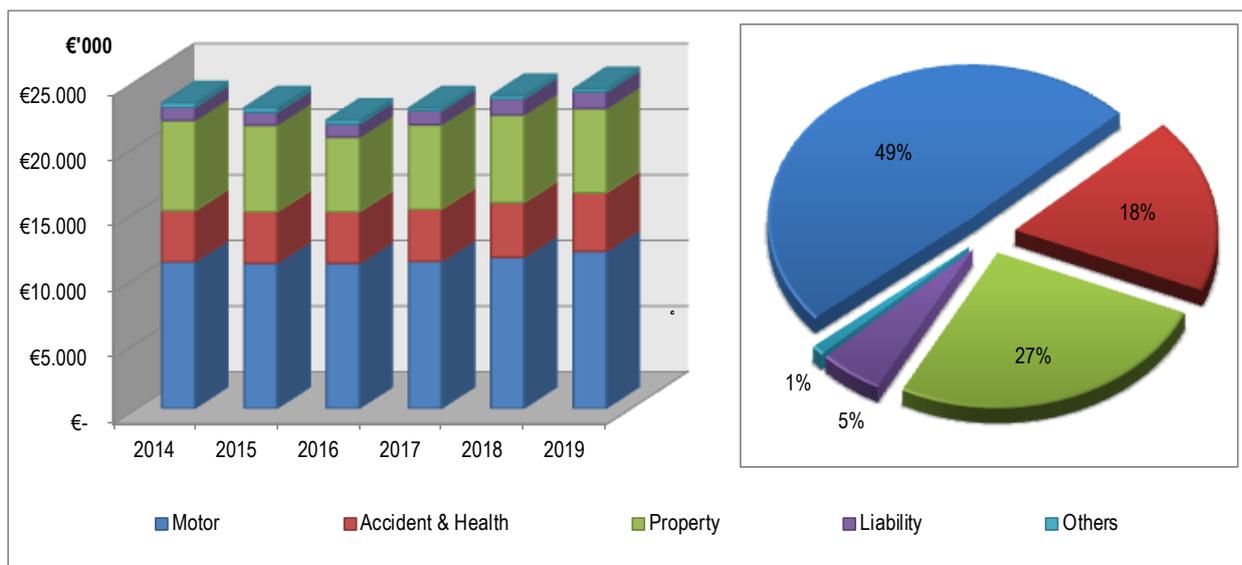


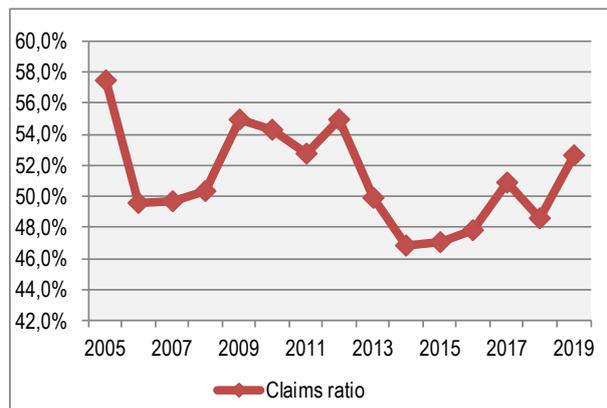


## HISTORICAL FINANCIAL INFORMATION

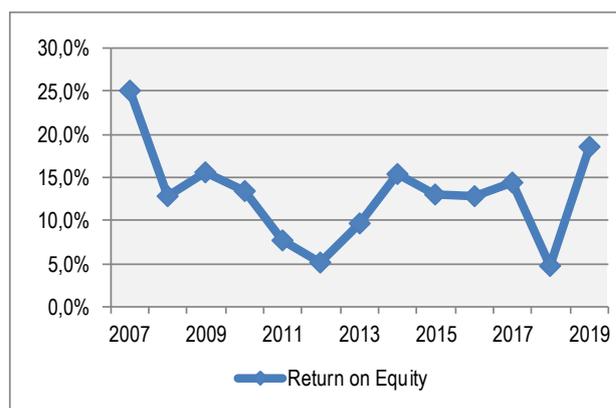
### Gross Written Premiums by Insurance class



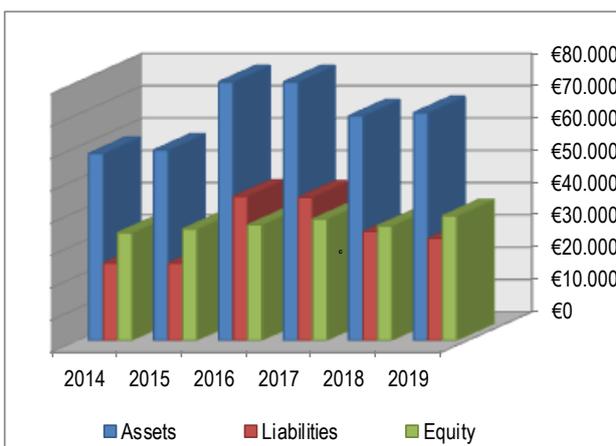
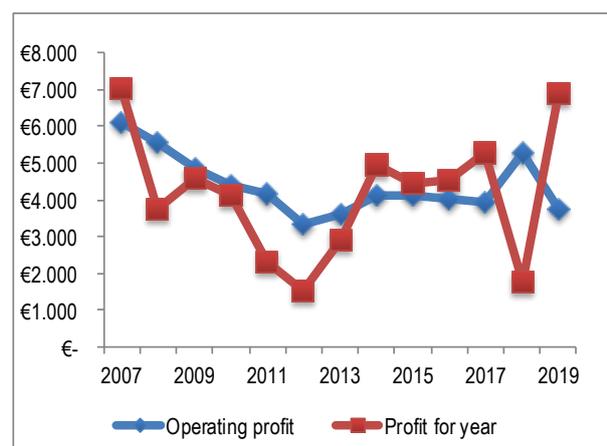
### Claims Ratio



### Return on Equity



### Profits, Assets, Liabilities and Shareholders' Interest



**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**

**EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS 2019**

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**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED****OFFICERS AND PROFESSIONAL ADVISERS****Board of Directors**

Emilios Pyrishis                      Chairman and Managing Director  
Andreas Pirishis                      Vice Chairman  
Andreas Frangoullis  
George Pyrishis  
Charalambos Alexandrou  
Nina Pyrishis  
Panayiotis Mallis  
Triantafyllos Lysimachou  
Loukis Ioannou

Marios Savvides (Alternate Director of Mr Lysimachou)

**Secretary**

Andreas Pirishis

**Auditors**

Ernst & Young Cyprus  
Certified Public Accountants and Registered Auditors  
Jean Nouvel Tower,  
6 Stasinou Avenue,  
Nicosia

**Bankers**

AstroBank Ltd  
Bank of Cyprus Public Limited  
Hellenic Bank Public Limited  
RCB Bank Ltd  
BBAC Bank of Beirut and the Arab Countries

**Registered office**

15 Esperidon Street  
Atlantic Building  
CY-2001 Strovolos

**Legal advisers**

L. Papaphilippou & Co.

Credit Suisse (UK) Ltd  
EFG Bank AG  
Alpha Bank (Cyprus) Ltd  
Eurobank Cyprus Ltd  
Arab Jordan Investment Bank

**Company registration number:** HE20008

## CHAIRMAN'S STATEMENT

I have the privilege to present to you the results of the group for the year ended 31 December 2019.

I am pleased to inform you that the profitability of Atlantic was very satisfactory with profits attributable to shareholders increasing by 294,1% to €6,88m against €1,76m in 2018. The increase was mainly due to the significant gains of the Company's investment portfolio of €2,49m compared to losses of €3,36m in 2018 and of the profit of €0,48m from the sale of an investment property. The earnings per share of the Group increased to 17,67 cents per share from 4,51 cents in 2018.

Despite the intense competition in the local market, Atlantic managed a 3,8% growth in gross written premiums and a 4,5% growth in net written premiums. Motor premiums increased by 3,9%, liability premiums by 5,9%, health insurance for foreigners by 75,3% and travel premiums by 42,9%. On the other hand, medical premiums fell by 2,9% and property premiums by 0,5%.

Profit from insurance operations fell by 18,8% to €3,68m from €4,53m in 2018. The decrease was attributable to the increase in claims by 12,3% and the increase in operating expenses by 7,5%. As a result, operating profit margin decreased to 20,5% from 26,3% in 2018.

Claims from policyholders amounted to €9,43m compared to €8,39m in 2018 recording an increase of 12,3% which was mainly due to the increase in the claims of the motor and the liability sectors. The net claims loss ratio increased to 52,61% from 48,59% in 2018.

The administrative expenses of the Group increased by 5,1% to €4,71m against €4,48m in 2018 mainly as a result of the rise in staff costs by 9,9% which was partly attributed to the increase in the Company's personnel in replacement mainly of employees who are expected to retire in the coming years.

I am also pleased to inform you that the operating results of the financial services sector showed a significant improvement during the year. The subsidiary Atlantic Securities Ltd recorded profits of €56 thousand against a loss of €62 thousand in 2018 and a growth in income from operations of 8,8% to €330 thousand.

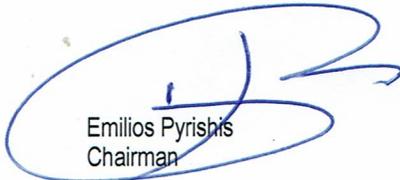
Despite the payment of dividends of €3,70m in 2019 Atlantic's own funds grew by 8,7% to €38,57m as at 31 December 2019.

The Superintendent of Insurance has notified the Company on April 7, 2020 of the strong recommendation by the European Authority 'EIOPA' urging all insurance undertakings to temporarily suspend all dividend distributions until the effects of the Covid-19 epidemic become more clear. In view of the above, the Board of Directors decided that its proposal to the Annual General Meeting for a dividend payment be reconsidered at a later meeting of the Board which will be held on August 6, 2020.

As a result of the recent and rapid progression of the Coronavirus disease (COVID-19), the world entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Atlantic Insurance is taking all necessary protective measures to prevent the spread of Covid-19, to safeguard public health and to protect its staff, customers and associates. The Company carefully monitors the developments in order to ensure the smooth running of its operations and takes all appropriate action to limit the negative effects of the spread of the Coronavirus disease.

The results of the Company's stress tests which were carried out using financial data as at December 31, 2019 and its high solvency ratio which at that date was 211,15% confirm that the strong capital adequacy of the Company can withstand the negative effects of the pandemic.

Finally, I would like to express my warm and sincere appreciation to our shareholders, customers and associates for their constant support and loyalty. I also express my appreciation to the staff of the Group for their dedication, professionalism and diligence.



Emilios Pyrishis  
Chairman

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT

The Board of Directors of Atlantic Insurance Company Public Limited (the "Company") submits its Annual Report, the audited financial statements of the Company and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019.

#### Principal activities

The principal activities of the Group are the undertaking of insurance business of the classes of Accident and Medical, Motor, Aviation, Marine and Goods Transportation, Fire and other Property Damage, General Liability, Credit and Guarantees and miscellaneous general business, the possession of land with the intention of its division into plots and their disposal and the provision of financial, consultancy and brokerage services. During the year there were no changes in the Group's activities.

#### Branches

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

#### Review of the developments, position and results of activities

The Group's profits attributable to the shareholders for the year ended 31 December 2019 increased by 294,1% to €6,88m against €1,76m in 2018. The increase is mainly attributable to the significant gains of the Company's investment portfolio of €2,49m compared to losses of €3,36m in 2018 and of the profit of €0,48m from the sale of an investment property.

