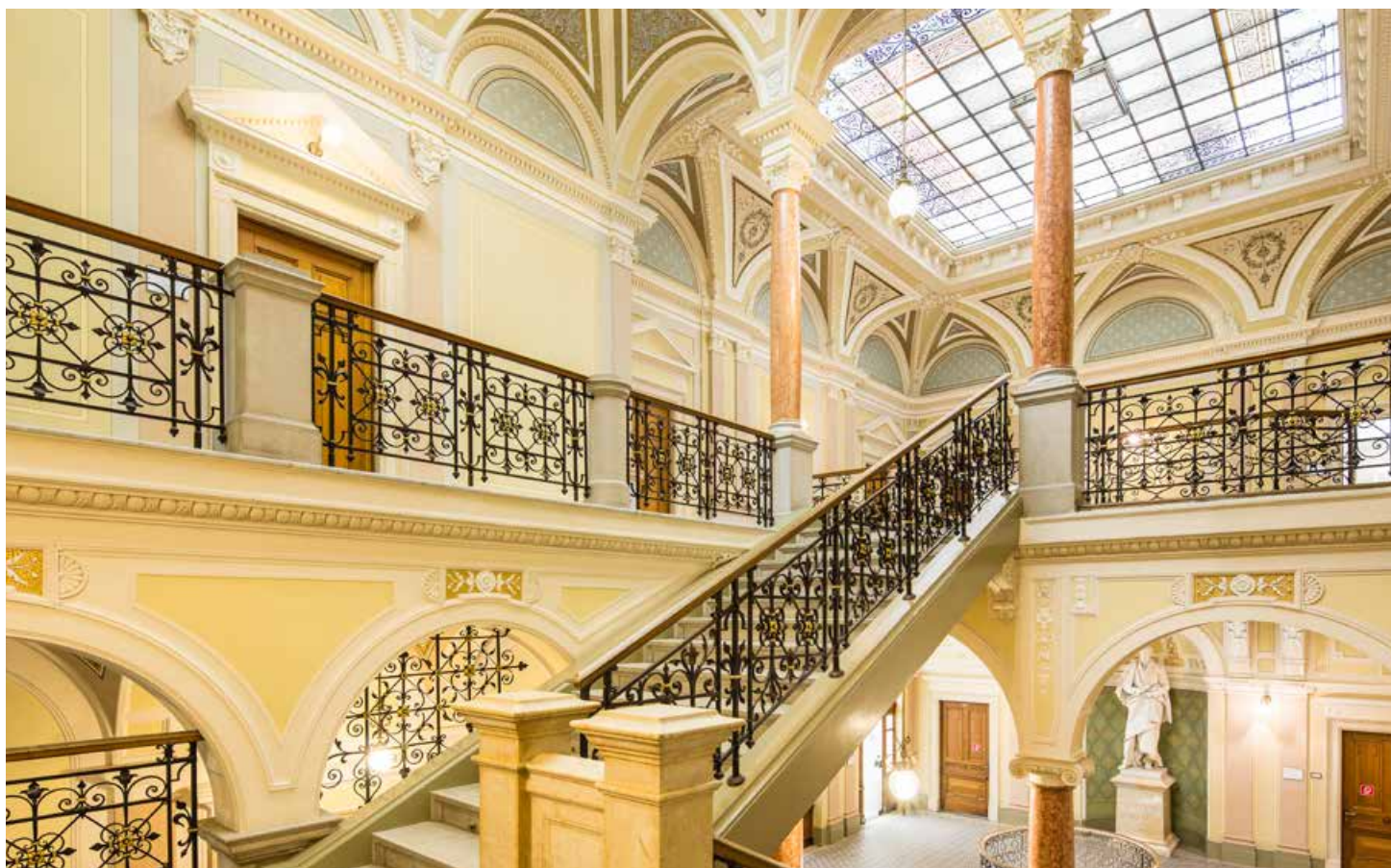


SECURING THE FUTURE. FOR 190 YEARS.





The GRAWE Group – grown strength.

Insurances, financial services and real estate constitute the core competencies of GRAWE. Fifteen Central and Eastern European insurance subsidiaries testify to our international orientation. Over its 190-year success story, the company has been rooted in tradition and characterised by financial stability. With customer-friendly, individual advice and customised products in line with requirements, GRAWE is a guarantor for international quality, coupled with domestic standards of security.

GRAWE Group

Chairman's Letter	5
Group Profit and Loss Account	6
Group Balance Sheet	7
Group Investments / Auditor's Opinion	8

ГРАВЕ Україна

Statement by the Management Board	10
Balance Sheet	11
Profit and Loss Account	13
Investment Structure	13
Auditors' Opinion	16



The GRAWE insurance companies in 2018

1828
Austria



GRAZER WECHSELSEITIGE
Versicherung Aktiengesellschaft

1991
Slovenia



GRAWE
Zavarovalnica d.d.

1993
Croatia



GRAWE HRVATSKA
osiguravajuće d.d.

1997
Hungary



GRAWE
Életbiztosító Zrt.

1997
Beograd



GRAWE
osiguranje a.d.o.

1998
Sarajevo



GRAWE
osiguranje d.d.

1998
Ukraine



ГРАВЕ УКРАЇНА
Страхове АТ

1999
Cyprus



GRAWE
Reinsurance Ltd.

2000
Bulgaria



ГРАВЕ БЪЛГАРИЯ
Застрахователно ЕАД

2000
Romania



GRAWE ROMÂNIA
Asigurare SA

2001
Banja Luka



GRAWE
osiguranje a.d.

2004
Moldova



GRAWE CARAT
Asigurări SA

2004
Podgorica



GRAWE
osiguranje a.d.

