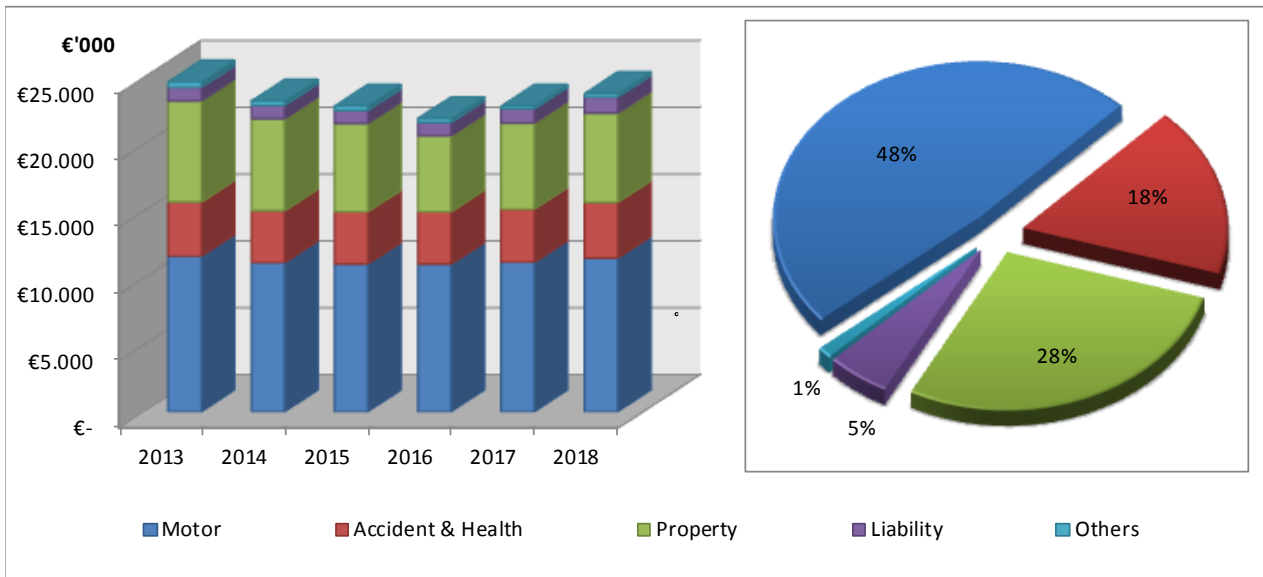


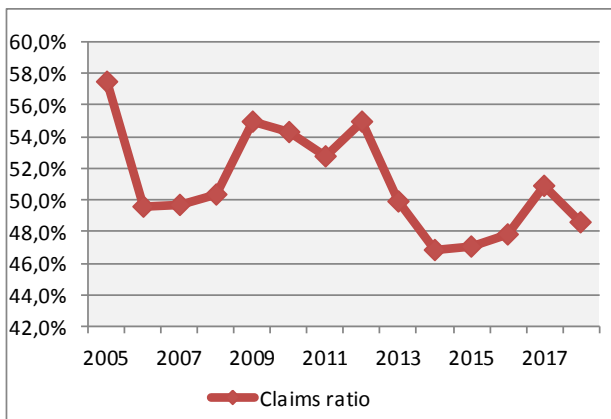


## HISTORICAL FINANCIAL INFORMATION

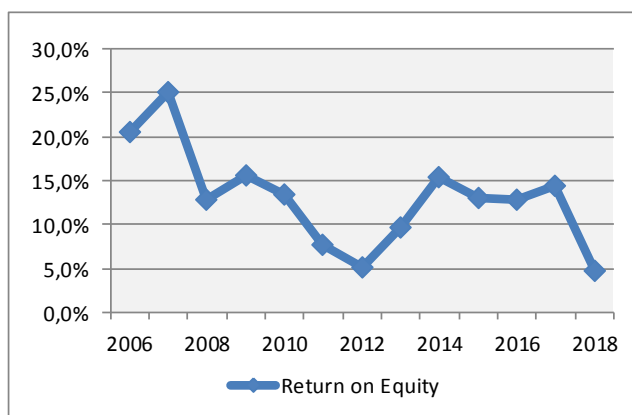
### Gross Written Premiums by Insurance class



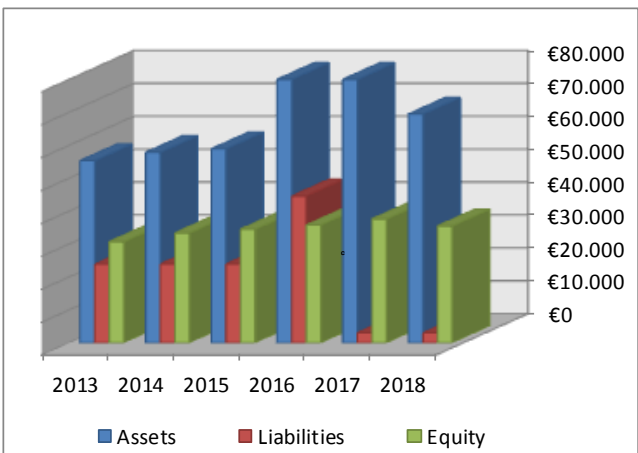
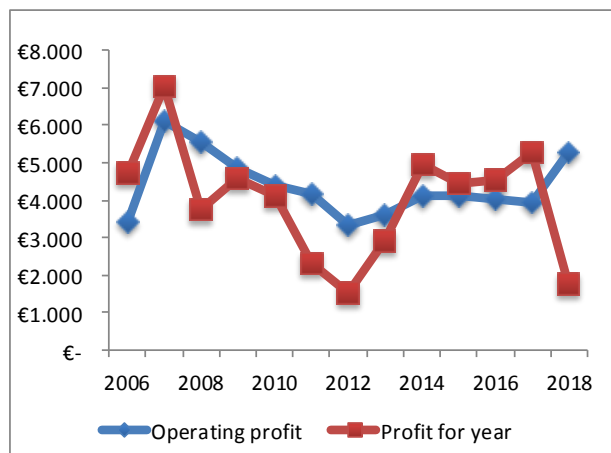
### Claims Ratio



### Return on Equity



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



**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**

**EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS 2018**

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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  
Arab Jordan Investment Bank  
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  
FBME Bank Ltd

**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 2018.

I am pleased to inform you that the profitability of the insurance business last year was very satisfactory. More specifically the profit from insurance operations rose by 11,3% to €4,53mln compared with €4,08mln in 2017. The improvement in the Company's profitability was mainly due to the growth in premiums by 3,5% and the reduction in incurred claims by 1,2%. As a result the operating margin increased to 26,3% from 24,5% in 2017.

The Group's profits attributable to the shareholders for the year ended 31 December 2018 amounted to €1,76mln against €5,28mln in 2017 with a decrease of 66,6%. The decrease is mainly attributable to investment losses of €3,84mln as opposed to gains of €0,90mln in 2017. However, it is encouraging that international markets show a significant recovery in 2019 which is expected to have a positive impact on the results of the Company's investment portfolio.

The main factor which contributed towards this was the rate of growth of the Cyprus economy which was 4,0% in 2018, the improvement in the labour market and the return of confidence in the Cypriot economy. This of course does not mean that all were positive and rosy during the year under review. On the contrary, intense competition continued and a number of insurance companies selling insurance products online, entered the market with a costly and intense advertising campaign, in an attempt to gain a significant market share. Despite the strong competition the Company managed to maintain its market share.

Equally satisfactory was the increase of 4,1% in gross written premiums which amounted to €23,83mln compared to €22,89mln in 2017. Motor premiums increased by 2,8%, medical premiums by 4,9%, liability premiums by 21,1% and property premiums by 3,4%. Net earned premiums amounted to €17,27mln versus €16,68mln in 2017 with an increase of 3,5%.

