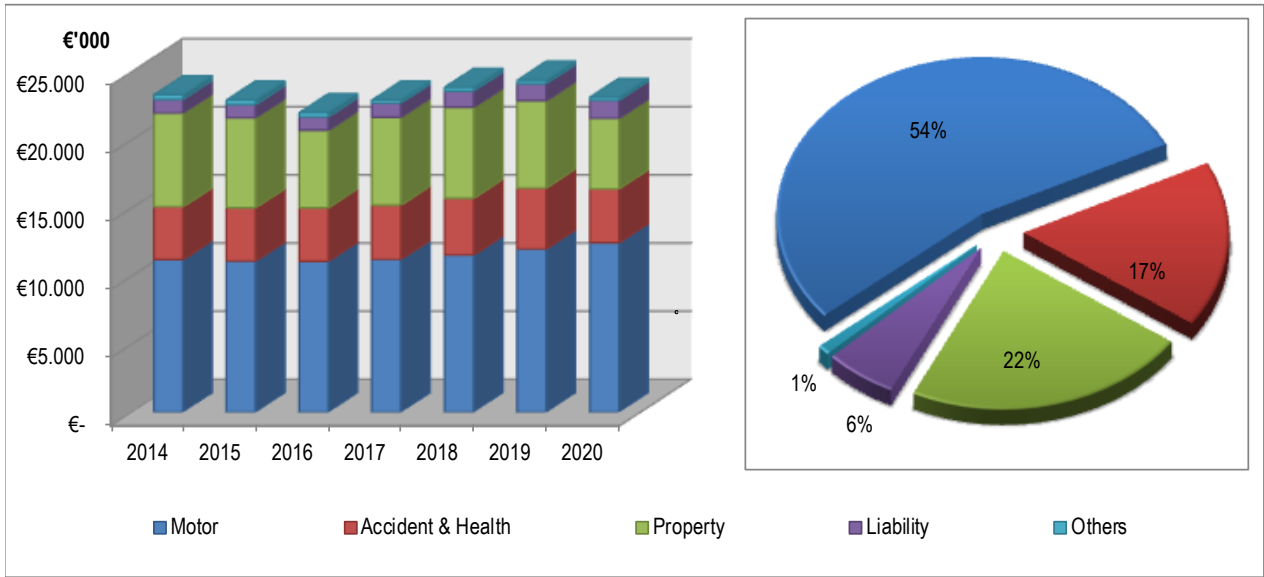


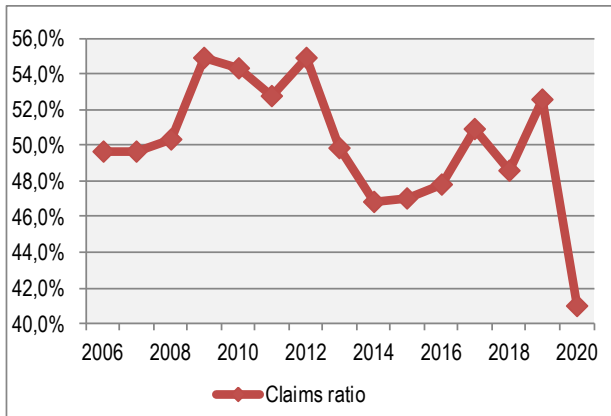


## HISTORICAL FINANCIAL INFORMATION

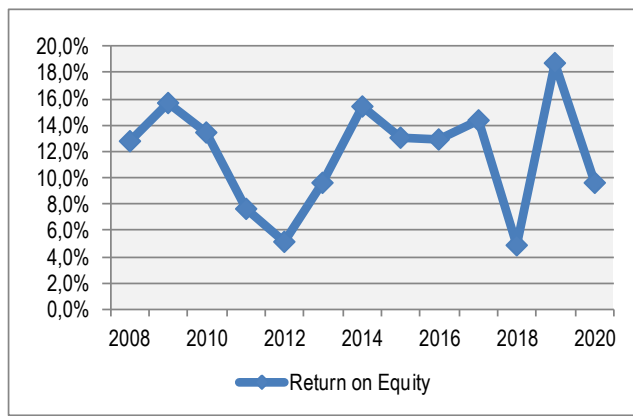
### Gross Written Premiums by Insurance class



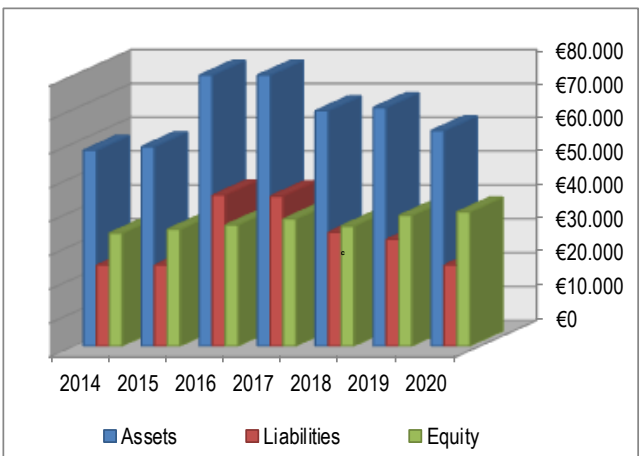
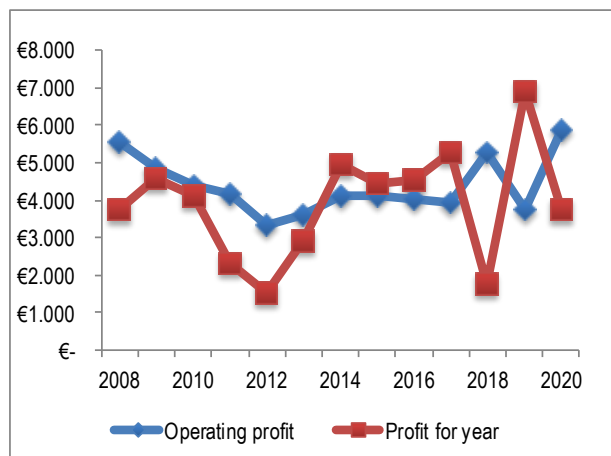
### Claims Ratio



### Return on Equity



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



## CHAIRMAN'S STATEMENT

I have the privilege to present to you the results of Atlantic for the year ended 31 December 2020.

I am pleased to inform you that despite the unprecedented conditions that prevailed due to the COVID-19 pandemic, the Company's operating results were particularly satisfactory with profit from operations recording a significant increase of 57% to €5,86mln compared to €3,74mln in 2019. The increase was mainly attributable to the reduction in claims payable by 20,4%. The increase of 2,8% in total operating income is also considered satisfactory.

Since the rapid spread of Covid-19 pandemic, the management has been taking all necessary measures to ensure the smooth running of the Company's operations, to limit the negative effects of the crisis, to safeguard the public health and to protect its staff, customers and associates.

Excluding the fronting policies, gross premiums increased by 0,4%. Motor premiums increased by 4,3%, liability premiums by 5,9% and property premiums by 3,1%. On the other hand, medical premiums fell by 13,1%. After the adjustment for unearned premiums of €0,16mln, net earned premiums amounted to €18,33mln, with an increase of 2,3%.

Claims from policyholders amounted to €7,51mln compared to €9,43mln in 2019, recording a decrease of 20,4% which is mainly due to the decrease in the claims of the medical sector by 45,7%. The claims of the motor sector fell by 11,8% as a result of the COVID-19 restrictive measures.

Operating margin increased to 31,9% from 20,5% in 2019 as a result of the significant decrease in net claims ratio to 41,0% from 52,6% in 2019.

The Group's profits attributable to the shareholders decreased by 45,6% to €3,75mln against €6,88mln in 2019. The decrease is mainly attributable to the losses of the Company's investment portfolio of €2,12mln compared to gains of €2,49mln in 2019. The earnings per share of the Group decreased to 9,62 cents from 17,67 cents in 2019.

The subsidiary Atlantic Securities Ltd recorded a loss of €4 thousand against a profit of €56 thousand in 2019. The reduction in profitability is due to the fact that the results of 2019 included a reversal of provision for doubtful debts of €82 thousand. Income from operations increased by 20,7% to €398 thousand.

