Annual Report
2018

Citadel
insurance

MISSION STATEMENT

We focus on the needs of our customers to create confidence, trust and loyalty.

As a composite insurer we are able to achieve this by offering a wide range of products designed around innovative insurance solutions for better security and protection.

Strengthened by our commitment to professional management, we ensure the continued growth and profitability of the Company.

Citadel Insurance p.l.c.
Annual Report & Consolidated Financial Statements
31st December 2018

Company Registration Number: C 21550

CONTENTS

DIRECTORS, OFFICERS AND OTHER INFORMATION

DIRECTORS:	Mr. Joseph N. Tabone C.P.A. F.I.A., F.C.I.B. *(Chairman)* Prof. Ian Refalo B.A. LL.D Dip.IL (Cambridge) *(Deputy Chairman)* Ms. Angela Tabone *(Managing Director)* Mr. Anthony Paris Mr. Michael Warrington C.P.A. A.C.I.B., B.A.(Hons) Acctcy, F.I.A., M.A. Fin. Servs Mr. Stephen Pandolfino B.A. (Hons) Accty, F.I.A., C.P.A., A.C.I.B. Dr. Joseph J. Vella LL.D. Mr. Christopher Worfolk B.A. (Hons), M.Sc.
COMPANY SECRETARY:	Dr. Philippa Taylor-East B.A. LL.D.
REGISTERED & HEAD OFFICE:	"Casa Borgo", 26, Market Street, Floriana FRN 1082, Malta
COMPANY REGISTRATION NUMBER:	C 21550
INVESTMENT COMMITTEE:	Mr. Anthony Paris *(Chairman)* Mr. Stephen Pandolfino Ms. Angela Tabone Mr. Edward Cachia
AUDIT COMMITTEE:	Mr. Michael Warrington *(Chairman)* Mr. Joseph N. Tabone Prof. Ian Refalo
RISK MANAGEMENT:	Mr. Christopher Worfolk *(Chairman)* Ms. Angela Tabone Mr. Roberto Apap Bologna Mr. Alfred Cachia *(resigned effective 15 December 2018)* Dr. Philippa Taylor-East

AUDITOR:	Deloitte Audit Limited
PRINCIPAL BANKERS:	Bank of Valletta p.l.c. HSBC Bank (Malta) p.l.c. APS Bank Limited BNF Bank p.l.c.
PRINCIPAL LEGAL ADVISORS:	Refalo & Zammit Pace Advocates
ACTUARIES:	Warren F.A.M. Ltd. Mazars LLP Numisma Advisory Services Ltd
CUSTOMER SERVICES OFFICE:	No.28, St. Anne Street, Floriana FRN 9011
BRANCH OFFICES:	Naxxar Branch: 3, Toni Bajjada Square, Naxxar NXR 2590 Ħaż-Żebbuġ Branch: Gate Avenue, Ħaż-Żebbuġ ZBG 2079 Paola Branch: 30, Żabbar Road, Paola PLA 1012 Gżira Branch: 44, Imsida Road, Gżira GZR 1400 San Ġwann Branch: 197, Naxxar Road, San Ġwann SGN 9031 Żejtun Branch: 25th November Avenue, Żejtun ZTN 2018 Victoria Branch: The Tower, 2nd Floor, Fortunato Mizzi Street, Victoria, Gozo VCT 2571 Mosta Branch: 17A, Eucharistic Congress Road, Mosta MST 9030 Mellieħa Branch: Majestic East, 7, Cross Street c/w Borg Olivier Street, Mellieħa
AGENCY:	MIB Insurance Agency Limited 53, 2nd Floor, Mediterranean Building, Abate Rigord Street, Ta' Xbiex MSD 1122

CHAIRMAN'S STATEMENT

Citadel continued to register strong growth during 2018 and I am pleased to report that the gross written premium grew by 10% to €14,788,248 for its combined business of life and non-life. The insurance business performance produced encouraging results across its lines for long-term, savings, and general insurance products. The Company's values to maintain a disciplined approach in the way it grows the business remained unchanged by focusing on profitability rather than sales volumes.

Externally, the build-up to the uncertainty in the global economic environment intensified during 2018. This compounded backdrop had an effect on the results of the investment market performance across most asset classes. The local investment market has also weighed down on the country's high-quality assets and caused larger than expected losses on some of the investments in the Company's portfolio.

Citadel's loss after tax for the financial year of €963,882, on the whole was due to the performance resulting from the decline in the return generated from its investments. Notwithstanding the decline in shareholder's value the robust operational processes built over the years has enabled the Company to overcome these challenges to continue in its program to release sub-ordinated loan whilst maintaining a healthy solvency ratio.

Citadel operates a robust system of governance and risk management framework, which it embeds into its ongoing operational processes within its highly regulated environment. During the year under review the Company continued to invest in technological infrastructure designed to gain momentum to transform Citadel into an effective digitalisation operational platform for a leaner operation. Moreover, the Company invested in systems and control aimed to meet the new challenges on new legislations for mainly General Data Protection Regulation (GDPR), Anti Money Laundering and Insurance Distribution Directives.

The composition of the Board of Directors remained unchanged from the previous year with seven (7) non-executive directors and one (1) executive director, who collectively have the requisite experience to direct the Company to meet its strategic objectives.

In 2018, the Citadel team expanded to an average of 98 employees to provide a more effective service for the growing needs of its increased customer base. The ongoing strategy to retain talent and attract new skills for Citadel's expanding customer base was challenging due to the full employment within the country. Yet management has accomplished to retain and engage the right mix of competences to uphold its strong culture of a holistic customer experience.

The objective of the Corporate Social Responsibility (CSR) Committee is to integrate social and environmental concerns into our business in line with Citadel's values. The Committee meets regularly to organise awareness campaigns and fund raising activities, where proceeds are donated to causes carefully selected by the Committee. In 2018 the Committee was very active organising a number of events. One such successful event was the 'Save the Bee' campaign which will continue throughout 2019 with a popular demand from schools and other organisations.

The coming year is shaping to be positive from an insurance growth perspective and an investment turnaround of its performance. However, I feel that we should continue with our cautious values because of any unexpected volatility that may occur due to a slowdown in a number of major economies. Within the EU we also have the aspect of Brexit and the impact this will have on the relationship between the UK and EU. Malta's economy is still one of the best performers in the EU and this does present a number of opportunities for Citadel. We will continue to exercise determination with the aim of achieving our goals and objectives without losing sight of our values.

I thank the members of the Board for their guidance and our shareholders for their support and confidence. My gratitude goes to our members of staff for their continued dedication and professionalism and to our customers for their loyalty and trust.

Joseph N. Tabone
Chairman

MANAGING DIRECTOR / CEO REVIEW

In 2018 we continued to drive our unique business mix across all product lines. As a direct result we experienced good results on our insurance performance; an increased policy count and client base; new business across all product lines and kept constant our expense ratios. We aim to improve our non-motor business mix, which stood at 53% at year-end even though traditional motor business holds a higher weighting on the business composition has been accomplished. The underlying performance for the core business areas generated a combined revenue for life and non-life of €14,788,248. This strategy continues to have a positive influence on our solvency and combined ratios.

The challenges that the Company faced in 2018 to achieve a sustainable level of return on its' investment portfolio was influenced by the conditions surrounding the international and local investment market environment. During this period, we took a prudent approach to mitigate potential losses and held in cash up to €3,700,000. The remaining investment assets of €16,400,000 registered a substantial decline in its fair value movement that resulted in a loss of €852,766 or 4% on our investment portfolio.

As a direct consequence to the adverse effect on the return of investments, the 2018 financial results registered a loss after taxation of €963,882. The outlook for 2019 seems positive in that the investment portfolio has recouped some of its unrealized losses in the 1st quarter of the year. However, the Company will continue to take a cautious investment strategy.

The business model, strategy and approach to risk management are geared to the achievement of our vision as well as to creating value for our stakeholders. In 2018 we achieved our target on the underwriting results for the general and life segments of our business. Our core competencies in insurance and the way we manage risk amidst persistent market challenges has shown that we are able to generate a healthy revenue growth. Gross written premiums for non-life business increased by 10% to €12,526,192 over 2017. The overall loss ratio increased by 2.8% to 52.6% over 2017 and the pure net technical result generated a return of up to 23.7% for 2018.

The life technical performance is closely correlated to the performance of the life investment portfolio. Bonds remained a challenge with yields decreasing to minimal levels over 2018. The life technical results for the year ended 2018 stood at €119,547 (2017: €625,127). Life revenue for term insurance business maintained a constant growth of 6%. Surrenders decreased by 38% over 2017 and saving product maturities decreased by 46% over 2017. The Company has declared bonuses of 4.5% and 3.5% on its guaranteed products and 3% on its newly launched savings products.

Digitalisation in 2018 remained the focal point on the way we manage our business to place the customer at the centre of our ethos. We continue to deliver improved digital platforms to engage customers in using simple digital facilities to manage their insurance needs on a 24x7 basis for most of its products. Our continual investment to embed innovative solutions in our digitalised applications is reaching our objectives to become a more productive, cost-effective and efficient operating business. In 2018 we remained committed to our belief to provide flexible and easy to understand products tailored for their risk. We are able to provide customers with a wide range of insurances for life, savings, health, motor, commercial and individual to cover their overall risk requirements. Our increased performance for 2018 is a direct result of the service and product mix we are extending to our customers.

Our business growth, simplified processes and cost control to manage our operation has contributed to an improved combined ratio of below 100%. The Solvency II capital for our composite structure requirement of €7.4 million remains healthy. The Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR) stood at 127% and 217% respectively at 2018. These result also take into consideration the Company's strategy to reduce its subordinated loans.

Keeping talent is critical to our business to ensuring continuity for customer relations. With this in mind we continue to focus on identifying the right people for the varied roles with skills and experience to drive our business strategy. Maintaining long-term ties with our customers also give us a better understanding of customers' evolving needs. Challenging but achieved, in 2018 we improved our employee engagement to over 72% by continuing to create new opportunities for our employees to advance in their careers. We are now a complement of an average of 98 persons driving efficiency and customer service.

The industry continues to face challenges on how it operates under new and changing regulatory framework, the economic external environment and customers' expectations. In 2019 we will remain true to our business strategy which evolves around our customer relationship, talent base, operational quality and financial strength. Digitalisation will remain at the forefront in the way we manage and grow our business. Our goal is to improve our stakeholders' value to deliver consistent, returns and excel in customer experience and loyalty which is crucial to our success.

I thank our staff for working with management to achieve our objectives and our customers for putting their trust in Citadel. I am grateful to our Board of Directors for their confidence in Management to lead the Company to deliver consistent growth in future years.

Angela Tabone
Managing Director / CEO

DIRECTORS' REPORT

The Directors of Citadel Insurance plc are pleased to present their report together with the audited financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Citadel Group consist of the business of insurance.

Citadel Insurance p.l.c. (the Company) is licensed to carry on general and long-term business in terms of Article 7 of the Insurance Business Act 1998. The Group also operates a Health Insurance Agency under Article 13 of the Insurance Intermediaries Act, 2006, which is currently administering the run-off of its portfolio.

BRANCHES

The Company's branches are listed on page 5.

REVIEW OF PERFORMANCE

Performance from the core activities has been strong and growth in the major areas of the business remains diverse and consistent with our prudent approach on underwriting risks.

The Company generated a combined gross written premium of €14,788,248 during the year under review compared to €13,535,299 in 2017. The General Business grew by 10%, whilst premium growth in the long-term business increased by 6% over 2017. The technical results for general business generated a loss of €651,255 (2017 profit: €544,134). Long term business generated a profit of €119,547 (2017: €626,127). The Company's combined technical accounts resulted in a total adverse balance of €531,708 before the allocation of non-technical components.

2018 has been a very challenging year for investments with high volatility being experienced both on the local and international markets. We have seen the EURO STOXX 50 plummet by 14% amongst concerns on Brexit, recession and possible interest rate hikes. We have experienced adverse fair value movements on both the local and global economies. The Company continued to diversify its portfolio and introduce a property element. The Company has 43% of its investments in debt securities all at fixed rates and 40.8% in listed shares. Net investment returns (excluding fair value measurements) decreased by 6.6% to close off 2018 at €852,766 (2017: €800,324).

