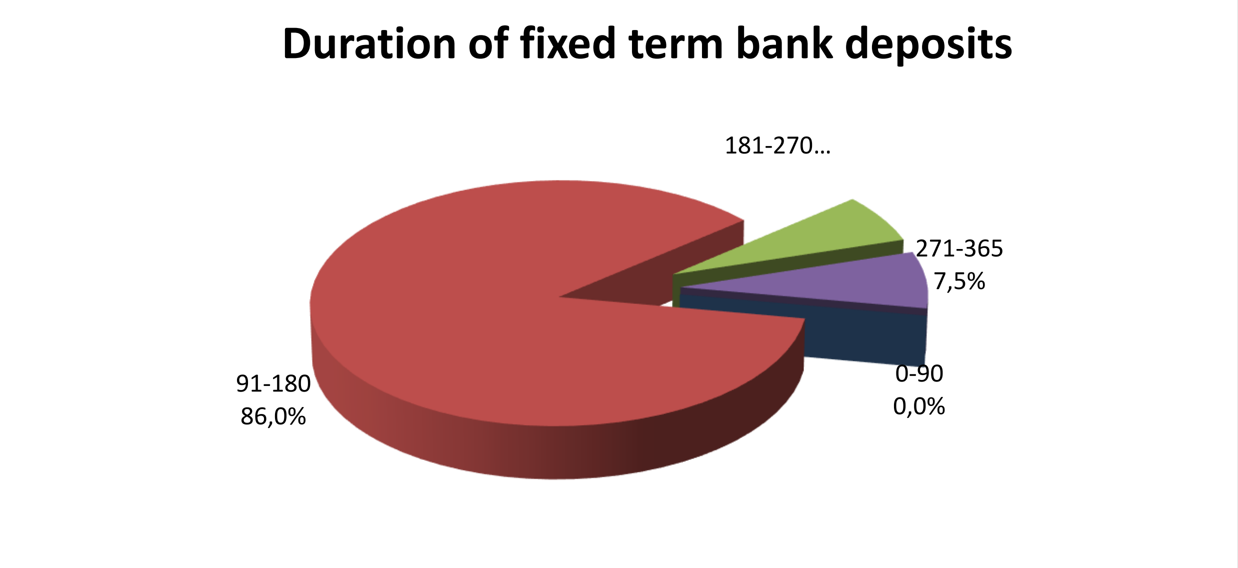
The Company recognizes different levels of liquidity management. Short-term liquidity, or daily cash management, covers the day-to-day cash requirements under normal business conditions and targets funding liquidity risk. Long-term liquidity management considers business conditions under which market liquidity risk materialises.

The Company’s liquidity management principle consists of three components. First, a minimum liquidity buffer is kept in cash and cash equivalents and liquid assets. Second, the strategic asset allocation reflects the expected and contingent liquidity needs of liabilities. Finally, an adequate and up-to-date contingency liquidity plan is in place to enable management to act effectively and efficiently in times of crisis.

The Company’s minimum liquidity buffer consists only of the following assets:

- Cash, current and instant access bank balances
- Money Market funds
- Fixed term bank deposits that expire within 90 days and provide the right of immediate termination
- Treasury bills and bonds maturing within 90 days

The Company's liquidity risk is assessed as very low since Atlantic holds liquid assets which are well in excess of the Company's minimum liquidity buffer. Additionally, the Company holds liquid investments as well as short term government treasury bills of €7,01mln and fixed term bank deposits of €1,55mln. The duration of the Company's fixed term deposits is shown below:



With regard to liquidity risk, 'the expected profit included in future premiums' ("EPIFP") means the expected present value of future cash flows which result from the inclusion in technical provisions of premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future, but that may not be received for any reason, other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.

4.7. Operational risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, system weaknesses or because of external events.

Operational risk can be segmented in the following main sub-categories:

- compliance,
- business process,
- information technology,
- outsourcing,
- business continuity,
- financial reporting.

Examples of key material operational risks that the Company faces include:

- **Legal** - the risk of a defective transaction arising; inadequate contract management or any other event occurring which results in liability for the Company.
- **Cyber/ Data security** - the risk of the inability to protect data from unauthorised access, use, disclosure, disruption, modification or destruction. The increase in cyber-risk activity over recent years has led to significant increase of data security risk.
- **IT Infrastructure** - the risk arising from lack of effectiveness, integrity, reliability, capacity and/or availability of IT infrastructure;

- **Wrong selling** – the risk of deliberate, reckless or negligent sale of products or services in circumstances where the contract is either misrepresented, or the product/service is unsuitable for the customer's needs;
- **Outsourcing** - the risk of failure, non-performance, ineffective management and/or oversight of an outsourcing partner or a binder agreement;
- **People** - the risk of inadequate recruitment practices, development, management or retention of employees and/ or contractors;
- **Execution, Delivery and Process Management** - the risk to a business unit's service provision arising from a failure to carry out operational processes in an accurate, timely and complete manner; and

The required capital for operational risk based on the standard model amounts to €0,78mln as at 31 December 2024:

Operational risk	**Capital requirement €000**
Non-life gross technical provisions (excluding risk margin)	20.527
Capital requirement for operational risk based on technical provisions	616
Earned non-life gross premiums (previous 12 months)	26.145
Earned non-life gross premiums (12 months prior to the previous 12 months)	23.734
Capital requirement for operational risk based on earned premiums	**785**
Capital requirement for operational risk charge before capping	**785**
Percentage of Basic Solvency Capital Requirement (30%)	3,02%
Capital requirement for operational risk charge after capping	**785**
Total capital requirement for operational risk	**785**

Risk sensitivity for operational risks
Operational risk makes up 3,8% of the standard formula SCR at 31 December 2022.

Risk sensitivities			
Effect on:	**Available capital**	**Required Capital**	**SCR Ratio**
Type of Risk (%)	€'000	€'000	%
Operational risk +10%	-	79	-0,80%

Description	**Scenario**
Operational risks	Measured as the impact of a 10% increase in operational risk

If operational risk was to increase by 10% the increase in the minimum SCR would be €79k and the impact on the SCR ratio would be a reduction by 0,80 basis points.

