JSC Hualing Insurance

Financial Statements and

Independent Auditor’s Report

As at

31 December, 2018

JSC Hualing Insurance

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INDEPENDENT AUDITOR'S REPORT

To the Owners and the Management of JSC Hualing Insurance:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JSC Hualing Insurance (the Company) which comprise the statement of financial position as at 31 December, 2018, and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for 31 December, 2018, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent from the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Additional Information

Management is responsible for the other information. Other information comprises Management Report prepared in accordance with the Law of Georgia on Accounting, Reporting and Auditing (but does not include this financial information and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report. Our opinion on this financial information does not cover the other information, including the Management Report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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. In addition, we are required to express an opinion whether certain parts of Management Report comply with respective regulatory normative acts and to consider whether the Management Report includes the information required by the Law of Georgia on Accounting, Reporting and Auditing.

We will issue our updated report where we will either state that we have nothing to report in respect of the above or describe any material misstatements identified by us in the Management Report based on our knowledge of the reporting entity and its circumstances, which we obtained during our audit. Our updated report will include also our opinion mentioned in the preceding paragraph.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines 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, management is 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 management wither intends to liquidate the Company or to cease operations or has 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 misstatements, 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 decision 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 skepticism through 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, misrepresentations, or the override of internal controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- 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 of the Company`s ability 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.

No other matters were communicated with management.

We have also provided management with a statement that we complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be though to bear on our independence.

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

The engagement partner on the audit resulting in this independent auditor's report is David Gvetadze.

February 13, 2019

Tbilisi, Georgia

JSC Hualing Insurance
Statement of Financial Position
As at 31 December, 2018
In thousands of Georgian Lari

	NOTES	31-Dec-2018	31-Dec-2017
Assets			
Cash and cash equivalents	**5**	368	4,307
Amounts due from credit institutions	**6**	6,036	-
Insurance receivables	**7**	2,097	-
Reinsurance receivables	**8**	192	-
Reinsurance assets	**9**	1,914	-
Deferred acquisition costs		8	-
Intangible assets		24	-
Property and equipment		25	-
Other assets		49	-
Total assets		**10,713**	**4,307**
Equity			
Share capital	**10**	4,300	4,300
Retained earnings		1,460	6
Total equity		**5,760**	**4,306**
Liabilities			
Insurance contract liabilities	**11**	2,568	-
Other insurance liabilities	**12**	1,898	-
Deferred commission income from reinsurance contracts	**13**	151	-
Deferred Tax		7	-
Other liabilities	**14**	329	1
Total liabilities		**4,953**	**1**
Total equity and liabilities		**10,713**	**4,307**

On behalf of the Management:

Director
February 13, 2019

Tbilisi, Georgia

The notes on pages 10-32 form an integral part of these financial statements. The Independent Auditors' Report is on pages 3-5

JSC Hualing Insurance
Statement of Profit and Loss
As at 31 December, 2018
In thousands of Georgian Lari

	Notes	31-Dec-2018	31-Dec-2017
Gross written premiums on insurance contracts	15	5,442	-
Reinsurer's share of gross written premium on insurance contracts	15	(2,738)	-
Net written premium		**2,704**	
Changes in unearned premium reserves	15	(2,351)	-
Reinsurer's portion in unearned premium reserves	15	1,904	-
Net insurance revenue		**2,257**	
Net insurance benefits and claims paid		(79)	-
Net change in insurance contracts liabilities	17	(202)	-
Net insurance claims		**(281)**	
Salaries and other employee benefits	18	(324)	-
General and administrative expenses	20	(144)	-
Depreciation and amortization expenses		(1)	-
Interest income	16	491	8
Foreign exchange and translation gain		13	-
Other operating expenses	19	(281)	(1)
Other expenses		**(246)**	**7**
Total claims and expenses		**(527)**	**-**
Profit before tax		**1,730**	**7**
Income tax (charge)	21	(275)	(1)
Net Profit and total comprehensive income for the period		**1,455**	**6**