Citadel Insurance plc (the "Company") registered a loss before taxation of €1,317,557 compared to a profit in 2017 of €430,404 and retained earnings stood at €1,324,984 at 31 December 2018 (2017: €2,401,035). The Group generated a loss before taxation of €1,305,388 (2017 profit: €424,234) and retained earnings decreased to €1,130,320 (2017: €2,194,202), after dividend distributions of €100,000.

At Citadel we endeavour to exceed customer expectations, to provide an overall insurance service centred around their unique insurance needs. We continue to grow our areas of expertise to meet expectations of our corporate clients' insurance risk profiles for their business security. We are committed to invest to improve our facilities to provide instant insurance services through our digital platform as well as distribution channels.

The Board of Directors would like to extend their gratitude and appreciation to the management and staff for their dedication and hard work. We would also like to thank the intermediaries for their continued support, and most of all to Citadel's loyal customers for entrusting us with their insurance protection.

OUTLOOK

The outlook of the Board of Directors for 2019 is prudently optimistic. Malta's economy has performed well when compared to other European countries. The Company is expecting to maintain the same rhythm of growth experience in 2018 whilst keeping its expenses constant. The demand for general business insurance is expected to increase together with life and pension and related business.

On the international front, there are some major events that will impact the markets. We have the dilemma of Brexit, slowdowns seem to be on the horizon in some of the major economies, these and other factors could potentially have a dampening effect on the markets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties are disclosed in Note 5 dealing with the management of Insurance and Financial Risk and Note 4 makes reference to judgements in applying accounting policies and accounting estimates.

BOARD OF DIRECTORS

The Directors of the Company who served during the period under review were Mr Joseph N. Tabone (Chairman), Prof Ian Refalo (Deputy Chairman), Ms Angela Tabone, Mr Stephen Pandolfino, Mr Anthony Paris, Dr Joseph J. Vella, Mr Michael Warrington and Mr Christopher J. Worfolk.

In accordance with paragraph 69 (d) of the Company's articles of association the Directors are to continue in office.

AUDITORS

A resolution to reappoint Deloitte Audit Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors, authorised for issue on 17 April 2019 and signed on its behalf by:

Joseph N. Tabone
Chairman

Ian Refalo
Deputy Chairman

STATEMENT OF COMPLIANCE

CORPORATE GOVERNANCE GUIDELINES FOR PUBLIC INTEREST COMPANIES

Citadel Insurance p.lc. (the "Company"), being a large private company, has adopted the "Corporate Governance Guidelines for Public Interest Companies" (the "Guidelines") issued by the Malta Financial Services Authority (the "Authority") in August 2006. The Company has implemented the Guidelines in conjunction with other provisions made by prevalent legislation which regulates the local insurance business market. The Board of Directors (the "Board") firmly believes in pursuing the Guidelines and has endorsed them except in extraordinary circumstances that justify non-adherence thereto.

THE BOARD

In line with the requirements of the Guidelines and the provisions of the Company's Memorandum and Articles of Association, the Board is composed of a Chairman, a Managing Director and six non-executive and independent Directors. All Directors are fit and proper persons and, are, individually and collectively, of sufficient calibre, with the necessary skills and experience to provide leadership, integrity and judgement in directing the Company. Each member of the Board has undergone a satisfactory due diligence process conducted by the Authority prior to his or her appointment.

RESPONSIBILITIES OF THE BOARD

In the best interests of the Company and its shareholders, the Board is responsible for the execution of the basic roles of corporate governance namely: accountability, monitoring, strategy formulation and policy development of the Company. Pursuant to the current nature and demands of the Company's business, the Board meets every quarter unless further meetings are required. It reviews and evaluates corporate strategy, major operational and financial plans, risk management policy, performance objectives and monitors implementation and corporate performance within the parameters of all relevant laws, regulations, rules and directives, and codes of best business practice.

The Board has delegated authority and vested accountability for the Company's day-to-day administration of the business to a senior management team headed by the Managing Director. The Board has also established a number of committees at senior managerial level and set out appropriate internal controls and procedures, as required by Chapter 6: System of Governance of the Insurance Rules, particularly to monitor the Company's exposure to risk. Further detail on risk management policies, controls and procedures is provided within the Notes to these Financial Statements.

BOARD COMMITTEES

The Board has set up specific committees to deal with specialist subject matters and responsibilities with tailor made terms of reference.

1. *Audit Committee:* The Committee, which fulfils the requirements of Annex II to Chapter 6 of the Insurance Rules, meets at least on a quarterly basis and more frequently if circumstances so require. The Committee is appointed by the Board and currently consists of three non-executive directors. The Managing Director and other officers of the Company, while not forming part of the Committee, may be asked to attend meetings at the discretion of the Committee. The Committee is responsible for reviewing the financial reporting process, the Company's systems of internal controls and risk management systems including computerised information systems, controls and security, overseeing the internal audit function and reviewing the external audit processes.

2. *Investment Committee:* The members of the Committee are appointed by the Board and for the year under review, the Committee met sixteen times. The Committee is composed of two non-executive directors, one of whom chairs the Committee, the Managing Director and an external member. The Committee is responsible for formulating, monitoring and reviewing the Company's investment strategy and policies and investment processes. Other officers of the Company, while not forming part of the Committee, may be invited to attend.

3. *Risk Management Committee:* The Committee is required to meet at least on a quarterly basis and its remit is to oversee the Company's risk management systems, practices and procedures to ensure effectiveness of risk identification and management, and compliance with internal guidelines and external requirements. The Committee met four times during 2018. The Committee is composed of a non-executive director, who chairs the Committee, the Managing Director, the Head of Corporate, the Compliance Officer and Head of Finance. The members of the Committee are appointed by the Board and other officers of the Company, while not forming part of the Committee, may be required to attend meetings on the request of the Committee.

INTERNAL STRUCTURES

The following internal structures have been set up to ensure effective and appropriate internal controls, systems and procedures pursuant to the nature and extent of the operations of the Company:

1. *Claims Committee:* The Committee meets twice a month and is chaired by the Managing Director. The members consisted of the Executive Head Motor and General Business, the Head of Finance, the Head of Motor Underwriting and Claims, the Head of General Business Underwriting and the Head of Corporate Services. The Terms of Reference of the Committee include the review of motor and non-motor liability claims, the review of death claims, the review of claims reserves and the appointment of experts. Other officers of the Company, including the Head of Life, may be invited to attend.

2. *Asset-Liability Management Committee:* The Committee meets on a quarterly basis. It is composed of the Managing Director, who chairs the meetings, the Head of Finance and an external

member. The Committee is responsible for reviewing the Company's current assets and investments and identifying shortfalls or mismatches between current liabilities arising from the life products versus our investments and the return that the investments will yield.

3. *Senior Management Team:* The Team comprises all heads of department. It is responsible for managing the day-to-day operations of the Company, executing the Company's technical and business strategy, identifying, defining and prioritising projects and initiatives, allocating resources and co-ordinating same. The team meets regularly to ensure growth and profitability in all areas and develop the necessary internal structures to meet the Company's business targets. It is charged with the implementation of Board approved strategies and plans.

4. *Reinsurance Team:* The Team is presently composed of the Managing Director, the Executive Head Motor and General Business, Head of Life and the Head of Corporate Services. The Team is responsible for reviewing current reinsurance programmes and prepare for the treaty renewals. The Team maintains close contact with the appointed international reinsurance brokers.

5. *Compliance Team:* The Team is headed by the Compliance Officer who is assisted by the Head of Corporate Services. The Team meets on a regular basis and is responsible to ensure that the Company is compliant with all applicable laws, rules and regulations and to prevent and resolve any compliance issues. The Compliance Officer also meets on a regular basis with the Chairman and Managing Director.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Insurance Business Act (Cap. 403) and the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company and its Group at the end of each financial year and of the profit or loss of the Company and its Group for the year then ended. In preparing the financial statements, the Directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business as a going concern.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and which enable the Directors to ensure that the financial statements comply with the Insurance Business Act (Cap. 403) and the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

INCOME STATEMENTS

Year Ended 31 December 2018

TECHNICAL ACCOUNT - GENERAL BUSINESS		GROUP AND COMPANY	
		2018	2017
	Note	€	€
Earned premiums, net of reinsurance			
Gross premiums written	6	12,526,192	11,395,479
Outward reinsurance premiums		(3,611,076)	(3,432,850)
Net premiums written		8,915,116	7,962,629
Change in gross provision for unearned premiums		(622,530)	(610,571)
Change in provision for unearned premiums, reinsurers' share		208,575	92,911
Change in net provision for unearned premiums		(413,955)	(517,660)
Earned premiums, net of reinsurance		8,501,161	7,444,969
Allocated investments return transferred from the non-technical account	7	(552,256)	384,243
Other net technical profit	6	250,621	254,651
Total technical income		8,199,526	8,083,863
Claims incurred, net of reinsurance			
Claims paid			
• Gross amount		(6,165,810)	(4,867,933)
• Reinsurers' share		890,333	842,385
		(5,275,477)	(4,025,548)
Change in the provision for claims			
• Gross amount		(92,013)	(568,219)
• Reinsurers' share		(154,649)	13,468
		(246,662)	(554,751)
Claims incurred, net of reinsurance		(5,522,139)	(4,580,299)
Net operating expenses	8	(3,328,642)	(2,959,430)
Total technical charges		(8,850,781)	(7,539,729)
Balance on technical account for general business		(651,255)	544,134

The notes on pages 20 through 53 are an integral part of these financial statements.

TECHNICAL ACCOUNT - LONG TERM BUSINESS		GROUP AND COMPANY	
		2018	2017
	Note	€	€
Earned premiums, net of reinsurance			
Gross premiums written	6	2,262,056	2,139,820
Outward reinsurance premiums		(913,311)	(928,651)
Earned premiums, net of reinsurance		1,348,745	1,211,169
Net income from financial assets	7	268,435	262,941
Loss/Gain on re-measurement of assets at fair value	7	(452,068)	75,682
Loss/Gain on re-measurement of unit-linked assets at fair value	7	(116,877)	77,458
Other income		95,574	91,792
Total technical income		1,143,809	1,719,042
Claims incurred, net of reinsurance			
Claims paid			
• Gross amount		(714,325)	(1,063,461)
• Reinsurers' share		293,982	499,790
		(420,343)	(563,671)
Change in the provision for claims			
• Gross amount		(80,120)	523,370
• Reinsurers' share		86,429	(446,339)
		6,309	77,031
Claims incurred, net of reinsurance		(414,034)	(486,640)
Change in other technical reserves, net of reinsurance			
Long term business provision, net of reinsurance			
• Gross amount		94,723	(111,133)
• Reinsurers' share		(248,877)	(131,138)
		(154,154)	(242,271)
Technical provisions for linked liabilities		177,861	106,342
		23,707	(135,929)
Net operating expenses	8	(633,935)	(470,346)
Total technical charges		(1,024,262)	(1,092,915)
Balance on technical account for long term business		119,547	626,127

The notes on pages 20 through 53 are an integral part of these financial statements.

INCOME STATEMENTS cont.

