

**Trust International Insurance Company  
(Cyprus) Limited**

**FINANCIAL STATEMENTS**

31 December 2019

# **Trust International Insurance Company (Cyprus) Limited**

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## **FINANCIAL STATEMENTS**

**for the year ended 31 December 2019**

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## **Trust International Insurance Company (Cyprus) Limited**

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### **GENERAL INFORMATION**

#### **Board of Directors**

Frixos Savvides – Chairman  
Kamel Abunahl – Deputy Chairman  
Mehran Eftekhari  
Chris Georgiades  
Stavros Stavrou  
Kyriakos Kazamias  
Christos Christodoulou

#### **Chief Executive Officer**

Christos Christodoulou

#### **Secretary**

Cyproservus Co. Limited

#### **Registered Office**

284 Archbishop Makarios III Avenue  
Fortuna Court Block B, 2<sup>nd</sup> floor  
3015 Limassol, Cyprus

#### **Legal Advisors**

Chrysses Demetriades & Co. Llc

#### **Independent Auditors**

PricewaterhouseCoopers Limited  
Chartered Accountants  
Nicosia

## **Trust International Insurance Company (Cyprus) Limited**

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### **A MESSAGE FROM THE CHAIRMAN**

Trust International Insurance Company (Cyprus) Ltd has experienced another successful year. It gives me a great pleasure in reporting these results and achievements of the Company for the year 2019, by which we gain financial and business strength to invest in future growth.

In implementing our vision and strategy we value the support and thank our Holding Company Nest Investments (Holdings) Ltd, our Shareholder, Board members, organization leaders, employees and associates as they serve our customers and shareholders. Our Vision 'To lead through innovation and service excellence' is very challenging and motivating at the same time; it involves tireless efforts of self-improvement and vigilant managing of the Company's resources.

#### **Economy**

For the year 2019 a growth of 3.2% in GDP has been recorded for the Cyprus economy. Government borrowing from the markets signified the confidence of the markets to our economy.

There are still some downside risks to the growth projections that are associated with the following:

- The negative impact of the Covid-19 pandemic on the economy
- The high levels of non- performing loans pose major risks to the stability of the banking system and to the outlook for the economy.
- Delays in the implementation of structural reforms agreed in the economic adjustment program (e.g. public administration and e-government)

Cyprus Insurance Premiums are still about 4% of GDP while in developed European States are twice as much. As Cyprus is moving closer to Europe these numbers show the potential for growth. This potential will be enhanced if a solution to the Cyprus problem is achieved and /or oil and gas production is materialized.

#### **Financial results**

The Company's net earned premiums rose to €28.166.567 compared to €26.072.178 in 2018, representing an increase of 8% from last year. The net profit for the year was €2.368.735, which is significantly higher than last year's profit of €1.797.996. The reasons for the increase in the net profit are mainly higher net earned premiums, lower net claims ratio and higher investment income.

#### **Solvency II**

The time and effort invested by the Company to prepare for Solvency II (SII) in the past few years, is paying off as the skills, tools and knowledge built have not only addressed the requirements, but have allowed us to stay on top of all challenges that arose under the new SII environment. The governance system of the Company has been SII compliant since the early stages of the Company. More technical requirements such as Pillar I and Pillar II exercises have been duly addressed and the ORSA exercise is a very valuable tool to the Board. The Solvency Coverage Ratio (SCR) of the Company is at the level set by the Board to reflect the Company's desire for growth and risk appetite with respect to its investment strategy. We project future solvency positions and define our strategies for the future taking into consideration these projections and our overall plans for growth and profitability. We have initiated our investments reallocation strategy in the latter part of 2016 and through the formation of an Investment Committee, we plan to remain on top of things related to investments, their risk profile and ensuing concentrations in light of our well defined risk appetite concerning the target SCR under a normal as well as stress scenarios.

## **Trust International Insurance Company (Cyprus) Limited**

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### **A MESSAGE FROM THE CHAIRMAN (continued)**

#### **Corporate Governance**

Since the initiation of our operations, the Company applies strong governance and transparent reporting through established Board Committees, which have oversight responsibility over the internal functions of Compliance, Risk, Audit and Actuarial. Corporate Governance practices were enriched and enhanced through risk based Internal Audits that cover all areas of operations and Company's locations. The implementation of the corporate governance and practices of risk assessment has contributed significantly to the company's growth and success.

#### **Future Outlook**

We are hopeful that our Company is going to be the best alternative option for both Retail and Corporate clients. We are part of an international group carrying Insurance, Reinsurance, Broking, Real Estate, Banking and other licensed services. We have the support of our parent and other Group Companies as well as the financial strength to be able to continue our successful course.

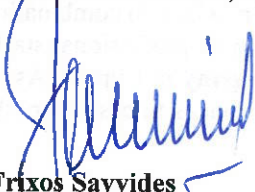
The Board and the Executive team have been following an action plan to safeguard the Company from the anticipated indirect threats, such as fraudulent claims and increased credit risk, especially in light of the new collections directive. At the same time due to the Company's risk processes which have been adopted from inception, we are set up and ready to deal effectively with a number of possible scenarios. Furthermore, our high solvency ratio allows the Company to continue pursuing its ambitious plans in expanding the business.

Innovations are fueling our growth and help us to appeal to the next generation of customer and retain our already loyal customers with the security and the experience we provide to them.

We strongly believe that Trust International Insurance Company (Cyprus) Ltd is poised for growth and future success. Building on our strong performance of 2019, the Company remains focused towards increasing its market share and creating a balanced portfolio that will allow for even better underwriting results and higher profitability.

We are ready to manage both the opportunities and the challenges ahead. A strong and tangible example is the Covid-19 crisis management. The Company took, very early, all necessary protective measures and assured optimum business continuity under the circumstances. Our actuaries were asked to prepare scenario analysis for the assets and the business. Through this process it became clear that the Company stands well on its feet, during this unrepresented pandemic. Our efforts were not restricted only for the protection of the business but also for its people; staff, agents and clients. The Company is committed to build a brighter future for us all.

I warmly thank my fellow board members, the executive team, the staff and the Company's brokers, clients and associates, for the excellent performance throughout this year.



**Frixos Savvides**  
**Chairman**

## **Trust International Insurance Company (Cyprus) Limited**

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### **A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER**

I am pleased to report that the year of 2019 was another year of achievement for Trust International Insurance Company (Cyprus) Ltd. We started the year as a strong and stable company and managed to grow by 7% our gross written premium. Our financial results, summarized in this report were satisfactory, but what's more, we earned recognition for our achievements and market penetration. The Covid-19 crisis did hinder the Company's growing pace but in no way did it hinder its track.

#### **Our Company**

Trust International Insurance Company (Cyprus) Ltd, established in 1990, is a member of the Nest Investments (Holdings) Ltd Group (the Nest Group). Since carrying out its direct insurance operations from August 2009 under a new management and structure, the Company has been the fastest-growing Insurance entity based in Cyprus.

The Company has marked a growth of 7% comparing to 2018, exceeding its ambitious budget plans. Our Company offers a wide range of insurance products to cover personal lines, commercial and industrial risks. We employ 115 dedicated staff and managers and our sales force is comprised of 190 experienced Brokers.

During 2019 the Company enhanced its corporate governance processes by upgrading its procedure manuals, automating its operating systems and upgrading its ERM procedures. Throughout the year we have also continued investing in technology; we have enhanced the Business Intelligence system for transparency, reliability and timely decision-making. Furthermore, we have enhanced our procedures for the collection of premiums in light of the collections directive implemented on 1<sup>st</sup> January 2018. During the year the Company continued the preparations for implementing a new Insurance system, which is planned to be in force in the beginning of 2021.

#### **Solvency II**

Solvency II is the updated set of regulatory requirements for insurance companies which operate in the European Union, and establishes a revised set of market consistent EU-wide capital requirements and risk management standards effective from 1 January 2016. The Company has followed an action plan, in cooperation with the Group Actuarial and Risk Department, in order to be fully compliant with Solvency II. The Company maintains a robust solvency ratio under the new regime, both under normal conditions and under stress test scenarios, which enables the Company to attract quality business. During the year 2019, new share capital of more than €7 million was injected by the Shareholder to the Company in the form of investment property, in order to increase its solvency ratio to such a size that is appealing for a leader in the Cyprus insurance market.

#### **Our Competitive Advantage**

Through Corporate Services, the Holding company provides the necessary tools to support our requirements. Our Shareholder's financial strength and Insurance knowhow in combination with the Company's strong financial position and our highly motivated team of professional staff, supports the Company's ambitious vision: **to be a leading Insurance Company** in Cyprus. As a company we aim to provide high quality and highly reliable products and services to customers through the implementation of our key strategies:

- **Financial Stability:** Work within the prevalent regulatory financial framework by securing the necessary capital requirements from the Shareholder, in order to maintain a Solvency ratio that will render the Company the "Insurer of choice".
- **Leadership position:** Maintain our leading position of "Top 5" in the Cyprus insurance market in terms of quality written business whilst maintaining a net combined ratio better than the industry.
- **Stable business model:** Significantly enhance the quality of our business portfolio in terms of higher percentage of corporate and direct business, writing business with carefully selected clients and brokers and shift to a more balanced portfolio.

## **Trust International Insurance Company (Cyprus) Limited**

### **A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (continued)**

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- **Innovation and market segmentation:** Develop a new range of specialized products and services to address specific market segments that will co-exist alongside the traditional general products and services. Through innovation to differentiate and be better than the competition.
- **Evaluate new target markets:** Seek to expand the target market outside the confines of the Republic of Cyprus based on well-researched regions and justified feasibility studies.
- **Human Resources:** Achieve employee engagement for operational excellence, work force effectiveness, develop future leaders and capitalise on their ability to create professional relations.
- **Technology:** Through technology upgrades of the production systems to increase the effectiveness of the Business Intelligence (for MIS) and customer service; for accurate, efficient and low administration cost operational excellence.

#### **Building on our Strengths**

The Company for the past eight years has managed to establish itself as an Insurance Leader; a Company that is:

- Financially sound and strong with the backing of an even stronger and well-established Group, Nest Investments (Holdings) Ltd, with Insurance know-how and expertise.
- Dynamic and with high professional standards.
- Always providing excellent service, aiming to meet customers' expectations and is focusing on speedy settlement of claims.
- Sophisticated processes to support our vision and mission.

Although the new decade came with a universal challenge, Trust proved to be not only prepared, but quick to act in order to ensure safety and business continuity.

The Covid-19 crisis allowed the Company to utilize all its technological capacity to keep, and raise its modus operandi and service levels.

Early on, with the first confirmed reported cases on the island, and before it became governmental requirement, the Company put in place a series of preventive and protective measures for all staff, agents and clients, safeguarding the business. A work from home plan was mapped and carried out, with the help of advance technology systems made available for all. At the same time agents and clients were offered tools to continue interacting with the Company remotely (online payment, online claim form submission, online quotation request, online alteration request, online direct support). As for those who inevitably had to be physically present at our premises, an ad hoc mechanism was put in place to ensure that no one was, or putting anyone at risk. Coming out of the crisis, we feel empowered, and stronger than ever as we managed not to keep afloat, but to ameliorate our procedures and systems in a way from which we can, and will benefit from in the future.

The above give us the confidence to continue pursuing our ambitious goals for 2020 and for the subsequent years.

In closing, I would like to express my sincere gratitude to our Directors for their devotion and commitment to the success of the Company, their constant contribution and availability to immediately deal with all issues arising; to our parent company Nest Investments (Holdings) Ltd that have greatly assisted the Company to build its strategies together with systems and practices, that now, at this time of need, differentiates our Company from the competition; to all staff members for their commitment and passion towards achieving our goals and finally to our clients and brokers for their loyalty. Based on these synergies, our strong foundation and goals as well as our willingness to go above and beyond, we will continue our path towards a greater future.

  
**Christos Christodourou**  
**Chief Executive Officer**

## **Trust International Insurance Company (Cyprus) Limited**

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### **MANAGEMENT REPORT**

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2019.

#### **Principal activities and nature of operations of the Company**

Trust International Insurance Company (Cyprus) Limited (the “Company”, “Trust”) is a limited liability company incorporated in Cyprus on 5 December 1990 in accordance with the provisions of the Cyprus Companies Law Cap.113. The principal activities of the Company, which are unchanged from last year, are carrying out insurance/ reinsurance business.

#### **Review of developments, position and performance of the Company’s business**

The Company’s gross written premium was €35.604.143 in 2019 compared to €33.214.972 in 2018 (note 3).

Gross incurred claims increased from €17.771.740 in 2018 to €18.979.686 in 2019 whereas Net incurred claims increased from €15.902.386 in 2018 to €16.936.170 in 2019. The Gross Loss Ratio (Gross Incurred Claims to Gross Earned Premium) was stable at 55% in both years 2019 and 2018 and the Net Loss Ratio (Net Incurred Claims to Net Earned Premium) decreased to 60% in 2019 comparing to 61% in 2018.

The net profit for the year is €2.368.735 as compared to €1.797.996 for 2018. The main reason for the increase in the profit is the decrease in net claims ratio, as well as the increase in net earned premium and investment income. The return on equity is 8% for both years 2019 and 2018.

The Company’s net technical reserves stand at €33.052.178 as at 31 December 2019 as compared to €31.194.590 as at 31 December 2018. Included in the reserves is a Claims handling expense reserve of €578.117 (2018: €552.606) and Net IBNR/IBNER reserves of €3.459.469 (2018: €3.194.237).

The Bank and Cash balances decreased significantly from €15.218.983 as at 31 December 2018 to €2.446.230 as at 31 December 2019 due to the acquisition of investment properties, and the investments increased to from €17.290.690 to €19.415.896.