Claims from policyholders fell by 1,2% and amounted to €8,39mln (2017: €8,49mln). The net claims loss ratio on net earned premiums fell to 48,59% from 50,90% in the previous year. The claims ratio of the motor and property insurance class increased while the claims ratio of the other insurance classes fell.

The administrative expenses rose by 3,5% to €4,48mln from €4,33mln in 2017. The rise is mainly attributable to the increase in staff costs by 3,5% as a result of the increase in the Company's personnel in replacement of employees who are expected to retire in the coming years. The Company places particular emphasis on the effective training of its personnel and towards this end specialised seminars are organised on a regular basis in the company's training center. At the same time, we continue the qualitative and technological upgrading of our services, which is widely recognised and appreciated by our customers and our partners.

The operating results of the financial services sector showed an improvement during the year. Income from operations increased by 4,1% to €303 thousand compared with €291 thousand in 2017. As a result the loss attributable to the shareholders fell to €45 thousand from €94 thousand in 2017.

After the payment of dividends of €3,72mln own funds amounted to €35,49mln at 31 December 2018. Indicative of the Group's sound capital base is the Solvency II ratio of the Company which stood at 202,6% at 31 December 2018 versus the minimum regulatory level of 100%. The financial strength and high capital adequacy of the Company is becoming more important given the stricter insurance supervision framework and the revocation during 2018 of the license of an insurance company due to insolvency which left behind losses and inconvenience to thousands of policyholders and had a negative impact on the reputation and good image of the local insurance market.

The Board of Directors after taking into account the financial results for the year 2018, the capital requirements and the profitability prospects of the Group for the coming year as well as the prevailing economic conditions, decided to propose for approval at the Annual General Meeting of the Company the payment of a dividend of 9,50 cents per share (2017: 9,50 cents).

We believe that the recovery of the local economy will continue in the current year but we however expect that the operating environment in the insurance sector for the year 2018 will remain difficult. Considering the significant uncertainties in the economic and business environment the Board of Directors believes that at this stage any prediction about the results of the current year is premature.

Our cooperation with Astrobank Ltd (formerly Piraeus Bank of Cyprus), which is one of the main shareholders of Atlantic continues smoothly with mutually beneficial results. Following the recent acquisition of USB Bank by Astrobank, we look forward to further developing and strengthening our cooperation in all areas.

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.



Emiliios Pырishis  
Chairman

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT

The Board of Directors of Atlantic Insurance Company Public Limited (the "Company") submits its Annual Management Report and the audited consolidated financial statements of the holding Company and its subsidiaries (the "Group") for the year ended 31 December 2018.

#### 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 2018 decreased by 66,6% to €1,76m against €5,28m in 2017. The decrease is mainly attributable to investment losses of €3,84m (2017: Profit €0,90m).

##### *Profit from operations*

Profit from operations increased by 33,5% and amounted to €5,28m against €3,96m in 2017. Profit from operations includes non-recurring income of €0,80m relating to a reversal of a provision for potential future losses from natural disasters.

##### *Insurance operations*

Without the impact of non-recurring income, the profit from insurance operations rose by 11,3% to €4,53m (2017:€4,08m). Operating margin increased to 26,3% from 24,5% in 2017. The improvement in the Company's profitability is mainly due to the growth in premiums by 3,5% and the reduction in incurred claims by 1,2%.

##### *Financial services*

The subsidiary Atlantic Securities Ltd recorded reduced losses of €62 thousand (2017: €141 thousand). Operating income increased by 4,1% to €303 thousand compared to €291 thousand in 2017. Operating expenses recorded a decrease of 15,9% to €344 thousand (2017: €410 thousand).

##### *Premiums*

Gross written premiums amounted to €23,83m compared to €22,89m in 2017 with an increase of 4,1%. Motor premiums increased by 2,8%, medical premiums by 4,9%, liability premiums by 21,1% and property premiums by 3,4%.

Net premiums increased by 3,6%. After the adjustment for unearned premiums of €0,17m (2017: €0,15m), net earned premiums amounted to €17,27m versus €16,68m in 2017, recording an increase of 3,5%.

##### *Other income*

Other income from insurance operations amounted to €1,69m compared to €0,82m in 2017. The increase is mainly attributable to non-recurring income of €0,80m relating to a reversal of a provision for potential future losses from natural disasters. Other income mainly includes commission receivable from reinsurers which amounted to €0,77m against €0,69m in 2017. The share of profits from pool participations amounted to €0,12m compared with €0,13m in 2017.

##### *Claims*

Claims from policyholders fell by 1,2% and amounted to €8,39m (2017: €8,49m). The net claims loss ratio on net earned premiums fell to 48,59% from 50,90% in the previous year. The claims ratio of the motor and property insurance class increased while the claims ratio of the other insurance classes fell.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### *Administrative expenses*

The administrative expenses rose by 3,5% to €4,48m from €4,33m in 2017. The rise is mainly attributable to the increase in staff costs by 3,5% as a result of the increase in the number of the employees of the Company to 107 from 95. There was also an increase in depreciation charges, stationery, professional services and computer expenses. On the other hand discounts, electricity, advertising, vehicle expenses and provisions for bad debts recorded a decrease.

#### *Net finance income*

Net finance income amounted to €0,36m against €0,50m in 2017. Interest from bank deposits decreased to €0,14m from €0,27m as a result of the reduction in local deposit interest rates and also the reduction in bank balances. Interest on bonds also fell from €0,32m in 2017 to €0,29m due to the reduction in investments in government and corporate bonds.

#### *Profit on investments*

Income from investments relates to dividends and rents receivables and amounted to € 0,62m compared to €0,43m in 2017.

The Group's investment portfolio suffered losses of €3,36m compared to gains of €1,05m in 2017. There was a fair value gain on financial assets available for sale of €103 thousand (2017: Gain €20 thousand) which was credited directly to equity.

The overall investment return of the Group's investment portfolio (including income from interest and dividends) was negative -11,3% compared to +8,4% in 2017.

#### *Revaluation of investment properties*

During 2018 the Company recorded a loss on the revaluation of investment properties of €444 thousand (2017: loss €45 thousand). There was also a gain on the revaluation of fixed assets of €3 thousand (2017: Gain €204 thousand) which was recognised directly in the statement of changes in equity.

#### *Earnings per share*

The earnings per share of the Group fell to 4,51 cents per share from 13,51 cents in 2017.

#### *Own funds*

After the payment of dividends of €3,72m the Group's own funds fell by 5,6% to €35,49m on 31 December 2018 from €37,60m on 31 December 2017.

#### *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 2018 was 202,6% (2017: 203,7%) 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 €1,76m compared to €5,28m in 2017. Profit for the year is transferred to reserves.

### Dividend

The Board of Directors has decided to propose for approval at the Annual General Meeting of the Company the payment of a dividend of 9,50 cents per share (2017: 9,50 cents).

### 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.

#### *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 25 futures contracts for the sale of \$3,75m with an average agreed rate of \$1,2010: €1,00 and a maturity date of September 16, 2019. The contracts were entered for the purpose of hedging currency risks arising from the USD exposure of the Company's investments and bank balances.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### Prospects

The Board of Directors considered the increase in profits from insurance operations and in net premiums as very satisfactory. As regards the investment losses, the Board of Directors hopes for a recovery in the international markets that will have a positive effect on the returns on the Company's investment portfolio.

As regards the prospects for the current year, there are no major developments which may affect the assessment of the results of the current period. The management believes that the conditions in the operating environment of the company will remain difficult but notes the satisfactory growth in the wider economic environment. Considering the significant uncertainties the Board of Directors considers that at this stage any projection about the operating results of the Group for the current year are premature.

The management remains committed to its strategy of effective risk management and careful development of operations as well as the protection and strengthening of the capital base, liquidity and profitability of the Group.

