FIRST EUROPEAN TITLE INSURANCE COMPANY LIMITED

Annual Report and Financial Statements
31 December 2022

Company Registration Number: C 88171

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors

The directors of the Company who held office during the period and at the date of signing of these financial statements were:
Mr. John Maidens
Mr. Oliver Bate
Mr. Justin McChesney (Non-executive)
Mr. John Bonett (Non-executive)
Mr. Joseph Demanuele (Non-executive)

The Company's Articles of Association do not require any directors to retire.

Principal activities

The principle activities of the Company consist of title insurance business in Europe. The Company is licensed to transact insurance business falling within Class 16 - Miscellaneous financial loss and 17 – Legal expenses.

Review of the business

The Company is a wholly owned subsidiary of First American Financial Corporation (i.e., the ultimate parent), a company registered in Delaware, USA.

The Company is dependent upon the strength of the commercial property markets in Europe. These markets were impacted by the Russian invasion of Ukraine in February 2022, which impacted upon the Company's planned income levels and profits during the year. The Company is well capitalised to manage the short term impact of such disruptions to the economy. The risks arising from the invasion of Ukraine do not impact upon the incidence or quantum of claims arising from title insurance business and are not expected to have a material adverse impact upon the Company's medium or longer term plans.

The Gross premiums written in the year to 31 December 2022 decreased to €2.995 million reflecting the economic impact of the war in Ukraine (2021: €3.586 million). Following limited claims incurred during the year, a release of reserves resulted in a net claims incurred credit to the profit and loss account of €298 thousand (2021: credit of €404 thousand). This resulted in a net balance on the technical account for general business of €2.458 million (2021: €2.972 million) after outward reinsurance premiums and net operating expenses. Investment loss for the year ended 31 December 2022 was €553 thousand (2021: loss of €29 thousand).

The Company has opted for the standard formula under the Solvency II regime to calculate the Solvency Capital Requirement (SCR) as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. At 31 December 2022, the Company's eligible own funds adequately covered the required SCR and amounted to €7.733 million (2021: €7.407 million) (unaudited). The Company's SCR and Minimum Capital Requirement (MCR) ratios as at 31 December 2022 were equivalent to 337% (unaudited) and 286% (unaudited), respectively (2021: 285% and 296%, respectively (unaudited)). The audited Group SCR is reported in the group-wide Solvency and Financial Condition Report.

DIRECTORS' REPORT – continued

Results

The statement of comprehensive income is set out on page 16. The profit for the year has been transferred to accumulated profit.

Principal risks and uncertainties

The Company's activities expose it to a variety of insurance and financial risks. The principal risks facing the Company and its policies for managing those risks are set out in Note 2 of these financial statements.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All significant policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance team takes on an important role in this regard. The principal risks from the general title insurance business arise from inaccurate pricing; fluctuations in the timing, frequency and severity of claims compared to expectations; inadequate reinsurance protection; and inadequate reserving. In addition, the Company is exposed to financial risks arising primarily from the investments that it holds. These risks are mitigated through investment management protocol agreed by the Board to ensure investments held are aligned to the Company's risk appetite. Our underwriting and reinsurance strategies are approved by the Board and communicated clearly throughout the business through policy statements and guidelines.

The ongoing impact of the war in Ukraine has had an impact on the operations of the Company during the year. The Company continues to monitor the economic impact and ensure it is focused on strong product offerings and client services to multiple markets to minimise the disruption to business.

The war in Ukraine does not impact upon the incidence or quantum of claims arising from title insurance business, and the Company is well capitalised to manage the remaining economic impacts.

In addition, the Company's exposure to counterparty default risk is low. The directors considered the Company's exposure to credit risk whereby a significant portion of the Company's assets relate to bonds issued by reputable companies as well as due from reinsurers with good credit standing. The Company's cash and cash equivalents are likewise held by reputable banks.

The directors are therefore satisfied that the Company remains a going concern in light of the ongoing risks and uncertainties associated to the war in Ukraine and related economic uncertainty.

Financial risk management

Information pertaining to the Company's financial risk management is included within Note 2 to these financial statements.

Future developments

In all core markets, the Company expects to continue to see the impact of continuing economic and competitor pressure. The Company is very well placed to respond to these pressures due to its market position, financial and economic strength and by being a subsidiary of a leading global title insurer.

The performance of the Company during the year ended 31 December 2022 has been profitable despite the economic challenges experienced throughout Europe following the impact of the war in Ukraine, which significantly reduced market activity in the year.

DIRECTORS' REPORT – continued

Future developments - continued

While the Company has no direct risk exposures in Russia or Ukraine, there is likely to be continued impact upon business confidence and commercial property markets in neighbouring countries which may impact demand for title insurance. While the extent of this impact cannot easily be assessed the Company operates in a number of geographic markets throughout Europe which diversifies this risk and is more than sufficiently well capitalised to manage any foreseeable fall in revenue in the year ahead.

Events after the reporting period

There are no events affecting the Company after the reporting period other than the economic downturn recorded in the months of February and March 2023 due to bank failures.

Going concern

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the fair valuation of financial assets through profit or loss, which the directors believe is appropriate.

External actuarial function holder

The Company's external actuarial function holder is Mr. Derek Newton, Fellow of the Institute of Actuaries (FIA), and a principal of Milliman LLP (London Office).

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) and Insurance Business Act, 1998 to prepare financial statements that give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for the period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

DIRECTORS' REPORT – continued

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Maltese Companies Act (Cap. 386) and Insurance Business Act, 1998. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed on its behalf by

John Maidens
Director

John Bonett
Director

The Reed Centre, Blue Harbour
Ta' Xbiex Seafront, Ta' Xbiex
XBX 1027
Malta

27 March 2023

Independent auditor's report

To the Shareholders of First European Title Insurance Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of First European Title Insurance Company Limited (the Company) as at 31 December 2022, and of the company'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
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Board of Directors.

What we have audited

First European Title Insurance Company Limited's financial statements, set out on pages 14 to 45, comprise:

- the statement of financial position as at 31 December 2022;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

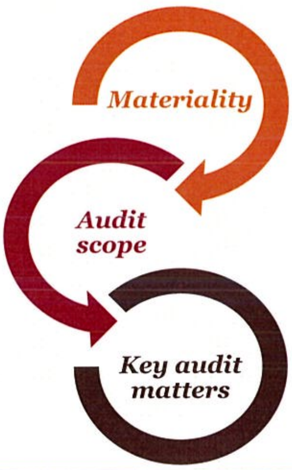
We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period from 1 January 2022 to 31 December 2022, are disclosed in the Note 8 to the financial statements.