##### *Profit from operations*

Profit from operations decreased by 16,6% and amounted to €3,74m against €4,48m in 2018.

##### *Insurance operations*

Profit from insurance operations fell by 18,8% to €3,68m (2018:€4,53m). The decrease occurred despite the 3,6% increase in total income from operations and is attributable to the increase in claims by 12,3% and the increase in operating expenses by 7,5%. Operating margin decreased to 20,5% from 26,3% in 2018.

##### *Financial services*

The subsidiary Atlantic Securities Ltd recorded profits of €56 thousand against a loss of €62 thousand in 2018. Income from operations increased by 8,8% to €330 thousand. Operating expenses recorded a decrease of 22,3% to €268 thousand mainly as a result of the increase in net recoveries of bad debt provisions of €113 thousand (2018: €34 thousand).

##### *Premiums*

Gross written premiums amounted to €24,35m compared to €23,83m in 2018 with an increase of 2,2%. If fronting policies are excluded the growth in gross premiums was 3,8%. Motor premiums increased by 3,9%, liability premiums by 5,9%, health insurance for foreigners by 75,3% and travel premiums by 42,9%. On the other hand medical premiums fell by 2,9% and property premiums by 0,5%.

Net premiums increased by 4,6%. After the adjustment for unearned premiums of €0,31m (2018: €0,17m), net earned premiums amounted to €17,92m versus €17,27m in 2018, recording an increase of 3,8%.

##### *Other income*

Other income from insurance operations amounted to €0,89m at similar levels with the previous year. Other income mainly includes commission receivable from reinsurers which amounted to €0,73m against €0,77m in 2018. The reduction is attributable to the decrease in the commissions from fronting policies and the reduction in profit commission of the property sector. The share of profits from pool participations increased to €0,16m from €0,12m in 2018.

##### *Non-recurring income*

The results of the previous year include non-recurring income of €0,80m relating to a reversal of a provision for potential future losses from natural disasters.

##### *Claims*

Claims from policyholders amounted to €9,43m compared to €8,39m in 2018 recording an increase of 12,3% which is mainly due to the increase in the claims of the motor and the liability sectors. The net claims loss ratio increased to 52,61% from 48,59% in 2018. The claims ratio of the motor insurance class was 54,0% (2018: 49,9%) and of the medical class 74,2% (2018: 77,9%).

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### *Administrative expenses*

The administrative expenses rose by 5,1% to €4,71m from €4,48m in 2018. The rise was mainly attributable to the increase in staff costs by 9,9%. There was also an increase in discounts, depreciation, computer, staff office and training expenses. On the other hand professional services, provisions for bad debts and sales promotion recorded a decrease.

#### *Net finance income*

The net finance income of the Group amounted to €0,27m against €0,36m in 2018. Interest from bank deposits decreased to €0,05m from €0,14m as a result of the reduction in local deposit interest rates. Interest on bonds amounted to €0,28m compared to €0,29m in 2018.

#### *Income and gains from investments*

Income from investments which mainly relates to dividends and rents receivables increased by 24,2% to € 0,77m compared to €0,62m in 2018. The Group's investment portfolio recorded significant gains amounting to €2,49m against losses of €3,36m in 2018. There was also a fair value gain on financial assets available for sale of €53 thousand (2018: Gain €103 thousand) which was credited directly to equity. The overall investment return of the Group's investment portfolio (including income from interest and dividends) was 14,5% compared to -11,3% in 2018.

#### *Gain on sale of immovable property*

During the year a gain of € 476 thousand arose from the sale of the investment plot in Paphos for € 1,1m.

#### *Revaluation of investment properties*

During 2019 the Company recorded a loss on the revaluation of investment properties of €164 thousand (2018: Loss €444 thousand). There was also a gain on the revaluation of property used for own purposes of €103 thousand (2018: Gain €3 thousand) which was recognised directly in the statement of changes in equity.

#### *Earnings per share*

The earnings per share of the Group increased to 17,67 cents per share from 4,51 cents in 2018.

#### *Own funds*

After the payment of dividends of €3,70m the Group's own funds grew by 8,7% to €38,57m on 31 December 2019 from €35,49m on 31 December 2018.

#### *Solvency II*

Based on the Solvency II calculations of the minimum solvency capital requirements, which were submitted to the superintendent of Insurance, the Solvency Ratio of the Company as at 31 December 2019 was 211,1% (2018: 202,6%) versus the minimum regulatory level of 100%. The Pillar 3 disclosures required under Solvency II are disclosed in the company's website at [www.atlantic.com](http://www.atlantic.com) ('Solvency II-SFCR: Solvency and Financial Condition Report').

### Financial results

As shown on page 9 of the extract from the consolidated financial statements, net profit attributable to shareholders reached €6,88m compared to €1,76m in 2018. Profit for the year is transferred to reserves.

### Dividend

Based on a circular dated 7 April 2020, the Superintendent of Insurance has notified the Company of the recommendation by the European Authority 'EIOPA' urging all insurance undertakings to temporarily suspend all dividend distributions until the effects of the Covid-19 epidemic become more clear.

In view of the above, the Board of Directors decided that its proposal to the Annual General Meeting for a dividend payment be reconsidered at a later meeting of the Board which will be held on August 6, 2020. On June 5, 2019, at the Annual General Meeting, the proposal of the Board of Directors for the payment of a dividend of 9,5 cents per share was approved. The dividend was paid to the shareholders on July 1, 2019.

### Significant risks and uncertainties

The most significant risks that the Group is exposed to are described in note 32 of the consolidated and separate financial statements of the Company.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### *Risk Mitigation*

As part of its effective risk management the Company whenever necessary uses derivatives for hedging purposes. The Company, as part of its hedging policy, bought 21 futures contracts for the sale of \$2,97mln at an average agreed rate of \$1,1308: €1,00 and a maturity date of September 14, 2020. The contracts were entered for the purpose of hedging currency risks arising from the USD exposure of the Company's investments and bank balances.

#### **Prospects**

The Board of Directors considered the results of 2019 as very satisfactory given that net premiums grew by 4,5% and the profitability increased significantly from the previous year with total profits amounting to €6,88mln.

As regards the prospects for the current year, the spread of the Covid-19 virus already had a particularly negative impact on the Company's investment portfolio as a result of the sharp fall in international markets. Although based on data as of today the insurance activities of the Company have not been affected by the Covid-19 outbreak, nevertheless any prolonged and exacerbated spread of the pandemic that will affect the wider local economy may adversely affect the Company's turnover. At this stage it is not possible to determine the likelihood and/or extent of this impact.

Atlantic Insurance is taking all necessary protective measures to prevent the spread of Covid-19, to safeguard public health and to protect its staff, customers and associates. The Company carefully monitors the developments in order to ensure the smooth running of its operations and takes all appropriate measures to limit the negative effects of the spread of the Coronavirus disease.

#### **Tangible Fixed Assets**

Capital expenditure for tangible fixed assets amounted to €0,07mln (2018: €0,24mln) as shown in note 16 of the financial statements.

#### **Research and technological advancement**

The management examines on a continuous basis modern tools for the upgrading and improvement of its systems and internal operating procedures. Technological advancements fall in the following 3 basic categories according to their objective:

- Productivity improvement and cost reduction
- Improvement of customer service and of the quality of services
- Strengthening of security and monitoring systems

#### **Share Capital**

The authorised share capital of the Holding Company amounts to €85mln divided into 250mln ordinary shares of a nominal value of €0,34 each. The issued share capital of the Company which amounted to €13.297.030 divided into 39.108.912 ordinary shares of a nominal value of €0,34 each, was reduced by a court order to €13.240.848 divided into 38.943.671 ordinary shares of a nominal value of €0,34 each, as a result of the cancellation of 165.241 own shares. This change took effect on September 27, 2019. There was no other change in the capital structure of the Company during the year.

All the titles of the Company are listed in the Cyprus Stock Exchange and there are neither any restrictions in the transferability of the titles of the Company nor any known agreements between shareholders that may imply restrictions in the transferability of the titles and/or the voting rights.

The Extraordinary General Meeting of the Company which took place on 5 June 2019 approved the following Special Resolution:

"That the Board of Directors be authorized and is hereby authorized to implement a buy- back programme, in accordance with the provisos of Article 57A of the Companies Act 113 (Amended). The minimum and maximum price at which own shares may be bought, cannot exceed by more than 5%, the average market price of the Company's shares during the last 5 trading sessions before the acquisition. The Company may acquire, within the period of 12 months from the date of AGM resolution, the maximum number of shares which is permitted by the Act. The shares may be acquired either in the market or through a private agreement."

The above resolution was proposed for the renewal of the Company's Repurchase Program of own shares for the period from 5 June 2019 to 4 June 2020.

During the year the Company did not acquire any own shares. As at 31 December 2019 the Company did not hold any own sharers.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### Investment in subsidiary companies

Investments in subsidiaries are disclosed in note 15. During the year there was no change in the Company's investments in subsidiary undertakings.

The Company periodically assesses the recoverability of the investment in subsidiaries whenever there are indications of impairment. During the year the Company did not make any provision for impairment of the value of the investment in subsidiaries. During 2018 the carrying amount of the investment in Atlantic Consultancy Services Ltd was reduced by €48 thousand due to a provision for permanent diminution in the value of the investment. There was no impact on the consolidated financial statements as a result of the above provision.

#### Contracts with Directors' and related parties

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

The transactions of the Company with related parties are shown in note 28 of the financial statements.

#### Significant events

There were no significant events which had a material impact on the consolidated financial statements.

#### Events after the reporting date

Events occurring after the reporting period which are affecting the understanding of the financial statements are presented in note 34 of the financial statements.

#### Corporate Governance

At present the Board of Directors has partly adopted the Code of Corporate Governance ('Code') issued by the Cyprus Stock Exchange since the Company is listed in the Alternative Market of the Cyprus Stock Exchange where the adoption of the Code is voluntary and not compulsory. The Code of Corporate Governance is published on the website [www.cse.com.cy](http://www.cse.com.cy).

The report of the Board on the Code ('Report on Corporate Governance') is shown on pages 9 and 19 of the consolidated financial statements and is available on the Company's website [www.atlantic.com.cy](http://www.atlantic.com.cy).

The degree of the Company's compliance and explanation of areas of non-conformity with the principles and articles of the Code at the date of the report are described in the Report on Corporate Governance.

The Group adopts effective procedures in relation to the preparation of the financial statements to safeguard that transactions and events recorded in the accounting books and records are accurately presented in the financial statements, the relevant announcements and the financial reports of the Group.

The risk management process of the Group which covers the presentation of financial information aims at the recognition, analysis and management of the risks related to the preparation of the financial statements, the relevant announcements and other financial reporting so that they are in conformity with the relevant financial reporting standards, the laws and regulations, including the periodical reporting which is required by the Transparency Requirements (Securities Trading in Regulated Markets) Cyprus Laws of 2007 and 2019. This is accomplished by the identification of risks of material inaccuracy in the reports and the adoption and implementation of internal controls for the prevention or detection of items that may lead to a material misstatement.

The company through its internal control system has implemented effective processes for the preparation of its financial statements, as well as for the preparation of periodic reporting required by listed companies. The main characteristics of these procedures are:

- The financial statements of the subsidiaries of the Group are prepared under the responsibility of the Financial Director of each company and under the supervision of the Financial Director of the Company.
- The financial statements of the Company and the Group are prepared under the responsibility of the Financial Director of the Group.

**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED****MANAGEMENT REPORT (continued)**

- The announcements of the results of the Group as well as the related explanatory statements are compiled by the Group's Financial Director and are reviewed by the Audit Committee. The relevant announcements are approved by the Board of Directors prior to their publication.