#### Tangible Fixed Assets

Capital expenditure for tangible fixed assets amounted to €0,24m (2017: €0,09m) 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 €85 mln divided into 250 mln ordinary shares of a nominal value of €0,34 each. The issued share capital of the Company amounts to €13,30 mln divided into 39,11 mln ordinary shares of a nominal value of €0,34 each. 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 6 June 2018 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 6 June 2018 to 5 June 2019.

During the year the Company did not acquire any own shares. The total number of own shares held by the Company at 31 December 2018 is 165 241 and the total acquisition cost amounts to €162.532.

The Extraordinary General Meeting of Atlantic Insurance Company Public Ltd, which was held on 24 October 2018 at 2.00 p.m. at the Company's head offices, approved the following resolutions:

#### Special resolution

THAT:

- a) The authorized share capital of the Company be reduced from €85.000.000 divided into 250.000.000 ordinary shares of a nominal value of €0,34 each to €84.943.818 divided into 249.834.759 ordinary shares of a nominal value of €0,34 each;
- b) The issued share capital of the Company be reduced from €13.297.030 divided into 39.108.912 ordinary shares of a nominal value of €0,34 each to €13.240.848 divided into 38.943.671 ordinary shares of a nominal value of €0,34 each;
- c) Such decrease of the Company's share capital be achieved with the cancellation of the 165.241 fully paid ordinary shares of a nominal value of €0,34 each, which are held by the Company.



## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### Ordinary resolution

THAT with the decrease of the Company's share capital as stated in resolution 3(c) above, the Company's approved share capital increase to 250.000.000 ordinary shares with the creation of 165.241 new ordinary shares of a nominal value of €0,34 each, having the same rights and obligations as the Company's existing ordinary shares.

Explanation: The above resolutions were proposed for the cancellation of the 165.241 own shares held by the Company.

The special resolution is subject to ratification by the District Court of Nicosia. On 31 January 2019 the District Court of Nicosia ratified the special resolution of the EGM.

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

#### Investment in subsidiary companies

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. As at the end of 2017 the effective interest of Atlantic Insurance Company Public Ltd in Atlantic Securities Limited was 66,10%.

During the year the carrying amount of the investment in Atlantic Consultancy Services Ltd was reduced by €48 thousand (2017: €94 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 Piraeus (Cyprus) Insurance Agency Ltd as an insurance agent of Atlantic Insurance Co Public Ltd as mentioned in note 31 of the financial statements.

The transactions of the Company with related parties are 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.

#### Post balance events

Events occurring after the reporting period which are affecting the understanding of the financial statements are presented in note 33 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.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

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 2018. 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.
- 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 2018 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 2018 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 Messrs Andreas Frangoullis, Triantafyllos Lysicmachou and Charalambos Alexandrou 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.

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

During the year 2018 Joannides & Co Ltd terminated their services as auditors of the Company. Following a tender process, Ernst & Young Cyprus Ltd were appointed by the Board of Directors as the new auditors of the Company on 29 October 2018.

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 in the next Annual General Meeting.

By order of the Board of Directors,



Emilius Pyrishis  
Chairman

Nicosia  
19 April 2019

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
<b>Income from operations</b>			
Gross written premiums		23.097	22.173
Policy fees		732	719
Reinsurers' share of premiums		(6.393)	(6.061)
Net premiums		17.436	16.831
Transfer to unearned premiums		(166)	(149)
Net earned premiums		17.270	16.682
Other operating income from insurance operations	6	1692	823
Operating income from brokerage and financial services		294	286
		19.256	17.791
<b>Expenses</b>			
Claims payable	5	8.391	8.491
Commission payable for insurance operations		1070	958
Commission payable for brokerage and financial services		32	53
Administrative expenses		4.484	4.335
		13.977	13.837
<b>Profit from operations</b>	10	5.279	3.954
(Loss) / gain on sale and revaluation of investments	12	(3.361)	1.047
Loss on revaluation of investment properties		(444)	(45)
Other investment income	7	619	433
Net finance income	11	361	501
Profit before taxation		2.454	5.890
Taxation	13	(709)	(652)
Profit after taxation		1.745	5.238
Minority interest		20	47
Profit attributable to the shareholders		1.765	5.285
<b>Earnings per share (cent)</b>			
	14	4,51	13,51

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	2018 €'000	2017 €'000
Profit for the year	1.765	5.285
<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	103	20
Transfer to profit and loss for the year on disposal of financial assets available for sale	(235)	(54)
Transfer to profit and loss for the year on change of classification of bonds	-	(44)
<b>Net other comprehensive losses that will be reclassified to the profit and loss account in subsequent periods</b>	<b>(132)</b>	<b>(78)</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	3	204
Deferred tax on revaluation of immovable property	(32)	(15)
<b>Net other comprehensive income which will not be reclassified to the profit and loss account in subsequent periods</b>	<b>(29)</b>	<b>189</b>
<b>Other recognised (losses) / gains after taxation</b>	<b>(161)</b>	<b>111</b>
<b>Total comprehensive income for the year</b>	<b>1.604</b>	<b>5.396</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Notes	2018 €'000	2017 €'000
<b>Non-current assets</b>			
Tangible fixed assets	16	6.632	6.842
Intangible assets	17	169	29
Debtors and other receivables	21	449	551
Investment properties	18	5.452	5.670
Financial assets available for sale	19	1.350	2.221
<b>Total non-current assets</b>		<b>14.052</b>	15.313
<b>Current assets</b>			
Debtors and other receivables	21	21.777	31.473
Financial assets held for trading	20	21.139	20.531
Cash and bank balances	22	12.511	14.933
<b>Total current assets</b>		<b>55.427</b>	66.937
<b>Total assets</b>		<b>69.479</b>	82.250
<b>Equity</b>			
Share capital	23	13.297	13.297
Reserves		22.352	24.463
Purchase of own shares		(163)	(163)
<b>Equity attributable to shareholders</b>		<b>35.486</b>	37.597
Minority interest		321	319
<b>Total equity</b>		<b>35.807</b>	37.916
<b>Non-current liabilities</b>			
Deferred taxation	24	186	255
		186	255
<b>Current liabilities</b>			
Outstanding claims and provision for unearned premiums	25	30.567	41.227
Bank overdrafts	22	16	12
Other Liabilities	27	2.903	2.840
		33.486	44.079
<b>Total equity and liabilities</b>		<b>69.479</b>	82.250

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share Capital €'000	Share Premium €'000	Revaluation Reserve €'000	Fair Value Reserve €'000	Profit and Loss account €'000	Own Shares €'000	Total €'000	Minority Interest €'000	Total Equity €'000
<b>Balance 1 January 2017</b>	13.297	1.965	3.085	193	17.442	(163)	35.819	366	36.185
Profit for the year	-	-	-	-	5.285	-	5.285	(47)	5.238
Other comprehensive income /(loss) after taxation	-	-	189	(78)	-	-	111	-	111
Total comprehensive income / (loss) after taxation	13.297	1.965	3.274	115	22.727	(163)	41.026	319	41.534
Transfer of excess depreciation on revaluation of buildings	-	-	(8)	-	8	-	-	-	-
Deferred tax on excess depreciation	-	-	1	-	(1)	-	-	-	-
Dividend paid	-	-	-	-	(3.618)	-	(3.618)	-	(3.618)
<b>Balance 31 December 2017</b>	<b>13.297</b>	<b>1.965</b>	<b>3.267</b>	<b>115</b>	<b>19.116</b>	<b>(163)</b>	<b>37.597</b>	<b>319</b>	<b>37.916</b>
<b>Balance 1 January 2018</b>	13.297	1.965	3.267	115	19.116	(163)	37.597	319	37.916
Profit for the year	-	-	-	-	1.765	-	1.765	(20)	1.745
Other comprehensive income /(loss) after taxation	-	-	(29)	(132)	-	-	(161)	-	(161)
Total comprehensive income / (loss) after taxation	13.297	1.965	3.238	(17)	20.881	(163)	39.201	299	39.500
Transfer of excess depreciation on revaluation of buildings	-	-	(2)	-	2	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	22	22
Dividend paid	-	-	-	-	(3.715)	-	(3.715)	-	(3.715)
<b>Balance 31 December 2018</b>	<b>13.297</b>	<b>1.965</b>	<b>3.236</b>	<b>(17)</b>	<b>17.168</b>	<b>(163)</b>	<b>35.486</b>	<b>321</b>	<b>35.807</b>