Our audit approach

Overview



- Overall materiality: €109,000, which represent 1% of total assets.

- Reasonableness of gross and net incurred but not reported (IBNR) claims provision pwc

Independent auditor's report - *continued*

To the Shareholders of First European Title Insurance Company Limited

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	€109,000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as at 31 December 2022 as reflected in the statement of financial position as the benchmark because, in our view, it is representative of stakeholders' interests, and is a more stable and reliable benchmark for the Company as compared to profit and loss measures. We chose 1% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above €10,900 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Key audit matter	How our audit addressed the Key audit matter
Reasonableness of gross and net incurred but not reported (IBNR) claims provision Incurred but not reported (IBNR) claims provisions represent estimates of future payments of unreported, or not enough reported, claims for losses and related expenses at a given date. The process of determining the value of these insurance provisions requires judgement in the selection of key assumptions. The gross IBNR provision as at 31 December 2022 was €3.40 million, gross of reinsurers' share amounting to €0.98 million. The process used to determine these provisions is described in notes 1.11, 2.2, 3 and 14 to these financial statements. We focused on this area due to its inherent subjectivity, high degree of uncertainty as well as magnitude.	Our audit procedures addressing the reasonableness of the Company's gross and net IBNR claims provision considered the following procedures, including the involvement of our actuarial team experts: • we applied our industry knowledge and experience in understanding and evaluating the Company's methodology and assumptions used; • we tested the accuracy and completeness of the underlying data utilised for the purposes of the Company's estimation models; • we tested the reasonableness of IBNR claims provision (on a gross and net basis) as at year-end through the use of actuarial techniques; • we have understood and discussed the methodology, assumptions and judgements made by management in estimating gross and net IBNR provision, and we considered the view of the Company's third-party actuarial function; • we considered the extent of related disclosures to the financial statements. Based on the work performed, we found the recorded IBNR claims provision to be consistent with the explanations and evidence obtained.

Independent auditor's report - *continued*

To the Shareholders of First European Title Insurance Company Limited

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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.

Responsibilities of the directors for the financial statements

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 EU and the requirements of the Maltese Companies Act (Cap. 386), and for 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.

In preparing the financial statements, the directors are responsible for assessing the company'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 or to cease operations, or have no realistic alternative but to do so.

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.

Independent auditor's report - *continued*

To the Shareholders of First European Title Insurance Company Limited

As part of an audit in accordance with ISAs, we exercise professional judgement 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 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 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 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.

We communicate with the directors 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 directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated the directors, we determine those matters that were of most significance in the audit of the 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.

Independent auditor's report - continued

To the Shareholders of First European Title Insurance Company Limited

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Financial Statements 2022* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 4) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Independent auditor's report - *continued*

To the Shareholders of First European Title Insurance Company Limited

Area of the *Annual Report and Financial Statements 2022* and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or 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. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report - continued

To the Shareholders of First European Title Insurance Company Limited

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 24 June 2019. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 4 years.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Romina Soler
Partner

27 March 2023

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2022 €'000	As at 31 December 2021 €'000
ASSETS			
Investments			
Financial investments	9	**6,309**	6,936
Reinsurers' share of technical provisions			
Claims outstanding	14	**994**	1,273
Debtors: amounts falling due within one year:			
Arising out of direct insurance operations	5	**346**	664
Prepayments and accrued income	5	**131**	122
Other debtors	5	**82**	30
Cash at bank	4	**3,047**	2,582
Total assets		**10,909**	11,607
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	**5,800**	5,800
Accumulated profit		**1,147**	1,112
Total equity		**6,947**	6,912
LIABILITIES			
Technical provisions			
Claims outstanding	14	**3,444**	4,027
Creditors: amounts falling due within one year:			
Arising out of insurance operations	7	**185**	329
Accruals and other payables	7	**333**	339
Total liabilities		**3,962**	4,695
Total equity and liabilities		**10,909**	11,607

The notes on pages 19 to 45 are an integral part of these financial statements.

The financial statements on pages 14 to 45 were approved and authorised for issue by the Board on 27 March 23 and signed on its behalf by:

John Maidens
Director

John Bonett
Director

PROFIT AND LOSS ACCOUNT

Technical account – General business

	Notes	**Year ended 31 December 2022**	Year ended 31 December 2021
		€'000	€'000
Earned premiums, net of reinsurance			
Gross premiums written		**2,995**	3,586
Outward reinsurance premiums	12	**(418)**	(538)
Net premiums written		**2,577**	3,048
Total technical income		**2,577**	3,048
Claims incurred, net of reinsurance			
Claims paid			
- gross amount	14	**8**	26
- reinsurers' share	14	**(2)**	(2)
Net claims paid	14	**6**	24
Change in the provision for claims			
- gross amount	14	**(583)**	(783)
- reinsurers' share	14	**279**	355
Net change for provision in claims		**(304)**	(428)
Claims incurred, net of reinsurance		**(298)**	(404)
Net operating expenses	8	**417**	480
Total technical charges		**119**	76
Balance on the technical account for general business (page 16)		**2,458**	2,972

The notes on pages 19 to 45 are an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT

Non-technical account	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Balance on technical account – general business (page 15)		**2,458**	2,972
Other income		**-**	10
Investment loss		**(553)**	(29)
Administrative expenses	8	**(1,870)**	(1,575)
Profit before tax		**35**	1,378
Tax expense	13	**-**	(74)
Profit after tax		**35**	1,304

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Profit for the year		**35**	1,304
Other comprehensive income		**-**	-
Total comprehensive income for the year		**35**	1,304

The notes on pages 19 to 45 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	**Share capital €'000**	**Accumulated profit €'000**	**Total €'000**
Balance at 1 January 2022		**5,800**	**1,112**	**6,912**
Total comprehensive income				
Profit for the year		**-**	**35**	**35**
Balance as at 31 December 2022		**5,800**	**1,147**	**6,947**

For the year ended 31 December 2021

	Note	Share capital €'000	Accumulated (deficit) / profit €'000	Total €'000
Balance at 1 January 2021		5,800	(192)	5,608
Total comprehensive income				
Profit for the year		-	1,304	1,304
Balance as at 31 December 2021		5,800	1,112	6,912

The notes on pages 19 to 45 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	**Year ended 31 December 2022 €'000**	Year ended 31 December 2021 €'000
Cash flows from operating activities			
Cash generated from operations	11	**468**	688
Interest received		**102**	146
Income tax paid		**(68)**	(1)
Net cash generated from operating activities		**502**	833
Cash flows from investing activities			
Purchase of financial investments		**(2,123)**	(12,434)
Sales and maturities of financial investments		**2,086**	12,306
Net cash used in investing activities		**(37)**	(128)
Movement in and cash equivalents		**465**	705
Cash at bank at the beginning of the period		**2,582**	1,877
Cash and cash equivalents at the end of the period	4	**3,047**	2,582

The notes on pages 19 to 45 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

1.1 General information

First European Title Insurance Company Limited ("the Company") is a limited liability company incorporated and domiciled in Malta in accordance with the Maltese Insurance Business Act, 1998 and the Maltese Companies Act (Cap. 386). The registered office of the Company is The Reed Centre, Blue Harbour, Ta'Xbiex Seafront, Ta'Xbiex XBX 1027, Malta.