The share capital of the Company is divided into ordinary shares having the same and equal rights. There are no issued shares with special controlling or voting rights. Detailed information on the Company's share capital is presented in note 23 of the consolidated financial statements.

The shareholders owning directly or indirectly more than 5% of the share capital of the Company on 31 December 2019 and 5 days before the date of approval of the financial statements are shown in note 29 of the financial statements.

The percentage holdings on the Company's share capital that is owned by each member of the Board, their spouses, minor children and companies in which they own directly or indirectly more than 20% of the voting rights, on 31 December 2019 and 5 days before the date of the approval of the financial statements are mentioned in note 30 of the consolidated financial statements.

Each member of the Board is elected by the General Meeting of the shareholders or is appointed by the Board of Directors. A member who is appointed by the Board of Directors retires by law at the first annual general meeting following their appointment, which then decides on his appointment. At every annual general meeting one third of the board of directors retires and their appointment is determined by the annual general meeting. A director may be removed from office before the end of his term with an ordinary resolution at a General Meeting.

The Company's Memorandum may be amended with a special resolution at a General Meeting.

The power of the directors is general and is limited only by the powers granted in a general meeting of the shareholders of the company either by law or by the articles of the Company. The decision on the issue of new shares, unless it relates to a rights issue which is offered to the shareholders in proportion to their existing holding, is taken by the general meeting in accordance with the prevailing legislation. The right to purchase the company's own shares, unless the legislation allows otherwise, is provided to the Board of Directors for a specified period by a special resolution of the general meeting.

The composition, terms of reference and details about the functioning of the management, administrative and supervisory bodies and positions designated in accordance with the Code are mentioned in the Report of Corporate Governance which is presented immediately after the Management Report.

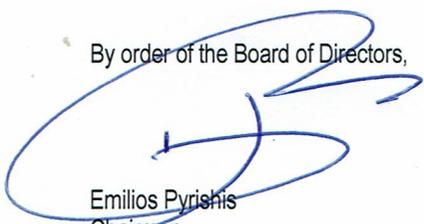
**Board of Directors**

The Board of Directors consists of the members shown on page 1. All the directors served on the board for the whole year. According to the Articles of the Company's Association Mrs Nina Pyrishi and Messrs Emilios Pyrishis and Panayiotis Mallis retire from the Board, but being eligible offer themselves for re-election. An election will take place for the filling in of the vacant positions. There were no significant changes in the allocation of the responsibilities or the compensation of the Board of Directors.

**Auditors**

The Auditors of the Company Ernst & Young Cyprus Ltd have expressed their willingness to continue to provide their services. A resolution authorizing the Board of Directors to determine their remuneration will be submitted at the next Annual General Meeting.

By order of the Board of Directors,



Emilios Pyrishis  
Chairman

Nicosia  
29 April 2020

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Income from operations</b>			
Gross written premiums		23.599	23.097
Policy fees		751	732
Reinsurers' share of premiums		(6.122)	(6.393)
Net premiums		18.228	17.436
Transfer to unearned premiums		(310)	(166)
Net earned premiums		17.918	17.270
Other operating income from insurance operations	6	890	892
Operating income from brokerage and financial services		321	294
		19.129	18.456
<b>Expenses</b>			
Claims payable	5	9.427	8.391
Commission payable for insurance operations		1.222	1.070
Commission payable for brokerage and financial services		32	32
Administrative expenses		4.712	4.484
		15.393	13.977
<b>Profit from operations</b>	10	3.736	4.479
Non-recurring income		-	800
Gain / (loss) on sale and revaluation of investments	12	2.488	(3.361)
Gain on sale of investment property		476	-
Loss on revaluation of investment properties		(164)	(444)
Other investment income	7	769	619
Net finance income	11	267	361
Profit before taxation		7.572	2.454
Taxation	13	(670)	(709)
Profit after taxation		6.902	1.745
Minority interest		(18)	20
Profit attributable to the shareholders		6.884	1.765
Earnings per share (cent)	14	17,67	4,51

**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**
**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2019

	2019 €'000	2018 €'000
Profit for the year	<b>6.884</b>	1.765
<b>Other recognised gains :</b>		
<b>Other comprehensive income which will be reclassified to the profit and loss account in subsequent periods</b>		
<b>Financial assets available for sale</b>		
Fair value gain on financial assets available for sale	53	103
Transfer to profit and loss for the year on disposal of financial assets available for sale	(6)	(235)
<b>Net other comprehensive losses that will be reclassified to the profit and loss account in subsequent periods</b>	<b>47</b>	<b>(132)</b>
<b>Other comprehensive income which will not be reclassified to the profit and loss account in subsequent periods</b>		
<b>Property revaluation</b>		
Gain on revaluation of immovable property	103	3
Deferred tax on revaluation of immovable property	(10)	(32)
<b>Net other comprehensive income which will not be reclassified to the profit and loss account in subsequent periods</b>	<b>93</b>	<b>(29)</b>
<b>Other recognised (losses) / gains after taxation</b>	<b>140</b>	<b>(161)</b>
<b>Total comprehensive income for the year</b>	<b>7.024</b>	<b>1.604</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Non-current assets</b>			
Tangible fixed assets	16	6.582	6.632
Intangible assets	17	165	169
Pool participation		339	449
Debtors and other receivables	21	574	558
Investment properties	18	4.535	5.452
Financial assets available for sale	19	399	528
<b>Total non-current assets</b>		<b>12.594</b>	13.788
<b>Current assets</b>			
Debtors and other receivables	21	17.033	21.219
Financial assets available for sale	19	235	822
Financial assets held for trading	20	25.183	21.139
Fixed term bank deposits	22	4.516	6.783
Cash and bank balances	22	10.904	5.728
<b>Total current assets</b>		<b>57.871</b>	55.691
<b>Total assets</b>		<b>70.465</b>	69.479
<b>Equity</b>			
Share capital	23	13.241	13.297
Reserves		25.328	22.352
Purchase of own shares		-	(163)
<b>Equity attributable to shareholders</b>		<b>38.569</b>	35.486
Minority interest		339	321
<b>Total equity</b>		<b>38.908</b>	35.807
<b>Non-current liabilities</b>			
Deferred taxation	24	116	186
		116	186
<b>Current liabilities</b>			
Outstanding claims and provision for unearned premiums	25	28.578	30.567
Bank overdrafts	22	-	16
Other Liabilities	27	2.863	2.903
		31.441	33.486
<b>Total equity and liabilities</b>		<b>70.465</b>	69.479

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share Capital	Share Premium	Revaluation Reserve	Fair Value Reserve	Profit and Loss account	Own Shares	Total	Minority Interest	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance 1 January 2018</b>	13.297	1.966	3.267	115	19.115	(163)	37.597	319	37.916
Gain on revaluation of immovable property	-	-	3	-	-	-	3	-	3
Deferred tax on revaluation of immovable property	-	-	(32)	-	-	-	(32)	-	(32)
Increase in minority interest	-	-	-	-	-	-	-	22	22
Transfer of excess depreciation on revaluation of buildings	-	-	(2)	-	2	-	-	-	-
Fair value gain of financial assets available for sale	-	-	-	103	-	-	103	-	103
Transfer to profit and loss on disposal of financial assets available for sale	-	-	-	(235)	-	-	(235)	-	(235)
Dividends	-	-	-	-	(3.715)	-	(3.715)	-	(3.715)
Profit for the year	-	-	-	-	1.765	-	1.765	(20)	1.745
<b>Balance 31 December 2018</b>	13.297	1.966	3.236	(17)	17.167	(163)	35.486	321	35.807
<b>Balance 1 January 2019</b>	13.297	1.966	3.236	-17	17.167	-163	35.486	321	35.807
Gain on revaluation of immovable property	-	-	103	-	-	-	103	-	103
Deferred tax on revaluation of immovable property	-	-	(10)	-	-	-	(10)	-	(10)
Transfer of excess depreciation on revaluation of buildings	-	-	(2)	-	2	-	-	-	-
Cancelation of own shares	(56)	(23)	-	-	(84)	163	-	-	-
Fair value gain of financial assets available for sale	-	-	-	53	-	-	53	-	53
Transfer to profit and loss on disposal of financial assets available for sale	-	-	-	(6)	-	-	(6)	-	(6)
Transfer to profit and loss on disposal of immovable property	-	-	(241)	-	-	-	(241)	-	(241)
Dividends	-	-	-	-	(3.700)	-	(3.700)	-	(3.700)
Profit for the year	-	-	-	-	6.884	-	6.884	18	6.902
<b>Balance 31 December 2019</b>	13.241	1.943	3.086	30	20.269	-	38.569	339	38.908

Gains or losses on the revaluation of financial assets available for sale are recognised in equity.

The share premium, the revaluation reserve and the fair value reserve are not available for distribution.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2019

	2019	2018
	€'000	€'000
Note		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the year before taxation</b>	<b>7.572</b>	2.454
<i>Adjustments for:</i>		
(Gain) / loss on sale and revaluation of investments	12 (2.488)	3.361
Gain on sale of immovable property	(476)	-
Loss on revaluation of investment properties	164	444
Depreciation of tangible and intangible fixed assets	10 373	333
Depreciation of right of use assets	10	-
Profit on sale of assets	(1)	2
Interest income	11 (341)	(425)
Dividend income	7 (696)	(549)
Interest expense and bank charges	11 61	64
Decrease in debtors and other receivables	4.273	9.797
Decrease in liabilities and provisions	(1.833)	(10.786)
<b>Cash flow from operations</b>	<b>6.618</b>	4.695
Interest paid	(61)	(64)
Taxation paid	(862)	(655)
<b>Net cash flow from operating activities</b>	<b>5.695</b>	3.976
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(6.399)	(8.267)
Sale of investments	5.522	5.094
Acquisition of investment property	(82)	-
Sale of investment property	1.070	-
Purchase of tangible fixed assets	16 (68)	(239)
Purchase of intangible fixed assets	17 (142)	(254)
Receipts on disposal of tangible fixed assets	2	5
Increase / (decrease) in fixed term bank deposits	2.251	(6.767)
Interest received	341	425
Dividends received	696	549
<b>Net cash flow for / (from) investing activities</b>	<b>3.191</b>	(9.454)
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Lease payments	(10)	-
Dividend paid	(3.700)	(3.715)
<b>Net cash flow for financing activities</b>	<b>(3.710)</b>	(3.715)
Net increase / (decrease) in cash and cash equivalents	5.176	(9.193)
Cash and cash equivalents at the beginning of the year	22 5.728	14.921
Cash and cash equivalents at the end of the year	22 10.904	5.728
<b>Cash and cash equivalents consist of:</b>		
Cash and bank balances	10.904	5.744
Bank overdrafts	-	(16)
	22 10.904	5.728

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 4: Segmental Reporting

The Group has two main segments of business activity, general insurance business and financial services, both of which are carried out in Cyprus.

