

**SUMMARY**

Trust Re's Gross Written Premium amounted to 381.3m at the end of Q3 2014 (Q3 2013: 318.2m), representing a solid growth of 19.8%.

Net Earned Insurance Revenue grew by 13.7 percentage points compared to twelve months ago, to stand at 194.5m.

The Underwriting Profit Margin fell short by 4.0 percentage points due to the large losses which cost the Company 25.1m net and contributed 12.8 percentage points to the Loss Ratio. As a result, Net Underwriting Profit fell to stand at 4.4m at 30 September 2014 (Q3 2013: 10.8m).

As per the approved Business Plan, the Company's parent increased capital by 30m, significantly boosting the shareholders' equity to 352.1m (December 2013: 305.1m).

Solid cash generation continued during the period, which, together with the 30m injected by the parent, increased the cash balances to 473.4m at the end of Q3 2014 (December 2013: 380.6m).

**KEY RESULTS (actual)**

<i>(in millions)</i>	Q3 2014	Q3 2013	CHANGE (%)
Gross Written Premium	381.3	318.2	<b>19.8</b>
Net Written Premium	241.4	202.4	<b>19.3</b>
Net Earned Insurance Revenue	194.5	171.0	<b>13.7</b>
Net Underwriting Profit	4.4	10.8	<b>(59.3)</b>
<b>Profit after Tax</b>	6.6	12.3	<b>(46.3)</b>
<b>KEY RATIOS (%)</b>			
Retention Ratio	63.3	63.6	-
Combined Ratio	97.7	93.7	-
Profit Margin	2.3	6.3	-
<b>Return on Equity</b>	2.0	4.5	-
<b>RESERVE RATIOS (%)</b>			
Loss Reserves/Net Earned Insurance Revenue ( <b>NEIR</b> )	<b>151.6</b>	<b>140.2</b>	-
Net Technical Reserves ( <b>NTR</b> )/Net Written Premium ( <b>NWP</b> )	<b>188.6</b>	<b>187.4</b>	