The Company's principal activity is to transact title insurance business in Europe in terms of the Maltese Insurance Business Act, 1998. The Company currently has passporting rights to conduct business in various European jurisdictions.

1.2 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and with the requirements of the Insurance Business Act, 1998 and the Maltese Companies Act (Cap. 386).

These financial statements are prepared on a going concern basis of accounting under the historical cost convention as modified by the fair valuation of financial assets through profit or loss (FVTPL). Information on the impact of the ongoing war in Ukraine to the Company is disclosed in Note 2.2.5.

The statement of financial position is organised in increasing order of liquidity, with additional disclosures on the current or non-current nature of the Company's assets and liabilities provided within the notes to the financial statements.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company'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 3.

Standards, interpretations and amendments to published standards effective in 2022

In 2022, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not have significant impact on the Company's financial statements.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.2 Basis of preparation – continued

New standards, interpretations and amendments to published standards that are not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been applied in preparing these financial statements. The Company is considering the implications of the below standard on the Company's financial results and position.

IFRS 17 'Insurance Contracts' is an International Financial Reporting Standard (IFRS) that was issued by the International Accounting Standards Board (IASB) in May 2017 and amended in June 2020 and is applicable for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 was adopted by the European Union ('EU') on 19 November 2021, with an optional exemption regarding the annual cohort requirement. Furthermore, on 9 December 2021, the IASB issued 'Initial Application of IFRS 17 and IFRS 9 - Comparative Information', as an amendment to IFRS 17 and this was endorsed by the European Commission on 9 September, 2022. The Company has not early adopted IFRS 17 and will apply IFRS 17 for the first time on 1 January 2023. IFRS 17 will replace IFRS 4. It establishes the principles for the recognition, measurement, presentation and disclosure of contracts within the scope of the standard.

The Company's IFRS 17 implementation project is at an advanced stage. The assessment of the impact on the Company's financial statements is in progress, however, at the time of approval of these financial statements, given that certain judgements are still under consideration, a reasonable estimate of the financial impact cannot be provided at this stage. Therefore, the financial impact of the standard will be fully disclosed in the Company's accounts for the year ending 31 December 2023. However, the Company has the following expectations as to the impact on its accounting policy which will take effect, compared with its current accounting policy for insurance contracts, which is set out as below:

• Contracts in scope of IFRS 17

IFRS 17 applies to insurance contracts issued and to all reinsurance contracts held by an insurer. The Company does not expect significant scope changes arising from the application of these requirements as compared to IFRS 4.

• Level of aggregation

Under IFRS 17, at initial recognition, portfolios of insurance contracts are identified. A portfolio of insurance contracts is defined as insurance contracts that are subject to similar risks and managed together. A group can only include contracts that have been issued within one year of each other.

• Contract boundaries, measurement and transition

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:
- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.2 Basis of preparation – continued

- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

As title insurance policies may have coverage periods of more than 12 months, and often are issued in perpetuity, management anticipates that the general measurement model ('GMM') will apply to the Company's insurance contracts. Under IFRS 17, the GMM requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows, including an explicit risk adjustment for non-financial risk, and the resultant contractual service margin ('CSM'). The fulfillment cash flows will be calculated on a best estimate basis and will be remeasured on a current basis at each reporting period. The risk adjustments for non-financial risk reflects the compensation that the Company would require for bearing non-financial risk and will align to its risk appetite. Cashflows are also required to be discounted. Insurance revenue, and therefore profit, will be recognised alongside the risk arising over the coverage period and the components of the income statement and statement of financial position will change as compared to current practice under IFRS 4.

- Transition

IFRS 17 must be applied retrospectively and consequently the Company will need to restate the opening Statement of financial position (i.e. at 1 January 2022) as well as the Statement of profit or loss for 2022 and Statement of financial position as at 31 December 2022. The standard must be applied using a fully retrospective approach ('FRA'), unless impracticable, in which case two options are possible:
- the modified retrospective approach ('MRA'): this approach is based on maximising the Company's use of reasonable and supportable information available without undue cost and effort to the entity, with certain modifications permitted to the extent that FRA is not possible. The MRA has the objective to achieve the closest outcome to the FRA as possible; or
- the fair value approach ('FVA').

At the transition date (i.e. 1 January 2022), the Company will recognise in equity, on a net basis, any differences between amounts recognised under IFRS 4 and other applicable standards and IFRS 17.

- Presentation and disclosure

IFRS 17 will therefore result in a profound change as compared with the current measurement approach, including in so far as the presentation of the financial statements are concerned.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.2 Basis of preparation – continued

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on an aggregate basis. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the Statements of profit or loss are disaggregated into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately. There will also be additional notes to the financial statements, including detailed reconciliations.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), being the Euro ("EUR"), which is also the Company's presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the end of the month before the month in which the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of comprehensive income.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks (i.e., cash at bank), other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1.6 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

1.7 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. Accrued liabilities pertain to estimated obligations in the absence of a confirming document, such as a supplier invoice. Trade and other payables are derecognised when they are extinguished, cancelled or expired.

1.8 Current and deferred tax

Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The current income tax charge is calculated on taxable income for the period using the effective consolidated tax rate of 5% (2021: 5%) as the Company invoked for fiscal unity on 31 December 2020.

Deferred tax
Deferred income tax is provided using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.9 Financial assets and liabilities

Financial assets

The Company's financial assets include cash at bank, corporate and government bond investments, accrued interest receivable, and receivables from related parties.

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. 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 de-recognition.

The Company assesses which business models apply to the financial assets held by the Company. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of the Company's financial assets at initial recognition and reclassifies these debt instruments when and only when its business model for managing those assets changes.