Shareholders’ equity amounts to €31.266.868 as at 31 December 2019 comparing to €22.992.484 as at 31 December 2018. The increase which is shown in the Statement of changes in equity, represents the increase in the issued share capital, the net profit for the year and the revaluation gains.

According to the latest official statistics of the Insurance Association of Cyprus, the Company retains a share of 9,22% of the Cypriot general insurance market sector (2018: 8,92%) and ranked third between the general business insurance companies excluding medical premiums written by life insurance companies.

The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

#### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 2, 22 and 23 of the financial statements.



## **Trust International Insurance Company (Cyprus) Limited**

### **MANAGEMENT REPORT (continued)**

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#### **Principal risks and uncertainties (continued)**

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during the following years. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, to "investment grade", and the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures in the banking sector, as well as potential deterioration in the external environment of Cyprus, including the political uncertainty in Europe as a result of Brexit, the slowdown in the economic growth of China, the refugee crisis and the negative impact caused by the uncertainty for the Covid-19 pandemic.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

#### **Insurance Risk**

The risk of an insurance policy occurs from the uncertainty of the amount and time of presentation of the claim. Therefore the level of risk is determined by the frequency of such claims, by the severity and their evolution from one period to the next.

For the general insurance industry, the major risks are the results of major catastrophic events such as natural disasters. These risks vary depending on location, type and nature. The variability of risks is mitigated by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected by changes in any subset of the portfolio. The exposure of the Company to insurance risks is also reduced by the following measures:

- Introduction of strict underwriting policies
- Strict review of all claims that occur
- Immediate assessment and processing of claims to minimise the possibility of negative development in the long run, and
- Use of effective reinsurance arrangements in order to limit exposure to catastrophic events.

An increase in the net estimated outstanding claims position and IBNR provision of 1% (2018: 1%) would decrease the profit before tax by €205.908 (2018: €196.549).

#### **Use of financial instruments by the Company**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's risk management programme is described in the Board of Directors section below.

## **Trust International Insurance Company (Cyprus) Limited**

### **MANAGEMENT REPORT (continued)**

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#### **Foreign exchange risk**

The Company is exposed to foreign exchange risk arising mainly from its investments and reinsurance treaties with respect to the US dollar. The currency of the reinsurance treaties has changed from US Dollar to Euro from 1 July 2018. As at 31 December 2019 an amount of €1.636.593, which is included in the Reinsurers' share of insurance contract liabilities, relates to the reinsurers' share of outstanding claims for the old treaties in US Dollar (2018: €1.862.507). As at 31 December 2019, the Company's exposure to US Dollar from financial assets and liabilities amounted to €2.019.845 (2018: €1.145.811). The Company is not applying any hedge accounting for foreign exchange risk. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### **Price risk**

The Company is exposed to equity securities and debt instruments price risk because of investments held by the Company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities and debt instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company's Board of Directors.

The Company's investments as at 31 December 2019 include equity securities which are publicly traded in European Stock Exchanges amounting to €1.099.496 (2018: €325.143), listed bonds amounting to €18.316.400 (2018: €16.884.286) and unlisted structured products nil (2018: €81.261). The Company does not apply any hedge accounting for price risk.

#### **Cash flow interest rate risk**

The Company's interest rate risk arises from interest-bearing assets. Interest-bearing assets at variable rates expose the Company to cash flow interest rate risk.

At 31 December 2019, the Company's assets which bore variable interest rates amounted to €1.821.980 (2018: €5.854.396). The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

#### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, debt instruments, reinsurers' assets as well as credit exposures to agents and clients, including outstanding receivables and committed transactions.

For debt instruments the credit ratings of the issuers are reviewed and the limits set by the Board of Directors are observed. Reinsurers are selected according to minimum credit ratings and banks of a minimum rating are also selected, if an independent rating is available. For agents and clients where an independent rating is not available, management assesses the credit quality of the agent or client, taking into account its financial position, past experience and other factors. Individual credit terms are set based on the credit quality of the customer. The management has provided for expected losses from non-performance by these counterparties.

## **Trust International Insurance Company (Cyprus) Limited**

### **MANAGEMENT REPORT (continued)**

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#### **Credit risk (continued)**

The Company's credit risk arises from premiums receivable amounting to €5,778,105 (2018: €5,841,956), receivables from related parties amounting to €1,364,538 (2018: €2,104,388), reinsurers assets amounting to €5,853,291 (2018: €5,336,618), bank balances amounting to €2,157,182 (2018: €14,843,764) and debt securities amounting to €18,316,400 (2018: €16,965,547). As of 31 December 2019, premiums receivable of €1,616,683 (2018: €1,751,909) were impaired and provided for. The amount of the provision was €1,306,188 as of 31 December 2019 (2018: €1,177,909). The individually impaired receivables mainly relate to agents and corporate clients, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

#### **Liquidity risk**

Management monitors the current liquidity position of the Company based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

#### **Future developments of the Company**

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

#### **Results**

The Company's results for the year are set out on pages 21 and 22.

#### **Dividends**

The Company paid an interim dividend of €1,354,776 during the year to its sole Shareholder Nest Investments (Holdings) Ltd. The Board of Directors proposes the payment of a final dividend of €1,000,000 for 2019, subject to the consent of the Insurance Companies Control Service, in light of the Covid-19 measures (2018: €900,000).

#### **Share capital**

On 16 December 2019 a resolution was passed for the issue and allotment of €7,107,000 divided into 7,107,000 shares of €1 each to the sole Shareholder Nest Investments (Holdings) Ltd.

#### **Board of Directors**

The members of the Board of Directors at 31 December 2019 and at the date of this report are shown in the table below. All of them were members of the Board throughout the year 2019. There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

The Board of Directors consists of three distinct groups namely Shareholder Representatives, Executive Directors and Non-Executive Directors. The Board's role is to set the overall strategic direction, approve business plans and monitor the overall performance of the business against the approved plans, within a compliant framework of corporate governance and ethical principles.

During 2019 the Board of Directors held five meetings, the Nomination & Remuneration Committee (N&RC) held three meetings, the Audit Committee (AC) held three meetings and the Risk Committee (RC) held two meetings.

## **Trust International Insurance Company (Cyprus) Limited**

### **MANAGEMENT REPORT (continued)**

#### **Board of Directors (continued)**

##### **Board Composition**

<b>Name</b>	<b>Position</b>	<b>Committee Role</b>
Frixos Savvides	Chairman	N&RC Committee - Chairman Investment Committee - Chairman
Kamel Abunahl	Deputy Chairman	N&RC Committee - Member
Mehran Eftekhari	Group Corporate Services Director, Director	N&RC Committee – Member Investment Committee - Member
Chris Georgiades	Director	Audit Committee - Member Risk Committee - Chairman
Stavros Stavrou	Director	Audit Committee - Chairman Risk Committee - Member Investment Committee - Member
Kyriakos Kazamias	Director	Audit Committee - Member Risk Committee - Member
Christos Christodoulou	Chief Executive Officer, Director	Investment Committee - Member

##### ***Frixos Savvides – Chairman***

Mr. Frixos Savvides a Chartered Accountant is a Fellow of the Institute of Chartered Accountants of England and Wales. He was the founder of the audit firm PKF Savvides and Partners in Cyprus and held the position of Managing Partner until 1999 when he became Minister of Health of the Republic of Cyprus. He held this office until 2003. Mr. Savvides is currently a senior independent business consultant and holds several Board positions.

##### ***Kamel Abunahl – Deputy Chairman***

Mr. Kamel Abunahl's work experience include Trust International Insurance Co. as an Assistant Underwriter, Brockbank (Lloyds) Syndicate (London) as an Underwriter, Property Underwriter for Trust International Insurance Co. and Chairman for Trust International Insurance & Reinsurance Company B.S.C (C) Trust Re. He is currently the Chairman and CEO of Trust Holdings Ltd.

##### ***Mehran Eftekhari – Group Corporate Services Director, Director***

Mr. Mehran Eftekhari is a Fellow Member of the Institute of Chartered Accountants in England and Wales (ICAEW) as well as a Chartered Director and Fellow member with the UK Institute of Directors. He has over 40 years of experience in the private sector of finance and corporate services. He serves as a non-executive Director of a number of Group companies. He is also Group Corporate Services Director in the parent company.

##### ***Chris Georgiades – Director***

Mr. Chris Georgiades has an extensive experience of corporate and commercial legal matters, particularly in relation to business acquisitions and corporate reorganizations, joint ventures, shareholder disputes, insolvency, banking and taxation. He also advises on construction law, sports law, aviation law and administrative law. He is an LLB graduate of Athens University and an LLM graduate of King's College of London.

##### ***Stavros Stavrou – Director***

Mr. Stavros Stavrou, a Chartered Accountant, is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Chartered Institute of Internal Auditors. His work experience includes the positions of Group Finance and Administration Director and Managing Director of an International Group of Companies operating in the Oil industry. He is the Chairman and one of the founder shareholders of a shipping owning and management Group of Companies. During his career he has served and continues serving as a Director at a number of Companies, private and public, in the Financial, Banking, Reinsurance and Investment sectors.

## **Trust International Insurance Company (Cyprus) Limited**

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### **MANAGEMENT REPORT (continued)**

#### **Board of Directors (continued)**

##### ***Kyriakos Kazamias – Director***

Mr. Kyriakos Kazamias is an MSc. graduate of Berlin Hochschule fur Okonomie (High School of Economics). He served as Chief Executive Officer of Limassol Cooperative Savings. For ten years he has been a member of the Parliamentary Committee of Finance and Budget. During the period 2004-2010 he was Member of the European Court of Auditors in Luxembourg. His contribution to the Cypriot economy has played an important role since he was the Minister of Finance.

##### ***Christos Christodoulou – Chief Executive Officer, Director***

Mr. Christos Christodoulou holds an HND, BSc and an MSc in Mechanical Engineering (Computer Controls). He is a Chartered Director with the UK Institute of Directors. He has an extensive experience in corporate Management and Sales. He has been serving the insurance industry for more than twenty five years, both in General Business and Life Operations from the positions of Sales Manager, and later on as General Manager and Executive Director. He is a member of the Board of Directors of the Cyprus Insurance Association, the Cyprus Hire and Rejected Risks Pool as well as World Trade Center (Cyprus) Ltd.

#### **Board Committees**

The Board delegates certain responsibilities to committees. Any such committee must keep the Board apprised on a timely basis of actions and determinations.

The committees that have been successfully formed by the Board of Directors, aim to provide support and effective control of the Company, and are as follows:

##### ***Audit Committee:***

- Stavros Stavrou - Chairman
- Chris Georgiades
- Kyriakos Kazamias

Secretary: Chrysostomos Daniil

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit.

##### ***Nomination and Remuneration Committee:***

- Frixos Savvides - Chairman
- Mehran Eftekhari
- Kamel Abunahl

Secretary: -

The N & R Committee's primary functions are to assess and evaluate board members and their remuneration framework, review Board succession plans, make recommendations to the Board on executive remuneration and incentive policies, and to review senior management remuneration packages, recruitment, retention and termination policies, incentive schemes and pension arrangements.

##### ***Risk Committee:***

- Chris Georgiades - Chairman
- Stavros Stavrou
- Kyriakos Kazamias

Secretary: Elena Pantzopoulou

## **Trust International Insurance Company (Cyprus) Limited**

### **MANAGEMENT REPORT (continued)**

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#### **Board of Directors (continued)**

The Risk Committee assists the board in fulfilling its oversight responsibilities for the identification, analysis, assessment and management of all the risks which the Company faces in its operation and which may impact upon the assets and liabilities of the Company; in particular (without limitation) to assist in identifying those risks which may at first seem unlikely or even remote.

The Committee also monitors the compliance and anti-money laundering processes with the laws and regulations as well as the code of conduct.

#### ***Investment Committee:***

- Frixos Savvides - Chairman
- Mehran Eftekhari
- Stavros Stavrou
- Christos Christodoulou
- Christos Patsalides

Secretary: Elena Pantzopoulou

The Investment Committee is a functional Committee, which assists the Board to formulate an investment policy and to implement and monitor an investment strategy.

#### **Roles of Chairman and Chief Executive Officer**

The Company follows a policy of segregating the roles of the Chairman of the Board and the Chief Executive Officer (CEO).

The Chairman of the Board is responsible for leading and ensuring the effectiveness of the Board and conduct of its meetings.

The CEO is responsible for the executive leadership and operational management of the Company. The CEO is accountable to the Board for the development, recommendation of strategies, policies and the framework of controls.

#### **Corporate Governance**

We have introduced the appropriate corporate governance practices from the inception and have therefore established a Board of Directors and the relevant Board Committees which serve as a useful tool in the oversight of the Company. Trust Cyprus follows those rules and regulations in order to direct and manage our business effectively, in compliance with all the relevant local and international business laws that apply.

The Board Committees comprise of a fully functioning Risk Committee, Audit Committee and Nomination and Remuneration Committee suitably staffed by non-executive Directors having the appropriate background and experience and following their respective fully approved Charters of operation.

#### **Risk Management**

- Monitoring the overall level of risk assumed by the Company, analyzing risk in both a quantitative and qualitative manner, reviewing application effectiveness, monitoring the progress of critical actions agreed by the business and providing assurance;
- Preparing and presenting regular risk and control reports to the Company's Executive Management, and Committees (Risk Committee, Audit Committee etc).

