



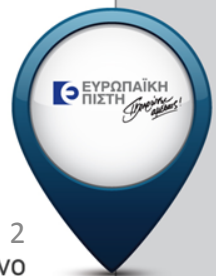
**CORPORATE PRESENTATION  
APRIL 2015**

## EUROPEAN RELIANCE SA

## INDUSTRY

## 2014 RESULTS

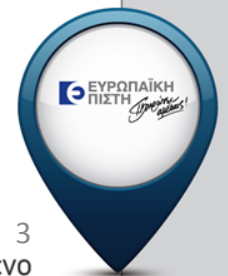
- This presentation contains forward-looking statements which are based on current expectations and assumptions about future events. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond European Reliance Insurance Company's ability to control or estimate precisely.
- You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. European Reliance Insurance Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.



**EUROPEAN RELIANCE SA**

**INDUSTRY**

**2014 RESULTS**



## COMPANY HIGHLIGHTS

An **Independent** Insurance Group

Portfolio includes **all segments** of Insurance Products

Founded **37** years ago

**95** Offices Around Greece

Sales Network of **4.500** Agents

**399** Employees



# COMPANY

## Company Profile

- EUROPEAN RELIANCE GENERAL INSURANCE CO. S.A. is a fully fledged insurance company, being active in most segments of insurance services.
- It offers full coverage to both individuals and companies via innovative insurance products that are effectively tailored to market needs.
- It invests continuously in new technologies aiming to improve client relationships, conduct effective risk management and accommodate market growth.
- It counts more than 4.500 agents in its sales network throughout Greece, who serve the needs of 500.000 customers.

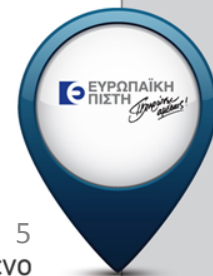
## Vision-Mission-Values

Company's **mission** to offer state-of-the art insurance services is solidly supported by the **principles** of:

- Continuous improvement in a wide range of insurance services
- Successful business development in new markets
- Ensuring the feeling of trust and security among client base
- Employing capable human resources identified with the company's mission and goals
- Decision-making that is fully reflective to customer needs and market dynamics

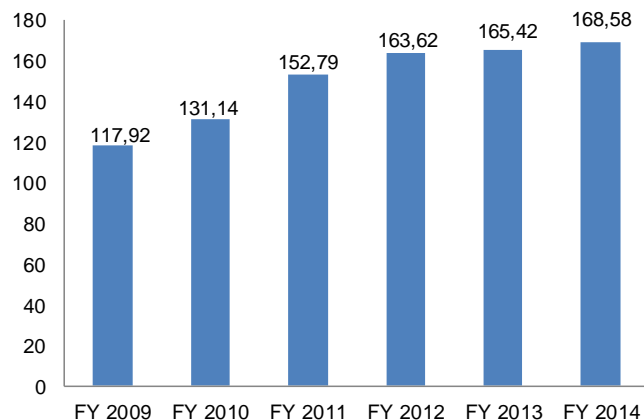
..while its **vision** is twofold:

- Become No.1 insurer across all market segments
- Maximize value and benefits for all stakeholders, namely customers, shareholders, employees, management

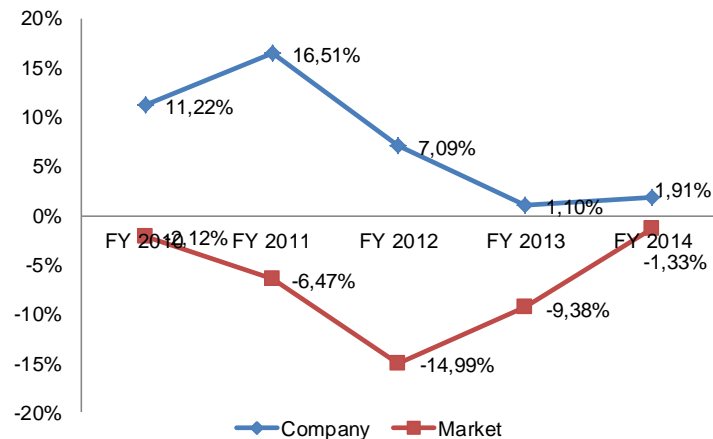


# THE COMPANY - PREMIUMS HAVE BEEN INCREASING DURING 2009-2014

Gross Premiums (EURm)



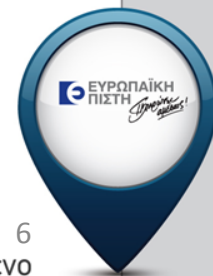
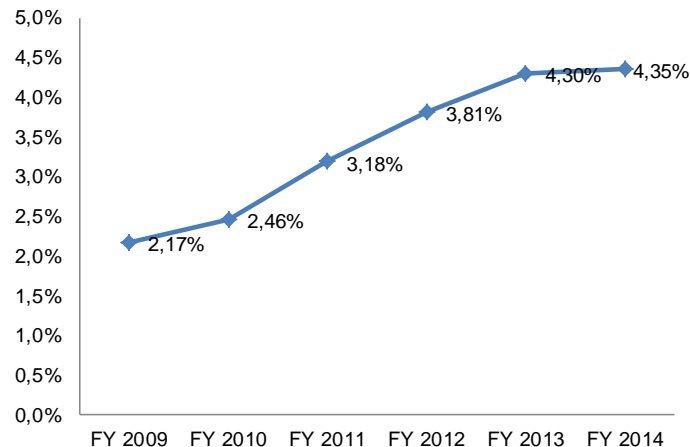
Company Vs. Market Growth