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit and loss or FVTPL; and
- Measured at amortised cost.

Measured at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortised cost. These amounts are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in investment income using the effective interest rate method. The Company's financial assets classified as measured at amortised cost include accrued interest receivable and receivables from related parties, and cash at bank.

Fair value through profit or loss or FVTPL: Assets that do not meet the criteria for measured at amortised cost or fair value through other comprehensive income are measured at FVTPL. Financial assets at FVTPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Gains or losses on investments that are subsequently measured at FVTPL and are not part of hedging relationships are recognised in the profit or loss and presented in the profit or loss statement within investment income in the period in which they arise.

Financial assets are classified as current assets if they are expected to be settled within twelve months or within the normal operating cycle; otherwise, they are classified as non-current.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.9 Financial assets and liabilities – continued

The Company's financial assets measured at amortised cost are subject to expected credit loss model. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12-month expected credit losses (i.e., resulting from default events that are possible within 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months):

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Debt instruments for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally-understood definition of 'investment grade' (i.e., typically, at least 'BBB-' rating under S&P's).

Any impairment is recognised directly in the statement of comprehensive income. If in a subsequent period, the amount of the impairment loss decreased, the previously recognised expected credit loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

Financial assets relating to receivables from related parties are subject to impairment review when items become due but have not been settled. Amounts receivable, including premiums due, are impaired if they are greater than 90 days overdue, in line with the Company's bad debt policy. Cash at bank is also subject to the impairment requirements although the identified impairment loss was immaterial.

Financial liabilities

The Company's financial liabilities include trade and other payables. Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings (if any), net of directly attributable transaction costs. Financial liabilities are derecognised when they are extinguished, cancelled or expired.

1.10 Investment income

Investment income comprises fair value movements on FVTPL financial assets and interest income, and is net of investment expenses, charges and interest. Interest and expenses are accounted for on an accruals basis.

Interest income is recognised using the effective interest method. Investment income is recorded in the non-technical account.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.11 Accounting for insurance business

Insurance contracts are those contracts that transfer significant insurance risk. All of the Company's insurance products are classified as insurance contracts in accordance with IFRS 4. As a general guideline, the Company defines a significant insurance risk as the possibility of having to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

(a) Premiums and outward reinsurance premiums
Written premiums relating to title insurance products, gross of commission payable to intermediaries, comprise the premiums on contracts entered into during a financial year. Outward reinsurance premiums are recognised in the same accounting period as the related gross premiums. Title insurance premiums are recognised as fully earned on the date the policy is issued. This is because there is no coverage of title defects arising after the policy has been written.

Title insurance premiums are generally paid upfront, and therefore, there is no risk in relation to impairment of future premiums receivable in relation to policies issued other than those due as disclosed within debtors.

(b) Unearned premiums
Unearned premiums reserves are not recognised by the Company as all premiums are earned upon issuance of the insurance policy as outlined above.

(c) Acquisition costs
Acquisition costs which represent commission and other direct costs incurred in relation to securing new contracts are recognised upon issuance of an insurance contract, aligned to premiums earned.

(d) Claims incurred
Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported (IBNR) and related expenses, together with any other adjustments to claims from previous years. No deductions are made for salvage and subrogation recoveries as these are not anticipated.

(e) Claims provisions and related reinsurance recoveries
Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of IBNR to the Company. The estimated cost of claims includes expenses to be incurred in settling claims and the costs to be incurred of managing the claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, and the IBNR provision is based upon historical experience of the Company. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of IBNR is subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claim has happened.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.11 Accounting for insurance business – continued

(e) Claims provisions and related reinsurance recoveries – continued

In calculating the estimated cost of unpaid claims, the Company uses a variety of estimation techniques, generally based upon statistical analysis of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in the legal environment;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these claims, the Company has regard to the claim circumstance as reported, any information available from specialist advice and information on the cost of settling claims with similar characteristics in previous periods.

Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business and the extent of the development of each accident year.

Provisions are calculated gross of reinsurance recoveries based on the currently available information and are not discounted. A separate estimate is made of the amounts that will be recoverable from reinsurers based on the gross provisions. Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within receivables), as well as longer term receivables (classified within reinsurers' share of technical provisions) 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 comprise primarily of premiums payable for reinsurance contracts and are recognised as an expense on an accruals basis.

The above method of provisioning satisfies the minimum liability adequacy required by IFRS 4.

Creditors arising out of insurance operations are recognised when due. These include amounts due to reinsurers and brokers. These obligations are derecognised when they are extinguished or cancelled.

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.11 Accounting for insurance business – continued

(f) Impairment of assets within the scope of IFRS 4
These include debtors arising out of direct insurance operations (i.e., mainly insurance premiums receivable) and reinsurers' share of technical provisions. The Company assesses these assets for impairment on a regular basis. If there is objective evidence that the asset is impaired, the Company reduces the carrying amount of the asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

Objective evidence that an asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

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

The Company first assesses whether objective evidence of impairment exists individually for assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

1.12 Fair value

IFRS 13 requires disclosure for fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the financial statements – continued

1. Summary of significant accounting policies – continued

1.13 Related party and related party transactions

Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operating decisions. The Company also considers as related parties the Company's key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Details are disclosed in Note 12.

2. Management of financial and insurance risk

2.1 Financial risk

The Company's activities expose it to a variety of financial risks, namely market risk, liquidity risk and credit risk. The risk management policies employed by the Company to manage these risks are discussed below.

2.1.1 Market risk

Market risk arises from the Company's use of interest bearing and tradable currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

a) Interest rate risk

In general, the Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates. Assets issued at variable rates expose the Company to cash flow interest rate risk. The Company's cash at bank is exposed to cash flow interest rate risk (see Note 4).

In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. The Company minimises this risk by holding its investments in readily realisable corporate and government bonds giving it the ability to respond quickly to any changes in prevailing interest rates.

Notes to the financial statements – continued

2. Management of financial and insurance risk – continued

2.1.1 Market risk - continued

The following table details those assets held subject to fixed and floating interest rates.

