

SUMMARY

Trust Re’s Gross Written Premium amounted to 453.9m at the end of 2016 compared to 440.9m twelve months ago.

The Combined ratio for the period was 0.3 percentage points higher at 95.7% (2015: 95.4%).

Shareholder’s equity increased by 26.9m to 456.9m, attributed to net contribution from the parent of 5.0m and internal capital generation of 21.9m.

HIGHLIGHTS 2016 VS 2015

- Net Profit at 15.8m (2015 – 10.3m excluding one-off item).
- Combined ratio at 95.7% (2015: 95.4%).
- Total assets at 1,502.7 million (up 10.8%).
- Strong cash position (28.6%) of total assets.

KEY RESULTS

<i>(in millions)</i>	2016 Actual	2015 Actual	CHANGE (%)
Gross Written Premium	453.9	440.9	2.9
Net Earned Premium	244.5	262.0	(6.7)
Net acquisition cost	45.3	52.6	(13.9)
Net claims	165.0	172.6	(4.4)
Gross Underwriting Profit	34.2	36.8	(7.1)
Operational expenses	(23.7)	(24.6)	(3.6)
Net Underwriting Profit	10.4	12.2	(14.8)
Net non-technical income	5.4	14.9	(63.8)
Profit before Tax	15.8	27.1	(41.7)
Taxation	-	-	
Profit after Tax	15.8	27.1	(41.7)

KEY RATIOS (%)

Retention Ratio	59.0	61.4	-
Combined Ratio	95.7	95.4	-
Underwriting Profit Margin	4.3	4.6	-
Return on Equity	3.6	6.6	-

RESERVE RATIOS (%)

Loss Reserves/Net Earned Premium	136.8	118.2
Net Technical Reserves (NTR)/Net Written Premium (NWP)	185.5	165.7

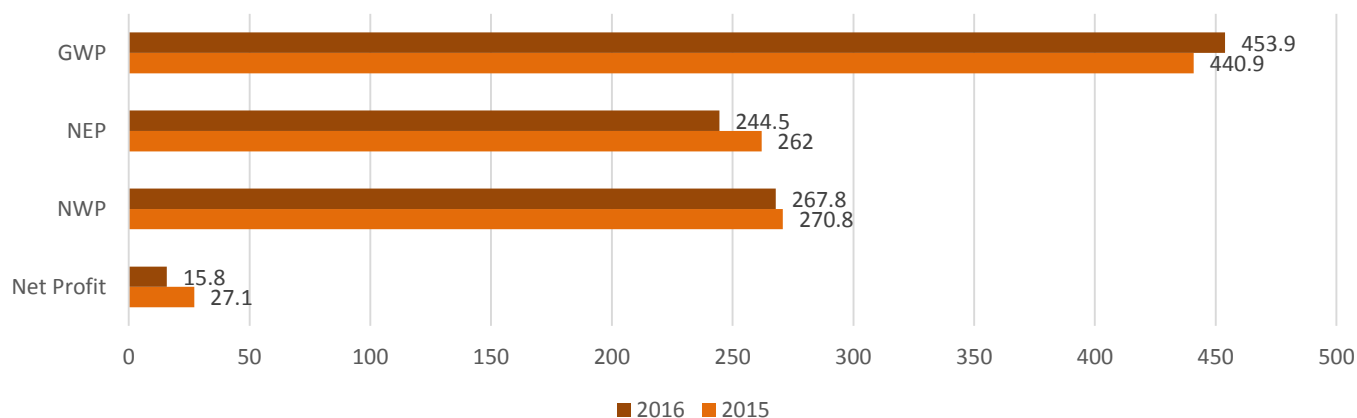
UNDERWRITING PERFORMANCE

Despite persistently soft market conditions, the Company managed to maintain its gross writings with a growth of 2.9%. The company reported a 0.3% increase in combined ratio to 95.7%. The combined ratio for the Facultative book improved from 94.0% to 89.4%, while the combined ratio for the Treaty portfolio reported a deterioration from 96.5% to 101.4%.

Reserve ratios continued to strengthen as a result of the strong reserving policy of the Company.

Claims reserves were further strengthened to provide a cushion against possible future deterioration and also reduce potential volatility in results. This strong reserving approach will immunize against the impact of softening rates in 2017 on group earnings. Again this year Willis Towers Watson undertook a peer review of our reserves and found them to be in excess of their best estimate positions.

Key figures US\$ m



Major losses and net impact

(where Trust Re’s net share is in excess of US\$ 3m).

	Country	Millions <i>(net claim)</i>	Loss ratio <i>(% points contribution)</i>
Floods in Sri Lanka May 2016	Sri Lanka	9.0	3.7
Tullow Jubilee Field	Ghana	8.7	3.6
Bashneft Refinery	Russia	8.6	3.5
JSW Steel Ltd.	India	4.4	1.8
Chennai Floods Dec 2015	India	3.7	1.5
Taiwan Earthquake	Taiwan	3.7	1.5
Flood in Nepal	Nepal	3.0	1.2
TOTAL		41.1	16.8