Year Ended 31 December 2018

NON-TECHNICAL ACCOUNT		GROUP		COMPANY	
		2018	2017	2018	2017
	Note	€	€	€	€
Balance on the general business technical account (page 14)		(651,255)	544,134	(651,255)	544,134
Balance on the long term business technical account (page 15)		119,547	626,127	119,547	626,127
		(531,708)	1,170,261	(531,708)	1,170,261
Investment income	7	215,283	412,276	215,283	412,276
Investment expenses and charges	7	(767,539)	(28,033)	(767,539)	(28,033)
Allocated investment return transferred to the general business technical account	7	552,256	(384,243)	552,256	(384,243)
Administrative expenses	8	(773,680)	(746,027)	(785,849)	(739,857)
(Loss)/Profit on ordinary activities before tax		(1,305,388)	424,234	(1,317,557)	430,404
Tax on ordinary activities		341,506	(164,882)	341,506	(164,882)
(Loss)/Profit for the financial year		(963,882)	259,352	(976,051)	265,522

STATEMENTS OF COMPREHENSIVE INCOME Year ended 31 December 2018	GROUP		COMPANY	
	2018	2017	2018	2017
	€	€	€	€
(Loss)/Profit for the year	(963,882)	259,352	(976,051)	265,522
Items that will not be reclasified profit or loss:				
Revaluation of property, net of deferred tax	325,834	-	325,834	-
Total comprehensive (loss)/income for the year	(638,048)	259,352	(650,217)	265,522

The notes on pages 20 through 53 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		GROUP		COMPANY	
		2018	2017	2018	2017
	Notes	€	€	€	€
Assets					
Intangible assets	13	387,226	347,014	547,963	527,508
Property, plant and equipment	14	4,048,592	3,431,737	4,046,112	3,428,457
Investment property	15	1,970,611	-	1,970,611	-
Investment in subsidiary	16	-	-	299,999	299,999
Financial assets at fair value through profit or loss	17	12,077,781	14,146,010	12,077,781	14,146,010
Assets held to cover linked liabilities	17	1,365,871	1,543,731	1,365,871	1,543,731
Loans and receivables	17	1,000,000	1,000,000	1,000,000	1,000,000
Reinsurers' share of technical provisions	21	5,016,201	5,124,724	5,016,201	5,124,724
Insurance receivables	18	2,911,849	2,840,863	2,911,189	2,840,201
Other receivables	18	345,057	413,049	359,078	461,583
Deferred acquisition costs		826,759	792,623	826,759	792,623
Current tax assets		91,007	106,638	91,007	106,638
Cash and cash equivalents	19	4,420,682	5,576,188	4,337,275	5,451,270
Total assets		34,461,635	35,322,577	34,849,846	35,722,745
Equity and liabilities					
Share capital	22	5,000,400	5,000,400	5,000,400	5,000,400
Revaluation reserve		1,332,747	1,006,913	1,332,747	1,006,913
Capital reserve		19,527	19,527	19,527	19,527
Retained earnings		1,130,320	2,194,202	1,324,984	2,401,035
Total equity		7,482,994	8,221,042	7,677,658	8,427,875
Liabilities					
Insurance contract provision	21	19,888,147	19,188,206	19,888,147	19,188,206
Technical provisions for linked liabilities	21	1,365,870	1,543,731	1,365,870	1,543,731
Deferred tax liabilities	20	179,684	623,420	179,684	623,420
Borrowings	23	1,580,550	2,080,550	1,580,550	2,080,550
Amounts owed to banks	19	1,333,682	1,203,273	1,333,682	1,203,273
Reinsurance payables		1,602,642	1,442,070	1,602,642	1,442,070
Insurance payables	24	457,117	419,879	653,260	615,810
Other payables and accruals	24	570,949	600,406	568,353	597,810
Total liabilities		26,978,641	27,101,535	27,172,188	27,294,870
Total equity and liabilities		34,461,635	35,322,577	34,849,846	35,722,745

The financial statements on pages 20 to 53 were approved by the Board of Directors, authorised for issue on 17 April 2019 and were signed on its behalf by:

Joseph N. Tabone
Chairman

Ian Refalo
Deputy Chairman

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2018

GROUP	SHARE CAPITAL	PROPERTY REVALUATION RESERVE	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	€	€	€	€	€
Balance as at 1st January 2017	**5,000,400**	**1,006,913**	**19,527**	**1,934,850**	**7,961,690**
Profit for the year / Total comprehensive profit	-	-	-	259,352	259,352
Balance as at 1st January 2018	**5,000,400**	**1,006,913**	**19,527**	**2,194,202**	**8,221,042**
Loss for the year	-	-	-	(963,882)	(963,882)
Revaluation of properties, net of deferred tax	-	325,834	-	-	325,834
Total comprehensive loss for the year	-	325,834	-	(963,882)	(638,048)
Dividends paid	-	-	-	(100,000)	(100,000)
Balance at 31st December 2018	**5,000,400**	**1,332,747**	**19,527**	**1,130,320**	**7,482,994**

COMPANY	SHARE CAPITAL	PROPERTY REVALUATION RESERVE	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL
	€	€	€	€	€
Balance as at 1st January 2017	**5,000,400**	**1,006,913**	**19,527**	**2,135,513**	**8,162,353**
Profit for the year / Total comprehensive profit	-	-	-	265,522	265,522
Balance as at 1st January 2018	**5,000,400**	**1,006,913**	**19,527**	**2,401,035**	**8,427,875**
Loss for the year	-	-	-	(976,051)	(976,051)
Revaluation of properties, net of deferred tax	-	325,834	-	-	325,834
Total comprehensive loss for the year	-	325,834	-	(976,051)	(650,217)
Dividends paid	-	-	-	(100,000)	(100,000)
Balance at 31st December 2018	**5,000,400**	**1,332,747**	**19,527**	**1,324,984**	**7,677,658**

STATEMENTS OF CASH FLOWS

Year ended 31 December 2018

	GROUP		COMPANY	
	2018	2017	2018	2017
	€	€	€	€
Cash flows from operating activities				
(Loss)/Profit before tax	(1,305,388)	424,234	(1,317,557)	430,404
Adjustments for:				
Depreciation and amortisation	238,783	204,607	257,740	221,545
Unrealised (losses) / gains on investments	1,311,619	(223,477)	1,311,619	(223,477)
Movement in:				
Technical provisions	699,940	770,291	699,940	770,291
Reinsurers' share of technical provisions	108,523	470,310	108,523	470,310
Receivables	(37,130)	(189,122)	(2,619)	(239,163)
Payables	168,353	(765,905)	168,565	(729,018)
Cash inflows from operations	1,184,700	690,938	1,226,211	700,892
Tax (paid)/received	(126,598)	92,888	(126,598)	92,888
Net cash generated from operations	1,058,102	783,826	1,099,613	793,780
Cash flows (used in) / generated from investing activities				
Payments to acquire property, plant and equipment	(408,281)	(165,560)	(408,281)	(165,560)
Payments to acquire intangible assets	(121,735)	(101,261)	(121,735)	(101,261)
Payments to acquire investments	(1,115,196)	(1,576,739)	(1,115,196)	(1,576,739)
Proceeds from disposal of investments	1,871,806	2,222,285	1,871,806	2,222,285
Payments to acquire investment property	(1,970,611)	-	(1,970,611)	-
Net cash (used in)/generated generated from investing activities	(1,744,017)	378,725	(1,744,017)	378,725
Cash flows used in financing activities				
Proceeds from maturities of term deposits	-	400,000	-	400,000
Repayments of borrowings	(500,000)	(800,000)	(500,000)	(800,000)
Dividends paid	(100,000)	-	(100,000)	-
Net cash used in financing activities	(600,000)	(400,000)	(600,000)	(400,000)
Net movement in cash and cash equivalents	(1,285,915)	762,551	(1,244,404)	772,505
Cash and cash equivalents at beginning of the year	4,372,915	3,610,364	4,247,997	3,475,492
Cash and cash equivalents at end of the year (note 19)	3,087,000	4,372,915	3,003,593	4,247,997

1. GENERAL AND STATUTORY INFORMATION

Citadel Insurance p.l.c. (the "Company") is a composite and underwrites long term and general insurance risks located wholly on the Maltese islands. The Company is a public limited company incorporated and domiciled in Malta with registration number C 21550.

The address of its registered office is "Casa Borgo", 26 Market Street, Floriana, FRN 1082, Malta.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared and presented in accordance with the provisions of the Companies Act (Cap 386) (the "Act"), which requires adherence to International Financial Reporting Standards, as adopted by the EU (EU IFRSs), and their interpretations adopted by the International Accounting Standards Board (IASB), and the provisions of the Insurance Business Act (Cap 403).

2.1 Initial Application of an International Financial Reporting Standard

In the current year, the Group and the Company have applied the following:

- The Amendments to IFRS 4, entitled applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts', are intended to address concerns about the different effective dates of IFRS 9 and the new insurance contracts standard. The Amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard:

  - gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued. The overlay approach is applied when an entity first applies IFRS 9.

  - gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 for annual reporting periods beginning before 1 January 2022. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard - IAS 39.

  The Company has elected to defer the application of IFRS 9 to align with the effective date of IFRS 17.

2.2 New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted

Certain new standards and amendments, revisions and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not mandatory for the current accounting period.

The Group and the Company have not early adopted these new standards or these amendments, revisions and interpretations to existing standards.

- The final version of IFRS 9 *'Financial Instruments'* brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The Standard supersedes all previous versions of IFRS 9.

  IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses.

  IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

  IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The Company has applied the temporary exemption as allowed under the Amendment to IFRS 4 described above, and has therefore deferred the application of IFRS 9 to be concurrent with the effective date of IFRS 17.

- IFRS 17 'Insurance Contracts' requires insurance liabilities provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' and related interpretations and is effective for periods beginning on or after 1 January 2022, with earlier adoption permitted. This has not yet been endorsed by the EU.

- The new IFRS 16 'Leases' brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains substantially unchanged (except for a requirement to provide enhanced disclosures) and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations. IFRS 16 is effective for periods beginning on or after 1 January 2019.

- The Amendments to IAS 12 'Income Taxes' clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises. The Amendments are effective for annual periods beginning on or after 1 January 2019. This Standard has not as yet been endorsed by the EU at the date of authorisation of these financial statements.

Only the IFRSs and amendments that are relevant to the Company and the Group have been disclosed above. The directors are currently reviewing new and revised International Financial Reporting Standards (IFRS) as adopted by the EU including interpretations of IFRS and amendments to IFRS, that were in issue at the date of authorisation of these financial statements, but not yet effective, to determine whether these will have a material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

These financial statements are prepared under the historical cost convention except for land and buildings, which are carried at revalued amounts and financial instruments at fair value through profit or loss and investment property, which are stated at their fair value, in accordance with EU IFRS.

The preparation of financial statements in conformity with EU IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements are presented in Euro (€) which is the functional currency of the Company and Group. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The accounting policies make reference to the "Company" where that policy is only relevant to Citadel Insurance p.l.c., otherwise reference is made to the "Group".

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

3.2 Basis of Consolidation

The group financial statements include the financial statements of the Company and its subsidiary. The results of the subsidiary are included in the group income statement. All material intra-group transactions are eliminated on consolidation. Minority interests in the results and net assets of subsidiary undertakings are disclosed separately.

3.3 Insurance Contracts

3.3.1 Classification

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts under which the Company accepts significant insurance risk from another party by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary. Insurance risk is risk other than financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

3.3.2 Recognition and measurement of contracts

Premiums from general insurance business

General insurance business is accounted for on an annual basis. General business written premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in prior accounting periods.

The provision for unearned premiums represents that part of gross and reinsurers' share of premiums written which is estimated to be earned in the following or subsequent financial years. The provision is calculated separately for each insurance contract on the 365^{th} basis, where the incidence of risk is the same throughout the contract. Where the incidence of risk varies during the term of the contract, the provision is based on the estimated risk profile of business written.

Premiums from long term insurance
In respect of long-term business, premiums, policy fees and surrender charges are accounted for on a receivable basis, or in the case of unit-linked business when the liability is recognised, and exclude any taxes and duties based on premiums.

Claims arising from general insurance business
Net claims incurred comprise all claims occurring during the year less amounts recoverable from reinsurance together with related administrative expenses and any adjustments to claims outstanding from previous years. Provision is made for the full estimated cost of claims notified but not settled together with an estimate in respect of claims incurred but not reported at the end of the financial year.

Liabilities for unpaid claims are estimated using the input of assessment for individual cases reported to the Company and statistical analysis for the claims incurred but not reported. The Company does not discount its liabilities for unpaid claims.