	Insurance €'000	Financial Services €'000	Total €'000
<b>Year ended 31 December 2019</b>			
Premiums and other income	26.009	322	26.331
Profit from operations	3.682	54	3.736
Purchase of tangible fixed assets	68	-	68
Purchase of intangible fixed assets	141	-	141
Disposal of tangible fixed assets	17	-	17
Depreciation of tangible fixed assets	227	-	227
Depreciation of intangible fixed assets	146	-	146
Total Assets	68.471	1.994	70.465
Total Liabilities	31.442	114	31.556
<b>Year ended 31 December 2018</b>			
Premiums and other income	26.341	294	26.635
Profit /(loss) from operations	4.529	(50)	4.479
Purchase of tangible fixed assets	239	-	239
Purchase of intangible fixed assets	254	-	254
Disposal of tangible fixed assets	576	93	669
Depreciation of tangible fixed assets	218	-	218
Depreciation of intangible fixed assets	114	-	114
Total Assets	67.393	2.086	69.479
Total Liabilities	33.548	124	33.672

## Note 5: Claims payable

	2019			2018	
	Gross €'000	Reinsurers' Share €'000	Recoveries €'000	Net €'000	Net €'000
Motor	6.988	(405)	(345)	6.238	5.616
Accident and health	2.876	(99)	-	2.777	2.701
Marine	45	(33)	-	12	2
Property	(3.005)	3.204	-	199	182
Liability	195	6	-	201	(110)
	<b>7.099</b>	<b>2.673</b>	<b>(345)</b>	<b>9.427</b>	<b>8.391</b>
				<b>2019</b> <b>€'000</b>	<b>2018</b> <b>€'000</b>
Gross claim payments				9.048	15.645
Reinsurers' share of claims paid				(899)	(6.222)
Net change in outstanding claims				1.336	(911)
Net change in incurred but not enough reported claims (IBNER)				(58)	(121)
Net incurred claims				<b>9.427</b>	<b>8.391</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 6: Other income from insurance operations**

	<b>2019</b>	2018
	<b>€'000</b>	€'000
Commissions earned	<b>730</b>	769
Share of pool participation profits	<b>156</b>	123
Profit / (loss) on sale of assets	<b>1</b>	(2)
Other income	<b>3</b>	2
	<b>890</b>	892

**Note 7: Non-recurring income**

Non-recurring income of €0,80mln in 2018 relates to a reversal of a provision for possible future losses from natural disasters.

**Note 8: Other income from investments**

	<b>2019</b>	2018
	<b>€'000</b>	€'000
Dividend income	<b>696</b>	549
Rents receivable	<b>73</b>	70
	<b>769</b>	619

**Note 9: Staff costs**

	<b>2019</b>	2018
	<b>€'000</b>	€'000
Salaries	<b>2.717</b>	2.511
Social insurance contributions	<b>196</b>	172
Provident fund contributions	<b>115</b>	107
Other contributions	<b>144</b>	95
	<b>3.172</b>	2.885

The directors' emoluments which are included in the above amounts are analysed in note 31.

**Average number of employees**

The average number of employees was as follows:

	<b>2019</b>	2018
Full-time employees	<b>121</b>	117

The Company and its subsidiary Atlantic Securities Ltd operate defined contribution provident fund schemes. The funds are separately financed and prepare their own financial statements. In accordance with the Funds' memorandum the members are entitled to the payment of certain benefits on their retirement or early termination of their employment.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 10: Profit from operations**

Profit from operations arises after the deduction of the following:

	2019	2018
	€'000	€'000
Depreciation of tangible fixed assets	227	218
Depreciation of right of use assets	10	-
Depreciation of intangible fixed assets	146	115
Provision for bad and doubtful debts	(179)	(3)
Audit Fees		
Audit fees	61	51
Fees for other verification services	11	9
Fees for non-audit services	6	6

**Note 11: Net finance income**

	2019	2018
	€'000	€'000
Bank Interest	56	141
Interest from bonds	282	285
Bank charges and interest paid	(64)	(64)
Exchange losses	6	(1)
Diminution in value of bank deposits	(13)	-
	<b>267</b>	<b>361</b>

**Note 12: Gains / (loss) on sale and revaluation of investments**

	2019	2018
	€'000	€'000
Gain on sale of investments	942	281
Loss on revaluation of shares held for trading	(75)	(388)
Gain / (loss) on revaluation of bonds	217	(248)
Gain / (loss) on revaluation of foreign investments	1.398	(3.005)
Transfer from reserves due to sale of investments	6	-
	<b>2.488</b>	<b>(3.361)</b>

**Note 13: Taxation**

The tax charge is based on the profit for the year as adjusted for tax purposes and consists of the following:

	2019	2018
	€'000	€'000
Corporation tax	529	741
Defence tax contribution	4	4
Foreign taxes deducted at source	80	65
Deferred taxation	(80)	(101)
Capital gains tax	101	-
Prior year taxes	39	-
Tax Interest	(2)	-
	<b>670</b>	<b>709</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 13: Taxation (continued)

The reconciliation between the tax charge and the tax which is calculated on the accounting profit of the year using the current applicable tax rates is as follows:

	2019 €'000	2018 €'000
<b>Accounting profit</b>	<b>7.572</b>	<b>2.454</b>
Tax based on current tax rates	<u>947</u>	307
Defense tax contribution	4	4
Foreign taxes deducted at source	80	65
Tax interest	(3)	-
Capital gains tax	101	-
Prior year taxes	39	-
Deferred taxation	(80)	(101)
<i>Adjustments for :</i>		
Disallowed expenses	58	53
Income not taxed	(102)	(68)
(Gain) / loss on sale and revaluation of investments	(310)	477
Gain on sale and revaluation of immovable property	(39)	-
Capital allowances	(32)	(33)
Tax losses of subsidiaries carried forward	7	5
	<u>670</u>	<u>709</u>

## Note 14: Earnings per share

	2019 €'000	2018 €'000
Net profit attributable to shareholders	<u>6.884</u>	1.765
Weighted average number of issued shares	<u>38.958</u>	39.109
Basic earnings per share (cents)	<u>17,67</u>	4,51

Earnings per share is calculated based on the weighted average number of shares which were issued during the year.

## Note 15: Group companies

The subsidiary companies of the group are the following private limited liability companies registered in Cyprus:

Company	Principal activities	Share %	2019 €'000	2018 €'000
Lyssi Investments Ltd	Car hire	100,0	86	86
Lion Insurance Agency Ltd	General insurance agent	100,0	141	141
Atlantic Securities Limited <sup>(1)</sup>	Brokerage and investment services	67,7	674	674
			<u>901</u>	<u>805</u>

- (1) On 20 December 2018, a special resolution approved the voluntary liquidation by the shareholders of the subsidiary Atlantic Consultancy Services Ltd, in which the Company held 75,10% of the share capital. Atlantic Consultancy Services Ltd held 990.100 shares (88,01%) of Atlantic Securities Ltd. In accordance with the final dissolution arrangement of the company, 150.702 shares of Atlantic Securities Ltd were transferred to Atlantic Insurance Company Public Ltd in repayment of a due amount of €139.423 and 25.502 shares to Charalambos Alexandrou in repayment of a due amount of €23.594. The remaining 813.896 shares of Atlantic Securities Ltd were transferred to the shareholders in proportion to the shares they held in Atlantic Consultancy Services Ltd. 611.236 shares of Atlantic Securities Ltd were transferred to the Company, representing 75,10% of the Company's holding in Atlantic Consultancy Services Ltd. Therefore, the total number of shares of Atlantic Securities Ltd owned by the Company amounts to 761.938, which represents 67,73% of the share capital of the company.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 15: Group companies (continued)

- (2) The Company periodically assesses the recoverability of the investment in subsidiaries whenever there are indications of impairment. Indications of impairment include factors such as the reduction in revenues, earnings or cash flows or other unfavourable changes that may indicate that the carrying amount of the assets may no longer be recoverable. During 2018 the carrying amount of the investment in Atlantic Consultancy Services Ltd was reduced by €48 thousand due to a provision for permanent diminution in the value of the investment. There was no impact on the consolidated financial statements as a result of the above provision.

There are no material restrictions on the ability to transfer funds from subsidiaries to the holding company beyond the regulatory limitations to which Atlantic Securities Limited is subject.

The contribution of the parent company to the consolidated financial statements, after taking into account transactions and balances between Group companies which were eliminated at consolidation, is as follows:

	2019	2018
	€'000	€'000
Premiums and other income	26.009	25.340
Profit from operations	3.685	4.536
Total assets	68.205	67.127
Total liabilities	31.436	33.543

The contribution of subsidiary undertakings to the consolidated financial statements is as follows:

	Lyssi Investments Ltd	Lion Insurance Agency Limited	Atlantic Securities Limited	2019	2018
	€'000	€'000	€'000	€'000	€'000
Premiums and other income	-	-	321	321	295
Profit / (loss) from operations	(2)	(1)	54	51	(57)
Total assets	111	155	1.994	2.260	2.352
Total liabilities	3	3	114	120	129

## Note 16: Tangible fixed assets

	Land and buildings	Furniture and fittings	Computer hardware and software	Motor vehicles	Total
	€'000	€'000	€'000	€'000	€'000
<b>Cost or revaluation</b>					
Balance at 1 January 2018	6.536	919	576	608	8.639
Additions	17	58	47	117	239
Revaluation	(107)	-	-	-	(107)
Transfers	(226)	-	-	-	(226)
Disposals	-	(300)	(325)	(44)	(669)
Balance at 1 January 2019	6.220	677	298	681	7.876
Additions	-	34	26	8	68
Disposals	-	-	-	(17)	(17)
<b>Balance at 31 December 2019</b>	<b>6.220</b>	<b>711</b>	<b>324</b>	<b>672</b>	<b>7.927</b>
<b>Depreciation</b>					
Balance at 1 January 2018	-	776	525	496	1.797
Depreciation for the year	110	35	24	49	218
On revaluation	(110)	-	-	-	(110)
On disposals	-	(295)	(324)	(42)	(661)
Balance at 1 January 2019	-	516	225	503	1.244
Depreciation for the year	103	39	29	56	227
On revaluation	(103)	-	-	-	(103)
On disposals	-	-	-	(17)	(17)
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>555</b>	<b>254</b>	<b>542</b>	<b>1.351</b>
<b>Net book value at</b>					
<b>31 December 2019</b>	<b>6.220</b>	<b>156</b>	<b>70</b>	<b>130</b>	<b>6.576</b>
31 December 2018	6.220	161	73	178	6.632

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 16: Tangible fixed assets (continued)

*Revaluation of tangible fixed assets and investment properties*

The policy of the Group is to carry out revaluations of its property at the end of each year. Hence the immovable property of the Company was revalued at 31 December 2019 by the independent professional property valuers Roussos, Angelides & Finticlis using the open market value method. The valuers have the required professional qualifications as well as recent experience in the valuation of this type of properties and geographical areas. The market value was calculated based on current comparative data and after taking into account the physical and legal characteristics, prospects and advantages of the relevant properties as well as the general trends in the property market and the economy.

The value of the land and buildings that would appear in the consolidated and the parent financial statements based on historical cost minus depreciation is as follows:

	2019 €'000	2018 €'000
Land	1.149	1.149
Buildings	1.794	1.894
	<u>2.943</u>	<u>3.043</u>
Revalued amount of land on which no depreciation is charged	<u>2.779</u>	<u>2.779</u>

**Right of use assets**

The implementation of IFRS 16 has led to the recognition of right of use assets and lease liabilities.

	Right of use land €'000	Total €'000
<b>Cost</b>		
Balance at 1 January 2018	-	-
Balance 31 December 2018 & 1 January 2019	-	-
Additions	16	16
Balance at 31 December 2019	16	16
<b>Depreciation</b>		
Balance at 1 January 2018	-	-
Balance 31 December 2018 & 1 January 2019	-	-
Depreciation for the year	10	10
Balance at 31 December 2019	10	10
<b>Net book value at</b>		
<b>31 December 2019</b>	6	6
31 December 2018	-	-

The movement of lease liabilities is as follows:

	€000
1 January 2019	-
Additions	16
Interest on leases	-
Payments in lieu of leases	(10)
31 December 2019	6

The following lease related items were recognized in the profit and loss account.