## Remarks

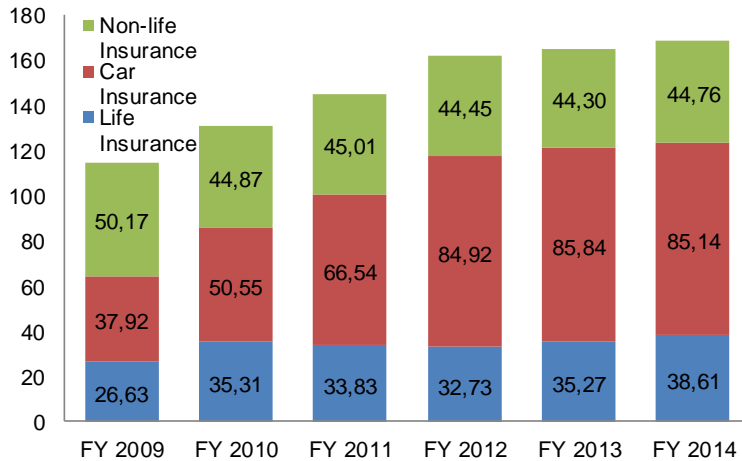
- Due to its strong capital and market position the company **increased network agents and written premiums**.
- The company's strategy to focus solely to agents was successful.
- The company had positive growth despite the difficult market environment. During 2009-2014, European Reliance has **grown by 45%** vs market's *decrease* of 28%.
- European Reliance has **doubled** its market share the last 5 years.

Market Share

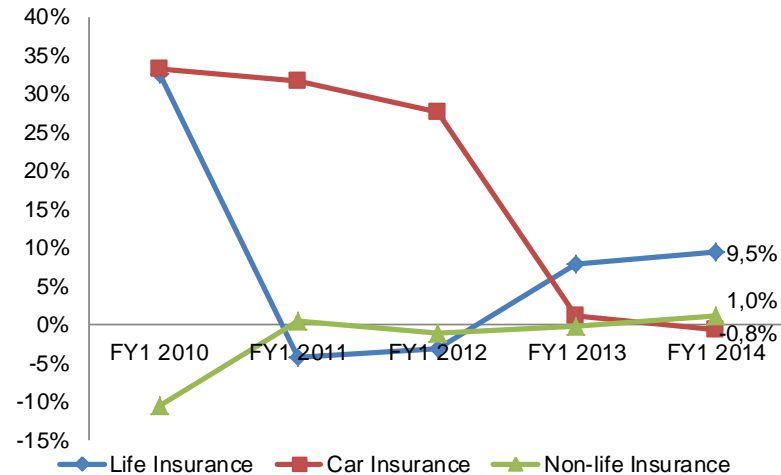


# THE COMPANY – CAR PREMIUMS WAS THE GROWTH DRIVER OF REVENUES- LIFE PREMIUMS CONTINUE TO INCREASE

Gross Premiums and Related Revenue (EURm)

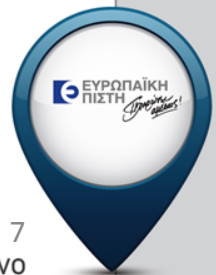


Gross Premium Growth

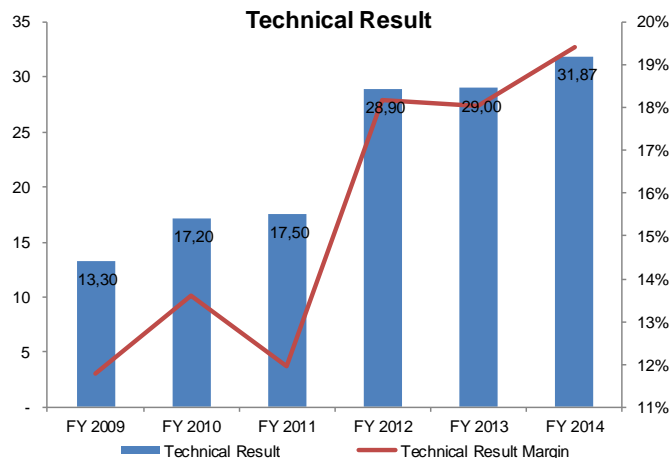
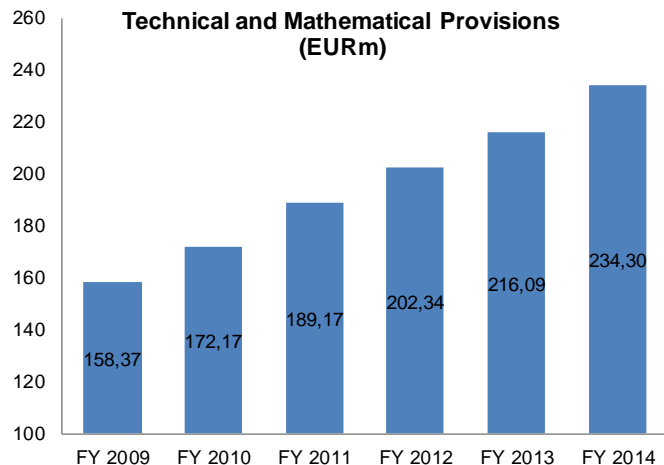
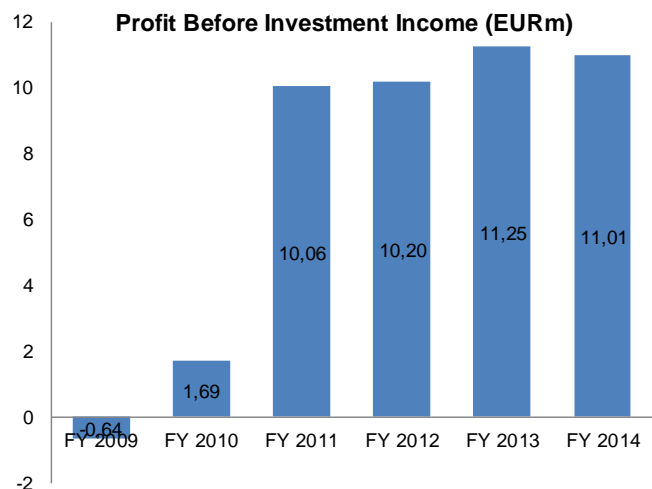
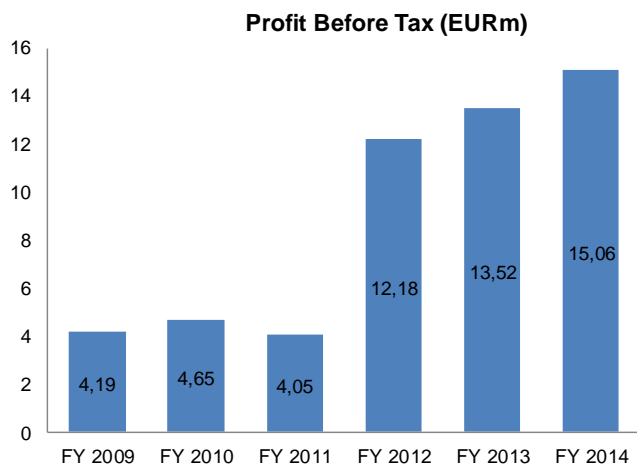