2007
Skopje



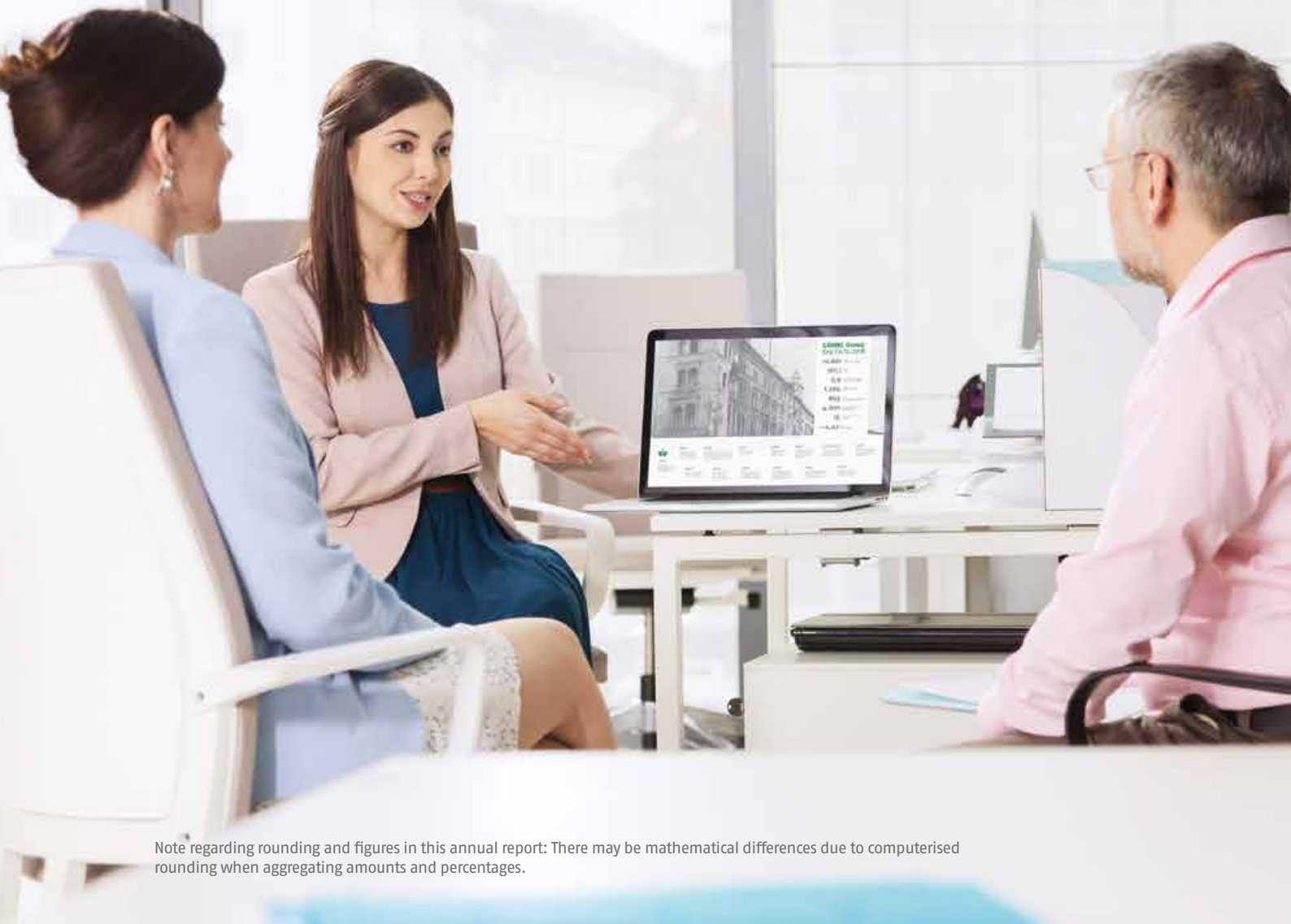
ГРАВЕ
осигурување ад Скопје

SECURING THE FUTURE. For 190 years.

When a company is active for almost two centuries like GRAWE, it has experienced an incredible number of things: political changes and upheavals, major cultural and economic events, epochal inventions and social developments.

The principles of success at GRAWE have remained the same over all the decades: opt for long-term, stable growth, pay attention to the well-being of the employees and above all never forget that the focus of our activities is always the requirements of our customers.

The goal behind all that has been the same since 1828: to secure the future – for our customers, our partners and all the people who work for us.



Note regarding rounding and figures in this annual report: There may be mathematical differences due to computerised rounding when aggregating amounts and percentages.



Members of the Board
(from left to right):

Mag. Gerald Gröstenberger, MBA
Board director

Dr. Gernot Reiter
Deputy General Director,
Vice Chairman of the Board of Directors

Dr. Philipp Meran
Chairman of the Supervisory Board

Mag. Klaus Scheitegel
General Director,
Chairman of the Board of Directors

MMag. Georg Schneider
Board director

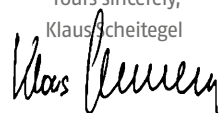
Foreword by the Chairmen of the Board

Dear Readers,

Sustainable growth requires a solid base. Professional expertise, conscientiousness and foresight have formed the key to the success of GRAWE for 190 years. This business model remains dynamic thanks to the courage to transcend borders and the willingness to adapt to changes in the market and to align the company anew.

GRAWE masters the balancing act between a policy of staying true to its roots and a policy of expansion. It has developed from a regional fire insurance company established in 1828 into an international group with 15 subsidiaries in Central, Eastern and South-Eastern Europe. The GRAWE Group is now on hand as a provider and stable partner in the areas of insurance, financial services and real estate. It is also active in other EU countries within the framework of freedom of services and in reinsurance.

In the financial year 2018, the GRAWE Group recorded growth in premiums of 7.40 % in non-life and accident insurance and of 2.84 % in life insurance. This results in an increase in premiums overall of 5.37 % and bears testimony to the success of our growth strategy. In total, insurance payments in non-life and accident insurance and in life insurance increased by 3.40 %. Overall, the GRAWE Group was able to generate a better result in the 2018 financial year than in the previous year. For us, this increase in the annual surplus means that we were able to make successful use of our market opportunities. In light of the rapidly changing business world, strong roots coupled with an openness to new ideas are of decisive importance. GRAWE has had this fundamental orientation for 190 years now and its success speaks for itself. In addition, the wealth of experience of our employees is proving to be a valuable asset. The employees of GRAWE are not only experts in their respective area of expertise, they also actively help to shape the future of the group with their innovative concepts. In spite of difficult boundary conditions in places, they constantly work in a goal and solution-oriented manner and get to the bottom of things. These are the characteristics of our employees and we respect them for it.

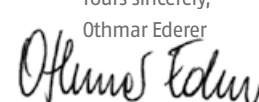
Yours sincerely,
Klaus Scheitegel


However, special thanks also go to our customers as well as our employees. In the past financial year, our customers once again proved their trust in GRAWE. For the 11th time in 12 years, GRAWE was presented with the "Recommender Award", among others for its outstanding customer orientation. As the focus of GRAWE's work is on the interests of its customers, it sets high standards for the quality of its products and services. Increasing attention is also being paid to providing customers with simple and quick solutions.

In addition, GRAWE also takes its obligations towards society seriously. It supports numerous initiatives and events in the areas of education, social issues, culture, sport and environmental protection. In 2018, the association "Libelle" was presented with the annual "GRAWE Award" for its commitment to people with autism.