Measures used to assess operational risks
The following measures are used to assess operational risks:

- Risk assessment by RMF – the Risk management function discusses operational risk issues of each business unit with the staff of the unit to identify risk issues that need to be taken into account. The RMF uses quantitative as well qualitative procedures to assess the impact of the risk which is then subjected to stress testing techniques.
- The Solvency Capital Requirement – the standard formula Solvency Capital Requirement includes an assessment and quantification of the operational risk exposure.

Risk mitigation techniques used for operational risks
All material operational risks which the Company is exposed to, are identified and recorded by the RMF in the risk register. The risks are assessed and once the actions required to manage the risks have been agreed, the risks are reported to senior management, the Risk Management Committee and the Board.

The main actions/techniques used by the Company for mitigating operational risks are:

- Risk reduction – where possible, the Company takes action to reduce the impact of a risk. The required actions vary by risk. During the year Atlantic reduced its IT security risk by investing in new servers and firewall.
- Risk removal – where risks are outside risk appetite and there are no commercially viable means of reducing the risk, the Company may remove the risk if possible.
- Risk transfer – Atlantic outsources a number of activities and in some cases the associated risks with carrying out those activities. Whilst the Company can outsource activities, it can't transfer responsibility and therefore manages its outsourcing relationships accordingly.
- Risk acceptance – where the Company has considered all other mitigation techniques and the risk remains out of appetite, it may proceed to accept the risk with the approval of the Risk Management Committee.

4.8. Other Material Risks

As part of the regular ORSA process, the overall risk profile and associated solvency capital needs are assessed against Atlantic's actual solvency capital position, taking into account identified risks that are not incorporated into the standard formula. The following risks are recognized by the RMF as being potentially material:

- Reputation risk
- Strategic risk
- Legal environment risk
- Model risk
- New and upcoming risk
- Climate risk
- Group risk

The Company uses a combined top-down (strategic risk assessment) and bottom-up (control risk self-assessments) approach to identify the material risks to which Atlantic is exposed. The identification process also covers risks which are not incorporated into the standard formula.

Mitigating measures are assessed as well as exposure reducing actions. The risks are then ranked by Level of Concern and are translated to Atlantic's risk priorities and relevant risk scenarios for ORSA.

5. Valuation for solvency purposes

The valuation of assets is based on fair value measurement as described below. Each material asset class is described in paragraph 5.1. Valuation of technical provisions is calculated as the sum of the best estimate and the risk margin as described in paragraph 5.2. Other liabilities are described in paragraph 5.3.

The reconciliation between the IFRS Balance sheet and the Solvency II valuation is shown in the below template:

	Solvency II value	IFRS Value	Change
Assets	€0		€0
Goodwill	0	0	0
Intangible assets	0	195	-195
Deferred tax assets	0	0	0
Property, plant & equipment held for own use	6.829	6.829	0
Investments (other than assets held for index-linked and unit-linked contracts)	73.196	72.116	1.080
Property (other than for own use)	4.852	4.852	0
Holdings in related undertakings, including participations	1.490	759	731
Equities	17.036	17.036	0
Equities - listed	15.963	15.963	0
Equities - unlisted	1.073	1.073	0
Bonds	27.915	27.581	333
Government Bonds	10.590	10.506	84
Corporate Bonds	16.649	16.399	249
Structured notes	676	676	0
Collective Investments Undertakings	19.853	19.847	6
Derivatives	0	0	0
Deposits other than cash equivalents	1.559	1.549	9
Other investments	493	493	0
Loans and mortgages	400	400	0
Other loans and mortgages	400	400	0
Reinsurance recoverables from:	1.038	2.770	-1.732
Non-life and health similar to non-life	1.038		
Non-life excluding health	1.063		
Health similar to non-life	-26		
Assets from reinsurance contracts held		2.770	
Insurance and intermediaries' receivables	5.642	199	5.444
Reinsurance receivables	0	0	0
Receivables (trade, not insurance)	1	1	0
Cash and cash equivalents	3.663	3.663	0
Any other assets, not elsewhere shown	727	1.076	-349
Total assets	91.496	87.249	4.247

	Solvency II value	IFRS value	Change
Liabilities	€0	€0	€0
Technical provisions - non-life		18.736	2.540
Technical provisions - non-life (excluding health)	20.196		
TP calculated as a whole	0		
Best Estimate	19.489		
Risk margin	707		
Technical provisions - health (similar to non-life)	1.080		
TP calculated as a whole	0		
Best Estimate	1.038		
Risk margin	42		
LRC -Liability for remaining coverage		5.429	
LIC-Liability for incurred claims		12.638	
Other technical provisions		0	0
Contingent liabilities	0	0	0
Provisions other than technical provisions	0	0	0
Pension benefit obligations	30	30	0
Deposits from reinsurers	0	0	0
Deferred tax liabilities	164	46	118
Derivatives	371	371	0
Debts owed to credit institutions	15	15	0
Debts owed to credit institutions resident domestically	15	15	0
Financial liabilities other than debts owed to credit institutions	0	0	0
Insurance & intermediaries payables	0	0	0
Reinsurance payables	718	0	718
Payables (trade, not insurance)	1.087	1.087	0
Subordinated liabilities	0		0
Subordinated liabilities not in BOF	0	0	0
Subordinated liabilities in BOF	0	0	0
Any other liabilities, not elsewhere shown	1.271	1.226	44
Total liabilities	24.932	21.512	3.420
Excess of assets over liabilities	66.564	65.737	827

5.1. Assets

Fair value measurement

In accordance with the Delegated Regulation, Solvency II figures are based on fair value. In line with the valuation methodology described in article 75 and further of the Solvency II directive and articles 9 and 10, the following three hierarchical levels are used to determine the fair value of financial instruments and non-financial instruments when accounting for assets and liabilities at fair value:

- Fair value based on quoted prices in an active market
- Fair value based on observable market data
- Fair value not based on observable market data

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

Goodwill and Intangible assets

Intangible assets relate to computer software and goodwill arising on the acquisition of agents' portfolios. Goodwill and intangible assets are not recognized in the Solvency II framework and are set to nil. As a result, there is a difference between the Solvency II and IFRS value of €195k.

Deferred tax assets

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

Property, plant, and equipment held for own use

Property is recognized at fair value as determined at the end of the year by professional independent property valuers. Plant and equipment is valued at cost minus accumulated depreciation which provides a close approximation of fair value.