After the payment of dividends of €2,53mln (6,5 cent per share), the Group's own funds grew by 2,7% to €39,62mln on 31 December 2020. The Board of Directors at its meeting dated April 6, 2021 decided to recommend for approval at the next Annual General Meeting of the Company the payment of a dividend of 8,5 cent per share.

Although the Company's business has not been adversely affected by the COVID-19 pandemic so far, it remains unclear how the pandemic will develop in 2021 and beyond. The full extent of the future impact of the pandemic on the Company's operational and financial performance is currently uncertain and will depend on many factors which are outside the Company's control.

The results of the Company's stress tests which were carried out using financial data as at December 31, 2020 and its high solvency ratio which at that date was 234,80% confirm that the capital adequacy of the Company can withstand the negative effects of the pandemic.

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

Emilios Pyrishis  
Chairman

**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**

**EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS 2020**

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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  
Nina Pyrishis  
George Pyrishis  
Charalambos Alexandrou  
Menikos Messios (Appointed on September 4, 2020)  
Triantafyllos Lysimachou  
Loukis Ioannou  
Marios Savvides (Appointed on April 2, 2021)

**Secretary**

Andreas Pirishis

**Auditors**

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

**Bankers**

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

**Registered office**

15 Esperidon Street  
Atlantic Building  
CY-2001 Strovolos

**Legal advisers**

L. Papaphilippou & Co.

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

**Company registration number:** HE20008

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT

The Board of Directors of Atlantic Insurance Company Public Limited (the "Company") submits its Annual Report, the audited financial statements of the Company and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020.

#### 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 2020 decreased by 45,6% to €3,75m against €6,88m in 2019. The decrease is mainly attributable to the losses of the Company's investment portfolio of €2,12m compared to gains of €2,49m in 2019.

##### *Profit from operations*

Profit from operations increased significantly by 57,0% and amounted to €5,87m against €3,74m in 2019. The increase resulted from the significant reduction of claims payable by 20,4%.

##### *Insurance operations*

Profit from insurance operations increased by 58,9% to €5,85m (2019:€3,68m). The increase is mainly attributable to the significant reduction in claims by 20,4% and the increase in total income from operations by 2,4%. Operating margin increased to 31,9% from 20,5% in 2019 as a result of the significant decrease in net claims ratio to 41,0% from 52,6% in 2019.

##### *Financial services*

The subsidiary Atlantic Securities Ltd recorded a loss of €4 thousand against a profit of €56 thousand in 2019. The reduction in profitability is due to the fact that the results of 2019 include a reversal of provision for doubtful debts of €82 thousand. Income from operations increased by 20,7% to €398 thousand.

##### *Premiums*

Gross written premiums amounted to €23,10m compared to €24,35m in 2019 with a decrease of 5,1% as a result of the fronting policy of EAC which has not been renewed. If fronting policies are excluded then gross premiums rose by 0,4%. Motor premiums increased by 4,3%, liability premiums by 5,9% and property premiums by 3,1%. On the other hand medical premiums fell by 13,1%.

Net premiums decreased by 0,3%. After the adjustment for unearned premiums of €0,16m net earned premiums amounted to €18,33m with an increase of 2,3%.

##### *Other income*

Other income from insurance operations increased to €0,93m from €0,89m in 2019. Other income mainly includes commission receivable from reinsurers which amounted to €0,78m against €0,73m in 2019. The increase is attributable to the increase of premiums and of the profit commission of the property sector. The share of profits from pool participations decreased by 14,0% to €0,13m.

##### *Non-recurring income*

The results of the year include non-recurring income of €0,20m relating to a reversal of a provision for potential future losses from natural disasters.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### *Claims*

Claims from policyholders amounted to €7,51m compared to €9,43m in 2019 recording a decrease of 20,4% which is mainly due to the decrease in the claims of the medical sector by 45,7%. The claims of the motor sector fell by 11,8% as a result of the covid-19 restrictive measures. The claims of the property sector decreased by 3,7% whilst the claims of the liability insurance class increased by 50,1%. The net claims loss ratio decreased significantly to 41,0% from 52,6% in 2019.

#### *Administrative expenses*

The administrative expenses rose by 4,5% to €4,92m from €4,71m in 2019. The increase is mainly attributable to the reversal in 2019 of provisions for doubtful debts of €0,08m by Atlantic Securities Ltd. Staff costs increased by 1,3%. There was also an increase in printing, computer, professional services and investment expenses. On the other hand discounts, depreciation, sales promotion and electricity recorded a decrease.

#### *Net finance income*

The net finance income of the Group amounted to €0,49m against €0,27m in 2019. The increase is attributable to interest on bonds which amounted to €0,49m compared to €0,28m in 2019 and interest on tax refundable of €34 thousand. On the other hand interest from bank deposits decreased to €35 thousand from €54 thousand as a result of the reduction in local deposit interest rates.

#### *Income and gains from investments*

Income from investments which mainly relates to dividends and rents decreased to € 0,45m compared to €0,77m in 2019. The Group's investment portfolio recorded losses of €2,12m against gains of €2,49m in 2019. The overall investment return of the Group's investment portfolio (including income from interest and dividends) was -5,6% compared to 14,5% in 2019.

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

There was no disposal of immovable property during the year. In 2019 there was a gain of € 476 thousand which arose from the sale of an investment plot in Paphos for € 1,1m.

#### *Revaluation of investment properties*

During 2020 the Company recorded a loss on the revaluation of investment properties of €263 thousand (2019: Loss €164 thousand). There was also a loss on the revaluation of property used for own purposes of €203 thousand (2019: Gain €103 thousand) which was recognised directly in the consolidated statement of changes in equity.

#### *Earnings per share*

The earnings per share of the Group increased to 9,62 cents per share from 17,67 cents in 2019.

#### *Own funds*

After the payment of dividends of €2,53m the Group's own funds grew by 2,7% to €39,62m on 31 December 2020 from €38,57m on 31 December 2019.

#### *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 2020 was 234,8% (2019: 211,1%) 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 €3,75m compared to €6,88m in 2019. The net profit of the Company amounted to €3,75m against €6,85m in 2019. Profit for the year is transferred to reserves.

### Dividend

The Board of Directors at its meeting dated April 6, 2021 decided to recommend for approval at the next Annual General Meeting of the Company the payment of a dividend of 8,5 cent per share.

On September 2, 2020 the Annual General Meeting of the Company approved the proposal of the Board of Directors for the payment of a dividend of 6,5 cents per share. The dividend was paid to the shareholders on September 30, 2020.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### Significant risks and uncertainties

The most significant risks that the Group is exposed to are described in note 33 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 \$3,74mln at an average agreed rate of \$1,198: €1,00 and a maturity date of September 13, 2021. The contracts were entered for the purpose of hedging currency risks arising from the USD exposure of the Company's investments and bank balances.

#### Significant events

On March 11, 2020, the World Health Organization declared the COVID-19 Coronavirus outbreak a pandemic, recognizing its rapid spread throughout the world. The global economy has entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus implemented restrictions on travelling as well as strict quarantine measures in order to contain the spread of the outbreak. These measures have slowed down both the local and the world economy and are likely to have a wider impact on the respective economies as the measures continue to apply for a longer period of time.

As a result of the unprecedented circumstances, the management set up a COVID-19 crisis management team which is led by the Company's CEO. The management is taking all necessary measures to ensure the smooth running of its operations, to limit the negative effects of the crisis and to safeguard the public health and to protect its staff, customers and associates.

The activities of the Group were not substantially affected by the above measures since the operation of the Company and its subsidiaries continued as normal. However, due to the dynamic nature of the pandemic, it is difficult to assess the full impact on the future profitability. The restrictive measures which were implemented in the fourth quarter of 2020 to deal with the second wave of the pandemic, have been extended to the current year and are expected to lead to a temporary loss of momentum of the economic recovery in early 2021.

The Company incorporated in its stress tests and own risk assessment procedures the impact of the COVID-19 pandemic taking into account various factors, such as a negative impact on premiums, investments, receipts, bad debts, etc.

The Company also examined the impact on its projected future capital and its ability to withstand adverse scenarios. The results of the Company's stress tests which were carried out using financial data as at December 31, 2020 and its high solvency ratio which at that date was 234,80% confirm that the capital adequacy of the Company can withstand the negative effects of the pandemic.