	2019 €000
Interest on leases	-
Depreciation	10
Total	10

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 17: Intangible assets

	Goodwill on acquisition of agents portfolios €'000	Computer software €'000	Total €'000
<b>Cost or revaluation</b>			
Balance at 1 January 2018	133	476	609
Additions	134	120	254
Disposals	-	(116)	(116)
Balance at 1 January 2019	267	480	747
Additions	119	23	142
<b>Balance 31 December 2019</b>	<b>386</b>	<b>503</b>	<b>889</b>
<b>Amortisation</b>			
Balance at 1 January 2018	133	447	580
Amortisation for the year	77	37	114
On disposals	-	(116)	(116)
Balance at 1 January 2019	210	368	578
Amortisation for the year	92	54	146
<b>Balance 31 December 2019</b>	<b>302</b>	<b>422</b>	<b>724</b>
<b>Net book value at</b>			
<b>31 December 2019</b>	<b>84</b>	<b>81</b>	<b>165</b>
31 December 2018	57	112	169

## Note 18: Investment properties

*Revaluation*

The Group's policy regarding the revaluation of investment properties is the same as that presented in note 16 for the revaluation of fixed assets.

	2019 €'000	2018 €'000
<b>Land and buildings</b>		
Balance at 1 January	5.452	5.670
Additions	82	-
Disposals	(835)	-
Fair value loss on revaluation	(164)	(444)
Transfer from fixed assets	-	226
<b>Balance at 31 December</b>	<b>4.535</b>	5.452

The value of investment properties that would appear in the consolidated and the parent financial statements based on historical cost is as follows:

	2019 €'000	2018 €'000
Land	4.236	4.733
Buildings	2.231	2.174
	<b>6.467</b>	6.907

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 19: Financial assets available for sale

	<b>2019</b>	2018
	<b>€'000</b>	€'000
Republic of Cyprus government bonds	<b>53</b>	822
Greek government bonds	<b>1</b>	1
Corporate bonds	<b>398</b>	360
Foreign corporate bonds	<b>182</b>	167
	<b>634</b>	1.350

Financial assets available for sale include investments in securities listed in the Cyprus Stock Exchange and other international markets. These assets are valued at the end of the year using the mid-market price as at the reporting date. Financial assets available for sale are included in non-current assets unless it is anticipated that they will be disposed of within 12 months from the reporting date. The fair value gain on financial assets available for sale for the year 2019 amounted to €53 thousand (2018: gain €103 thousand) and was recognized in the fair value reserve which is included as part of equity.

## Note 20: Financial assets held for trading

	<b>2019</b>	2018
	<b>€'000</b>	€'000
Equity investment listed in CSE and ASE	<b>3.748</b>	2.599
Foreign equities and investments funds	<b>8.738</b>	8.162
Private equity investment funds	<b>975</b>	850
Hedge funds	<b>2.358</b>	2.281
International real estate funds	<b>4.496</b>	4.449
Cyprus corporate bonds	<b>1.290</b>	1.204
Foreign Corporate Bonds	<b>3.578</b>	1.594
	<b>25.183</b>	21.139

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 21: Debtors and other receivables

<b>Non-current assets</b>	<b>2019</b>	2018
	<b>€'000</b>	€'000
Client receivables from financial services operations	200	310
Investors' Compensation Fund	139	139
	<b>339</b>	<b>449</b>
<hr/>		
<b>Current assets</b>	<b>2019</b>	2018
	<b>€'000</b>	€'000
Trade receivables from insurance operations	4.669	5.029
Reinsurers' share of technical reserves (note 25)	10.476	14.053
Deferred acquisition costs	557	496
Other receivables from insurance operations	300	694
Other receivables from financial services operations	1.008	940
Tax refundable	-	7
Derivatives-Futures	23	-
	<b>17.033</b>	<b>21.219</b>
<hr/>		
	<b>2019</b>	2018
	<b>€'000</b>	€'000
<b>Customer and intermediaries balances</b>		
Receivables	9.327	10.279
Minus provision for bad and doubtful debtors	(3.873)	(4.507)
	<b>5.454</b>	<b>5.772</b>
<hr/>		
<b>Provision for bad and doubtful debtors</b>		
Balance at 1 January	4.507	4.527
Write offs	(273)	(1)
Reversal of provision for bad and doubtful debtors (including interest suspended and amounts recovered)	(361)	(19)
Balance at 31 December	<b>3.873</b>	<b>4.507</b>

Receivables of the subsidiary undertaking Atlantic Securities Ltd include specific customer balances amounting to €310 thousand (2018: €378 thousand) net of provisions, whose credit facility agreements for trading in financial assets were terminated. With the specific customers, written and oral agreements have been made for the repayment of their obligations to the company on a long-term basis or satisfactory collaterals are held in equity titles which can be liquidated by the Company at its absolute discretion.

Part of the customer balances of Atlantic Securities Ltd are secured by collaterals held by the company against financial assets of the customers, the value of which at 31 December 2019 was €498 thousand (2018: €445 thousand)

Deferred acquisition costs relate to expenses which are directly related to insurance contracts entered during the financial year but which relate to periods of insurance after the reporting date. The calculation of deferred acquisition costs is based on the same methodology which is used for the calculation of unearned premiums.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 22: Cash and bank balances

	2019	2018
	€'000	€'000
Cash and bank balances	8.246	3.113
Bank Overdraft and short term loans	-	(16)
Fixed term bank deposits maturing between 1 and 3 months	2.658	2.631
	<b>10.904</b>	<b>5.728</b>

The bank overdrafts of the Company are secured by a mortgage of €215 thousand on the immovable property of the Company and by personal guarantees of the members of the Board of Directors. Bank deposits of the Company amounting to €1,02mln are pledged towards letters of guarantee and other bank facilities.

Cash and bank balances include an amount of €595 thousand which is deposited in a client's account with FBME Bank Ltd. This amount resulted from the maturity of a Republic of Cyprus bond on June 25, 2019 which was under custody with Clearstream through FBME Bank Ltd. As a result of the reorganisation measures which were adopted for the branch of FBME Bank Ltd in Cyprus, the Company has not yet managed to liquidate this balance.

## Note 23: Share Capital

	2019		2018	
	Number of shares (thousand)	€'000	Number of shares (thousand)	€'000
<b>Authorised</b>				
Ordinary shares €0,34 per share	250.000	85.000	250.000	85.000
<b>Issued and fully paid</b>				
Ordinary shares €0,34 per share	38.944	13.241	39.109	13.297

The issued share capital of the Company which was €13.297.030 consisting of 39.108.912 ordinary shares with a nominal value of €0,34 each was reduced to €13.240.848 consisting of 38.943.671 ordinary shares with a nominal value of €0,34 each in accordance with a court order which approved the cancellation of 165.241 own shares. This change came into force on September 27, 2019.

No other change in the capital structure of the Company took place during the year.

The Extraordinary General Meeting of the Company which took place on 5 June 2019 approved the following resolution:

**Special resolution**

"That the Board of Directors be authorized and is hereby authorized to implement a buy- back programme, in accordance with the provisos of Article 57A of the Companies Act 113 (Amended). The minimum and maximum price at which own shares may be bought, cannot exceed by more than 5%, the average market price of the Company's shares during the last 5 trading sessions before the acquisition. The Company may acquire, within the period of 12 months from the date of AGM resolution, the maximum number of shares which is permitted by the Act. The shares may be acquired either in the market or through a private agreement."

The above resolution was proposed for the renewal of the Company's Repurchase Program of own shares for the period from 5 June 2019 to 4 June 2020.

During the year the Company did not acquire any own shares. At 31 December 2019 the company did not hold any own shares.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 24: Deferred Taxation

	<b>2019</b>	2018
	<b>€'000</b>	€'000
<b>Provision for property revaluation</b>		
Balance 1 January	113	190
Deferred tax on revaluation of immovable property	(30)	(77)
Deferred tax on sale of investment property	(45)	-
Balance 31 December	38	113
	<b>2019</b>	2018
	<b>€'000</b>	€'000
<b>Provision for temporary differences between depreciation and capital allowances</b>		
Balance 1 January	73	65
Deferred tax for the year	5	8
Balance 31 December	78	73
Total Balance 31 December	116	186

## Note 25: Outstanding claims and unearned premiums

	<b>2019</b>	2018
	<b>€'000</b>	€'000
<b>Unearned premiums</b>		
Gross unearned premiums	11.169	10.865
Reinsurers' share	(2.691)	(2.697)
Net unearned premiums	8.478	8.168
<b>Outstanding claims</b>		
Gross outstanding claims	17.409	19.702
Reinsurers' share	(7.785)	(11.356)
Net outstanding claims	9.624	8.346
<b>Total technical reserves</b>		
Gross technical reserves	28.578	30.567
Reinsurers' share	(10.476)	(14.053)
Net technical reserves	18.102	16.514

The movement of liabilities for insurance contracts and of the reinsurance assets during the year is shown below:

	2019		2018	
	Gross	Reinsurers' Share	Gross	Reinsurers' Share
	€'000	€'000	€'000	€'000
<b>Unearned premiums</b>				
1 January	10.864	(2.697)	10.437	(2.435)
Written premiums	24.351	(6.122)	23.830	(6.393)
Earned premiums	(24.046)	6.128	(23.402)	6.131
31 December	11.169	(2.691)	10.865	(2.697)
<b>Outstanding claims</b>				
1 January	19.702	(11.356)	30.790	(21.413)
Claim payments	(9.048)	899	(15.645)	6.223
Change in outstanding claims	6.755	2.672	4.557	3.834
31 December	17.409	(7.785)	19.702	(11.356)

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 25: Outstanding claims and unearned premiums (continued)**

The provision for unearned premiums and reinsurance premiums represents the amount of premium for insurance contracts which have not expired at the reporting date. No unexpired risk reserve was recognised due to the adequacy of the premium provisions.

Gross outstanding claims at 31 December 2019 include a provision of €6,46mIn regarding property damages on the EAC's facilities at the station of Vasilicos in November 2016. A corresponding provision for the reinsurer's share of €6,46mIn is included under 'Debtors and other receivables' in note 21. The Company's financial results will not be affected because the Company has secured a 100% reinsurance support for this risk. The outstanding amount of the claim amounting to €6,46mIn was repaid in full on 30 January 2020.

Outstanding claims include a provision for incurred but not reported claims (IBNR) as well as provisions for incurred but not enough reported claims (IBNER).

