Illyria Life sh.a.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

WITH INDEPENDENT AUDITORS' REPORT THEREON

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INDEPENDENTS AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the shareholders and management of Illyria Life sh.a.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Illyria Life sh.a. ("the Company), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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 Kosovo, 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.

Responsibilities of management for the financial statements

Management is responsible to prepare financial statements that give a true and fair view 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of 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.

Auditor's Responsibility for the audit of financial statements (continued)

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 skepticism 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.
- 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Report on regulatory requirements of the supervisory authority, the Central Bank of Kosovo, for Solvency Margin and Investment on Technical Reserves.

Pursuant to the requirements of the Central Bank of Kosovo ("CBK"), we have read the accompanying Supplementary Schedules of SolvencyInvestment on Technical Reserves ("Supplementary Schedules"). These Supplementary Schedule prepared by management are not part of financial statements. The historical financial information, presented in the Supplementary Schedules prepared by management, is consistent, in all material respects, with the annual financial information disclosed in the accompanying financial statements of the Company as of 31 December 2017, prepared in accordance with International Financial Reporting Standards, applicable for life companies in Kosovo. Management is responsible for the preparation of the Supplementary Schedule, in accordance with CBK Rule "Regulation on investment of assets covering technical and mathematical provisions and investment of charter capital for insures" dated 29 December 2016 and Rule No.31 "Rule on Life Insurance" dated 1 January 2008.

Ernst & Young Certified Auditors Kosovo

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Pristina, February 23, 2018

ILLYRIA LIFE sh.a.
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017
(All amounts expressed in EUR, unless otherwise stated)

	Note	2017	2016
Assets			
Cash and Cash Equivalents	8	564,050	538,689
Term Deposits	9	3,733,673	3,785,221
Debt and other Fixed Income Securities	9	6,064,471	2,871,419
Reinsurance Share of Insurance Liabilities	10	18,393	17,438
Property, Plant and Equipment, net	11	531,247	543,321
Other Assets	12	1,787,764	110,446
Total Assets		**12,699,598**	**7,866,534**
Liabilities			
Insurance Liabilities for Losses and Loss Adjustment Expenses	13	5,012,095	3,914,781
Unearned Premium Insurance Liabilities	14	221,568	135,608
Deferred Revenue	15	54,046	27,474
Borrowings	17	3,005,927	-
Other Liabilities	16	209,235	135,958
Total Liabilities		**8,502,871**	**4,213,821**
Equity			
Share Capital	18	3,285,893	3,285,893
Fair Value Reserves		416,356	3,192
Retained Earnings		263,628	235,362
Current Year Profit		230,850	128,266
Total Equity		**4,196,727**	**3,652,713**
Total Liabilities and Equity		**12,699,598**	**7,866,534**

The financial statement set out on pages 1 to 39 were authorized for issue on February 19, 2018.

Albin Podvorica
General Director

Elvira Ibrahimi Hoti
Chief Accountant

The notes on pages 5 to 32 are an integral part of these financial statements.

(All amounts expressed in EUR, unless otherwise stated)

	Note	2017	2016
Gross Written Premiums	19	1,708,366	1,692,776
Premium Tax	19	(85,418)	(84,639)
Change in the Gross Provision for Unearned Premiums	14	(6,115)	(23,710)
Net Written Premiums		1,616,833	1,584,427
Premiums Ceded to Reinsurer	20	(35,822)	(35,258)
Change in Reinsurer Share of Provision for Unearned Premiums	10	955	(1,294)
Net Insurance Premium Revenue		1,581,966	1,547,875
Investment Income		197,799	176,803
Other Income	23	167,888	-
Interest expenses		(6,700)	-
Tax on Interest Income		(9,877)	(5,299)
Reinsurer share in paid claims		30,113	-
Reinsurance Commission	21	5,661	6,075
Total Revenues		1,966,850	1,725,454
Losses and Loss Adjustment Expenses	13	(646,352)	(795,005)
Policy Acquisition Costs	22	(229,953)	(251,242)
Claims Expenses	13	(542,541)	(296,446)
Administrative Expenses	24	(317,154)	(254,495)
Total Losses and Expenses		(1,736,000)	(1,597,188)
Net Profit for the Year		230,850	128,266
Other comprehensive income			
Other comprehensive income/ Revaluation of AFS		413,164	3,595
Total comprehensive income for the period		644,014	131,861

The notes on pages 5 to 33 are an integral part of these financial statements.

(All amounts expressed in EUR, unless otherwise stated)

	Share Capital	Retained Earnings	Other Comprehensive income	Total
Balance on 01 January 2016	3,285,893	235,362	(403)	3,520,852
Comprehensive Income for the Period				
Net Profit for the Period	-	128,266	-	128,266
Fair Valuation loss on available for sale securities.	-	-	3,595	3,595
Total Comprehensive Income	-	128,266	3,595	131,861
Dividends Paid	-	-	-	-
Total Transactions with Owners Reported Directly in Equity	-	-	-	-
Balance on 31 December 2016	3,285,893	363,628	3,192	3,652,713
Balance on 01 January 2017	3,285,893	363,628	3,192	3,652,713
Comprehensive Income for the Period				
Net Profit for the Period	-	230,850	-	230,850
Fair Valuation loss on available for sale securities.	-		413,164	413,164
Total Comprehensive Income	-	230,850	413,164	644,014
Dividends Paid	-	(100,000)	-	(100,000)
Total Transactions with Owners Reported Directly in Equity	-	(100,000)	-	(100,000)
Balance on 31 December 2017	3,285,893	494,478	416,356	4,196,727

The notes on pages 5 to 33 are an integral part of these financial statements.

(All amounts expressed in EUR, unless otherwise stated)

	Note	2017	2016
Cash flows from operating activities			
Net profit for the period		230,850	128,266
Adjustments for:			
Depreciation and amortization	10	17,691	17,029
Increase in losses and loss adjustment insurance liabilities	13	646,352	795,005
Increase in unearned premium insurance liabilities	14	6,115	23,710
Premium tax expense	19	85,418	84,639
Interest expenses		5,927	-
Investment income, net		(187,922)	(171,504)
Cash flows from operating activities before changes in operating assets and liabilities		804,431	877,145
Changes in operating assets and liabilities			
Increase in reinsurance share of insurance liabilities	10	955	1,294
Increase in other assets, excluding accrued interest	12	(1,119,582)	(44,281)
Increase in deferred revenue	15	26,572	988
Increase (decrease) in other liabilities, excluding premium tax payable	16	73,953	(11,913)
Cash flows generated from operations		(213,671)	823,233
Premium tax paid		(86,094)	(82,178)
Net cash generated from operating activities		(299,765)	741,055
Cash flows from investing activities			
Purchase of fixed assets	11	(5,617)	(3,550)
Decrease/(Increase) in term deposits	9	90,000	(2,300,000)
(Increase)/Decrease in Debt and other Fixed Income Securities	9	(2,779,888)	1,329,303
Interest received		120,631	151,010
Net cash from investing activities		(2,574,874)	(823,237)
Cash Flows from Financing Activities			
Dividend Paid		(100,000)	-
Borrowings	17	3,000,000	-
Net Cash from Financing Activities (note 7)		2,900,000	-
Net increase/(decrease) in cash and cash equivalents		25,361	(82,182)
Cash and cash equivalents at the beginning of the year	8	538,689	620,871
Cash and cash equivalents at 31 December	8	564,050	538,689

The notes on pages 5 to 33 are an integral part of these financial statements.