Assets subject to fixed and floating interest rates as at 31 December 2022	**Interest bearing at floating rates €'000**	**Interest bearing at fixed rates €'000**	**Total €'000**
Cash at bank	**3,047**	**-**	**3,047**
Financial investments	**1,511**	**4,798**	**6,309**
Total	**4,558**	**4,798**	**9,356**

Assets subject to fixed and floating interest rates as at 31 December 2021	Interest bearing at floating rates €'000	Interest bearing at fixed rates €'000	Total €'000
Cash at bank	2,582	-	2,582
Financial investments	1,491	5,445	6,936
Total	4,073	5,445	9,518

The Company's main exposure to interest rate risk relates to fair value risks, primarily in relation to the value of financial investments, which comprise wholly of corporate bonds. Events in 2022 in relation to the economic environment following Russian's invasion of Ukraine resulted in exceptional changes to bond values and it is possible that fluctuations may similarly be experienced as the global economies recover from the impact of the invasion.

If interest rates at 31 December 2022 would have resulted in assets subject to fixed interest rates to be valued 10% lower / (higher), with all other variables held constant, the impact on pre-tax profit for the year would have been €691 thousand higher / lower (2021: €545 thousand). The Company's financial instruments subject to cash flow interest rate risk are short-term in nature and accordingly the level of interest rate risk is contained.

b) Foreign currency risk

Currency risk arises on financial instruments that are denominated in a currency that is not the entity's functional currency. The Company maintains a minimal amount of exposure in foreign currency and therefore the directors consider currency risk to be insignificant.

Notes to the financial statements – continued

2. Management of financial and insurance risk – continued

2.1.2 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company maintains sufficient cash and financial investments, in addition to adequate reinsurance programs in place, so as to ensure that it can meet any calls.

The following tables analyse the maturity of the Company's financial and insurance liabilities which are presented on an undiscounted contractual cash flow basis.

Financial and insurance liabilities as at 31 December 2022	**<1yr or on demand €'000**	**Between 1 and 2 years €'000**	**Between 2 and 5 years €'000**	**Over five years €,000**	**Carrying value €,000**
Claims outstanding	**1,847**	**393**	**783**	**421**	**3,444**
Creditors arising out of insurance operations	**195**	**-**	**-**	**-**	**195**
Trade and other payables	**333**	**-**	**-**	**-**	**333**
Total liabilities	**2,375**	**393**	**783**	**421**	**3,972**

Financial and insurance liabilities as at 31 December 2021	<1yr or on demand	Between 1 and 2 years	Between 2 and 5 years	Over five years	Carrying value
	€'000	€'000	€'000	€,000	€,000
Claims outstanding	2,267	594	764	402	4,027
Creditors arising out of insurance operations	271	-	-	-	271
Trade and other payables	397	-	-	-	397
Total liabilities	2,935	594	764	402	4,695

2.1.3 Credit risk

The Company 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 Company is exposed to credit risk are:

- Cash at bank;
- Financial investments;
- Amounts owed from related parties and group undertaking;
- Reinsurers' shares of technical provisions;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from policyholders; and
- Amounts due from insurance intermediaries.

Notes to the financial statements – continued

2. Management of financial and insurance risk – continued

2.1.3 Credit risk – continued

The Company measures credit risk and expected credit losses on financial assets using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. The Company's cash at bank is placed with quality financial institutions. No loss allowance has been recognised as any such impairment would be wholly insignificant to the Company given counterparty bank's credit quality. In relation to the Company's receivable from unrated group undertaking as at 31 December 2022, no loss allowance has been recognised as any such impairment would be insignificant given the outstanding balance as at year-end (2021: nil).

As disclosed in Note 1.11, the Company measures credit risk on debtors arising out of direct insurance operations (i.e., mainly insurance premiums receivable), and reinsurers' share of technical provisions and in respect of claims already paid using incurred credit loss approach.

The following tables provide information regarding the Company's primary aggregated credit risk exposure and includes reputable credit rating agencies' composite rating (where applicable).

Assets bearing credit risk as at 31 December 2022	**AAA €'000**	**AA €'000**	**A €'000**	**BBB €,000**	**Unrated €,000**	**Total €,000**
Financial investments	-	**405**	**1,800**	**4,104**	-	**6,309**
Reinsurers' share of technical provisions	-	-	**994**	-	-	**994**
Amounts owed from a group undertaking	-	-	-	-	**24**	**24**
Debtors arising from direct insurance operations	-	-	-	-	**346**	**346**
Cash at bank	-	-	**1,890**	-	**1,157**	**3,047**
Total	-	**405**	**4,684**	**4,104**	**1,527**	**10,720**

Assets bearing credit risk as at 31 December 2021	AAA €'000	AA €'000	A €'000	BBB €,000	Unrated €,000	Total €,000
Financial investments	1,302	472	1,634	3,528	-	6,936
Reinsurers' share of technical provisions	-	-	1,273	-	-	1,273
Amounts owed from a group undertaking	-	-	-	-	30	30
Debtors arising from direct insurance operations	-	-	-	-	664	664
Cash at bank	-	-	1,895	-	687	2,582
Total	1,302	472	4,802	3,528	1,381	11,485

At 31 December 2022, all of the Company's receivables arising from direct insurance operations classified as unrated were not past due or impaired (2021: nil past due or impaired).

Notes to the financial statements – continued

2. Management of financial and insurance risk – continued

2.1.3 Credit risk – continued

While some of the Company's cash at bank is held at an unrated counterparty bank, this bank is a subsidiary of a rated A multinational bank.

Reinsurance is used to manage risk. This does not, however, discharge the Company's liability as a prime insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. All of the reinsurance, in terms of potential recoveries, is placed with group companies (which are rated A) and the creditworthiness and financial strength minimise this risk. A group risk arises from the fact that the reinsurance is placed with a group company.

2.1.4 Fair value estimation

The following table presents the Company's assets and liabilities that are measured at fair value:

Assets	**2022 Total Level 1 €'000**	2021 Total Level 1 €'000
Financial assets at fair value through profit and loss:		
- Financial investments	**6,309**	6,936
Total	**6,309**	6,936

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

At 31 December 2022, and throughout the year, the carrying amount of the Company's other financial assets and liabilities approximate their fair value in view of their short-term maturity.

2.2 Insurance risk

The risk under any one insurance contract is the uncertainty of whether loss will arise to the insured from the event which the Company has insured against. If that happens, then further uncertainty lies in total quantum of the related claim per policy and for the book of business as a whole, the frequency and severity of claims.

Insurance risk is by its nature random and unpredictable. Consequently, the Company writes a portfolio of risks with the intention of correctly constructing pricing of its insurance contracts to ensure sufficient profitability and retained funds to service future claims costs for policy holders at an aggregate level.