## **Trust International Insurance Company (Cyprus) Limited**

### **MANAGEMENT REPORT (continued)**

#### **Board of Directors (continued)**

- Developing the Company's control environment (i.e. policy framework, delegations of authority) and assisting areas of the business to determine and implement specific risk controls.
- Train staff, senior management on all aspects of risk management application and development of a risk culture through raising awareness of risk across the organization.

#### **Internal Audit**

The risk based Internal Audit services were provided through the Nest Group Corporate Services until April 2015, when a full time Internal Auditor was recruited by the Company, in order to set up its own Internal Audit Department.

All the reports of the Internal Audit are presented to the Audit Committee where they are discussed and approved.

#### **Events after the balance sheet date**

Towards the end of 2019, news emerged firstly from China about the existence of Covid-19 (Coronavirus). The situation at the end of the year 2019, was that a limited number of cases of an unknown virus had been reported to the World Health Organisation (WHO). In the first few months of 2020 the virus spread globally, the WHO declared the Covid-19 outbreak as a pandemic, and its negative impact gained momentum. While this is still an evolving situation at the time of publishing this report, it appears that the negative impact on global economy and the financial services industry, may be more severe than originally expected. Certain markets have declined and this affects negatively the fair value of the equities and bonds held by the Company; however the high quality and credit rating of the issuers and the bonds held, alleviates this negative effect. Furthermore the restrictive measures imposed by the Cyprus Government and their negative impact on the Cyprus economy, have caused a slowdown in the collection of premiums receivable.

The Company has taken a series of measures in order to protect the health and safety of its employees and associates in order to ensure its business continuity. The management is closely monitoring the situation in order to take all steps possible to mitigate any effects on the Company's financial results.

As the situation is still developing, the management considers it impracticable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

#### **Branches**

The Company did not operate through any branches during the year.

#### **Independent Auditors**

The Independent auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

#### **BY ORDER OF THE BOARD**



**Cyproservus Co. Limited**

**CYPROSERVUS CO. LIMITED**

Secretary

Nicosia

4 June 2020



## ***Independent Auditor's Report***

### **To the Members of Trust International Insurance Company (Cyprus) Limited** ***Report on the Audit of the Financial Statements***

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#### ***Our opinion***

In our opinion, the accompanying financial statements of Trust International Insurance Company (Cyprus) Limited (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### **What we have audited**

We have audited the financial statements which are presented in pages 21 to 68 and comprise:

- the statement of financial position as at 31 December 2019;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We remained independent of the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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PricewaterhouseCoopers Ltd, PwC Central, 43 Demostheni Severi Avenue, CY-1080 Nicosia  
P O Box 21612, CY-1591 Nicosia, Cyprus  
T: +357 - 22 555 000, F: +357 - 22 555 001, [www.pwc.com.cy](http://www.pwc.com.cy)

PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company's directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhouseCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.



**Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Gross outstanding claims</b></p> <p>As at 31 December 2019 Gross outstanding claims amounted to €24.940.775, which constituted over 50% of total liabilities in the financial statements. Accordingly, they represented the most significant liability class on the Company's statement of financial position.</p> <p>Detailed note disclosures on Gross outstanding claims are presented in Note 17. The accounting policies for Gross outstanding claims are included in Note 2.5 and information on significant judgements and estimates of Gross outstanding claims is disclosed in Note 2.3.</p> <p>The estimation of Gross outstanding claims, which include amongst others the IBNR reserve, involves complex and subjective judgements regarding the future development of claims. The estimation also depends on the actuarial methods performed in order to produce the final results.</p>	<p>The below procedures have been performed by the audit team:</p> <p>We performed testing of controls with respect to the reconciliation of open claims as per the accounting system to the insurance system.</p> <p>We performed testing of controls with respect to the approval of the initial claim reserve estimates with respect to notified claims.</p> <p>We performed testing of controls with respect to authorised signatories upon claim payment.</p> <p>With respect to the reserve for outstanding claims, we performed substantive tests of details by reviewing relevant documentation in support of the management estimate and considered the results of our legal circularisation.</p> <p>We also performed 'look back' procedures in order to compare prior year estimates against actual amounts at which these claims were settled during the year.</p> <p>With respect to IBNR reserving, we agreed the input data used by the management expert (Company actuary) to calculate IBNR and claims handling reserves as disclosed in the actuarial report to our audit working papers.</p> <p>Furthermore, we engaged actuarial experts from the PwC Network to :</p> <ol style="list-style-type: none"> <li>assess the reasonableness of the methodologies and assumptions used by the management expert in the calculation of the IBNR and claims handling reserves and</li> <li>check the mathematical accuracy of the management expert's IBNR reserves for significant product lines.</li> </ol> <p>The results of these procedures were satisfactory.</p>
<p><b>2. Gross Written Premiums</b></p> <p>During the year ended 31 December 2019 gross written premiums amounted to €35.604.143</p>	<p>The below procedures have been performed by the audit team:</p> <p>We performed substantive tests of details on a selected sample of revenue transactions by</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(as disclosed in Note 3 of the financial statements).</p> <p>The gross written premiums constitute the most significant item within the Company's income statement.</p> <p>The accounting policies for gross written premiums are included in Note 2.5.</p>	<p>tracing them to supporting insurance policy contracts.</p> <p>We have tested via Computer Assisted Audit Techniques ("CAATs") that all production (premium) data was accurately transferred from the Company's insurance systems to the general ledger.</p> <p>We have also used CAATS in order to identify unusually large premium-related journals when performing journal entry testing so that these could be matched against valid insurance policies that were consistent with the identified amounts.</p> <p>Furthermore, we performed tests on cancelled policies shortly after the year-end to assess for reasonableness vis a vis analogous prior year cancellations (ie that cancellations were within the normal course of business).</p> <p>Finally, we considered whether the Company's disclosures in relation to gross written premiums are in accordance with the relevant accounting requirements and appropriately presented in the financial statements.</p> <p>The results of these procedures were satisfactory.</p>

### *Reporting on other information*

The Board of Directors is responsible for the other information. The other information comprises the information included in the Message from the Chairman, the Message from the Chief Executive Officer, the Additional Information and the Management Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### *Responsibilities of the Board of Directors and those charged with governance for the Financial Statements*

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.



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### ***Report on Other Legal and Regulatory Requirements***

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

#### ***Appointment of the Auditor and Period of Engagement***

We were first appointed as auditors of the Company on 8 September 2016 by the Board of Directors in respect of the audit for the year ended 31 December 2016. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of four years.

#### ***Consistency of the Additional Report to the Audit Committee***

We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 4 June 2020 in accordance with Article 11 of the EU Regulation 537/2014.

#### ***Provision of Non-audit Services***

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the management report.

#### ***Other Legal Requirements***

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.

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### ***Other Matter***

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Stelios Constantinou.



Stelios Constantinou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

City House, 6 Karaiskakis Street  
CY-3032 Limassol, Cyprus

Limassol, 4 June 2020

**Trust International Insurance Company (Cyprus) Limited****INCOME STATEMENT****for the year ended 31 December 2019**

	Notes	2019 €	2018 €
Gross earned premiums	3	34.519.891	32.181.696
Reinsurers' share of gross earned premiums	3	(6.353.324)	(6.109.518)
Net earned premiums		28.166.567	26.072.178
Fee and commission income		3.748.645	3.450.211
Deferred acquisition costs	3	243.683	244.116
Deferred acquisition income	3	(57.507)	(34.670)
Investment income		31.638	108.743
Other income from insurance operations		170.145	202.142
Total revenue from insurance operations		32.303.171	30.042.720
Gross insurance claims paid	17	(17.622.492)	(13.352.981)
Reinsurers' share of gross insurance claims paid	17	1.622.257	822.478
Gross change in insurance contracts liabilities	17	(1.357.194)	(4.418.759)
Reinsurers' share of gross change in insurance contracts liabilities	17	421.259	1.046.876
Change in provision for claims handling expense reserve	17	(25.511)	(104.119)
Commission expense, direct expenses and discounts		(7.385.635)	(6.835.112)
Administrative expenses for insurance operations	4	(5.993.600)	(5.568.684)
Finance costs		(54.941)	(52.095)
Total expenses for insurance operations		(30.395.857)	(28.462.396)
Net revenue from insurance operations		1.907.314	1.580.324
Other income	5	1.367.879	1.089.522
Other operating and administrative expenses	5	(572.342)	(554.706)
Profit from operating activities before income tax		2.702.851	2.115.140
Income tax	6	(334.116)	(317.144)
Net profit for the year		2.368.735	1.797.996

**Trust International Insurance Company (Cyprus) Limited****STATEMENT OF COMPREHENSIVE INCOME****for the year ended 31 December 2019**

	<i>Notes</i>	<i>2019</i> €	<i>2018</i> €
<b>Net profit for the year</b>		<u>2.368.735</u>	<u>1.797.996</u>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified in the income statement in subsequent periods</i>			
Net gain/ (loss) on available-for-sale investments	11	802.724	(482.978)
Transfer to the income statement on sale	11	<u>173.569</u>	<u>29.048</u>
		<u>976.293</u>	<u>(453.930)</u>
<i>Other comprehensive income not to be reclassified in the income statement in subsequent periods</i>			
Revaluation of land and buildings	8	75.094	334.212
Deferred income tax liabilities	7	<u>2.038</u>	<u>(31.442)</u>
		<u>77.132</u>	<u>302.770</u>
<b>Other comprehensive income after tax</b>		<u>1.053.425</u>	<u>(151.160)</u>
<b>Total comprehensive income for the year after tax</b>		<u>3.422.160</u>	<u>1.646.836</u>

# Trust International Insurance Company (Cyprus) Limited

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31/12/2019 €	31/12/2018 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	6.897.175	6.815.496
Intangible assets	9	829.512	811.217
Investment properties	10	27.045.463	7.181.000
Non-current receivables	20	718.084	721.465
Deferred income tax assets	7b	61.089	-
		35.551.323	15.529.178
<b>Current assets</b>			
Available-for-sale investments	11a	19.310.792	17.193.800
Investments at fair value through profit or loss	11b	105.104	96.890
Reinsurers' share of insurance contract liabilities	17	6.281.741	5.672.372
Deferred acquisition costs	3	2.890.544	2.646.861
Receivables from related companies	18	1.364.538	2.104.388
Premiums receivable		5.778.105	5.841.956
Other debtors and prepayments	13	3.035.121	1.578.548
Cash and bank balances	14	2.446.230	15.218.983
		41.212.175	50.353.798
<b>TOTAL ASSETS</b>		<b>76.763.498</b>	<b>65.882.976</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	27.107.000	20.000.000
Available for sale reserve		658.311	(317.982)
Property revaluation reserve		608.245	531.113
Retained earnings		2.893.312	2.779.353
<b>Total equity</b>		<b>31.266.868</b>	<b>22.992.484</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	7a	181.683	169.881
		181.683	169.881
<b>Current liabilities</b>			
Insurance contract liabilities	17	39.333.919	36.866.962
Deferred acquisition income	3	583.603	526.096
Reinsurers' current accounts		423.612	376.638
Payables to related companies	18	604.430	1.170.504
Other creditors and accrued expenses	19	4.285.393	3.715.681
Current income tax liabilities		83.990	64.730
		45.314.947	42.720.611
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>76.763.498</b>	<b>65.882.976</b>

  
Stavros Stavrou

- Director

  
Christos Christodoulou

- Director/Chief Executive Officer

4 June 2020

# Trust International Insurance Company (Cyprus) Limited

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share Capital €	Available for sale reserve €	Property revaluation reserve €	Retained earnings €	Total €
<b>1 January 2018</b>	20.000.000	135.948	228.343	1.290.807	21.655.098
Profit for the year	-	-	-	1.797.996	1.797.996
Other comprehensive (expense)/income after tax	-	(453.930)	302.770	-	(151.160)
Total comprehensive (expense)/income for the year	-	(453.930)	302.770	1.797.996	1.646.836
<b>Transactions with owners</b>					
Dividend paid	-	-	-	(309.450)	(309.450)
<b>31 December 2018</b>	20.000.000	(317.982)	531.113	2.779.353	22.992.484
Profit for the year	-	-	-	2.368.735	2.368.735
Other comprehensive income after tax	-	976.293	77.132	-	1.053.425
Total comprehensive income for the year	-	976.293	77.132	2.368.735	3.422.160
<b>Transactions with owners</b>					
Dividend paid	-	-	-	(2.254.776)	(2.254.776)
Increase of share capital	7.107.000	-	-	-	7.107.000
<b>At 31 December 2019</b>	27.107.000	658.311	608.245	2.893.312	31.266.868

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and was reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.