1. REPORTING ENTITY

Illyria Life Sh.a. (formerly "Dukagjini Life", hereafter " Illyria Life" or "the Company") is a joint-stock company registered by the Kosovo Business Registration Agency on 28 August 2008. Illyria Life was the first licensed life insurance company in Kosovo and was established under UNMIK regulation 2001/25 and Rule 31 of Central Company of Kosovo on licensing of life insurance companies in Kosovo.

The Company is a wholly owned subsidiary of Save Re Group, a Slovenian company which is present in Kosovo through K.S. Illyria, Sh.a. and K.S.J. Illyria Life, Sh.a.

The Company operates from one building located at Mother Theresa Boulevard, no. 33, Prishtina, Kosovo. At 31 December 2017, the Company employed 67 staff and senior management (2016: 94).

2. BASIS OF PREPARATION

a. Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

In the absence of specific guidance under IFRS concerning the accounting treatment of insurance transactions, the Company has considered the requirements and guidance in International Financial Reporting Standards dealing with similar and related issues; the definitions, recognition and measurement criteria for assets, liabilities, income and expenses set out in the IASB Framework; and pronouncements of other standard setting bodies and accepted industry practices, as envisaged by IAS 1. In particular, the Company has referred to the measurement and recognition requirements of IFRS 4 Insurance contracts for guidance. The Company has continued to use statutory basis (in accordance with rules issued by the Central Company Kosovo ("CBK"), its lead regulator) to account for insurance contracts, as amended by the specific requirements of IFRS 4 in respect of liability adequacy and reinsurance.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets and buildings which are measured at fair value.

c. Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's presentation and functional currency.

d. Critical judgments in applying the accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. BASIS OF PREPARATION (CONTINUED)

d. Critical judgments in applying the accounting policies and key sources of estimation uncertainty (continued)

Recognition and measurement of insurance liabilities, technical reserves
Note 13 and 14 and the respective accounting policy note 3.c (i) contain information about the assumptions and uncertainties related to insurance liabilities.

The most significant estimates in the financial statements of the Company relate to technical provisions. The Company has a reasonably cautious approach to provisioning. Management believes that the current level of technical reserves is sufficient.

Impairment losses on receivables
The Company reviews its insurance to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of receivables before the decrease can be identified with an individual debtor in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtor that correlates with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Foreign currency

Foreign currency transactions, if any, are transactions undertaken by the Company other than in its functional currency. Foreign currency transactions are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

b. Classification of insurance and investment contracts (liabilities)

Contracts under which the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder against a specified uncertain future event (the insured event) which adversely affects the policyholder are classified as insurance contracts. Insurance risk is the risk other than financial risk. Financial risk is the risk of a possible future change in one or more of specified interest rate, security price, commodity price, foreign exchange rate, indexes of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable when the variable is not specific to a party to the contract.

Contracts under which the transfer of insurance risk to the Company from the policy holder is not significant are classified as investment contracts. All contracts currently written by the Company involve the transfer of significant insurance risk.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Insurance contracts (liabilities)

i. Recognition and measurement

General insurance contracts
Insurance liabilities are calculated separately for all insurance products and are composed of premium contingency (unearned), risk contingency (unexpired) and loss contingency (not paid as at the closing date of the financial year). Insurance liabilities (provisions) represent estimates of future payments for reported and unreported claims. The Company does not discount its insurance liabilities. Any changes in estimates are reflected in results of operations in the period in which estimates are changed. Insurance liabilities estimation is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments.

Revenue
Gross premiums on insurance contracts are recorded on written premium basis and are accreted to earnings on a pro-rata basis over the term of the related policy coverage. Gross written premium reflect business written during the year, and include applicable taxes or duties based on premiums. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of the risks underwritten.

Unearned premiums
The provision for unearned premium comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using pro-rata basis.

Claims (loss adjustments)
Claims incurred comprise the settlement and handling costs of paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims provisions.

Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as the changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior years are reflected in the financial statements of the period in which the adjustments are made and disclosed separately if material.

Whilst the Board of Directors considers that the insurance liabilities for claims and the related reinsurance recoveries are fairly stated, the ultimate liability may differ as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of the insurance liabilities are reflected in the financial statements for the period in which the adjustments are made.

The life assurance provision has been computed by the Company's actuary, having due regard to principles laid down in the regulation for the calculation of the mathematical provision for life assurers, issued by the Insurance Regulator.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Insurance contracts (liabilities) (continued)

ii. Reinsurance assets

The Company cedes insurance premiums and risk in the normal course of business with net loss potential through the diversification of its risk. Assets and liabilities arising from ceded reinsurance contracts are presented separately as assets and liabilities from related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligation to its policy holders. The Company's reinsurance policy is established in order to limit its potential losses arising from longer exposures to Life insurance policies. Such reinsurance includes all insurance policies above certain limits of insured amounts.

Reinsurance premiums for ceded reinsurance are recognized as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts. For general insurance business, reinsurance premiums are expensed over the period that the reinsurance coverage is provided based on the pattern of the reinsured risk. The unexpended portion of the ceded reinsurance premiums is included in the reinsurance assets. The amounts recognized as reinsurance assets are measured on a basis that is consistent with the measurement of the provision held in respect of the related insurance contracts.

Reinsurance receivables include reinsurance commission in respect of premiums ceded to the reinsurer. These are classified as receivables and are disclosed separately, if any.

Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that the event has a reliable measurable impact on the amounts that the Company will receive.

iii. Insurance receivables and payables

Amounts due to and from policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract provisions or reinsurance assets.

d. Financial instruments

Recognition
The Company initially recognizes loans, advances and deposits on the date that they originate. All other financial assets and liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification
See accounting policy 3. (e), (f) and (g).

Derecognition
The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all risk or rewards of the transferred assets or a portion of them.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial instruments (continued)

Derecognition (continued)

If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Offsetting

Financial assets and liabilities are set off and the net amount presented when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Fair Value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

Identification and measurement of impairment

At each reporting date the Company assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Company considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a debtor will enter Company bankruptcy or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with Banks and short-term highly liquid investments with maturities of three months or less when purchased.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Term deposits

Term deposits are stated at the amount of principal outstanding and are classified according to their maturities. Term deposits with maturities less than three months are classified as cash equivalents, those with maturities greater than three months are classified as term deposits. Interest is calculated on an accrual basis and interest receivable is reflected in other assets.

g. Other receivables

Other receivables are stated at their costs less impairment losses (see accounting policy 3.d.vii).

h. Property, plant and equipment

Property and equipment assets, except for buildings are initially recognised at cost, including cost directly attributable to acquisition of the asset. Subsequently, the cost model is applied: assets are carried at cost, less any accumulated depreciation and any impairment losses.

Property and equipment assets are first depreciated upon their availability for use. Depreciation is calculated for each item separately, on a straight-line basis. Depreciation rates are determined so as to allow writing off the cost of property and equipment assets over their estimated useful life.

Buildings

Buildings are carried at revaluated amount whose fair value is measured reliably, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity, every two year.