On behalf of the Management:

Director
February 13, 2019

Tbilisi, Georgia

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JSC Hualing Insurance
Statement of Changes in Equity
As at 31 December, 2018
In thousands of Georgian Lari

	Note	Share Capital	Retained Earnings	Total Equity
BALANCE AT 01 JANUARY 2017		**-**	**-**	**-**
Profit for the year 2017		-	6	**6**
Increase/decrease in share capital		4,300	-	**4,300**
Dividends declared		-	-	-
BALANCE AT 31 DECEMBER 2017		**4,300**	**6**	**4,306**
Profit for the 2018		-	1,453	**1,453**
BALANCE AT 31 December 2018		**4,300**	**1,453**	**5,759**

On behalf of the Management:

Director
February 13, 2019

Tbilisi, Georgia

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JSC Hualing Insurance
Statement of Cash Flows
As at 31 December, 2018
In thousands of Georgian Lari

	31-Dec-2018	31-Dec-2017
Cash flows from operating activities		
Insurance premium received	2,503	-
Reinsurance premium paid	(242)	-
Net insurance premium received	**2,261**	**-**
Insurance claims paid	(50)	-
Salaries and benefits paid	(319)	-
Cash paid to other suppliers of goods and services	(125)	(1)
Interest received		8
Other operating (expenses paid) / income received	(32)	-
Net cash flows from operating activities before income tax	**1,735**	**7**
Income tax paid	-	-
Net cash flows from operating activities	**1,735**	**7**
Cash flows used in investing activities		
Purchase of premises and equipment	(44)	
Net cash flows from used in investing activities	**(44)**	**-**
Cash flows from financing activities		
Owners contribution	-	4,300
Interest received	401	-
Net cash flows from financing activities	**401**	**4,300**
Effect of exchange rates changes on cash and cash equivalents	4	
Net increase in cash and cash equivalents	**2,096**	**4,307**
Cash and cash equivalents at the beginning of the year	**4,307**	**-**
Cash and cash equivalents at the ending of the year	**6,403**	**4,307**

On behalf of the Management:

Director
February 13, 2019

Tbilisi, Georgia

The notes on pages 10-32 form an integral part of these financial statements. The Independent Auditors' Report is on pages 3-5

1. GENERAL INFORMATION

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2018 for JSC Hualing Insurance (the “Company”).

JSC “Hualing Insurance” was incorporated in 11 December 2017 and is domiciled in Georgia. Registering body is Revenue Service of Georgia, Tax code 406232214. The Company is a joint stock company limited by shares and was set up in accordance with Georgian regulations. As of 31 December 2018, the Company’s immediate parent company was JSC “Basis bank” incorporated in Georgia.

Shareholders	2018	2017
JSC “Basis bank”	100%	100%

Principal activity

The Company’s principal business activity is insurance business operations within Georgia. The Company has a life and non-life licenses issued by the Insurance State Supervision Service of Georgia since 27 December 2017.

The Company has 1 branch in Georgia and 22 employees at 31 December 2018.

Registered address and place of business

The Company’s registered address is: 1 Ketevan Tsamebuli Avenue, Tbilisi 0103, Georgia.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), being standards and interpretations issued by the International Accounting Standards Board ("IASB"), in force at 31 December 2018.

The financial statements comprise a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows, and notes.

As the standards and interpretations expected to be effective as at 31 December 2018 are subject to introduction or possible changes by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC"), management does not rule out a possibility that the financial statements may require adjustment due to such changes before constituting the final financial statements.

The financial statements have been prepared on a historical cost basis.

Going concern

The management of JSC Hualing Insurance has prepared these financial statements on a going concern basis. In making this judgement the management considered the company's financial position, current intentions, profitability of operations and access to financial resources. The management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance receivables

Insurance receivables are recognized based upon insurance policy terms and measured at cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with any impairment loss recorded in the profit or loss.