## Remarks

- The company increased its premiums on Life and Non-life insurance despite the decrease in the overall sector
- The company managed to achieve profitable growth in the car premiums despite the significant decrease of the Greek Insurance Market (-13,1%)

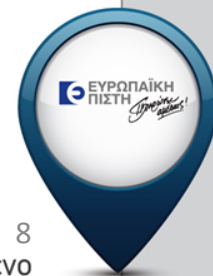


# THE COMPANY – PROFITABILITY AND TECHNICAL PROVISIONS (EURm)



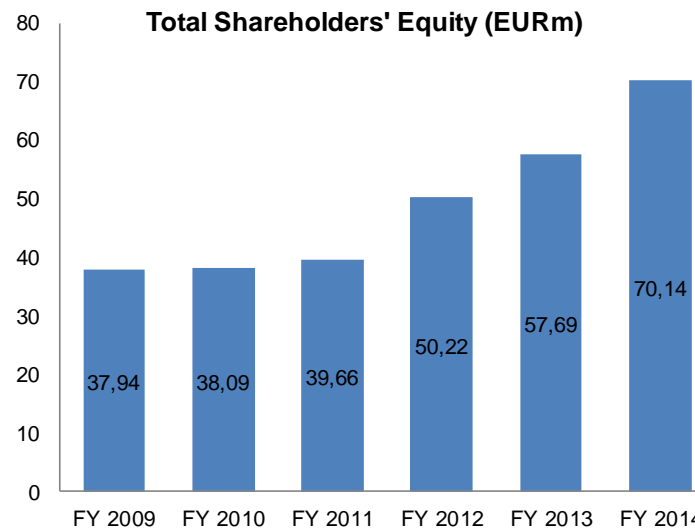
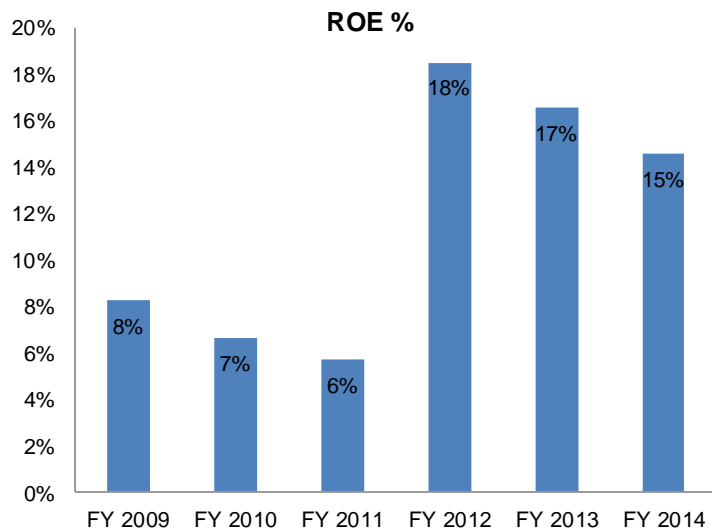
## Remarks

- Profitability before investment income was positive during the last 5 years due to
  - Better Loss Ratios, especially in Cars (good underwriting policies) and decreasing commissions
  - Cost control in general administrative and selling expenses
- 2011 Pre-tax Income was affected by the PSI although the company shared dividend



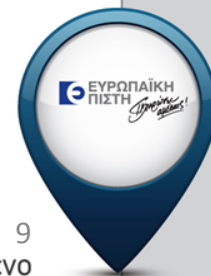


## THE COMPANY – CAPITAL ADEQUACY AND RETURNS



### Remarks

- Capital has been increasing steadily due to underlying profitability and positive investment returns. In 2014 the total Shareholders' Equity increased by 21,5 %.
- 2011 RoE was affected by the PSI.