The future mandate of GRAWE will be to continue to use permanent technological progress and digitalisation. The overriding priority will be the implementation of efficient and user-friendly solutions. We are also working continuously on developing our products further. We have made it our goal to meet the requirements of our customers in the best possible way. In 2018, for instance, GRAWE launched its new product "GRAWE LIFEPROTECT" on the market. This reduces the consequences of incapacity for work and occupational and earnings disability, which in turn means that it has been possible to close a gap. Furthermore, GRAWE intends to grow further. Most recently, it integrated Atos osiguranje with its registered office in Bijeljina (Bosnia and Hercegovina) as a new member in the GRAWE Group.

In summary, GRAWE was also able to continue its course of success in the 2018 financial year. It thus continues to prove itself as a constantly growing group with sustainable activities. This is attributable above all to the know-how and experience of our employees and managers and the loyalty of our customers. That is why they have our special thanks.

Yours sincerely,
Othmar Ederer


GRAWE Group Profit and Loss Account for Financial Year 2018 (summary)

Profit and Loss Account	2018	2017
	EUR	TEUR
General Insurance		
1. Earned premiums	425,160,233.59	395,206
2. Allocated investment return transferred from the technical account	145,766.54	115
3. Other technical income	1,550,287.68	2,158
4. Claims accrued	-279,744,896.72	-274,171
5. Increase in the technical provisions	-297,783.54	-528
6. Rebates	-687,521.53	-587
7. Operating expenses	-132,794,959.63	-119,946
8. Other technical charges	-5,834,233.82	-4,406
9. Change in the volatility reserve	-4,412,717.92	4,031
10. Technical account balance	3,084,174.65	1,873
11. Investment income and interest income	64,637,984.97	62,400
12. Investment charges and interest paid	-26,521,722.34	-22,916
13. Capital income transferred to the technical account	-145,766.54	-115
14. Other non-technical income	742,748.98	2,157
15. Other non-technical charges	-4,266,995.90	-2,727
16. Earnings gross before taxes	37,530,423.82	40,673
Life Insurance		
1. Earned premiums	383,308,216.27	372,216
2. Allocated investment return transferred from the technical account	122,837,320.57	125,290
3. Unrealised gains on investments pursuant to asset item C.	2,438.00	22,034
4. Other technical income	2,830,325.29	2,249
5. Claims accrued	-305,121,826.88	-285,331
6. Increase in the technical provisions	-35,499,925.98	-98,504
7. Decrease in the technical provisions	0.00	0
8. Rebates	-606,056.43	-125
9. Bonuses and/or policyholders' participation in profits	-22,455,334.62	-16,030
10. Operating expenses	-76,608,062.37	-77,696
11. Other unrealised losses on investments pursuant to asset item C.	-20,204,652.80	-515
12. Other technical charges	-898,608.20	-1,151
13. Technical account balance	47,583,832.85	42,438
14. Investment income and interest income	146,270,014.93	149,591
15. Investment charges and interest paid	-22,506,409.27	-25,843
16. Capital income transferred to the technical account	-122,837,320.57	-125,290
17. Other non-technical income	10,281,996.78	18,016
18. Other non-technical charges	-7,977,490.54	-11,898
19. Earnings gross before taxes	50,814,624.18	47,014
Total		
1. Earnings gross before taxes of insurance undertakings		
General insurance business	37,530,423.82	40,673
Life insurance	50,814,624.18	47,014
	88,345,048.00	87,687
2. Earnings gross before taxes of credit institutions	72,770,969.05	72,620
3. Earnings gross before taxes in total	161,116,017.05	160,307
4. Taxes on income and earnings	-18,553,494.32	-12,859
5. Profit / Loss for the financial year	142,562,522.73	147,448

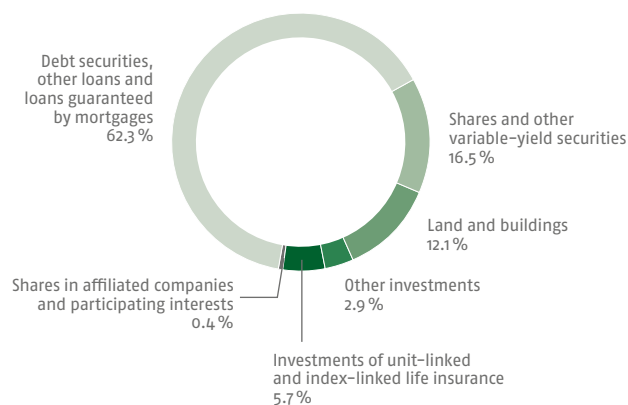
GRAWE Group Balance Sheet on 31 December 2018 (summary)

Assets	31.12.2018	31.12.2017
	EUR	TEUR
A. Intangible assets	13,669,613.62	14,529
B. Investments		
I. Land and buildings	618,526,860.95	582,886
II. Investments in affiliated undertakings and participating interests	30,955,150.88	22,366
III. Other investments	4,037,935,065.65	3,899,954
IV. Deposits with ceding undertakings	72,914.23	32
C. Investments of unit-linked and index-linked life insurance	291,028,209.55	312,917
D. Receivables	66,474,552.80	69,734
E. Accrued interest and rent	57,859,505.44	58,861
F. Other assets	122,439,739.44	91,777
G. Prepaid expenses	3,228,704.70	2,520
H. Deferred taxes on the assets side	27,958,132.46	20,754
I. Assets which derive from credit institutions	5,390,711,668.64	4,764,430
	10,660,860,118.36	9,840,759

Liabilities	31.12.2018	31.12.2017
	EUR	TEUR
A. Equity	1,363,625,377.95	1,239,897
B. Technical provisions, net of reinsurance		
I. Provision for unearned premiums	165,971,160.81	160,219
II. Life insurance provision	2,716,100,402.27	2,655,651
III. Provision for claims outstanding	832,425,868.72	815,570
IV. Provision for rebates	3,765,429.12	2,666
V. Provision for bonuses and/or policyholders' participation in profits	113,468,545.05	100,792
VI. Volatility reserve	70,430,797.17	66,028
VII. Other technical provisions	10,950,527.56	10,252
C. Technical provisions of unit-linked and index-linked life insurance	298,048,819.83	305,488
D. Non-technical provisions	107,445,682.21	100,984
E. Deposits received from reinsurers	3,747,103.11	3,913
F. Other liabilities	137,404,403.87	133,363
G. Deferred income	65,248,219.36	72,016
H. Provisions, liabilities and deferred income, which derive from credit institutions	4,772,227,781.33	4,173,920
	10,660,860,118.36	9,840,759

GRAWE Group Investments – a Reliable Basis

At 31 December 2018 the Group's total investments amounted to EUR 4.978 million (2017: EUR 4.818 million), corresponding to a 3.3% rise with respect to the previous year.