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

**HIGHLIGHTS****Highlights Q3 2014 Vs Q3 2013**

- GWP up 19.8% to reach 381.3m
- Investment income up 83.9% to reach 10.3m

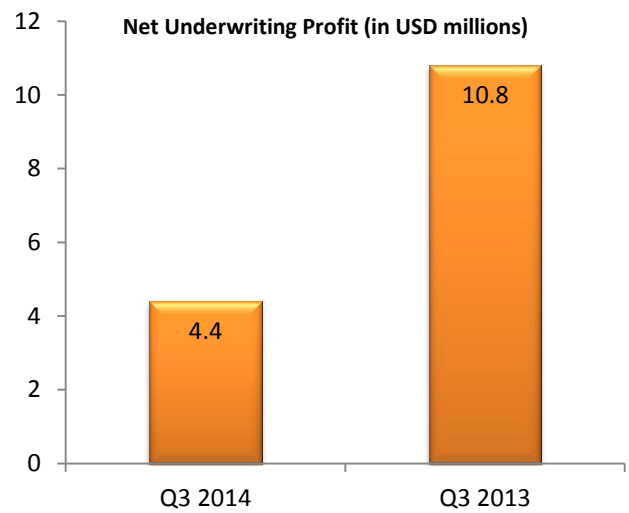
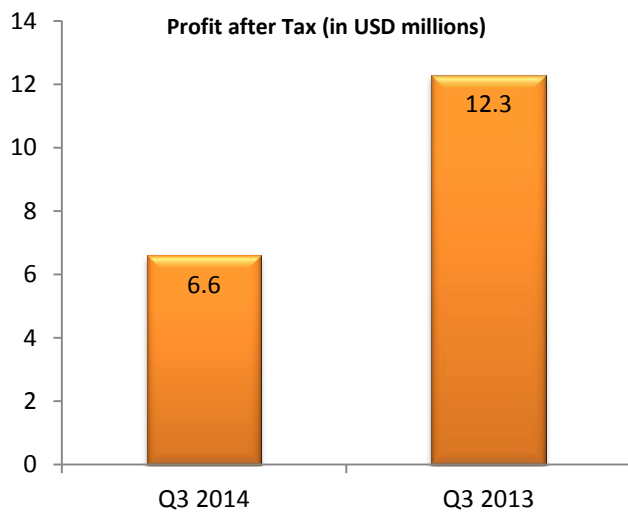
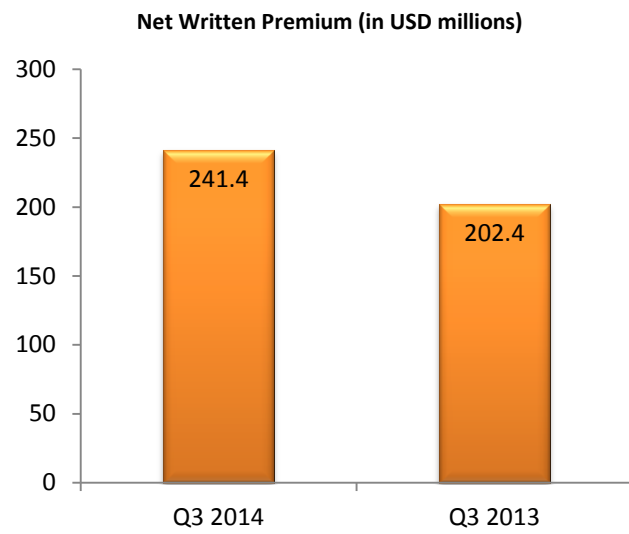
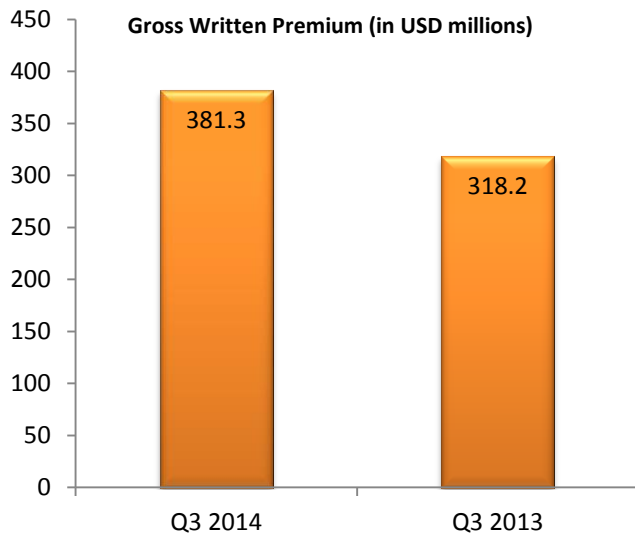
**STRONG BALANCE SHEET  
(compared to Dec 2013)**

- Total assets at 1.3 billion (up 21.0%)
- Consistently strong cash position (37.3% of total assets)
- Net Technical Reserves up 21.7% at 455.4m
- Shareholder's equity at 352.1m (up 15.4%)



**UNDERWRITING PERFORMANCE**

The Company increased its gross writings by 19.8% compared to twelve months ago. Both Facultative and Treaty portfolios registered impressive growth of 21.1% and 18.5% respectively. Although there were a number of significant losses as mentioned above, the Company continued to demonstrate a profitable underwriting result for the period ended 30<sup>th</sup> September 2014.