The risk the Company faces, however, remains that actual claims incurred exceed the amounts of such provisions as the frequency and severity incurred may exceed the level estimated. Insurance events, due to their random nature, can vary in severity and frequency from year to year. However the larger the portfolio involved, the lower is the deviation from estimates. For this reason, the Company has benefitted from assuming the insurance policies through the Part VII transfer in 2020.

Notes to the financial statements – continued

2. Management of financial and insurance risk – continued

2.2.1 Frequency and severity of claims

Title insurance claims tend to arise infrequently but can be significant in their quantum. During the year, there were limited incurred claims. This development was outside of expectations and continued a trend identified during prior years, which had previously been attributed to the limited economic activity during the Covid-19 pandemic having an impact on the timing, rather than ultimate quantum, of claims. However, as the economic activities increased during the year ending 31 December 2022, claims incurred remained limited and therefore it was considered appropriate that a net release of IBNR reserves of €433 thousand be made. Overall movements in relation to the claims reserves held are detailed further in Note 14. It is, however, noted that title claims may be made a number of years after a policy has been issued and therefore technical provisions are maintained in accordance with this development. The Company manages these risks through its underwriting strategy and adequate reinsurance arrangements as well as diversification of risk location.

2.2.2 Sources of uncertainty in estimation of future claims payments

A title claim is payable if a loss arises to the insured in relation to the defect known or existing at the date the policy is issued in accordance with the coverage provided. As evidenced in the claims development triangles disclosed in Note 14, claims development may take a number of years giving rise to uncertainty within the claims reserves recognised for known claims, claims incurred but not reported (IBNR) and related future claims handling costs. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, and the IBNR provision is based upon the historical experience of the Company and other title insurers in the wider international group with experience of writing and reinsuring business within the European Union as well as consideration of sums insured, independent actuarial advice and other factors as appropriate. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is available. Claims IBNR may not be apparent to the Company until many years after the claim event has arisen. Where possible, the Company adopts multiple techniques and independent actuarial input to estimate the required level of gross insurance technical provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each year of claim.

2.2.3 Concentration of insurance risk

As a single line insurer, the Company is aware of the concentration risk within its book. However, the policies for which the Company is responsible are issued in geographies across Europe and the Company has underwriting procedures in place to avoid concentration risk in relation to individual property developments.

2.2.4 Mitigation of insurance risk

The main mitigation of insurance risk arising from the frequency and severity of claims is through the use of extensive reinsurance as provided by other group companies. Reinsurance is placed with companies of a sufficient credit rating and level of expertise as assessed by the directors of the Company and limit the maximum net loss of a significant claim. Operational insurance risk is mitigated through the use of experienced and highly trained property professionals as underwriters

Notes to the financial statements – continued

2. Management of financial and insurance risk – continued

2.2.4 Mitigation of insurance risk – continued

and claims handlers, as well as through benefitting from the support of the reinsurance companies, with First American Title Insurance Company having over 125 years of experience in writing title insurance and paying title insurance claims.

2.2.5 Impact of the war in Ukraine

The Company is dependent upon the strength of the commercial property markets in Europe. These markets were impacted by Russian's invasion of Ukraine during the year ended 31 December 2022. The Company is well capitalised to manage the short term impact of the disruptions to the economy. The risks arising from the invasion of Ukraine do not impact upon the incidence or quantum of claims arising from title insurance business.

In addition, the Company's exposure to counterparty default risk is low. The directors considered the Company's exposure to credit risk whereby a significant portion of the Company's assets relate to liquid bonds issued by reputable companies as well as due from reinsurers with good credit standing. The Company's cash and cash equivalents are likewise held by reputable financial institutions.

2.3 Capital risk management

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements of the Malta Financial Services Authority ("MFSA");
- To maintain the Company's ability to meet obligations to policyholders;
- To safeguard the Company'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 to properly reflect the level of risk being assumed.

The Company may issue new shares in order to adjust the capital structure.

The Company is required to hold regulatory capital for its insurance business. The Company monitors its capital on a regular basis and maintained required capital levels throughout the period. The Company defines capital as the excess of assets over liabilities as valued in accordance with the respective regulatory requirements.

The Company is subject to the requirements of the EU Solvency II directive. The Solvency II regime is an established set of EU-wide capital requirements, risk management and disclosure standards. The Company must hold eligible own funds to cover the SCR and eligible basic own funds to cover the MCR. The SCR shall be calculated either in accordance with the standard formula or using a full or partial internal model as approved by the Regulator. The Company must immediately inform the Regulator where it observes that its SCR or MCR are no longer complied with or where there is risk of non-compliance in the following six months for SCR and three months for MCR.

The Company uses the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. At 31 December 2022, the Company's eligible own funds adequately covered the required SCR and amounted to €7.733 million (2021: €7.407 million) (unaudited). The Company's SCR and MCR ratios as at 31 December 2022 were equivalent to 337% (unaudited) and 286% (unaudited), respectively (2021: 285% and 296%, respectively (unaudited)). The audited Group SCR is reported in the group-wide Solvency and Financial Condition Report.

Notes to the financial statements – continued

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on factors including expectations of future events that are believed to be reasonable under the circumstances.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. The Company's business tends to be long tailed and there are sources of uncertainty that need to be considered in the estimate of liability that the Company will ultimately pay for such claims (see Note 2.2). As disclosed in Note 1.11, provision is made for the estimated cost of claims incurred but not settled at the reporting date, including the cost of IBNR to the Company. This estimate includes expenses to be incurred in settling and managing the claim. All provisions for claims incurred but not settled at the reporting date are carried forward to the following financial period. Given the uncertainty in establishing claims provisions, it is expected that the final outcome will prove to be different from the original liability estimated. However, the most likely basis of a deterioration in future claims development would be as a result of a low number of large claims. It is noted that in this instance, due to the reinsurance cover provided on a stop loss basis, the impact to the Company net of reinsurance would be limited. In reporting claims incurred and technical provisions, the Company takes all reasonable steps to curtail any future deviations in establishing its liabilities by ensuring that it has appropriate information regarding its claims exposures and related future liabilities from the outset. The results of the Company's claims cost progression are disclosed in development tables included in Note 14 with additional detail on the estimation of technical provisions. The Company believes that the liability arising from claims under insurance contracts is adequately reserved as at the financial year end.

4. Cash at bank

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2022	2021
	€'000	€'000
Cash at bank and with investment institutions	**3,047**	2,582
Interest-bearing - at floating rates	**3,047**	2,582

5. Receivables, prepayments and accrued income

	2022	2021
	€'000	€'000
Debtors arising from direct insurance operations	**346**	664
Prepayments and accrued income	**131**	122
Amount owed by a group undertaking	**24**	30
Other Asset	**25**	-
Other receivables	**33**	-
	559	816

Amounts owed from a group undertaking are unsecured, interest-free and repayable on demand.