# Trust International Insurance Company (Cyprus) Limited

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 €	2018 €
<b>Cash flows from operating activities</b>			
Net profit before income tax		2,702,851	2,115,140
Adjustments for:			
Depreciation of property and equipment and amortisation of intangible assets	4	630,181	610,153
Profit on disposal of equipment	5	(227,545)	(3,650)
(Profit)/ loss on sale of available-for-sale investments	5	(170,696)	151,168
(Profit)/ loss on investments at fair value through profit or loss	11	(10,141)	64,646
Loss/ (profit) on investment properties fair value changes	10	236,247	(637,070)
		<u>3,160,897</u>	<u>2,300,387</u>
Decrease in premium receivable		63,851	1,976,614
Increase in deferred acquisition costs		(243,683)	(244,116)
Increase in deferred acquisition income		57,507	34,670
Increase in other debtors and prepayments		(1,456,573)	(329,282)
Decrease in balances with related companies		173,776	(1,291,516)
Increase/ (decrease) in reinsurers' current accounts		46,974	(60,814)
Increase in reinsurers' share of insurance contract liabilities		(609,369)	(1,098,881)
Decrease in deposits with banks		8,654,166	1,352,390
Increase in insurance contract liabilities		2,466,957	5,556,154
Increase in other creditors and accrued expenses		569,712	1,830,997
Decrease/ (increase) Increase in non-current receivables		3,381	(53,446)
Cash generated from operations		<u>12,887,596</u>	<u>9,973,157</u>
Income tax paid		<u>(362,106)</u>	<u>(125,000)</u>
<b>Net cash generated from operating activities</b>		<u>12,525,490</u>	<u>9,848,157</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	8	(517,647)	(101,843)
Purchase of computer software and other intangibles	9	(398,733)	(717,408)
Proceeds from disposal of equipment		484,264	35,000
Proceeds from sale of investments		3,734,439	3,161,987
Purchase of investments		(4,702,515)	(9,636,360)
Purchase of investment properties	10	(12,993,710)	(321,930)
Write off of intangible assets		4,601	-
<b>Net cash flows used in investing activities</b>		<u>(14,389,301)</u>	<u>(7,580,554)</u>
<b>Cash flows from financing activities</b>			
Dividends paid to the shareholder		(2,254,776)	(309,450)
<b>Net cash flows used in financing activities</b>		<u>(2,254,776)</u>	<u>(309,450)</u>
Net (decrease)/ increase in cash and cash equivalents		(4,118,587)	1,958,153
Cash and cash equivalents at 1 January		6,229,615	4,271,462
<b>Cash and cash equivalents at 31 December</b>	14	<u>2,111,028</u>	<u>6,229,615</u>

### Non cash transactions

On 16 December 2019 the Company acquired investment properties at a cost of €7,107,000 as a result of the increase in the share capital. This transaction is not included in the purchase of investment properties and the issue of share capital in the above statement of cash flows.

# **Trust International Insurance Company (Cyprus) Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

### **1. General information**

The financial statements of Trust International Insurance Company (Cyprus) Limited (the “Company”) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 4 June 2020.

#### **Country of incorporation**

The Company was incorporated in Cyprus on 5 December 1990 as a limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113 and is a wholly owned subsidiary of Nest Investments (Holdings) Ltd.

The registered office of the Company is located at 284 Archbishop Makarios III Avenue, Fortuna Court Block B, 2<sup>nd</sup> floor, 3015 Limassol, Cyprus.

#### **Principal activities**

The Company is engaged in the general insurance business in Cyprus and reinsurance business.

#### **Operating environment of the Company**

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during the following years. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy’s performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, to “investment grade”, and the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures in the banking sector, as well as potential deterioration in the external environment for Cyprus, including the political uncertainty in Europe as a result of Brexit, the slowdown in the economic growth of China, the refugee crisis and the negative impact caused by the uncertainty for the Covid-19 pandemic.

This operating environment may have a significant impact on the Company’s operations and financial position. Management is taking necessary measures to ensure sustainability of the Company’s operations. However, the future effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from actual results.

### **2.1 Basis of preparation**

#### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and in accordance with the requirements of the Cyprus Companies Law, Cap. 113.

The financial statements have been prepared on a historical cost basis, except for own properties, investment properties and investments classified as available-for-sale and at fair value through profit or loss, that have been measured at fair value.

# **Trust International Insurance Company (Cyprus) Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

### **2.1 Basis of preparation (continued)**

#### **Functional and presentation currency of the financial statements**

The financial statements are presented in Euro (€) and all amounts are rounded to the nearest euro, except where otherwise indicated.

#### **Deferral of IFRS9 “Financial Instruments”**

The Company has taken the exemption from implementation of IFRS 9. Until annual periods beginning 1 January 2023, the amendment to IFRS 4 allows insurers to continue to apply IAS 39, 'Financial Instruments: Recognition and measurement', instead of adopting IFRS 9, if their activities are 'predominantly connected with insurance'.

### **2.2 Changes in accounting policies and disclosures**

#### **2.2.1 Application of new standards, interpretations and amendments to IFRS**

**Adoption of new and revised IFRSs:** During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the accounting policies of the Company. In relation to the adoption of IFRS16 “Leases” the Company did not recognise any assets and liabilities for its leases, because the leases either have a term of less than 12 months or the underlying assets are of low value.

#### **2.2.2 Standards and interpretations that are issued but not yet effective**

At the date of approval of these financial statements, a number of new standards, interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9 “Financial Instruments”. The activities of the Company are predominantly connected with insurance. In this regard, the Company has obtained a temporary exemption from the adoption of IFRS 9 until 2023 based on the following assessment:
  - The Company has not previously applied any version of IFRS 9
  - The total carrying amount of liabilities arising from contracts within the scope of IFRS 4 for the year ended 31 December 2019 represents 86% of the total liabilities of the Company (which is considered significant)
  - The financial assets (cash and bank balances, receivables from related parties) of the Company with contractual cash flows that meet the SPPI criteria are carried at amortised cost and their fair value approximates their carrying amount as per IAS 39.

The other financial instruments (bond securities) held by the Company are measured at fair value.

Key features of IFRS 9 are:

- i. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

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**2.2 Changes in accounting policies and disclosures (continued)**

**2.2.2 Standards and interpretations that are issued but not yet effective (continued)**

ii. Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

iii. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

iv. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

v. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

vi. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach). The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement Standard that the IASB is developing for IFRS 4. These concerns include temporary volatility in reported results. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued. In addition, the amended Standard will give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2022. The Company will defer the application of IFRS 9 as disclosed above and will continue to apply the existing financial instruments standard - IAS 39.

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 2.2 Changes in accounting policies and disclosures (continued)

#### 2.2.2 Standards and interpretations that are issued but not yet effective (continued)

- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020)\*. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance – in particular, the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023)\*. IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

The Company is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not known / or reasonable estimable.

*\* Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.*

### 2.3 Significant judgments and estimates

The preparation of the financial statements in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Actual results may vary from these current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the income statement in the periods in which they become known.

The main assumptions and estimates concerning the future on the reporting date that pose a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year relate to:

#### *Going concern*

The Company's management has assessed the ability of the Company to continue as a going concern. In making this assessment, the Company's management has also considered the current economic situation in Cyprus and specifically in relation to the Covid-19 pandemic, and the potential impact this may have on the Company's operating environment and financial position.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.3 Significant judgments and estimates (continued)**

##### *Going concern (continued)*

The management have a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future, and in particular in relation to the Covid-19 pandemic. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### *Insurance business contracts*

For the insurance business contracts, estimates are made for the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. The estimation of the liability arising from claims on insurance contracts is the most critical accounting estimate made by the Company. The Company reviews every reported claim, and the estimated insurance liability is based on the facts of each claim, on prior years' experience and on other factors that are believed to be reasonable under the circumstances. The Company is liable for all insured events that have been reported during the term period of the contract even if the loss is discovered after the expiration of the contract term. As a result the Company estimates the claims incurred but not reported (IBNR). Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of IBNR in particular is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent until many years after the event that gave rise to the claims. The total IBNR is split between pure IBNR and IBNER. The Company monitors frequently the IBNR amount and its development and adjusts the amount accordingly. For further details refer to Note 22.

##### *Reinsurers' share of insurance contract liabilities*

The Company's reinsurance treaties are managed/ administered by a related company (Note 18). On the basis of a legal assessment performed, the Company has concluded that the related company is only acting as an agent and that therefore the legal counterparties for credit risk and regulatory purposes are the ultimate reinsurers (Note 23).

##### *Provision for bad and doubtful debts*

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. In addition to the above specific provisions, the Company assesses the amounts receivable from its retail customers collectively and provides for the overdue amounts separately under a collective provision. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

**Trust International Insurance Company (Cyprus) Limited**  
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**At 31 December 2019**

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**2.3 Significant judgments and estimates (continued)**

*Fair value of property and investment properties*

The Company's accounting policy for property held for own use requires that it is measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation, with changes being recorded in other comprehensive income.

The Company carries its investment properties at fair value with changes in fair value being recognised in the income statement.

Valuations are carried out by qualified valuers by applying valuation models recommended by the International Valuation Standards.

Depending on the nature of the underlying asset and available market information, the determination of the fair value of property may require the use of estimates such as future cash flows from assets and discount rates applicable to those assets. All these estimates are based on local market conditions existing at the reporting date.

In arriving at their estimates of market values as at 31 December 2019, the valuers used their market knowledge and professional judgement and did not rely solely on historical transactional comparables, taking into consideration that there is a greater degree of uncertainty than that which exists in a more active market, in estimating the market values of property.

*Impairment of available-for-sale -investments*

Available-for-sale investments in equity securities are impaired when there has been a significant or prolonged decline in their fair value below cost. In such a case, the total loss previously recognised in equity is recognised in the income statement. The determination of what is significant or prolonged requires judgement by management. The factors which are evaluated include the expected volatility in share prices. In addition, impairment may be appropriate when there is evidence that significant adverse changes have taken place in the technological, market, economic or legal environment in which the investee operates.

Available-for-sale investments in debt securities are impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment and the loss event (or events) has an impact on the estimated future cash flows of the investment. The Company's policy in place requires that a review for potential impairment is carried out. Such impairment review takes into account a number of factors such as the financial condition of the issuer, any breach of contract, the probability that the issuer will enter bankruptcy or other financial reorganisation, which involves a high degree of judgement.

*Income taxes*

The Company operates and is therefore subject to taxation in Cyprus. Estimates are required in determining the provision for taxes at the reporting date, and therefore the tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the tax liabilities and deferred tax liabilities of the period in which the final tax is agreed with the tax authorities.

**2.4 Change in accounting policy and prior year adjustment**

There were no changes in accounting policies during the reporting period.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

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## **2.5 Summary of significant accounting policies**

### **2.5.1 Revenue recognition**

#### *Gross premiums*

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

#### *Reinsurance premiums*

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

#### *Fees and commission income*

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

#### *Investment income*

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividends when the right to receive payment is established.

#### *Realised gains and losses*

Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.



## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.2 Benefits, claims and expenses recognition**

###### *Gross benefits and claims*

General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

###### *Reinsurance claims*

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

###### *Finance cost*

Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

##### **2.5.3 Deferred acquisition costs (DAC) and Deferred acquisition income (DAI)**

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

The commission income on reinsurance premiums incurred during the financial period arising from the writing or renewing of insurance contracts, is deferred to the extent that these revenues are recoverable out of future premiums. All other commission income is recognised as a revenue when incurred.

DAC for general insurance and health products are amortised over the period in which the related revenues are earned.

DAI for general insurance products, are recognised over the period in which the related revenues are earned.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the income statement. DAC and DAI are also considered in the liability adequacy test for each reporting period.

DAC and DAI are derecognised when the related contracts are either settled or disposed of.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.4 Insurance contract liabilities (general insurance and healthcare contract liabilities)**

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium, the provision for unexpired risks and the provision for claims handling expense. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with the relevant guidelines of the Superintendent of Insurance in Cyprus to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for unexpired risks.

##### **2.5.5 Financial assets**

###### *Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

###### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2.5 Summary of significant accounting policies (continued)**

**2.5.5 Financial assets (continued)**

*(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit or loss, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; Or
- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in the income statement.

*(b) Available-for-sale (AFS) financial investments*

AFS investments include equity investments and debt instruments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt instruments classified as AFS are non-derivatives that are either designated in this category if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term or not classified in any of the other categories.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (OCI) and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement.

*(c) Loans and receivables*

This category is the most relevant to the Company and includes reinsurers' share of insurance contract liabilities and reinsurers' current accounts, receivables from related companies, premiums receivables, other debtors and cash and bank balances. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

*Derecognition of financial assets*

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; Or

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.5 Financial assets (continued)**

- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Company has transferred substantially all the risks and rewards of the asset; Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

##### **2.5.6 Financial Liabilities**

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

###### **(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

###### **(b) Other financial liabilities**

This is the category most relevant to the Company and includes loans and borrowings, insurance contract liabilities, reinsurer's current accounts, payable to related companies and other creditors. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.6 Financial Liabilities (continued)**

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

##### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### **2.5.7 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

##### **2.5.8 Reinsurance**

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the income statement.

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

The Company also assumes reinsurance risk in the normal course of business for non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.9 Insurance receivables**

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.5.5 have been met.

##### **2.5.10 Insurance payables**

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Insurance payables include commissions payable to intermediaries on their written premiums and premium reserve payable to reinsurers on their proportional reinsurance premiums.

##### **2.5.11 Derecognition of insurance payables**

Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

##### **2.5.12 Provisions for pending litigation or claims**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### **2.5.13 Retirement benefits**

The Company operates a defined contribution retirement plan that requires the payment of contributions to a separately administered fund (funded scheme). The cost of providing benefits under the defined contribution plan is recognised in the income statement on an accruals basis.

##### **2.5.14 Cash and bank balances**

Cash and bank balances includes cash and cash equivalents (which consist of cash at hand and short term deposits) as well as bank deposits with an original maturity of more than three months from the date of acquisition.

##### **2.5.15 Foreign currencies**

###### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.15 Foreign currencies (continued)**

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

##### **2.5.16 Leases – Company as a lessee**

Until 31 December 2018 operating lease payments were recognised as an operating expense in the income statement on a straight-line basis over the lease term. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company, except for the short-term leases (term of 12 months or less) and leases of low-value assets, which are recognised on a straight-line basis as an expense in profit or loss.

##### **2.5.17 Property and equipment**

Owner-occupied property is property held by the Company for use in the supply of services or for administrative purposes.

Owner-occupied property is initially measured at cost and subsequently measured at fair value. Valuations are carried out annually by independent qualified valuers. On disposal of freehold land and buildings, the relevant revaluation reserve balance is transferred to retained earnings.

The buildings are depreciated at an annual rate of 2%.

