

SOUTHEAST AND CENTRAL EUROPE TECHNICAL ASSISTANCE FOR CATASTROPHE RISK  
INSURANCE FACILITY SECO TRUST FUND  
GRANT No.TF095647

Special Purpose Financial Statements  
For the year ended 31 October 2020

Implemented By "Europa Re Ltd."

## Table of Contents

INDEPENDENT AUDITOR'S REPORT .....	2
1. SUMMARY OF FUNDS RECEIVED AND EXPENSES PAID .....	4
2. STATEMENT OF PROJECT ACTIVITIES .....	5
3. COMPARISON OF BUDGET WITH ACTUAL AMOUNTS .....	6
4. INFORMATION ON GRANT .....	7
Southeast and Central Europe Technical Assistance for Catastrophe Risk Insurance Facility SECO Grant No TF095647 .....	7
5. ACCOUNTING POLICIES.....	7
6. STATEMENT OF FINANCIAL POSITION .....	9
7. STATEMENT OF DESIGNATED ACCOUNT .....	10
8. STATEMENT OF EXPENDITURE (SOE) .....	11
9. SUBSEQUENT EVENTS.....	11

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**INDEPENDENT AUDITOR'S REPORT**

TO THE MANAGEMENT OF EUROPA RE LTD.

**Opinion**

We have audited the accompanying special purpose financial statements of the "Southeast and Central Europe Technical Assistance for Catastrophe Risk Insurance Facility SECO Trust Fund" (TF095647) which comprise the statement of funds received and expenses paid, statement of project activities and comparison of budget with actual amounts and notes to the financial statements for the period ended October 31, 2020 (incl. grace period). We have also audited the Project's compliance with the conditions of the relevant Grant Agreement.

In our opinion,

1. the special purpose financial statements present fairly in all material aspects the statement of funds received and expenses paid of the projects, statement of project activities and comparison of budget with actual amounts and notes to the financial statements for the period ended October 31, 2020 (incl. grace period) in accordance with International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting, (IPSAS—Cash Basis)
2. the funds have been used in accordance with the conditions of the relevant Grant Agreement

**Basis for Opinion**

We conducted our audit in accordance with International Standards on auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are an independent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Switzerland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Uses**

We draw attention to Note 5 to the financial statements, which describes that financial statements are prepared in accordance with cash basis framework. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely EUROPA Re Ltd. and the International Bank for Reconstruction and Development/ International Development Association ("World Bank") and should not be distributed to or used by parties other than EUROPA Re Ltd. or the "World Bank". Our opinion is not modified in respect of this matter.

**Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements**

The management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC) and with the "Guidelines: Annual Financial Reporting and Auditing for World Bank - Financed Activities" issued by the World Bank's Financial Management Sector Board, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going

concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Zurich, 18.12.2020

MAZARS Ltd.



2020-12-18 13:12

Digitally signed by Daniel Müller

Daniel Müller  
Audit expert  
Auditor in charge

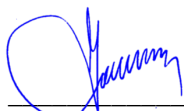
Denise Wipf  
Partner, Audit Expert

**Enclosures:** Summary of funds received, and expenses paid, statement of project activities, comparison of budget with actual amounts and notes to the special purpose financial statements.

**EUROPA RE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Grant No. TF095647 AS OF 31 OCTOBER 2020**  
**(Expressed in US dollars)**

**1. SUMMARY OF FUNDS RECEIVED AND EXPENSES PAID**

	Notes	IBRD Grant No.TF 095647		Cumulative
		31 December 2019	31 October 2020	
<b>OPENING BALANCES</b>		<b>99'004</b>	<b>158'349</b>	
Overpaid taxes		-	-	
International Bank for Reconstruction and Development Transit Account	6	99'004	158'349	
<b>ADD: FUNDS RECEIVED BY SOURCES</b>		<b>364'918</b>	<b>570'326</b>	<b>8'205'418</b>
International Bank for Reconstruction and Development		364'918	570'326	6'417'998
International Bank for Reconstruction and Development (Direct Payments)		-	-	1'787'420
<b>LESS: EXPENDITURES</b>		<b>305'574</b>	<b>728'644</b>	<b>8'205'387</b>
<b>International Bank for Reconstruction and Development</b>		<b>305'574</b>	<b>728'644</b>	<b>6'417'967</b>
Consulting services, training, operating costs		305'574	728'644	6'417'967
<b>International Bank for Reconstruction and Development (Direct Payments)</b>		<b>-</b>	<b>-</b>	<b>1'787'420</b>
Consulting services, training, operating costs		-	-	1'787'420
<b>CLOSING BALANCES</b>		<b>158'349</b>	<b>31</b>	<b>31</b>
Overpaid taxes		-	-	-
Transit Accounts	7	-	-	-
International Bank for Reconstruction and Development	7	158'349	31	31