#### Prospects

The Board of Directors considered the results of 2020 as very satisfactory given that profit from operations increased by 57,0% to €5,86mln and income from operations grew by 2,8%.

Although the Company's business has not been adversely affected by the COVID-19 pandemic so far, we cannot exclude the possibility that the operations of the Group maybe significantly affected in the future. The full extent of the future impact of the COVID-19 pandemic on the Company's operational and financial performance is currently uncertain and will depend on many factors outside the Company's control, including, without limitation:

- a) the timing, extent, course and duration of the pandemic;
- b) the availability, distribution and effectiveness of vaccines;
- c) the imposition of protective public safety measures and
- d) the impact of the pandemic on the global economy and demand for consumer products.

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



## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### Tangible Fixed Assets

Capital expenditure for tangible fixed assets amounted to €120 thousand (2019: €68 thousand) as shown in note 17 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 €85mIn divided into 250mIn ordinary shares of a nominal value of €0,34 each. The issued share capital of the Company which amounts to €13.240.848 divided into 38.943.671 ordinary shares of a nominal value of €0,34 each. There was no change in the capital structure of the Company during the year.

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

The Extraordinary General Meeting of the Company which took place on September 2,2020 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 buy-back program for the period from September 2, 2020 to September 1, 2021.

During the year the Company did not acquire any own shares. As at 31 December 2020 the Company did not hold any own sharers.

#### Investment in subsidiary companies

Investments in subsidiaries are disclosed in note 16. During the year there was no change in the Company's investments in subsidiary undertakings.

The Company periodically assesses the recoverability of the investment in subsidiaries whenever there are indications of impairment. During the year the Company did not make any provision for impairment of the value of the investment in subsidiaries.

#### Contracts with Directors' and related parties

There were no significant contracts in force by the year end or by the date of approval of the financial statements to which shareholders owning directly or indirectly more than 5% of the share capital of the Company and members of the Board and the management of the Company, their spouses or minor children have or had direct or indirect material interest, with the exception of the contracts of employment of executive directors and the agreement for the appointment of Astrobank Insurance Agency Ltd as an insurance agent of the Company as mentioned in note 32 of the financial statements.

The transactions of the Company with related parties are shown in note 29 of the financial statements.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### MANAGEMENT REPORT (continued)

#### Events after the reporting date

Events occurring after the reporting period which are affecting the understanding of the financial statements are presented in note 36 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 to 20 of the consolidated financial statements and is available on the Company's website [www.atlantic.com.cy](http://www.atlantic.com.cy).

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

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

The risk management process of the Group which covers the presentation of financial information aims at the recognition, analysis and management of the risks related to the preparation of the financial statements, the relevant announcements and other financial reporting so that they are in conformity with the relevant financial reporting standards, the laws and regulations, including the periodical reporting which is required by the Transparency Requirements (Securities Trading in Regulated Markets) Cyprus Laws of 2007 and 2020. 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 24 of the consolidated financial statements.

The shareholders owning directly or indirectly more than 5% of the share capital of the Company on 31 December 2020 and 5 days before the date of approval of the financial statements are shown in note 30 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 2020 and 5 days before the date of the approval of the financial statements are mentioned in note 31 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.

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

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. With the exception of Mr Menicos Messsios who was appointed on September 4,2020 in place of Mr Panayiotis Mallis who retired on September 2,2020 and of Mr Marios Savvides who was appointed on April 2, 2021 all the remaining directors served on the board for the whole year and until the date of this report. According to the Articles of the Company's Association Messrs Geogr Pyrishis, Andreas Pirishis and Loukis Ioannou retire from the Board, but being eligible offer themselves for re-election.

Mr Menicos Messsios who was appointed as a member of the Board on September 4,2020 and Mr Marios Savvides who was appointed on April 2, 2021, will also 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.

**Auditors**

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

By order of the Board of Directors,

Emilios Pyrishis  
Chairman

Nicosia  
6 April 2021

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Income from operations</b>			
Gross written premiums		22.346	23.599
Policy fees		754	751
Reinsurers' share of premiums		(4.935)	(6.122)
Net premiums		18.165	18.228
Transfer to unearned premiums		161	(310)
Net earned premiums		18.326	17.918
Other operating income from insurance operations	7	936	890
Operating income from brokerage and financial services		394	321
		19.656	19.129
<b>Expenses</b>			
Claims payable	6	7.507	9.427
Commission payable for insurance operations		1.312	1.222
Commission payable for brokerage and financial services		47	32
Administrative expenses		4.925	4.712
		13.791	15.393
<b>Profit from operations</b>	11	5.865	3.736
Non-recurring income		200	-
(Loss) / gain on sale and revaluation of investments	13	(2.119)	2.488
Gain on sale of investment property		-	476
Loss on revaluation of investment properties		(283)	(164)
Other investment income	9	448	769
Net finance income	12	499	267
Profit before taxation		4.610	7.572
Taxation	14	(865)	(670)
Profit after taxation		3.745	6.902
Minority interest		1	(18)
Profit attributable to the shareholders		3.746	6.884
<b>Earnings per share (cent)</b>			
	15	9,62	17,67

**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2020

	<b>2020</b>	2019
	<b>€'000</b>	€'000
Profit for the year	<b>3.746</b>	6.884
<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	<b>9</b>	53
Transfer to profit and loss for the year on disposal of financial assets available for sale	<b>6</b>	(6)
<b>Net other comprehensive income that will be reclassified to the profit and loss account in subsequent periods</b>	<b>15</b>	47
<b>Other comprehensive income which will not be reclassified to the profit and loss account in subsequent periods</b>		
<b>Property revaluation</b>		
(Loss) / gain on revaluation of immovable property	<b>(203)</b>	103
Deferred tax on revaluation of immovable property	<b>27</b>	(10)
<b>Net other recognised (losses) / gains which will not be reclassified to the profit and loss account in subsequent periods</b>	<b>(176)</b>	93
<b>Other recognised (losses) / gains after taxation</b>	<b>(161)</b>	140
<b>Total comprehensive income for the year</b>	<b>3.585</b>	7.024

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Assets</b>			
Tangible fixed assets	17	6.271	6.582
Intangible assets	18	88	165
Pool participation		584	574
Investment properties	19	4.311	4.535
Financial assets available for sale	20	414	634
Debtors and other receivables	22	11.313	17.372
Financial assets held for trading	21	23.886	25.183
Fixed term bank deposits	23	5.265	4.516
Cash and bank balances	23	11.477	10.904
<b>Total assets</b>		<b>63.609</b>	70.465
<b>Equity</b>			
Share capital	24	13.241	13.241
Reserves		26.382	25.328
<b>Equity attributable to shareholders</b>		<b>39.623</b>	38.569
Minority interest		337	339
<b>Total equity</b>		<b>39.960</b>	38.908
<b>Liabilities</b>			
Deferred taxation	25	47	116
Outstanding claims and provision for unearned premiums	26	21.119	28.578
Bank overdrafts	23	3	-
Other Liabilities	28	2.480	2.863
		<b>23.649</b>	31.441
<b>Total equity and liabilities</b>		<b>63.609</b>	70.465

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	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 2019</b>	13.297	1.966	3.236	(17)	17.167	(163)	35.486	321	35.807
Profit for the year	-	-	-	-	6.884	-	6.884	18	6.902
Other recognised income	-	-	(150)	47	2	-	(101)	-	(101)
	-	-	(150)	47	6886	-	6783	18	6801
Dividends	-	-	-	-	(3.700)	-	(3.700)	-	(3.700)
Cancelation of own shares	(56)	(23)	-	-	(84)	163	-	-	-
<b>Balance 31 December 2019</b>	13.241	1.943	3.086	30	20.269	-	38.569	339	38.908
<b>Balance 1 January 2020</b>	13.241	1.943	3.086	30	20.269	-	38.569	339	38.908
Profit for the year	-	-	-	-	3.746	-	3.746	(1)	3.745
Other recognised income	-	-	(174)	15	(2)	-	(161)	-	(161)
	-	-	(174)	15	3.744	-	3.585	(1)	3.584
Dividends	-	-	-	-	(2.530)	-	(2.530)	-	(2.530)
<b>Balance 31 December 2020</b>	13.241	1.943	2.912	45	21.483	-	39.623	337	39.960