Auditor's Opinion

We have audited the consolidated financial statements of

**GRAWE – Vermögensverwaltung,
Graz, Austria,**

and its subsidiaries (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2017, and the Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with, Austrian Generally Accepted Accounting Principles as well as legal or regulatory requirements.

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements.

Vienna, 20 March 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Thomas Smrekar
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a shortened translation of the original report in German, which is solely valid.



Report 2018



Голова Правління
Наталія Базилевська



Член Правління
Етмір Краснічі

Шановні пані та панове!

Кожен минулий рік для компанії – це рік нових досягнень та перемог. Так, 2018 рік приніс «ГРАВЕ УКРАЇНА Страхування життя» багато приємного. Нами були реалізовані заплановані завдання та досягнуті поставлені стратегічні цілі, які є важливими для подальшої діяльності нашої компанії.

За результатами національного страхового рейтингу Insurance Top у 2018 році наша компанія зайняла перше місце, в номінаціях: «найбільший розмір страхових виплат зі страхування життя», «найбільший розмір страхових резервів на ринку страхування життя» та «найбільший розмір активів на ринку страхування життя».

Ми отримали декілька нагород, стали одним із переможців Всеукраїнського рейтингу «Сумлінні платники податків України» в сфері фінансів, банківської та страхової діяльності, а також отримали почесний статус «Вибір України». Голова Правління «ГРАВЕ УКРАЇНА Страхування життя», Наталія Базилевська, стала переможцем загальнонаціональної програми «Людина року – 2018» в номінації «Лідер страхового ринку року».

Займаючи лідерські позиції, ми зберегли здоровий баланс прибутковості та витрат. Минулий рік був вдалим як для компанії, так і для страхового ринку України в цілому. І ринок і «ГРАВЕ УКРАЇНА Страхування життя» продемонстрували зростання за всіма показниками своєї діяльності. Це був рік додаткової стабілізації, який виправдав всі наші сподівання та очікування.

Завдяки зваженій фінансовій політиці наша компанія за результатами звітнього року збільшила інвестиційний портфель. Страхові резерви «ГРАВЕ УКРАЇНА Страхування життя», як і в минулі роки зросли і є найбільшими на страховому ринку України.

На сьогодні фактичний запас платоспроможності компанії дорівнює 370 %. Такі фінансові результати є запорукою чіткої налагодженої роботи компанії, постійного стабільного дотримання рівня європейських стандартів, регулярних своєчасних виплат, а відтак – основою довіри постійних та потенціальних клієнтів.

Задля надійного та стабільного підвищення фінансових показників «ГРАВЕ УКРАЇНА Страхування життя» інвестує кошти страхових резервів у найбільш надійні фінансові інструменти, виконання зобов'язання за якими гарантується державою.

Звичайно, головними перевагами для нас були та залишаються честь і гідність, адже тільки завдяки консервативній політиці управління активами та підтримці надійних партнерів ми крокуємо впевнено вперед!

Представлений річний звіт є ще одним доказом нашої відкритості перед Вами, прозорості та стабільності роботи компанії «ГРАВЕ УКРАЇНА Страхування життя», які цілком відображають майже 200-річні традиції роботи з часів заснування концерну GRAWЕ.

Ваша повага та довіра дуже важливі для нас, адже саме завдяки Вам надійна репутація та захист GRAWЕ залишаються незмінними!

З повагою,
Правління «ГРАВЕ УКРАЇНА Страхування життя»

Баланс на 31.12.2018 р.

Актив	31.12.2017 тис. грн.	31.12.2018 тис. грн.
I. Необоротні активи		
Нематеріальні активи	56,0	47,0
первісна вартість	93,2	93,2
накопичена амортизація	37,2	46,2
Незавершені капітальні інвестиції	-	-
Основні засоби	28.294,4	27.156,3
первісна вартість	31.635,6	32.261,9
знос	3.341,2	5.105,6
Інвестиційна нерухомість	39.438,8	38.636,4
Первісна вартість інвестиційної нерухомості	40.778,7	40.778,7
Знос інвестиційної нерухомості	1.339,9	2.142,3
Довгострокові біологічні активи	-	-
Первісна вартість довгострокових біологічних активів	-	-
Накопичена амортизація довгострокових біологічних активів	-	-
Довгострокові фінансові інвестиції: які обліковуються за методом участі в капіталі інших підприємств	-	-
інші фінансові інвестиції	1.130.828,5	2.206.780,0
Довгострокова дебіторська заборгованість	-	-
Відстрочені податкові активи	2.084,1	1.734,7
Гудвіл	-	-
Відстрочені аквізиційні витрати	-	-
Залишок коштів у централізованих страхових резервних фондах	-	-
Інші необоротні активи	-	-
Усього за розділом I	1.200.701,8	2.274.354,4
II. Оборотні активи		
Запаси	3.867,8	2.589,5
Виробничі запаси	-	-
Незавершене виробництво	-	-
Готова продукція	-	-
Товари	-	-
Поточні біологічні активи	-	-
Депозити перестрашування	-	-
Векселі одержані	-	-
Дебіторська заборгованість за продукцію, товари, роботи, послуги	31.733,2	38.436,3
Дебіторська заборгованість за розрахунками: за виданими авансами з бюджетом	1.050,8	1.325,5
у тому числі з податку на прибуток	952,0	3.838,4
Дебіторська заборгованість за розрахунками з нарахованих доходів	601,3	3.452,2
Дебіторська заборгованість за розрахунками із внутрішніх розрахунків	51.873,2	55.948,9
Інша поточна дебіторська заборгованість	702,3	747,8
Поточні фінансові інвестиції	7.841,6	7.834,6
Гроші та їх еквіваленти	1.008.117,5	71.547,7
Готівка	72.164,5	79.673,2
Рахунки в банках	-	-
Витрати майбутніх періодів	28.154,4	49.173,2
Частка перестраховика у страхових резервах	168,6	611,1
у тому числі в: резервах довгострокових зобов'язань	337.358,8	324.514,7
резервах збитків або резервах належних виплат	328.771,1	310.319,3
резервах незароблених премій	8.587,7	14.195,4
інших страхових резервах	-	-
Інші оборотні активи	89,7	25,7
Усього за розділом II	1.515.920,0	587.093,4
III. Необоротні активи, утримувані для продажу, та групи вибуття	-	-
Баланс	2.716.621,8	2.861.447,8

Баланс на 31.12.2018 р.