  
 Laura Konda Gjinali  
 Chief Financial Officer

  
 Orsalia Kalantzopoulos  
 Chief Executive Officer

Date: 16 December 2020

**EUROPA RE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Grant No. TF095647 AS OF 31 OCTOBER 2020**  
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2. STATEMENT OF PROJECT ACTIVITIES

IBRD Grant No.TF 095647	31 December 2019	31 October 2020	Cumulative
(i) Compensation of Board directors and Board administrative staff	106'222	175'995	1'830'541
(ii) Country risk assessments	-	49'211	1'540'749
(iii) Establishing underwriting systems	70'990	53'966	1'519'499
(iv) Auditing Services	84'084	144'396	563'787
(v) Training	18'574	2'124	49'998
(vii) The development of risk models, regulatory work, and acquisition of weather data and whether stations	25'704	302'953	2'700'813
	<b>305'574</b>	<b>728'644</b>	<b>8'205'387</b>

**EUROPA RE LTD**  
**COMPARISON OF BUDGET WITH ACTUAL AMOUNTS**  
**Grant No. TF095647 AS OF 31 OCTOBER 2020**  
**(Expressed in US dollars)**

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3. COMPARISON OF BUDGET WITH ACTUAL AMOUNTS

Statement of Project Activities for the year ended 31 October 2020

IBRD Grant No.TF 095647	Actual	Planned	Variance
(i) Compensation of Board directors and Board administrative staff	175'995	182,104	(6,109)
(ii) Country risk assessments	49'211	49,211	1
(iii) Establishing underwriting systems	53'966	17,174	36,791
(iv) Auditing Services	144'396	134,572	9,824
(v) Training	2'124	2,126	(2)
(vii) The development of risk models, regulatory work, and acquisition of weather data and whether stations	302'953	356,041	(53,089)
	<b>728'644</b>	<b>741'227</b>	<b>(12'583)</b>

#### **4. INFORMATION ON GRANT**

##### ***Southeast and Central Europe Technical Assistance for Catastrophe Risk Insurance Facility SECO Grant No TF095647***

The Southeast and Central Europe Technical Assistance for Catastrophe Risk Insurance Facility (SECO Trust Fund Grant No. TF095647) was established in accordance with the Grant Agreement signed on 25 November 2009 between the Europa Re Ltd. ("PIU" or "the Company") and the International Bank for Reconstruction and Development/ International Development Association ("World Bank").

The objective of the Project is to help provide a better mechanism for dealing with catastrophic risks in the Southeast and Central Europe region by supporting the establishment of the Catastrophe Risk Insurance Facility, which will aim at increasing the number of individuals and small and medium enterprises insured by the private insurance market for catastrophic risks in said regions. The Project consists of provision of financing for the payments by the Recipient for costs and expenses incurred in connection with the establishment of the Facility, including:

- a. The carrying out of country-risk assessments to devise pricing guidelines for insurance companies that will be selling catastrophic risk insurance policies;
- b. The development of pricing, underwriting and financial risk-management tools for the Facility, including the establishment of a web-based underwriting platform.
- c. Compensation for the members, the executive assistant and the Chairman of the Recipient's board of directors, compensation for the Recipient's Chief Financial Officer and the carrying out of audits of the Recipient; and
- d. Provision of procurement training to the Recipient's staff

The World Bank acts as an administrator of grant funds provided by the Swiss State Secretariat for Economic Affairs (SECO) under the Southeast and Central Europe Technical Assistance for Catastrophic Risk Insurance Facility Trust Fund, proposes to extend to the Europa Re Ltd. ("Recipient") a grant in an amount not exceed USD 2,327,169.