Investments - Property (other than for own use)

Investment properties are valued at fair value as determined at the end of the year by professional independent property valuers.

Investments - Holdings in related undertakings, including participations
Valuation of holdings in related undertakings is based on fair value or, if not applicable, based on the net equity method. Under IFRS these assets are valued at cost minus provision for diminution in value of the related undertaking. As a result of the different valuation methods there is a difference of €731k between the SII value and the value based on IFRS.

Investments – Equity, collective investment funds

Listed equities and collective investment funds are valued using the fair value based on quoted prices in an active market. Private equity funds and unlisted property funds are valued based on the level 3 method of the fair value hierarchy using non-observable inputs obtained from the third-party custodian. The main non-observable market input for these assets is the net asset value of the investment which is provided quarterly by the custodian of the funds. Investments in pools are valued using the equity accounting method.

As at 31 December 2024 all of the Company's investments in equities were listed with the exception of the following:

- €493k which represents the Company's share in the net assets of the Cyprus Hire Risks Pool and OSEDA
- €1073k investments in three unlisted property development funds located in Germany. These investments were valued at cost because they are still at an early stage of completion.

As regards collective investment funds, all investments held were listed with the exception of a private equity fund of €360k and of a global real estate fund of €4k, both managed by Morgan Stanley and a private equity fund of €339k which is under custody with EFG AG.

Investments –Bonds

All of the Company's investments in bonds are listed in regulated stock exchanges with the exception of a bond issued by Astrobank of €100k nominal value which is valued using the fair value based on quoted prices in an active market. Accrued interest is added to the value of the bonds.

The difference in the Solvency II value of listed bonds of €333k relates to accrued interest (government bonds €84k and corporate bonds €249k) which under the IFRS financial statements is included in other debtors.

Derivatives

The Company uses futures and forward contracts to hedge the currency risk arising from its investments denominated in foreign currencies. Derivative assets are valued using the fair value method as the difference between the spot rate at the reporting date and the forward contract rate.

Deposits other than cash and cash equivalents

Deposits other than cash and cash equivalents are valued at fair value. Accrued interest is included as part of the value of the deposits.

The difference in the Solvency II value of deposits relates to the accrued interest on bank deposits of €9k which under the IFRS financial statements is included in other debtors.

Insurance and intermediaries' receivables

Insurance and intermediaries' receivable balances represent premiums owed from policyholders and intermediaries. Outstanding premiums are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required. The management assesses whether any objective evidence of impairment of insurance receivables exists. In that case receivables are regarded as doubtful and are adequately provided for. Objective evidence includes payment delays, overdue amounts, indication of significant weakness in repayment of debts, legal procedures and bankruptcy.

In the Company's financial statements, under IFRS17 the value of insurance and intermediaries' receivables relating to active insurance policies of €5,44mln is deducted from the value of the Liability for remaining coverage under insurance liabilities.

Own shares

Own shares are valued at fair value based on quoted prices in an active market and are included as part of assets in the balance sheet. In its IFRS financial statements the Company deducts own shares from reserves. As at 31 December 2024 the Company did not hold any own shares.

Cash and cash equivalents

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

Other assets

Other assets include accrued interest, commission receivable, prepayments and other debtors. The difference of €349k between the Solvency II and the IFRS value relates to accrued interest which under Solvency II is shown as part of the relevant bonds and bank deposits.

5.2. Technical provisions

Methods

The technical provision is the sum of the best estimate and the risk margin.

€000	2024	2023	Change
Best estimate	19.489	18.320	6,4%
Risk margin	749	665	12,6%
Technical provisions	**20.238**	**18.986**	**6,6%**

The net Solvency II value of technical provisions amounted to €20,24mln and consists of the **Best Estimate** of €19,49mln and of the **Risk Margin** of €0,75mln which accounts for 3,65% of the Best Estimate.

Best Estimate

The best estimate is the net present value of projected cash flows from insurance contracts, i.e., benefits and claims, and costs less premiums. These cash flows are estimated using best estimate assumptions with respect to recovery, claims experience, expense and inflation.

The cash flows are discounted using the term structure of risk-free interest rates as prescribed under Solvency II for the valuation of underwriting liabilities.

Technical provisions-Best Estimate	2024	2023	% Change
Best estimate-Gross	**20.527**	**19.157**	**7,2%**
Premium Provisions-Gross	7.817	7.562	3,4%
Claim Provisions-Gross	12.710	11.595	9,6%
Best estimate-Net	**19.489**	**18.320**	**6,4%**
Premium Provisions-Net	8.358	7.975	4,8%
Claim Provisions-Net	11.131	10.346	7,6%

The gross best estimate consists of premium provisions of €7,82mln and of claim provisions of €12,71mln. The net best estimate of technical provisions increased by 6,4% and amounted to €19,49mln compared to €18,32mln in 2023. The net technical provisions comprised of premium provisions of €8,36mln and of claim provisions of €11,13mln.

Risk margin

The risk margin is determined using the Cost of Capital (CoC) method, with a Cost-of-Capital rate of 6%, in line with the Delegated Regulation. The risk margin is based on the Solvency Capital Requirement (SCR) of all insurance risks, operational risk and counterparty default risk for reinsurance arrangements and other material exposures which are closely related to insurance liabilities.

The SCR calculation is making allowance for the correlations between risks using correlation factors as defined in the standard model. In determining the risk margin, allowance is also made for diversification between risk groups within the entity, but not between legal entities.

Risk-free yield curve

The basis for the reference rate of the best estimate is the swap rate at the date of valuation. The below RFR curve with no volatility adjustment was used for discounting technical provisions.