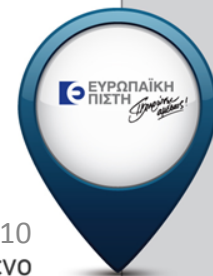
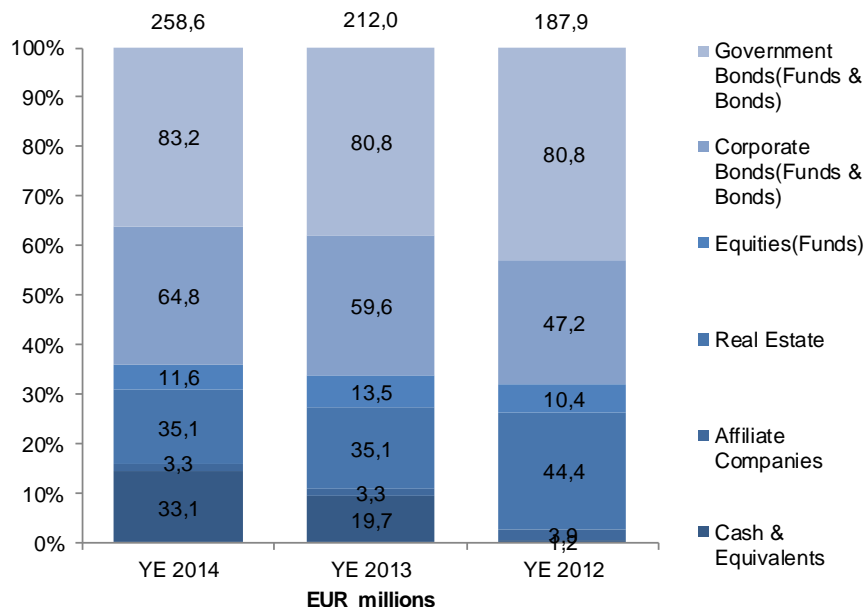


## THE COMPANY – INVESTMENT PORTFOLIO

EURm	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Investment Income & Other	2,6	2,8	2,9	3,9	3,9
Real Estate Income	1,4	1,3	1,1	0,7	0,6
<b>Total Investment Income</b>	<b>4,0</b>	<b>4,1</b>	<b>4,0</b>	<b>4,6</b>	<b>4,5</b>
Profit/Loss From Sale of Investment	0,1	-1,4	-0,1	-0,8	-1,5
Profit/Loss From Valuation Adjustments	-2,4	-9,8	-3,0	-2,9	0,0
<b>Total Investment Profit/Loss</b>	<b>1,7</b>	<b>-7,1</b>	<b>1,0</b>	<b>0,8</b>	<b>3,0</b>

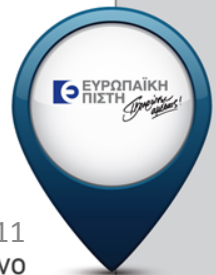
### Remarks

- Investment management with clear reporting and decision-making structure
- Targeted Asset Allocation is reviewed every six months by the BoD
- Investment portfolio is optimized for Solvency II
- Target Bond Portfolio Rating: AA- , Target Bond Portfolio as % of Total Assets (incl. Cash) : 75%
- Long-term target: Reduce Real Estate investments due to Solvency II capital risk and invest in covered bonds
- Company managed to absorb completely all the losses as a result from its exposure to Greek assets.



## THE COMPANY – GOING FORWARD

- **Focus on increasing market share while maintaining profitability**
  - Expand Agents Network
  - Focus on Health and Life products
  - Profitably increase market share in car insurance
  - Focus on product cross selling
- **Strengthen company's operations**
  - Improve back office operations through automation and procedure optimization
    - Implementation of Customer/Agents CRM
    - Total redesign of IT systems through SOA platforms
    - Change Procedures & IT Systems for collections



## THE COMPANY – GOING FORWARD: SOLVENCY II

- The company has been working towards Solvency II since 2010:
  - It has successfully participated in all European Stress Tests. (QIS5, LTGA)
  - Based on the current standards the company is fully capitalized for Solvency II
  - It has already implemented most of the system requirements and compliance procedures required by Solvency II:
    - Created Internal Control and Regulatory Compliance departments
    - Experienced Internal Audit Team
    - Compliance Officer
    - Strong Risk Management Committee
  - New IT platform (RV Solvency) for measuring regulatory capital needs (Pillar I) has been successfully implemented.