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 2020

		2020	2019
		€'000	€'000
	Note		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit for the year before taxation</b>		<b>4.610</b>	7.572
<i>Adjustments for:</i>			
Loss / (gain) on sale and revaluation of investments	13	2.120	(2.488)
Gain on sale of immovable property		-	(476)
Loss on revaluation of investment properties		283	164
Depreciation of tangible and intangible fixed assets	11	346	373
Depreciation of right of use assets		6	10
Profit on sale of assets		(3)	(1)
Interest income	12	(528)	(341)
Dividend income	8	(358)	(696)
Interest expense and bank charges	12	29	61
Decrease in debtors and other receivables		6.116	4.273
Decrease in liabilities and provisions		(7.790)	(1.833)
<b>Cash flow from operations</b>		<b>4.831</b>	6.618
Interest paid		(29)	(61)
Taxation paid		(1.020)	(862)
<b>Net cash flow from operating activities</b>		<b>3.782</b>	5.695
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of investments		(8.688)	(6.399)
Sale of investments		8.100	5.522
Acquisition of investment property		(58)	(82)
Sale of investment property		-	1.070
Purchase of tangible fixed assets	17	(120)	(68)
Purchase of intangible fixed assets	18	(49)	(142)
Receipts on disposal of tangible fixed assets		4	2
(Decrease) / increase in fixed term bank deposits		(750)	2.251
Interest received		528	341
Dividends received		358	696
<b>Net cash flow (from) / for investing activities</b>		<b>(675)</b>	3.191
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>			
Lease payments		(6)	(10)
Dividend paid		(2.531)	(3.700)
<b>Net cash flow for financing activities</b>		<b>(2.537)</b>	(3.710)
Net increase in cash and cash equivalents		570	5.176
Cash and cash equivalents at the beginning of the year	23	10.904	5.728
Cash and cash equivalents at the end of the year	23	11.474	10.904
<b>Cash and cash equivalents consist of:</b>			
Cash and bank balances	23	11.477	10.904
Bank overdrafts	23	(3)	-
		<b>11.474</b>	<b>10.904</b>



## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 5: 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 2020</b>			
Premiums and other income	24.684	394	25.078
Profit from operations	6.050	15	6.065
Purchase of tangible fixed assets	120	-	120
Purchase of intangible fixed assets	49	-	49
Disposal of tangible fixed assets	24	-	24
Depreciation of tangible fixed assets	220	-	220
Depreciation of intangible fixed assets	126	-	126
Total Assets	61.702	1.908	63.609
Total Liabilities	23.521	128	23.649
<b>Year ended 31 December 2019</b>			
Premiums and other income	26.009	322	26.331
Profit from operations	3.682	54	3.736
Purchase of tangible fixed assets	68	-	68
Purchase of intangible fixed assets	141	-	141
Disposal of tangible fixed assets	17	-	17
Depreciation of tangible fixed assets	227	-	227
Depreciation of intangible fixed assets	146	-	146
Total Assets	68.471	1.994	70.465
Total Liabilities	31.442	114	31.556

## Note 6: Claims payable

	2020				2019
	Gross	Reinsurers' Share	Recoveries	Net	Net
	€'000	€'000	€'000	€'000	€'000
Motor	6.354	(375)	(477)	5.502	6.238
Accident and health	1.607	(97)	(1)	1.509	2.777
Marine	1	1	-	2	12
Property	369	(177)	-	192	199
Liability	292	10	-	302	201
	<b>8.623</b>	<b>(638)</b>	<b>(478)</b>	<b>7.507</b>	<b>9.427</b>
				<b>2020</b>	2019
				€'000	€'000
Gross claim payments				14.504	9.048
Reinsurers' share of claims paid				(6.816)	(899)
Net change in outstanding claims				(211)	1.336
Net change in incurred but not enough reported claims (IBNER)				30	(58)
Net incurred claims				<b>7.507</b>	<b>9.427</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 7: Other income from insurance operations**

	2020	2019
	€'000	€'000
Commissions earned	781	730
Share of pool participation profits	134	156
Profit on sale of assets	3	1
Other income	18	3
	<b>936</b>	<b>890</b>

**Note 8: Non-recurring income**

Non-recurring income of €0,20mln relates to a reversal of a provision for possible future losses from natural disasters.

**Note 9: Other income from investments**

	2020	2019
	€'000	€'000
Dividend income	357	696
Rents receivable	91	73
	<b>448</b>	<b>769</b>

**Note 10: Staff costs**

	2020	2019
	€'000	€'000
Salaries	2.728	2.717
Social insurance contributions	197	196
Provident fund contributions	120	115
Other contributions	167	144
	<b>3.212</b>	<b>3.172</b>

The directors' emoluments which are included in the above amounts are analysed in note 32.

**Average number of employees**

The average number of employees was as follows:

	2020	2019
Full-time employees	117	121

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 11: Profit from operations**

Profit from operations arises after the deduction of the following:

	2020	2019
	€'000	€'000
Depreciation of tangible fixed assets	220	227
Depreciation of right of use assets	6	10
Depreciation of intangible fixed assets	126	146
Provision for bad and doubtful debts	1	(179)
Audit Fees		
Audit fees	56	61
Fees for other verification services	11	11
Fees for non-audit services	6	6

**Note 12: Net finance income**

	2020	2019
	€'000	€'000
Bank Interest	35	54
Interest from bonds	489	282
Interest from loans receivable	16	-
Bank charges and interest paid	(75)	(64)
Interest on tax refunds	34	2
Other interest	(4)	-
Exchange differences	4	6
Diminution in value of bank deposits	-	(13)
	<b>499</b>	<b>267</b>

**Note 13: (Loss) / gain on sale and revaluation of investments**

	2020	2019
	€'000	€'000
(Loss) /gain on sale of investments	(207)	942
Loss on revaluation of shares held for trading	(175)	(75)
(Loss) / gain on revaluation of bonds	(704)	217
(Loss) / gain on revaluation of foreign investments	(1.027)	1.398
Transfer from reserves due to sale of investments	(6)	6
	<b>(2.119)</b>	<b>2.488</b>

**Note 14: Taxation**

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

	2020	2019
	€'000	€'000
Corporation tax	857	529
Defence tax contribution	12	4
Foreign taxes deducted at source	38	80
Deferred taxation	(43)	(80)
Capital gains tax	-	101
Prior year taxes	-	39
Tax Interest	1	(2)
	<b>865</b>	<b>670</b>

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 14: 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:

	2020	2019
	€'000	€'000
<b>Accounting profit</b>	<b>4.610</b>	<b>7.572</b>
Tax based on current tax rates	576	947
Defense tax contribution	12	4
Foreign taxes deducted at source	38	80
Interest on overdue taxes	1	(3)
Capital gains tax	-	101
Prior year taxes	-	39
Deferred taxation	(43)	(80)
<i>Adjustments for :</i>		
Disallowed expenses	359	58
Income not taxed	(44)	(483)
Tax losses brought forward	(3)	-
Tax losses of subsidiaries carried forward	-	7
	<b>865</b>	<b>670</b>

**Note 15: Earnings per share**

	2020	2019
	€'000	€'000
Net profit attributable to shareholders	3.746	6.884
Weighted average number of issued shares	38.944	38.958
Basic earnings per share (cents)	9,62	17,67

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

The fully diluted earnings per share is equal to the basic earnings per share since the Group has not issued any dilutive instruments.

**Note 16: Group companies**

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

Company	Principal activities	Share %	2020 €'000	2019 €'000
Lyssi Investments Ltd	Car hire	100,0	86	86
Lion Insurance Agency Ltd	General insurance agent	100,0	141	141
Atlantic Securities Limited <sup>(1)</sup>	Brokerage and investment services	67,7	674	674
			<b>901</b>	<b>901</b>

There was no change in investment in subsidiary companies during the year.