Depreciation and amortization

Depreciation and amortization on all categories of fixed assets is calculated on a straight-line basis over the estimated useful lives of the assets. The annual depreciation rates are:

Buildings and premises	1.30%
Computer equipment	33.33%
Office and other furniture	10%
Other equipment	20%
Software	20%

The Company assesses annually whether there is any indication of impairment. If there is, it starts the process of estimating the recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired.

Gains and losses on the disposal of items of property and equipment, calculated as the difference between sales proceeds and carrying amounts, are included in profit or loss. The costs of property and equipment maintenance and repairs are recognised in profit or loss as incurred. Investments in property and equipment assets that increase future economic benefits are recognised in their carrying amount

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

j. Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at pre tax rate. Provisions reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

k. Revenue recognition

Earned Premiums from insurance contracts
The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 3.c.(i).

Investment income
Investment income represents income from financial assets and is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

l. Employee benefits

Compulsory social security contributions
The Company makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The Company's contributions to the pension plan are charged to profit or loss as incurred.

m. Policy acquisition costs

Acquisition costs are defined as the costs arising on the acquisition of new insurance contracts, including direct costs, such as acquisition commissions and the cost of drawing up the insurance document, and apportioned administrative expenses connected with processing of proposals and issuing of policies. Policy acquisition costs are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

o. Income tax

Effective 1 September 2015 in accordance with Law no. 05/L-029 "On Corporate Income Tax"., insurance companies are required to pay a premium tax of 5% on their quarterly gross premiums. Premiums returned and retrospective premium adjustments are deducted from gross premiums to arrive at the tax base.
Tax on gross premiums written is presented separately as a deduction from the gross premiums written. Premium tax constitutes a part of acquisition costs and is expensed when incurred. Insurance companies are not liable to tax on profit in Kosovo.

p. Accounting estimates - Evaluation of uncertainty regarding technical reserves

The most significant estimates in the financial statements of the Company relate to technical provisions. The Company has a reasonably cautious approach to provisioning. Management believes that the current level of technical reserves is sufficient.

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

4.1. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

However, the project to implement *IFRS 17 Insurance Contracts* (discussed below) has raised concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. Consequently, an amendment to IFRS 17 introduced two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The amendments are effective for periods beginning on or after 1 January 2018.

The Company has opted to apply the temporary exemption from the application of IFRS 9 until the enforcement of IFRS 17 Insurance Contracts in year 2021.

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

4.1. Standards and interpretations issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real

Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17 Leases (or IFRS 16 Leases, once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets. The Company does not have material revenues that would fall under the IFRS 15.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

Given that the Company does not have any operating leases as a lessee, it has assessed that the standard is not applicable to the Company

(All amounts expressed in EUR, unless otherwise stated)

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

4.1. Standards and interpretations issued but not yet effective (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 Insurance Contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Foreign Currency Transactions and Advance Consideration is effective for annual periods beginning on or after 1 January 2018.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

Uncertainty over Income Tax Treatments is effective for annual periods beginning on or after 1 January 2019

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

Classification and Measurement of Share-based Payment Transactions amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

(All amounts expressed in EUR, unless otherwise stated)

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

4.1. Standards issued and effective for the annual period (continued)

Transfers of Investment Property — Amendments to IAS 40

Transfers of Investment Property is effective for annual periods beginning on or after 1 January 2018

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments its effective date deferred indefinitely until the research project on the equity method has been concluded.

Long-term interests in associates and joint ventures - Amendments to IAS 28

The amendment is effective for annual periods beginning on or after 1 January 2019. This amendment is not applicable to the Company.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendment is effective for annual periods beginning on or after 1 January 2017. The amendments to *IAS 7 Statement of Cash Flows* are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in an entity's debt. The Company has implemented the amendment and has presented additional disclosures about changes in liabilities arising from financing activities in note 7.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendment is effective for annual periods beginning on or after 1 January 2017. This amendment is not applicable to the Company.

IFRS Practice Statement 2: Making Materiality Judgements

Companies are permitted to apply the guidance in the Practice Statement (PS) to financial statements prepared any time after 14 September 2017. The PS contains non-mandatory guidance to help entities making materiality judgements when preparing general purpose IFRS financial statements. The PS may also help users of financial statements to understand how an entity makes materiality judgements in preparing such financial statements. The PS comprises guidance in three main areas:

• General characteristics of materiality

• A four-step process that may be applied in making materiality judgements when preparing financial statements. This process describes how an entity could assess whether information is material for the purposes of recognition, measurement, presentation and disclosure.

• How to make materiality judgements in specific circumstances, namely, prior period information, errors and covenants and in the context of interim reporting.

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

4.1. Standards issued and effective for the annual period (continued)

IFRS Practice Statement 2: Making Materiality Judgements (continued)

Furthermore, the PS discusses the interaction between the materiality judgements an entity is required to make and local laws and regulations. The PS includes examples illustrating how an entity might apply the guidance. Since the PS is a non-mandatory document, it does not change or introduce any requirements in IFRS. However, the PS provides helpful guidance for entities making materiality judgements and thus may improve the communication effectiveness of financial statements.

Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)
Resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018.

Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)
Resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording is effective for annual periods beginning on or after 1 January 2019.

5. INSURANCE RISK MANAGEMENT

a. Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organizations that are directly subject to the risk. Such risks may relate to life or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Company also has exposure to market risk through its insurance and investment activities.

Insurance risk relates to the uncertainty in the insurance business. The significant components of insurance risk are premium risk and reserve risk. These risks affect the adequacy of insurance premium rates, insurance liability provisions and the capital base.

Premium risk is present when the policy is issued before any insured event has occurred. The risk is that expenses and incurred losses will be higher than the premium received. Reserve risk represents the risk that the absolute level of the technical provisions is incorrectly estimated.

Underwriting risk components of the life assurance business include biometric risk (comprising mortality and disability) and lapse risk. Lapse risk relates to unanticipated higher or lower rate of policy lapses, terminations, changes to paid-up status (cessation of premium payments) and surrenders. Mortality rates and guaranteed interest rates have the largest impact on the risk that the premium will not be sufficient to cover the expenses and incurred losses.

Guaranteed interest rates are capped, while the Company utilizes the most recent mortality rate tables available in Kosovo, which were produced by UNMIK in 2003 and include separate statistics for both the male and female population.

Life assurance provisions are computed by the Company's actuary for all long term active insurance policies and those capitalized, pursuant to the Company's internal policies and regulatory requirements.

(All amounts expressed in EUR, unless otherwise stated)

5. INSURANCE RISK MANAGEMENT (CONTINUED)

a. Risk management objectives and policies for mitigating insurance risk (continued)

Provisions are computed utilizing the gross Zillmer method and are separately calculated for each policy. In applying the gross Zillmer method to calculate life assurance provisions, the Company includes acquisition costs, including alpha expenses, up to 3.5% of the sum insured, which is within the limits prescribed by the Insurance regulator. Policy acquisition costs are not included in calculating life assurance provisions for insurances policies in which the insuring party is no longer required to pay premiums, such as capitalized insurance or single-premium insurance policies. Use of the gross method does not affect the disbursement of the agreed sum insured. The assumptions used for calculation of premiums are the same ones that are used for calculation of provisions.

b. Underwriting strategy

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing, product design and management of reinsurance.