Notes to the financial statements – continued

6. Share capital

	2022 €'000	2021 €'000
Authorised		
10,000,000 ordinary shares of €1 each	**10,000**	10,000
Issued and fully paid		
5,800,000 (2021: 5,800,000) ordinary shares of €1 each	**5,800**	5,800

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. No shares were issued in 2022 (2021: nil).

7. Creditors and accruals and deferred income

	2022 €'000	2021 €'000
Creditors arising out of direct insurance operations		
Trade creditors	**71**	106
Payable to a group undertaking	**56**	58
Payable to a group undertaking reinsurer	**58**	165
	185	329
Other creditors		
Accrued liabilities	**264**	189
Other payables	**69**	147
Deferred tax	**-**	3
	333	339
Total creditors and accruals and deferred income	**518**	668

Amounts owed to a group undertaking are unsecured, interest-free and payable on demand.

8 Operating and administrative expenses

(a) Employee information

	2022 Number	2021 Number
Key management	**6**	5
Administrative	**5**	7
Number of employees	**11**	12

Notes to the financial statements – continued

8. Operating and administrative expenses - continued

(b) Employee benefit expenses

	2022 €'000	2021 €'000
Wages and salaries	**920**	846
Defined pension contributions	**1**	3
Social security	**78**	83
Total wages & salaries	**999**	933

(c) Other operating expenses

	2022 €'000	2021 €'000
Professional fees	**404**	307
Employee benefit expense and directors' fees (Note 10)	**920**	865
Management fees	**79**	67
Other expenses	**467**	336
Administrative expenses as recognised in the non-technical account	**1,870**	1,575
Third-party brokerage fees	**413**	387
Professional fees	**4**	93
Net operating expenses as recognised in the technical account	**417**	480

(d) Professional fees include fees, excluding VAT, charged by the external auditor for services rendered during the financial period relating to the following:

	2022 €'000	2021 €'000
Annual statutory audit fees*	**97**	58
Annual regulatory assurance fees	**12**	12
Tax compliance fees	**2**	7
	111	77

*A portion of the audit fees borne by the Company relates to IFRS 17 proactive assurance work.

Notes to the financial statements – continued

9. Financial investments

	2022	2021
	€'000	€'000
Government bonds	**-**	1,302
Corporate bonds	**6,309**	5,634
Total financial investments	**6,309**	6,936

Debt securities have a mix of fixed and variable rates (see Note 2.1.1) and are held at fair value through profit and loss.

Maturity of debt securities is as follows:

	2022	2021
	€'000	€'000
Within 1 year	**120**	1,647
Between 1 and 2 years	**871**	446
Between 2 and 5 years	**4,372**	3,162
Over 5 years	**946**	1,681
	6,309	6,936

The movements for the year are summarised as follows:

	2022	2021
	€'000	€'000
Year ended 31 December		
At beginning of year	**6,936**	7,002
Additions	**2,104**	12,344
Disposals and maturities	**(2,169)**	(12,368)
Fair value losses	**(562)**	(42)
At end of year	**6,309**	6,936
As at 31 December		
Cost	**6,852**	6,917
Accumulated net fair value (losses) / gains	**(543)**	19
At end of year	**6,309**	6,936

Notes to the financial statements – continued

10. Directors' fees and other emoluments

Remuneration to directors was as follows:

	2022	2021
	€'000	€'000
Directors' fees	**75**	75

There were no other emoluments paid to the directors in 2022 (2021; nil).

11. Cash generated from operations

Reconciliation of operating profit to cash used in operations:

	2022	2021
	€'000	€'000
Operating profit before tax	**35**	1,378
Adjustments for:		
Fair value losses on financial investments	**562**	42
Net interest income	**(9)**	(13)
Operating cash flows before movements in working capital	**588**	1,407
Movements in working capital:		
Decrease in technical provisions net of reinsurers' share	**(304)**	(428)
(Decrease) / Increase in trade and other payables	**(107)**	224
Decrease / (Increase) in receivables and prepayments	**291**	(515)
Net movement in working capital	**(120)**	(719)
Cash generated from operations	**468**	688

12. Related party disclosures

All companies forming part of the First American Group are considered by the directors to be related parties as these companies are ultimately controlled by First American Financial Corporation, a company incorporated in Delaware, USA (see Note 15).

During the year ended 31 December 2022 reinsurance was provided wholly by companies forming part of the First American Group on an excess of loss basis, with the Company retaining the initial loss on each claim. Reinsurance transactions are as follows:

	2022	2021
	€'000	€'000
Outward reinsurance premiums	**(418)**	(538)
Reinsurers' share on claims paid	**2**	2
Reinsurers' share on change in technical provisions	**(279)**	(355)
Net loss in the technical account	**695**	891

Notes to the financial statements – continued

12. Related party disclosures -continued

During the period ended 31 December 2022, expenditures recharged by related parties amounted to €90 thousand (2021: €54 thousand).

Outstanding balances owed by and to related parties are disclosed in these financial statements in Notes 5 and 7. Reinsurers' share of technical provisions as at 31 December 2022 is disclosed in Note 14. Directors' remuneration is disclosed in Note 10.

13. Income tax

	2022	2021
	€'000	€'000
Current tax expense	**-**	74

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2022	2021
	€'000	€'000
Profit before tax	**35**	1,378
Effective tax at 5% (2021: 5%)	**2**	69
Effects of:		
Unrecognised temporary differences from prior periods	**(2)**	2
Deferred tax change	**-**	3
Income tax expense	**-**	74

The current income tax charge during the year is calculated on the taxable income using the effective consolidated tax rate of 5% (2021: 5%) as the Company invoked for fiscal unity on 31 December 2020.

Notes to the financial statements – continued

14. Technical provisions

The table below outlines the technical provisions as disclosed in the statement of financial position and the related reinsurance assets.

	2022 €'000	2021 €'000
Gross technical provisions		
Claims reported and loss adjustment expenses	**49**	46
Claims incurred but not reported and loss adjustment expenses	**3,395**	3,981
Total insurance liabilities, gross	**3,444**	4,027
Reinsurers' share of technical provisions		
Claims reported and loss adjustment expenses	**14**	12
Claims incurred but not reported and loss adjustment expenses	**980**	1,261
Total reinsurers' share of insurance liabilities	**994**	1,273
Net technical provisions		
Claims reported and loss adjustment expenses	**35**	34
Claims incurred but not reported and loss adjustment expenses	**2,415**	2,720
Total insurance liabilities, net	**2,450**	2,754
Current portion	**1,151**	1,380

The Company recognises liabilities arising from its operations, and specifically identifies those arising from premium written and claims incurred, while also establishing recoverability from reinsurers.