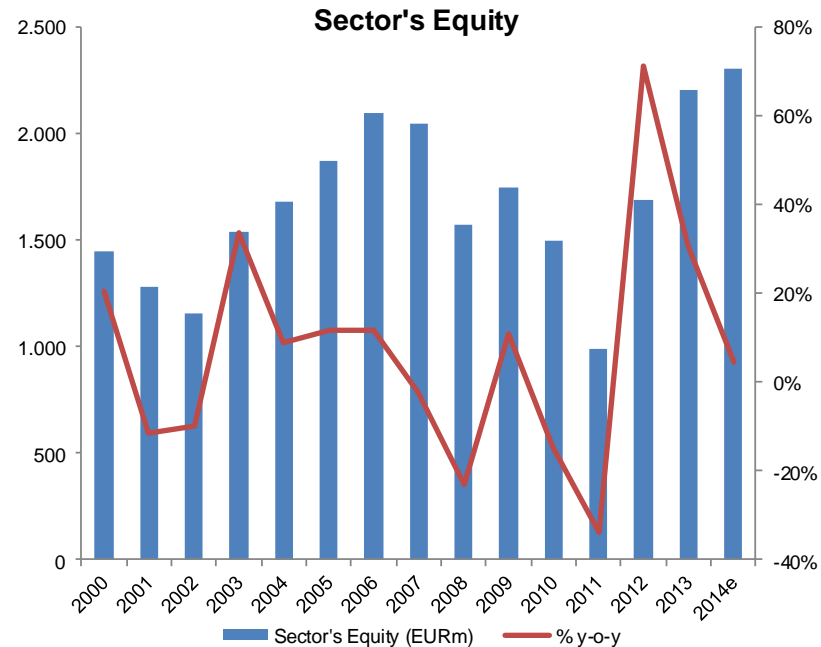
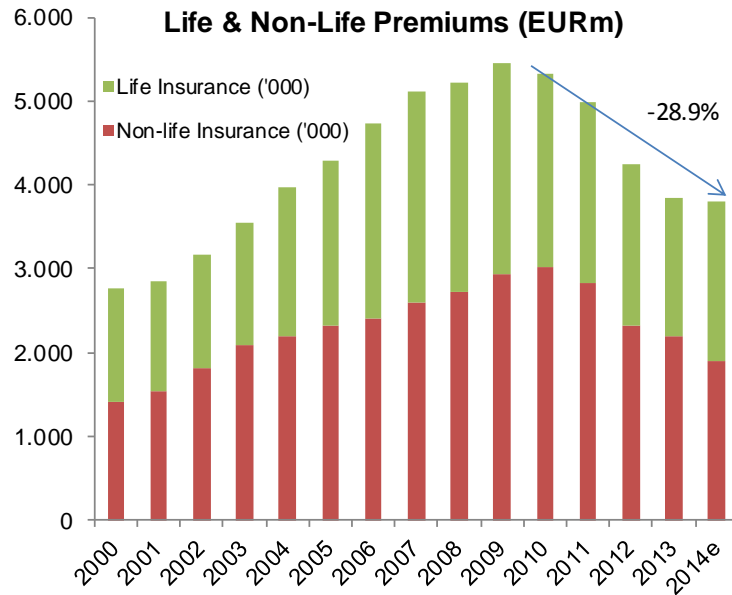
**EUROPEAN RELIANCE SA**

**INDUSTRY**

**2014 RESULTS**

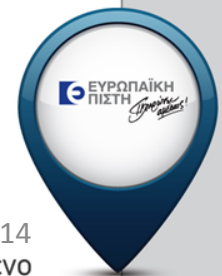


# THE INSURANCE SECTOR WAS AFFECTED BY THE ECONOMIC CRISIS

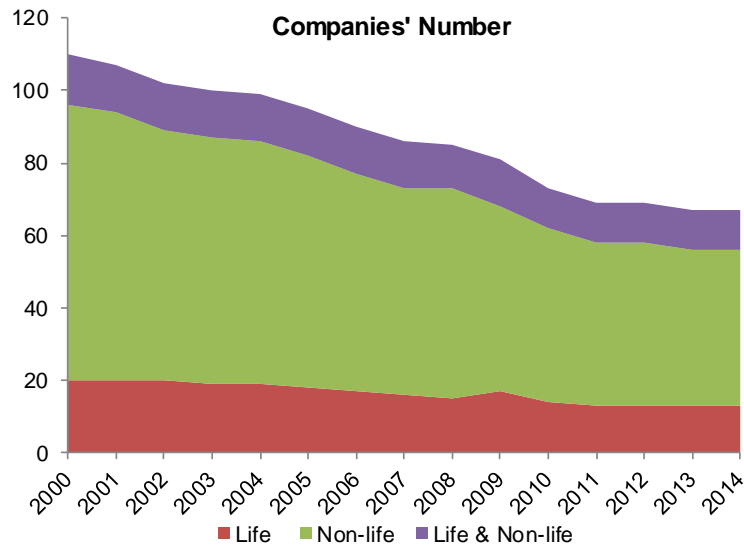


- Total premiums decreased by 1,3 % in 2014 (est.) vs 2013:
  - Life premiums increased by 15,2 %
  - Non-life premiums decreased by 13,7 %
- Premiums decreased by 28.9% since 2010 market's peak:
  - Life premiums decreased by 18,3 %
  - Non-life premiums decreased by 37,1%

- Sector's capital was affected by PSI and low profitability
- All major insurance groups had to recapitalize
- European Reliance did not need to recapitalize as it held limited exposure in GGBs

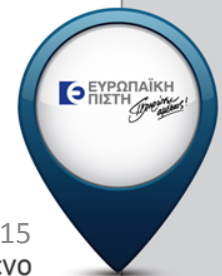


## LONG TERM POTENTIAL - FRAGMENTED SECTOR DESPITE CONSOLIDATION



Market Share (on gross premiums)		
2014 e		
	Life Insurance	P&C Insurance
<b>Top 5</b>	74,2%	37,6%
<b>Top 10</b>	94,5%	65,7%
<b>Top 15</b>	99,3%	82,4%

- The number of Insurance Companies has decreased to 67 (31/12/2013) from 69 (31/12/2012). Today (31/12/2014) there are still 67 insurance companies
- Non-life sector is fragmented whereas Life sector is quite concentrated



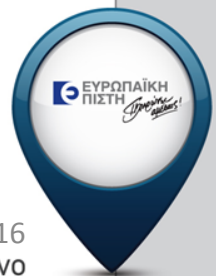
# LONG TERM POTENTIAL - REGULATION AND OTHER CONSIDERATIONS

## Less Government & More Private Sector Involvement in Pension & Health

- Greek population relied on government for pension, health and major casualties (earthquake e.t.c.)
- Due to the Financial Crisis, reliance on government will gradually diminish and the need for **private** health and pension insurance schemes will increase.