The Company's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years, which reduces the variability of the outcome.

c. Reinsurance Strategy

The Company reinsures a portion of the risks it underwrites in order to control its exposure to losses and protect capital resources. The Company buys proportionate reinsurance treaties to reduce the net exposure for an individual risk to less than EUR 15,000 for traditional Mix-Life (endowment policies) and Scholarship policies, and EUR 10,000 for Group Term Life policies respectively.

Ceded reinsurance contains credit risk and such reinsurance recoverable is reported after deductions for known uncollectible items. The Company monitors the financial condition of its reinsurer on an ongoing basis and reviews its reinsurance arrangements periodically.

d. Terms and conditions of insurance contracts

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

Products
The products offered by the Company are:
Mix Life, which is an endowment policy that pays the sum insured on the earlier of death of the insured or at the maturity date of the policy, which event occurs first;

Scholarship, which is an endowment policy that pays a fixed term annuity starting on the maturity date of the policy;

Additional Death Coverage, a death benefit which is paid at the occurrence of death of the insured person. Not contracted separately, but only as a rider to the above noted Scholarship product.

Group Term Life, which provides coverage for death only during the term of the policy; and

Personal accidents (accidental death, invalidity, medical expenses, daily allowances), the benefit for which is payable upon the occurrence of any of the above listed events. Personal accident products are not sold separately, but are sold as riders to the main covers.

The Company does not offer unit linked products.

5. INSURANCE RISK MANAGEMENT (CONTINUED)

d. Terms and conditions of insurance contracts (continued)

Premiums
The premiums are paid in regular installments (monthly, quarterly, semi-annual and yearly premiums), but also as a lump sum. Premiums are denominated in EUR, and the Company is not exposed to currency risk.

Indexation is the increase of the sum insured during the term of insurance validity. Indexation is optional and can be purchased for an additional premium. For contracts that include the indexation option, indexation is performed every five years, unless the retail price index increased cumulatively by at least 10%. Indexation can only be performed up to five years before the expiry of the insurance contract. No indexation is performed during the last five years of the insurance contract.

Profit sharing
Policyholders of classical Mix Life (endowment policies) are entitled to a share of up to 85% of the profits generated by the Company while managing assurance funds. The remaining 15% of profits generated remain with the Company.

The profit is calculated based on audited financial statements for the previous year. Profit is calculated for each and every life insurance policy, which in accordance with the general conditions is eligible for participation in profit. Profit for policies which do not participate in profit sharing, remain with the Company. Profit allocated to policy holders are not paid out, instead it is included in the insured sum.

e. Concentration of insurance risks

An aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk, which determines the extent to which a particular event or series of events could impact significantly upon the Company's liabilities. Concentrations of risk can arise in situations where the Company is exposed to unexpected changes in trends, for example, unexpected changes in human mortality or in policyholder behavior.

The risks underwritten by the Company are located in the Republic of Kosovo. The Company is exposed to concentration risk through its Group Term Life policies. Management does not consider that there is a significant insurance risk concentration as of 31 December 2017.

f. Exposure relating to catastrophic events

The Company considers that in its major insurance activity it has not accumulated exposures related to catastrophic events. Transactions in financial instruments may result in the Company undertaking more financial risks. These include credit risk, market risk, currency risk and liquidity risk. Each of these financial risks is described below.

(All amounts expressed in EUR, unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT

Determination of fair values

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments, if any, valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;

Level 3: Valuation techniques using significant unobservable inputs. In addition, in this level are included investments in subsidiaries, associates and other equity shares stated at cost, that do not have reliable market value, if any.
Below is an analysis of financial instruments measured at or given disclosure of fair value according to valuation methods used in 2017 and 2016:

As of 31 December 2017:	Level 1:	Level 2:	Level 3:	Total
Cash Equivalents	-	-	563,837	563,837
Term Deposits	-	-	3,733,673	3,733,673
Debt And Other Fixed Income Securities	-	-	6,064,471	6,064,471
Total financial assets	-	-	10,361,981	10,361,981

As of 31 December 2016:	Level 1:	Level 2	Level 3:	Total
Cash Equivalents	-	-	538,541	538,541
Term Deposits	-	-	3,760,000	3,760,000
Debt And Other Fixed Income Securities	-	-	2,871,419	2,871,419
Total financial assets	-	-	7,169,960	7,169,960

Credit risk

In the normal course of its business, as premiums are received, they are invested to pay for future policy holder obligations. The Company is exposed to credit risk on its cash at Company, debt securities-held to maturity, term deposits and reinsurance counterparties. The Company manages its exposure to credit risk on a regular basis by closely monitoring its exposure to debt securities and term deposit counterparties.

	2017	2016
Cash Equivalents	563,837	538,540
Term Deposits	3,733,673	3,760,000
Debt And Other Fixed Income Securities	6,064,471	2,871,419
Other Assets	1,787,764	135,667
As of 31 December	12,149,745	7,305,626

(All amounts expressed in EUR, unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

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

Interest rate risk

Interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets.

The length of time for which the rate of interest is fixed on a financial instrument indicates to what extent it is exposed to interest rate risk. The financial assets and liabilities of the Company carry market interest rates.

Risk Arising from Changes in Interest Rates

The Company's exposure to risks arising from changes in interest rates is relatively limited. The Company is not a borrower, and its investments are primarily focused on fixed interest rate instruments. The Company's exposure to risks from changes in interest rates is greater when considering future cash flows from interest bearing instruments if the returns from those investments fall below the guaranteed technical interest rate over a prolonged period of time.

31 December 2017 Type of Financial Instrument	Non-Interest bearing	Fixed interest up to 1 year	Fixed interest over 1 year	Total
Cash Equivalents	563,837	-	-	563,837
Term Deposits	-	3,307,437	426,236	3,733,673
Debt And Other Fixed Income Securities	-	1,994,043	4,070,428	6,064,471
Total	563,837	5,301,480	4,496,664	10,361,981

31 December 2016 Type of Financial Instrument	Non-Interest bearing	Fixed interest up to 1 year	Fixed interest over 1 year	Total
Cash Equivalents	538,540	-	-	538,540
Term Deposits	-	860,000	2,900,000	3,760,000
Debt And Other Fixed Income Securities	-	270,849	2,600,570	2,871,419
Total	538,540	1,130,849	5,500,570	7,169,959

Currency risk

The Company undertakes transactions mainly in Euro to satisfy regulatory and self-imposed capital requirements. Currency risk in the investment portfolio is managed using assets/liabilities matching principles.

Liquidity risk

Liquidity risk is moderately inherent to the Company's business as certain assets purchased and liabilities sold could have liquidity characteristics that are specific. If the Company requires significant amounts at short notice, in excess of normal cash requirements, it may face difficulties to obtain attractive prices. The Company monitors its liquidity on a daily basis in order to manage its obligations when they fall due.

(All amounts expressed in EUR, unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity Structure

The Company has to meet potential daily calls on its cash resources, notably from claims arising on its insurance contracts. This gives rise to the risk that cash will not be available to settle liabilities when due at a reasonable cost. The Company manages this risk by setting minimum limits on the proportion of maturing assets that will be available to settle these liabilities.