Insurance contract liabilities

The provision is recognized when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. At each reporting date the carrying amount of unearned premium is calculated on active policies based on the insurance period and time until the expiration date of each insurance policy. The Company reviews its unexpired risk based on the historical performance of separate business lines to determine the overall change in expected claims. The differences between the unearned premium reserves, loss provisions and the expected claims are recognized in the profit or loss by setting up a provision for premium deficiency.

Deferred acquisition costs

Deferred acquisition costs (“DAC”) are capitalized costs related to the issuance of insurance policies. They consist of commissions paid to agents, brokers and some employees. They are amortized on a straight line basis over the life of the contract.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts and amounts due from credit institutions that mature within three months from the date of origination and are free from contractual encumbrances.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans issued and other receivables are recognized at their original invoiced value. Where the time value of money is material, receivables are carried at amortized cost.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expense will not be offset in profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Fair value measurement

The Company measures financial instruments, such as derivatives and certain non-financial assets such as investment property, at fair value at each balance sheet date. Fair values of financial instruments measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Property and equipment

Property and equipment except for office buildings are carried at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognized in the profit or loss as an expense.

Following initial recognition at cost, office buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

If an asset’s carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity in other reserves. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset’s carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in other reserves in the equity.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Vehicles	5

The asset's residual value, useful life and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized. Leasehold improvements are amortized over the life of the related leased asset or expected lease term, if lower.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- The Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Taxation

The current income tax expense is calculated in accordance with the regulations in force in Georgia.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (applicable to undistributed profits) that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Georgia also has various operating taxes that are assessed on the Company's activities. These taxes are included as a component of other operating expenses.

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic lives of 4 to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are not amortized, but tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

Costs associated with maintaining computer software programs are recorded as an expense as incurred. Software development costs (relating to the design and testing of new or substantially improved software) are recognized as intangible assets only when the Company can demonstrate the technical feasibility of completing the software so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Other software development costs are recognized as an expense as incurred.

Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized as additional paid-in capital.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized for issue.

Income and expense recognition

Net insurance revenue

Insurance premiums written are recognized on policy inception and earned on a pro rata basis over the term of the related policy coverage. Premiums written reflect business incepted during the period, and exclude any sales-based taxes or duties.

Provision for unearned premiums

The proportion of written premiums attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the profit or loss in the order that revenue is recognized over the period of risk or, for annuities, the amount of expected future benefit payments.

Net insurance claims

Insurance claims incurred include all claim losses occurring during the period, whether reported or not, including the related handling costs and other recoveries and any adjustments to claims outstanding from previous periods. Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims, such as salaries of general practitioners. Internal costs include all direct expenses of the claims department and any part of the general administrative costs directly attributable to the claims function.

Foreign currency translation

The financial statements are presented in Georgian Lari, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Georgian Lari at official exchange rates declared by the National Bank of Georgia ("NBG") and effective as of the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the profit or loss as foreign exchange and translation (loss)/gain.

Differences between the contractual exchange rate of a transaction in a foreign currency and the NBG exchange rate on the date of the transaction are included in foreign exchange and translation (loss)/gain. The official NBG exchange rates were as follows:

	USD	EUR
December 31, 2018	2.6766	3.0701
December 31, 2017	2.5922	3.1044

Estimation uncertainty

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

Claims liability arising from insurance contracts

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported

(IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. General insurance claims provisions are not discounted for the time value of money.

Allowance for impairment of insurance receivables

The Company regularly reviews its insurance premiums receivable to assess impairment. For accounting purposes, the Company uses an incurred loss model for the recognition of losses on the impaired insurance premiums receivable. This means that losses can only be recognized when objective evidence of a specific loss event has been observed. Model and approach to identification of the impaired amounts and their further provisioning is mostly based on the number of days in arrears.

If there is a sign of deterioration in an individually significant customer's creditworthiness, the respective receivable is individually assessed for impairment. Triggering events include significant financial difficulty of the customer and/or breach of contract such as default of payment.