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 Company did not make any provision for permanent diminution in the value of the investment in its subsidiary companies.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 16: Group companies (continued)

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:

	2020	2019
	€'000	€'000
Premiums and other income	24.684	26.009
Profit from operations	6.053	3.685
Total assets	61.435	68.205
Total liabilities	23.512	31.436

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

	Lyssi Investments Ltd	Lion Insurance Agency Limited	Atlantic Securities Limited	2020	2019
	€'000	€'000	€'000	€'000	€'000
Premiums and other income	-	-	394	394	321
(Loss) / profit from operations	(2)	(2)	15	11	51
Total assets	112	155	1.908	2.175	2.260
Total liabilities	5	5	128	137	120

## Note 17: 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 2019	6.220	677	298	681	7.876
Additions	-	34	26	8	68
Disposals	-	-	-	(17)	(17)
Balance at 1 January 2020	6.220	711	324	672	7.927
Additions	-	32	27	60	119
Revaluation	(306)	-	-	-	(306)
Disposals	-	-	-	(24)	(24)
<b>Balance at 31 December 2020</b>	<b>5.914</b>	<b>743</b>	<b>351</b>	<b>708</b>	<b>7.716</b>
<b>Depreciation</b>					
Balance at 1 January 2019	-	516	225	503	1.244
Depreciation for the year	103	39	29	56	227
On revaluation	(103)	-	-	-	(103)
On disposals	-	-	-	(17)	(17)
Balance at 1 January 2020	-	555	254	542	1.351
Depreciation for the year	103	28	28	61	220
On revaluation	(103)	-	-	-	(103)
On disposals	-	-	-	(23)	(23)
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>583</b>	<b>282</b>	<b>580</b>	<b>1.445</b>
<b>Net book value at</b>					
<b>31 December 2020</b>	<b>5.914</b>	<b>160</b>	<b>69</b>	<b>128</b>	<b>6.271</b>
31 December 2019	6.220	156	70	130	6.576

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 17: 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 2020 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>2020</b>	2019
	<b>€'000</b>	€'000
Land	<b>1.149</b>	1.149
Buildings	<b>1.693</b>	1.794
	<b>2.842</b>	2.943
	<b>2.648</b>	2.779
Revalued amount of land on which no depreciation is charged	<b>2.648</b>	2.779

**Right of use assets**

The implementation of IFRS 16 has led to the recognition of right of use assets and lease liabilities. Right of use assets and the related lease liability were discounted over the non-cancellable period of the lease agreement.

	<b>Right of use land</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cost</b>		
Balance at 1 January 2019	-	-
Additions	16	<b>16</b>
Balance at 1 January 2020	16	<b>16</b>
Additions	-	-
<b>Balance at 31 December 2020</b>	<b>16</b>	<b>16</b>
<b>Depreciation</b>		
Balance at 1 January 2019	-	-
Depreciation for the year	10	<b>10</b>
Balance at 31 December 2019	10	<b>10</b>
Depreciation for the year	6	<b>6</b>
Balance at 31 December 2020	16	<b>16</b>
<b>Net book value</b>		
<b>31 December 2020</b>	-	-
31 December 2019	6	6

The movement of lease liabilities is as follows:

	<b>2020</b>	2019
	<b>€000</b>	€000
1 January	<b>6</b>	-
Additions	-	16
Payments in lieu of leases	<b>(6)</b>	(10)
31 December	-	6

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 18: Intangible assets

	Goodwill on acquisition of agents portfolios €'000	Computer software €'000	Total €'000
<b>Cost or revaluation</b>			
Balance at 1 January 2019	267	480	747
Additions	119	23	142
Balance at 1 January 2020	386	503	889
Additions	18	31	49
<b>Balance 31 December 2020</b>	<b>404</b>	<b>534</b>	<b>938</b>
<b>Amortisation</b>			
Balance at 1 January 2019	210	368	578
Amortisation for the year	92	54	146
Balance at 1 January 2020	302	422	724
Amortisation for the year	75	51	126
<b>Balance 31 December 2020</b>	<b>377</b>	<b>473</b>	<b>850</b>
<b>Net book value at</b>			
<b>31 December 2020</b>	<b>27</b>	<b>61</b>	<b>88</b>
31 December 2019	84	81	165

## Note 19: Investment properties

*Revaluation*

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

	2020 €'000	2019 €'000
<b>Land and buildings</b>		
Balance at 1 January	4.535	5.452
Additions	58	82
Disposals	-	(835)
Fair value loss on revaluation	(282)	(164)
<b>Balance at 31 December</b>	<b>4.311</b>	4.535

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

	2020 €'000	2019 €'000
Land	4.236	4.236
Buildings	2.289	2.231
	<b>6.525</b>	6.467

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 20: Financial assets available for sale

	<b>2020</b>	2019
	<b>€'000</b>	€'000
Republic of Cyprus government bonds	-	53
Greek government bonds	1	1
Corporate bonds	413	398
Foreign corporate bonds	-	182
	<b>414</b>	<b>634</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. The fair value gain on financial assets available for sale for the year 2020 amounted to €9 thousand (2019: gain €53 thousand) and was recognized in the fair value reserve. During the year an amount of €5 thousand (2019: - € 6 thousand) was transferred to the profit and loss for the year as a result of the sale financial assets available for sale.

## Note 21: Financial assets held for trading

	<b>2020</b>	2019
	<b>€'000</b>	€'000
Equity investment listed in CSE and ASE	3.569	3.748
Foreign equities and investments funds	6.767	8.738
Private equity investment funds	950	975
Hedge funds	2.315	2.358
International real estate funds	2.743	4.496
Cyprus corporate bonds	1.480	1.290
Foreign Corporate Bonds	6.062	3.578
	<b>23.886</b>	<b>25.183</b>



## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 22: Debtors and other receivables

	<b>2020</b>	2019
	<b>€'000</b>	€'000
Trade receivables from insurance operations	<b>4.640</b>	4.669
Reinsurers' share of technical reserves (note 26)	<b>3.360</b>	10.476
Deferred acquisition costs	<b>561</b>	557
Loans receivable	<b>316</b>	-
Other receivables	<b>1.032</b>	300
Other receivables from financial services operations	<b>1.324</b>	1.347
Derivatives-Futures	<b>80</b>	23
	<b>11.313</b>	17.033
	<b>2020</b>	2019
	<b>€'000</b>	€'000
<b>Customer and intermediaries balances</b>		
Receivables	<b>9.170</b>	9.327
Minus provision for bad and doubtful debtors	<b>(3.887)</b>	(3.873)
	<b>5.283</b>	5.454
<b>Provision for bad and doubtful debtors</b>		
Balance at 1 January	<b>3.873</b>	4.507
Write offs	<b>(5)</b>	(273)
Reversal of provision for bad and doubtful debtors (including interest suspended and amounts recovered)	<b>19</b>	(361)
Balance at 31 December	<b>3.887</b>	3.873

The loan receivable is fully secured by immovable property, bears interest of 5,0% per annum and is repayable by February 25, 2022.

Receivables of the subsidiary undertaking Atlantic Securities Ltd include specific customer balances amounting to €212 thousand (2019: €310 thousand) net of provisions, whose credit facility agreements for trading in financial assets were terminated. With the specific customers, written and oral agreements have been made for the repayment of their obligations to the company on a long-term basis or satisfactory collaterals are held in equity titles which can be liquidated by the Company at its absolute discretion.

Part of the customer balances of Atlantic Securities Ltd are secured by collaterals held by the company against financial assets of the customers, the value of which at 31 December 2020 was €432 thousand (2019: €498 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.

The derivatives relate to 25 futures contracts totaling \$3,74mln at an agreed average rate of \$1,1980: €1,00 and maturity date September 13, 2021. 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.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 23: Cash and bank balances

	2020	2019
	€'000	€'000
Cash and bank balances	8.982	8.246
Bank Overdraft and short term loans	(3)	-
Fixed term bank deposits maturing between 1 and 3 months	2.495	2.658
	<b>11.474</b>	<b>10.904</b>

	Interest (Annual)		2020	2019
	2020	2019	€'000	€'000
Fixed term deposits between 4 and 12 months	0,0%-0,85%	0,0%-2,0%	5.265	4.515
			<b>5.265</b>	<b>4.515</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 €0,98mln are pledged towards letters of guarantee and other bank facilities.