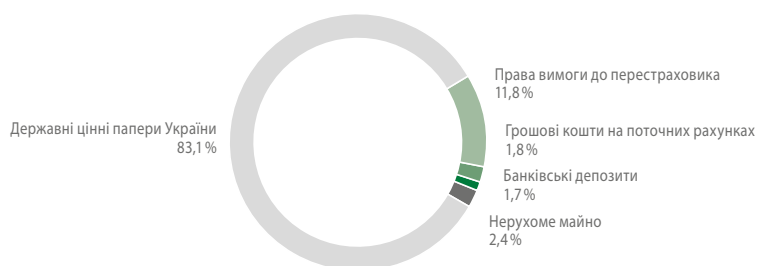
Пасив	31.12.2017 тис. грн.	31.12.2018 тис. грн.
I. Власний капітал		
Зареєстрований (пайовий) капітал	26.903,1	26.903,1
Внески до незареєстрованого статутного капіталу	–	–
Капітал у дооцінках	–160,8	1.136,2
Додатковий капітал	–	–
Емісійний дохід	–	–
Накопичені курсові різниці	–	–
Резервний капітал	6.576,7	6.576,7
Нерозподілений прибуток (непокритий збиток)	195.591,9	197.307,7
Неоплачений капітал	–	–
Вилучений капітал	–	–
Інші резерви	–	–
Усього за розділом I	228.910,9	231.923,7
II. Довгострокові зобов'язання і забезпечення		
Відстрочені податкові зобов'язання	–	–
Пенсійні зобов'язання	–	–
Довгострокові кредити банків	–	–
Інші довгострокові зобов'язання	430,4	469,1
Довгострокові забезпечення	–	–
Довгострокові забезпечення витрат персоналу	–	–
Цільове фінансування	–	–
Благодійна допомога	–	–
Страхові резерви	2.425.914,5	2.560.563,5
у тому числі: резерв довгострокових зобов'язань	2.394.504,2	2.514.676,5
резерв збитків або резерв належних виплат	31.410,3	45.887,0
резерв незароблених премій	–	–
інші страхові резерви	–	–
Інвестиційні контракти	–	–
Призовий фонд	–	–
Резерв на виплату джек-поту	–	–
Усього за розділом II	2.426.344,9	2.561.032,6
III. Поточні зобов'язання і забезпечення		
Короткострокові кредити банків	–	–
Векселі видані	–	–
Поточна кредиторська заборгованість за: довгостроковими зобов'язаннями	–	–
товари, роботи, послуги	23.951,2	27.769,4
розрахунками з бюджетом	142,9	175,5
у тому числі з податку на прибуток	–	–
розрахунками зі страхування	2,6	11,3
розрахунками з оплати праці	2,3	1,4
Поточна кредиторська заборгованість за одержаними авансами	22.859,9	26.266,5
Поточна кредиторська заборгованість за розрахунками з учасниками	–	–
Поточна кредиторська заборгованість із внутрішніх розрахунків	–	–
Поточна кредиторська заборгованість за страховою діяльністю	–	–
Поточні забезпечення	13.916,6	12.537,7
Доходи майбутніх періодів	–	–
Відстрочені комісійні доходи від перестраховиків	–	–
Інші поточні зобов'язання	490,5	1.729,7
Усього за розділом III	61.366,0	68.491,5
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття		
V. Чиста вартість активів недержавного пенсійного фонду		
Баланс	2.716.621,8	2.861.447,8

Фінансові результати 2018 року

	2018 тис. грн.	2017 тис. грн.
Страхові премії	340.315,40	278.743,60
Інші операційні доходи	51.101,90	7.914,80
Премії, сплачені за перестрахування	-54.192,10	-47.709,80
Формування резервів		
Відрахування до резервів	-134.649,00	-185.696,90
Частка перестраховика у зміні резервів	-12.844,10	16.838,70
Страхові виплати		
Сплачені страхові виплати	-165.206,20	-164.929,30
Частка страхових виплат, сплачена перестраховиком	36.110,70	30.182,80
Операційні витрати	-237.040,70	-200.593,10
Фінансові доходи	182.688,00	308.005,80
Фінансові витрати	-2.471,60	-3.243,60
Податок на прибуток	-2.096,50	-7.985,40
Чистий прибуток	1.715,80	31.527,60

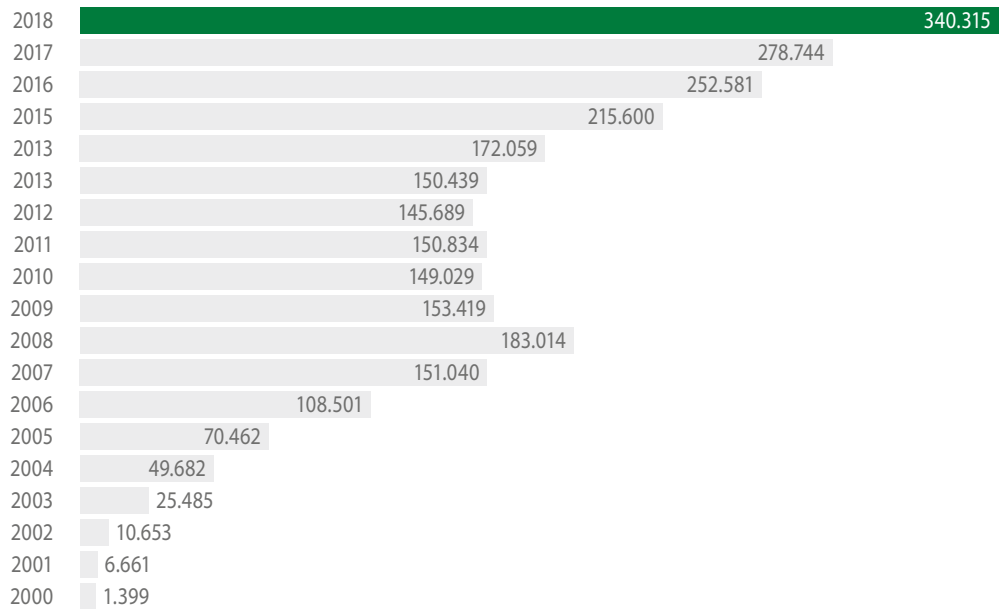
Інвестиційний портфель ГРАВЕ Україна: 2.743.862,4 тис.грн.

(в тому числі страхові резерви: 2.560.563,5 тис.грн.)