	<b>2019</b>	2018
	<b>€'000</b>	€'000
Provision for incurred but not enough reported claims (IBNER)	<b>2.155</b>	<b>2.082</b>
Provisions for incurred but not reported claims (IBNR)	<b>243</b>	221
	<b>2.325</b>	2.376
Reinsurers' share	<b>(11)</b>	(3)
	<b>2.314</b>	2.373

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 26- Additional information provided in accordance with the provisions of the Companies Act (Amendment) (No.2) Law of 2003 [N.167(1)] and of the IFRS, in accordance with Directive 7 for the year ended 31 December 2019

		Accident & Health		Motor vehicle liability		Motor own damage		Marine and transport		Fire and other material damage		Liability		Credits and miscellaneous		Total	
		2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Gross premiums written		4.433	4.123	8.389	8.228	2.980	2.710	215	245	6.328	6.596	1221	1169	34	26	<b>23.600</b>	23.097
Policy fees		34	34	442	439	157	145	3	3	90	89	25	23	-	-	<b>751</b>	733
Total written premiums	<b>1</b>	<b>4.467</b>	<b>4.157</b>	<b>8.831</b>	<b>8.667</b>	<b>3.137</b>	<b>2.855</b>	<b>218</b>	<b>248</b>	<b>6.418</b>	<b>6.685</b>	<b>1246</b>	<b>1192</b>	<b>34</b>	<b>26</b>	<b>24.351</b>	23.830
Reinsurers share of gross premiums	<b>2</b>	416	406	310	306	140	122	135	150	4.931	5.229	177	172	13	8	<b>6.122</b>	6.393
Gross earned premiums	<b>3</b>	4399	4085	8290	8177	2842	2676	220	244	6322	6327	1191	1142	31	18	<b>23295</b>	22669
Gross outstanding claim reserves	<b>4</b>	1.021	917	6.862	6.181	578	391	218	180	7.000	10396	1730	1637	-	-	<b>17.409</b>	19.702
Gross claims incurred	<b>5</b>	2876	2726	4600	3518	2043	1791	46	11	-3005	-3655	195	166	-	-	<b>6.755</b>	4.557
Claims management costs	<b>6</b>	227	215	611	526	271	268	6	7	83	95	32	34	1	1	<b>1.231</b>	1.146
Administrative expenses	<b>7</b>	533	412	2092	1977	748	654	7	11	67	-1	282	261	-	-	<b>3729</b>	3314
Reinsurance balances	<b>8</b>	-4	-13	-38	-39	-	-	-7	-5	-505	-537	-8	-6	-1	-	<b>-563</b>	-600
Staff costs	<b>9</b>	291	281	1511	1331	575	504	26	29	396	380	150	137	3	2	<b>2.952</b>	2664

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 27: Other Liabilities

	2019	2018
	€'000	€'000
Taxation	217	337
Reinsurers' balances	563	600
Creditors from insurance operations	694	724
Other liabilities from insurance operations	961	746
Dividends payable	310	288
Derivatives -Futures	-	84
Lease liabilities	6	-
Other liabilities from financial services operations	112	124
	<b>2.863</b>	<b>2.903</b>

The derivatives relate to 21 futures contracts totaling \$2,97m at an agreed average rate of \$1,1308: €1,00 and maturity date September 14, 2020. The contracts were entered for the purpose of hedging currency risks arising from the exposure of the Company's investments and bank balances in USD.

## Note 28: Transactions between group companies and other related persons

*Transactions and balances with subsidiary undertakings*

	Nature of transaction	Transaction value		Debit / (Credit) balance	
		2019	2018	2019	2018
		€'000	€'000	€'000	€'000
<b>Lyssi Investments Limited</b>					
	Other income	4	4		
	Sundry expenses	-	1		
	Dividends received	3	2		
	Balance			13	13
<b>Lion Insurance Agency Limited</b>					
	Commissions paid	20	20		
	Sundry expenses	1	1		
	Dividends received	3	11		
	Balance			12	8
<b>Atlantic Securities Limited</b>					
	Brokerage commissions	9	10		
	Interest receivable	6	9		
	Rents receivable	-	-		
	Balance			829	894
	Client brokerage account balance			526	72

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 28: Transactions between group companies and other related persons (continued)

*Transactions with related parties*

## a) AstroBank Ltd

AstroBank Ltd owns more than 5% of the issued share capital of the Company. The transactions which are mentioned below arose from normal banking and financial services offered by the bank to the Company and its subsidiaries as well as insurance agent services offered by its subsidiary company Astrobank Insurance Agency Ltd.

	2019	2018
	€'000	€'000
Interest income from bank deposits	9	27
Premiums	110	87
Commissions payable for insurance operations	(149)	(147)
Investment management and custody fees	(3)	(3)
Bank balances and bank deposits	3.441	3.598
Clients' bank accounts of subsidiary undertaking	320	727
Receivables from insurance operations	3	19

## b) Eurautoparts Ltd

The Company's directors Andreas Frangoullis and Nina Pyrishi are directors and shareholders of Eurautoparts Ltd. The transactions with the company during the year and the balances as at 31 December were:

Nature of transaction	Transactions value		Debit /(Credit) balance	
	2019	2018	2019	2018
	€000	€000	€000	€000
Insurance premiums	2	2		
Spare parts purchases	26	26	55	57

## c) BetonAlpha Ltd

The Company's directors Emiliios Pyrishis and George Pyrishis are shareholders of BetonAlpha Ltd. The transactions with the company during the year and the balances as at 31 December were:

Nature of transaction	Transactions value		Debit /(Credit) balance	
	2019	2018	2019	2018
	€000	€000	€000	€000
Insurance premiums	19	17	14	12

## d) Lyssi Insurance Agents Ltd

The Company's directors Emiliios Pyrishis, George Pyrishis and Andreas Frangoullis are directors and shareholders of Lyssi Insurance Agents Ltd. There were no transactions with the company during the year. The balances as at 31 December were:

Nature of transaction	Transaction value		Debit /(Credit) balance	
	2019	2018	2019	2018
	€000	€000	€000	€000
Lyssi Insurance Agents Limited				
Balance	-	-	(4)	(4)

All transactions with related parties were made at arm's length with standard business terms and conditions.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 29: Shareholders holding more than 5% of the issued share capital**

In accordance with article 60 (4) of the Cyprus Stock Exchange Law and Regulations the shareholders owning directly or indirectly more than 5% of the issued share capital of the Company at 31 December 2019 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2019	24 April 2020
	%	%
Emilios Pyrishis <sup>1</sup>	33,90	33,90
AstroBank Ltd	19,91	19,91
Andreas Frangoullis <sup>2</sup>	20,37	20,42
Maro Marathovouniotou <sup>3</sup>	5,96	5,96

- (1) The holding of Emilios Pyrishis includes his direct share of 22,25% and his indirect holding arising from the shares owned by his mother Nina Pyrishi (2,37%) and his brother George Pyrishis (9,29%).
- (2) The holding of Andreas Frangoullis includes his direct share (20,10%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,14%), his mother Vasilou Frangoulli (0,03%) and his brother Filippou Frangoullis (0,05%).
- (3) The holding of Maro Marathovounioti includes her direct share (1,43%) and her indirect holding arising from the shares owned by her daughter Athena Nicolaidou (1,61%), her son Alexis Marathovouniotis (1,43%) and her son Andreas Marathovouniotis (1,49%).

**Note 30: Directors' holding in the share capital of the Company**

The number of shares and the percentage holding in the share capital of the Company owned directly or indirectly by the members of the Board, their spouses or minor children and companies in which they hold directly or indirectly more than 20% of the voting shares, in accordance with Article 60 (4) of the Cyprus Stock Exchange Law and Regulations, on 31 December 2019 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2019		24 April 2020	
	Number of Shares	%	Number of Shares	%
Emilios Pyrishis	8.665.714	22,24	8.665.714	22,24
Andreas Pirishis	20.000	0,05	20.000	0,05
Andreas Frangoullis <sup>1</sup>	7.934.772	20,37	7.953.987	20,42
George Pyrishis	3.618.271	9,29	3.618.271	9,29
Nina Pyrishi	922.641	2,37	922.641	2,37
Panayiotis Mallis <sup>2</sup>	170.000	0,44	170.000	0,44
Charalambos Alexandrou <sup>3</sup>	86.224	0,22	86.224	0,22
Triantafyllos Lysimachou	-	0,00	-	0,00
Marios Savvides <sup>4</sup>	165.074	0,42	165.074	0,42
Loukis Ioannou <sup>5</sup>	2.510	0,01	2.510	0,01

- (1) The holding of Andreas Frangoullis includes his direct share (20,10%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,14%), his mother Vasilou Frangoulli (0,03%) and his brother Filippou Frangoullis (0,05%).
- (2) The holding of Panayiotis Mallis includes his direct share (0,19%) and his indirect holding arising from the shares owned by the Panayiotis & Elli Malli foundation (0,25%).
- (3) The holding of Charalambos Alexandrou includes his direct share (0,21%) and his indirect holding arising from the shares owned by his father Loizos Alexandrou (0,01%).
- (4) The holding of Marios Savvides includes his direct share (0,06%) and his indirect holding arising from the shares owned by his wife Jane Savvides (0,36%).
- (5) The holding of Loukis Ioannou includes his indirect holding arising from the shares owned by his father Christakis Ioannou (0,003%) and his mother Eleni Ioannou (0,004%).

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 32: Financial instruments and management of financial and insurance risks

## 1. Risk management

**Insurance risk**

The table below shows the sensitivity of the results to changes in assumptions that materially affect them. The analysis is performed for a reasonable range of changes in the main assumptions, with other assumptions remaining constant and shows their impact on profit before tax and equity:

31 December 2019	Change in assumption	Impact on profits before tax	Impact on equity
	%	€'000	€'000
Net Loss Ratio (after deduction of the reinsurers' share of claims)			
- Increase	3%	-538	-538
- Increase	5%	-896	-896
- Decrease	-3%	538	538
- Decrease	-5%	896	896

31 December 2018	Change in assumption	Impact on profits before tax	Impact on equity
	%	€'000	€'000
Net Loss Ratio (after deduction of the reinsurers' share of claims)			
- Increase	3%	-518	-518
- Increase	5%	-864	-864
- Decrease	-3%	518	518
- Decrease	-5%	864	864

The 10-year development of the total claim payments for all insurance classes for accident years between 2005 and 2019 is shown below:

Accident year	0	1	2	3	4	5	6	7	8	9	10 +	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
2005	5.195	1.204	271	269	1.093	87	-16	36	74	4	21	8.238
2006	4.875	1.306	51	208	143	319	197	8	22	63	46	7.239
2007	5.373	1.339	189	21	87	95	246	9	27	-2	1	7.384
2008	6.151	1.340	206	-1	132	189	38	1	15	3	29	8.103
2009	6.436	1.417	140	629	18	13	162	187	15	101		9.117
2010	6.661	1.457	208	312	703	349	12	114	33	33		9.881
2011	6.637	134.357	281	77	35	45	28	156	19			141.636
2012	6.768	1.649	175	58	11	29	817	92				9.599
2013	5.527	1.443	379	129	131	31	89					7.729
2014	5.209	1.364	222	1.351	65	117						8.328
2015	6.217	2.122	357	98	2							8.796
2016	5.030	2.081	6.352	68								13.531
2017	5.321	1.832	78									7.231
2018	5.916	1.926										7.842
2019	6.603											6.603
	<b>87.920</b>	<b>154.836</b>	<b>8.909</b>	<b>3.220</b>	<b>2.419</b>	<b>1.274</b>	<b>1.573</b>	<b>602</b>	<b>203</b>	<b>202</b>	<b>97</b>	<b>261.257</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 32: Financial instruments and management of financial and insurance risks (continued)

The table below shows the 10-year development of total incurred claims for all insurance classes for accident years between 2005 and 2019. The table also shows cumulative claim payments for each accident year, so as to distinguish clearly the part of incurred claims which has been settled and the part which remains outstanding at the reporting date.

The percentage difference represents the percentage of the difference between the initial claim reserve at the year of accident and the cumulative claim reserve at the reporting date.