## Note 24: Share Capital

	2020		2019	
	Number of shares (thousand)	€'000	Number of shares (thousand)	€'000
<b>Authorised</b>				
Ordinary shares €0,34 per share	250.000	85.000	250.000	85.000
<b>Issued and fully paid</b>				
Ordinary shares €0,34 per share	38.944	13.241	39.109	13.241

The authorized share capital of the Company is €85mln and consists of 250.000.000 ordinary shares with a nominal value of €0,34 each. The issued share capital of the Company is €13.240.848 consisting of 38.943.671 ordinary shares with a nominal value of €0,34 each. There was no change in the capital structure of the Company during the year.

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

The Extraordinary General Meeting of the Company which took place on September 2, 2020 approved the following resolution:

**Special resolution**

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

The above resolution was proposed for the renewal of the Company's Repurchase Program of own shares for the period from September 2, 2020 to September 1, 2021.

During the year the Company did not acquire any own shares. At 31 December 2020 the company did not hold any own shares.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 25: Deferred Taxation

	2020	2019
	€'000	€'000
<b>Provision for property revaluation</b>		
Balance 1 January	38	113
Deferred tax on revaluation of immovable property	(75)	(30)
Deferred tax on sale of investment property	-	(45)
Balance 31 December	(37)	38
<b>Provision for temporary differences between depreciation and capital allowances</b>		
Balance 1 January	78	73
Deferred tax for the year	6	5
Balance 31 December	84	78
Total Balance 31 December	47	116

## Note 26: Outstanding claims and unearned premiums

	2020	2019
	€'000	€'000
<b>Unearned premiums</b>		
Gross unearned premiums	10.070	11.169
Reinsurers' share	(1.753)	(2.691)
Net unearned premiums	8.317	8.478
<b>Outstanding claims</b>		
Gross outstanding claims	(1.607)	(7.785)
Reinsurers' share	9.443	9.624
Net outstanding claims		
<b>Total technical reserves</b>	21.119	28.578
Gross technical reserves	3.360	(10.476)
Reinsurers' share	17.759	18.102
Net technical reserves	2020	2019

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

	2020		2019	
	Gross	Reinsurers' Share	Gross	Reinsurers' Share
	€'000	€'000	€'000	€'000
<b>Unearned premiums</b>				
1 January	11.169	(2.691)	10.864	(2.697)
Written premiums	23.100	(4.935)	24.351	(6.122)
Earned premiums	(24.199)	5.873	(24.046)	6.128
31 December	10.070	(1.753)	11.169	(2.691)
<b>Outstanding claims</b>				
1 January	17.409	(7.785)	19.702	(11.356)
Claim payments	(14.504)	6.816	(9.048)	899
Change in outstanding claims	8.145	(638)	6.755	2.672
31 December	11.050	(1.607)	17.409	(7.785)

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 26: Outstanding claims and unearned premiums (continued)**

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

The significant decrease in gross outstanding claims is due to the full repayment in January 2020 of € 6,46mIn regarding property damages on the EAC's facilities at the station of Vasilicos in November 2016. A corresponding provision of € 6,46 mln was included in 2019 in the reinsurers' share of technical reserves in note 22 'Debtors and other receivables'. The financial results were not affected because the Company 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>2020</b>	2019
	<b>€'000</b>	€'000
Provision for incurred but not enough reported claims (IBNER)	<b>2.185</b>	2.082
Provisions for incurred but not reported claims (IBNR)	<b>176</b>	243
	<b>2.381</b>	2.325
Reinsurers' share	<b>(17)</b>	(11)
	<b>2.344</b>	2.314

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 27- 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 2020

		Accident & Health		Motor vehicle liability		Motor own damage		Marine and transport		Fire and other material damage		Liability		Credits and miscellaneous		Total	
		2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Gross premiums written		3.918	4.433	8.533	8.389	3.284	2.980	195	215	5.097	6.328	1.288	1.221	32	34	<b>22.346</b>	23.600
Policy fees		25	34	440	442	169	157	3	3	90	90	26	25	-	-	<b>754</b>	751
Total written premiums	<b>1</b>	<b>3.943</b>	<b>4.467</b>	<b>8.972</b>	<b>8.831</b>	<b>3.454</b>	<b>3.137</b>	<b>197</b>	<b>218</b>	<b>5.187</b>	<b>6.418</b>	<b>1.314</b>	<b>1.246</b>	<b>33</b>	<b>34</b>	<b>23.100</b>	24.351
Reinsurers share of gross premiums	<b>2</b>	407	416	325	310	152	140	131	135	3.714	4.931	195	177	12	13	<b>4.935</b>	6.122
Gross earned premiums	<b>3</b>	4.299	4.399	8.458	8.290	3.134	2.842	202	220	6.059	6.322	1.260	1.191	33	31	<b>23.446</b>	23.295
Gross outstanding claim reserves	<b>4</b>	838	1.021	7.014	6.862	605	578	215	218	460	7.000 (3.005)	1.917	1.730	-	-	<b>11.050</b>	17.409
Gross claims incurred	<b>5</b>	1.606	2.876	3.871	4.600	2.006	2.043	1	46	369	)	292	195	-	-	<b>8.145</b>	6.755
Claims management costs	<b>6</b>	214	227	652	611	295	271	5	6	92	83	36	32	1	1	<b>1.295</b>	1.231
Administrative expenses	<b>7</b>	518	533	2.212	2.092	760	748	-	7	23	67	289	282	(1)	-	<b>3.801</b>	3.729
Reinsurance balances	<b>8</b>	(3)	(4)	(63)	(38)	-	-	(9)	(7)	(547)	(505)	(6)	(8)	-	(1)	<b>(628)</b>	(563)
Staff costs	<b>9</b>	259	291	1.553	1.511	629	575	23	26	386	396	150	150	2	3	<b>3.002</b>	2.952

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 28: Other Liabilities

	2020	2019
	€'000	€'000
Taxation	106	217
Reinsurers' balances	628	563
Creditors from insurance operations	764	694
Other liabilities from insurance operations	526	961
Dividends payable	331	310
Lease liabilities	-	6
Other liabilities from financial services operations	125	112
	<b>2.480</b>	<b>2.863</b>

## Note 29: Transactions between group companies and other related persons

*Transactions and balances with subsidiary undertakings*

	Nature of transaction	Transaction value		Debit / (Credit) balance	
		2019	2018	2019	2018
		€'000	€'000	€'000	€'000
Lyssi Investments Limited					
	Other income	5	4		
	Sundry expenses	-	-		
	Dividends received	1	3		
	Balance			10	13
Lion Insurance Agency Limited					
	Commissions paid	18	20		
	Sundry expenses	-	1		
	Dividends received	-	3		
	Balance			13	12
Atlantic Securities Limited					
	Brokerage commissions	4	9		
	Interest receivable	4	6		
	Rents receivable	-	-		
	Balance			734	829
	Client brokerage account balance			1.884	526

The amount receivable from Atlantic Securities Ltd carries interest of 0,5% per annum (2019: 0,75% per annum) and is not secured.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 29: 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.

	2020	2019
	€'000	€'000
Interest income from bank deposits	6	9
Premiums	205	110
Commissions payable for insurance operations	(198)	(149)
Investment management and custody fees	(4)	(3)
Bank balances and bank deposits	2.846	3.441
Clients' bank accounts of subsidiary undertaking	1.396	320
Receivables from insurance operations	73	3
Financial assets held for trading	100	-

## 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	
	2020	2019	2020	2019
	€000	€000	€000	€000
Insurance premiums	2	2		
Spare parts purchases	5	26	52	55

## 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	
	2020	2019	2020	2019
	€000	€000	€000	€000
Insurance premiums	19	19	15	14

## 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	
	2020	2019	2020	2019
	€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 30: 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 2020 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2020 %	2 April 2021 %
Emilios Pyrisihis <sup>1</sup>	34,31	34,31
AstroBank Public Company Ltd	10,00	10,00
Piraeus Bank SA	10,00	10,00
Andreas Frangoullis <sup>2</sup>	20,82	20,82
Maro Marathovouniotou <sup>3</sup>	5,98	5,98

- (1) The holding of Emilios Pyrisihis includes his direct share of 22,65% and his indirect holding arising from the shares owned by his mother Nina Pyrisihis (2,37%) and his brother George Pyrisihis (9,29%).
- (2) The holding of Andreas Frangoullis includes his direct share (20,10%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,54%), his mother Vasilou Frangoulli (0,03%) and his brother Filippos Frangoullis (0,05%).
- (3) The holding of Maro Marathovounioti includes her direct share (1,43%) and her indirect holding arising from the shares owned by her daughter Athena Nicolaidou (1,61%), her son Alexis Marathovouniotis (1,43%) and her son Andreas Marathovouniotis (1,49%).