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 2018

		2018	2017
		€'000	€'000
	Note		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit for the year before taxation</b>		<b>2.454</b>	5.890
<i>Adjustments for:</i>			
Loss / (gain) on sale and revaluation of investments	12	<b>3.361</b>	(1.047)
Loss on revaluation of investment properties		<b>444</b>	45
Depreciation of tangible and intangible fixed assets	10	<b>333</b>	254
Loss / (profit) on sale of assets		<b>2</b>	(1)
Interest income	11	<b>(425)</b>	(550)
Dividend income	7	<b>(549)</b>	(375)
Interest expense and bank charges	11	<b>64</b>	49
Decrease in debtors and other receivables		<b>9.797</b>	948
Decrease in liabilities and provisions		<b>(10.786)</b>	(68)
<b>Cash flow from operations</b>		<b>4.695</b>	5.145
Interest paid		<b>(64)</b>	(49)
Taxation paid		<b>(655)</b>	(667)
<b>Net cash flow from operating activities</b>		<b>3.976</b>	4.429
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of investments		<b>(8.267)</b>	(10.503)
Sale of investments		<b>5.094</b>	4.880
Acquisition of investment property		<b>-</b>	(50)
Purchase of tangible fixed assets	16	<b>(239)</b>	(87)
Purchase of intangible fixed assets	17	<b>(254)</b>	(57)
Receipts on disposal of tangible fixed assets		<b>5</b>	1
Interest received		<b>425</b>	550
Dividends received		<b>549</b>	375
<b>Net cash flow for investing activities</b>		<b>(2.687)</b>	(4.891)
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>			
Dividend paid		<b>(3.715)</b>	(3.618)
<b>Net cash flow for financing activities</b>		<b>(3.715)</b>	(3.618)
Net decrease in cash and cash equivalents		<b>(2.426)</b>	(4.080)
Cash and cash equivalents at the beginning of the year	22	<b>14.921</b>	19.001
Cash and cash equivalents at the end of the year	22	<b>12.495</b>	14.921
<b>Cash and cash equivalents consist of:</b>			
Cash and bank balances		<b>12.511</b>	14.933
Bank overdrafts		<b>(16)</b>	(12)
	22	<b>12.495</b>	14.921



## 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 2018</b>			
Premiums and other income	26.141	294	<b>26.435</b>
Profit /(loss) from operations	5.329	(50)	<b>5.279</b>
Total Assets	67.393	2.086	<b>69.479</b>
Total Liabilities	33.548	124	<b>33.672</b>
Purchase of tangible fixed assets	239	-	<b>239</b>
Purchase of intangible fixed assets	254	-	<b>254</b>
Disposal of tangible fixed assets	576	93	<b>669</b>
Depreciation of tangible fixed assets	218	-	<b>218</b>
Depreciation of intangible fixed assets	114	-	<b>114</b>
<b>Year ended 31 December 2017</b>			
Premiums and other income	24.148	286	<b>24.434</b>
Profit /(loss) from operations	4.077	(123)	<b>3.954</b>
Total Assets	80.189	2.061	<b>82.250</b>
Total Liabilities	44.196	138	<b>44.334</b>
Purchase of tangible fixed assets	87	-	<b>87</b>
Purchase of intangible fixed assets	57	-	<b>57</b>
Disposal of tangible fixed assets	12	-	<b>12</b>
Depreciation of tangible fixed assets	204	-	<b>204</b>
Depreciation of intangible fixed assets	50	-	<b>50</b>

## Note 5: Claims payable

	2018			2017	
	Gross €'000	Reinsurers' Share €'000	Recoveries €'000	Net €'000	Net €'000
Motor	5.670	307	(361)	<b>5.616</b>	5.393
Accident and health	2.727	(25)	(1)	<b>2.701</b>	2.739
Marine	11	(9)	-	<b>2</b>	72
Property	(3.656)	3.838	-	<b>182</b>	131
Liability	46	(277)	121	<b>(110)</b>	156
	<b>4.798</b>	<b>3.834</b>	<b>(241)</b>	<b>8.391</b>	8.491
				<b>2018</b> <b>€'000</b>	2017 €'000
Gross claim payments				<b>15.645</b>	9.593
Reinsurers' share of claims paid				<b>(6.222)</b>	(1.116)
Net change in outstanding claims				<b>(911)</b>	30
Net change in incurred but not enough reported claims (IBNER)				<b>(121)</b>	(16)
Net incurred claims				<b>8.391</b>	8.491

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Commissions earned	<b>769</b>	693
Share of Pool profits	<b>123</b>	129
Profit on sale of assets	<b>(2)</b>	1
Other income	<b>2</b>	-
Reversal of prior year provisions	<b>800</b>	-
	<b>1.692</b>	823

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

**Note 7: Other income from investments**

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Dividend income	<b>549</b>	375
Rents receivable	<b>70</b>	58
	<b>619</b>	433

**Note 8: Income from Cyprus Hire Risks Pool**

The income arises from the Company's participation to the Cyprus Hire Risks Pool. The company's share in the profits and losses of the Pool is calculated based on the share of the Company's motor premiums as a percentage of the total market motor premiums. The Company's share of profits of the Pool for 2018 amounted to €150 thousand (2017: Profit €129 thousand).

**Note 9: Staff costs**

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Salaries	<b>2.511</b>	2.420
Social insurance contributions	<b>172</b>	166
Provident fund contributions	<b>107</b>	107
Other contributions	<b>95</b>	92
	<b>2.885</b>	2.785

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:

	Group		Company	
	<b>2018</b>	2017	<b>2018</b>	2017
Full-time employees	<b>117</b>	105	<b>107</b>	95

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:

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Depreciation of tangible fixed assets	<b>218</b>	204
Depreciation of intangible fixed assets	<b>115</b>	50
Provision for bad and doubtful debts	<b>(3)</b>	66
Audit Fees		
Audit fees	<b>53</b>	51
Fees for other verification services	<b>9</b>	9
Fees for non-audit services	<b>6</b>	6

**Note 11: Net finance income**

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Bank Interest	<b>141</b>	267
Interest from bonds	<b>285</b>	324
Bank charges and interest paid	<b>(64)</b>	(49)
Exchange losses	<b>(1)</b>	(41)
	<b>361</b>	501

**Note 12: (Loss) / gains on sale and revaluation of investments**

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Gain on sale of investments	<b>281</b>	270
(Loss) / gain on revaluation of shares held for trading	<b>(388)</b>	274
(Loss) /gain on revaluation of bonds	<b>(248)</b>	27
(Loss) / gain on revaluation of foreign investments	<b>(3.006)</b>	432
Transfer from reserves due to change of classification	<b>-</b>	44
	<b>(3.361)</b>	1.047

**Note 13: Taxation**

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

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Corporation tax	<b>741</b>	601
Defence tax contribution	<b>4</b>	5
Foreign taxes deducted at source	<b>65</b>	49
Deferred Tax	<b>(101)</b>	-
Tax Interest	<b>-</b>	(3)
	<b>709</b>	652