Accident Year	0	1	2	3	4	5	6	7	8	9	10	Cumulative claim reserves	Cumulative claim payments	Outstanding claims	% Difference
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
2005	6.701	787	285	361	216	-58	0	33	60	7	-166	<b>8.226</b>	8.238	<b>-12</b>	18,5%
2006	6.378	909	135	111	-113	-143	47	7	-10	-61	-17	<b>7.243</b>	7.239	<b>4</b>	11,9%
2007	6.487	986	105	-33	-33	107	53	-1	-81	-2	2	<b>7.590</b>	7.384	<b>205</b>	14,5%
2008	7.508	849	53	-174	6	-98	-32	-2	4	-31	1	<b>8.084</b>	8.103	<b>-19</b>	7,1%
2009	8.850	776	-182	-143	18	-1	72	-11	-45	5	-31	<b>9.310</b>	9.117	<b>192</b>	4,9%
2010	8.842	1.023	660	100	-348	-250	-65	-14	2	9		<b>9.957</b>	9.881	<b>76</b>	11,2%
2011	309.326	-167.027	28	52	123	-58	-11	-132	14			<b>142.315</b>	141.636	<b>679</b>	0,3%
2012	9.434	117	-57	-212	750	-65	-178	-5				<b>9.785</b>	9.599	<b>186</b>	3,6%
2013	7.894	185	-73	29	-7	-55	-120					<b>7.852</b>	7.729	<b>123</b>	-0,5%
2014	7.707	1.104	5	52	-22	488						<b>9.335</b>	8.328	<b>1.006</b>	17,4%
2015	8.055	928	180	12	-9							<b>9.166</b>	8.796	<b>370</b>	12,1%
2016	27.284	793	-3.962	-3.508								<b>24.121</b>	13.531	<b>7.075</b>	4,1%
2017	8.029	248	35									<b>8.313</b>	7.231	<b>1.082</b>	3,4%
2018	8.664	378										<b>9.042</b>	7.842	<b>1.200</b>	4,2%
2019	9.533											<b>9.533</b>	6.603	<b>2.930</b>	0,0%
												<b>276.354</b>	<b>261.257</b>	<b>15.096</b>	<b>7,4%</b>

\*The EAC claim with total payments of €132,5mln and initial claim reserve of €300mln was excluded from the calculation of the percentage difference

\*\*The EAC claim with initial claim reserve of €20mln and revision of -€7,5mln was excluded from the calculation of the percentage difference

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 32: Financial instruments and management of financial and insurance risks (continued)

## Currency risk

The Group's exposure to currency risk at 31 December 2019 is shown below:

	Euro	British Pound	US Dollar	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Non-current assets</b>	12.412	-	182	-	<b>12.594</b>
<b>Current assets</b>					
Debtors and other receivables	17.033	-	-	-	<b>17.033</b>
Financial assets held for trading	235	-	-	-	<b>235</b>
Financial assets held for trading	16.519	514	5.387	2.763	<b>25.183</b>
Fixed term bank deposits	4.516	-	-	-	<b>4.516</b>
Cash and bank balances	10.250	-	654	-	<b>10.904</b>
	48.553	514	6.041	2.763	<b>57.871</b>
<b>Total assets</b>	<b>60.965</b>	<b>514</b>	<b>6.223</b>	<b>2.763</b>	<b>70.465</b>
<b>Non-current liabilities</b>					
Deferred taxation	116	-	-	-	<b>116</b>
<b>Liabilities</b>					
Outstanding claims and provision for unearned premiums	28.578	-	-	-	<b>28.578</b>
Other liabilities	2.863	-	-	-	<b>2.863</b>
<b>Total</b>	<b>31.441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31.441</b>
<b>Net assets</b>	<b>29.408</b>	<b>514</b>	<b>6.223</b>	<b>2.763</b>	<b>38.908</b>
	75,6%	1,3%	16,0%	7,1%	<b>100,0%</b>
Hedging derivatives	2.625	-	(2.625)	-	<b>-</b>
	<b>32.034</b>	<b>514</b>	<b>3.598</b>	<b>2.763</b>	<b>38.909</b>
	82,3%	1,3%	9,2%	7,1%	<b>100,0%</b>

A potential strengthening of the euro by 5% against the other main currencies in which the Group had exposure as at 31 December 2019 would result in a reduction in the fair value of the total assets and the recognition of exchange losses of €0,34m in which amounts to 0,9% of the Group's own funds and 4,9% of the profit attributable to the shareholders. Correspondingly, any weakening of the Euro against the above currencies by 5% would have an equal but opposite effect, provided that all other parameters remain constant.

The table below presents a sensitivity analysis to currency risk arising from the financial instruments held by the group.

	Exchange rate movement	Impact in profits after tax
	%	€'000
USA dollar	-5%	-180
British pound	-5%	-26
Australian dollar	-5%	-62
Canadian dollar	-5%	-56
Hong-Kong dollar	-5%	-20

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 32: Financial instruments and management of financial and insurance risks (continued)

**Credit risk**

Credit risk is the risk arising from the non-fulfilment of the obligations of the respective parties to the transactions and arises mainly from the customer and intermediaries balances of the Group and the Company.

The Group and the Company adopt appropriate credit control principles and ensure the adherence of the relevant procedures for monitoring and controlling of credit risk exposures. Additionally, the Group and the Company reduce the concentration of credit risk by undertaking their operations with a large number of clients and insurance agents. The Company has set maximum tolerance credit risk limits and quarterly risk monitoring procedures against these limits. The risk monitoring report is prepared by the Risk Management Function and is submitted for approval to the Risk Management Committee of the Board of Directors.

The tables below show the maximum credit risk exposure of various assets according to their long-term credit ratings as determined by Moody's:

<b>31 December 2019</b>	<b>Aa1-A3</b>	<b>Baa1-B3</b>	<b>Caa1-Caa3</b>	<b>Unrated</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Policyholders and intermediaries	-	-	-	4.669	<b>4.669</b>
Other debtors and prepayments	-	-	-	2.227	<b>2.227</b>
Reinsurers balances	-	-	-	-	-
Reinsurers' share of technical reserves	9.305	-	-	1.171	<b>10.476</b>
Fixed term bank deposits	-	2.570	1.012	934	<b>4.516</b>
Cash and bank balances	104	3.173	3.353	4.274	<b>10.904</b>
<b>Total</b>	<b>9.409</b>	<b>5.743</b>	<b>4.365</b>	<b>13.275</b>	<b>32.792</b>

<b>31 December 2018</b>	<b>Aa1-A3</b>	<b>Baa1-B3</b>	<b>Caa1-Caa3</b>	<b>Unrated</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Policyholders and intermediaries	-	-	-	5.029	<b>5.029</b>
Other debtors and prepayments	-	-	-	3.145	<b>3.145</b>
Reinsurers balances	-	-	-	-	-
Reinsurers' share of technical reserves	12.296	-	-	1.757	<b>14.053</b>
Fixed term bank deposits	-	3.341	1.900	1.542	<b>6.783</b>
Cash and bank balances	194	1.646	1.082	2.806	<b>5.728</b>
<b>Total</b>	<b>12.490</b>	<b>4.987</b>	<b>2.982</b>	<b>14.279</b>	<b>34.738</b>

The Company carries out transactions with a large number of clients, agents and brokers and hence a satisfactory level of credit risk diversification is achieved. Credit risk is also reduced because debtors are systematically monitored and, where appropriate, provision is made for doubtful debts. During 2019 there was a reversal of provisions for doubtful debts of €179 thousand as opposed to €3 thousand in 2018. The decrease in provisions reflects the significant reduction in the risk profile and the improvement of the financial situation of the wider economy.

The Group estimates that the fair value of trade and other receivables does not differ significantly from the carrying amounts in the consolidated financial statements.

**Interest rate risk**

The interest rate risk arises from the fluctuation in the value of financial instruments and of net financing income of the Group and the Company due to changes in market interest rates. The Group is exposed to interest rate risk with respect to the bonds and capital securities it holds, bank deposits and bank overdrafts and short-term loans. Income and cash flows from operations are affected by changes in market interest rates since the Group has significant interest-bearing assets. The management monitors interest rate fluctuations on a continuous basis and acts accordingly.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 32: Financial instruments and management of financial and insurance risks (continued)

The financial instruments held by the Group which are closely related to market interest rates are analyzed below:

	€'000
<b>Financial instruments bearing fixed interest rates</b>	
Bonds and capital securities	5.501
<b>Financial instruments bearing variable interest rates</b>	
Bonds and capital securities	-
Short term bank deposits	15.420
	<b>15.420</b>
	<b>20.921</b>

A possible reduction of interest rates by one percentage point (1,0%) would result in a decrease in net finance income by about €38 thousand assuming that all other variables remain constant.

A possible increase in interest rates by the same percentage would have an equal but opposite effect on the profit before tax.

**Liquidity risk**

Liquidity risk is the risk of insufficient available cash to meet the Group's liabilities as and when they fall due. Liquidity risk arises when the maturity of assets and liabilities does not coincide. When maturities do not coincide, profitability may increase but at the same time the risk of suffering losses may also increase.

The above risk is monitored and controlled through a well-developed liquidity management structure, consisting of various types of procedures and risk limits to ensure adherence with defined internal tolerance levels as well as with the minimum requirement of the competent supervisory authorities. The Management monitors the rolling cash flow forecasts of the Group (including unutilized cash and cash equivalents bank facilities) on the basis of expected cash flows.

The Risk Management Committee has established a minimum liquidity level to cover the Company's short-term liquidity needs (up to 90 days) plus a buffer to cover unexpected needs.

The Minimum Liquidity comprises only of the following assets:

- Cash, current and other instant access bank accounts
- Money Market funds
- Fixed term bank deposits that expire within 90 days and provide the right of termination
- Bonds maturing within 90 days

The Risk Management Committee has also set minimum acceptable limits for liquidity ratios. Additionally, the Risk Management Committee has approved a contingency liquidity plan which includes specific funding options to cover emergency liquidity requirements. The contingency plan is triggered if the Company's liquidity levels fall below the specified tolerance limits.

Compliance with the liquidity ratios is monitored on an ongoing basis by the Group's Chief Financial Officer. In addition, the Risk Management Function prepares a quarterly monitoring report of liquidity ratios against the minimum tolerance risk limits which is submitted for approval to the Risk Management Committee of the Board of Directors. Any limit violations are assessed and appropriate measures are taken to reduce current exposures within the approved risk limits.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 32: Financial instruments and management of financial and insurance risks (continued)**

*Analysis of financial assets and liabilities based on their remaining maturity:*

Financial assets	2019			2018		
	Within 1 year €'000	Over 1 year €'000	Total €'000	Within 1 year	Over 1 year €'000	Total €'000
Financial assets available for sale	235	399	634	822	528	1.350
Financial assets held for trading	23.155	2.028	25.183	19.340	1.799	21.139
Premium receivables	4.669	-	4.669	5.029	-	5.029
Reinsurers' share of technical reserves	10.476	-	10.476	14.053	-	14.053
Pool participation assets	55	520	575	49	509	558
Other receivables	1.888	339	2.227	2.137	449	2.586
Fixed term bank deposits	4.516	-	4.516	6.783	-	6.783
Cash and bank balances	10.904	-	10.904	5.728	-	5.728
<b>Total financial assets</b>	<b>55.898</b>	<b>3.286</b>	<b>59.184</b>	<b>53.941</b>	<b>3.285</b>	<b>57.226</b>
<b>Financial liabilities</b>						
Outstanding claims and unearned premiums	28.578	-	28.578	30.567	-	30.567
Bank overdrafts	-	-	-	16	-	16
Reinsurer's balances	563	-	563	600	-	600
Taxation	217	-	217	337	-	337
Other financial liabilities	2.083	-	2.083	1.966	-	1.966
<b>Total financial liabilities</b>	<b>31.441</b>	<b>-</b>	<b>31.441</b>	<b>33.486</b>	<b>-</b>	<b>33.486</b>

**Market risk**

The risk arises in relation to the Group's investments in equities, bonds and other investment securities and results from any adverse changes in the market prices of these securities.