## Regulation & Transparency

- Solvency II, which will be implemented in 2016, will further strengthen the sector and improve competition. It has 3 Pillars:
  - Pillar I: Quantitative Requirement – Financial Requirements
  - Pillar II: Supervisor Review – Internal Assessment of Risks and Controls
  - Pillar III: Disclosure Requirements – Disclose Information to Risk & Capital
- New Regulation (BoG Decision 30&31) which started last year (1/1/2014) requires the pre-payment of insurance premiums. This has:
  - Increased liquidity of insurance sector (receivables (est) currently over 1 billion)
  - Reduced significantly sector's provisions

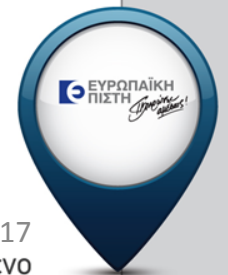




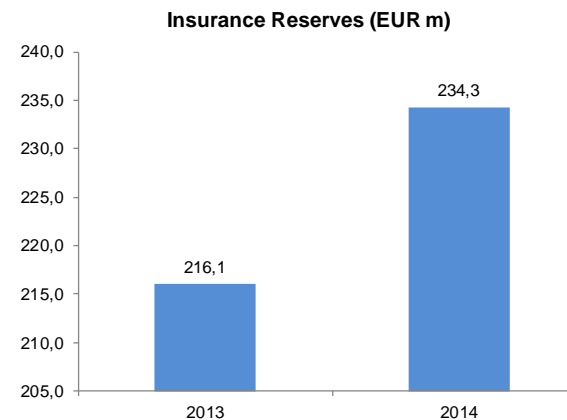
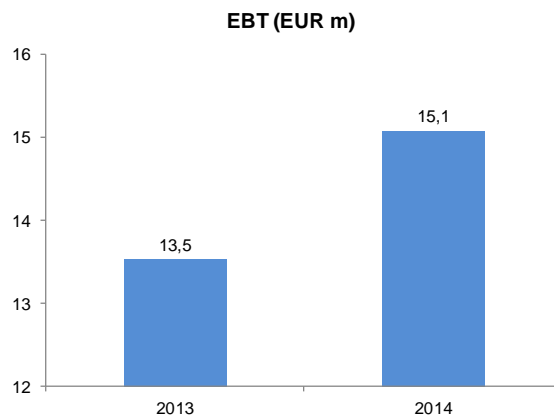
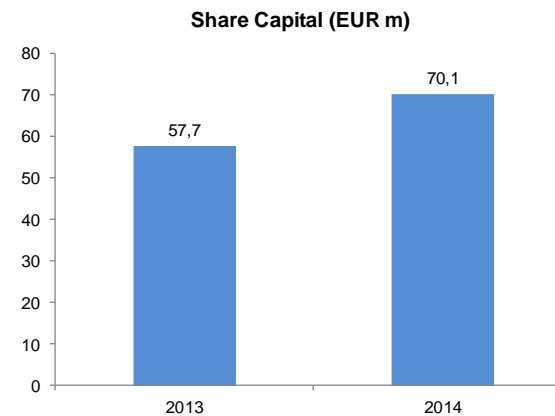
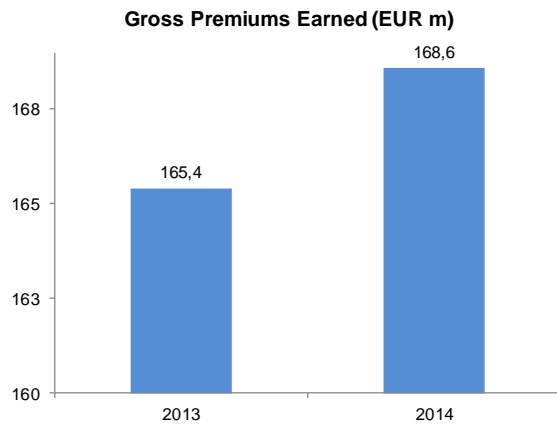
EUROPEAN RELIANCE SA

INDUSTRY

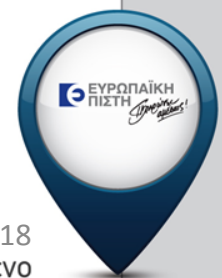
**2014 RESULTS**



# EUROPEAN RELIANCE RESULTS - HIGHLIGHTS

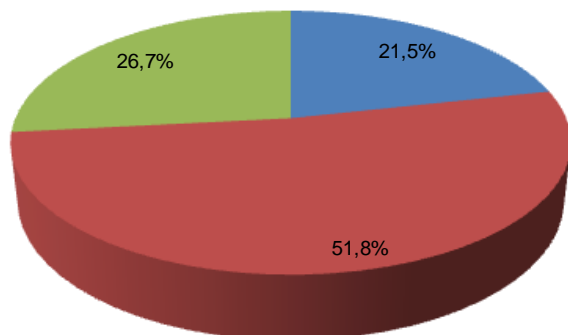


- Gross Premiums increased by 1.9% to €168.6 m while the Greek sector dropped by more than 1,3%
- EBT reached EUR15.1m in 2014 vs EUR13.5m in 2013 due to: (a) Increasing net investment profits that reached EUR2.9m in 2014 and (b) Lower commissions and other production expenses which decreased to EUR38.6m in 2014 (vs EUR41,7.8m in 2013)
- Technical Provisions increased by 8.4% to EUR234,3m in 2014