*Figures in USD*  
*Basis of preparation: Management Accounts (excluding TUL)*

**Company's Summary Statement of Income – excluding TUL (actual)**

	Q3 2014	Q3 2013
Gross Written Premium	381,300,152	318,232,918
Ceded Written Premium	139,888,193	115,794,357
<b>Total Insurance Revenue*</b>	<b>194,449,744</b>	<b>170,975,525</b>
Net incurred acquisition cost	38,599,217	35,180,058
Net incurred claims	133,710,434	110,550,052
Gross underwriting profit	22,140,093	25,245,415
Less operational expenses	17,695,032	14,426,014
<b>Net underwriting profit</b>	<b>4,445,061</b>	<b>10,819,401</b>
Net non-technical income	2,161,232	1,458,916
<b>NET PROFIT</b>	<b>6,606,293</b>	<b>12,278,317</b>

\*Net Earned Revenue

Major losses and net impact	Millions (net claim)	Loss ratio (% points contribution)
Powertek-Meghnaghat Power Plant	6.5	3.3
PT Apexindo/SK Migas	9.2	4.7
SK Hynix Semiconductor	4.7	2.4
Typhoon Fitow	4.7	2.4
<b>TOTAL</b>	<b>25.1</b>	<b>12.8</b>

**MAJOR LOSSES AND NET IMPACT**

The largest loss during the first nine months of the year was the PT Apexindo/SK Migas loss which cost the Company 9.2m net and added 4.7 percentage points to the loss ratio.

**Trust Underwriting Limited (TUL)**

TUL performed strongly during the nine month period ended September 2014, contributing 2.3m in profits to the bottom-line. Revised Lloyd's estimates for 2012 and 2013 years of account have shown significant improvements compared to 2013 year end estimates. Following the Lloyd's Release Test in May 2014, a cash distribution of 2.3 m was received. The expectation for the year end is a further improvement if the currently experienced, benign claims event situation continues.

*Figures in USD*

*Basis of preparation: Management Accounts (excluding TUL)*

**Asset Allocation**

The Company continued its conservative asset allocation, favouring cash. As a result, the percentage of cash in the total invested assets has increased to 76.6% of total investments held. Bonds improved slightly whereas equities were diluted to 18.9%.

**Non-Technical Performance**

Non-technical income reported improvements compared to Q3 2013. Investment income performed strongly due to increased dividend, realised capital gains and interest income. Fees and other income were down mainly due to the lower profit commission from FAIR syndicate compared to Q3 2013. Non-technical expenses were slightly higher than the budget.

Weakness in the Euro and Sterling during Q3 2014 has increased the Company's FOREX losses from 1.1m to 3.3m.

**KEY RESULTS (actual vs. budget)**

<i>(in millions)</i>	Q3 2014 <i>(actual)</i>	Q3 2014 <i>(budget)</i>	CHANGE (%)
Gross Written Premium	381.3	346.3	<b>10.1</b>
Net Written Premium	241.4	221.0	<b>9.2</b>
Net Earned Insurance Revenue	194.5	177.5	<b>9.6</b>
<b>Net Underwriting Profit</b>	4.4	10.7	<b>(58.9)</b>
<b>Total Profit</b>	6.6	12.6	<b>(47.6)</b>

**KEY RATIOS (%)**

Retention Ratio	63.3	63.8	-
Combined Ratio	97.7	94.0	-
Profit Margin	2.3	6.0	-

GWP at Q3 2014 exceeded the budget by 10.1%.

Profit margin was lower than the budget mainly due to the large losses as mentioned above.

**INVESTED ASSET DISTRIBUTION**

	Q3 2014	Q3 2013
Equities	18.9%	23.1%
Bonds	4.4%	3.0%
Cash	76.6%	73.9%
<b>TOTAL INVESTED (in millions)</b>	<b>617.9</b>	<b>502.3</b>

**NON- TECHNICAL INCOME DISTRIBUTION (in millions)**

	Q3 2014	Q3 2013
Interest, Dividends and Realised Gains	10.3	5.6
Fees and Other Income	2.0	3.0
FOREX	(3.3)	(1.1)
Non-Technical Expenses	(6.8)	(6.0)
<b>TOTAL (in millions)</b>	<b>2.2</b>	<b>1.5</b>