Included in the provision is an estimate of the costs of handling the outstanding claims. Provision for claims outstanding is based on information available to the Directors and the eventual outcome may vary from the original assessment. The provisions for outstanding claims are reviewed periodically on a one for one basis to ensure their adequacy.

Provision is made for unexpired risks when it is anticipated, on the basis of information available at year end, that the unearned premiums will be insufficient to meet future claims and related expenses of business in force at the end of the year.

The above method of provisioning satisfies the minimum liability adequacy test as required by International Financial Reporting Standard 4 – Insurance Contracts.

Claims arising from long term insurance business
Long term business claims reflect the cost of all claims during the year, including policyholder bonuses allocated in anticipation of a bonus declaration. Claims payable on the maturity of contracts are accounted for when the claim becomes due for payment and claims payable for death are accounted for on notification.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The provisions for claims outstanding relating to long-term business are determined by using recognised actuarial methods. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

Material salvage and other recoveries
Estimates of salvage and other recoveries are taken to the income statement when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured.

Reinsurance
The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Outward reinsurance premiums are recognised as a deduction from income in accordance with the pattern of reinsurance service received.

Premiums ceded and benefits reimbursed are presented in the income statement and statement of financial position on a gross basis.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance contracts. Amounts recoverable under such contracts are recognised in the same year as the related claim.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Amounts recoverable under reinsurance contracts are assessed for impairment at the end of each reporting period. Such assets are deemed as being impaired if objective evidence exists, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

Deferred acquisition costs
Acquisition costs comprise all direct and indirect costs arising from entering into general insurance contracts. Acquisition costs are accrued over an equivalent period to that over which the underlying business is written and charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs, which are stated net of deferred reinsurers' commission, represent those acquisition costs incurred in respect of unearned premiums existing at the end of the reporting period.

Liability measurement
A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract of units with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for such contracts is

adjusted for all changes in the fair value of the underlying assets.

3.4 Revenue

The accounting policy in relation to revenue from insurance contracts is disclosed in note 3.3.2.

3.4.1 Fees and commission

Fees and commission income includes fees on investment management services contracts that are recognised as the services are provided. Annual management charges, surrender charges and policy administration charges are recognised when accrued.

3.4.2 Investment income

Interest income is recognised in the income statement as it accrues. Dividend income is recognised in the income statement on the date the Group's right to receive payment is established which, in the case of quoted securities is usually the ex-dividend date.

Investment return is initially recorded in the non-technical account, except for income attributed to the long-term business which is recognised immediately in the long-term business technical account. A transfer is made from the non-technical account to the general business technical account of the actual investment return on investments deemed to form an integral part of the core business activities.

3.5 Expenses

3.5.1 Employee benefits

The Group contributes towards the state pension defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of fixed contributions. Employee benefit costs are recognised as an expense during the year in which these are incurred.

3.5.2 Net financing costs

Net financing costs comprise interest payable on borrowings. These are charged against income without restriction.

3.6 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement with the exception of those items recognised in other comprehensive income or directly in equity, in which case it is dealt with in other comprehensive income or in equity, as appropriate.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at foreign exchange rates ruling at the dates the fair value was determined.

3.8 Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

The Group assesses whether the useful life of intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

3.8.1 Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, the Group uses judgement to assess which element is more significant. Computer software that is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the Group's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over five years.

3.8.2 Tenancy rights
The cost of buying the rights to tenancy and the right to lease is recognised as an intangible asset with a finite economic life. The rights are amortised over 15 years.

3.8.3 Policy lists
Policy lists are classified as intangible assets and are recognized upon acquisition. After initial recognition, policy lists are carried at cost less any accumulated amortisation and any accumulated impairment losses. Policy lists are amortised on a straight-line basis over ten years.

3.9 Property, plant and equipment

Owned assets
Land and buildings comprise the offices occupied by the Group.

Following initial recognition at cost, land and buildings are revalued by a professional qualified architect at least on a triennial basis, such that their carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any accumulation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Any surpluses arising on revaluation are credited to a revaluation reserve. Any deficiencies resulting from decreases in value are deducted from this reserve to the extent that it is sufficient to absorb them, with any excess charged to the income statement.

All other property, plant and equipment are stated at historical cost net of accumulated depreciation (see below) and impairment losses (see note 3.11).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs
The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at the following rates:

	%
Buildings	2 - 8
Motor vehicles	15
Furniture, fittings and other equipment	10 - 20

The depreciation method and the assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

3.10 Other financial instruments
Financial assets and financial liabilities are recognised on the Group statement of financial position when the Group has become a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

The Group evaluates the terms of financial instruments that it issues, the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument to determine whether the financial instruments are financial liabilities or equity instruments or whether they contain both a liability and an equity component, in which case such components are classified separately as financial liabilities and equity instruments.

3.10.1 Receivables
Receivables are classified with assets and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

3.10.2 Investments in subsidiary undertaking

A subsidiary is an entity that is controlled by the company. The company controls an investee when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from the investment are recognised in profit or loss.

3.10.3 Investments

The Group's investments are classified into the following categories – financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired.

Financial assets at fair value through profit or loss are those that are held for trading purposes or those financial assets that are so designated by the Group upon initial recognition. After initial recognition, financial assets at fair value through profit or loss are measured at their fair value. Gains and losses arising from a change in fair value are recognised in profit or loss in the period in which they arise.

Dividend income on financial assets at fair value through profit or loss is recognised with investment income, if any, arising on other financial assets. Interest income and fair value gains and losses on financial assets at fair value through profit or loss are disclosed within the line item investment income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or those for which the Group may not recover substantially all of its initial investment other than because of credit deterioration. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process.

3.10.4 Bank overdraft

Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

3.10.5 Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption value of other borrowings is recognised in profit or loss over the period of the borrowings.

3.10.6 Payables

Payables are classified with liabilities and are stated at their nominal value unless the effect of discounting is material, in which case payables are measured at amortised cost using the effective interest method.

3.10.7 Shares issued by the Company

Ordinary shares issued by the Company are classified as equity instruments.

3.10.8 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

3.11 Impairment

The Group assesses at each reporting date whether there is objective evidence that any assets other than those stated at fair value through profit or loss and deferred tax assets, are impaired. If any such indication exists, the carrying value is reduced to the estimated recoverable amount by means of a charge to the income statement, unless the asset is carried at a revalued amount.

For loans and receivables, objective evidence that a financial asset or group of financial assets is impaired included observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtors;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; and
- observable data indicating there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets of the Company.

Impairment losses recognised in prior periods are reversed if there are indications that the conditions leading to the original impairment loss no longer exist, or if there has been a change in the estimates used to determine the recoverable amount. Such losses are then reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset.

3.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with EU IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are continually evaluated and reviewed and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. As a result, actual results may differ from these estimates.

Any revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty, at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

4.1 Ultimate liability arising from claims made under insurance contracts – General Business

The Company continually reviews and updates its estimates arising from reported and unreported losses and establishes resulting provisions and adequate amounts recoverable under reinsurance. Adjustments from this review are reflected in the income statement. Claim reserves are based on claim by claim estimates supplemented with additional reserves for claims incurred but not reported ("IBNR"). The process relies on the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for developing expectations of future events that are deemed to be reasonable under the circumstances.

4.2 Ultimate liability arising from claims made under insurance contracts – Long Term Business

The Company makes estimates of the expected number of deaths for each of the years that it is exposed to risk. These estimates are based on standard industry and national mortality tables, adjusted where appropriate to reflect the Company's own experience. The estimated number of deaths determines the value of the benefit payments and the extent of the valuation premiums. The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk.

The Company makes estimates for future deaths, voluntary returns, investment returns and administration expenses at the inception of long-term insurance contracts with fixed and guaranteed terms. These estimates form the assumptions used to calculate the liabilities arising from these contracts and are "locked" in for the duration of the contract. New estimates are then made on an annual basis in order to establish long-term contract liabilities, which reflect best estimate assumptions. If the liabilities are considered adequate the original assumptions are not altered. If they are deemed as not adequate, then the assumptions are "unlocked" and altered to prudently reflect the best estimate assumptions. Any improvements in estimates have no impact on the value of the liabilities and related assets until the liabilities are derecognised, while significant enough deterioration in estimates is immediately recognised to make the liabilities adequate.

5. INSURANCE AND FINANCIAL RISK MANAGEMENT

5.1.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The primary insurance activity carried out by the Company assumes risks that relate to motor, property, engineering, marine, travel, credit, liability, accident, life, financial or other losses that may arise from an insurable event. The Company is therefore exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract. The Company also has exposure to market risk through its insurance and investment activities.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Company uses relevant methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated.

5.1.2 Underwriting strategy

Since its establishment, the Company has developed its own underwriting criteria and strategy which have evolved in line with the technical underwriting disciplines of its international treaty reinsurers.

The positive portfolio results over the years have borne out the Company's strategy of pursuing prudent underwriting policies and focusing on risk selection. The Company's consistent pursuit of this strategy is a reflection of the fact that from the outset it has taken a long-term view of the business.

The Company continues to provide risk management guidance to clients with a view to improving the underwriting results of risk exposures associated with diverse sectors of commercial and industrial activity.

5.1.3 Reinsurance strategy

The Company reinsures part of the risks it underwrites in order to control its exposures to losses and protect capital resources. The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the Company's net exposure. In addition, the Company buys facultative reinsurance in certain specified circumstances.

Ceded reinsurance contains credit risk, and such reinsurance recoverables are reported after deductions, if any, for known insolvencies and, uncollectible items. The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically.

The Company utilises a reinsurance agreement with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence and for the accumulation of net property losses arising out of one occurrence.

5.1.4 Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below.

Nature of risks covered

The following gives an assessment of the Company's main products and the ways in which it manages the associated risks.

General insurance contracts – Motor

The Company writes all classes of motor insurance in Malta providing cover in Malta and statutory cover in the European Union. Motor insurance can cover the policyholder against material own damage and third-party liability depending on the level of cover in force.

In Malta there is compulsory motor insurance legislation obliging motorists to have third party liability cover. Prior to May 2004, third party cover was unlimited but was subsequently changed by means of legislative amendments to a limit of €1,164,687. The adoption of the 5th Motor Insurance Directive provided for further increases to the third-party liability limit, up to €5,000,000 for death or bodily injury. With effect from 11th June 2017, the third-party liability limit increased to €6,070,000 for death or bodily injury.

'Own damage' claims are easily quantifiable and settled and are therefore classified as 'short-tailed', meaning that expense deterioration and investment return will be of negligible importance. This contrasts with the 'long-tailed' classes where the ultimate claim cost takes longer to determine, making expenses and investment return considerably more important.

There are numerous components underlying the liability aspect of motor insurance. Most of these have relatively moderate payment patterns (with most of the claims for a given accident year closed within five years), while others can have longer payment patterns. This can give rise to an element of uncertainty about claim reserves.

The insurance risk is managed primarily through pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates.

General insurance contracts – Property

The Company writes property insurance in Malta and in respect of Maltese interests abroad. Property insurance indemnifies, subject to any limits or excesses, the policyholder against loss or damage to their own material property and business interruption arising from this damage.

The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. The claim will thus be notified promptly and can be settled without delay. Property business is therefore classified as 'short-tailed'.

The key risks associated with this product are underwriting risk, competitive risk and claims experience risk (including the variable incidence of natural causes). The Company is also exposed to the risk of dishonest actions by policyholders.

Underwriting risk is the risk that the Company does not charge premiums appropriate for the different properties it insures. The risk on any policy will vary according to many factors such as location, safety measures in place and the age of property. For domestic property insurance it is expected that there will be large numbers of properties with similar risk profiles. However, for commercial business this will not be the case. Many commercial property proposals comprise of a unique combination of location, type of business, and safety measures in place. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky.

Property classes are exposed to the risk that the insured will make false or invalid claims, or exaggerate the amount claimed following a loss. This largely explains why economic conditions correlate with the profitability of a property portfolio.