Year	1	2	3	4	5	6	7	8	9	10
Baseline	2,24%	2,09%	2,09%	2,12%	2,14%	2,17%	2,20%	2,22%	2,24%	2,27%
SCR up	3,80%	3,56%	3,43%	3,37%	3,32%	3,30%	3,28%	3,27%	3,24%	3,27%
SCR down	0,56%	0,73%	0,92%	1,06%	1,16%	1,26%	1,34%	1,42%	1,50%	1,56%

Technical provisions by line of business

Line of Business -€000	Gross	Reinsurers' Share	Net
Accident and health	1.038	-26	1.063
Motor	15.699	845	14.854
Marine	213	109	104
Property	1.154	266	888
Liability	2.358	32	2.326
Credit	1	0	1
Assistance	60	-186	246
Miscellaneous	4	-3	7
Total	**20.527**	**1.038**	**19.489**

Level of uncertainty

Atlantic distinguishes between two sources of uncertainty with regard to the level of the technical provisions. These sources are model risk and process risk. The uncertainty associated with these risks has been mitigated as described below:

Process risk

The process risk is mitigated by creating a reasonable degree of assurance as to the reliability of financial reports and information. Key controls for the calculation of technical provisions process have been identified and implemented. The effectiveness of the process controls is strengthened by the periodic independent verification of the calculation of technical provisions by an external professional actuary.

Model risk

The models used by the Company for the calculation of technical provisions were reviewed and validated by external professional advisors. The Company incorporated in its calculation models all recommendations raised by the external advisors. The Company employs regular procedures and validation checks to provide adequate assurance that the reported figures do not contain any material misstatements or that no key facts have been omitted. The actuarial function performs an independent internal review of the technical provision's calculation on a periodic basis.

Due to the above mitigation factors, the Company did not consider that there is a need for adding any further amount in the value of its technical provisions to cover process and model error risk.

Sensitivity analysis

We provide below the results of the sensitivity of the best estimate technical provisions to the key assumptions used for the estimation:

	Basic *		Gross Loss Ratio			Admin Expenses			RI Claims Ratio			Claims Costs	
Gross - Current Basis, SII	21.257		21.395	0,7%		21.378	0,6%		21.257	0,0%		21.357	0,5%
Premiums provisions	8.050		8.188	1,7%		8.171	1,5%		8.050	0,0%		8.101	0,6%
Post claims technical provisions	13.207		13.207	0,0%		13.207	0,0%		13.207	0,0%		13.255	0,4%
Net - Current Basis, SII	20.174		20.295	0,6%		20.295	0,6%		20.248	0,4%		20.274	0,5%
Premiums provisions	8.607		8.728	1,4%		8.728	1,4%		8.681	0,9%		8.659	0,6%
Post claims technical provisions	11.567		11.567	0,0%		11.567	0,0%		11.567	0,0%		11.615	0,4%
Basic Assumption			40,7%			16,8%			20,5%			15,0%	40,7%
Revised assumption			41,7%			17,8%			21,5%			16,0%	41,7%

*The above amounts are shown before discounting

Comparison between the Solvency II and the IFRS valuation

A comparison between the Solvency II and the IFRS valuation of insurance liabilities is shown in the below table:

IFRS 17 Insurance liabilities	€
Liability for remaining coverage	10.873
Less insurance receivables	(5.444)
	5.429
Liability for incurred claims	13.307
	18.736

Solvency II technical provisions	
Premium Provisions	7.817
Claim Provisions	12.710
Risk margin	749
	21.276

The below table shows a comparison between the Solvency II and the IFRS valuation of assets under reinsurance contracts held:

IFRS17 Assets from reinsurance contracts held	
Asset for remaining coverage	1.130
Asset for incurred claims	1.640
	2.770

Solvency II Reinsurers' share of TP	
Premium Provisions	-541
Claim Provisions	1.578
	1.038

5.3. Other liabilities

Valuation of other liabilities

In line with the valuation of assets, the accounting principles for other liabilities used in the Pillar III reports are generally also based on the IFRS as adopted by the EU. Any differences between the methods for IFRS and Solvency II purposes are addressed in detail per liability category.

Deferred tax liabilities

Deferred tax liabilities are recognized in relation to temporary timing differences between accounting and tax values of assets and liabilities. The amount of deferred tax is calculated using the applicable effective tax rates. Solvency II valuation principles also include a deferred tax asset or liability which is calculated using the applicable effective tax rate of the Company of 12,5% on the relevant Solvency II assets and liabilities valuation adjustments. In accordance with the Delegated Regulation the deferred tax assets and liabilities position resulting from Solvency II valuation adjustments is netted off in the balance sheet. As at 31 December 2024 the amount of deferred tax liabilities on the Solvency II valuation adjustments was €118k.

Derivatives

The Company uses futures and forward contracts to hedge the currency risk arising from its investments denominated in foreign currencies. Derivative liabilities are valued using the fair value method as the difference between the spot rate at the reporting date and the forward contract rate.

Reinsurance payables

Reinsurance payables relate to amounts due under reinsurance contracts which were in force at the reporting date. The amounts payable are calculated in accordance with reinsurance agreements and contract notes. No estimation methods, adjustments for future value or valuation judgements are required for these balances. The timing of expected economic outflows to settle the liability with each reinsurer is contractually based. Under IFRS the reinsurance payables of €718k are deducted from the amount of the Assets for remaining coverage.

Trade payables (non-insurance)

The balances relate to amounts due to suppliers of consumables, equipment and services. These liabilities are valued using the fair value method based on the actual contractual amounts. Due to their short-term duration, no future value adjustments are normally necessary.

Any other liabilities

Other liabilities include amounts payable for taxation, dividends and amounts due to subsidiary undertakings and related persons. The difference of €44k between Solvency II and IFRS relate to an insurance payable which under IFRS is deducted from the insurance liabilities.

Contingent liabilities

Contingent liabilities are defined as:

- a possible obligation depending on whether some uncertain future event occurs, or
- a present obligation but payment is not probable or the amount cannot be measured reliably.