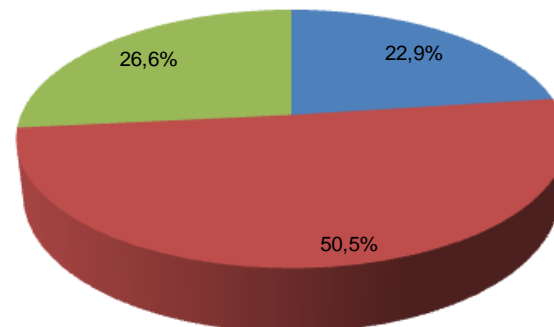
# PREMIUMS HIGHLIGHTS

Revenue Breakdown FY2013



■ Life Insurance ■ Car Insurance ■ Other Insurance

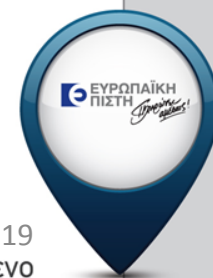
Revenue Breakdown FY2014



■ Life Insurance ■ Car Insurance ■ Other Insurance

## Remarks

- Life premiums increased by 9,4 % as the company focused on health and life products.
- Price competition was aggressive in car insurance but the company managed to maintain its pricing power and increase the net profit from the car insurance sector



## COST AND OPERATING PROFITS ANALYSIS

Expenses Breakdown (EURm)	FY 2013	FY 2014	% change
Underwriting Cost	70,9	70,2	-1,0%
Commissions	30,8	29,6	-3,8%
Insurance Provisions	12,5	16,8	34,4%
Administrative Expenses	8,9	9,9	11,2%

Profitability	FY 2013	FY 2014	y-o-y Change
EBT (EURm)	13,5	15,1	11,9%
EBT margin %	8,7%	9,0%	3,7%
Net Profit (EURm)	9,5	10,1	6,5%
Net profit margin %	5,7%	6,0%	4,5%

### Remarks

- Total Commissions decreased by 3,8% despite the increase in premiums
- Administrative expenses decreased due to management actions for cost reduction
- EBT increased by 11,9 % due to lower costs and investment profits

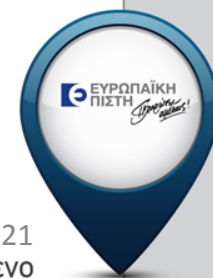


## BALANCE SHEET

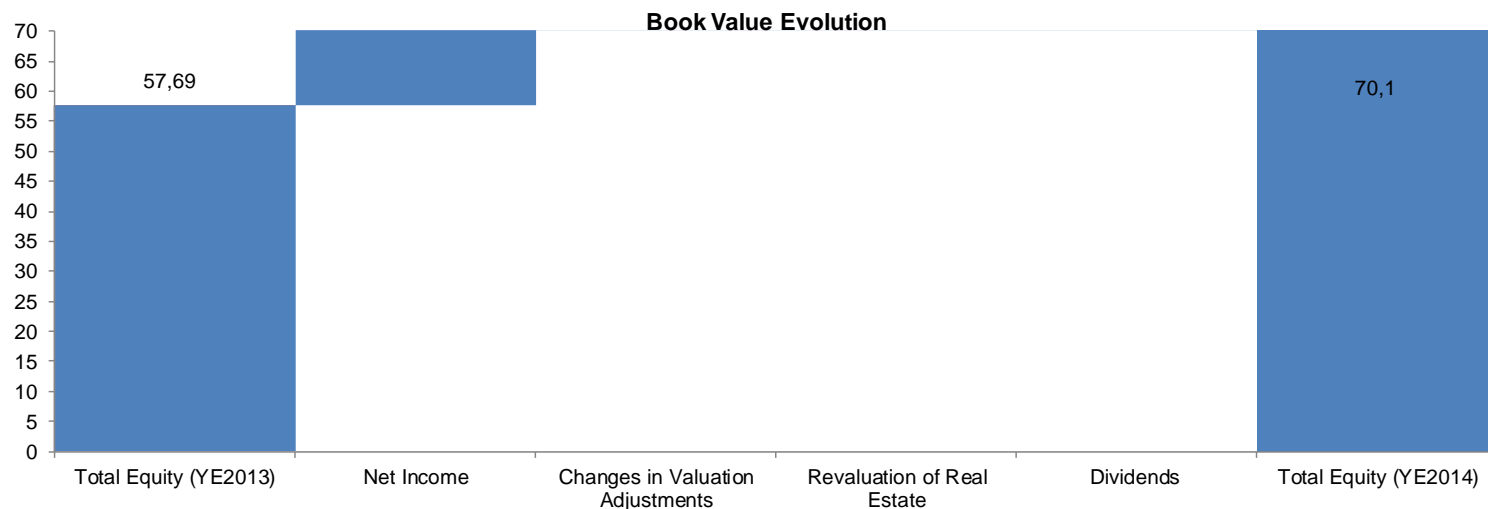
Assets (EURm)	FY 2013	FY 2014
Intangible Assets	0,44	0,40
Investments	169,52	234,67
Fixed Assets	35,25	35,11
Receivables	32,50	23,52
Other Assets	62,39	36,03
<b>Total Assets</b>	<b>300,10</b>	<b>329,73</b>
Liabilities & Equity (EURm)	FY 2013	FY 2014
Shareholders' Equity	57,70	70,14
Insurance Reserves	216,09	234,30
Other Liabilities	26,32	25,29
<b>Total Liabilities &amp; Equity</b>	<b>300,11</b>	<b>329,73</b>

### Remarks

- Increase in Portfolio Investments (larger asset base)
- Increase in investments
- Lower value attributed to Fixed Assets (due to depreciations of real estate)
- Decrease in receivables (see above BoG Decision 30&31)