For collective purposes the management judgment is that historical trends can serve as a basis for predicting incurred losses and that this approach can be used to estimate the amount of recoverable debts as at the reporting period end.

Actual results may differ from the estimates and the Company's estimates can be revised in the future, either negatively or positively, depending upon the outcome or expectations based on the facts surrounding each exposure.

Financial Instruments

Classification and Measurement

Key features of the new standard are:

• Financial assets are required to be classified into three measurement categories: (i) those to be measured subsequently at amortized cost, (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI) and (iii) those to be measured subsequently at fair value through profit or loss (FVPL);

• The classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments in line with the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition;

• Investments in equity instruments are always measured at fair value. However, the management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss;

• Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key difference is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income;

• IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). In case of a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables;

• Hedge accounting requirements were amended to align more closely the accounting with the risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Revenue from Contracts with Customers

The standard IFRS 15 “Revenue from Contracts with Customers “, introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed.

4. NEW ACCOUNTING PRONOUNCEMENTS

4.1 IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019)

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently assessing the impact of the new standard on its financial statements.

4.2 IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021)

IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of Company's of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognizing the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognizing the loss immediately. The Company is currently assessing the impact of the new standard on its financial statements.

4.3 IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).

IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. The Company is currently assessing the impact of the interpretation on its financial statements.

4.4 IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).

IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. The Group is currently assessing the impact of the interpretation on its financial statements.

5. Cash and cash equivalents

Cash and cash equivalents as of 31 December comprise:

Cash and cash equivalents	31-Dec-18	31-Dec-17
Current accounts in banks on national currency	358	4,307
Deposit	10	-
Total cash and cash equivalents	**368**	**4,307**

Cash balances on bank accounts can be classified as risk free, considering the fact that the banks where the Company has current accounts are reliable and well known Georgian credit institutions.

6. Amounts due from credit institutions

Amounts due from credit institutions	31-Dec-18	31-Dec-17
Bank deposits in GEL	**5,945**	**-**
Short-term Deposits	3,745	
Long-term Deposits	2,200	
Accrued interest	**91**	**-**
Accrued interest on short-term deposits	85	
Accrued interest on long-term deposits	6	
Total amounts due from credit institutions	**6,036**	**-**

Amounts due from credit institutions are represented by short-term (for 3 to 12 months) placements and earn annual average interest rate of 11%.

The amount due from credit institutions for the 31 December, 2017 is equal to zero.

7. Insurance receivables

Insurance receivables as of the end of the period comprise:

Insurance receivables	31-Dec-18	31-Dec-17
Due from policyholders	2,097	-
Total insurance receivables	**2,097**	**-**

We have checked the aging of receivables and have not found any bad or doubtful receivable as for 31 December,2018. Therefore, there is no allowance for impairment.

The amount of insurance receivables for the 31 December,2017 is equal to zero.

8. Reinsurance receivables

Reinsurance receivables	31-Dec-18	31-Dec-17
Other reinsurance receivables	171	-
Claims related to reimbursement losses from reinsurance	21	-
Total reinsurance receivables	**192**	**-**

The amount of reinsurance receivables for the 31 December, 2017 is equal to zero.

9. Reinsurance assets

Reinsurance assets	31-Dec-18	31-Dec-17
Unearned premium reserve	1,914	-
Total reinsurance assets	**1,914**	**-**

The amount of reinsurance assets for the 31 December, 2017 is equal to zero.

10. Share capital

As at 31 December 2017 and 31 December 2018 the number of authorized ordinary shares was 4,300 with a nominal value per share of one Georgian Lari. All authorized shares have been issued and fully paid.

The share capital of the Company was contributed by the shareholders in Georgian Lari and they are entitled to dividends and any capital distribution in Georgian Lari. No dividends were declared or paid in 2018.

Regulatory capital requirements in Georgia are set by the Insurance State Supervision Service of Georgia . The requirement is to maintain a minimum capital of GEL 4,200, of which 100% should be kept as cash at bank or bank deposits (31 December, 2017 and 31 December 2018: 4,300 and 100% kept as cash at bank or bank deposits).