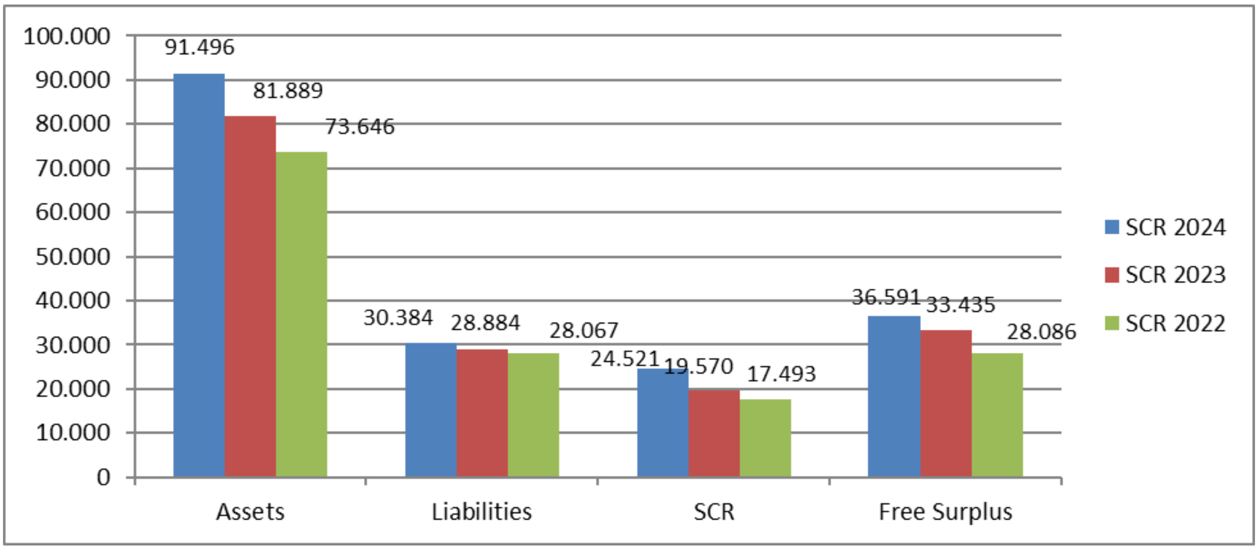
Solvency II prescribes that all contingent liabilities be recognized on the Solvency II balance sheet. The Company carries a regular review at each reporting date to assess whether any contingent liabilities should be recognized on the Solvency II balance sheet. As at 31 December 2024 there were no significant contingent liabilities.

6. Capital management

6.1. Key figures

Solvency ratio comparison-€000	2024	2023	2022	2021	% Change
Value of assets	91.496	81.889	73.646	74.089	11,7%
Value of technical provisions and other liabilities	30.384	28.884	28.067	30.232	5,2%
Available eligible capital	**61.112**	**53.004**	**45.579**	**43.857**	**15,3%**
Required capital (SCR, required solvency margin)	**24.521**	**19.570**	**17.493**	**20.207**	**25,3%**
'Free surplus'	36.591	33.435	28.086	23.650	9,4%
Solvency Ratio	**249,22%**	**270,85%**	**260,6%**	**217,0%**	**-21,6%**

The **Solvency Ratio** decreased to 249,2% in 2024 from 270,8% in 2023. The decrease is due to the fact that the Solvency Capital Required (SCR) increased by 25,3% whilst the available eligible capital increased by only 15,3%.



6.2. Objectives, policies and processes

Objectives, policies and processes
The Company is committed to maintain a strong capital position in order to be a robust insurer for its policyholders and other stakeholders. The objective is to maintain a solvency level that is within the limits defined in the risk appetite statements and the solvency targets.

Sensitivities are periodically performed for principal risks and annual stress tests are performed to test Atlantic's ability to withstand moderate to severe adverse scenarios.

The SCR is reported on a quarterly basis and the internal minimum solvency ratio for Atlantic as formulated in the risk appetite statement is 150%. The solvency ratio stood at 249,22% at 31 December 2024, which was comfortably higher than both the internal limit of 150% and the minimum regulatory limit of 100%.

The Company uses a 3-year business planning horizon as part of the ORSA process. On an annual basis, and having regard to the results of stress tests applied to the projections over the three-year planning period, the Management will consider whether further action is required in accordance with the Company's approved contingency plan.

Capital generated by operating units and future capital releases will be allocated to profitable growth of new business or distributed to shareholders. The objective of the Company's active capital management is to improve its capital generation capacity through business improvement and balance sheet restructuring.

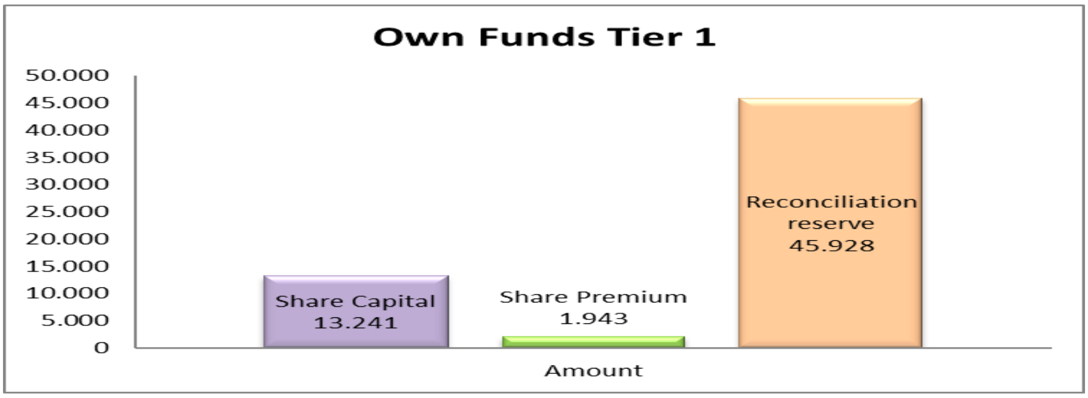
The Board's decision on the payment of dividend takes into consideration the current and projected SCR levels of the Company.

6.3. Eligible Own funds

Atlantic's eligible own funds amount to €61,11mln. The Company's own funds are all tier 1 unrestricted and available to cover the SCR and MCR.

Basic Own Fund Items-€000	Current accounting bases	SII Valuation Principles	Tier 1	Tier 2	Tier 3
Ordinary share capital (net of own shares)	**13.241**	**13.241**	**13.241**	**0**	**0**
Paid up	13.241	13.241	13.241		
Share premium account	**1.943**	**1.943**	**1.943**	**0**	**0**
Reconciliation reserve		**45.928**		**0**	**0**
Retained earnings including profits from the year	46.973	46.973	46.973	0	0
Other reserves from accounting balance sheet	3.580	3.580	3.580	0	0
Reconciliation adjustments		**-4.625**	**-4.625**	**0**	**0**
Adjustments to assets		4.247	4.247	0	0
Adjustments to technical provisions		-2.540	-2.540	0	0
Foreseeable Dividends		-5.452	-5.452	0	0
Adjustments to other liabilities		-880	-880	0	0
Own Shares included in Assets		0	0	0	0
Surplus funds		0	0	0	0
Expected profit in future premiums		0	0	0	0
Other paid in capital instruments			0	**0**	**0**
Preference shares		0	0	0	0
Subordinated liabilities	0	0	0	0	0
Other items not specified above	0	0	0	0	0
Total Basic own funds before adjustments	**65.737**	**61.112**	**61.112**	**0**	**0**
	0	0	0		
Total available own funds to meet SCR	**65.737**	**61.112**	**61.112**	**0**	**0**

With respect to the capital position, Solvency II requires the insurers to categorize own funds into 3 tiers of capital with differing qualifications as eligible available regulatory capital. The rules impose limits on the amount of each tier that can be held to cover capital requirements with the aim of ensuring that the items will be available if needed to absorb any losses that might arise.