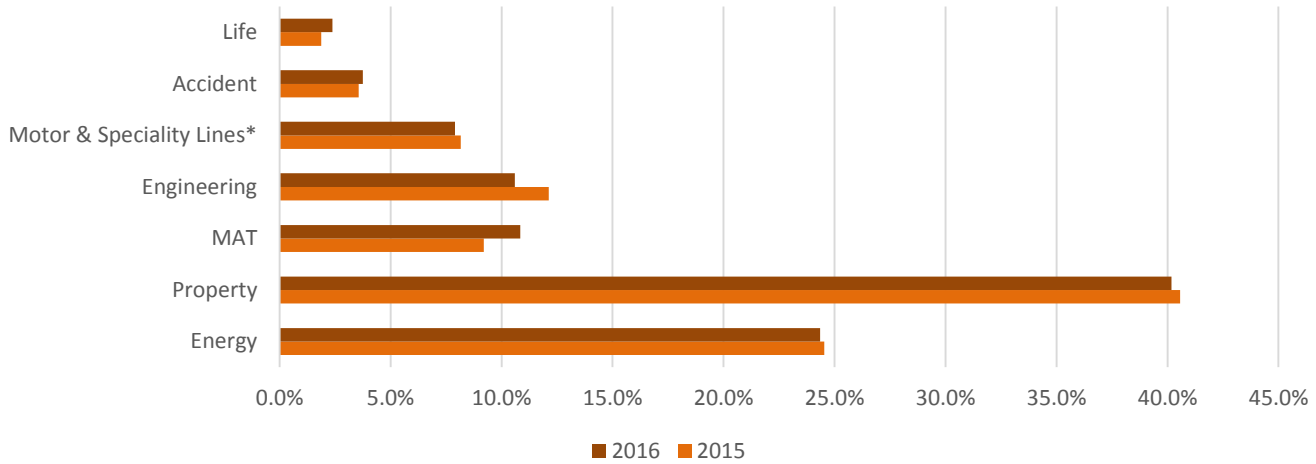
MAJOR LOSSES AND NET IMPACT

The largest loss during 2016 was the floods in Sri Lanka which cost the Company 9.0m net and added 3.7 percentage points to the loss ratio. Overall, large losses contributed 16.8 percentage points to the loss ratio.

Figures in USD

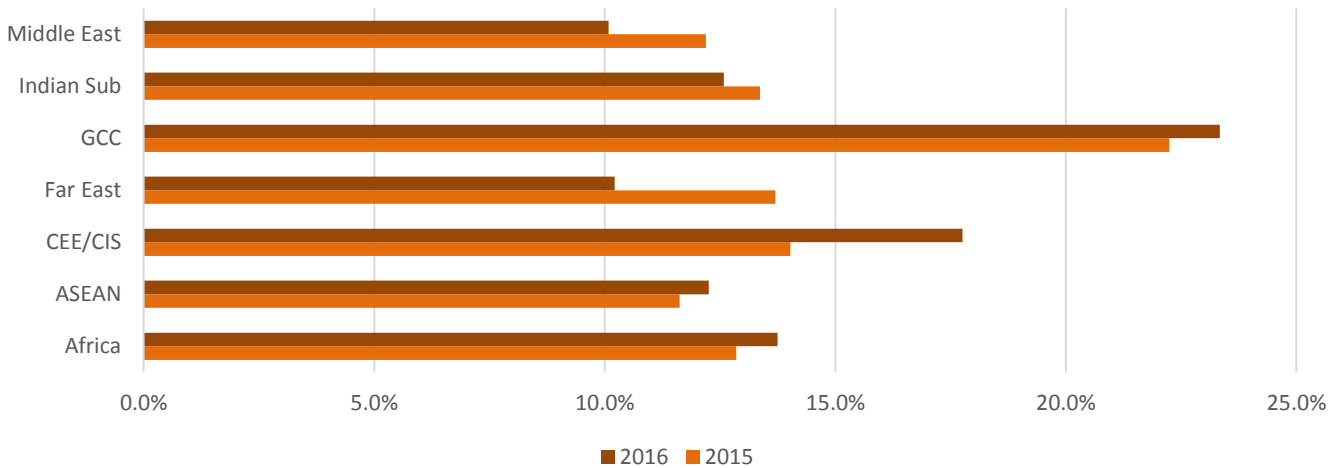
Basis of preparation: Management Accounts (excluding TUL)

Portfolio Mix by Class (GWP)



*includes Surety Property and Energy again account for almost 65% of the portfolio, consistent with the previous year.

Portfolio Mix by Region (GWP)



*In addition to regions shown, the amount contributed by regions denoted as 'Others' amounted to US\$111,742.

Territory wise, penetration in GCC, CEE/CIS and Africa were the strongest for 2016.

Trust Underwriting Limited (TUL)

TUL performed strongly during the year, contributing 1.9m in profits to the bottom-line. Revised Lloyd’s estimates for 2014 and 2015 years of account have shown improvements compared to 2015 year end estimates. Following the Lloyd’s Release Test in April 2016, a cash distribution of 3.4m was received. This cash dividend was after a retention of 1.1m to cover TUL’s increased capital requirements for 2016.

Asset Allocation

Total investment assets declined by 2.9% mainly due to dividend payment to the parent and purchase of strategic investments. Allocation of fixed income increased due to new investments during the period. The increase in equities is mainly due to recovery of stock prices compared to December 2015.

Non-Technical Performance

Net non-technical income reported a 63.8% decrease year on year. However, after excluding one-off gain on sale of investments included in 2015, non-technical income reported a 7.3m increase.

Investment income (excluding the one-off item) increased by 2.7m due to lower impairment provisions in 2016 compared to 2015. Higher fees and other income and improvement in forex further improved non-technical income.

Non-technical expenses reported a saving of 1.3m compared to 2015.

INVESTED ASSET DISTRIBUTION

	2016	2015
Equities	21.7%	20.5%
Fixed Income	14.6%	12.6%
Cash	63.8%	66.9%
TOTAL INVESTED ASSETS (in millions)	674.2	694.5

NON- TECHNICAL INCOME DISTRIBUTION (in millions)

	2016	2015
Investment income	10.1	24.2
Fees and Other Income	5.8	3.1
FOREX – net of gain on hedging	(2.6)	(3.2)
Non-Technical Expenses	(7.9)	(9.2)
TOTAL (in millions)	5.4	14.9