General insurance contracts – Liability
The Company writes liability insurance in Malta and in respect of Maltese interests abroad. Under these contracts monetary compensation is paid for property damage and bodily injury suffered by employees or members of the public.

General liability is considered a 'long tail' line, as it takes a relatively long period of time to finalise and settle claims for a given accident year. The speed of claim reporting and claim settlement is a function of the specific coverage provided, the jurisdiction and specific policy provisions. There are numerous components underlying the liability product line. Most of these have relatively moderate payment patterns (with most of the claims for a given accident year closed within five years), while others can have longer payment patterns.

While the majority of liability coverages are written on an "occurrence basis", certain liability coverages (such as those covering professional liability) are generally insured on a "claims-made" basis.

This line is typically the largest source of uncertainty regarding claim provisions.

The key risks associated with this product are underwriting risk, competitive risk, and claims experience risk (including the variable incidence of natural disasters). The Company is also exposed to the risk of dishonest actions by policyholders.

As with the liability aspect of motor insurance, the insurance risk is managed primarily through pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance.

The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates.

Long-term life insurance contracts
The Company writes long-term business in Malta. These contracts insure events associated with human life over a long duration.

The most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle resulting in earlier or more claims than expected. At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of payments on a portfolio basis.

The Company manages these risks through its underwriting policy and reinsurance arrangements. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants.

For contracts with fixed and guaranteed benefits and fixed future premiums there are no mitigating terms and conditions that reduce the insurance risk accepted.

For contracts with Discretionary Participation Features (DPF), the participating nature of these contracts results in a portion of the insurance risk being shared with the insured party.

Uncertainty in the estimation of future payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder behaviour.

Short-duration life insurance contracts
These contracts are issued to employers to insure events associated with the human life of their employees. The risk is affected by the nature of the industry in which the employer operates in addition to the factors noted above.

The Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

There is no specific need to estimate mortality rates or morbidity rates for future years because these contracts have a short duration.

5.2 Financial risk
The exposures to risk and the way risks arise, together with the Group's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The Group is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. These comprise mainly market risk, credit risk, and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

Where possible, the Group aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Asset/liability matching

The Company actively manages its assets using an approach that balances quality, diversification, asset/liability matching, liquidity and investment return. The goal of the investment process is to optimise the net of taxes, risk-adjusted investment income and risk-adjusted total return, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

The Company establishes target asset portfolios for life and non-life products, which represents the investment strategies used to profitably fund its liabilities within acceptable levels of risk. These strategies include objectives for effective duration, yield curve, liquidity, asset sector concentration and credit quality. The estimates used in determining the approximate amounts and timing of payments to or on behalf of policyholders for insurance liabilities are regularly re-evaluated. Many of these estimates are inherently subjective and could impact the Company's ability to achieve its asset/liability management goals and objectives.

Market risk

Market risk can be described as the risk of change in fair value or future cash flows of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.

Interest rate risk

The Group is exposed to cash flow interest rate risk on cash deposits and borrowings carrying a floating interest rate and to fair value interest rate risk on debt instruments carrying a fixed interest rate and re-measured at fair value. Investments in equity instruments are not exposed to interest rate risk.

2018	WITHIN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL
	€	€	€	€
Assets held at variable rates				
Cash and cash equivalents	4,420,682	-	-	4,420,682
Assets held at fixed rates				
Debt securities	203,425	1,674,969	3,961,872	5,840,266
Loans and receivables	-	1,000,000	-	1,000,000
Total interest-bearing assets	4,624,107	2,674,969	3,961,872	11,260,948
Liabilities issued at variable rates				
Borrowings	(1,333,738)	(1,000,000)	-	(2,333,738)
Liabilities issued at fixed rates				
Borrowings	-	(580,550)	-	(580,550)
Net exposure on assets held at variable rates at 31st December 2018	3,086,944	(1,000,000)	-	2,086,944
Net exposure on assets held at fixed rates at 31st December 2018	203,425	2,094,419	3,961,872	6,259,716

2017	WITHIN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL
	€	€	€	€
Assets held at variable rates				
Cash and cash equivalents	5,576,188	-	-	5,576,188
Assets held at fixed rates				
Debt securities	365,076	2,255,082	4,258,747	6,878,905
Loans and receivables	-	1,000,000	-	1,000,000
Total interest-bearing assets	5,941,264	3,255,082	4,258,747	13,455,093
Liabilities issued at variable rates				
Borrowings	(1,703,273)	(1,000,000)	-	(2,703,273)
Liabilities issued at fixed rates				
Borrowings	-	(580,550)	-	(580,550)
Net exposure on assets held at variable rates at 31st Decemberr 2017	3,872,915	(1,000,000)	-	2,872,915
Net exposure on assets held at fixed rates at 31st December 2017	365,076	2,674,532	4,258,747	7,298,355

The Company's exposure to market risk for changes in interest rate is concentrated primarily in its investment portfolio, and to a lesser extent, in any debt obligations arising. The Company monitors this exposure through regular reviews of its asset and liability positions. When developing and reviewing investment strategies, the investment committee seeks to mitigate the Company's exposure to interest rate risk by spreading its investment in debt securities over a wide range of maturity dates. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the Company's investment portfolio and insurance liabilities, are modelled and reviewed quarterly. The overall objective of these strategies is to limit the net changes in the value of assets and liabilities arising from interest rate movements.

Insurance liabilities are not directly sensitive to the level of market interest rates, as they are not discounted and are contractually non-interest bearing. In those instances where interest is payable (e.g. in the case of damages awarded by the Courts), interest is included in the claims cost whilst the investment income earned until the claim is settled is credited to profit or loss as it accrues.

The sensitivity for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The Company's fair value interest rate risk arises primarily on debt securities that carry a fixed rate of interest and are measured at fair value. The net effect of an immediate 50 basis point increase/decrease in yields at the end of 2018 was estimated at €31,299 (2017 - €36,492).

The Company is not subject to significant cash flow interest rate risk as this arises primarily on cash and cash equivalents for which cash flow is not significant.

Equity price risk
The portfolio of marketable equity securities and certain collective investment schemes has exposure to price risk, which is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Company's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed. Holdings are diversified across industries, and concentrations in any one Company or industry are limited by parameters established by the Company's investment committee, as well as by statutory requirements.

The Company's portfolio is analysed by category as follows:

2018	GENERAL BUSINESS	LIFE BUSINESS	TOTAL	MARKET VALUE
				€
Bank deposits	0.00%	7.65%	7.65%	**1,000,000**
Corporate bonds (local and foreign)	7.13%	14.81%	21.95%	**2,870,303**
Government bonds	4.97%	17.74%	22.71%	**2,969,963**
Equity securities	29.88%	12.06%	41.93%	**5,483,818**
Collective investment scheme	4.08%	1.69%	5.76%	**753,697**
	46.06%	**53.94%**	**100.00%**	**13,077,781**

2017	GENERAL BUSINESS	LIFE BUSINESS	TOTAL	MARKET VALUE
				€
Bank deposits	0.00%	6.60%	6.60%	**1,000,000**
Corporate bonds (local and foreign)	13.17%	11.57%	24.75%	**3,747,990**
Government bonds	5.07%	15.60%	20.67%	**3,130,915**
Equity securities	30.99%	12.79%	43.78%	**6,631,288**
Collective investment scheme	3.52%	0.68%	4.20%	**635,817**
	52.75%	**47.24%**	**100.00%**	**15,146,010**

Sensitivity analysis
The sensitivity for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual issuer, or factors affecting all similar equity traded in the market. An increase or a decrease of 5% in equity prices, with all other variables held constant, would result in an impact of +/- €274,191 (2017: +/- €331,564) on the Company's results.

Currency risk
Whereas the majority of the Group's financial assets and liabilities are denominated in Euro which is the functional currency, some financial assets are held in other currencies. The Group may therefore be exposed to currency risk as the value of instruments denominated in other currencies may fluctuate due to changes in exchange rates. Any movements in the rates of exchange of those financial assets that are denominated in other foreign currencies are not deemed to have a significant effect on the Group's results.

Significant guarantees
On death or maturity there is an effective guarantee under the conventional "With-Profit" policies. The Company pays the higher of the sum assured plus attaching regular bonuses and the asset share.

Credit risk
The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents
- Financial assets at fair value through profit or loss – Debt securities
- Loans and receivables
- Reinsurance assets
- Insurance receivables

The total financial assets bearing credit risk are the following:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Cash and cash equivalents	**4,420,682**	5,576,188	**4,337,275**	5,451,270
Debt securities	**5,840,266**	6,878,905	**5,840,266**	6,878,905
Loans and receivables	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Reinsurers' share of technical provisions	**5,016,201**	5,124,724	**5,016,201**	5,124,724
Insurance and other receivables	**3,256,906**	3,253,912	**3,270,267**	3,301,785
	19,534,055	21,833,729	**19,464,009**	21,756,683

The carrying amounts disclosed above represent the maximum exposure to credit risk.

The Group's cash is placed with quality financial institutions. The credit risk in respect of concentration of investments is not considered by the directors to be significant in view of the credit standing of the issuers.

The table below shows the credit rating of the financial institutions at which cash is held by the Company and Group at the end of the reporting period using the Standard and Poor's credit rating symbols:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
AA-	**527,076**	570,936	**519,674**	565,619
BBB+	**1,632,475**	2,885,223	**1,559,012**	2,772,056
BBB	**1,744**	2,783	**1,744**	2,783
No ratings	**2,259,387**	2,117,246	**2,256,845**	2,110,812
	4,420,682	5,576,188	**4,337,275**	5,451,270

An investment committee was established to manage the Group's credit and market risk arising out of its investment activities. The committee is bound by an investment policy, which establishes maximum exposures to individual counterparties and minimum holdings in securities issued by first class names. The Board of Directors has approved this investment policy and subsequent revisions. At 31 December 2018 43% of the Company's debt securities comprised of Government Bonds (36% in 2017), of which 84% (37% in 2017) are investments in Government Bonds on the Malta Stock Exchange and 16% (12% in 2017) are quoted on equivalent exchanges. The remaining 57% (54% in 2017) represented investments in corporate bonds listed of which 34% (19% in 2017) are listed on the Malta Stock Exchange and 66% (35% in 2017) are listed on equivalent European exchanges.

The table below shows the credit rating of the debt securities at the end of the reporting period using the Standard & Poor's credit rating.

	2018		2017	
	Government Bonds	**Corporate Bonds**	Government Bonds	Corporate Bonds
	€	**€**	€	€
A	**234,225**	**301,156**	240,689	360,245
A-	**2,341,542**	**606,882**	2,405,903	580,106
A+	**-**	**105,530**	-	161,493
AA	**-**	**-**	-	550,625
AA-	**110,168**	**205,871**	108,414	109,578
AA+	**-**	**-**	110,079	-
AAA	**107,415**	**-**	-	-
BB+	**-**	**-**	-	670,017
BBB	**-**	**-**	46,946	-
BBB-	**67,979**	**103,360**	-	-
BBB+	**108,634**	**188,132**	218,883	326,015
No Rating	**-**	**1,359,372**	-	1,489,911
	2,969,963	**2,870,303**	3,130,915	3,747,990

The Company cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks, group risks or defined blocks of business, on a co-insurance, proportional and non-proportional yearly renewable term excess or catastrophe excess of loss basis. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Company's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes. The Company manages its credit risk arising through its reinsurance arrangements by using mainly "A" rated reinsurers. When selecting a reinsurer, the Company considers their relative security. The security of the reinsurer is assessed from public rating information and from internal investigations.

The credit rating of the Company's reinsurers based on rating attributed by Standard & Poor's or equivalent are higher than "A-".

The Group is exposed to contract holders for insurance premium due. Insurance receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to insurance receivables is limited due to credit control procedures in place and the large number of customers comprising the Group's debtor base.