In thousands of Georgian Lari except for number of shares	Number of outstanding shares	Ordinary shares	Share premium	Total
At 31 December 2016	**-**	**-**	**-**	**-**
New shares issued	4,300	4,300	-	4,300
At 31 December 2017	**4,300**	**4,300**	**-**	**4,300**
New shares issued	-	-	-	-
At 31 December 2018	**4,300**	**4,300**	**-**	**4,300**

11. Insurance contract liabilities

Insurance contract liabilities as of end of the period comprise:

Insurance contracts liabilities	31-Dec-18	31-Dec-17
- Unearned premiums provision	2,351	-
- Provisions for claims incurred but not reported	135	-
- Provisions for claims reported by policyholders	82	-
Total insurance contracts liabilities	**2,568**	**-**

The amount of insurance contract liabilities for the 31 December, 2017 is equal to zero.

The movement during the year in insurance contract liabilities is as follows.

	31-Dec-18	31-Dec-17
At the start of the period	**-**	**-**
Premiums written during the year	5,442	-
Premiums earned during the year	(3,091)	-
Claims incurred during the current accident year	318	-
Claims paid during the year	(101)	-
At the end of the period	**2,568**	**-**

Insurance contract liabilities − terms, assumptions and sensitivities

(1) Terms and conditions

Risks under policies usually cover twelve month duration. For insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date.

The provisions are refined monthly as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

(2) Assumptions

The Company reviews its unexpired risk based on historical performance of separate business lines to determine overall change in expected claims.

12. Other Insurance liabilities

Other insurance liabilities	31-Dec-18	31-Dec-17
Reinsurance Bonus payables	1,894	-
Commission payable to the agent	4	-
Total other insurance liabilities	**1,898**	-

The amount of other insurance liabilities for the 31 December, 2017 is equal to zero.

13. Deferred commission income from reinsurance contracts

Deferred commission income from reinsurance contracts	31-Dec-18	31-Dec-17
Reinsurance commission	151	-
Total Deferred commission income from reinsurance contracts	**151**	**-**

The amount of deferred commission income from reinsurance contracts for the 31 December, 2017 is equal to zero.

14. Other liabilities

Other liabilities	31-Dec-18	31-Dec-17
Income tax payable	270	1
Other	59	-
Total Other liabilities	**329**	**1**

15. Net insurance revenue

Insurance revenue	2018	2017
Gross premiums written	2,704	-
Gross change in unearned premium provision	(447)	-
Net insurance revenue	**2,257**	**-**

The table below shows the detailed information:

31 December 2018	Gross written premium	Reinsurer's share is gross written premium	Net written premium	Net changes in unearned premium	Net insurance revenue
Insurance of motor vehicles	2,795	(288)	2,507	321	2,187

Motor Third Party Liability insurance	71	(32)	39	19	19
Property insurance	300	(181)	119	83	37
BBB - Complex bank insurance and computer crime insurance	93	(86)	7	3	3
Air Transport Insurance (Corpus Insurance)	1,091	(1,091)	-	-	-
Insurance of liability related to the use of air transport	1,031	(1,031)	-	-	-
Employer liability insurance	29	-	29	19	10
Insurance losses caused by interruptions	8	(5)	3	2	1
Passengers, driver or crew insurance from accidents	23	(23)	-	-	-
Special Machinery Insurance	1	(1)	-	-	-
Total Net Insurance Revenue	**5,442**	**(2,738)**	**2,704**	**447**	**2,257**

The net insurance revenue for the 31 December, 2017 is equal to zero.

16. Interest income

Interest Income	**2018**	**2017**
Interest accrued on short-term deposits	279	8
Interest accrued on long-term deposits	212	-
Total Interest Income	**491**	**8**

17. Net change in insurance contracts liabilities

Net change in insurance contracts liabilities	**2018**	**2017**
The reinsurer's share in reimbursement of damages	208	-
Income from the setback and salvaged property, net	(6)	-
Total Net change in insurance contracts liabilities	**202**	**-**

The amount of net change in insurance contracts liabilities for the 31 December, 2017 is equal to zero.