## 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:

	2018	2017
	€'000	€'000
<b>Accounting profit</b>	<b>2.454</b>	<b>5.890</b>
Tax based on current tax rates	<u>307</u>	<u>736</u>
Defense tax contribution	4	5
Foreign taxes deducted at source	65	49
Tax interest	-	(3)
Deferred tax	(101)	-
<i>Adjustments for :</i>		
Disallowed expenses	53	46
Income not taxed	(68)	(47)
Loss / (gain) on sale and revaluation of investments	477	(125)
Capital allowances	(33)	(26)
Tax losses of subsidiaries carried forward	5	17
	<u>709</u>	<u>652</u>

## Note 14: Earnings per share

	2018	2017
	€'000	€'000
Net profit attributable to shareholders	<u>1.765</u>	<u>5.285</u>
Weighted average number of issued shares	<u>39.109</u>	<u>39.109</u>
Basic earnings per share (cents)	<u>4,51</u>	<u>13,51</u>

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 %	2018 €'000	2017 €'000
Lyssi Investments Ltd	Car hire	100,0	86	86
Lion Insurance Agency Ltd	General insurance agent	100,0	141	141
Atlantic Consultancy Services Ltd <sup>(1)(2)</sup>	Financial and consultancy services		-	578
Atlantic Securities Limited <sup>(1)</sup>	Brokerage and investment services	67,7	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. As at the end of 2017 the effective interest of Atlantic Insurance Company Public Ltd in Atlantic Securities Limited was 66,10%.

## 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 the year the carrying amount of the investment in Atlantic Consultancy Services Ltd was reduced by €48 thousand (2017: €94 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:

	2018	2017
	€'000	€'000
Premiums and other income	26.140	24.149
Profit from operations	5.336	4.075
Total assets	67.127	79.924
Total liabilities	33.543	44.191

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

	Lyssi Investments Ltd	Lion Insurance Agency Limited	Atlantic Securities Limited	2018	2017
	€'000	€'000	€'000	€'000	€'000
Premiums and other income	-	-	295	295	286
Loss from operations	(2)	(1)	(54)	(57)	(120)
Total assets	112	155	2.085	2.352	2.326
Total liabilities	2	3	124	129	143

## 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 2017	6.438	898	560	571	8.467
Additions	-	21	16	49	87
Revaluation	98	-	-	-	98
Disposals	-	-	-	(12)	(12)
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)
<b>Balance at 31 December 2018</b>	<b>6.220</b>	<b>677</b>	<b>298</b>	<b>681</b>	<b>7.876</b>
<b>Depreciation</b>					
Balance at 1 January 2017	-	740	503	468	1.711
Depreciation for the year	106	36	22	40	204
On revaluation	(106)	-	-	-	(106)
On disposals	-	-	-	(12)	(12)
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)
<b>Balance at 31 December 2018</b>	<b>-</b>	<b>516</b>	<b>225</b>	<b>503</b>	<b>1.244</b>
<b>Net book value at</b>					
<b>31 December 2018</b>	<b>6.220</b>	<b>161</b>	<b>73</b>	<b>178</b>	<b>6.632</b>
31 December 2017	6.536	143	51	112	6.842

## 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 2018 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:

	<b>2018</b>	2017
	<b>€'000</b>	€'000
Land	<b>1.149</b>	1.263
Buildings	<b>1.894</b>	2.150
	<b>3.043</b>	3.413
	<b>2.779</b>	2.764
Revalued amount of land on which no depreciation is charged	<b>2.779</b>	2.764

## Note 17: Intangible assets

	Goodwill on acquisition of agents portfolios	Computer software	Total
	€'000	€'000	€'000
<b>Cost or revaluation</b>			
Balance at 1 January 2017	106	446	552
Additions	27	30	57
Balance at 1 January 2018	133	476	609
Additions	134	120	254
Disposals	-	(116)	(116)
<b>Balance 31 December 2018</b>	<b>267</b>	<b>480</b>	<b>747</b>
<b>Amortisation</b>			
Balance at 1 January 2017	106	424	530
Amortisation for the year	27	23	50
Balance at 1 January 2018	133	447	580
Amortisation for the year	77	37	114
On disposals	-	(116)	(116)
<b>Balance 31 December 2018</b>	<b>210</b>	<b>368</b>	<b>578</b>
<b>Net book value at</b>			
<b>31 December 2018</b>	<b>57</b>	<b>112</b>	<b>169</b>
31 December 2017	-	29	29

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 18: Investment properties

	2018 €'000	2017 €'000
<b>Land and buildings</b>		
Balance at 1 January	5.670	5.665
Additions	-	50
Fair value loss on revaluation	(444)	(45)
Transfer from fixed assets	226	-
<b>Balance at 31 December</b>	<b>5.452</b>	<b>5.670</b>

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

	2018 €'000	2017 €'000
Land	4.733	4.619
Buildings	2.174	2.002
	<b>6.907</b>	<b>6.621</b>

## Note 19: Financial assets available for sale

	2018 €'000	2017 €'000
Republic of Cyprus government bonds	822	859
Greek government bonds	1	2
Corporate bonds	360	1.199
Foreign corporate bonds	167	161
	<b>1.350</b>	<b>2.221</b>

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 2018 amounted to €103 thousand (2017: gain €20 thousand) and was recognized in the fair value reserve which is included as part of equity.

Republic of Cyprus government bonds include a bond of €0,51mln which is 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 transfer these securities to another custodian.

## Note 20: Financial assets held for trading

	2018 €'000	2017 €'000
Equity investment listed in CSE and ASE	2.599	2.157
Foreign equities and investments funds	8.162	7.293
Private equity investment funds	850	454
Hedge funds	2.281	2.668
International real estate funds	4.449	5.016
Cyprus corporate bonds	1.204	1.111
Foreign Corporate Bonds	1.594	1.832
	<b>21.139</b>	<b>20.531</b>

## 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>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Client receivables from financial services operations	310	414
Investors' Compensation Fund	139	137
	<b>449</b>	<b>551</b>
<b>Current assets</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Trade receivables from insurance operations	5,029	4,930
Reinsurers' share of technical reserves (note 25)	14,053	23,848
Share in pool assets	558	464
Deferred acquisition costs	496	487
Other receivables from insurance operations	694	836
Other receivables from financial services operations	940	882
Tax refundable	7	20
Derivatives-Futures	-	6
	<b>21,777</b>	<b>31,473</b>
<b>Customer and intermediaries balances</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Receivables	10,279	10,270
Minus provision for bad and doubtful debtors	(4,507)	(4,527)
	<b>5,772</b>	<b>5,743</b>
<b>Provision for bad and doubtful debtors</b>	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Balance at 1 January	4,527	4,490
Provision for bad and doubtful debtors (including suspension of interest, amounts recovered and amounts written off)	(20)	37
Balance at 31 December	<b>4,507</b>	<b>4,527</b>

Receivables of the subsidiary undertaking Atlantic Securities Ltd include specific customer balances amounting to €387 thousand (2017: €519 thousand) which are overdue but have not been impaired at the reporting date for which the company has not recognized a provision given that there is no significant change in the credit quality of these debtors and they continue to be considered as recoverable.

Ageing analysis of overdue but not impaired balances:

	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Within 30 days	-	-
31-120 days	-	-
Over 120 days	387	519
	<b>387</b>	<b>519</b>

The above balances are secured by collaterals held by Atlantic Securities Ltd against financial assets of the customers, the value of which at 31 December 2018 was €445 thousand (2017: €451 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

	2018	2017
	€'000	€'000
Cash and bank balances	12.511	14.933
Bank Overdraft and short term loans	(16)	(12)
	<b>12.495</b>	<b>14.921</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.

## Note 23: Share Capital

	2018		2017	
	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	39.109	13.297	39.109	13.297

The Extraordinary General Meeting of the Company which took place on 6 June 2018 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 6 June 2018 to 5 June 2019.