Within insurance and other receivables are the following receivables that are classified as past due but not impaired, these represent balances over and above the standard credit terms:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Past due for:				
Between one and six months	**848,915**	745,638	**848,915**	745,638
Over six months	**865,963**	979,549	**865,963**	979,549
	1,714,878	1,725,187	**1,714,878**	1,725,187

Within insurance and other receivables are the following receivables that are classified as impaired and therefore provided for:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Specifically provided for receivables	**162,155**	246,865	**162,155**	246,865

Balances are determined to be impaired because of significant financial difficulties experienced by the counterparties or pending legal cases.

Liquidity risk

The Company has to meet daily calls on its cash resources, notably from claims arising on its general and life insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due. The Company manages this risk by setting minimum limits on the proportion of maturing assets that will be available to settle these liabilities. It also holds a number of listed investments that can be readily disposed of should such need arise.

Furthermore, the Company has set a minimum level of borrowing facilities that could be utilised to cover claims maturities and surrenders at unusually high levels.

The following maturity analysis shows the expected timing of cash flows arising from the Company's financial liabilities. The analysis includes both interest and principal cash flows.

2018	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL
	€ '000	**€ '000**	**€ '000**	**€ '000**
Insurance contract provisions – claims outstanding	**2,095**	**3,610**	**209**	**5,914**
Subordinated loans	-	**1,581**	-	**1,581**
Bank borrowings	**1,334**	-	-	**1,334**
Reinsurance payables	**1,603**	-	-	**1,603**
Insurance and other payables	**1,222**	-	-	**1,222**
	6,254	**5,191**	**209**	**11,654**

2017	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL
	€ '000	€ '000	€ '000	€ '000
Insurance contract provisions – claims outstanding	2,202	3,484	146	5,832
Subordinated loans	500	1,581	-	2,081
Bank borrowings	1,203	-	-	1,203
Reinsurance payables	1,442	-	-	1,442
Insurance and other payables	1,214	-	-	1,214
	6,561	**5,065**	**146**	**11,772**

Reconciliation of liabilities arising from financing activities
Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities. The liabilities arising from financing activities are the loans and receivables and borrowings in which the movement is attributable to cash flow movement as presented on the Statement of Cash Flows.

Fair values
The investments held by the Company as reported under note 17.1 to the financial statements, "Financial Assets at fair value through profit or loss" are stated at their respective market values. These financial assets comprise listed equities, bonds, funds and government bonds whose market value is based on readily available quoted prices.

At 31 December 2018 and 2017, the carrying amounts of other short-term instruments approximated their fair values due to the short-term maturities of these assets and liabilities. The fair value of long-term instruments is not materially different from their carrying amounts.

IFRS 7 requires the disclosure of fair value measurement methodologies in a three-level hierarchy, as described in the basis of preparation paragraph in note 3.

All the Company's financial instruments as disclosed in note 17 are measured using Level 1 methodologies. The Company's land and buildings as disclosed in note 14 are measured using Level 2 methodologies. The Company's Investment property as disclosed in note 15 are measured using Level 2.

Capital risk management
The Group's objectives when managing capital are:

- To comply with the obligations to maintain positive solvency position based on the regulatory requirements of the insurance market where the Group operates;

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Group's directors manage the Group's capital structure and make adjustments to it, in light of changes in economic conditions. The capital requirement of the Group is maintained in accordance with regulatory solvency and capital requirement of the insurance market in which it operates.

The Group is financed by shareholders' total equity together with subordinated shareholder and bank borrowings. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the Group balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from the prior year.

The Group was compliant with the respective regulatory solvency requirements throughout the financial period.

6. SEGMENTAL ANALYSIS

COMPANY	MOTOR (THIRD PARTY LIABILITY)	MOTOR (OTHER CLASSES)	FIRE AND OTHER DAMAGE TO PROPERTY	ALL OTHER CLASSES	TOTAL
General Business:	**€**	**€**	**€**	**€**	**€**
Year ended 31 December 2018:					
Gross premiums written	3,373,055	3,527,723	1,808,562	3,816,852	**12,526,192**
Gross premiums earned	3,237,176	3,385,613	1,743,226	3,537,647	**11,903,662**
Gross claims incurred	2,423,982	1,861,598	513,657	1,458,586	**6,257,823**
Other net technical profit	-	139,122	36,565	74,934	**250,621**
Gross operating expenses	1,477,874	1,545,640	792,405	1,672,319	**5,488,239**
Reinsurance outwards	337,464	-	394,219	568,973	**1,300,656**
Year ended 31 December 2017:					
Gross premiums written	3,081,009	3,233,495	1,704,162	3,376,813	**11,395,479**
Gross premiums earned	2,841,322	2,981,945	1,672,129	3,289,512	**10,784,908**
Gross claims incurred	2,166,377	1,576,661	348,268	1,344,846	**5,436,152**
Other net technical profit	-	155,905	34,730	64,016	**254,651**
Gross operating expenses	1,354,117	1,421,135	748,987	1,505,484	**5,029,723**
Reinsurance outwards	286,926	-	570,144	296,581	**1,153,651**

Long-Term Business:	2018	2017
	€	€
Individual premiums and premiums under group contracts	**158,116**	129,774
Periodic premiums and single premiums	**2,016,579**	1,919,292
Premiums from participating and non-participating contracts, and those where the investment risk is borne by the policyholders	**87,361**	90,754
	2,262,056	2,139,820

7. INVESTMENT RETURN

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Investment gains:				
Income from financial assets at fair value through profit or loss				
• dividend and interest income	**457,481**	556,838	**457,481**	556,838
• net fair value gain	**-**	223,477	**-**	223,477
Income from loans and receivables	**40,777**	48,042	**40,777**	48,042
	498,258	828,357	**498,258**	828,357
Investment expenses and charges:				
Net fair value losses on financial assets at fair value through profit or loss	**(1,311,619)**	-	**(1,311,619)**	-
Net investment management and transaction charges	**(39,405)**	(28,033)	**(39,406)**	(28,033)
	(1,351,024)	(28,033)	**(1,351,025)**	(28,033)
Analysed between:				
Allocated investment return transferred to the general business technical account	**(552,256)**	384,243	**(552,256)**	384,243
Investment return transferred to the long-term business technical account	**(300,510)**	416,081	**(300,510)**	416,081
Net investment return	**(852,766)**	800,324	**(852,767)**	800,324

8. NET OPERATING EXPENSES

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Acquisition costs	**1,680,769**	1,567,282	**1,680,769**	1,567,282
Change in deferred acquisition costs	**(48,590)**	(2,205)	**(48,590)**	(2,205)
Administrative expenses	**4,706,123**	4,301,153	**4,718,292**	4,294,983
Reinsurance commissions and profit participation	**(1,602,045)**	(1,690,427)	**(1,602,045)**	(1,690,427)
	4,736,257	4,175,803	**4,748,426**	4,169,633
Allocated to:				
General business	**3,328,642**	2,959,430	**3,328,642**	2,959,430
Long-term business	**633,935**	470,346	**633,935**	470,346
Non-technical account	**773,680**	746,027	**785,849**	739,857
	4,736,257	4,175,803	**4,748,426**	4,169,633

Acquisition costs are fully made up of commission payable for the year.

9. EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Salaries	**2,067,033**	1,740,492	**2,067,033**	1,723,281
Salaries of key management (including Directors)	**646,401**	623,986	**646,401**	623,986
Social security costs	**170,681**	151,948	**170,681**	150,795
	2,884,115	2,516,426	**2,884,115**	2,498,062

The average number of persons employed by the Group during the year, including executive director, was as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	No.	No.	**No.**	No.
Accounts and administration	**36**	32	**36**	32
Insurance business	**62**	61	**62**	61
	98	93	**98**	93

10. DIRECTORS' COMPENSATION

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Fees	**265,366**	263,326	**265,366**	263,326
Remuneration	**177,785**	175,694	**177,785**	175,694
	443,151	439,020	**443,151**	439,020

11. (LOSS)/PROFIT BEFORE TAX

The (loss)/profit before tax is stated after charging the following:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Stated after charging:				
Auditors' remuneration				
Annual statutory audit	**30,000**	30,000	**28,000**	28,000
Other assurance services	**19,000**	19,000	**19,000**	19,000
Other non-audit services	**7,440**	7,440	**7,440**	7,440
Tax advisory and compliance services	**4,030**	4,030	**3,500**	3,500
Depreciation and amortisation	**238,783**	204,605	**257,740**	221,544
Subordinated loan interest				
Shareholders' subordinated loan interest	**27,952**	27,952	**27,952**	27,952
Bank loan interest	**43,229**	77,579	**43,229**	77,579

12. INCOME TAX

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Current tax expense (credit)	**142,230**	(11,611)	**142,230**	(11,611)
Deferred tax (credit)/expense	**(483,736)**	176,493	**(483,736)**	176,493
	(341,506)	164,882	**(341,506)**	164,882

The income tax expense for the year and the result of the accounting profit multiplied by the tax rate applicable in Malta are reconciled as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
(Loss)/Profit for the year	**(1,305,388)**	424,234	**(1,317,557)**	430,404
Tax at the applicable rate of 35%	**(461,145)**	148,482	**(461,145)**	150,641
Tax effect of:				
Depreciation charges not deductible by way of capital allowances in determining taxable income	**44,805**	36,686	**44,805**	36,686
Dividends at rates other than 35%	**(1,691)**	(2,847)	**(1,691)**	(2,487)
Unrealised movements reversed on sold investments	**(66,971)**	(16,336)	**(66,971)**	(16,336)
Other movements	**-**	4,675	**-**	2,515
Unrelieved foreign tax	**8,307**	-	**8,307**	-
Prior year differences on tax receivable balance	**135,189**	-	**135,189**	-
Other deferred tax adjustment	**-**	(5,778)	**-**	(5,778)
Tax charge for the year	**(341,506)**	164,882	**(341,506)**	164,882

13. INTANGIBLE ASSETS

GROUP	TENANCY RIGHTS	COMPUTER SOFTWARE	TOTAL
	€	€	€
Year ended 31 December 2017			
Opening net book value	223,626	85,190	308,816
Additions	-	101,261	101,261
Amortisation	(20,344)	(42,719)	(63,063)
Closing net book value	**203,282**	**143,732**	**347,014**
Acquisition cost/revalued amount	305,000	1,510,717	1,815,717
Accumulated amortisation	(101,718)	(1,366,985)	(1,468,703)
Closing net book value	**203,282**	**143,732**	**347,014**
Year ended 31 December 2018			
Opening net book value	203,282	143,732	347,014
Additions	-	121,735	121,735
Amortisation	(20,343)	(61,180)	(81,523)
Closing net book value	**182,939**	**204,287**	**387,226**
Acquisition cost/revalued amount	305,000	1,632,452	1,937,452
Accumulated amortisation	(122,061)	(1,428,165)	(1,550,226)
Closing net book value	**182,939**	**204,287**	**387,226**

COMPANY	TENANCY RIGHTS	COMPUTER SOFTWARE	POLICY LIST	TOTAL
	€	€	€	€
Year ended 31 December 2017				
Opening net book value	223,626	84,034	199,473	507,133
Additions	-	101,261	-	101,261
Amortisation	(20,344)	(42,257)	(18,285)	(80,886)
Closing net book value	**203,282**	**143,038**	**181,188**	**527,508**
Acquisition cost/revalued amount	305,000	1,478,015	199,473	1,982,488
Accumulated amortisation	(101,718)	(1,334,977)	(18,285)	(1,454,980)
Closing net book value	**203,282**	**143,038**	**181,188**	**527,508**
Year ended 31 December 2018				
Opening net book value	203,282	143,038	181,188	527,508
Additions	-	121,735	-	121,735
Amortisation	(20,343)	(60,717)	(20,220)	(101,280)
Closing net book value	**182,939**	**204,056**	**160,968**	**547,963**
Acquisition cost/revalued amount	305,000	1,599,750	199,473	2,104,223
Accumulated amortisation	(122,061)	(1,395,694)	(38,505)	(1,556,260)
Closing net book value	**182,939**	**204,056**	**160,968**	**547,963**

Tenancy rights relate to the acquired rights to a property, which empowers it to lease the property. The tenancy rights are being amortised over 15 years, being the rent period under the initial lease agreement. The economic useful life for computer software is determined as 5 years.