The maturity structure of the financial assets of the Company presented below is based on the remaining term to maturity:

31 December 2017 Type of Financial Instrument	No Maturity	Up to 6 months	From 6 to 12 months	Over 12 Months	Total
Cash Equivalents	300,198	263,639	-	-	563,837
Term Deposits	600,000	252,010	2,455,428	426,236	3,733,674
Debt And Other Fixed Income Securities	3,027,573	1,994,042	-	1,042,855	6,064,470
Total	3,927,771	2,509,691	2,455,428	1,469,091	10,361,981

31 December 2016 Type of Financial Instrument	No Maturity	Up to 6 months	From 6 to 12 months	Over 12 Months	Total
Cash Equivalents	300,198	238,342	-	-	538,540
Term Deposits	1,200,000	-	860,000	1,700,000	3,760,000
Debt And Other Fixed Income Securities	1,422,571	270,849	-	1,177,999	2,871,419
Total	2,922,769	509,191	860,000	2,877,999	7,169,959

Financial items under no maturity are items under guarantee fund

Reserves and actuarial assumptions adequacy test

The Company calculates and charges a life insurance reserve (mathematical reserve) to provide for future payments under long term insurance policies. Many factors affect the calculation of these reserves including, mortality, cancellations and technical interest. Life insurance reserve is calculated based on current assumptions for the basic parameters. The liability adequacy test is limited to analysis of the main parameters that have the most significant impact on the reserve calculation.

“Mortality” is the risk covered by all insurance products, underwritten by the Company.
“Mortality” risk occurrence data for 2017 including estimations used are as follows:

Number of people currently insured susceptible to the risk of death	3,167 people
Average age of people susceptible to the risk of death	40 years
Number of payments following deaths of insured in 2017	2 cases
Estimated number of deaths per 1000 people	3.73 cases
Actual number of deaths per 1000 people	0.63

Therefore, the actual “Mortality” risk occurrence shown on this table is below the expectation whereas two of the reported deaths occurred during 2016, but they were only reported at the end of 2017.

(All amounts expressed in EUR, unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Surrender

Surrenders can take place for the Mix Life Product. When the premium is calculated, the probability of surrender is taken into account. The estimated probability for surrender is highest in the third year at 5%, while leveling off in year twenty at 1%.

The Company's product allows for surrender costs after the second year, if the policy term is shorter or equal to 15 years, and after the third year, if the policy term is greater than 15 years. In the year 2017, 262 (2016: 159) insured persons surrendered their policies, with the corresponding surrender value of EUR 367,992 (2016: EUR 220,161).

Technical Interest

The technical interest rate of 2.75% p.a. is used when calculating the reserve. The technical interest rate is the minimum guaranteed return for every life insurance contract. There is a risk that income from investments will not cover the minimum guaranteed return. In 2017 the generated net income on investments (including mathematical reserves) covers the minimum guaranteed income, granting additional profit above the technical interest.

The analysis of the actuarial parameters used in the calculation of the tariffs and life insurance reserves shows that the assumptions made are reliable and prudent. The favorable development of the risks compared to the expected values, guarantees that the reserves are adequately charged.

Reinsurance Risk

The Company cedes insurance risk to limit exposure to underwriting losses under separate agreements for each type of insurance. These reinsurance agreements spread the risk and minimize the effect of losses. The amount of each risk retained depends on the Company's evaluation of the specific risk, subject in certain circumstances to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

When selecting a reinsurer the Company considers their relative security. The security of the reinsurer is assessed from public rating information and from internal investigations. The current reinsurer has a Standard and Poor's rating of BBB+, and an AM Best rating of A-.

Sensitivity Analysis

The main factors affecting the profit of the company are the level of claims ratio and expenses.

Simulation as at 31 December 2017	Profit / (Loss)	Net Equity	Required Guarantee Fund
Current	230,850	4,196,727	3,200,000
Claims Increase by (+40%)	182,602	4,148,479	3,200,000
Expenses Increase by (+10%)	197,823	4,163,700	3,200,000

Simulation as at 31 December 2016	Profit / (Loss)	Net Equity	Required Guarantee Fund
Current	128,266	3,652,713	3,200,000
Claims Increase by (+40%)	9,688	3,534,135	3,200,000
Expenses Increase by (+10%)	100,542	3,624,989	3,200,000

The table above presents a simulation, taking into account changes to claims incurred or increases in expenses, and its effect on the Net Equity of the Company and the available solvency margin.

(All amounts expressed in EUR, unless otherwise stated)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational Risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk may arise with inadequate information system, technological errors, breach in the internal control, frauds, unforeseen circumstances and other problems having operational character in result of which there is a possibility of unexpected losses.

Operational risks arise from all operations of the Company. The purpose of the Company is to manage the operational risk in a way to achieve a balance between avoiding financial losses and reputation risk and the Company's effective cost management.

Other risks

Changes in governmental regulations in the business segments in which the Company operates may affect profitability. The insurance business is subject to comprehensive and developing supervision in Kosovo. The primary purpose of such regulations is to protect policyholders.

Changes in existing insurance laws and regulations may affect the way in which the Company conducts its business and the products offered. Additionally, the insurance laws or regulations adopted and amended from time to time may be more restrictive or may result in higher costs than current requirements.

Disclosures and estimation of fair values

Fair value estimates, if any, are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments.

7. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2017	Cash flows	Accruals of Interest	Declaration of Dividends	31 December 2017
Interest bearing borrowings	-	3,000,000	5,927	-	3,005,927
Dividends payable	-	(100,000)	-	100,000	-
Total liabilities from financing activities	-	2,900,000	5,927	100,000	3,005,927

8. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Cash on hand	213	149
Cash equivalent at Banks	563,837	538,540
Total	564,050	538,689

Cash equivalent at Banks include current accounts of EUR 563,837 thousand (2016: EUR 538,540) at Raiffeisen Bank, ProCredit Bank, TEB, NLB Prishtina, Banka për Biznes, Banka Kombëtare Tregtare, Central Bank of Kosovo, Banka Ekonomike, Ziraat Bank, and IS Bank.

(All amounts expressed in EUR, unless otherwise stated)

9. TERM DEPOSITS, DEBT AND OTHER FIXED INCOME SECURITIES

The breakdown of term deposits with maturities exceeding three months is as follows:

	31 December 2017	31 December 2016
ISBANK	1,200,000	1,200,000
Banka Kombëtare Tregtare	1,100,000	1,100,000
NLB Prishtina	600,000	860,000
Banka per Biznes	350,000	-
Ziraat Bank	420,000	-
Banka Ekonomike	-	600,000
Accrued interest	63,673	25,221
Total	3,733,673	3,785,221

According to the administrative instruction no. 01/2009 issued by the Central Bank of Kosovo, Life Insurance Companies are permitted to invest money from the funding capital upon approval of the investment plan from CBK, which was granted on 8 April 2009. The annual deposit interest rates with respect to 2017 term deposits ranged from 1.30% to 4.00% (2016: 1.40% to 4.00%).

Gross Interest income of EUR 95,186 (2016: EUR 52,989) was earned from term deposits. Withholding tax of 10% (2016: 10%) is applied to interest income and is withheld by the banks upon payment of interest to the Company.