The Company's ordinary share capital, share premium arising on ordinary share capital and reconciliation reserve are all available as tier 1 unrestricted own funds as per Article 69 (a)(i) of the Delegated Regulation.

The Company has no tier 1 restricted own funds (per Article 80 of the Delegated Regulations), no tier 2 own funds (per Article 72 of the Delegated Regulations) no tier 3 own funds (per Article 76 of the Delegated Regulations) and no ancillary own funds. There is no item of basic own funds which is subject to the transitional arrangements referred to in articles 308 b (9) and 308 b (10).

6.4. Reconciliation of Own Funds

The reconciliation between the Company's own funds shown in its IFRS financial statements and the excess of assets over liabilities as calculated for solvency purposes is shown below:

Basic Own Fund Items-€000	**2024**
IFRS Own funds	**65.737**
Reconciliation Differences	**4.625**
Adjustment to Assets	**4.247**
Intangible Assets	-195
Participations	731
Assets from reinsurance contracts	-1.732
Insurance and intermediaries' receivables	5.444
Adjustment to liabilities	**3.420**
TP Best Estimate -LIC & LRC	2.540
Reinsurance payables	718
Other liabilities	44
Deferred taxes	118
Foreseeable Dividends	**-5.452**
Total available own funds to meet SCR	**61.112**

The total adjustments in own funds calculated based on IFRS amount to €4,62mln and comprise of assets adjustments of €4,25mln, adjustments to liabilities of €3,42mln and foreseeable dividends of €5,45mln.

The adjustments to assets relate to the decrease in Assets for reinsurance polices of -€1,73mln, insurance and intermediaries' receivables of €5,44mln which under IFRS are deducted from insurance liabilities, the exclusion of intangible assets of €195k and valuation differences of participations of €731k.

The adjustments to liabilities relate to the increase in the value of technical provisions by €2,54mln based on Solvency II valuation principles, reinsurance payables of €718k and other liabilities of €44k which under IFRS are included as part of insurance liabilities and the increase of deferred tax liabilities of €118k on Solvency II valuation adjustments.

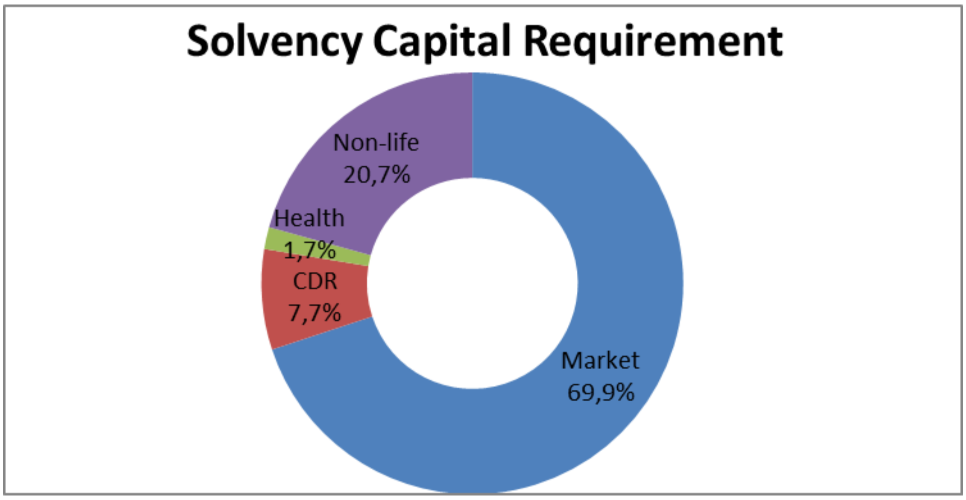
6.5. Solvency Capital Requirement

The Solvency capital requirement ("SCR") which is calculated based on the Standard Formula of Pillar 1 amounts to €24,52mln with an increase of 25,3% from the previous year. The increase mainly relates to the increase in market risk by 30,3%.

€000	2024	2023	% Change
Solvency Capital Requirement	**24.521**	**19.570**	**25,3%**
SCR operational risk	784	712	10,3%
Adjustment for the LAE of TP and deferred taxes	-2.269	-1.846	22,9%
Basic Solvency Capital Requirement	**26.006**	**20.703**	**25,6%**
Diversification effects	-6.012	-5.368	12,0%
Sum of risk components	**32.018**	**26.071**	**22,8%**
Market risk	22.388	17.179	30,3%
Counterparty default risk	2.463	2.207	11,6%
Health underwriting risk	537	535	0,3%
Non-Life underwriting risk	6.630	6.150	7,8%

The adjustment for the loss absorbing effect of technical provisions and deferred taxes amounted to €2,27mln (2023: €1,85mln). In recognizing the above amount, the Company considered whether the full amount is expected to be utilized by future taxable profits over the next 5 years both under normal operating conditions as well as under stressed economic conditions.

The main components of the Company's SCR are the market risk 69,9%, underwriting risk 22,4% and counterparty default risk 7,7%. A breakdown of the undiversified SCR by risk modules is shown below:



Market risk is analysed in the following risk modules:

€000	2024	2023	% Change
Market risk	**22.388**	**17.179**	**30,3%**
Diversification effects	-10.278	-7.042	46,0%
Sum of risk components	**32.666**	**24.221**	**34,9%**
Interest rate risk	1.039	739	40,5%
Equity risk	15.520	11.807	31,5%
Property risk	3.021	2.974	1,6%
Spread risk	2.656	2.408	10,3%
Currency risk	709	1.118	-36,6%
Concentration risk	9.721	5.175	87,8%

The increase in market risk by 30,3% to €22,39mln is mainly attributable to the increase in equity risk, as well as the increase in concentration and spread risks.