Equipment is measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on cost on a straight line basis over its estimated useful life, using the following annual rates:

Furniture and office equipment	10%/ 20%
Computer equipment	20%
Motor vehicles	15%
Leasehold improvements	25%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.18 Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on cost on a straight-line basis over the estimated useful life of the assets, of five years for computer software and for recruitment bonuses. At each reporting date the carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. When the carrying values exceed the estimated recoverable amount, intangible assets are written down to their recoverable amount.

##### **2.5.19 Income taxes**

###### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

###### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.



## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **2.5 Significant accounting policies (continued)**

##### **2.5.19 Income taxes (continued)**

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### **2.5.20 Fair value measurement**

Depending on its adopted accounting policy, the Company measures certain financial instruments and certain non-financial assets such as properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

##### **2.5.21 Defined contribution plan**

The Company recognises obligations, in respect of the accounting period in the income statement. Any unpaid contributions at the reporting date are included as a liability.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

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#### **2.5 Summary of significant accounting policies (continued)**

##### **2.5.22 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

##### **2.5.23 Investment properties**

Investment properties, principally comprising land, shops and offices, are held for long-term rental yields and are not occupied by the Company. Investment properties are carried at fair value, representing open market value determined annually by external valuers.

##### **2.5.24 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

**Trust International Insurance Company (Cyprus) Limited****NOTES TO THE FINANCIAL STATEMENTS****At 31 December 2019****3. General insurance business***Earned premium income and reinsurance premiums*

	2019 €	2018 €
Total gross written premiums	35.604.143	33.214.972
Change in the provision for unearned premiums	(1.084.252)	(1.033.276)
Gross earned premiums	34.519.891	32.181.696
Total reinsurance premiums	(6.541.434)	(6.161.523)
Change in the provision for unearned reinsurance Premiums	188.110	52.005
Earned reinsurance premiums	(6.353.324)	(6.109.518)
Net earned premiums	28.166.567	26.072.178

*Deferred acquisition costs*

	2019 €	2018 €
1 January	2.646.861	2.402.745
Deferred acquisition costs for the year	(7.055.722)	(6.516.996)
Acquisition costs charged to the income statement	7.299.405	6.761.112
31 December	2.890.544	2.646.861

The change in deferred acquisition costs for the year is included in the income statement.

*Deferred acquisition income*

	2019 €	2018 €
1 January	526.096	491.426
Deferred acquisition income for the year	(1.540.044)	(1.354.297)
Commission income credited to the income statement	1.597.551	1.388.967
31 December	583.603	526.096

The change in deferred acquisition income for the year is recognised in the income statement.

**Trust International Insurance Company (Cyprus) Limited****NOTES TO THE FINANCIAL STATEMENTS****At 31 December 2019****4. Administrative expenses for insurance operations**

	2019 €	2018 €
Salaries	3.118.872	2.788.204
Social insurance costs	304.168	272.492
Provident fund contributions	138.384	125.570
General Healthcare System	42.981	-
Other staff costs	156.582	151.627
	<u>3.760.987</u>	<u>3.337.893</u>
Professional fees	131.050	75.917
Selling and advertising costs	304.822	162.722
Operating lease payments	66.262	61.851
Electricity, heating and water	52.363	43.628
Insurance, taxes and maintenance of building	66.878	49.962
Maintenance of office equipment and consumables	55.266	58.653
Computer expenses	181.746	216.859
Printing and stationery	70.690	91.639
Telephone expenses	60.796	54.978
Postages and courier expenses	61.882	26.608
Subscriptions	28.283	26.333
Entertainment expenses	35.332	34.979
Travelling expenses	34.943	29.915
Motor vehicle expenses	93.954	90.070
Storage expenses	66.539	56.609
Provision for doubtful debts	228.898	523.169
Depreciation of property and equipment	254.344	240.443
Amortisation of intangible assets	375.837	369.710
Other	23.862	16.746
Foreign exchange loss	38.866	-
	<u>5.993.600</u>	<u>5.568.684</u>

Total staff costs for the year are included in "Administrative expenses for insurance operations" in the income statement.

The average number of staff employed by the Company during 2019 was 111 (2018: 104).

The Company operates since August 2011, a defined contribution retirement benefit plan covering all of its permanent employees in Cyprus. The plan is funded and is separately administered.

**5. Other income and other operating and administrative expenses**

	2019 €	2018 €
<b>Other income</b>		
Dividend income from available-for-sale investments	30.236	9.553
Interest income from available-for-sale investments	438.633	343.249
Profit on disposal of property and equipment	227.545	3.650
Rental income from investment properties	490.628	96.000
Change in fair value of investment properties	-	637.070
Profit on sale of available-for-sale investments	170.696	-
Change in fair value of investments at fair value through profit or loss	10.141	-
	<u>1.367.879</u>	<u>1.089.522</u>

**Trust International Insurance Company (Cyprus) Limited****NOTES TO THE FINANCIAL STATEMENTS****At 31 December 2019****5. Other income and other operating and administrative expenses (continued)**

	2019 €	2018 €
<b>Other operating and administrative expenses</b>		
Directors' fees	131.400	91.192
Professional fees	79.938	130.775
Special levy	350	350
Investment portfolio fees	68.229	59.715
Expenses for investment properties	46.846	54.700
Defence on rental income	9.332	2.160
Change in fair value of investments at fair value through profit or loss	-	64.646
Loss on sale of available-for-sale investments	-	151.168
Change in fair value of investment properties	236.247	-
	<u>572.342</u>	<u>554.706</u>

Professional fees include fees (including taxes) of independent auditors of PricewaterhouseCoopers Limited, for audit and other professional services rendered to the Company as follows:

	2019 €	2018 €
Fees for the audit of the financial statements	59.500	105.910
Fees for other audit related services	16.660	22.610
Fees for tax services	1.904	1.904
Fees for other advisory services	26.861	20.944
	<u>104.925</u>	<u>151.368</u>

**6. Income tax**

	2019 €	2018 €
<b>Current tax</b>		
Corporation tax – current year	375.000	225.000
Corporation tax – prior year	6.365	(35.270)
Total current tax	<u>381.365</u>	<u>189.730</u>
<b>Deferred tax (Note 7)</b>		
Temporary differences of revaluation gains	(47.249)	127.414
Total deferred tax	<u>(47.249)</u>	<u>127.414</u>
Income tax expense as reported in the income statement	<u>334.116</u>	<u>317.144</u>

The reconciliation between income tax expense and profit before income tax, as estimated using the current tax rates, is set out below:

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 6. Income tax (continued)

	2019 €	2018 €
Profit from operating activities before income tax	<u>2.702.851</u>	<u>2.115.140</u>
Tax at Cyprus statutory income tax rate 12,5%	337.856	264.393
Tax effect of:		
Expenses not deductible for tax purposes	123.791	93.942
Income not subject to Cyprus tax	(95.751)	(143.526)
Additional tax	9.104	10.191
Prior year under/ (over) provision	6.365	(35.270)
Deferred tax	<u>(47.249)</u>	<u>127.414</u>
Income tax for the year	<u>334.116</u>	<u>317.144</u>

Corporate income in Cyprus is calculated at the rate of 12,5% on the taxable income of the year.

### 7. Deferred income tax

#### (a) Deferred income tax liabilities

The movement in deferred income tax liabilities during the year is as follows:

	<i>Fair value gains on revaluation of land and buildings</i> €	<i>Fair value gains on revaluation of investment properties</i> €	Total €
At 1 January 2018	2.085	8.940	11.025
Charged/(credited) to:			
Profit or loss (Note 6)	-	127.414	127.414
Other comprehensive income	31.442	-	31.442
At 31 December 2018	<u>33.527</u>	<u>136.354</u>	<u>169.881</u>
Charged/(credited) to:			
Profit or loss (Note 6)	-	13.840	13.840
Other comprehensive income	(2.038)	-	(2.038)
At 31 December 2019	<u>31.489</u>	<u>150.194</u>	<u>181.683</u>

**Trust International Insurance Company (Cyprus) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2019**

**7. Deferred income tax (continued)**

**(b) Deferred income tax assets**

The movement in deferred income tax assets during the year is as follows:

	<i>Fair value losses on revaluation of land and buildings</i>	<i>Fair value losses on revaluation of investment properties</i>	<i>Total</i>
	€	€	€
At 1 January 2019	-	-	-
Charged/(credited) to:			
Profit or loss (Note 6)	-	(61.089)	(61.089)
Other comprehensive income	-	-	-
At 31 December 2019	-	61.089	61.089

**8. Property and equipment**

	<i>Property</i>	<i>Leasehold improvements</i>	<i>Motor vehicles</i>	<i>Computer hardware</i>	<i>Furniture equipment</i>	<i>Total</i>
	€	€	€	€	€	€
<b>2019</b>						
<b>Cost or Valuation</b>						
1 January	6.300.000	150.197	390.702	534.402	673.915	8.049.216
Revaluation	(2.821)	-	-	-	-	(2.821)
Additions	45.475	-	149.100	276.914	46.158	517.647
Disposals and write-offs	(34.654)	-	-	(282.589)	(42.753)	(359.996)
31 December	6.308.000	150.197	539.802	528.727	677.320	8.204.046
<b>Depreciation</b>						
1 January	-	147.858	240.159	423.672	422.031	1.233.720
Revaluation	(77.916)	-	-	-	-	(77.916)
Charge for the year	77.916	1.889	65.694	54.427	54.418	254.344
Disposals and write-offs	-	-	-	(83.424)	(19.853)	(103.277)
31 December	-	149.747	305.853	394.675	456.596	1.306.871
<b>Net book value</b>						
31 December	6.308.000	450	233.949	134.052	220.724	6.897.175

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 8. Property and equipment (continued)

	<i>Property</i>	<i>Leasehold</i>	<i>Motor</i>	<i>Computer</i>	<i>Furniture</i>	<i>Total</i>
	<i>improvements</i>		<i>vehicles</i>	<i>hardware</i>	<i>equipment</i>	
	€	€	€	€	€	€
<b>2018</b>						
<b>Cost or Valuation</b>						
1 January	6.040.000	150.197	421.702	476.412	656.356	7.744.667
Revaluation	259.706	-	-	-	-	259.706
Additions	294	-	26.000	57.990	17.559	101.843
Disposals and write-offs	-	-	(57.000)	-	-	(57.000)
31 December	6.300.000	150.197	390.702	534.402	673.915	8.049.216
<b>Depreciation</b>						
1 January	-	145.711	218.784	364.876	364.062	1.093.433
Revaluation	(74.506)	-	-	-	-	(74.506)
Charge for the year	74.506	2.147	47.025	58.796	57.969	240.443
Disposals and write-offs	-	-	(25.650)	-	-	(25.650)
31 December	-	147.858	240.159	423.672	422.031	1.233.720
<b>Net book value</b>						
31 December	6.300.000	2.339	150.543	110.730	251.884	6.815.496

All property is freehold and is shown at valuation carried out by independent professionally qualified valuers at 31 December 2019 in accordance to IFRS 13. Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

The cumulative revaluation surplus amounted to €75.094 (2018: €334.212) and is included in the property revaluation reserve. The historical cost of property amounts to €6.042.606 (2018: €6.031.784).

All property is used for the Company's business purposes.

The net book value of freehold property, on a cost less accumulated depreciation basis, as at 31 December 2019 would have amounted to €5.666.478 (2018: €5.732.974).

During 2015 the Company started using the new property acquired in 2014 in Cyprus as its Head Office. During 2017 the Company started using the new property acquired in 2017 in Cyprus as its Larnaca Branch.



# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 8. Property and equipment (continued)

The table below presents the valuation technique and key inputs used in the valuation of property:

Description	Fair value hierarchy	Fair value at		Valuation technique	Inputs used in the determination of fair values		
		31/12/2019 €	31/12/2018 €		Input	Weighted average 2019	Weighted average 2018
Land and office building in Cyprus – Nicosia	Level 3	6.130.000	6.130.000	Market comparable approach	Adjusted price per square meter based on actual sales of similar properties	Land €2.500 per square meter, Building €1.564 per square meter	Land €2.500 per square meter, Building €1.564 per square meter
Office building in Cyprus - Larnaca	Level 3	178.000	170.000	Market comparable approach	Adjusted price per square meter based on actual sales of similar properties	Building €978 per square meter	Building €934 per square meter

#### Sensitivity

A change in the valuation price of the property affects equity (unless there is an impairment). An increase of 10% in the valuation price per square meter used by the valuer would increase the Company's equity by €630.800 (2018: €630.000). A decrease of 10% in the valuation price per square meter used by the valuer would decrease the Company's equity by €630.800 (2018: €630.000). These amounts are before tax.

### 9. Intangible assets

	Computer software	Recruitment bonuses	Total
	€	€	€
<b>2019</b>			
<b>Cost</b>			
1 January	500.717	2.382.840	2.883.557
Additions	59.648	339.085	398.733
Write-offs	-	(23.000)	(23.000)
31 December	560.365	2.698.925	3.259.290
<b>Depreciation</b>			
1 January	296.068	1.776.272	2.072.340
Charge for the year	70.125	305.712	375.837
Write offs	-	(18.399)	(18.399)
31 December	366.193	2.063.585	2.429.778
<b>Net book value</b>			
31 December	194.172	635.340	829.512

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 9. Intangible assets (continued)

	<i>Computer software</i>	<i>Recruitment bonuses</i>	<i>Total</i>
	€	€	€
<b>2018</b>			
<b>Cost</b>			
1 January	268.914	1.897.235	2.166.149
Additions	231.803	485.605	717.408
31 December	500.717	2.382.840	2.883.557
<b>Depreciation</b>			
1 January	234.809	1.467.821	1.702.630
Charge for the year	61.259	308.451	369.710
31 December	296.068	1.776.272	2.072.340
<b>Net book value</b>			
31 December	204.649	606.568	811.217

### 10. Investment properties

	<i>2019</i>	<i>2018</i>
	€	€
1 January	7.181.000	6.222.000
Additions (Note 18)	20.100.710	321.930
Disposals (Note 18)	-	-
Change in fair value	(236.247)	637.070
31 December	27.045.463	7.181.000

The investment properties comprise offices and shops in Neapolis Limassol and land in Asgata and Ayios Tychonas Limassol.

