TRUST RE

SUMMARY

Trust Re's Gross Written Premium amounted to 318.2m at the end of Q3 2013 (Q3 2012: 273.2m), representing a solid growth of 16.5%.

Net Earned Insurance Revenue grew by 18.1 percentage points compared to twelve months ago, to stand at 171.0m.

The Underwriting Profit Margin increased by 1.3 percentage points due to the improvement in the loss ratio (0.6%) and a 0.7% improvement in the expense ratio.

Year-on-year, Net Underwriting Profit rose by 50.0% to stand at 10.8m at 30 September 2013 (Q3 2012: 7.2m).

During the period, the Company's parent injected additional capital of 40m, significantly boosting the shareholders' equity to 306.5m (December 2012: 238.3m). This resulted in the fall in Return on Equity despite the improved performance.

Solid cash generation continued during the period, which, together with the 40m injected by the parent, increased the cash balances to 371.4m at the end of Q3 2013 (December 2012: 246.2m).

HIGHLIGHTS

HIGHLIGHTS Q3 2013 vs. Q3 2012

- **Net Underwriting Profit (NUP) up 50.0%**
- **Increase in shareholder's equity by 28.6% to stand at 306.5m**
- **Consistently strong cash position at 33.8% of total assets.**
- **Strong Balance Sheet with total assets above 1.1 billion (up 19.4%)**

KEY RESULTS *(actual)*

(in millions)	Q3 2013	Q3 2012	CHANGE (%)
Gross Written Premium	318.2	273.2	**16.5**
Net Written Premium	202.4	176.0	**15.0**
Net Earned Insurance Revenue	171.0	144.8	**18.1**
Net Underwriting Profit	10.8	7.2	**50.0**
Profit after Tax	12.3	12.4	**(0.8)**
KEY RATIOS (%)			
Retention Ratio	63.6	64.4	-
Combined Ratio	93.7	95.0	-
Profit Margin	6.3	5.0	-
Return on Equity	4.5	5.6	-
RESERVE RATIOS (%)			
Loss Reserves/Net Earned Insurance Revenue (**NEIR**)	**140.2**	**129.2**	-
Net Technical Reserves (**NTR**)/Net Written Premium (**NWP**)	**187.4**	**182.8**	

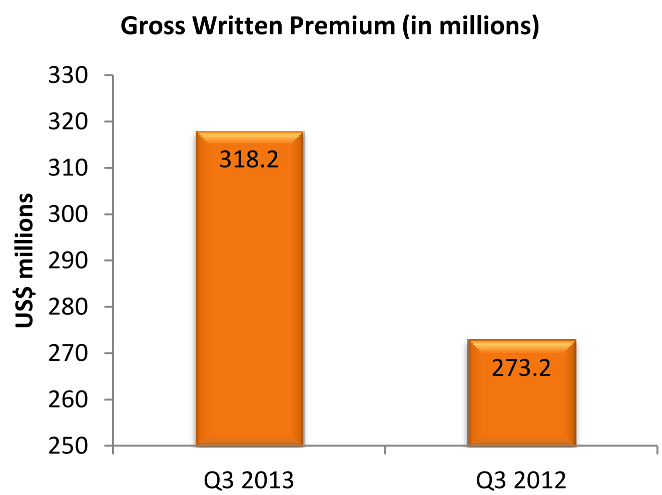
Reserve ratios continued to strengthen as a result of the strong reserving policy of the Company.

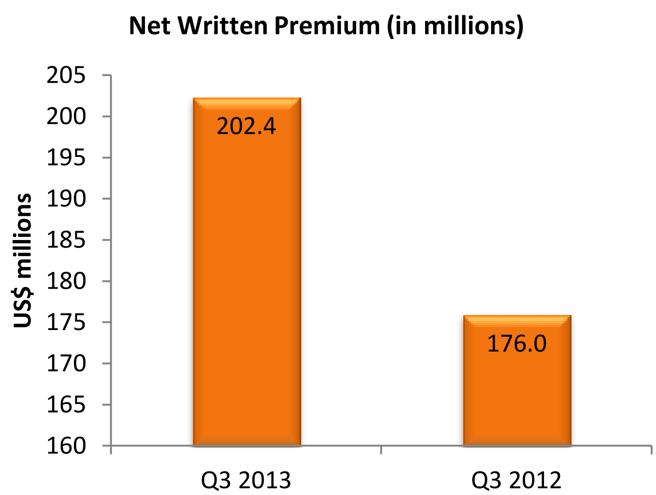
Figures in USD
Basis of preparation: Management Accounts (excluding TUL)