During the year the Company did not acquire any own shares. The total number of own shares held by the Company at 31 December 2018 is 165 241 and the total acquisition cost amounts to €162.532. Own shares represent 0,42% of the total issued share capital of the Company.

The Extraordinary General Meeting of Atlantic Insurance Company Public Ltd, which was held on 24 October 2018 at 2.00 p.m. at the Company's head offices, approved the following resolutions:

## Special resolution

## THAT:

- The authorized share capital of the Company be reduced from €85.000.000 divided into 250.000.000 ordinary shares of a nominal value of €0,34 each to €84.943.818 divided into 249.834.759 ordinary shares of a nominal value of €0,34 each;
- The issued share capital of the Company be reduced from €13.297.030 divided into 39.108.912 ordinary shares of a nominal value of €0,34 each to €13.240.848 divided into 38.943.671 ordinary shares of a nominal value of €0,34 each;
- Such decrease of the Company's share capital be achieved with the cancellation of the 165.241 fully paid ordinary shares of a nominal value of €0,34 each, which are held by the Company.

## Ordinary resolution

THAT with the decrease of the Company's share capital as stated in resolution 3(c) above, the Company's approved share capital increase to 250.000.000 ordinary shares with the creation of 165.241 new ordinary shares of a nominal value of €0,34 each, having the same rights and obligations as the Company's existing ordinary shares.

Explanation: The above resolutions were proposed for the cancellation of the 165.241 own shares held by the Company.

The special resolution is subject to ratification by the District Court of Nicosia. On 31 January 2019 the District Court of Nicosia ratified the special resolution of the EGM.

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

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 24: Deferred Taxation

	2018	2017
	€'000	€'000
<b>Provision for property revaluation</b>		
Balance 1 January	190	181
Deferred tax on property revaluation	(77)	10
Deferred tax on excess depreciation resulting from the revaluation of buildings	-	(1)
Balance 31 December	113	190
	2018	2017
	€'000	€'000
<b>Provision for temporary differences between depreciation and capital allowances</b>		
Balance 1 January	65	59
Deferred tax for the year	8	5
Deferred tax on excess depreciation resulting from the revaluation of buildings	-	1
Balance 31 December	73	65
Total Balance 31 December	186	255

## Note 25: Outstanding claims and unearned premiums

	2018	2017
	€'000	€'000
<b>Unearned premiums</b>		
Gross unearned premiums	10.865	10.437
Reinsurers' share	(2.697)	(2.435)
Net unearned premiums	8.168	8.002
<b>Outstanding claims</b>		
Gross outstanding claims	19.702	30.790
Reinsurers' share	(11.356)	(21.413)
Net outstanding claims	8.346	9.377
<b>Total technical reserves</b>		
Gross technical reserves	30.567	41.227
Reinsurers' share	(14.053)	(23.848)
Net technical reserves	16.514	17.379

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

	2018		2017	
	Gross	Reinsurers' Share	Gross	Reinsurers' Share
	€'000	€'000	€'000	€'000
<b>Unearned premiums</b>				
1 January	10.437	(2.435)	9.856	(2.004)
Written premiums	23.830	(6.393)	22.892	(6.061)
Earned premiums	(23.402)	6.131	(22.311)	5.630
31 December 2017	10.865	(2.697)	10.437	(2.435)
<b>Outstanding claims</b>				
1 January	30.790	(21.413)	31.691	(22.328)
Claim payments	(15.645)	6.223	(9.593)	1.116
Change in outstanding claims	4.557	3.834	8.692	(201)
31 December 2017	19.702	(11.356)	30.790	(21.413)

## 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.

Gross outstanding claims at 31 December 2018 include a provision of €9,97mIn 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 €9,97mIn 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.

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>2018</b>	2017
	<b>€'000</b>	€'000
Provision for incurred but not enough reported claims (IBNER)	<b>2.155</b>	2.420
Provisions for incurred but not reported claims (IBNR)	<b>221</b>	159
	<b>2.376</b>	2.579
Reinsurers' share	<b>(3)</b>	(86)
	<b>2.373</b>	2.493

## 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 2018

		Accident & Health		Motor vehicle liability		Motor own damage		Marine and transport		Fire and other material damage		Liability		Credits and miscellaneous		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross premiums written		4.123	3.944	8.228	8.026	2.710	2.607	245	215	6.596	6.358	1169	1021	26	2	<b>23.097</b>	<b>22.173</b>
Policy fees		34	29	439	434	145	141	3	3	89	91	23	21	-	-	<b>733</b>	<b>719</b>
Total written premiums	<b>1</b>	<b>4.157</b>	<b>3.973</b>	<b>8.667</b>	<b>8.460</b>	<b>2.855</b>	<b>2.748</b>	<b>248</b>	<b>218</b>	<b>6.685</b>	<b>6.449</b>	<b>1192</b>	<b>1042</b>	<b>26</b>	<b>2</b>	<b>23.830</b>	<b>22.892</b>
Reinsurers share of gross premiums	<b>2</b>	406	386	306	305	122	108	150	118	5.229	4.990	172	169	8	(14)	<b>6.393</b>	<b>6.061</b>
Gross earned premiums	<b>3</b>	<b>4.085</b>	<b>3.901</b>	<b>8.177</b>	<b>7.930</b>	<b>2.676</b>	<b>2.595</b>	<b>244</b>	<b>209</b>	<b>6.327</b>	<b>5.884</b>	<b>1142</b>	<b>1009</b>	<b>18</b>	<b>64</b>	<b>22.669</b>	<b>21.592</b>
Gross outstanding claim reserves	<b>4</b>	917	1.205	6.181	7.066	391	348	180	180	10.396	20387	1.637	1.604	-	-	<b>19.702</b>	<b>30.790</b>
Gross claims incurred	<b>5</b>	2.726	2.741	3.518	3.627	1.791	1.757	11	141	(3.655)	264	166	161	-	-	<b>4.557</b>	<b>8.691</b>
Claims management costs	<b>6</b>	215	202	526	500	268	242	7	7	95	95	34	31	1	1	<b>1.146</b>	<b>1.078</b>
Administrative expenses	<b>7</b>	412	333	1.977	1.903	654	619	11	13	(1)	64	261	234	-	-	<b>3.314</b>	<b>3.166</b>
Reinsurance balances	<b>8</b>	(13)	(10)	(39)	(36)	-	-	(5)	(5)	(537)	(326)	(6)	(5)	-	-	<b>(600)</b>	<b>(382)</b>
Staff costs	<b>9</b>	281	242	1.331	1.295	504	477	29	27	380	396	137	129	2	2	<b>2.664</b>	<b>2.568</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 27: Other Liabilities

	2018	2017
	€'000	€'000
Taxation	337	196
Reinsurers' balances	600	383
Creditors from insurance operations	724	146
Other liabilities from insurance operations	746	1.399
Dividends payable	288	552
Derivatives -Futures	84	26
Other liabilities from financial services operations	124	138
	<b>2.903</b>	<b>2.840</b>

The derivatives relate to 25 futures contracts totaling \$3,75mln with an agreed average rate of \$1,2010: €1,00 and maturity date September 16, 2019. 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	
		2018	2017	2018	2017
		€'000	€'000	€'000	€'000
Lyssi Investments Limited					
	Other income	4	4		
	Sundry expenses	1	1		
	Dividends received	2	2		
	Balance			13	13
Lion Insurance Agency Limited					
	Commissions paid	20	81		
	Sundry expenses	1	2		
	Dividends received	11	-		
	Balance			8	(3)
Atlantic Consultancy Services Limited					
	Balance			-	143
Atlantic Securities Limited					
	Brokerage commissions	10	5		
	Interest receivable	9	9		
	Rents receivable	-	10		
	Balance			966	882