Assets Risk Analysis-€000	2024	% Total	2023	% Total	% Change
Concentration Risk	79.428	86,81%	70.191	85,71%	13,16%
Counterparty Risk	12.012	13,13%	11.643	14,22%	3,17%
None (Cash /Deferred Tax/Other)	56	0,06%	55	0,07%	
	91.496	**100,00%**	**81.889**	**100,00%**	**11,73%**

The total Solvency II value of the Company's assets increased by 11,7% to €91,49mln (2023: €81,89mln).

Total assets subject to concentration risk comprised 13,2% of total assets and amounted to €79,43mln whilst assets subject to counterparty default risk amounted to €12,01mln and accounted for 14,2% of total assets.

Undertaking specific parameters

In the calculation of the SCR non-life underwriting risk the Company did not make any use of undertaking specific parameters.

Capital Add-on

The Insurance Companies Control Service has made use of the option provided in article 51(2) of the Solvency II Directive 2009/138/EC. The Company was not required to use any capital add-on nor Company specific parameters in the calculation of the SCR.

6.6. Minimum Capital Requirement ("MCR")

The Company's MCR as at 31 December 2024 amounts to €6,13mln.

The linear minimum capital requirement amounts to €3,47mln and the absolute floor level of MCR to €4,0mln.

Inputs used to calculate the Minimum Capital Requirement

The table below shows the inputs into the MCR calculation as at 31 December 2024. The absolute floor of the Minimum Capital Requirement is prescribed by EIOPA and stated in €000 below.

Overall MCR calculation	**€000**
Linear MCR	3.471
SCR	24.521
MCR cap	11.035
MCR floor	6.130
Combined MCR	**6.130**
Absolute floor of the MCR	4.000
Minimum Capital Requirement	**6.130**

Material changes of MCR and SCR

There were no other material changes in the MCR and SCR over the reporting period other than the ones described above.

Non-compliance with the MCR and SCR

Atlantic has not faced any form of non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement during the reporting period or at the reporting date.

Any other information

Dividend policy and capital actions

The Company has formulated its dividend policy in line with its current strategy. The objective of its policy is to pay an annual dividend that creates sustainable long-term value for its shareholders. The Company aims to operate at a solvency ratio, calculated according to the standard formula, above the management threshold level of at least 150% of the Solvency Capital Requirement (''SCR'').

The Board of Directors decided at its meeting on April 4, 2025 that due to the forthcoming tax reform the issue of the payment of a dividend which will be proposed for approval at the Company's Annual General Meeting will be reexamined at its meeting on September 3, 2025.

On July 1, 2024 the Company paid dividends of €5,45mln to its shareholders, that represents a dividend of 14,0 cents per share which was approved by the Annual General Meeting on June 5, 2024.

Validations

Atlantic Insurance Company Public Limited

Approval by the Board of Directors of the Solvency and Financial Condition Report

Financial period ended 31 December 2024

We certify that:
1 the Solvency and Financial Condition Report ("SFCR") has been properly prepared in all material respects in accordance with the Solvency II Regulations; and
2 we are satisfied that:
(a) throughout the financial year in question, the Company has complied in all material respects with the requirements of the Solvency II Regulations as applicable to the insurer; and
(b) it is reasonable to believe that, at the date of the publication of the SFCR, the Company has continued to comply, and will continue to comply in future.

Approval by the Administrative, Management or Supervisory Body of the SFCR and reporting templates

Emilios Pyrishis

Chief Executive Officer

atlantic INSURANCE CO. PUBLIC LTD

Loukis Ioannou

C.F.O, Head of Risk Management Function

Appendix: Templates

General information

Undertaking name	ATLANTIC INSURANCE COMPANY PUBLIC LTD
Undertaking identification code	213800ZUWYFW5BADU685
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	CY
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	6.829
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	73.196
R0080	*Property (other than for own use)*	4.852
R0090	*Holdings in related undertakings, including participations*	1.490
R0100	*Equities*	17.528
R0110	*Equities - listed*	15.963
R0120	*Equities - unlisted*	1.565
R0130	*Bonds*	27.915
R0140	*Government Bonds*	10.590
R0150	*Corporate Bonds*	16.649
R0160	*Structured notes*	676
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	19.853
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	1.559
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	400
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	400
R0270	Reinsurance recoverables from:	1.038
R0280	*Non-life and health similar to non-life*	1.038
R0290	*Non-life excluding health*	1.063
R0300	*Health similar to non-life*	-26
R0310	*Life and health similar to life, excluding 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	5.642
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	1
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	3.663
R0420	Any other assets, not elsewhere shown	727
R0500	**Total assets**	**91.496**

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	21.276
R0520	*Technical provisions - non-life (excluding health)*	20.196
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	19.489
R0550	*Risk margin*	707
R0560	*Technical provisions - health (similar to non-life)*	1.080
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	1.038
R0590	*Risk margin*	42
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*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	30
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	165
R0790	Derivatives	371
R0800	Debts owed to credit institutions	15
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	718
R0840	Payables (trade, not insurance)	1.087
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	1.271
R0900	**Total liabilities**	24.932
R1000	**Excess of assets over liabilities**	66.565

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Total
		Medical expense 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	Assistance	Misc. financial loss	
		C0010	C0040	C0050	C0060	C0070	C0080	C0090	C0110	C0120	C0200
	Premiums written										
R0110	Gross - Direct Business	2.706	10.423	5.637	229	4.423	1.650	15	875	21	25.980
R0120	Gross - Proportional reinsurance accepted	0	70	38	1	198	86	0	0	0	392
R0130	Gross - Non-proportional reinsurance accepted										0
R0140	Reinsurers' share	92	538	302	156	3.039	317	0	486	13	4.942
R0200	Net	2.614	9.955	5.373	74	1.583	1.419	15	389	7	21.430
	Premiums earned										
R0210	Gross - Direct Business	2.735	10.072	5.522	232	4.714	1.637	14	804	22	25.753
R0220	Gross - Proportional reinsurance accepted	0	70	38	1	198	86	0	0	0	392
R0230	Gross - Non-proportional reinsurance accepted										0
R0240	Reinsurers' share	152	403	462	158	3.298	292	0	422	14	5.201
R0300	Net	2.584	9.739	5.098	75	1.614	1.431	14	382	8	20.944
	Claims incurred										
R0310	Gross - Direct Business	807	5.382	3.057	-20	676	367	0	0	0	10.270
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted										0
R0340	Reinsurers' share	27	210	0	1	404	13	0	0	0	654
R0400	Net	780	5.172	3.057	-20	272	355	0	0	0	9.616
R0550	**Expenses incurred**	481	3.190	1.584	63	1.354	480	4	118	3	7.277
R1210	**Balance - other technical expenses/income**										0
R1300	**Total technical expenses**										7.277