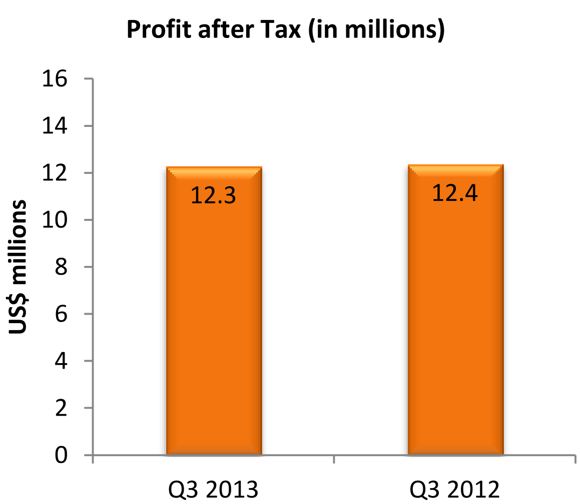
UNDERWRITING PERFORMANCE

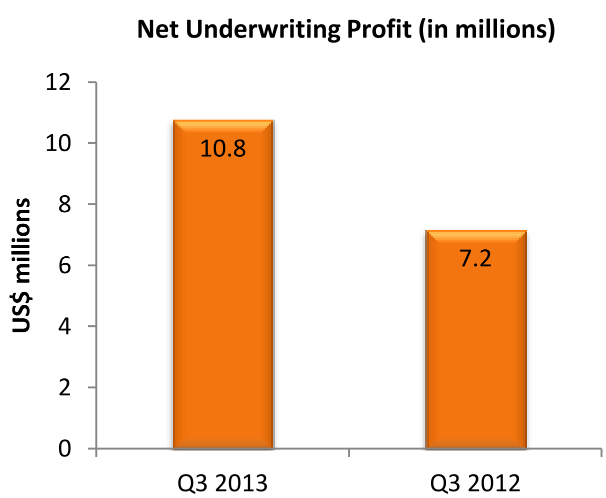
Stable terms and conditions in its main markets enabled the Company to increase its gross writings by 16.5% compared to twelve months ago. Both Facultative and Treaty portfolios registered significant growth of 15.8% and 17.3% respectively. The non proportional treaty element registered the highest growth of 26.5%.

The combined ratio improved from 95.0% to 93.7% led by a fall in the loss ratio due to a stable loss environment and an improved acquisition cost ratio.









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

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

	Q3 2013	**Q3 2012**
Gross Written Premium	318,232,918	273,180,020
Ceded Written Premium	115,797,357	97,223,692
Total Insurance Revenue*	**170,975,525**	**144,815,978**
Net incurred acquisition cost	35,180,058	31,948,058
Net incurred claims	110,550,052	94,545,107
Gross underwriting profit	25,245,415	18,322,813
Less operational expenses	14,426,014	11,129,070
Net underwriting profit	**10,819,401**	**7,193,743**
Net non-technical income	1,458,916	5,182,968
NET PROFIT	**12,278,317**	**12,376,711**

**Net Earned Revenue*

MAJOR LOSSES AND NET IMPACT

Major losses during the first nine months of the year were the Saline Water Conversion Corporation (DOL 13/6/13) and Oman Refinery losses (DOL 11/3/13). Together they cost the company 9.7m net (6.6m and 3.1m respectively) and contributed 6.3 percentage points to the loss ratio.

Trust Underwriting Limited (TUL)

TUL performed strongly during the nine month period ended September 2013, contributing 2.7m in profits to the bottom-line. The main driver for the improved profits was the reduction in the expected cost for Hurricane Sandy and continued increased profit estimates for 2011 and 2012 years of account. Following the Lloyd's release Test in May 2013, a cash distribution of 2.4m 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 proportion of cash in total invested assets increased significantly due to strong cash generation and capital injection of 40m by the parent.

INVESTED ASSET DISTRIBUTION

	Q3 2013	Q3 2012
Equities	23.1%	23.0%
Bonds	3.0%	4.8%
Cash	73.9%	72.2%
TOTAL INVESTED ***(in millions)***	502.3	388.0

Non-Technical Performance

In comparison with the prior period, net non-technical income dropped by 3.7m. The main factors contributing to this were:

- a 0.8m reduction in interest income as a result of lower global interest rates
- the one-off 0.9m profit on sale of fixed income investments in Q3 2012
- increased non-technical expenses due to the sale and leaseback of Trust Tower.

NON- TECHNICAL INCOME DISTRIBUTION *(in millions)*

	Q3 2013	Q3 2012
Interest, Dividends and Realised Gains	5.6	7.0
Fees and Other Income	3.0	2.8
FOREX	(1.1)	(1.2)
Non-Technical Expenses	(6.0)	(3.4)
TOTAL	**1.5**	**5.2**

KEY RESULTS (*actual vs. budget*)

(in millions)	Q3 2013 *(actual)*	Q3 2013 *(budget)*	CHANGE (%)
Gross Written Premium	318.2	266.3	**19.5**
Net Written Premium	202.4	180.6	**12.1**
Net Earned Insurance Revenue	171.0	154.4	**10.8**
Net Underwriting Profit	10.8	10.2	**5.9**
Total Profit	12.3	13.0	**(5.4)**
KEY RATIOS (%)			
Retention Ratio	63.6	67.8	-
Combined Ratio	93.7	93.4	-
Profit Margin	6.3	6.6	-

Substantial growth in GWP was achieved as both Facultative and Treaty portfolios outperformed against the budget. The considerable increase in production compared to the budget reflects the extra capital commitment made by the shareholders during Q1 2013, i.e. 100m instead of 40m.

The retention ratio has underperformed the budget as a result of new retro structures which were put in place in July 2013, to address the growing portfolios of the Company.

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