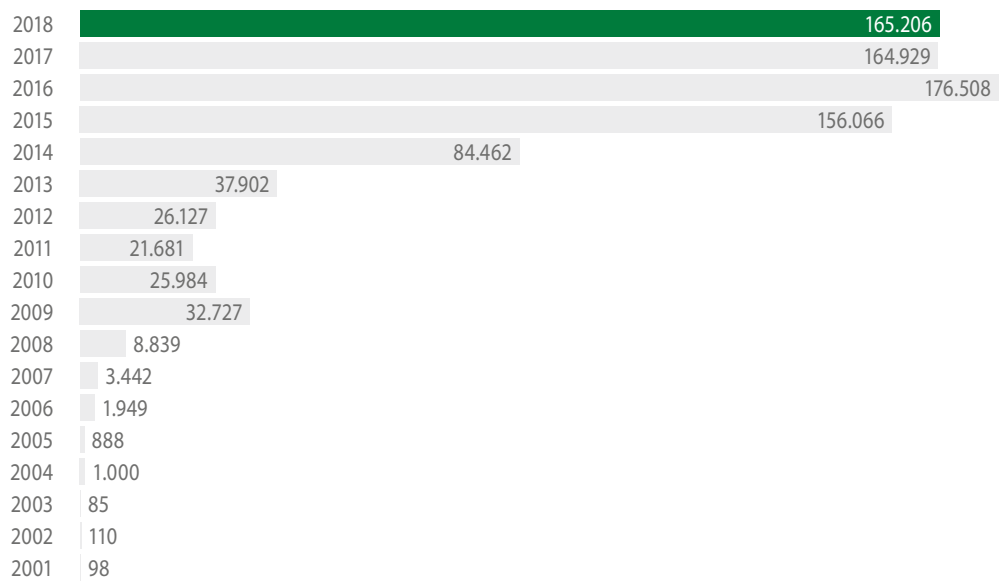
Страхові премії

(тис.грн.)



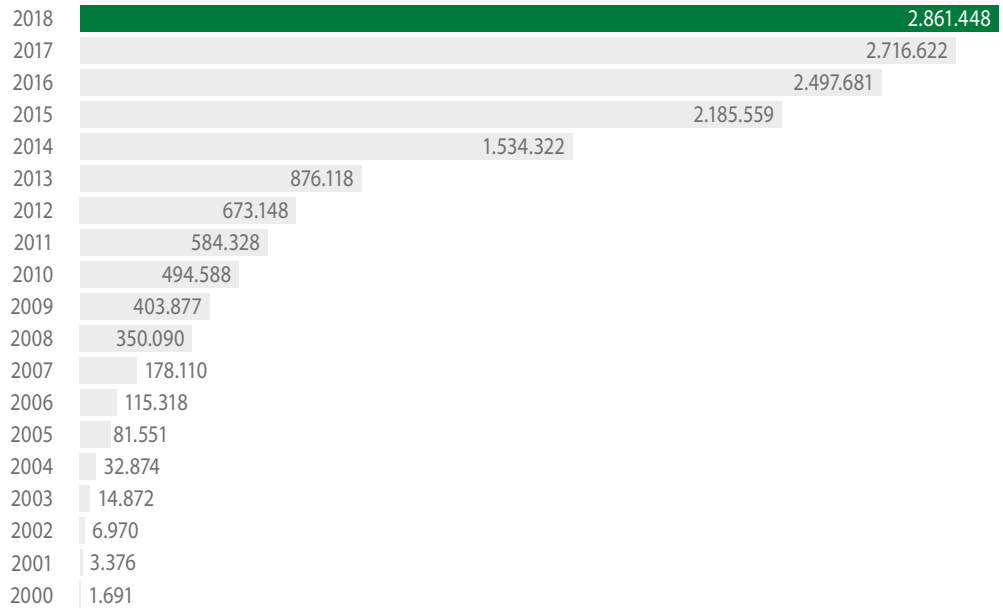
Страхові виплати разом з викупами

(тис.грн.)



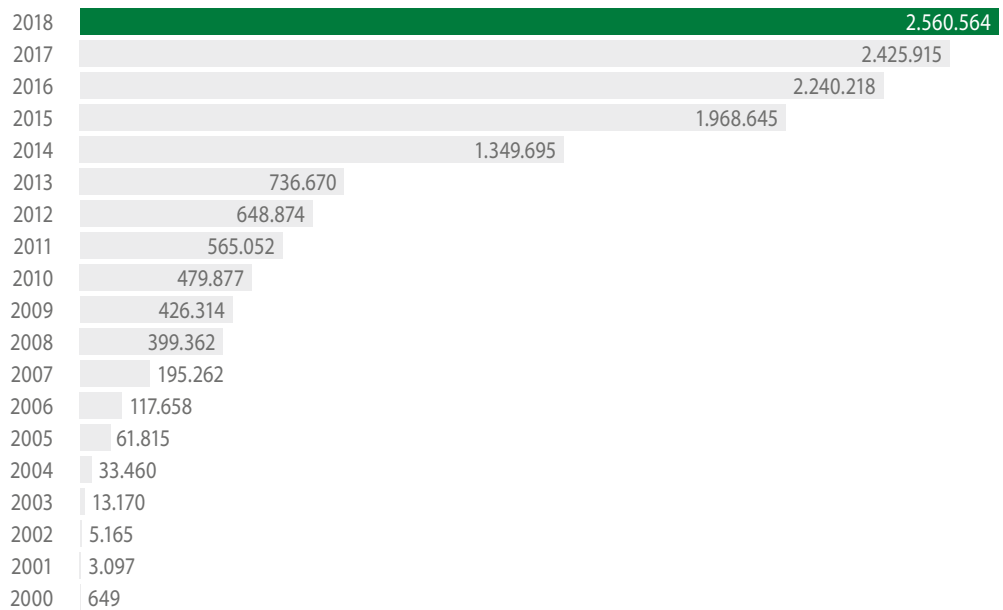
Активи

(тис.грн.)



Страхові резерви

(тис.грн.)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of
PRIVATE JOINT STOCK COMPANY "GRAWE UKRAINE Life Insurance"

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annual financial statements of the Private Joint Stock Company "GRAWE UKRAINE Life Insurance" (hereinafter – the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended and notes to the financial statements, including the summary of significant accounting policies (hereinafter – the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (hereinafter – IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with ethical requirements that are applicable in Ukraine to our audit of the financial statements, such as the International Ethics standards Board for Accountants' Code of Ethics for Professional Accountants (hereinafter – IESBA Code), and we also have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Significant uncertainty regarding going concern

We draw attention to Note 5 to the financial statements disclosing information about the presence of uncertainty, the outcome of which depends on future events that are not under direct control of the Company but may affect its financial statements in the future. The indicated uncertainty is risks caused by internal and external political and economic factors, which cannot be objectively predicted as at the date of the report. We do not modify our opinion with regard to this matter.