18. Salaries and other employee benefits

Salaries and other employee benefits	**2018**	**2017**
Management salary	238	-
Administrative staff	86	-
Total Salaries and other employee benefits	**324**	**-**

The amount of salary expense for the 31 December, 2017 is equal to zero.

19. Other operating expenses

Operating expenses	2018	2017
Compulsory Insurance Center membership	93	**1**
Other Acquisition Cost	188	-
Total operating expenses	**281**	**1**

20. General and administrative expenses

General and administrative expenses	2018	2017
Occupancy and rent	21	-
Marketing and advertising	32	-
Utilities	10	-
Legal and consultancy	24	-
Representative	5	-
Office supplies	2	-
Bank fees and commissions	4	-
Business travel and related	1	-
Repair and maintenance of property and equipment	1	-
Regulatory commission	31	-
Other GA	13	-
Total general and administrative expenses	**144**	-

The amount of general and administrative expenses for the 31 December, 2017 is equal to zero.

As at 31 December 2018 the professional service fees include GEL 16 thousand fees incurred for audit and other professional services provided by Auditor/Audit Firm as defined in the Law of Georgia on Accounting, Reporting and Auditing (2017: GEL 0 thousand).

21. Income tax

Differences between IFRS and statutory taxation regulations in Georgia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

The deferred income tax asset/liability was calculated for the 31 December 2018.

Income tax expense	2018	2017
Income tax expense	275	1
Total income tax expense	**275**	**1**

Deferred tax	2018	2017
PPE	4	-

Other liabilities	(11)	-
Other assets	1	-
Total Deferred tax	**(7)**	**-**

22. Commitments and contingencies

Legal

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Company.

Taxation

Georgian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant regional and federal authorities. Recent events within the Georgia suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the company's tax, currency and customs positions will be sustained.

23. Risk management

The activities of the Company are exposed to various risks. Risk management therefore is a critical component of its insurance activities. Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and daily monitoring, subject to risk limits and other controls. Each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The main financial risks inherent to the Company's operations are those related to credit, liquidity and market movements in interest and foreign exchange rates and equity prices. A summary description of the Company's risk management policies in relation to those risks follows.

23.1 Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives, including failing to exploit opportunities. The Company recognize the critical importance of having efficient and effective risk management systems in place.

Executive management of the Company monitors and manages risks on a regular basis, by assigning tasks, creating different working groups and setting up risk management policy as well as respective guidelines and controlling their implementation and performance of relevant departments.

Executive management meets regularly to approve on any commercial, regulatory and own organizational requirements in such policies. The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of underwriting strategy to the corporate goals and specify reporting requirements.

23.2 Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position.

The capital management objectives are:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

The operations of the Company are also subject to local regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The Company's capital management policy for its insurance business is to hold the least required amount of the regulatory capital and, also, to hold sufficient liquid assets to cover statutory requirements based on the directives of ISSSG. Assets eligible for inclusion in liquid assets are: cash and cash equivalents, amounts due from credit institutions, loans issued, investment property as well as other financial assets, as defined by ISSSG.

24. Risk management (Continued)

24.1 Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid that are greater than originally estimated and subsequent development of long-term claims.

The Company primarily uses its loss ratio and its combined ratio to monitor its insurance risk. Loss ratio is defined as net insurance claims divided by net insurance revenue. Combined ratio is sum of loss ratio and expense ratio. Expense ratio is defined as insurance related operating expenses excluding interest expense divided by net insurance revenue.

24.2 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for product and currency concentrations, and by monitoring exposures in relation to such limits. Also, the Company establishes and regularly monitors credit terms by types of debtors, which is a proactive tool for managing the credit risk.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular analysis of debt service, aging of receivables, etc. Counterparty limits are established in combination with credit terms.