Certain properties (classified as level 3) are shown at valuation carried out by independent professionally qualified valuers at 31 December 2019 in accordance to IFRS 13. The fair value of these properties is determined by using the market comparable method. This means that valuations performed by the valuer are based on active market prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. Certain properties, classified as level 3, are shown at fair value determined by using the income capitalisation method.

If investment properties were valued under the cost model, their carrying amount would have amounted to €26.599.940 as at 31 December 2019 (2018: €6.499.230). The rental income from investment properties during 2019 was €490.628 (2018: €96.000). The direct operating expenses relating to investment properties recognised in the income statement during 2019 were €46.846 (2018: €54.700).

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 10. Investment properties (continued)

The table below presents the valuation technique and key inputs used in the valuation of properties:

Description	Fair value hierarchy	Fair value at		Valuation technique	Inputs used in the determination of fair values		
		31/12/2019 €	31/12/2018 €		Input	Weighted average 2019	Weighted average 2018
Shops in Cyprus - Limassol	Level 3	5.100.000	5.120.000	Income capitalisation approach	Capitalisation rate	Rate 4,75% - 5,75%	Rate 4,75% - 5,75%
Offices in Cyprus - Limassol	Level 3	6.300.000	2.061.000	Market comparable approach	Adjusted price per square meter based on actual sales of similar properties	Building €5.675 per square meter	Building €4.738 per square meter
Offices in Cyprus - Limassol	Level 3	8.538.463	-	Market comparable approach	Adjusted price per square meter based on actual sales of similar properties	Building €7.550 per square meter	-
Land in Cyprus - Limassol Asgata	Level 3	2.232.000	-	Market comparable approach	Adjusted price per square meter based on actual sales of similar properties	Land €13 per square meter	-
Land in Cyprus - Limassol Ayios Tychonas	Level 3	4.875.000	-	Market comparable approach	Adjusted price per square meter based on actual sales of similar properties	Land €142 per square meter	-

#### Sensitivity

A change in the valuation price of the investment properties affects the Company's income statement. An increase of 10% in the valuation price used would increase the Company's profit by €2.704.546 (2018: €718.100). A decrease of 10% in the valuation price used would decrease the Company's profit by €2.704.546 (2018: €718.100). These amounts are before tax.

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 11. Investments

#### (a) Available for sale investments

	2019 €	2018 €
<b>Equity shares</b>		
Listed on Cyprus Stock Exchange	305	328
Listed on Germany Stock Exchange	142.844	96.778
Listed on France Stock Exchange	201.975	82.936
Listed on Italy Stock Exchange	159.736	-
Listed on Spain Stock Exchange	82.961	44.458
Listed on Netherlands Stock Exchange	406.571	85.014
	<u>994.392</u>	<u>309.514</u>
<b>Government bonds</b>		
Listed	<u>2.329.762</u>	<u>2.222.337</u>
<b>Corporate bonds</b>		
Listed	<u>15.986.638</u>	<u>14.661.949</u>
	<u>19.310.792</u>	<u>17.193.800</u>

Income from investments for the year amounted to €468.869 (2018: €352.802) and is included in "Other income" in the income statement.

The movement for the years 2019 and 2018 respectively is summarised below:

	Cost 2019 €	Interest receivable 2019 €	Revaluation 2019 €	Carrying amount 2019 €
<b>Equity shares, Government bonds and Corporate bonds Available for sale</b>				
1 January	17.347.490	164.292	(317.982)	17.193.800
Additions	4.616.753	-	-	4.616.753
Disposals	(3.495.222)	-	173.569	(3.321.653)
Revaluation	-	-	802.724	802.724
Interest receivable	-	19.168	-	19.168
31 December	<u>18.469.0221</u>	<u>183.460</u>	<u>658.311</u>	<u>19.310.792</u>

	Cost 2018 €	Interest receivable 2018 €	Revaluation 2018 €	Carrying amount 2018 €
<b>Equity shares, Government bonds and Corporate bonds Available for sale</b>				
1 January	10.156.724	131.748	135.948	10.424.420
Additions	9.614.151	-	-	9.614.151
Disposals	(2.423.385)	-	29.048	(2.394.337)
Revaluation	-	-	(482.978)	(482.978)
Interest receivable	-	32.544	-	32.544
31 December	<u>17.347.490</u>	<u>164.292</u>	<u>(317.982)</u>	<u>17.193.800</u>

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### (b) Investments at fair value through profit or loss

	2019 €	2018 €
<b>Equity shares</b>		
Listed on Cyprus Stock Exchange (note (a))	12.059	15.629
Listed on France Stock Exchange (note (c))	93.045	-
	<u>105.104</u>	<u>15.629</u>
<b>Structured products</b>		
Unlisted (note (b))	-	81.261
	<u>105.104</u>	<u>96.890</u>

The movement for the years 2019 and 2018 respectively is summarised below:

	Cost 2019 €	Interest receivable 2019 €	Fair value gains/(losses) 2019 €	Carrying amount 2019 €
<b>Equity shares and Structured products at fair value through profit or loss</b>				
1 January	352.214	1.882	(257.206)	96.890
Additions	146.516	-	(78.041)	68.475
Disposals	(150.000)	-	81.480	(68.520)
Fair value gains	-	-	10.141	10.141
Interest receivable	-	(1.882)	-	(1.882)
31 December	<u>348.730</u>	<u>-</u>	<u>(243.626)</u>	<u>105.104</u>
	Cost 2018 €	Interest receivable 2018 €	Fair value gains/(losses) 2018 €	Carrying amount 2018 €
<b>Equity shares and Structured products at fair value through profit or loss</b>				
1 January	1.252.214	12.217	(202.790)	1.061.641
Additions	-	-	-	-
Disposals	(900.000)	-	10.230	(889.770)
Fair value losses	-	-	(64.646)	(64.646)
Interest receivable	-	(10.335)	-	(10.335)
31 December	<u>352.214</u>	<u>1.882</u>	<u>(257.206)</u>	<u>96.890</u>

#### Note (a)

This represents shares in a listed bank, Bank of Cyprus, that were acquired as a result of the conversion of the Bank's deposits including shares in accordance with the relevant decrees issued by the Central Bank of Cyprus.

#### Note (b)

These represent unlisted structured products which are linked to listed equities and which are converted into cash or equity shares upon redemption. The fair value of the structured products was derived from the prices of the underlying listed equities.

#### Note (c)

This represents shares in a listed bank, Societe Generale SA, that were acquired as a result of the redemption of a structured product.

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 11. Investments (continued)

#### *Fair value hierarchy*

As at 31 December 2019, the Company held the following financial instruments carried at fair value in the statement of financial position:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>31 December</i>
2019	€	€	€	€
Available for sale investments	19.310.792	-	-	19.310.792
Investments at fair value through profit or loss	105.104	-	-	105.104
2018	€	€	€	€
Available for sale investments	17.193.800	-	-	17.193.800
Investments at fair value through profit or loss	15.629	81.261	-	96.890

### 12. Deposits with banks

<i>Description</i>	<i>Maturity</i>	<i>Interest rate (per annum)</i>	<i>2019 €</i>	<i>2018 €</i>
Current accounts		0%	1.585.144	3.667.414
Term deposits	0-3 months	0%	236.836	2.186.982
Term deposits	4-6 months	0,15%	164.174	163.642
Term deposits	7-12 months	0,30%	171.028	8.825.726
			<u>2.157.182</u>	<u>14.843.764</u>

An amount of €171.285 is blocked as security for letters of guarantee in favor of several beneficiaries relevant to offers for insurance services (2018: €187.949). For credit and counterparty risk exposure refer to note 23.

**Trust International Insurance Company (Cyprus) Limited****NOTES TO THE FINANCIAL STATEMENTS****At 31 December 2019****13. Other debtors and prepayments**

	2019 €	2018 €
Prepayments and deposits	819.780	459.923
Prepayments for the acquisition of software	962.368	487.933
Amounts receivable from Cyprus Hire Risk Pools	594.687	481.033
Amounts receivable from Group Insurance Pools	152.602	149.659
Amounts receivable for replacement of destroyed equipment	505.684	-
	<u>3.035.121</u>	<u>1.578.548</u>

Other debtors and prepayments represent balances that are repayable during the normal course of the Company's operations and are interest-free.

**14. Cash and bank balances**

	2019 €	2018 €
Cash with banks (Note 12)	1.585.144	3.667.414
Term deposits with banks (Note 12)	572.038	11.176.350
Cash in hand	<u>289.048</u>	<u>375.219</u>
	2.446.230	15.218.983
Deposits with original maturity of over 3 months (Note 12)	<u>(335.202)</u>	<u>(8.989.368)</u>
Cash and cash equivalents as per the statement of cash flows	<u>2.111.028</u>	<u>6.229.615</u>

**15. Share capital**

	2019 €	2018 €
Authorised Ordinary Shares of €1 each	30.000.000	26.887.085
Issued and fully paid Ordinary Shares of €1 each	<u>27.107.000</u>	<u>20.000.000</u>
1 January	20.000.000	20.000.000
Increase in issued share capital	<u>7.107.000</u>	<u>-</u>
31 December	<u>27.107.000</u>	<u>20.000.000</u>

On 16 December 2019 a resolution was passed for the issue and allotment of €7.107.000 divided into 7.107.000 shares of €1 each to the sole Shareholder Nest Investments (Holdings) Ltd.

**16. Dividends**

The Company has paid a dividend of €2.254.776 to its sole Shareholder Nest Investments (Holdings) Ltd (2018: €309.450). The amount consists of a final dividend for 2018 of €900.000 and an interim dividend for 2019 of €1.354.776.

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 17. General insurance contract liabilities

	<i>Insurance Contract Liabilities</i> €	<i>2019 Reinsurers' share of liabilities</i> €	<i>Net liabilities</i> €	<i>Insurance Contract Liabilities</i> €	<i>2018 Reinsurers' share of liabilities</i> €	<i>Net liabilities</i> €
Provision for outstanding claims reported	21.052.856	(3.921.524)	17.131.332	20.053.590	(3.592.961)	16.460.629
Provisions for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER)	3.887.919	(428.450)	3.459.469	3.529.991	(335.754)	3.194.237
Total outstanding claims	24.940.775	(4.349.974)	20.590.801	23.583.581	(3.928.715)	19.654.866
Provision for unearned premiums	13.815.027	(1.931.767)	11.883.260	12.730.775	(1.743.657)	10.987.118
Provision for unexpired risks reserve	-	-	-	-	-	-
Provision for claims handling reserve	578.117	-	578.117	552.606	-	552.606
Total general insurance contract liabilities	39.333.919	(6.281.741)	33.052.178	36.866.962	(5.672.372)	31.194.590

The provisions for outstanding claims reported by policyholders, claims incurred but not enough reported (IBNER) and claims incurred but not reported (IBNR) are analysed as follows:

	<i>Insurance contract liabilities</i> €	<i>2019 Reinsurers' share of liabilities</i> €	<i>Net liabilities</i> €	<i>Insurance contract liabilities</i> €	<i>2018 Reinsurers' share of liabilities</i> €	<i>Net liabilities</i> €
1 January	23.583.581	(3.928.715)	19.654.866	19.164.822	(2.881.839)	16.282.983
Incurred for the year	18.979.686	(2.043.516)	16.936.170	17.771.740	(1.869.354)	15.902.386
Claims paid during the year	(17.622.492)	1.622.257	(16.000.235)	(13.352.981)	822.478	(12.530.503)
31 December	24.940.775	(4.349.974)	20.590.801	23.583.581	(3.928.715)	19.654.866



# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 17. General insurance contract liabilities (continued)

The provision for unearned premiums is analysed as follows:

	2019			2018		
	<i>Insurance contract liabilities</i>	<i>Reinsurers' share of liabilities</i>	<i>Net liabilities</i>	<i>Insurance contract liabilities</i>	<i>Reinsurers' share of liabilities</i>	<i>Net liabilities</i>
	€	€	€	€	€	€
1 January	12.730.775	(1.743.657)	10.987.118	11.697.499	(1.691.652)	10.005.847
Premiums written during the year	35.604.143	(6.541.434)	29.062.709	33.214.972	(6.161.523)	27.053.449
Premiums earned for the year	(34.519.891)	6.353.324	(28.166.567)	(32.181.696)	6.109.518	(26.072.178)
31 December	13.815.027	(1.931.767)	11.883.260	12.730.775	(1.743.657)	10.987.118

The provision for claims handling expense is analysed as follows:

	2019			2018		
	<i>Insurance contract liabilities</i>	<i>Reinsurers' share of liabilities</i>	<i>Net liabilities</i>	<i>Insurance contract liabilities</i>	<i>Reinsurers' share of liabilities</i>	<i>Net liabilities</i>
	€	€	€	€	€	€
1 January	552.606	-	552.606	448.487	-	448.487
Provision for the year	25.511	-	25.511	104.119	-	104.119
31 December	578.117	-	578.117	552.606	-	552.606

### 18. Related party transactions

The Company is controlled by Nest Investments (Holdings) Ltd, incorporated in Jersey, which owns 100% of the Company's shares. The Company's ultimate controlling party was Mr. Ghazi Abunahl at 31 December 2019 and Barbara Family Ltd at the date of this report.