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	LAND AND BUILDINGS	LEASEHOLD PREMISES	MOTOR VEHICLES	FURNITURE AND FITTINGS	TOTAL
	€	€	€	€	€
Year ended 31 December 2017					
Opening net book value	3,104,568	19,887	17,909	265,357	3,407,721
Acquisitions	80,026	-	34,500	51,034	165,560
Provision for the year	(56,820)	(2,862)	(9,337)	(72,525)	(141,544)
Closing net book value	**3,127,774**	**17,025**	**43,072**	**243,866**	**3,431,737**
Acquisition cost/revalued amount	3,506,297	74,540	204,535	1,612,686	5,398,058
Accumulated depreciation	(378,523)	(57,515)	(161,463)	(1,368,820)	(1,966,321)
Closing net book value	**3,127,774**	**17,025**	**43,072**	**243,866**	**3,431,737**
Year ended 31 December 2018					
Opening net book value	3,127,774	17,025	43,072	243,866	3,431,737
Transfer	(79,831)	79,831	-	-	-
Acquisitions	164,926	154,514	6,800	82,041	408,281
Revaluation during the year	365,834	-	-	-	365,834
Provision for the year	(78,703)	(4,972)	(2,333)	(71,252)	(157,260)
Closing net book value	**3,500,000**	**246,398**	**47,539**	**254,655**	**4,048,592**
Acquisition cost/revalued amount	3,500,000	308,885	211,335	1,694,727	5,714,947
Accumulated depreciation	-	(62,487)	(163,796)	(1,440,072)	(1,666,355)
Closing net book value	**3,500,000**	**246,398**	**47,539**	**254,655**	**4,048,592**

COMPANY	LAND AND BUILDINGS	LEASEHOLD PREMISES	MOTOR VEHICLES	FURNITURE AND FITTINGS	TOTAL
	€	€	€	€	€
Year ended 31 December 2017					
Opening net book value	3,104,568	19,887	17,911	261,192	3,403,558
Acquisitions	80,026	-	34,500	51,034	165,560
Provision for the year	(56,820)	(2,862)	(9,337)	(71,640)	(140,659)
Closing net book value	**3,127,774**	**17,025**	**43,074**	**240,586**	**3,428,457**
Acquisition cost/revalued amount	3,456,213	74,540	185,247	1,599,010	5,315,010
Accumulated depreciation	(328,439)	(57,515)	(142,173)	(1,358,426)	(1,886,553)
Closing net book value	**3,127,774**	**17,025**	**43,074**	**240,584**	**3,428,457**
Year ended 31 December 2018					
Opening net book value	3,127,774	17,025	43,074	240,584	3,428,457
Transfer	(79,831)	79,831	-	-	-
Acquisitions	164,925	154,514	6,800	82,041	408,280
Revaluation during the year	365,834	-	-	-	365,834
Provision for the year	(78,703)	(4,972)	(2,333)	(70,451)	(156,459)
Closing net book value	**3,500,000**	**246,398**	**47,541**	**252,173**	**4,046,112**
Acquisition cost/revalued amount	3,500,000	308,885	192,047	1,681,051	5,681,983
Accumulated depreciation	-	(62,487)	(144,506)	(1,428,878)	(1,635,871)
Closing net book value	**3,500,000**	**246,398**	**47,541**	**252,173**	**4,046,112**

Land and buildings

Land and buildings are revalued by an independent, professionally qualified valuer every three years on an open market value basis. The fair value of land and buildings is computed by multiplying the office space in square metres by the market price per square metre of land and buildings with a similar structure in terms of age, size and location. The last revaluation was carried out during 2018.

15. INVESTMENT PROPERTY

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
At 1 January 2018	**-**	-	**-**	-
Additions	**1,970,611**	-	**1,970,611**	-
At 31 December 2018	**1,970,611**	-	**1,970,611**	-

The properties were purchased in 2018 and management have assessed that fair value at year-end to be equivalent to the acquisition cost. On an annual basis, the Company will be engaging external, independent and qualified valuers to determine the fair value of the properties in question.

16. INVESTMENTS IN SUBSIDIARY

	2018	**2017**
	€	€
Investment held in subsidiary	**299,999**	299,999

NAME	REGISTERED OFFICE	% OF EQUITY HELD	
		2018	2017
Citadel Health Insurance Agency (in Run-Off) Limited	75, St Francis Street, Floriana, Malta	**100%**	100%

	CAPITAL AND RESERVES	
	€	€
Citadel Health Insurance Agency (in Run-Off) Limited	**266,307**	274,355

	PROFIT / (LOSS)	
	€	€
Citadel Health Insurance Agency (in Run-Off) Limited	**(8,050)**	(24,456)

17. FINANCIAL ASSETS

The Group's and Company's investments are summarised by measurement category in the table below:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Fair value through profit or loss	**13,443,652**	15,689,741	**13,443,652**	15,689,741
Loans and receivables	**1,000,000**	1,000,000	**1,000,000**	1,000,000
	14,443,652	16,689,741	**14,443,652**	16,689,741

17.1 Investments at fair value through profit and loss

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Designated upon initial recognition				
Equity securities and collective investment schemes:				
Listed shares	**5,483,818**	6,631,288	**5,483,818**	6,631,288
Collective investment schemes	**753,697**	635,817	**753,697**	635,817
Assets held to cover linked liabilities	**1,365,871**	1,543,731	**1,365,871**	1,543,731
	7,603,386	8,810,836	**7,603,386**	8,810,836
Debt securities - fixed interest rate:				
Government bonds	**2,969,963**	3,130,915	**2,969,963**	3,130,915
Listed corporate bonds	**2,870,303**	3,747,990	**2,870,303**	3,747,990
	5,840,266	6,878,905	**5,840,266**	6,878,905
Total investments at fair value through profit and loss	**13,443,652**	15,689,741	**13,443,652**	15,689,741

The Company uses this designation as doing so results in more relevant information because a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with the documented investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel.

Maturity of fixed income debt securities:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Within 1 year	**203,425**	365,076	**203,425**	365,076
Between 1 and 5 years	**1,674,969**	2,255,082	**1,674,969**	2,255,082
Over 5 years	**3,961,872**	4,258,747	**3,961,872**	4,258,747
	5,840,266	6,878,905	**5,840,266**	6,878,905
Weighted average effective interest rate at the reporting date	**2.15%**	1.73%	**2.87%**	1.15%

17.2 Loans and receivables

The maturities of the Group's and the Company's loans and receivables are summarised below:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Due in 2022	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Weighted average effective interest rate at the reporting date	**1.8%**	1.8%	**1.8%**	1.8%

All loans and receivables are current in nature. No investments are pledged to third parties at the financial year end. Financial assets are held primarily in the Company's functional currency.

18. INSURANCE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Receivables arising from insurance activities:				
• Due from policy holders	**592,471**	721,060	**592,471**	721,060
• Due from intermediaries	**2,319,378**	2,119,803	**2,318,718**	2,119,141
	2,911,849	2,840,863	**2,911,189**	2,840,201
Other receivables:				
• Amounts due from subsidiary	**-**	-	**14,018**	48,532
• Accrued interest	**116,423**	161,365	**116,423**	161,365
• Other prepayments and accrued income	**228,634**	251,684	**228,637**	251,686
	345,057	413,049	**359,078**	461,583
Total receivables	**3,256,906**	3,253,912	**3,270,267**	3,301,784

No interest is due on the above receivables.

During the year, bad debts written off amounted to €250 (2017: €3,127). Receivables are disclosed net of provision for doubtful debts of €162,155 (2017: €246,865).

19. CASH AND CASH EQUIVALENTS

Balances of cash and cash equivalents as shown on the statements of financial position are analysed below:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Cash at bank and in hand	**4,420,682**	5,576,188	**4,337,275**	5,451,270
Bank balance overdrawn	**(1,333,682)**	(1,203,273)	**(1,333,682)**	(1,203,273)
Net balance	**3,087,000**	4,372,915	**3,003,593**	4,247,997

20. DEFERRED TAX

Deferred tax (assets)/liabilities are attributable to the following:

GROUP AND COMPANY	BALANCE AT BEGINNING OF YEAR	RECOGNISED IN INCOME	RECOGNISED IN OTHER COMPREHEN-SIVE INCOME	BALANCE AT END OF YEAR
	€	**€**	**€**	**€**
Provision for impairment losses	(88,174)	31,420	-	**(56,754)**
Unabsorbed tax losses	(397,544)	(180,229)	-	**(577,773)**
Temporary differences on property, plant and equipment	23,914	17,955	-	**41,869**
Unrealised gains on investments	775,224	(352,882)	-	**422,342**
Revaluation of property	310,000	-	40,000	**350,000**
	623,420	**(483,736)**	**40,000**	**179,684**

Deferred tax assets and deferred tax liabilities are offset to the extent that the Group has a legally enforceable right to set off current assets against current liabilities.

At 31 December 2018, the Group had an unrecognised deferred tax asset of €47,970 (2017: €47,970) emanating from unabsorbed capital losses.

At 31 December 2018, the Group also had unabsorbed tax losses at its subsidiary of €55,583 (2017: €55,583) for which no deferred tax asset is recognised in the statement of financial position. The crystallisation of this asset remains doubtful given the expected pattern of income in the future years and has therefore not been recognised.

21. INSURANCE LIABILITIES AND REINSURANCE ASSETS

COMPANY	2018			2017		
	GROSS	RE-INSURERS' SHARE	NET	GROSS	RE-INSURERS' SHARE	NET
	€	€	€	€	€	€
General business						
Provision for unearned premiums	5,937,424	(1,413,577)	4,523,847	5,314,893	(1,205,003)	4,109,890
Claims outstanding	5,839,862	(972,906)	4,866,956	5,747,849	(1,127,555)	4,620,294
	11,777,286	(2,386,483)	9,390,803	11,062,742	(2,332,558)	8,730,184
Long term business						
Claims outstanding	437,601	(375,946)	61,655	357,481	(289,517)	67,964
Technical provisions:						
Non-Linked	7,673,260	(2,253,772)	5,419,488	7,767,983	(2,502,649)	5,265,334
Linked	1,365,870	-	1,365,870	1,543,731	-	1,543,731
	9,476,731	(2,629,718)	6,847,013	9,669,195	(2,792,166)	6,877,029
Total insurance contract provisions	21,254,017	(5,016,201)	16,237,816	20,731,937	(5,124,724)	15,607,123
Split as follows:						
Current	12,214,887	(2,762,429)	9,452,458	11,420,223	(2,622,075)	8,798,148
Non-current	9,039,130	(2,253,772)	6,785,358	9,311,714	(2,502,649)	6,809,065
	21,254,017	(5,016,201)	16,237,816	20,731,937	(5,124,724)	15,607,213
Provision for unearned premiums						
At beginning of year	5,314,893	(1,205,003)	4,109,890	4,704,322	(1,112,092)	3,592,230
Premiums written	12,526,192	(3,611,076)	8,915,116	11,395,479	(3,432,850)	7,962,629
Less:						
Premiums earned	(11,903,661)	3,402,502	(8,501,159)	(10,784,908)	3,339,939	(7,444,969)
At end of year	5,937,424	(1,413,577)	4,523,847	5,314,893	(1,205,003)	4,109,890
General and long term business						
Movement in provision for claims outstanding						
At beginning of year	6,105,330	(1,417,072)	4,688,258	6,057,593	(1,849,942)	4,207,651
Claims settled during the year	(6,575,090)	1,154,809	(5,420,281)	(5,477,680)	892,561	(4,585,119)
Increase/(decrease) in liabilities:						
- arising from current year claims	4,377,399	(1,183,551)	3,193,848	4,337,463	(1,066,436)	3,271,027
- arising from prior year claims	2,369,824	96,962	2,466,786	1,187,954	606,745	1,794,699
At end of year	6,277,463	(1,348,852)	4,928,611	6,105,330	(1,417,072)	4,688,258

Claims development

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Company. The tables compare the claims paid on an accident year with the provisions established for these claims. The top part of the table provides a review of current estimates of cumulative claims net of reinsurance and demonstrates how the estimated claims have changed at subsequent reporting or accident year-ends. The estimate is increased or decreased as losses are paid and more information becomes known with the development of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

While the information in the table provides a historical perspective on the adequacy of unpaid claims estimates established in previous years, readers of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Company believes that the estimate of total claims outstanding as of the end of 2018 is adequate. Although the amounts provided reflect managements' best estimate of the total claims outstanding, the Company's total outlay in relation to such claims becomes final on payment.