This risk is managed by limiting the investment exposure of the Group based on defined limits, the assignment of investment management to professional managers, the wide diversification of the investment portfolio, the proper selection of investments and their timely liquidation whenever deemed necessary. The Executive Management and the Investment Committee set the investment strategy which is reviewed frequently taking into account the economic environment and the macroeconomic conditions as well as the Company's solvency situation and the underlying risks to which the Company is exposed. In addition, they monitor the developments in the financial markets and in co-operation with the professional investment advisors they change accordingly the investment positions of the Company.

The framework for the approval, control, management, monitoring and reporting of investment activities and related risks is set out in the Investment Risk Management Manual. The Board of Directors through the Risk Management Committee has set maximum risk exposure limits for each main class of investments as well as for each subcategory and issuer, ineligible investments, minimum issuer credit ratings for bonds, geographical risk limits and maximum exposure limits in foreign currency. The main objective of the above limits and restrictions is to ensure the wide diversification of the portfolio and to limit investment risk exposures to acceptable levels which are in line with the Company's overall risk appetite as determined by the Board.

The Risk Management Function prepares a quarterly monitoring report of the current investment risk exposures against the maximum risk tolerance limits which is submitted for approval to the Risk Management Committee of the Board of Directors. Any risk limit violations are assessed and appropriate measures are taken to limit the current exposure within the acceptable risk limits.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 32: Financial instruments and management of financial and insurance risks (continued)

The table below shows the Group's exposure to market risk as at 31 December 2019 and the impact on the fair value reserve and the profit for the year of a possible reduction in market values by 5% compared to the corresponding values as at 31 December 2019:

<i>Financial assets available for sale</i>	Fair value as at 31.12.2019	Impact on fair value reserve
	€'000	€'000
Bonds and capital securities	634	32
	<b>634</b>	<b>32</b>

<i>Financial assets held for trading</i>	Fair value as at 31.12.2019	Impact on profits for the year
	€'000	€'000
Equities listed in CSE and ASE	3.748	188
Foreign equities, equity funds and hedge funds	10.366	518
Corporate bonds	4.868	243
International real estate funds	4.496	225
Investments in gold and commodities	1.705	85
	<b>25.183</b>	<b>1.259</b>

The below table shows the impact on the profits for the year and on the Group's own funds from changes in the market values of the investments held by the Group as a result of logical negative changes in the relevant stock market indices, bond prices and commodity prices.

	Index / price change	Impact on profits for the year	Impact on own funds
	%	€'000	€'000
Cyprus stock exchange	15%	446	-
Athens stock exchange	20%	155	-
International equity markets	10%	703	-
International real estate funds	10%	450	-
Alternative investments	5%	118	-
International private equity funds	10%	97	-
Government bonds	5%	-	3
Corporate bonds	10%	487	58
Gold and commodities	10%	170	
		<b>2.626</b>	<b>61</b>

## 2. Fair Values

Fair value represents the amount at which an asset may be exchanged or an obligation may be repaid in the course of an ordinary business transaction. The Group uses the following hierarchy to determine and disclose fair value:

- Level 1: investments quoted based on stock market prices in active markets.
- Level 2: investments measured using valuation models in which all items that significantly affect fair value are based on observable market data.
- Level 3: Investments measured using valuation models in which items that significantly affect fair value are not based on observable market data.

For assets and liabilities recognized in the Consolidated Financial Statements at fair value, the Group determines whether transfers have been made between the levels in the hierarchy by reassessing the classification at the end of each period. The fair value level hierarchy analysis of financial instruments and of non-financial instruments which are measured on a fair value basis is presented below:

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 32: Financial instruments and management of financial and insurance risks (continued)

2019	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
<b>Financial instruments</b>				
Financial assets available for sale	398	235	-	633
Financial assets held for trading	23.205	1.076	902	25.183
Derivatives	23	-	-	23
Fixed term bank deposits	4.516	-	-	4.516
Cash and bank balances	10.904	-	-	10.904
Bank overdrafts and short term loans	-	-	-	-
	<b>39.046</b>	<b>1.311</b>	<b>902</b>	<b>41.259</b>
<b>Non-financial instruments which are measured on a fair value basis</b>				
Investment properties	-	-	4.535	4.535
Immovable property for own use	-	-	6.220	6.220
	-	-	<b>10.755</b>	<b>10.755</b>
<b>Total</b>	<b>39.046</b>	<b>1.311</b>	<b>11.657</b>	<b>52.014</b>
<b>2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	€'000	€'000	€'000	€'000
<b>Financial instruments</b>				
Financial assets available for sale	873	477	-	1.350
Financial assets held for trading	19.471	1.016	652	21.139
Derivatives	(84)	-	-	(84)
Fixed term bank deposits	6.783	-	-	6.783
Cash and bank balances	5.728	-	-	5.728
Bank overdrafts and short term loans	(16)	-	-	(16)
	<b>32.755</b>	<b>1.493</b>	<b>652</b>	<b>34.900</b>
<b>Non-financial instruments which are measured on a fair value basis</b>				
Investment properties	-	-	5.452	5.452
Immovable property for own use	-	-	6.220	6.220
	-	-	<b>11.672</b>	<b>11.672</b>
<b>Total</b>	<b>32.755</b>	<b>1.493</b>	<b>12.324</b>	<b>46.572</b>

The movement of the Group's financial instruments which are categorized at Level 3 is presented below:

	2019	2018
	€'000	€'000
1 January	652	250
Additions	250	402
31 December	<b>902</b>	652

The movement of non-financial instruments which are measured on a fair value basis is shown on notes 16 and 18.

During the years 2019 and 2018 there were no major transfers between Level 1 and Levels 2 and 3. During 2019 there were no changes in the fair value of financial assets which are categorised as Level 3.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 33: Postponement of adoption of IFRS 9 'Financial Instruments'**

The Group and the Company meet the provisions set out in the amendments to IFRS 4 'Insurance Contracts' as regards the adoption of IFRS 9 'Financial Instruments' and decided to postpone the application of IFRS 9 until the date that the Group and the Company will adopt for the first time the IFRS 17 'Insurance Contracts' (the "deferral option"), which is currently expected to be the consolidated financial statements for the year ending 31 December 2023.

The following tables present the fair value as at 31 December 2019 and the changes in fair values for the year ended 31 December 2019 of the financial assets separately for the following categories:

- Financial assets that meet the criteria of the SPPI of IFRS 9, excluding financial assets held for trading or managed and valued at fair value; and
- All other financial assets, including those that do not meet the criteria of the SPPI of IFRS 9 and those that are "held for trading" or which are managed and valued at fair value.

Financial assets that meet the criteria of the SPPI of IFRS 9 are those whose contractual cash flows represent only capital and interest payments (SPPI).

The fair values of financial instruments at 31 December 2019 that were analyzed between those that meet and those that do not meet the SPPI criteria are presented in the table below:

Financial assets	<i>Financial assets that meet SPPI criteria</i>		<i>Other financial assets</i>	
	<i>Fair value</i>	<i>Change in fair value</i>	<i>Fair value</i>	<i>Change in fair value</i>
	€'000	€'000	€'000	€'000
Cash, bank balances and bank deposits	15.420	-	-	-
Premium receivables	4.669	-	-	-
Debtors and other receivables	12.702	-	-	-
Bonds	634	53	4.868	216
Equities	-	-	11.667	209
International equity funds	-	-	6.290	1.037
Hedge Funds	-	-	2.358	78
	<b>33.425</b>	<b>53</b>	<b>25.183</b>	<b>1.540</b>

The following table provides information about the fair value and the carrying amount in accordance with IAS 39 for the financial assets of SPPI that the Group has determined that they do not have low credit risk. The book value is measured in accordance with IAS 39, although it is presented before any impairment for those that are measured at amortized cost.

Financial assets	<i>Fair value</i>	Book value
	€'000	€'000
Cash, bank balances and bank deposits	15.420	15.420
Premium receivables	4.669	4.669
Debtors and other receivables	12.702	12.702
Bonds	5.501	5.501
Equities	11.667	11.667
International equity funds	6.291	6.291
Hedge Funds	2.358	2.358
	<b>58.608</b>	<b>58.608</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: Postponement of adoption of IFRS 9 'Financial Instruments' (continued)

For financial assets that meet the SPPI criteria, the current accounting values measured in accordance with IAS 39 are analyzed in the following table by their credit rating:

Financial assets	Total	Credit rating			
		Aa1-A3	Baa1-B3	Caa1-Caa3	Unrated
	€'000	€'000	€'000	€'000	€'000
Cash, bank balances and bank deposits	15.420	104	5.361	4.747	5.208
Premium receivables	4.669	-	-	-	4.669
Debtors and other receivables	12.702	9.305	-	-	3.397
Bonds	5.501	1.001	3.999	1	500
Equities	11.667	1.896	3.849	115	5.807
International equity funds	6.291	3.184	-	-	3.107
Hedge Funds	2.358	-	-	-	2.358
	<b>58.608</b>	<b>15.490</b>	<b>13.209</b>	<b>4.863</b>	<b>25.046</b>

## Note 34: Events after the reporting date and capital commitments

With the recent and rapid progression of the Coronavirus disease (COVID-19) the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus implemented restrictions on travelling as well as strict quarantine measures.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation. To this end, certain measures have been taken with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large. New entry regulations have been announced with regard to protecting the population from a further spread of the disease which tightens the entry of individuals to the Republic of Cyprus. Additionally, it was decided that a considerable number of private businesses operating in various sectors of the economy would remain closed from Monday, 16th of March 2020 and for a period of four weeks. The objective of these public policy measures is to contain the spread of COVID-19 outbreak. The operating activities of the Group were not substantially affected by the above measures since the activities of the Company and its subsidiaries do not fall into the sectors of the economy for which a compulsory suspension of operations was decided.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The management is taking all necessary protective measures to prevent the spread of Covid-19, to safeguard public health and to protect its staff, customers and associates. The Company carefully monitors the developments in order to ensure the smooth running of its operations and takes all appropriate measures to limit the negative effects of the spread of the Coronavirus disease.

The management has considered the unique circumstances that could have a material impact on the business operations and the risk exposures of the Company. As of this date the Company's turnover has not been affected by the COVID-19 virus outbreak since the Company's operations continue as normal. Any prolonged and exacerbated spread of the epidemic that will affect the wider local economy will have a negative impact on the Company's turnover. At this stage it is not possible to determine the likelihood and/or extent of this impact. However, even in the event of an adverse effect on the Company's turnover, the management does not expect a significant negative impact on the Company's profitability due to the anticipated significant reduction in claims payable, particularly in the motor insurance class as a result of reduced road traffic.

On the contrary, the management has concluded that the event will result in increased volatility in the value of the financial instruments held by the Company and in significant losses on its investment portfolio as a result of the sharp fall in international markets. Based on the valuation of the Company's investments as at April 15, 2020, total investment losses amount to €6,4 million.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 34: Events after the reporting date and capital commitments (continued)**

The results of the Company's stress tests which were carried out using financial data as at December 31, 2019 and its high solvency ratio which at that date was 211,15% confirm that the capital adequacy of the Company can withstand the negative effects of the pandemic.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

As part of its investment activities on February 25, 2020, the Company entered into an agreement for the provision of a loan to a non-related party, amounting to € 500,000 with an annual interest rate of 5% and a repayment period of 2 years. The loan is secured by immovable property.

There were no other events which occurred after the end of the reporting period that had a significant impact on the financial statements at 31 December 2019.

On 31 December 2019 the Company had the following future capital commitments in respect of foreign investments:

	<b>€'000</b>
North Haven Real Estate Fund VII Offshore Investors Global	141
North Haven Private Equity Asia III	63
EFG Alternative SICAV All Stars Private Equity	37
	<hr/>
	<b>241</b> <hr/>