## 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.

	2018	2017
	€'000	€'000
Interest income from bank deposits	27	74
Commissions payable for insurance operations	(147)	(129)
Investment management and custody fees	(3)	(4)
Bank balances and bank deposits	3.598	4.164
Clients' bank accounts of subsidiary undertaking	727	253
Receivables from insurance operations	(19)	282

## 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	
	2018	2017	2018	2017
	€000	€000	€000	€000
Insurance premiums	2	2		
Spare parts purchases	26	41	57	54

## 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	
	2018	2017	2018	2017
	€000	€000	€000	€000
Insurance premiums	17	12	12	10

## 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	
	2018	2017	2018	2017
	€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 2018 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2018	14 April 2019
	%	%
Emilios Pyrishis <sup>1</sup>	33,77	33,77
AstroBank Ltd	19,91	19,91
Andreas Frangoullis <sup>2</sup>	20,29	20,29
Maro Marathovouniotou <sup>3</sup>	5,96	5,96

- (1) The holding of Emilios Pyrishis includes his direct share of 20,37% and his indirect holding arising from the shares owned by his mother Nina Pyrishi (2,36%) and his brother George Pyrishis (11,04%).
- (2) The holding of Andreas Frangoullis includes his direct share (20,01%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,10%), 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 2018 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2018		14 April 2019	
	Number of Shares	%	Number of Shares	%
Emilios Pyrishis	7.965.714	20,37	7.965.714	20,37
Andreas Pirishis	20.000	0,05	20.000	0,05
Andreas Frangoullis <sup>1</sup>	7.933.822	20,29	7.933.822	20,29
George Pyrishis	4.318.271	11,04	4.318.271	11,04
Nina Pyrishi	922.641	2,36	922.641	2,36
Panayiotis Mallis <sup>2</sup>	167.000	0,43	167.000	0,43
Charalambos Alexandrou <sup>3</sup>	86.224	0,22	86.224	0,22
Triantafyllos Lysimachou	-	-	-	-
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 (20,01%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,10%), his mother Vasilou Frangoulli (0,03%) and his brother Filippou Frangoullis (0,05%).
- (2) The holding of Panayiotis Mallis includes his direct share (0,18%) 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 2018	<i>Change in assumption</i>	<i>Impact on profits before tax</i>	<i>Impact on equity</i>
	%	€'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

31 December 2017	<i>Change in assumption</i>	<i>Impact on profits before tax</i>	<i>Impact on equity</i>
	%	€'000	€'000
Net Loss Ratio (after deduction of the reinsurers' share of claims)			
- Increase	3%	-500	-500
- Increase	5%	-834	-834
- Decrease	-3%	500	500
- Decrease	-5%	834	834

The 10-year development of the total claim payments for all insurance classes for accident years between 2005 and 2018 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	4	8.221
2006	4.875	1.306	51	208	144	319	197	8	22	63	46	7.239
2007	5.373	1.339	189	21	87	95	246	9	27	0	1	7.387
2008	6.151	1.340	206	-1	132	189	38	1	15	3	19	8.093
2009	6.436	1.417	139	630	18	13	162	187	15	101		9.118
2010	6.661	1.457	208	312	703	349	12	114	33			9.848
2011	6.637	134.357	281	77	35	45	28	156				141.616
2012	6.768	1.649	175	58	11	29	817					9.507
2013	5.527	1.443	379	129	131	31						7.640
2014	5.209	1.364	222	1.351	65							8.211
2015	6.217	2.122	357	98								8.794
2016	5.031	2.082	6.352									13.465
2017	5.321	1.833										7.154
2018	6.141											6.141
	<b>81.542</b>	<b>152.913</b>	<b>8.830</b>	<b>3.152</b>	<b>2.419</b>	<b>1.157</b>	<b>1.484</b>	<b>511</b>	<b>186</b>	<b>171</b>	<b>70</b>	<b>252.434</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 2018. 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	6.639	786	285	361	216	-58	-	33	60	7	-136	<b>8.193</b>	8.221	<b>-28</b>	19,0%
2006	6.378	908	135	111	-113	-143	47	7	-10	-61	-17	<b>7.242</b>	7.239	<b>3</b>	11,9%
2007	6.489	986	105	-33	-33	107	53	-1	-81	-2	2	<b>7.592</b>	7.387	<b>205</b>	14,5%
2008	7.508	849	53	-174	6	-98	-32	-2	4	-31	-3	<b>8.080</b>	8.093	<b>-13</b>	7,1%
2009	8.850	776	-182	-143	18	-1	73	-11	-45	5		<b>9.340</b>	9.118	<b>222</b>	5,2%
2010	8.842	1.023	659	100	-348	-250	-65	-14	2			<b>9.948</b>	9.848	<b>100</b>	11,1%
2011	309.326	-167.027	28	52	123	-58	-11	-132				<b>142.300</b>	141.616	<b>684</b>	0,3%*
2012	9.434	117	-57	-212	750	-65	-178					<b>9.789</b>	9.507	<b>282</b>	3,6%
2013	7.894	185	-73	29	-7	-55						<b>7.973</b>	7.640	<b>333</b>	1,0%
2014	7.707	1.104	5	52	-22							<b>8.846</b>	8.211	<b>635</b>	12,9%
2015	8.055	928	180	7								<b>9.170</b>	8.794	<b>376</b>	12,2%
2016	27.285	784	-3.964									<b>24.105</b>	13.465	<b>10.640</b>	3,4%**
2017	8.082	201										<b>8.283</b>	7.154	<b>1.129</b>	2,4%
2018	8.899											<b>8.899</b>	6.141	<b>2.758</b>	0,0%
												<b>269.760</b>	252.434	<b>17.326</b>	7,2%

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

\*\*The EAC claim with initial claim reserve of €20mIn and revision of -€4mIn 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 2018 is shown below:

	Euro	British Pound	US Dollar	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Non-current assets</b>	14.052	-	-	-	<b>14.052</b>
<b>Current assets</b>					
Debtors and other receivables	21.777	-	-	-	<b>21.777</b>
Financial assets held for trading	12.224	581	5.828	2.506	<b>21.139</b>
Cash and bank balances	12.205	-	306	-	<b>12.511</b>
	46.206	581	6.134	2.506	<b>55.427</b>
<b>Total assets</b>	<b>60.258</b>	<b>581</b>	<b>6.134</b>	<b>2.506</b>	<b>69.479</b>
<b>Liabilities</b>					
Total liabilities	33.672	-	-	-	<b>33.672</b>
<b>Net assets</b>	<b>26.586</b>	<b>581</b>	<b>6.134</b>	<b>2.567</b>	<b>35.807</b>
	74,2%	1,6%	17,1%	7,0%	<b>100,0%</b>
Hedging derivatives	3.125	-	(3.125)	-	-
	<b>29.711</b>	<b>581</b>	<b>3.008</b>	<b>2.507</b>	<b>35.807</b>
	83,0%	1,6%	8,4%	7,0%	<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 2018 would result in a reduction in the fair value of the total assets and the recognition of exchange losses of €0,30m which amounts to 0,9% of the Group's own funds and 28,0% 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%	-150
British pound	-10%	-58
Australian dollar	-5%	-68
Canadian dollar	-5%	-36
Hong-Kong dollar	-5%	-22

**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.

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

31 December 2018	Aa1-A3	Baa1-B3	Caa1-Caa3	Unrated	Total
	€'000	€'000	€'000	€'000	€'000
Policyholders and intermediaries	-	-	-	5.029	5.029
Other debtors and prepayments	-	-	-	3.145	3.145
Reinsurers balances	-	-	-	-	-
Reinsurers' share of technical reserves	14.053	-	-	-	14.053
Fixed term bank deposits	-	154	6.623	3.063	9.840
Cash and bank balances	194	1	1.190	1.285	2.670
<b>Total</b>	<b>14.247</b>	<b>155</b>	<b>7.813</b>	<b>12.522</b>	<b>34.737</b>

31 December 2017	Aa1-A3	Baa1-B3	Caa1-Caa3	Unrated	Total
	€'000	€'000	€'000	€'000	€'000
Policyholders and intermediaries	-	-	-	4.930	4.930
Other debtors and prepayments	-	-	-	3.246	3.246
Reinsurers balances	-	-	-	-	-
Reinsurers' share of technical reserves	23.848	-	-	-	23.848
Fixed term bank deposits	-	1.824	6.847	3.065	11.735
Cash and bank balances	7	55	1.189	1.945	3.197
<b>Total</b>	<b>23.855</b>	<b>1.879</b>	<b>8.036</b>	<b>13.186</b>	<b>46.956</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 2018 there was a reversal of provisions for doubtful debts of € 3 thousand against a provision increase of € 66 thousand in 2017. 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.