- On 3 January 2011, the grant agreement has been amended, where the grant amount has been increased to USD 4,231,835.
- On 17 September 17, 2015 an extension of the grant amount of USD 3,000,000 was signed, increasing the amount to USD 7,231,835.
- On 6 April 2018 an extension of the grant amount of USD 974,000 was signed, increasing the amount to USD 8,205,835.

According to the Grant Agreement the World bank and development would finance 100% of eligible expenditures consisting of consultant's services, training and operating costs.

As per amended grant agreement the Project Closing date is 30 June 2020.

#### **5. ACCOUNTING POLICIES**

##### **a) Basis of Accounting**

These special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standard ("IPSAS") *Financial Reporting under the Cash Basis of Accounting* issued by the International Public Sector Accounting Standards Board ("IPSASB"), an independent standard-setting body within the International Federation of Accountants ("IFAC") and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the "Guidelines: Annual Financial Reporting and Auditing for World Bank - Financed Activities" issued by the World Bank's Financial Management



**EUROPA RE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Grant No. TF095647 AS OF 31 OCTOBER 2020**  
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Sector Board. These Special Purpose Financial Statements have been prepared under the historical cost convention. Project financing is recognised as a source of project funds when the cash is received. Project expenditure is recognised as a use of project funds when payment is made.

**b) Period of accounts**

These special purposes financial statements cover the periods from 1 January 2020 to 31 October 2020. In addition, cumulative project funding and expenditure is presented because it is of more relevance to users of the financial statements.

**c) Transactions and balances in foreign currencies**

In accordance with the requirements of the World Bank, these special purpose financial statements are presented in United States dollars ("US dollar", "USD" or "US\$"), which is the functional currency of the Project.

**EUROPA RE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Grant No. TF095647 AS OF 31 OCTOBER 2020**  
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6. STATEMENT OF FINANCIAL POSITION

IBRD Grant No.TF 095647	Note	31 December 2019	31 October 2020
<b>ASSETS AND CUMULATIVE EXPENDITURE</b>			
Cash in bank	7	158'349	31
Transit Accounts		-	-
Cumulative Project expenditure		7'476'743	8'205'387
		<b>7'635'091</b>	<b>8'205'418</b>
<b>SOURCES OF FUNDS</b>			
Project financing		7'635'091	8'205'418
Accumulated Foreign exchange difference		-	-
		<b>7'635'091</b>	<b>8'205'418</b>

**EUROPA RE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Grant No. TF095647 AS OF 31 OCTOBER 2020**  
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**7. STATEMENT OF DESIGNATED ACCOUNT**

The Designated Accounts maintained with the UBS Switzerland, are designated disbursement account of the Projects to perform the payment of eligible expenditure, within defined limits, which do not require individual authorisation from IBRD.

<b>For the period ended 31 October 2020</b>	<b>Designated Account IBRD TF09647</b>
Opening balance	158'349
<b>ADD:</b>	
Project funds received	570'326
	<b>570'326</b>
<b>LESS:</b>	
Eligible Project expenditure	728'644
	<b>728'644</b>
Transit Accounts	-
Closing balance	<b>31</b>

**EUROPA RE LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Grant No. TF095647 AS OF 31 OCTOBER 2020**  
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**8. STATEMENT OF EXPENDITURE (SOE)**

Under the SOE method, the Projects forwards to the World Bank an application for reimbursement of payments already made using an Application for Withdrawal with SOE forms as the only documentation.

**IBRD Grant No.TF 095647**  
**For the year ended 31 October 2020**

<b>Date of application</b>	<b>Application #</b>	<b>Required amount</b>	<b>Paid amount</b>
05-Feb-2020	57-SECO	54'938	54'938
19-Mar-2020	58-SECO	124'734	124'734
29-Apr-2020	59-SECO	84'751	84'751
6-Jun-2020	60-SECO	165'328	165'328
4-Aug-2020	61-SECO	140'992	140'992
26-Oct-2020	62-SECO	-	-
29-Oct-2020	63-SECO	(418)	(418)
<b>Total for 2020</b>		<b>570'326</b>	<b>570'326</b>

**9. SUBSEQUENT EVENTS**

The balance of the designated account at 31 October 2020 of USD 31 as presented in Note 7, was not returned to the World Bank because the accrued interest is considered as Grantee income.