At 31 December 2017 the company has a portion of its assets in Sovereign Debt Securities, held in custody with NLB Prishtina, as follows:

	31 December 2017	31 December 2016
KS Government Bonds – Available for Sales	6,064,471	2,871,419
Total	6,064,471	2,871,419

The Sovereign Debt Securities classified as Available for Sale have a stated Yield to Maturity of 1.10% - 4.90%. All Sovereign Debt Securities have remaining maturities up to 80 months.

The Sovereign Debt Securities have been designated as managed on fair value basis; Level 3 (please see Note 6.). of the revaluation reserve has a balance of EUR 416,356 (2016:EUR 3,192).

Interest income of EUR 102,613 (2016: EUR 123,814) was earned from Sovereign Debt Securities.

10. REINSURER SHARE OF INSURANCE LIABILITIES

At year end, the reinsurer's share of insurance liabilities is as follows:

	31 December 2017	Change for the period	31 December 2016
Reinsurer's share on insurance liability on unearned premium	-	-	-
Capital life	11,625	592	11,033
Riders	6,768	363	6,405
	18,393	955	17,438
Reinsurance share on insurance liability on claims reserves	-	-	-
Total	18,393	955	17,438

(All amounts expressed in EUR, unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings and Premises	Computer Equipment	Office and other Furniture	Other Equipment	Software	Total
Cost						
Balance at 1 January 2016	586,692	10,678	13,932	660	95,491	707,453
Additions	2,350	-	1,200	-	-	3,550
Balance at 31 December 2016	589,042	10,678	15,132	660	95,491	711,003
Balance at 1 January 2017	589,042	10,678	15,132	660	95,491	711,003
Additions	-	-	-	-	5,617	5,617
Balance at 31 December 2017	589,042	10,678	15,132	660	101,108	716,620
Accumulated depreciation and amortization						
Balance at 1 January 2016	(54,548)	(10,095)	(8,645)	(660)	(76,705)	(150,653)
Charge for the year	(7,635)	(398)	(1,483)	-	(7,513)	(17,029)
Balance at 31 December 2016	(62,183)	(10,493)	(10,128)	(660)	(84,218)	(167,682)
Balance at 1 January 2017	(62,183)	(10,493)	(10,128)	(660)	(84,218)	(167,682)
Charge for the year	(7,657)	(164)	(1,513)	-	(8,357)	(17,691)
Balance at 31 December 2017	(69,840)	(10,657)	(11,641)	(660)	(92,575)	(185,373)
Carrying amounts						
Balance at 1 January 2016	532,144	583	5,287	-	18,786	556,800
Balance at 31 December 2016	526,859	185	5,004	-	11,273	543,321
Balance at 31 December 2017	519,202	21	3,491	-	8,533	531,247

(All amounts expressed in EUR, unless otherwise stated)

12. OTHER ASSETS

Other assets comprised:

	31 December 2017	31 December 2016
Term deposits	888,839	-
Receivables from Grawe related to the Portfolio Transfer	726,437	-
Premium receivables	113,401	75,094
Due from Sava Re	35,928	5,750
Other asset	18,705	24,446
Receivables from Employees	2,521	3,200
Deferred Acquisition Cost	1,933	1,956
Total	1,787,764	110,446

Term deposits consists of one deposit in Banka Ekonomike EUR 600,000, another in NLB Banka sh.a. EUR 260,000 and the related accrued interest EUR 28,839. These deposits matured on 31th and 30th December 2017 respectively. However, the wire transfer occurred on 4th and 3rd January 2018, respectively. Hence, such items were classified as other receivables.

On the 13th of October 2017, GRAWE Kosova, J.S.C. signed an agreement of transfer to ILLYRIA Life J.S.C of the Life Insurance Portfolio, and the established transfer date was December 31, 2017. Central Bank of Kosovo as supervisory body, approved the transfer on December 4, 2017.
The transferred portfolio consisted of 385 endowment policies and some of them contain optional riders included in the form of Personal Accidents.

Technical Provisions amounting EUR 530,807 which were transferred to the Company included EUR 430,962 mathematical provisions, EUR 79,845 UPR and EUR 20,000 IBNR. Further, the Company charged GRAWE Kosova, J.S.C. for the portfolio transfer EUR 150,000 exclusive of VAT. The portfolio transfer price was recognized as other income in the year ended December 31, 2017.

The transferring insurer (GRAWE), on January 15, 2018 has made a wire transfer of funds to Illyria Life account for the whole amount of technical provisions which pertain to such portfolio. The wire transfer also included the transfer fee of EUR 177,000 inclusive of VAT.

Another item included in “Receivables from Grawe related to the Portfolio Transfer” prepayments made by Grawe’s customers to Grawe in the amount of 18k with regard to their policies. This amount was requested from Grawe and agreed by them, and was recognized as Receivable against Deferred Revenue as at yearend. The amount was collected shortly after yearend from Grawe.

Gross Premium receivable at the end of 2017 is EUR 160,794 (2016: EUR 120,618). In accordance with company policy, this amount has been impaired with a value equivalent to EUR 47,393 (2016: EUR 45,524).

Due from Sava Re in the amount of EUR 35,928 represents receivable for the reinsurer share in paid claims EUR 30,114 and receivable amounts for reinsurance commission of EUR 5,814.

Deferred Acquisition Cost (“DAC”) is created only for rider products. DAC is calculated consistent with the unearned premium reserve using the pro-rata temporis method, for agents’ commissions, CBK fees and premium tax.

(All amounts expressed in EUR, unless otherwise stated)

13. INSURANCE LIABILITIES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

	2017	2016
Insurance liabilities for losses and loss adjustment expenses as at 1 January	3,914,781	3,119,776
Losses and loss adjustment expenses incurred	1,188,893	1,091,451
Reserves related to portfolio transfer from Grawe	450,962	-
Losses and loss adjustment expenses paid	(542,541)	(296,446)
Insurance liabilities for losses and loss adjustment expenses as at December 31	5,012,095	3,914,781

The insurance liabilities for losses and loss adjustment expenses consist of following:

	31 December 2017	31 December 2016
Life assurance provision	4,882,784	3,754,295
IBNR Reserves	129,311	166,151
RBNS Reserve	-	44,335
Total	5,012,095	3,964,781

The life insurance provision is recorded on a per policy basis using standard computation factors based on actuarial formulae, pricing assumptions on mortality and interest rates used.

A significant measure of experience and judgment is involved in assessing outstanding insurance liabilities; the ultimate costs cannot be assessed with certainty as at the reporting date. The insurance liabilities for losses and loss adjustment expenses are determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

(All amounts expressed in EUR, unless otherwise stated)

14. UNEARNED PREMIUM INSURANCE LIABILITIES

Unearned premium reserve by product is comprised as follows:

Product	31 December 2017	Acquisition of Grawe portfolio	Change for the period	31 December 2016
Capital life:				
Mix life assurance	208,588	77,408	5,324	125,856
Scholarship	1,423	-	832	591
Group life assurance	-	-	-	-
Riders:				
Accidental death	6,222	2,437	35	3,750
Disability from accident	3,898	-	(148)	4,046
Daily compensation	29	-	-	29
Medical expense	1,341	-	5	1,336
Additions on term life	67	-	67	-
Total	221,568	79,845	6,115	135,608

15. DEFERRED REVENUE

	31 December 2017	Change for the period	31 December 2016
Premiums collected in advance	51,144	26,419	24,725
Unearned reinsurance commission	2,902	153	2,749
Total	54,046	26,572	27,474

Premiums collected in advance, represents payments by clients which are not due until after 31 of December 2017. Unearned reinsurance commission relates to commissions for unearned premiums at the reporting date.