**Note 31: 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 2020 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2020		2 April 2021	
	Number of Shares	%	Number of Shares	%
Emilios Pyrisihis	8.819.714	22,65	8.819.714	22,65
Andreas Pirishis	20.000	0,05	20.000	0,05
Andreas Frangoullis <sup>1</sup>	8.107.405	20,82	8.107.405	20,82
George Pyrisihis	3.618.271	9,29	3.618.271	9,29
Nina Pyrisihis	922.641	2,37	922.641	2,37
Menicos Messios	-	-	-	-
Charalambos Alexandrou <sup>2</sup>	86.224	0,22	86.224	0,22
Triantafyllos Lysimachou	-	-	-	-
Loukis Ioannou <sup>3</sup>	2.510	0,006	2.510	0,01
Marios Savvides <sup>4</sup>	165.135	0,42	165.135	0,42

- (1) The holding of Andreas Frangoullis includes his direct share (20,10%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,54%), his mother Vasilou Frangoulli (0,03%) and his brother Filippos Frangoullis (0,05%).
- (2) 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%).
- (3) 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%).
- (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%).



## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: 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 2020		<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%	-550	-550
	- Increase	5%	-916	-916
	- Decrease	-3%	550	550
	- Decrease	-5%	916	916
31 December 2019		<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%	-538	-538
	- Increase	5%	-896	-896
	- Decrease	-3%	538	538
	- Decrease	-5%	896	896

The 10-year development of the total claim payments for all insurance classes for accident years between 2005 and 2020 is shown below:

Accident year	0	1	2	3	4	5	6	7	8	9	10 +	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
2005	5.195	1.204	271	269	1.093	87	-16	36	74	4	21	8.238
2006	4.875	1.306	51	208	143	319	197	8	22	63	46	7.238
2007	5.373	1.339	189	21	87	95	246	9	27	-2	3	7.387
2008	6.151	1.340	206	-1	132	189	38	1	15	3	29	8.103
2009	6.436	1.417	140	629	18	13	162	187	15	101	7	9.125
2010	6.661	1.457	208	312	703	349	12	114	33	33	32	9.914
2011	6.637	134.357	281	77	35	45	28	156	19	176		141.811
2012	6.767	1.649	175	58	11	29	817	92	71			9.669
2013	5.527	1.443	379	129	131	31	89	51				7.780
2014	5.209	1.364	222	1.351	65	117	74					8.402
2015	6.217	2.122	357	98	2	27						8.823
2016	5.030	2.081	6.352	69	6.631							20.163
2017	5.321	1.832	78	208								7.439
2018	5.916	1.925	289									8.130
2019	6.387	1.883										8.270
2020	5.045											5.045
	<b>92.747</b>	<b>156.719</b>	<b>9.198</b>	<b>3.428</b>	<b>9.051</b>	<b>1.302</b>	<b>1.647</b>	<b>654</b>	<b>276</b>	<b>378</b>	<b>138</b>	<b>275.537</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: 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 2020. 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	€000
2005	6.701	787	285	361	216	-58	0	33	60	7	-166	<b>8.226</b>	8.238	<b>-12</b>	18,5%
2006	6.378	909	135	111	-113	-143	47	7	-10	-61	-27	<b>7.233</b>	7.239	<b>-6</b>	11,8%
2007	6.487	986	105	-33	-33	107	53	-1	-81	-2	-12	<b>7.576</b>	7.386	<b>190</b>	14,4%
2008	7.508	849	53	-174	6	-98	-32	-2	4	-31	1	<b>8.084</b>	8.103	<b>-19</b>	7,1%
2009	8.850	776	-182	-143	18	-1	72	-11	-45	5	-24	<b>9.317</b>	9.124	<b>192</b>	5,0%
2010	8.842	1.023	660	100	-348	-250	-65	-14	2	9	-37	<b>9.919</b>	9.913	<b>6</b>	10,9%
2011	309.326	-167.027	28	52	123	-58	-11	-132	14	162		<b>142.477</b>	141.812	<b>665</b>	0,5%
2012	9.432	117	-57	-212	750	-65	-178	-5	-3			<b>9.780</b>	9.669	<b>111</b>	3,6%
2013	7.894	185	-73	29	-7	-55	-120	-17				<b>7.835</b>	7.781	<b>54</b>	-0,7%
2014	7.707	1.104	5	52	-22	488	-52					<b>9.282</b>	8.402	<b>880</b>	17,0%
2015	8.051	928	180	12	-9	54						<b>9.215</b>	8.823	<b>392</b>	12,6%
2016	27.272	793	-3.962	-3.507	-7							<b>20.589</b>	20.164	<b>426</b>	4,0%
2017	8.041	248	35	96								<b>8.421</b>	7.439	<b>982</b>	4,5%
2018	8.666	380	238									<b>9.284</b>	8.130	<b>1.154</b>	6,7%
2019	9.312	-203										<b>9.109</b>	8.270	<b>839</b>	-2,2%
2020	7.893											<b>7.893</b>	5.045	<b>2.848</b>	0,0%
												<b>284.240</b>	<b>275.539</b>	<b>8.702</b>	<b>7,2%</b>

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

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

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: Financial instruments and management of financial and insurance risks (continued)

## Currency risk

The Group's exposure to currency risk at 31 December 2020 is shown below:

	Euro	British Pound	US Dollar	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Assets</b>					
Debtors and other receivables	11.313	-	-	-	11.313
Financial assets held for trading	16.700	449	5.919	818	23.886
Fixed term bank deposits	5.265	-	-	-	5.265
Cash and bank balances	11.097	-	380	-	11.477
Other assets	11.668	-	-	-	11.668
<b>Total assets</b>	<b>56.043</b>	<b>449</b>	<b>6.299</b>	<b>818</b>	<b>63.609</b>
<b>Liabilities</b>					
Liabilities	23.649	-	-	-	23.649
<b>Net assets</b>	<b>32.394</b>	<b>449</b>	<b>6.299</b>	<b>818</b>	<b>39.960</b>
	81,1%	1,1%	15,8%	2,0%	100,0%
Hedging derivatives	3.125	-	(3.125)	-	-
	<b>35.519</b>	<b>449</b>	<b>3.174</b>	<b>818</b>	<b>39.960</b>
	88,9%	1,1%	7,9%	2,0%	100,0%

A potential strengthening of the euro by 5% against the other main currencies in which the Group had exposure as at 31 December 2020 would result in a reduction in the fair value of the total assets and the recognition of exchange losses of €0,22m in which amounts to 0,6% of the Group's own funds and 5,9% of the profit attributable to the shareholders. Correspondingly, any weakening of the Euro against the above currencies by 5% would have an equal but opposite effect, provided that all other parameters remain constant.

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

	Exchange rate movement	Impact in profits after tax
	%	€'000
USA dollar	-5%	-159
British pound	-5%	-22
Australian dollar	-5%	-28
Canadian dollar	-5%	-13

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: Financial instruments and management of financial and insurance risks (continued)

**Credit risk**

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

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

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

<b>31 December 2020</b>	<b>Aa1-A3</b>	<b>Baa1-B3</b>	<b>Caa1-Caa3</b>	<b>Unrated</b>	<b>Total</b>
	€'000	€'000	€'000	€'000	€'000
Policyholders and intermediaries	-	-	-	4.640	<b>4.640</b>
Other debtors and prepayments	-	-	-	2.997	<b>2.997</b>
Loans receivables	-	-	-	316	<b>316</b>
Reinsurers' share of technical reserves	3.321	-	-	39	<b>3.360</b>
Fixed term bank deposits	1.500	2.016	505	1.244	<b>5.265</b>
Cash and bank balances	433	2.014	4.601	4.429	<b>11.477</b>
<b>Total</b>	<b>5.254</b>	<b>4.030</b>	<b>5.106</b>	<b>13.665</b>	<b>28.055</b>

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

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 2020 there was a net provision for doubtful debts of €1 thousand as opposed to a reversal of provisions of €179 thousand in 2019.