S.17.01.02
Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance									Total Non-Life obligation
		Medical expense 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	Assistance	Miscellaneous financial loss	
		C0020	C0050	C0060	C0070	C0080	C0090	C0100	C0120	C0130	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole										0
	Technical provisions calculated as a sum of BE and RM										
	Best estimate										
	Premium provisions										
R0060	Gross	675	3.990	1.990	26	766	306	1	59	4	7.817
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-51	-85	-119	10	13	-120	0	-186	-3	-541
R0150	**Net Best Estimate of Premium Provisions**	726	4.075	2.109	16	753	426	1	246	7	8.358
	Claims provisions										
R0160	Gross	363	8.365	1.354	187	389	2.052	0	1	0	12.710
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	25	1.049	0	99	253	152	0	0	0	1.578
R0250	**Net Best Estimate of Claims Provisions**	338	7.316	1.354	88	135	1.900	0	0	0	11.131

S.17.01.02

Non-Life Technical Provisions (Continued)

		Direct business and accepted proportional reinsurance									Total Non-Life obligation
		Medical expense 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	Assistance	Miscellaneous financial loss	
		C0020	C0050	C0060	C0070	C0080	C0090	C0100	C0120	C0130	C0180
R0260	**Total best estimate - gross**	1.038	12.355	3.344	213	1.154	2.358	1	60	4	20.527
R0270	**Total best estimate - net**	1.063	11.391	3.463	104	888	2.326	1	246	7	19.489
R0280	**Risk margin**	42	397	143	7	51	101	1	7	0	749
R0320	**Technical provisions - total**	1.080	12.751	3.487	220	1.205	2.459	2	66	5	21.276
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	-26	964	-119	109	266	32	0	-186	-3	1.038
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	1.106	11.788	3.606	111	939	2.426	2	253	7	20.238

S.19.01.21
Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
	Year	**Development year**												**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											1		1	1
R0160	-9	6.193	2.145	355	98	2	27	16	76	139	211			211	9.263
R0170	-8	5.052	2.067	6.349	69	6.631	111	31	115	-29				-29	20.396
R0180	-7	5.310	1.843	78	208	58	-2	78	44					44	7.616
R0190	-6	5.916	1.925	289	450	77	16	5						5	8.679
R0200	-5	6.388	1.883	145	38	64	13							13	8.531
R0210	-4	4.868	1.462	250	79	45								45	6.704
R0220	-3	4.950	1.956	259	84									84	7.249
R0230	-2	5.801	2.275	164										164	8.240
R0240	-1	5.885	2.017											2.017	7.901
R0250	0	6.552												6.552	6.552
R0260													**Total**	9.106	91.131

S.19.01.21 (Continued)

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
	Year	**Development year**												**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											792		763
R0160	-9	0	1.115	538	321	313	368	564	525	394	196			188
R0170	-8	24.688	21.293	10.638	7.091	429	384	387	280	229				220
R0180	-7	4.786	1.288	1.191	1.086	958	795	637	614					596
R0190	-6	4.574	1.427	1.312	1.350	1.400	1.394	1.252						1.202
R0200	-5	4.864	1.144	868	757	515	407							386
R0210	-4	4.327	2.189	1.533	1.510	1.477								1.415
R0220	-3	4.178	1.769	1.220	841									805
R0230	-2	4.330	1.501	1.191										1.150
R0240	-1	3.746	1.798											1.735
R0250	0	4.243												4.120
R0260													**Total**	12.580

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	13.241	13.241		0	
R0030	Share premium account related to ordinary share capital	1.943	1.943		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	45.928	45.928			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	61.112	61.112	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0

S.23.01.01 (Continued)
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	61.112	61.112	0	0	0
R0510	Total available own funds to meet the MCR	61.112	61.112	0	0	
R0540	Total eligible own funds to meet the SCR	61.112	61.112	0	0	0
R0550	Total eligible own funds to meet the MCR	61.112	61.112	0	0	
R0580	**SCR**	24.521				
R0600	**MCR**	6.130				
R0620	**Ratio of Eligible own funds to SCR**	249,22%				
R0640	**Ratio of Eligible own funds to MCR**	996,88%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	66.565
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	5.452
R0730	Other basic own fund items	15.184
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	45.928
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	17.179		
R0020	Counterparty default risk	2.207		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	535		
R0050	Non-life underwriting risk	6.150		
R0060	Diversification	-5.368		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	20.703		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	712
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-1.846
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**	19.570
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	19.570
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

S.25.01.21 (Continued)

Solvency Capital Requirement - for undertakings on Standard Formula

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

		LAC DT
	Calculation of loss absorbing capacity of deferred taxes	C0130
R0640	LAC DT	-2.269
R0650	LAC DT justified by reversion of deferred tax liabilities	-2.269
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

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	3.471

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	1.063	2.614
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	11.391	9.955
R0060	Other motor insurance and proportional reinsurance	3.463	5.373
R0070	Marine, aviation and transport insurance and proportional reinsurance	104	74
R0080	Fire and other damage to property insurance and proportional reinsurance	888	1.583
R0090	General liability insurance and proportional reinsurance	2.326	1.419
R0100	Credit and suretyship insurance and proportional reinsurance	1	15
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	246	389
R0130	Miscellaneous financial loss insurance and proportional reinsurance	7	7

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	3.471
R0310	SCR	24.521
R0320	MCR cap	11.035
R0330	MCR floor	6.130
R0340	Combined MCR	6.130
R0350	Absolute floor of the MCR	4.000
R0400	**Minimum Capital Requirement**	6.130