The Company uses various techniques in estimating liabilities arising from claims. A component of these estimation techniques is the estimation of the cost of claims reported but not paid. In estimating the cost of these the Company has regard to the claim circumstance as reported, any information available from specialist advice and information on the cost of settling claims with similar characteristics in previous periods. Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims. The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is available. Claims IBNR may often not be apparent to the insured until several years after the event. In calculating the estimated cost of unpaid claims the Company uses statistical analyses of historical experience and expert opinion in order to identify the IBNR component to be added to its known claims reserves.

Notes to the financial statements – continued

14. Technical provisions and reinsurance assets - continued

The basic assumption that the development pattern of the current claims will, on the whole, be consistent with past experience is also complemented with allowance for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims. The provision to cover claims handling is based on the estimated cost to the Company of managing the claims as and when these are reported. There has been no recognition of future subrogation or salvage recovery on gross claims. As all premiums are earned at the point of policy issuance, the Company does not hold an unearned premium reserve.

The risk and claim profile of the Company do not indicate any conditions or variables that are likely to impact significantly upon the Company's cash flow. During the year, there were no significant changes required in the assumptions used to estimate the ultimate cost of claims.

The claims costs progression tables below show how the expected ultimate claims position has developed over time, detailing the position net of reinsurance recoverables, gross of reinsurance recoverables and the reinsurance recoverables expected. The below tables treat the business written as a seamless continuation of the business originally written before the Part VII transfer in April 2020.

Policy Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Net claims incurred											
At end of reporting year	181	233	213	373	239	520	479	208	308	129	2,883
1 year later	181	262	215	373	304	519	471	197	308		2,830
2 years later	202	262	211	263	304	514	339	197			2,292
3 years later	202	237	107	263	301	343	339				1,792
4 years later	182	59	103	259	197	343					1,143
5 years later	28	59	102	80	197						466
6 years later	28	58	98	80							264
7 years later	28	46	96								170
8 years later	26	46									72
9 years later	25										25
As at 31 December 2022	25	46	96	80	197	343	339	197	308	129	1,760
Less net claims paid	-	(3)	(55)	-	-	(2)	(14)	-	-	-	(74)
Net reserves	25	43	41	80	197	341	325	197	308	129	1,686
Claims outstanding provision in respect of prior years											764
Total net claims outstanding provision at 31 December 2022											2,450

Notes to the financial statements – continued

14. Technical provisions and reinsurance assets – continued

Policy Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross claims incurred											
At end of reporting year	245	317	246	432	286	690	610	257	372	177	3,632
1 year later	245	317	244	432	398	689	601	246	372		3,544
2 years later	245	317	244	328	398	682	414	246			2,874
3 years later	245	317	128	328	394	427	414				2,253
4 years later	245	79	124	324	243	427					1,442
5 years later	38	79	123	93	243						576
6 years later	38	78	98	93							307
7 years later	38	46	96								180
8 years later	26	46									72
9 years later	25										25
As at 31 December 2022	25	46	96	93	243	427	414	246	372	177	2,139
Less gross claims paid	-	(3)	(55)	-	-	(2)	(14)	-	-	-	(74)
Gross reserves	25	43	41	93	243	425	400	246	372	177	2,065
Claims outstanding provision in respect of prior years											1,379
Total gross claims outstanding provision included in balance sheet											3,444

Policy Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Reinsurance claims incurred											
At end of reporting year	64	84	33	59	47	170	131	49	64	48	749
1 year later	64	55	29	59	94	170	130	49	64		714
2 years later	43	55	33	65	94	168	75	49			582
3 years later	43	80	21	65	93	84	75				461
4 years later	63	20	21	65	46	84					299
5 years later	10	20	21	13	46						110
6 years later	10	20	-	13							43
7 years later	10	-	-								10
8 years later	-	-									-
9 years later	-										-
As at 31 December 2022	-	-	-	13	46	84	75	49	64	48	379
Less RI claims paid	-	-	-	-	-	-	-	-	-	-	-
Reinsurance reserve	-	-	-	13	46	84	75	49	64	48	379
Claims outstanding provision in respect of prior years											615
											994

Notes to the financial statements – continued

14. Technical provisions and reinsurance assets – continued

Claims and loss adjustment expenses are detailed as follows:

	Year ended 31 December 2022			Year ended 31 December 2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€'000	€'000	€'000	€'000	€'000	€'000
At the beginning of the year:						
- Claims reported and loss adjustment expenses	46	12	34	67	9	58
- Claims incurred but not reported and loss adjustment expenses	3,981	1,261	2,720	4,743	1,619	3,124
Total at the beginning of the year	4,027	1,273	2,754	4,810	1,628	3,182
Increase in technical provisions arising from policies issued in the current year	177	48	129	372	64	308
(Decrease) / Increase in liabilities arising from prior year claims	(752)	(325)	(427)	(1,129)	(417)	(712)
Claims settled during the year	(8)	(2)	(6)	(26)	(2)	(24)
Total at the end of the year	3,444	994	2,450	4,027	1,273	2,754
These comprise of balances as follows:						
- Claims reported and loss adjustment expenses	49	14	35	46	12	34
- Claims incurred but not reported and loss adjustment expenses	3,395	980	2,415	3,981	1,261	2,720
Total at the end of the year	3,444	994	2,450	4,027	1,273	2,754

15. Statutory information

First European Title Insurance Company Limited is a limited liability company and is incorporated in Malta.

The immediate parent company of the Company is First European Holding Company Limited, a company incorporated in Malta, with its registered office at The Reed Centre, Blue Harbour, Ta'Xbiex Seafront, Ta'Xbiex XBX 1027, Malta. The Company's ultimate parent is First American Financial Corporation, a company registered in Delaware, USA, with its registered office at 1 First American Way, Santa Ana, CA 92707, United States.

The individual financial statements of the Company are incorporated in the consolidated financial statements of First American Financial Corporation. Copies of the consolidated accounts of First American Financial Corporation are available on request from the Company's registered office, stated above.

16. Events after the reporting date

No significant events have taken place since the financial reporting date that would have otherwise required adjustment to and/or disclosure in this annual report.