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

**Interest rate risk**

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

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: Financial instruments and management of financial and insurance risks (continued)

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

	€'000
<b>Financial instruments bearing fixed interest rates</b>	
Bonds and capital securities	7.955
Loan receivable	316
	<b>8.271</b>
<b>Financial instruments bearing variable interest rates</b>	
Bonds and capital securities	-
Fixed term deposits and notice accounts	7.762
Short term deposits	8.980
	<b>16.742</b>
	<b>25.013</b>

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

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

**Liquidity risk**

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

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

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

The Minimum Liquidity comprises only of the following assets:

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

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

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

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 33: Financial instruments and management of financial and insurance risks (continued)**

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

Financial assets	2020			2019		
	Within 1 year €'000	Over 1 year €'000	Total €'000	Within 1 year	Over 1 year €'000	Total €'000
Financial assets available for sale	-	414	414	235	399	634
Financial assets held for trading	21.562	2.324	23.886	23.155	2.028	25.183
Premium receivables	4.640	-	4.640	4.669	-	4.669
Reinsurers' share of technical reserves	3.360	-	3.360	10.476	-	10.476
Loan receivable	316	-	316	-	-	-
Pool participation assets	80	504	584	55	520	575
Other receivables	2.706	290	2.996	1.888	339	2.227
Fixed term deposits	4.356	909	5.265	4.516	-	4.516
Cash and bank balances	11.477	-	11.477	10.904	-	10.904
<b>Total financial assets</b>	<b>48.497</b>	<b>4.441</b>	<b>52.938</b>	<b>55.898</b>	<b>3.286</b>	<b>59.184</b>
<b>Financial liabilities</b>						
Outstanding claims and unearned premiums	21.119	-	21.119	28.578	-	28.578
Bank overdrafts	3	-	3	-	-	-
Reinsurer's balances	628	-	628	563	-	563
Taxation	105	47	152	217	-	217
Other financial liabilities	1.746	-	1.746	2.083	-	2.083
<b>Total financial liabilities</b>	<b>23.601</b>	<b>47</b>	<b>23.648</b>	<b>31.441</b>	<b>-</b>	<b>31.441</b>

**Market risk**

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

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

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

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

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: Financial instruments and management of financial and insurance risks (continued)

The table below shows the Group's exposure to market risk as at 31 December 2020 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 2020:

<i>Financial assets available for sale</i>	Fair value as at 31.12.2020	Impact on fair value reserve
	€'000	€'000
Bonds and capital securities	414	21
	<b>414</b>	<b>21</b>

<i>Financial assets held for trading</i>	Fair value as at 31.12.2020	Impact on profits for the year
	€'000	€'000
Equities listed in CSE and ASE	3.569	178
Foreign equities, equity funds and hedge funds	8.542	427
Corporate bonds	7.542	377
International real estate funds	2.743	137
Investments in gold and commodities	1.490	75
	<b>23.886</b>	<b>1.194</b>

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

	Index / price change	Impact on profits for the year	Impact on own funds
	%	€'000	€'000
Cyprus stock exchange	15%	427	
Athens stock exchange	20%	144	
International equity markets	10%	528	
International real estate funds	10%	274	
Alternative investments	5%	116	
International private equity funds	10%	95	
Government bonds	5%	-	
Corporate bonds	10%	754	41
Gold and commodities	10%	149	
		<b>2.487</b>	<b>41</b>

## 2. Fair Values

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

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

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

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 33: Financial instruments and management of financial and insurance risks (continued)

2020	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
<b>Financial instruments</b>				
Financial assets available for sale	414	-	-	414
Financial assets held for trading	21.633	1.000	1.253	23.886
Derivatives	80	-	-	80
Fixed term deposits	5.265	-	-	5.265
Cash and bank balances	11.477	-	-	11.477
Bank overdrafts and short term loans	(3)	-	-	(3)
	<b>38.866</b>	<b>1.000</b>	<b>1.253</b>	<b>41.119</b>
<b>Non-financial instruments which are measured on a fair value basis</b>				
Investment properties	-	-	4.311	4.311
Immovable property for own use	-	-	5.913	5.913
	-	-	<b>10.224</b>	<b>10.224</b>
<b>Total</b>	<b>38.866</b>	<b>1.000</b>	<b>11.477</b>	<b>51.343</b>
<b>2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	€'000	€'000	€'000	€'000
<b>Financial instruments</b>				
Financial assets available for sale	398	235	-	633
Financial assets held for trading	23.205	1.076	902	25.183
Derivatives	23	-	-	23
Fixed term bank deposits	4.516	-	-	4.516
Cash and bank balances	10.904	-	-	10.904
Bank overdrafts and short term loans	-	-	-	-
	<b>39.046</b>	<b>1.311</b>	<b>902</b>	<b>41.259</b>
<b>Non-financial instruments which are measured on a fair value basis</b>				
Investment properties	-	-	4.535	4.535
Immovable property for own use	-	-	6.220	6.220
	-	-	<b>10.755</b>	<b>10.755</b>
<b>Total</b>	<b>39.046</b>	<b>1.311</b>	<b>11.657</b>	<b>52.014</b>

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

	2020	2019
	€'000	€'000
1 January	902	652
Additions	1	250
Unrealised gains in the profit and loss account	350	-
31 December	<b>1.253</b>	902

The movement of non-financial instruments which are measured on a fair value basis is shown on notes 17 and 19.

During the years 2019 and 2020 there were no major transfers between Level 1 and Levels 2 and 3.



## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 2024.

The following tables present the fair value as at 31 December 2020 and the changes in fair values for the year ended 31 December 2020 of the financial assets separately for the following categories:

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

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

The fair values of financial instruments at 31 December 2020 that were analyzed between those that meet and those that do not meet the SPPI criteria are presented in the table below:

Financial assets	<i>Financial assets that meet SPPI criteria</i>		<i>Other financial assets</i>	
	<i>Fair value</i>	<i>Change in fair value</i>	<i>Fair value</i>	<i>Change in fair value</i>
	€'000	€'000	€'000	€'000
Cash, bank balances and bank deposits	16.742	-	-	-
Premium receivables	4.640	-	-	-
Debtors and other receivables	6.356	-	-	-
Loan receivable	316	-	-	-
Bonds	414	9	7.542	(704)
Equities	-	-	7.887	(1.566)
International equity funds	-	-	6.143	407
Hedge Funds	-	-	2.315	(43)
	<b>28.468</b>	<b>9</b>	<b>23.887</b>	<b>(1.906)</b>

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

Financial assets	<i>Fair value</i>	Book value
	€'000	€'000
Cash, bank balances and bank deposits	16.742	16.742
Premium receivables	4.640	4.640
Debtors and other receivables	6.356	6.356
Loan receivable	316	316
Bonds	7.955	7.955
Equities	7.887	7.887
International equity funds	6.143	6.143
Hedge Funds	2.315	2.315
	<b>52.354</b>	<b>52.354</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Financial assets	Total	Credit rating			Unrated
		Aa1-A3	Baa1-B3	Caa1-Caa3	
	€'000	€'000	€'000	€'000	€'000
Cash, bank balances and bank deposits	16.742	1.933	4.029	5.107	5.672
Premium receivables	4.640	-	-	-	4.640
Debtors and other receivables	6.356	3.321	-	-	3.035
Loan receivable	316	-	-	-	316
Bonds	7.955	2.109	3.094	1.838	914
Equities	7.887	941	2.314	57	4.575
International equity funds	6.143	3.493	-	-	2.650
Hedge Funds	2.315	-	-	-	2.315
	<b>52.354</b>	<b>11.797</b>	<b>9.437</b>	<b>7.002</b>	<b>24.117</b>

## Note 35: Future capital commitments

On 31 December 2020 the Company had the following future capital commitments in respect of foreign investments:

	€'000
North Haven Real Estate Fund VII Offshore Investors Global	130
North Haven Private Equity Asia III	55
EFG Alternative SICAV All Stars Private Equity	19
	<b>204</b>

## Note 36: Events after the reporting date 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 2020.