# SHARE CAPITAL EVOLUTION (EURm)

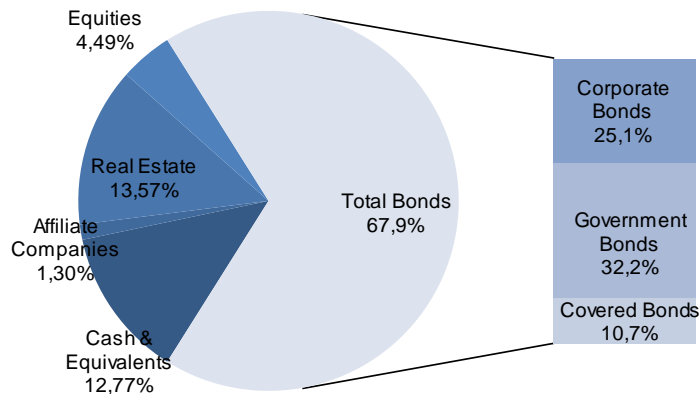


## Remarks

- Net income and gains from Equity and Bonds positively affected shareholder's capital
- Since the company did not have any revaluation of real estate and changes in valuation adjustments, the total share capital was increased by the total net income after tax. (12,45EURm)



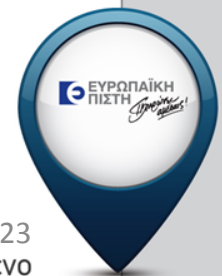
# INSURANCE INVESTMENT PORTFOLIO



EURm	FY 2013	FY 2014
Investment Income & Other	3,90	3,88
Real Estate Income	0,63	0,63
<b>Total Investment Income</b>	<b>4,53</b>	<b>4,51</b>
Profit/Loss From Sale of Investment	-0,80	-1,51
Profit/Loss From Valuation Adjustments	-2,93	0,00
<b>Total Investment Profit/Loss</b>	<b>0,80</b>	<b>3,00</b>

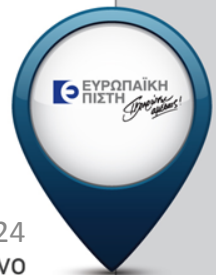
## Remarks

- Total investment Portfolio stood at EUR258,6m in 2014 vs EUR212m in 2013
- Increase due to inflows, interest income and capital gains.
- Rating of Bond Portfolio: AA-
- Duration of Bond Portfolio: 3,29
- Real Estate income was remained stable
- Valuation Adjustments refers mainly to Real Estate revaluation (2013)



## 2015 COMPANY GUIDANCE

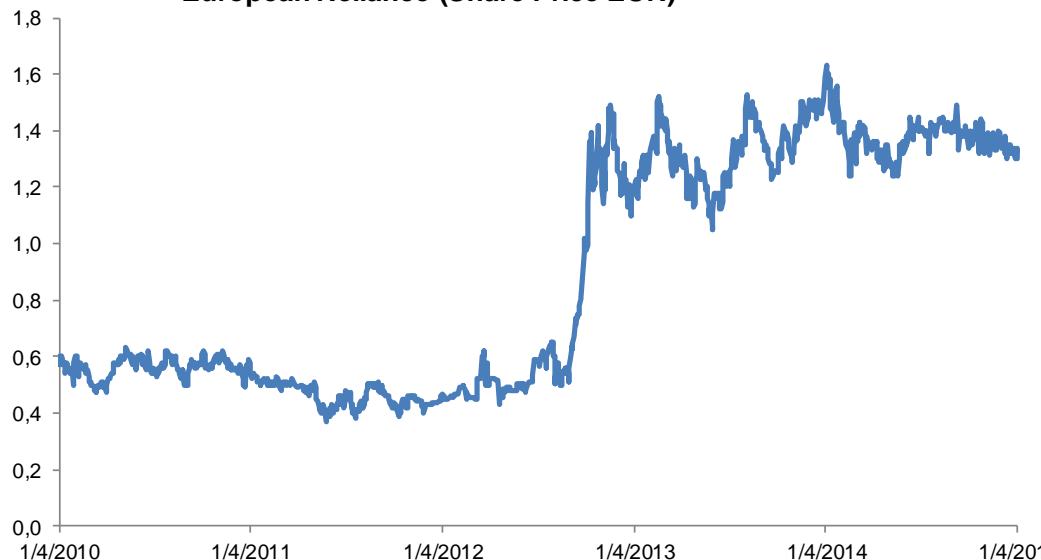
- Written Premiums Growth
  - Decrease of General Expenses by 1%
  - Increase organic profitability and investments; this will add EUR6-12m to net worth
- 
- The Board of Directors will propose no dividend, for 2014 financial year, in order to:
    - **Strengthen Solvency II regulatory capital**
    - **Maintain strong capital for growth and flexibility**





# SHARE PRICE

European Reliance (Share Price EUR)



Bloomberg : EUPIC GA  
Stock Exchange: Athens Stock  
Exchange  
Number of Shares: 27.503.677  
EPS 2014: 0.37 Euros  
BVPS 2014: 2.55 Euros

## Contact

Mr.Stefanos Verzovitis, General Manager of Finance & Administration  
[sverzovitis@europisti.gr](mailto:sverzovitis@europisti.gr)

Mr.Thomas Konstantinidis, CEO of European Reliance Asset Management  
[tkonstantinidis@europistiaedak.gr](mailto:tkonstantinidis@europistiaedak.gr)

Mr. George Gkouskos, Financial Analyst & Investor Relations Manager,  
European Reliance S.A.  
[ggkouskos@europisti.gr](mailto:ggkouskos@europisti.gr)





**CORPORATE PRESENTATION**  
**APRIL 2014**