Key Audit Matters

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the financial statements in 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.

We planned our audit on the basis of the determined materiality and assessed risk of material misstatements of the financial statements. 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. On the basis of our professional judgment, the materiality for uncorrected misstatements at the Company level amounted to UAH 15,539.9 thousand.

Recognition, measurement and income earned from insurance activity of the Company

Income from premiums earned are significant for the financial statements of the Company (note 8.19), the system of their calculation and accounting is rather complex and is a component of the business risk of the Company. The Company calculates income from providing insurance services on the basis of current tariffs for each type of insurance, taking into account all the necessary characteristics of the insured object. The majority of income (premiums) is received from the wide range of clients that make payments within the agreed timeframe.

The basis of our audit approach, designed to reduce risk of material misstatements at recognition of the Company's income, includes tests of internal control, analysis of the relevant IT-system, analytical procedures, tests of details of transactions and balances, and tests of journal entries.

Our audit procedures included tests of recognized income to the amounts specified in the insurance contracts with subsequent testing of payments received from insured clients. In addition, our analysis included the list of the Company's litigations in progress, provided by the management, the completeness of which was compared against the journal entries and information from external sources. We analyzed the reserves for impairment of relevant accounts receivable balances, which were formed in accordance with the regulatory documents and the accounting policy of the Company.

Valuation of life insurance reserves

Insurance reserves are significant in terms of their volume and effect on the Company's activity (note 8.16). The Company forms insurance reserves for future insurance payments in accordance with the Methodology for formation of insurance reserves by types of insurance, other than life insurance, approved by the Resolution of the State Commission for Regulation of Financial Services Market of Ukraine № 24 dated 27.01.2004.

Our audit procedures for the assessment of insurance liabilities included tests of the risk management process in place to determine liabilities under insurance contracts together with tests of related internal control system on preparation of the financial statements. We examined key judgments and control procedures on preparation of the reserves components that do not require actuarial involvement. We took into account the consistency applied to the accounting and methodology used for all insurance reserves with consideration of the best actuarial practices.

We involved the work of independent actuary to test the methodology used, the model and assumptions to the best actuarial practices. We analyzed disclosures in the financial statements of the Company related to insurance reserves.

Valuation of financial investments in the form of bonds

The Company's financial investments include domestic government bonds. These bonds are carried at amortized cost assessed for impairment at the reporting date (note 8.3).

We performed tests on reconciliation of financial statements data to the source documentation related to operations mentioned above (determination of initial value of financial investments at their acquisition with their further measurement at the balance sheet date, accuracy of income and expenses). We obtained understanding of and tested the risk management process in place to determine the appropriateness of the financial investments measurements (including impairment identified). We analyzed methodology of determining the effective interest rate and calculating amortization of premium and discount to IFRS requirements. We assessed disclosures in the financial statements and the notes thereto.

Other information

Management of the Company is responsible for other information. The other information comprises:

- The Annual information of the issuer, which shall be formed by the Company on the basis of the requirements of Articles 40 and 40¹ of the Law of Ukraine "On Securities and the Stock Market", and which is not the financial statements of the Company and does not contain our auditor's report on it. The Annual information of the issuer will be approved after the date of our report. Our opinion on the financial statements does not apply to the Annual information of the issuer and we do not conclude with any level of assurance about this Annual information of the issuer as of the date of this Independent Auditor's Report. In connection with our audit of the financial statements, our responsibility is to read the Annual information of the issuer and, in doing so, consider whether there is a material inconsistency between the Annual information of the issuer and the financial statements or our knowledge obtained during the audit, or, whether the Annual information of the issuer otherwise appears to be materially misstated. When we read the Annual information of the issuer and if we come to the conclusion that it contains a material misstatement, we will be obliged to report this fact.
- The Annual reporting data of the issuer, which consists of general information about the insurer, the statement of income and expenses of the insurer, the report on insurance payments and payments by the structural units of the insurer and the explanatory note to the insurer's reporting data, in accordance with the requirements of the Procedure for compiling the reporting data of the insurer, approved by the order of the State Commission for Regulation of Financial Services Markets of Ukraine № 39 dated 03.02.2004 as amended. The Annual information of the issuer will be approved after the date of this Independent Auditor's Report. Our opinion on the financial statements does not apply to the Annual reporting data of the issuer and we do not conclude with any level of assurance about this Annual reporting data of the issuer as of the date of this Independent Auditor's Report. In connection with our audit of the financial statements, our responsibility is to read the Annual reporting data of the issuer and, in doing so, consider whether there is a material inconsistency between the Annual reporting data of the issuer and the financial statements or our knowledge obtained during the audit, or, whether the Annual reporting data of the issuer otherwise appears to be materially misstated. When we read the Annual reporting data of the issuer and if we come to the conclusion that it contains a material misstatement, we will be obliged to report this fact.

3

Responsibilities of the Company's Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matter related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 management of the Company;
- Conclude on the appropriateness of management's 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 the 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;

4

- 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 those charged with governance regarding 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

(The Law of Ukraine "On audit of the financial statements and auditing" N2258-VIII dated December 21, 2017)

The information in this section of the Independent Auditor's Report is provided in accordance with p. 3 and 4 Article 14 of the Law of Ukraine "On Audit of the Financial Statements and Auditing" No. 2258-VIII dated December 21, 2017.

Concerning the consistency of the Management's report with the financial statements for the reporting period and the existence of material misstatements in the Management's report and their nature, we note that according to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996-XIV of July 16, 1999 as amended, the Company falls under the definition of a small enterprise, which, according to paragraph 7 of Art. 11 of the above Law, is exempted from preparing this report.

We were appointed to conduct a statutory audit of the Company's financial statements by the Supervisory Board resolution No. 108 dated January 23, 2019; the total duration of the audit engagement without interruptions, taking into account extension of the mandate that took place and the re-appointments, is 2 years.

Audit estimates

Our statement regarding identification and our assessment of risks of material misstatement of financial statements due to fraud or error is contained in *Auditor's Responsibility for the Audit of the Financial Statements* section of this Independent Auditor's Report.

Description and assessment of risks of material misstatement in the financial statements

In planning our audit we determined that the audit of the Company's financial statements is accompanied by a high audit risk, based on the Company's business risk assessment and inherent accounting risk.