The ultimate parent entity (which is the same as the parent entity), which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is Nest Investments (Holdings) Ltd, incorporated in Jersey, Channel Islands, and its consolidated financial statements are available at the website [www.nestco.org](http://www.nestco.org).

## Trust International Insurance Company (Cyprus) Limited

### NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

#### 18. Related party transactions (continued)

Balances due from/ (to) related parties as at 31 December 2019, were as follows:

	2019 €	2018 €
Premiums receivable from related companies:		
Common control entities	9.682	926
Premiums (refundable)/ receivable from directors	(3.009)	(5.141)
Receivables from related companies:		
Parent entity	463.601	1.203.624
Common control entities	900.937	900.764
Reinsurance payables to related companies:		
Common control entities	(147.199)	(109.223)
Payables to related companies:		
Common control entities	(604.430)	(1.170.504)
Reinsurers' share of insurance contract liabilities:		
Common control entities	509.905	530.386
Other creditors and accrued expenses:		
Common control entity	(3.328)	(11.052)

Income/ (expenses) from related party transactions in the years ended 31 December, were as follows:

	2019 €	2018 €
Gross premiums ceded to related company:		
Common control entity	(15.901)	(44.899)
Reinsurance commission received from related company: Common control entity	2.385	4.424
Claims recovered from related company:		
Common control entity	4.301	336
Direct insurance premiums with directors	19.937	20.024
Direct insurance premiums with related companies:		
Common control entities	48.263	50.425
Office space usage charged to related company:		
Common control entity	7.000	-
Fees charged to related company: Parent entity	5.000	12.000
Payroll and other expenses charged to related company: Common Control entity	-	48.119
Other services/ expenses/ computer software charged by related company: Parent entity	(4.762)	(103.851)
Other services/ expenses/ computer software charged by related companies: Common Control entities	(615.368)	(332.116)
Purchase of investment properties from related Companies (cost): Common control entities	(12.250.000)	-

The Company's reinsurance treaties are managed/ administered by a related company (common control entity).

**Trust International Insurance Company (Cyprus) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2019**

**18. Related party transactions (continued)**

The compensation of the Directors and key management personnel for the years ended 31 December was as follows:

	2019 €	2018 €
<b>Directors</b>		
Fees	131.400	91.192
<b>Key management personnel</b>		
Salaries and other short term benefits	629.515	599.894
Social insurance costs and General Healthcare System	44.363	35.156
Provident fund contributions	44.646	43.534
	<u>718.524</u>	<u>678.584</u>

The key management personnel comprise of the Chief Executive Officer, the Financial Controller, the Business Development Manager, the Operations Manager and the Claims Manager.

**19. Other creditors and accrued expenses**

	2019 €	2018 €
Amounts due to reinsurers for premium reserve retained	1.137.941	1.018.001
Amounts payable to Group Insurance pools/ funds	152.602	149.659
Amounts due to claimants	(91.489)	(15.375)
Motor Insurers Fund	212.129	192.302
Accrued expenses	1.074.025	852.088
Other provisions and reserves	181.730	109.749
Other creditors	-	-
Deposits for rent receivable	68.046	24.000
Commissions payable to intermediaries	1.550.409	1.385.257
	<u>4.285.393</u>	<u>3.715.681</u>

Other creditors represent balances that are repayable during the normal course of the Company's operations and are interest-free, with the exception of premium reserve retained which bears an interest rate according to the terms of each treaty.

**20. Non-current receivables**

	2019 €	2018 €
Amounts receivable from Tax Authorities	718.084	721.465
	<u>718.084</u>	<u>721.465</u>

Non-current receivables represent amounts receivable from the Tax Authorities in relation to value added tax on investment properties acquired. They are set off with amounts payable by the Company to the Tax Authorities and are expected to be recovered within two years from the balance sheet date. Non-current receivables are interest-free. None of the non-current receivables is either past due or impaired and their fair value is equal to their nominal value.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **21. Fair values of financial instruments**

As the majority of the financial assets and financial liabilities are either short-term or are carried at fair value, management is of the opinion that the fair value of financial instruments is approximately equal to their carrying amount at the reporting date – see Note 11 for disclosures in relation to the investments of the Company that are measured at fair value. The carrying value of loans and borrowings has also been assessed as approximating its fair value.

#### **22. General insurance contract liabilities – terms and conditions, assumptions and sensitivity of results**

The Company is engaged in general insurance business in respect of the business classes mentioned in Note 3.

Risks under these policies usually cover a period of 12 months, with the exception of the travel and goods in transit business classes that cover shorter periods and the business class for contractors insuring all risks that covers longer periods.

The liabilities for outstanding claims arising from insurance contracts issued by the Company are calculated based on estimates by loss adjusters and facts known at the reporting date. With time, these estimates are reconsidered and any adjustments are recognised in the financial statements of the period in which they arise.

The principal assumptions underlying the estimates for each claim are based on past experience and market trends and they take into consideration claims handling costs, inflation and claim numbers for each accident year. Also external factors that may affect the estimate of claims, such as recent court rulings and the introduction of new legislation are taken into consideration.

The insurance contract liabilities are sensitive to changes in the above key assumptions. The sensitivity of certain assumptions, such as the introduction of new legislation and the rulings of certain court cases, is very difficult to be quantified. Furthermore, the delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement increase the uncertainty over the cost of claims at the reporting date.

The table below demonstrates the development of claims estimates over the last five years for direct business in Cyprus. In addition the reconciliation of these estimates with the total liability included in the statement of financial position of the current year is demonstrated below:

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 22. General insurance contract liabilities – terms and conditions, assumptions and sensitivity of results (continued)

2019

	2011 and prior years	2012	2013	2014	2015	2016	2017	2018	2019	Total
	€	€	€	€	€	€	€	€	€	€
Year of loss	6,238,827	5,660,911	8,295,674	8,736,041	10,864,902	11,971,067	14,285,959	16,894,154	17,900,174	100,847,709
After a year	613,078	498,355	568,013	509,391	857,611	573,007	(145,130)	70,530	-	3,544,855
After two years	180,121	201,648	255,493	202,952	253,881	(170,090)	185,355	-	-	1,109,360
After three years	123,448	53,700	74,756	(23,183)	545	8,133	-	-	-	237,399
After four years	20,717	175,512	151,808	619,707	228,926	-	-	-	-	1,196,670
After five years	29,561	105,937	100,286	113,913	-	-	-	-	-	349,697
Present estimate for claim	7,205,752	6,696,063	9,446,030	10,158,821	12,205,865	12,382,117	14,326,184	16,964,684	17,900,174	107,285,690
Total payments	(7,134,288)	(6,293,709)	(8,257,784)	(7,990,554)	(9,241,910)	(10,419,799)	(12,108,194)	(14,007,051)	(10,779,545)	(86,232,834)
Total outstanding claims	71,464	402,354	1,188,246	2,168,267	2,963,955	1,962,318	2,217,990	2,957,633	7,120,629	21,052,856
Share of reinsurers	(4)	(24,742)	(202,155)	(809,799)	(1,253,293)	(21,059)	(73,402)	(253,873)	(1,283,197)	(3,921,524)
Net liability	71,460	377,612	986,091	1,358,468	1,710,662	1,941,259	2,144,588	2,703,760	5,837,432	17,131,332

2018

	2010 and prior years	2011	2012	2013	2014	2015	2016	2017	2018	Total
	€	€	€	€	€	€	€	€	€	€
Year of loss	2,303,436	3,909,886	5,660,911	8,295,674	8,736,041	10,864,902	11,971,067	14,285,959	16,894,154	82,922,030
After a year	303,884	317,977	498,355	568,013	509,391	857,611	573,007	(145,130)	-	3,483,108
After two years	74,973	121,869	201,649	255,493	202,952	253,880	(170,090)	-	-	940,726
After three years	8,034	115,414	53,700	74,756	(23,183)	546	-	-	-	229,267
After four years	28,616	(7,899)	175,512	151,808	619,707	-	-	-	-	967,744
After five years	(25,637)	31,695	38,508	93,887	-	-	-	-	-	138,453
Present estimate for claim	2,693,306	4,488,942	6,628,635	9,439,631	10,044,908	11,976,939	12,373,984	14,140,829	16,894,154	88,681,328
Total payments	(2,693,302)	(4,389,113)	(5,967,126)	(8,045,773)	(7,603,534)	(9,009,853)	(10,135,811)	(11,737,920)	(9,045,306)	(68,627,738)
Total outstanding claims	4	99,829	661,509	1,393,858	2,441,374	2,967,086	2,238,173	2,402,909	7,848,848	20,053,590
Share of reinsurers	-	(5,485)	(73,688)	(228,358)	(1,030,066)	(1,201,898)	(25,583)	(87,909)	(939,974)	(3,592,961)
Net liability	4	94,344	587,821	1,165,500	1,411,308	1,765,188	2,212,590	2,315,000	6,908,874	16,460,629

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **23. Risk management**

The Company, in the ordinary course of business, is exposed to a variety of risks, the most important of which are insurance risk, fluctuations in the prices of investments, foreign exchange and interest rates, liquidity risk and credit risk.

These risks are identified, measured and monitored through various control mechanisms in order to prevent undue risk concentrations.

##### ***Insurance Risk***

The risk of an insurance policy occurs from the uncertainty of the amount and time of presentation of the claim. Therefore the level of risk is determined by the frequency of such claims, by the severity and their evolution from one period to the next.

For the general insurance industry, the major risks are the results of major catastrophic events such as natural disasters. These risks vary depending on location, type and nature. The variability of risks is mitigated by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected by changes in any subset of the portfolio. The exposure of the Company to insurance risks is also reduced by the following measures:

- Introduction of strict underwriting policies
- Strict review of all claims that occur
- Immediate assessment and processing of claims to minimise the possibility of negative development in the long run, and
- Use of effective reinsurance arrangements in order to limit exposure to catastrophic events.

An increase in the net estimated outstanding claims position and IBNR provision of 1% (2018: 1%) would decrease the profit before tax by €205.908 (2018: €196.549).

##### ***Market risk***

Market risk is the risk of loss arising from adverse movements in exchange rates, interest rates and security prices.

##### ***Interest rate risk***

Interest rate risk arises as a result of timing differences on the repricing of deposits and other investments and interest-bearing liabilities. The Company closely monitors interest rate movements and the repricing maturity structure of assets and liabilities which are subject to changes in interest rates or have fixed rates.

Interest rate risk is measured using interest rate sensitivity gap analysis where the difference between assets and liabilities repricing in each time band is calculated. This difference is then multiplied with the assumed change in interest rates for the period from the repricing date until twelve months from the date of the analysis, in order to find the annual impact on earnings of any changes in interest rates for the next twelve months.

The table below indicates the effect on the Company's net interest income, over a one-year period, from reasonably possible changes in the interest rates:

**Trust International Insurance Company (Cyprus) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2019**

**23. Risk management (continued)**

<i>Changes in interest rates</i>	<i>Effect on the Company's net interest income</i>
	€
<b>2019</b>	
+0,5%	115.206
-0,5%	(115.206)
<b>2018</b>	
+ 0,5%	123.214
- 0,5%	(123.214)

**Currency risk**

The risk of changes in currency rates occurs when the Company has an open currency position in any currency and is the risk of losses from adverse changes to the exchange rates. The table below indicates the effect on the Company's net profit and equity respectively, over a one-year period, from reasonably possible changes in the EURO/USD exchange rates, as the Company's most significant exposure is in US Dollar (USD).

	<i>Changes in EURO/USD exchange rates 2019</i>	<i>Changes in EURO/USD exchange rates 2018</i>
	<i>Effect on equity €</i>	<i>Effect on equity €</i>
+ 5%	100.992	244.765
- 5%	(100.992)	(244.765)
	<i>Effect on profit €</i>	<i>Effect on profit €</i>
+ 5%	4.798	153.833
- 5%	(4.798)	(153.833)

**Analysis of financial assets and liabilities by currency**

The below table presents an analysis of the Company's financial assets and liabilities by currency as at 31 December 2019 and 31 December 2018.

	<i>Balances in United States Dollars</i>	<i>Balances in Euro</i>	<i>Total</i>
<i>31 December 2019</i>	€	€	€
<b>Financial assets</b>			
Non-current receivables	-	718.084	718.084
Investments	1.923.882	17.492.014	19.415.896
Receivable from related companies	86.776	1.277.762	1.364.538
Premiums receivable	-	5.778.105	5.778.105
Other debtors and prepayments	152.602	2.882.519	3.035.121
Cash and bank balances	82.282	2.363.948	2.446.230
<b>Total financial assets</b>	<b>2.245.542</b>	<b>30.512.432</b>	<b>32.757.974</b>
<b>Financial liabilities</b>			
Reinsurers current accounts	14.914	408.698	423.612
Payables to related companies	15.484	588.946	604.430
Other creditors and accrued expenses	195.299	4.090.094	4.285.393
<b>Total financial liabilities</b>	<b>225.697</b>	<b>5.087.738</b>	<b>5.313.435</b>
<b>Net position</b>	<b>2.019.845</b>	<b>25.424.694</b>	<b>27.444.539</b>



# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 23. Risk management (continued)

#### *Currency risk (continued)*

#### *Analysis of assets and liabilities by currency*

<i>31 December 2018</i>	<i>Balances in United States Dollars</i>	<i>Balances in Euro</i>	<i>Total</i>
	€	€	€
<b>Financial assets</b>			
Non-current receivables	-	721.465	721.465
Investments	1.818.657	15.472.033	17.290.690
Receivable from related companies	400.764	1.703.624	2.104.388
Premiums receivable	-	5.841.956	5.841.956
Other debtors and prepayments	149.659	1.428.889	1.578.548
Cash and bank balances	38.652	15.180.331	15.218.983
<b>Total financial assets</b>	<b>2.407.732</b>	<b>40.348.298</b>	<b>42.756.030</b>
<b>Financial liabilities</b>			
Reinsurers current accounts	-	376.638	376.638
Payables to related companies	528.692	641.812	1.170.504
Other creditors and accrued expenses	733.229	2.982.452	3.715.681
<b>Total financial liabilities</b>	<b>1.261.921</b>	<b>4.000.902</b>	<b>5.262.823</b>
<b>Net position</b>	<b>1.145.811</b>	<b>36.347.396</b>	<b>37.493.207</b>

The currency of the reinsurance treaties of the Company has changed from US Dollar to Euro from 1 July 2018. As at 31 December 2019 an amount of €1.636.593, which is included in the Reinsurers' share of insurance contract liabilities, relates to the reinsurers' share of outstanding claims for the old treaties in US Dollar (2018: €1.862.507).