COMPANY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	NET
	€	€	€	€	€	€	€	€	€	€	€
Estimates of the ultimate claims costs:											
At end of accident year	2,144,043	2,481,631	2,994,023	2,661,472	2,310,243	2,159,562	2,154,508	2,222,247	2,400,713	2,584,016	24,112,458
One year later	2,338,983	2,928,419	3,273,106	3,340,111	2,673,144	2,683,888	2,787,473	2,809,620	3,256,794		26,091,539
Two years later	2,211,352	2,874,637	3,120,003	3,363,645	2,508,772	2,505,945	2,647,604	2,681,028			21,912,986
Three years later	2,347,994	2,778,176	3,030,430	3,377,848	2,515,530	2,471,335	2,685,164				19,206,477
Four years later	2,344,548	2,751,144	3,073,424	3,463,049	2,537,955	2,499,831					16,669,952
Five years later	2,353,967	2,764,344	3,056,597	3,553,877	2,560,715						14,289,498
Six years later	2,374,252	2,748,441	3,038,057	3,668,007							11,828,757
Seven years later	2,352,678	2,795,576	3,090,706								8,238,960
Eight years later	2,453,977	2,826,110									5,280,088
Nine years later	2,462,146										2,462,146
Current estimate of cumulative claims	2,462,146	2,826,110	3,090,706	3,668,007	2,560,715	2,499,831	2,685,164	2,681,028	3,256,794	2,584,016	28,314,517
Current payments to-date	(2,406,996)	(2,795,028)	(2,850,781)	(3,333,645)	(2,529,066)	(2,403,202)	(2,507,127)	(2,304,654)	(2,473,114)	(1,033,989)	(24,637,603)
Liability recognised in the statement of financial position	55,150	31,082	239,925	334,361	31,649	96,629	178,037	376,373	783,680	1,550,027	3,676,914
Liabilities in respect of prior years											338,714
Liabilities in respect of classes of business not in the analysis											912,983
Total reserve included in statement of financial position											4,928,611

Liability in respect of classes of business not in the analysis includes the marine, fire, accident, credit and engineering classes of business as well as the life business and the incurred but not reported liability.

Life business

Analysis of movements in technical provisions – Non-Linked:

	2018			2017		
	GROSS	**RE-INSURERS' SHARE**	**NET**	GROSS	RE-INSURERS' SHARE	NET
	€	**€**	**€**	€	€	€
At beginning of year	**7,767,983**	**(2,502,649)**	**5,265,334**	7,656,000	(2,633,000)	5,023,000
Movement in reserves	**(94,433)**	**248,587**	**154,154**	111,983	130,351	242,334
At end of year	**7,673,550**	**(2,254,062)**	**5,419,488**	7,767,983	(2,502,649)	5,265,334

Life business

Analysis of movements in technical provisions – Linked:

	2018	2017
	€	€
At beginning of year	**1,543,731**	1,650,000
Premiums received in year	**176,918**	197,622
Liabilities released on payment of deaths, surrenders and terminations during the year	**(225,627)**	(381,349)
Changes in unit prices	**(129,152)**	77,458
At end of year	**1,365,870**	1,543,731

Unit linked liabilities are not ceded to reinsurers.

22. SHARE CAPITAL

COMPANY	2018 AND 2017
	€
Authorised:	
7,200,000 ordinary shares of €1.00 each	**7,200,000**
Issued and fully paid up:	
2,570,400 ordinary 'A' shares of €1.00 each	**2,570,400**
1,008,000 ordinary 'B' shares of €1.00 each	**1,008,000**
918,000 ordinary 'C' shares of €1.00 each	**918,000**
504,000 ordinary 'D' shares of €1.00 each	**504,000**
	5,000,400

The management and administration of the Company is entrusted to a Board of Directors consisting of not less than two (2) and not more than nine (9) directors as appointed by the shareholders in accordance with their appointment rights, whereby the holders of the ordinary 'A' shares can appoint five (5) directors including the Chairman.

Otherwise save as may be expressly provided in the Memorandum and Articles of Association, the ordinary shares of the different classes shall rank *pari passu* for all intents and purposes of law.

23. BORROWINGS

SUBORDINATED LOANS	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Unsecured 4% shareholders' subordinated loans	**580,550**	580,550	**580,550**	580,550
Unsecured bank subordinated loans	**1,000,000**	1,500,000	**1,000,000**	1,500,000
	1,580,550	2,080,550	**1,580,550**	2,080,550

The shareholders' subordinated loans amounting to €580,550 are due for repayment in April 2020.

These amounts will be settled in cash. No guarantees have been given or received.

The bank subordinated loans are repayable as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Due in 2018	**-**	500,000	**-**	500,000
Due in 2020	**1,000,000**	1,000,000	**1,000,000**	1,000,000
	1,000,000	1,500,000	**1,000,000**	1,500,000

As at year end the bank borrowings bore interest at the rate of 4.00% per annum.

24. INSURANCE PAYABLES, OTHER PAYABLES AND DEFERRED INCOME

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Direct insurance contract payables	**451,427**	406,465	**448,097**	402,923
Amounts due to related parties	**5,690**	13,414	**205,163**	212,887
Insurance payables	**457,117**	419,879	**653,260**	615,810
Other payables and accruals	**570,949**	600,406	**568,353**	597,810

25. OPERATING LEASES – THE COMPANY AS LESSEE

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Minimum lease payments under operating lease recognised as an expense for the year	**139,269**	123,422	**139,269**	123,422

At the end of the reporting period, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Within one year	**136,531**	120,685	**136,531**	120,685
Between one and five years	**509,928**	447,766	**509,928**	447,766
Over five years	**365,420**	319,087	**365,420**	319,087
	1,011,879	887,538	**1,011,879**	887,538

Operating lease payments represent rentals payable by the company, following the purchase of tenancy rights as disclosed in note 13, for the lease of a property in Floriana. The tenancy rights give the Company the right to lease for a period of fifteen years, following which the company will also have first preference of reacquiring the lease and the possibility to match any bids made by potential future tenants. Lease rentals shall be adjusted for inflation every five years.

26. RELATED PARTY DISCLOSURES

Citadel Insurance p.l.c. is the parent company of Citadel Health Insurance Agency (in run-off) Limited as disclosed in note 15.

The immediate and ultimate parent company of Citadel Insurance p.l.c. is Citadel Holdings Limited, the registered office of which is Apartment 12, 182/183 Tower Reef Apts., Tower Road, Sliema, Malta. Consolidated financial statements which include the financial results of the company may be obtained from the ultimate parent company's registered office.

The Directors consider the ultimate controlling party to be Joseph N. Tabone.

The terms and conditions of the subordinated loans due to related parties are disclosed in note 23.

Other related party transactions are disclosed in the remaining notes in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of **Citadel Insurance p.l.c.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the individual financial statements of Citadel Insurance p.l.c. (the Company) and the consolidated financial statements of the Company and its subsidiaries (together, the Group), set out on pages 14 to 53, which comprise the statements of financial position of the Company and the Group as at 31 December 2018, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company and the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2018, and of the Company's and the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386) and the Insurance Business Act (Cap. 403).

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 independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit, we have remained independent of the Company and the Group and have not provided any of the non-audit services prohibited by article 18A(1) of the Accountancy Profession Act (Cap. 281).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. The key audit matters described below pertain to the audit of both the individual and the consolidated financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Valuation of long term insurance liabilities</u>

The valuation of the Company's and the Group's long term insurance liabilities is a key source of estimation and uncertainty that is material to the individual and the consolidated financial statements, representing 35% and 34% respectively of the total liabilities. The valuation of long term technical reserves is determined by the appointed actuary and is approved by the Board of Directors. These reserves are based on assumptions as to mortality, investment returns and administration expenses.

Our audit procedures included:

- Evaluating the design and implementation of key controls over the long term insurance liabilities;
- Making an assessment of the appointed actuary's competence, capabilities and objectivity;
- Obtaining an understanding of the work of the appointed actuary;
- Performing tests of detail to assess the completeness and integrity of the data provided to the appointed actuary for the purpose of determining the long term insurance liabilities;
- Involving actuaries to assist the audit team with evaluating the appropriateness of the appointed actuary's report on the year end long term insurance liabilities including challenging the methodology used and its key assumptions;
- Assessing the adequacy of disclosures made in the financial statements in relation to the long term insurance liabilities.

The Company and Group disclosures on long term insurance liabilities are disclosed in notes 4, 5 and 21 to the financial statements.

<u>General business claims outstanding reserves</u>

The general business claims outstanding reserves comprise notified claims as well as an estimate in respect of claims incurred but not reported ("IBNR") at the end of the financial year. These are material to the individual and consolidated financial statements and account for 21% of total liabilities in the individual and consolidated financial statements. Estimating the provision for claims arising from general business is an inherently complex area, based on case by case estimates supplemented with additional provisions for IBNR, and requires a significant amount of judgement.

Our audit approach included:

- Testing the design, implementation and operating effectiveness of key controls over the reserving process;
- Reviewing a selection of claims outstanding to determine the reasonableness of assumptions made and consistency of the methodology used;
- Assessing the reasonableness of the IBNR based on notifications subsequent to year end;
- Analytically analysing the loss ratios and claims development of

material classes of business;

- Assessing the adequacy of disclosures made in the financial statements in relation to the general business claims outstanding reserves.

The Company and Group disclosures on general business claims outstanding reserves are disclosed in notes 4, 5 and 21 to the financial statements.

Information Other than the Financial Statements and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the company information on pages 4 and 5, the Chairman's statement on page 6, the Managing Director / CEO review on page 7, the information included in the Directors' report on page 8, the corporate governance statement of compliance on pages 9 and 10, and the statement of directors' responsibilities on page 11, but does not include the individual and consolidated financial statements and our auditor's report thereon.

Except for our opinion on the Directors' report in accordance with the Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' Report, we also considered whether the Directors' report includes the disclosure requirements of article 177 of the Companies Act (Cap. 386).

In accordance with the requirements of sub-article 179(3) of the Maltese Companies Act (Cap. 386) in relation to the Directors' Report on page 8, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the individual and consolidated financial statements are prepared is consistent with those financial statements; and

- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company, the Group and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors and the Audit Committee for the Financial Statements

As explained more fully in the statement of directors' responsibilities on page 11, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and the requirements of the Companies Act (Cap.386), and the Insurance Business Act (Cap. 403), and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and the Group or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the Company's and the Group's financial reporting process to the Audit Committee.

Auditor's Responsibilities for the Audit of the 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.

In terms of sub-article 179A(4) of the Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the audited entity or on the efficiency or effectiveness with which the Directors have conducted or will conduct the affairs of the entity.

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 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 Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Matters on which we are required to report by exception under the Companies Act

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- proper accounting records have not been kept;

- proper returns adequate for our audit have not been received from branches not visited by us;

- the financial statements are not in agreement with the accounting records and returns; or

- we have been unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure

We were first appointed to act as statutory auditor of the Company and the Group by the Directors for the first financial period of the Company, being the financial year ended 31 December 1997, and were subsequently reappointed as statutory auditors by the members of the Company on an annual basis. The period of total uninterrupted engagement as statutory auditor including previous reappointments of the firm is 22 financial years.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with the provisions of article 11 of EU Regulation No. 537/2014.

Ian Coppini as Director
in the name and on behalf of
Deloitte Audit Limited
Registered address
Mriehel, Malta

17 April 2019

Citadel insurance

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