According to our audit estimates, the business risk includes:

5

- existence of insurance technical risk (risk of premium / insurance payments, interest guarantee risk, portfolio development, settlement of loss, redundancy (repos risk) and reinsurance (cumulative risk). Technical life insurance risks include biometric risk, risk of termination and interest guarantee risk);
- credit risk associated with the Company's investment in bonds of domestic and foreign government debt;
- other economic and political uncertainty, the result of which depends on events that are not under the direct control of the Company.

In planning our audit we identified the accounting risk as possible for matters described in *Key audit matters* section and in *Significant uncertainty regarding going concern* section of this Independent Auditor's Report.

References to information in the financial statements for describing and assessing the risk of material misstatement in the financial statements

We describe business risk in note 6.11 to the financial statements of the Company. The description of accounting risk is provided in *Key audit matters* section and in *Significant uncertainty regarding going concern* section, which contain references to relevant notes in the financial statements.

Description of responses taken to address identified risks of material misstatement in the financial statements

Based on identified and assessed risks of material misstatement of the financial statements, we conducted the following audit procedures, we:

- increased the level of professional scepticism (i.e., increased our attention to the documentation and the need to confirm the explanations or statements of the Company's management);
- assigned appropriate personnel to carry out the statutory audit, including, in accordance with the RSM International Audit Manual, a second partner and a quality control reviewer;
- increased sample size and scope of analytical procedures;
- investigated whether there were any significant and / or unusual operations that took place close to the year end;
- assessed the appropriateness of the applied accounting policies and the reasonableness of the accounting estimates and relevant disclosures in the financial statements made by the Company's management;
- assessed the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the underlying operations and events are presented the financial statements in the way to achieve their reliable presentation in the financial statements;
- analysed conclusion on the acceptability to use the assumption of the Company's management regarding going concern as the basis for accounting based on the audit evidence obtained. The period of assessment of continuous activity covered a period of at least twelve months from the date of approval of the financial statements;
- analysed information on whether there is a significant uncertainty about events or conditions that would put into question the Company's ability to continue as going concern.

Main limitations regarding the risks of material misstatement in the financial statements

The main limitation is the risk of fraud. In accordance with the requirements of IAS 240, in planning of our audit, we considered the Company's disposition to fraud, taking into account the business environment, as well as the means and methods of control established and supported by management, as well as the character of the transactions, assets and liabilities presented in the accounting.

6

In planning our audit, we made inquiries to the Company's management regarding whether they have knowledge of any actual, suspected or alleged fraud affecting the Company. In response to such inquiries the management provided a written assessment of the risk of fraud in the Company, according to which the risk of fraud is controlled.

However, the primary responsibility for prevention and detection of fraud rests with the management of the Company, which shall not rely on the audit to avoid its responsibilities, as fraud may include conspiracy, forgery, deliberate omission, incorrect statements or override of internal control, which may not be detected as a result of the limitations inherent of an audit. The inherent audit limitations are described in the Auditor's *Responsibility for the audit of the financial statements* section of this Independent Auditor's Report.

Audit effectiveness in terms of detecting violations

Separate violations were below the materiality, taking into account the tolerance for undetected misstatements within UAH 15 539.9 thousand.

We applied the tolerance for possible undetected misstatements, based on the inherent audit limitations by reducing the performance materiality to an acceptable level. The inherent limitations of the audit are described in the Auditor's *Responsibility for the audit of the financial statements* section of this Independent Auditor's Report.

Consistency the Independent Auditor's Report with additional report for the Audit Committee

The Company did not establish the Audit Committee of the Supervisory Board; the functions of the Audit Committee are performed by the structural unit of the Internal Audit Supervisory Board. The Independent Auditor's Report is in line with the additional report to the Supervisory Board, which was prepared in accordance with the requirements of Article 35 of the Law of Ukraine "On Audit of the Financial Statements and Auditing".

Providing services prohibited by law and the independence of the key audit partner and audit firm from the Company during the audit

We have not provided services prohibited by law to the Company.

Statement of our independence from the Company, including the key audit partner is disclosed in the *Basis for opinion and Auditor's Responsibility for the Audit of Financial Statements* paragraphs of this Independent Auditor's Report.

Information about other services provided to the Company or its controlled economic entities, except for the services of obligatory audit, which are not disclosed in the financial statements

We conducted an audit of the Company's special purpose financial information for 2018, prepared in accordance with the GRAWE Group Accounting Principles. The relevant Independent Auditor's Report was dated February 15, 2019.

We carry out the task of providing a limited assurance on the compliance of the Annual reporting data of the insurer (the Company) for the year 2018. At the date of this report, the respective Limited Assurance Report of the Independent Auditor was not yet issued.

7

We carry out the task of providing a limited assurance with regard to the information set forth in the Corporate Governance Report referred to in paragraphs 5 to 9 of section 3 of Article. 40.1 of the Law of Ukraine "On Securities and the Stock Market" of February 23, 2006, No. 3480-IV as amended, as well as verification of information specified in clauses 1-4 of this section. At the date of this Independent Auditor's Report, the respective Limited Assurance Report of the Independent Auditor was not yet issued.

Since the date of appointment of us as an auditor of the Company's financial statements for 2018 and until the date of this Independent Auditor's Report, we have not provided other services to the Company or its subsidiaries or controlled entities.

Clarifications on the scope of the audit and the audit-specific constraints

The description of scope of the audit is disclosed in *Auditor's Responsibility for the Audit of Financial Statements* paragraph of this Independent Auditor's Report.

Because of the inherent constraints of an audit as well as the natural limitations of the internal control system, there is an inevitable risk that some significant distortions cannot be detected even if the audit is properly planned and executed in accordance with the ISAs.

Basic information about the audit firm

Full name - Limited Liability Company "Audit-Firm "APIK-Audit"

Location - 04080, 47 Nizhnyoyarkivska Str., 47, Kyiv, Ukraine

Information on inclusion to the Register - #2874 (#157) in the Register of Auditors and Audit Entities, including for #59 in the Section "Auditors who are entitled to carry out the statutory audit of financial statements") and #31 in the Section "Auditors who have the right to conduct a statutory audit of financial statements of public interest entities".

The engagement partner on the audit resulting in this Independent Auditor's Report is Olga Poldiaieva.

Olga Poldiaieva
Director

Certified auditor
Auditor's Certificate issued by ACU
Series A, № 004945 of 30.11.2020
(valid till 30.11.2020)



37/19 Donetska Str., Kyiv, Ukraine
February 28, 2019

8