#### *Price risk*

Price risk is the risk of adverse movements in the market prices of equity shares and debt instruments.

#### *Equity securities and debt instruments price risk*

The risk of loss from changes in the price of equity shares and debt instruments, arises when there is an adverse change in the price of investments held by the Company.

The Company monitors this risk on a regular basis, in order to ensure it remains within acceptable levels.

A change in the prices of equity securities and debt instruments classified as 'available for sale' affects equity (unless there is an impairment). The table below indicates how equity will be affected from a change in the price of the equity securities held, as a result of reasonably possible changes in the relevant stock exchange indices.

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 23. Risk management (continued)

<i>Price risk (continued)</i>	<i>Changes to the Index %</i>	<i>Effect on equity €</i>
<b>2019</b>		
European Stock Exchanges	+30	298.318
European Stock Exchanges	-30	(298.318)
Government and Corporate Bond markets	+30	5.439.882
Government and corporate Bond markets	-30	(5.439.882)
<b>2018</b>		
European Stock Exchanges	+30	92.854
European Stock Exchanges	-30	(92.854)
Government and Corporate Bond markets	+30	5.015.999
Government and corporate Bond markets	-30	(5.015.999)

#### *Liquidity risk*

Liquidity risk is the risk that the Company will suffer losses as a result of their inability to fully meet payment obligations as and when they fall due. To manage this risk, the Company maintains at all times cash at bank and other highly liquid assets in order to prevent undue risk concentrations.

#### *Analysis of financial liabilities by contractual maturity*

	<i>Within one year</i>	<i>Over one year</i>	<i>Total</i>
<b>31 December 2019</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>Liabilities</b>			
Insurance contract liabilities	39.228.378	105.541	39.333.919
Reinsurers current accounts	423.612	-	423.612
Payables to related companies	604.430	-	604.430
Other creditors and accrued expenses	4.285.393	-	4.285.393
<b>Total liabilities</b>	<b>44.541.813</b>	<b>105.541</b>	<b>44.647.354</b>
<b>31 December 2018</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>Liabilities</b>			
Insurance contract liabilities	36.791.242	75.720	36.866.962
Reinsurers current accounts	376.638	-	376.638
Payables to related companies	1.170.504	-	1.170.504
Other creditors and accrued expenses	2.548.021	-	2.548.021
<b>Total liabilities</b>	<b>40.886.405</b>	<b>75.720</b>	<b>40.962.125</b>

# Trust International Insurance Company (Cyprus) Limited

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

### 23. Risk management (continued)

#### Credit risk

Credit risk is the risk of failure by counterparties to perform under their contractual obligations.

The Company is transacting with a large number of clients, brokers and agents in order to achieve adequate diversification of credit risk.

Credit risk is further reduced as the Company monitors credit exposures on a regular basis and, when necessary, provides for any doubtful debts.

The tables below present the maximum credit risk exposure arising from the various financial assets in accordance with their credit rating as determined by Moody's:

31 December 2019	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa1-C	Unrated	Total
	€	€	€	€	€	€	€	€
Bonds (Note 11)	776.522	5,236.353	8,157.756	3,345.333	391.483	408.953	-	18,316.400
Deposits with banks (Note 12)	-	161.180	-	-	1,656.367	-	339.635	2,157.182
Reinsurers share of liabilities (Note 17)	757.886	2,765.412	1,074.684	-	891.393	-	363.916	5,853.291
Related Companies (Note 18)	-	-	-	-	-	-	1,364.538	1,364.538
Premiums receivable	-	-	-	-	-	-	5,778.105	5,778.105
Total	1,534.408	8,162.945	9,232.440	3,345.333	2,939.243	408.953	7,846.194	33,469.516

31 December 2018	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa1-C	Unrated	Total
	€	€	€	€	€	€	€	€
Bonds (Note 11)	1,264.593	5,311.215	7,894.802	1,840.465	190.694	382.517	-	16,884.286
Structured products (Note 11)	-	-	-	-	-	-	81.261	81.261
Deposits with banks (Note 12)	-	2,681.437	-	-	11,400.876	-	761.451	14,843.764
Reinsurers share of liabilities (Note 17)	757.069	2,423.633	559.329	-	930.104	-	666.483	5,336.618
Related Companies (Note 18)	-	-	-	-	-	-	2,104.388	2,104.388
Premiums receivable	-	-	-	-	-	-	5,841.956	5,841.956
Total	2,021.662	10,416.285	8,454.131	1,840.465	12,521.674	382.517	9,455.539	45,092.273

#### Note (a)

The amounts classified under unrated structured products represent products issued by Barclays Bank Plc which is rated A2 by Moody's, the structured products are not however rated.

#### Note (b)

The amounts classified under unrated banks represent deposits at local banks, which are not rated.

## Trust International Insurance Company (Cyprus) Limited

### NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2019

#### 23. Risk management (continued)

##### *Credit risk (continued)*

The Company places a lot of emphasis on its counterparty default risk for reinsurance and the following considerations are part of the reinsurance policy of the Company:

- Risk Distribution: Reinsurance is shared by a number of reinsurance companies in order to diversify the counterparty default risk for reinsurance and reduce the concentration risk. As a result there is no over-reliance on any one reinsurer over a predefined maximum level of exposure.
- Financial Strength Rating: Reinsurers are selected according to minimum credit ratings from S&P and AM Best, with adequate distribution over different credit rating bands. Reinsurers are selected subject to a satisfactory review of their financial status, their reinsurance arrangements and past performance.

As of 31 December 2019 the bonds, structured products, deposits with Banks, the receivables from related companies and the reinsurers' share of insurance contract liabilities were neither past due nor impaired.

The premiums receivable that are less than six months past due are not considered impaired. These relate to a number of independent agents/clients for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019 €	2018 €
Within credit period	4.136.705	3.892.375
Past due up to three months	1.060.196	1.144.059
Past due over three months but less than six months	281.881	303.439
Past due over six months	299.323	502.083
	<u>5.778.105</u>	<u>5.841.956</u>

As of 31 December 2019, premiums receivable of €1.616.683 (2018: €1.751.909) were impaired and provided for. The amount of the provision was €1.306.188 as of 31 December 2019 (2018: €1.177.909). The individually impaired receivables mainly relate to agents and corporate clients, which are in an unexpectedly difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

## **Trust International Insurance Company (Cyprus) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**At 31 December 2019**

#### **24. Capital management**

The adequacy of the Company's capital is monitored by the Superintendent of Insurance (Ministry of Finance) in order to ensure a minimum margin of solvency. The required minimum capital is determined in order to ensure the minimum solvency margin. The Company also maintains additional capital to support its business goal and to maximize its shareholder's value.

As from 1 January 2016 a new regulatory framework, Solvency II, is in force in Cyprus. Solvency II is the updated set of regulatory requirements for insurance companies which operate in the European Union, which establishes a revised set of market consistent EU-wide capital requirements and risk management standards.

The Company manages its capital base quarterly, by assessing potential deficit between the current level and the required capital to support its work. Adjustments to current levels of capital may take place because of changes in economic conditions and the dangers that characterize the activities of the Company. To maintain the required capital the Company may adjust the amount of dividends paid to the parent company.

The Company fully complies with the legal capital requirements set by the Superintendent of Insurance, during the reported accounting periods i.e. the total eligible funds of the Company were able to cover the minimum capital requirement and the solvency capital requirement at all quarter ends. The ratio of eligible own funds to solvency capital requirement as at 31 December 2019 amounts to 174% (2018: 139%).

#### **25. Commitments**

##### **(i) Capital commitments**

At 31 December 2019 the Company had no commitments for capital expenditure (2018: Nil).

##### **(ii) Operating lease commitments**

The Company leases various offices and parking places under cancellable operating lease agreements. The Company is required to give a few months notice for the termination of these agreements. The lease expenditure charged to profit or loss during the year is disclosed in Note 4.

#### **26. Events after the balance sheet date**

Towards the end of 2019, news emerged firstly from China about the existence of Covid-19 (Coronavirus). The situation at the end of the year 2019, was that a limited number of cases of an unknown virus had been reported to the World Health Organisation (WHO). In the first few months of 2020 the virus spread globally, the WHO declared the Covid-19 outbreak as a pandemic, and its negative impact gained momentum. While this is still an evolving situation at the time of publishing this report, it appears that the negative impact on global economy and the financial services industry, may be more severe than originally expected. Certain markets have declined and this affects negatively the fair value of the equities and bonds held by the Company; however the high quality and credit rating of the issuers and the bonds held, alleviates this negative effect. Furthermore the restrictive measures imposed by the Cyprus Government and their negative impact on the Cyprus economy, have caused a slowdown in the collection of premiums receivable.

The Company has taken a series of measures in order to protect the health and safety of its employees and associates in order to ensure its business continuity. The management is closely monitoring the situation in order to take all steps possible to mitigate any effects on the Company's financial results.

As the situation is still developing, the management considers it impracticable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

# Trust International Insurance Company (Cyprus) Limited

## ADDITIONAL INFORMATION

At 31 December 2019

The following additional information is disclosed for direct business in Cyprus, in accordance with the Accounting Orders issued under section 87(2) of the Laws on Insurance Services and other Related issues:

2019

	Accident and health class €	Motor Vehicle liability class €	Motor Vehicle, other classes €	Ships, goods in transit and aircraft liability class €	Fire and natural forces and other damage to property class €	General liability class €	Credit and guarantee €	Miscellaneous financial loss, legal expenses and assistance class €	Total 2019 €
Gross premiums written	6,522,100	14,595,253	4,843,590	273,790	6,565,940	4,791,042	-	90,101	37,681,816
Reinsurers' share of Gross premiums Written	543,606	326,088	737,237	203,075	4,409,678	249,573	-	33,681	6,502,938
Gross earned premiums	6,619,383	14,181,732	4,649,164	267,939	6,312,108	4,461,010	-	109,919	36,601,255
Gross outstanding Claims	1,199,872	13,315,647	2,538,529	37,817	3,652,797	4,188,860	-	6,354	24,939,876
Gross claims Incurred	4,405,344	8,505,831	2,748,126	114,043	1,990,728	1,198,961	-	(1,513)	18,961,520
Gross claims Charges	5,590,732	7,200,136	2,693,159	95,052	1,369,844	641,172	-	15,000	17,605,095
Gross operating expenses – other than commissions	1,103,496	2,305,113	765,297	46,511	1,107,818	791,279	-	15,257	6,134,771
Commissions	692,830	3,294,182	1,094,384	37,896	1,189,182	727,417	-	19,831	7,055,722
Reinsurers' share of insurance contracts liabilities	224,502	1,152,607	14,307	65,873	4,614,659	186,228	-	13,993	6,272,169

2018

	Accident and health class €	Motor Vehicle liability class €	Motor Vehicle, other classes €	Ships, goods in transit and aircraft liability class €	Fire and natural forces and other damage to property class €	General liability class €	Credit and guarantee €	Miscellaneous financial loss, legal expenses and assistance class €	Total 2018 €
Gross premiums written	6,210,756	13,795,394	4,517,733	204,970	6,168,647	4,161,314	-	130,166	35,188,980
Reinsurers' share of Gross premiums Written	319,333	418,905	705,845	156,204	4,248,586	203,966	-	67,808	6,120,647
Gross earned premiums	6,199,682	13,314,107	4,307,891	192,272	6,101,952	3,879,075	-	135,805	34,130,784
Gross outstanding Claims	2,385,260	12,009,952	2,483,562	18,826	3,031,913	3,631,071	-	22,867	23,583,451
Gross claims Incurred	5,617,729	7,322,253	2,095,621	18,760	1,842,130	845,875	-	10,360	17,752,728
Gross claims Charges	4,330,153	5,379,437	2,206,981	25,326	965,825	424,685	-	1,693	13,334,100
Gross operating expenses – other than commissions	1,052,760	2,163,440	709,403	33,831	1,028,940	684,439	-	21,966	5,694,779
Commissions	616,959	3,115,781	1,022,085	27,376	1,097,483	616,961	-	20,351	6,516,996
Reinsurers' share of insurance contracts liabilities	76,452	1,362,782	15,877	43,971	3,979,050	155,593	-	28,555	5,662,280

During the year 2019, 4,409 (2018: 3,681) claims were incurred relating to the motor vehicle liability class, of which 1,885 (2018: 1,494) were outstanding at 31 December 2019, and their average cost was €1.163 (2018: €1.237).