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	4.148
<b>Financial instruments bearing variable interest rates</b>	
Bonds and capital securities	-
Short term bank deposits	12.511
	12.511
	16.659

## 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)

A possible reduction of interest rates by one percentage point (1,0%) would result in a decrease in net finance income by about €50 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.

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

Financial assets	2018			2017		
	Within 1 year €'000	Over 1 year €'000	Total €'000	Within 1 year	Over 1 year €'000	Total €'000
Financial assets available for sale	822	528	1.350	974	1247	2.221
Financial assets held for trading	19.340	1.799	21.139	19.555	976	20.532
Premium receivables	5.029	-	5.029	4.930	-	4.930
Reinsurers' share of technical reserves	14.053	-	14.053	23.848	-	23.848
Pool assets	49	509	558	28	435	464
Other receivables	2.137	449	2.586	2.232	551	2.783
Fixed term bank deposits	9.840	-	9.840	11.735	-	11.735
Cash and bank balances	2.670	-	2.670	3.197	-	3.197
<b>Total financial assets</b>	<b>53.940</b>	<b>3.285</b>	<b>57.225</b>	<b>66.499</b>	<b>3.210</b>	<b>69.709</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)

Financial liabilities	2018		Total	2017		Total
	Within 1 year	Over 1 year		Within 1 year	Over 1 year	
	€'000	€'000	€'000	€'000	€'000	€'000
Outstanding claims and unearned premiums	30.567	-	30.567	41.227	-	41227
Bank overdrafts	16	-	16	13	-	13
Reinsurer's balances	600	-	600	382	-	382
Taxation	337	-	337	197	-	197
Other financial liabilities	1.966	-	1.966	2.261	-	2261
<b>Total financial liabilities</b>	<b>33.486</b>	<b>-</b>	<b>33.486</b>	<b>44.079</b>	<b>-</b>	<b>44079</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 table below shows the Group's exposure to market risk as at 31 December 2018 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 2018:

<b>Financial assets available for sale</b>	<b>Fair value as at 31.12.2018</b>	<b>Impact on fair value reserve</b>
	€'000	€'000
Bonds and capital securities	1.350	67
	<b>1.350</b>	<b>67</b>
<b>Financial assets held for trading</b>	<b>Fair value as at 31.12.2018</b>	<b>Impact on profits for the year</b>
	€'000	€'000
Equities listed in CSE and ASE	2.599	130
Foreign equities, equity funds and hedge funds	11.293	564
Corporate bonds	2.798	140
International real estate funds	4.449	222
	<b>21.139</b>	<b>1.056</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 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 listed equities	15%	338	-
Athens stock exchange	20%	62	-
International equity markets	10%	816	-
International real estate funds	10%	445	-
Alternative investments	5%	114	-
International private equity funds	10%	85	-
Government bonds	5%	-	41
Corporate bonds	10%	280	53
		<b>2.140</b>	<b>94</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:

2018	Level 1	Level 2	Level 3	Total
Financial instruments	€'000	€'000	€'000	€'000
Financial assets available for sale	873	477	-	1.350
Financial assets held for trading	19.471	1.016	652	21.139
Derivatives	(84)	-	-	(84)
Cash and bank balances	12.511	-	-	12.511
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 included as part of tangible fixed assets	-	-	6.220	6.220
	-	-	11.672	11.672
<b>Total</b>	<b>32.755</b>	<b>1.493</b>	<b>12.324</b>	<b>46.572</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)

2017	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
<b>Financial instruments</b>				
Financial assets available for sale	1.735	486	-	2.221
Financial assets held for trading	19.659	622	250	20.531
Derivatives	(20)	-	-	(20)
Cash and bank balances	14.933	-	-	14.933
Bank overdrafts and short term loans	(12)	-	-	(12)
	<b>36.295</b>	<b>1.108</b>	<b>250</b>	<b>37.653</b>
<b>Non-financial instruments which are measured on a fair value basis</b>				
Investment properties	-	-	5.670	5.670
Immovable property included as part of tangible fixed assets	-	-	6.536	6.536
	-	-	<b>12.206</b>	<b>12.206</b>
<b>Total</b>	<b>36.295</b>	<b>1.108</b>	<b>12.456</b>	<b>49.859</b>

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

	2018	2017
	€'000	€'000
1 January	250	-
Additions	402	250
31 December	<b>652</b>	250

The movement of non-financial instruments which are measured on a fair value basis is shown on notes 16 and 18. During the years 2018 and 2017 there were no major transfers between Level 1 and Levels 2 and 3.

## Note 33: Post balance sheet events and capital commitments

There were no events which occurred after the end of the reporting period that had a significant impact on the financial statements at 31 December 2018.

On 31 December 2018 the Company had the following future capital commitments in respect of foreign investments:

	€'000
North Haven Real Estate Fund VII Offshore Investors Global	138
North Haven Private Equity Asia III	65
EFG Alternative SICAV All Stars Private Equity	157
	<b>360</b>

## Note 34: 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 2022.

The following tables present the fair value as at 31 December 2018 and the changes in fair values for the year ended 31 December 2018 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.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 34: Postponement of adoption of IFRS 9 'Financial Instruments'

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 2018 that were analyzed between those that meet and those that do not meet the SPPI criteria are presented in the table below:

Financial assets	Financial assets that meet SPPI criteria		Other financial assets	
	Fair value	Change in fair value	Fair value	Change in fair value
	€'000	€'000	€'000	€'000
Cash and bank deposits	12.510	-	-	-
Premium receivables	5.029	-	-	-
Debtors and other receivables	17.197	-	-	-
Bonds	1.350	103	2.798	(248)
Equities	-	-	10.329	(2.911)
International equity funds	-	-	5.732	(554)
Hedge Funds	-	-	2.281	71
	<b>36.087</b>	<b>103</b>	<b>21.139</b>	<b>(3.642)</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	Fair value	Book value
	€'000	€'000
Cash and bank deposits	12.510	12.510
Premium receivables	5.029	5.029
Debtors and other receivables	17.197	17.197
Bonds	4.148	4.148
Equities	10.329	10.329
International equity funds	5.732	5.732
Hedge Funds	2.281	2.281
	<b>57.225</b>	<b>57.225</b>

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	Credit rating				
	Total	Aa1-A3	Baa1-B3	Caa1-Caa3	Unrated
	€'000	€'000	€'000	€'000	€'000
Cash and bank deposits	12.510	194	155	7.813	4.348
Premium receivables	5.029	-	-	-	5.029
Debtors and other receivables	17.197	14.053	-	-	3.145
Bonds	4.148	501	1.645	1.565	437
Equities	10.329	1.268	2.675	1.489	4.896
International equity funds	5.732	2.963	-	-	2.769
Hedge Funds	2.281	-	-	-	2.281
	<b>57.225</b>	<b>18.979</b>	<b>4.475</b>	<b>10.867</b>	<b>22.904</b>