(All amounts expressed in EUR, unless otherwise stated)

16. OTHER LIABILITIES

Other liabilities comprise of:

	31 December 2017	31 December 2016
Due to brokers ("WVP and L.I.F.E. Kosova")	2,880	7,737
Due to Tax Authorities (see below)	76,621	27,278
Due to employees and pension contributions	37,652	11,311
Due to SAVA Re	35,822	35,258
Due to CBK	5,916	6,098
Other payables	50,344	48,276
Total	209,235	135,958

Due to Tax Authorities relates to the following:

	31 December 2017	31 December 2016
Premium tax payable	21,910	22,586
VAT payable	27,234	234
Income tax payable on transfer fee (note 23, 24)	16,451	-
Tax on interest income payable	9,277	2,522
Personnel income tax	1,749	1,936
Total	76,621	27,278

Other payables relate to certain administrative expenses, and payments made which at the 31 of December 2017, have been recognized, but had yet to be paid.

17. BORROWINGS

	31-Dec-17	31-Dec-16
Due to SAVA RE	3,000,000	-
Accrued interest	5,927	-
Total	3,005,927	-

Due to SAVA RE consist of three borrowings agreements:

- Disbursed loan on August 28, 2017 in the amount of EUR 1,000 thousand which will mature on July 12, 2018 and which bears interest rate of 3m Eurobor + 0.9% p.a.;
- Disbursed loan on August 28, 2017 in the amount of EUR 350 thousand which will mature on May 31, 2018 and which bears a fixed interest rate of 1.5%;
- Disbursed loan on November 29, 2017 in the amount of EUR 1,650 thousand which will mature on June 30, 2018 and which bears a fixed interest rate of 1.5%.

(All amounts expressed in EUR, unless otherwise stated)

18. SHARE CAPITAL

The authorized, issued and fully paid-up share capital of the Company is EUR 3,285,000, comprised of 6,570 ordinary shares with a nominal value of EUR 500 each of which EUR 500 was paid by the reporting date. Share capital consists of:

Shareholder	Number of shares	Nominal value per share	Paid capital per share	Nominal amount (EUR)	Paid amount (EUR)	Percentage
Sava RE	6,570	500	500	3,285,000	3,285,893	100.00%
Total	6,570	500	500	3,285,000	3,285,893	100.00%

The amount of capital recorded and paid until 31 December 2017 is EUR 3,285,893.

19. GROSS WRITTEN PREMIUMS AND PREMIUM TAX

Gross written premiums (GWP) and premium tax by product at year end are comprised as follows:

Product	31 December 2017		31 December 2016	
	GWP	Premium Tax	GWP	Premium Tax
Capital life:				
Mix life assurance	1,560,289	78,015	1,545,332	77,267
Scholarship	35,859	1,793	31,994	1,600
Group life assurance	6,087	304	5,809	290
Riders:				-
Accidental death	43,460	2,173	44,112	2,206
Disability from accident	40,449	2,022	43,305	2,165
Daily compensation	152	8	132	7
Medical expense	21,404	1,070	21,549	1,077
Additions on term life	666	33	543	27
Total	1,708,366	85,418	1,692,776	84,639

The Premium tax rate is 5% p.a. (2016: 5% p.a.).

20. PREMIUMS CEDED TO REINSURERS

Premiums as per products ceded to reinsurer at year end are comprised as follows:

Product	31 December 2017	31 December 2016
Capital life:		
Mix life assurance	21,923	21,454
Scholarship	-	-
Group life assurance	-	-
Riders:		
Accidental death	7,162	6,965
Disability from accident	6,737	6,839
Term Life	-	-
Total	35,822	35,258

(All amounts expressed in EUR, unless otherwise stated)

21. REINSURANCE COMMISSION

Reinsurance commission by product at year end is comprised as follows:

	31 December 2017	31 December 2016
Capital life:		
Mix life assurance	1,644	1,609
Scholarship	-	-
Group life assurance	-	-
Riders:		
Accidental death	2,149	2,090
Disability from accident	2,021	2,051
Term Life	-	-
Total reinsurance commission calculated	5,814	5,750
Unearned part of reinsurance commission (Note 14)	(153)	325
Total reinsurance commission	5,661	6,075

22. POLICY ACQUISITION COSTS

Policy acquisition costs at year end are comprised as follows:

	31 December 2017	31 December 2016
Agent commission, including tax and social expense	174,755	182,568
Broker commission	32,112	45,930
CBK fees	23,063	22,852
Deferred Acquisition Costs	23	(108)
Total	229,953	251,242

The Company utilizes brokers named “WVP – Broker for insurance LLC” and “L.I.F.E. Kosova L.L.C.” in order to sell insurance policies on the Company’s behalf.

23. OTHER INCOME

	31 December 2017	31 December 2016
Transfer fee	150,000	-
Account receivable from the transferred portfolio	17,888	
Total	167,888	-

The Company charged GRAWE Kosova, J.S.C. for the portfolio transfer an amount of EUR 150,000 exclusive of VAT. The portfolio transfer price was recognized as other income in the year ended December 31, 2017. Additionally, Grawe had EUR 17,888 Accounts Receivable from its customers on the date of transfer. Such items have been recognized as Accounts Receivable from Clients against other income. Illyria Life expects to collect such cash in 2018.

Income tax on transfer fee is in amount of EUR 16, 451 (note 24,16)

(All amounts expressed in EUR, unless otherwise stated)

24. ADMINISTRATIVE EXPENSES

Administrative expenses at year end are comprised as follows:

	31 December 2017	31 December 2016
Payroll and related expenses (Note 24)	177,896	147,043
Professional service fees	32,595	32,155
Core System Maintenance	20,785	19,188
Income tax for transfer fee (note 22, 15) taxes	16,451	-
Depreciation and amortization	17,691	17,029
Travel and accommodation	9,447	5,872
Office supplies	5,014	4,605
Phone and postage expenses	4,842	5,534
Representation expenses	2,698	1,429
Impairments of receivables	1,869	(4,576)
Other	27,866	26,216
Total	317,154	254,495

25. PAYROLL AND RELATED EXPENSES

	31 December 2017	31 December 2016
Net salaries	121,882	118,641
Withholding income tax	10,249	10,194
Social insurance	14,532	13,876
Health Insurance	5,975	4,332
Accrued Expenses for Bonuses	25,259	-
Total	177,897	147,043

26. COMMITMENT AND CONTINGENCIES

i. Legal

The Company is involved in routine legal procedures in the ordinary course of business. There are no outstanding lawsuits as at 31 December 2017.

There are no additional known commitments or contingencies as at 31 December 2017.