The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

24.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal or stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its capital, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a regular basis. This incorporates daily monitoring of expected cash flows and liquidity needs.

The Company manages the maturities of its assets and liabilities for better matching, which helps the Company additionally mitigate the liquidity risk. The major liquidity risks confronting the Company are the daily calls on its available cash resources in respect of supplier contracts, claims arising from insurance contracts and the maturity of borrowings.

The table below analyses assets and liabilities of the Company into their relevant maturity based on the remaining period at the reporting date to their contractual maturities or expected repayment dates.

31-Dec-18	***Within one year***	***More than one year***	***Total***
Assets			
Cash and cash equivalents	368	-	**368**
Amounts Due from Credit Institutions	3,836	2,200	**6,036**
Insurance Receivables	2,097	-	**2,097**
Property, plant and equipment	-	25	**25**
Other Assets	49	-	**49**
Total assets	**6,350**	**2,225**	**8,575**
Liabilities:			
Insurance Contract Liabilities	2,568	-	**2,568**
Other Liabilities	329	-	**329**
Total liabilities	**2,897**	**-**	**2,897**
Net position	**3,453**	**2,225**	**5,678**
Accumulated gap			

31-Dec-17	***Within one year***	***More than one year***	***Total***
Assets			
Cash and cash equivalents	4,307	-	**4,307**
Total assets	**4,307**	**-**	**4,307**
Liabilities:			
Other Liabilities	1	-	**1**
Total liabilities	1	-	**1**
Net position	**4,306**	**-**	**4,306**
Accumulated gap			

25. Financial risk (continued)

Amounts and maturities in respect of the insurance contract liabilities are based on management's best estimate based on statistical techniques and past experience. Management believes that the current level of the Company's liquidity is sufficient to meet its all present obligations and settle liabilities in timely manner.

The Company also matches the maturity of financial assets and financial liabilities and imposes a maximum limit on negative gaps.

25.1 Market risk

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchanges.

The Company has exposure to market risks. Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

25.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of the financial instruments or the future cash flows on financial instruments.

25.3 Currency risk

The Company is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Company's principal transactions are carried out in Georgian Lari and its exposure to foreign exchange risk arise primarily with respect to US dollars, as the insurance operations denominated in US dollars form significant part of the Company's operations.

The tables below indicate the currencies to which the Company had significant exposure at 31 December 2018 and 31 December 2017 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Georgian Lari, with all other variables held constant on the profit or loss. A negative amount in the table reflects a potential net reduction in profit or loss, while a positive amount reflects a net potential increase.

31-Dec-18	***GEL***	***USD***	***EUR***	***Total***
Cash and cash equivalents	358	10	-	**368**
Amounts due from credit institutions	6,036	-	-	**6,036**
Insurance and reinsurance receivables	2,152	138	-	**2,290**
Total assets	**8,546**	**148**	**-**	**8,694**
Liabilities:				
Other liabilities	329	**-**	**-**	**329**
Total liabilities	**329**	**-**	**-**	**329**
Net position	**8,217**	**148**	**-**	**8,365**

31-Dec-17	***GEL***	***USD***	***EUR***	***Total***
Cash and cash equivalents	4,307	-	-	**4,307**
Total assets	**4,307**	**-**	**-**	**4,307**
Liabilities:				
Other liabilities	1	-	-	**1**
Total liabilities	1	-	-	**1**

Net position	**4,306**	**-**	**- 4,306**

26. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties disclosed below have been conducted on an arm's length basis.

Transactions of Related parties are following:

The income and expense items with related parties for 2018 were as follows:

	Parent company	Other Related Parties	Total
Gross Insurance Revenue	398	894	**1,292**
Interest income	394		**394**
	792	**894**	**1,686**

	Parent company	Key management personnel	Total
Occupancy and rent expense	21		**21**
Administrative and other operating expenses	15		**15**
Salaries and cash bonuses		63	**63**
	36	**63**	**99**

27. Subsequent Events

This report was ready to issue at February 13, 2019. No subsequent events were identified to mention.