(All amounts expressed in EUR, unless otherwise stated)

27. RELATED PARTY TRANSACTIONS

The Company has related party relationships with its shareholders, sister company, board of directors and management. The following are the Company's related parties and the respective relationships:

- Sava RE. – Parent Company (100%);
- Illyria sh.a. – Subsidiary of Sava Re;
- Primoz Mocivnik, Chairman of the Board of Diectors (BoD);
- Ramis Ahmetaj, member of the BoD and General Director of the Company;
- Rok Moljk, member of the BoD;
- Gianni Sokolic, member of the BoD;
- Robert Sraka, member of the BoD;
- Albin Podvorica, Deputy General Director.

Transactions with related parties

A summary of related party transactions, conducted on an arm's length basis, for the years ended 31 December 2017 and 2016 are as follows:

	31 December 2017	31 December 2016
Key management personnel remuneration	97,348	78,292
Due to Sava RE	35,822	35,258
Due from Sava RE	35,928	5,750
Due to Illyria Sh.a.	5,789	1,930

Transactions with parent company

The Company signed a reinsurance contract with Sava Re on 19 November 2008, which is also the Company's 100% shareholder.

During 2017 the Company ceded EUR 35,822 (2016: EUR 35,258) to Sava Re related to gross written premiums contracted during 2017. The entire amount remains outstanding to be paid to SAVA RE as at 31 December 2017. See note 20 for details of premiums ceded to SAVA RE by life assurance products.

Transactions with Illyria Sh.a. – sister company and subsidiary of Sava Re

The Company has contracted professional services consisting of information technology, legal, office maintenance, medical censorship, and internal audit, from the sister company Illyria sh.a. totaling EUR 23,155 for the year ended 31 December 2017 (2016: EUR 22,715).

28. SUBSEQUENT EVENTS

There are no subsequent events that would require either adjustments or additional disclosures in the financial statements.

Supplementary Schedules

(All amounts expressed in EUR, unless otherwise stated)

Table 1: Solvency Calculation

Description	2017	2016
Available Solvency Margin (Table 2)	4,188,194	3,641,442
Guarantee Fund	3,200,000	3,200,000
I. Insurance Products Prescribed By Section 12(2)		
First Result	195,311	150,172
Second Result	90,367	88,591
Required Solvency Margin	285,679	238,763
II. Insurance Products Prescribed By Section 12(3)		
Premium Result	19,004	19,535
Claims Result	15,855	4,611
Required Solvency Margin	19,004	19,536
Total Required Solvency Margin	304,682	258,299
Excess/Deficit Of Solvency	3,883,512	3,383,143
Guarantee Fund	3,200,000	3,200,000

(All amounts expressed in EUR, unless otherwise stated)

Table 2: Available Solvency Margin

Description	2017	2016
Section 11.2		
Paid-Up Share Capital	3,285,893	3,285,893
Treasury Shares (-)		-
Reserves	416,356	3,192
Revaluation Reserves	416,356	3,192
Reserves For Deferred Tax Assets	-	-
Other Reserves	-	-
Retained Earnings	594,478	363,628
Net Profit After Deductions Of Dividends To Be Paid:	(100,000)	-
Total Section 11.2	4,196,727	3,652,713
Section 11.3		
Preferential Share Capital And Subordinated Loan Capital:	-	-
Preferred Share Capital With Fixed Maturity	-	-
Preferred Share Capital Without Fixed Maturity	-	-
Subordinated Loan Capital With Fixed Maturity	-	-
Subordinated Loan Capital Without Fixed Maturity	-	-
Securities With No Specified Maturity Date And Other Instruments	-	-
Total Section 11.3	-	-
Deductions		
Intangible Assets	8,533	11,271
Total Deductions	8,531	11,271
Available Solvency Margin	4,188,194	3,641,442
Guarantee Fund	3,200,000	3,200,000

Table 3: Required Solvency Margin

(All amounts expressed in EUR, unless otherwise stated)

Description	2017	2016
I. Insurance Products Prescribed By Section 12(2)		
Gross Mathematical Provisions	4,882,784	3,754,295
Gross Mathematical Provisions (Ceded Reinsurance)	-	-
First Result	195,311	150,172
Capital At Risk		
Temporary Insurance Of Death With Term: < 3Yrs	1,620,000	1,030,000
Temporary Insurance Of Death With Term: 3-5 Yrs	23,526	21,544
All Other Except Temporary Insurance Of Death With Term < 5 Yrs	35,829,849	33,700,101
Capital At Risk (Reinsurance Recoverable)		
Temporary Insurance Of Death With Term: < 3Yrs	-	-
Temporary Insurance Of Death With Term: 3-5 Yrs	-	-
All Other Except Temporary Insurance Of Death With Term < 5 Yrs	6,446,983	4,616,291
Second Result	90,367	88,592
II. Insurance Products Prescribed By Section 12(3)		
Incurred Claims		
Current Year N	109,311	14,284
Current Year N-1	37,986	17,304
Current Year N-2	35,651	21,617
Reinsurance Recoveries		
Current Year N	-	-
Current Year N-1	-	-
Current Year N-2	-	-
Retention Ratio	100%	100%
Premium Basis		
Gross Premiums Written	105,465	109,098
(Change) Reserves For Unearned Premiums	110	(567)
Taxes and Levies	-	-
Total Premium Basis	105,575	108,530
Premium Result	19,004	19,535
Claims Result	15,855	4,611

Table 4: Assets Covering Technical Provisions

(All amounts expressed in EUR, unless otherwise stated)

Description	Actual Investment	% allowed	Regulatory Allowance
Bank Deposits, with a maturity of > than 3 months	3,133,674	Unlimited	3,133,674
Government Securities	3,036,899		3,036,899
Government of Kosovo	3,036,899	Unlimited	3,036,899
Treasury Bills	-		-
Bonds	3,036,899		3,036,899
Other	-		-
EU Member States, with a rating of >= BBB	-	20% in total 5% in each investment	-
Treasury Bills	-		-
Bonds	-		-
Other	-		-
Land and Buildings	519,102	20% in total, 10% from each investments	519,102
For Own Use	519,102		519,102
For Investment Purposes	-		-
Cash and Cash Equivalents	263,852	3%	157,010
Deposits with a maturity of <= 3 months	-		-
Current Accounts	263,639		263,639
Cash on Hand	213		213
Receivable from Reinsurers	35,928		35,928
Credit Rating >= BBB	35,928	Unlimited	35,928
Credit Rating < BBB	-	25%	-
Reinsurers Share in Technical Provisions	18,393		18,393
Credit Rating >= BBB	18,393	Unlimited	18,393
Credit Rating < BBB	-	25%	-
Interest Accrued from Investments	-	5%	-
Insurance Receivable, up to 90 days	92,331	Limited till 20% of UPR	44,314
From Policyholders	92,331		92,331
From Intermediaries			-
Other Fixed Assets, not included in point 3.			-
Total Assets Covering Technical Provisions	6,581,076		6,426,216

Table 5: Coverage of Technical Provisions

(All amounts expressed in EUR, unless otherwise stated)

Technical Provisions on 31 December 2017	Amount
Provisions for Unearned Premiums and Unexpired Risk	221,568
Provisions for Claims and Mathematical Reserves	4,882,784
Other Technical Provisions	129,311
Total Amount Required to Cover Technical Provisions	5,233,663
Assets Covering Technical Provisions	6,426,216
Total Technical Provisions	5,233,664
Difference	1,192,552
Coverage Level	123%