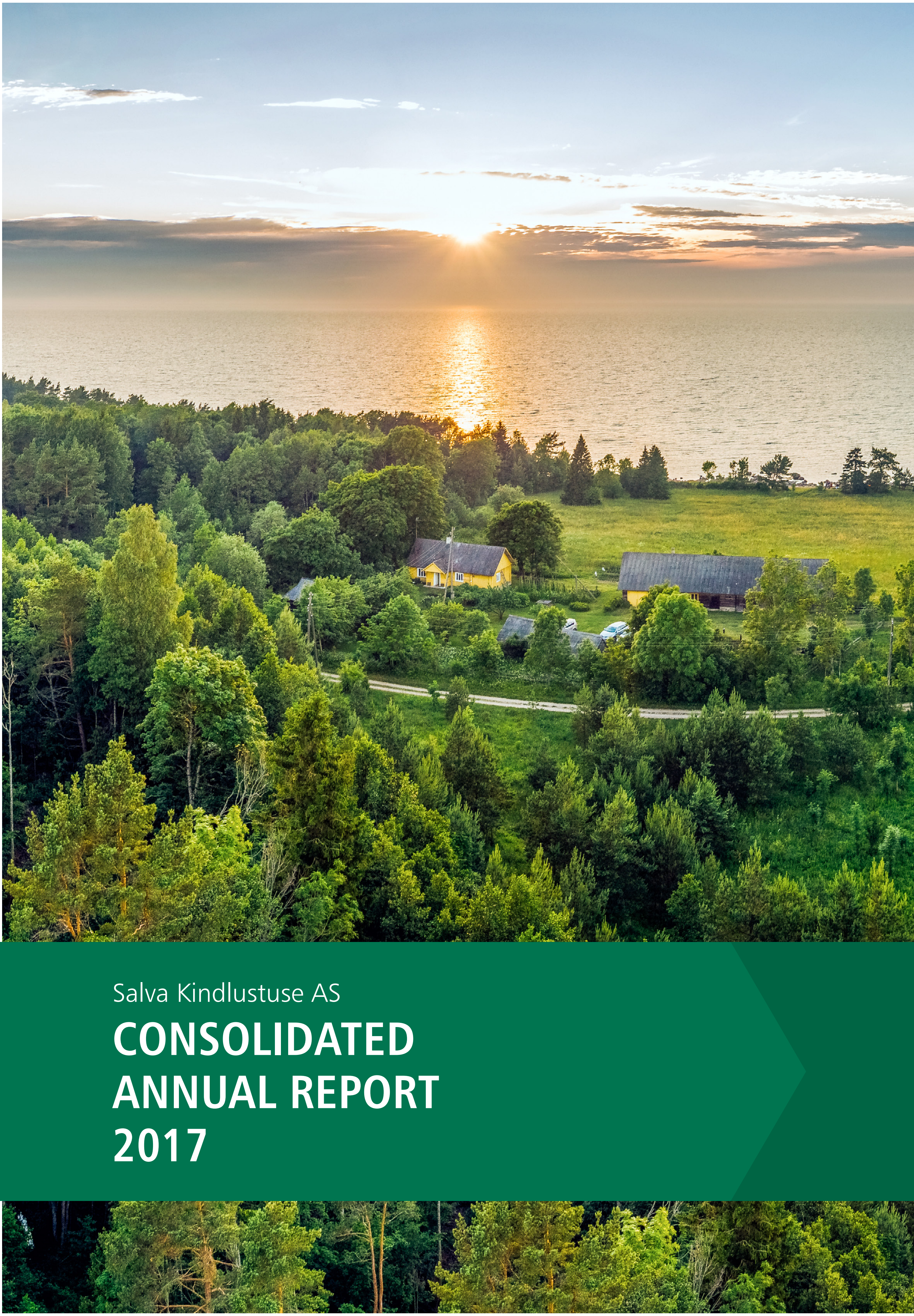


Salva Kindlustuse AS

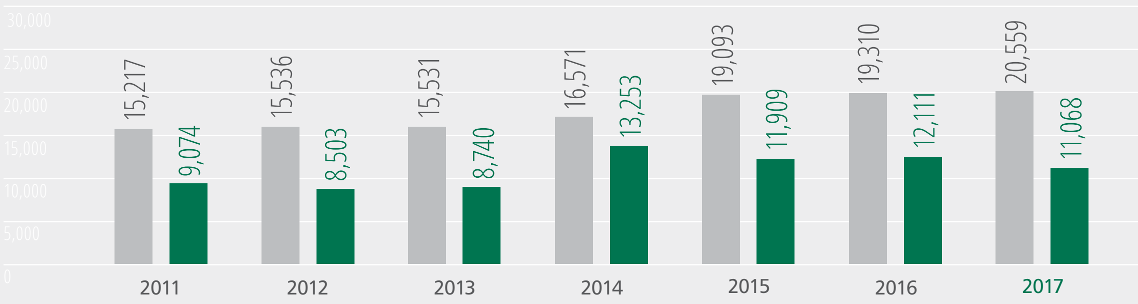
CONSOLIDATED ANNUAL REPORT 2017

Business name:	Salva Kindlustuse AS
Address:	Pärnu mnt 16,10141 Tallinn
Registry code:	10284984
Telephone:	+372 6800 500
E-mail:	salva@salva.ee
Web page:	www.salva.ee
Main field of activity:	Non-life insurance
Beginning of financial year:	01.01.2017
End of financial year:	31.12.2017
Managing director:	Tiit Pahapill
Auditor:	KPMG Baltics OÜ

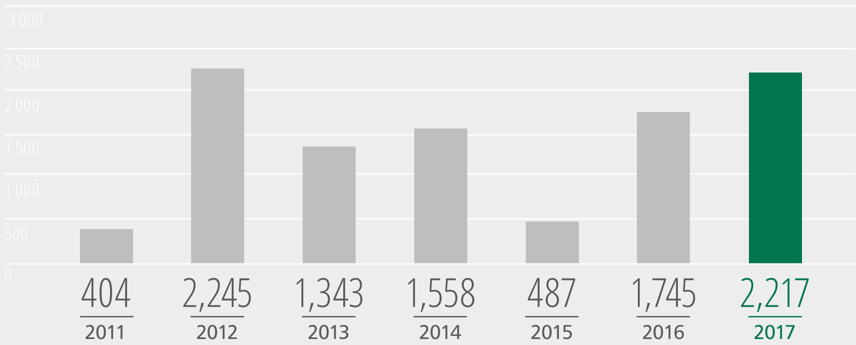
MANAGEMENT REPORT

MAIN INDICATORS

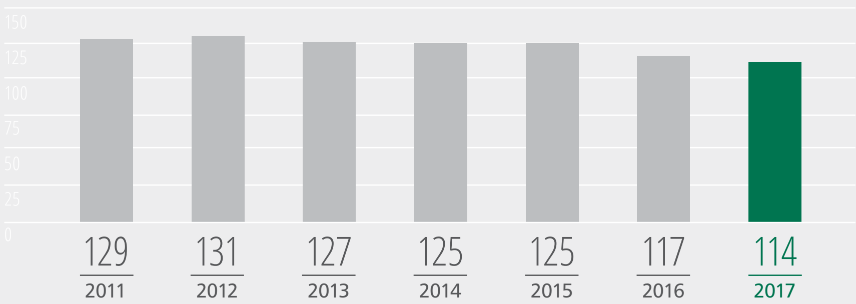
GROSS PREMIUMS AND INDEMNITIES INCURRED
In thousand euros



PROFIT
In thousand euros



NUMBER OF EMPLOYEES



VISION, MISSION JA VALUES

VISION
To be the symbol of a reliable domestic insurance company for our customers.

MISSION
We are a continuously developing non-life insurance company rendering reliable insurance services to all customers and co-operation partners through the professional experience, proper administration and client-friendly attitude of our entire staff.

VALUES

STRONG MUTUAL CUSTOMER RELATIONS
We are easily and conveniently accessible through our representative offices all over Estonia, our website or by telephone. Every customer is special for us. Any contacts between ourselves and our clients are always aimed at achieving a mutually satisfying result. Our greatest value lies in the trust placed by our clients in the company.

MOTIVATING WORK ENVIRONMENT
We offer our staff a modern and innovative environment which serves the needs of every individual, in addition to generating the team spirit required for achieving excellent results. We continuously improve our knowledge base, value their education and contribute to their professional enrichment. We consider the individual contribution of all staff members to the achievement of the common goals.

HIGH-QUALITY AND RELIABLE SERVICE
The high quality of our insurance services is guaranteed by our long-term experience, proper conduct of affairs, and a short response time. We pay considerable attention to risk management and continuous improvement of our services. We remain open and objective in any situation, and will not compromise quality for purposes of quantity. Customers can always rely on us.

Salva Kindlustuse AS
MANAGEMENT REPORT 2017

ORGANIZATION

Salva Kindlustuse AS (hereinafter the Company) has been operating in the Estonian insurance market since 1993. In its nearly twenty five years of business, the Company has become a strong non-life insurance companie in Estonia, offering a full range of services. The Company's portfolio currently contains the most widely known non-life insurance products – a total of over 15 products. The Company's customer base includes private individuals and businesses as well.

The Company is registered in Estonia and main operating market is Estonia. The cross-border insurance services are offered in small scale.
We find it important to maintain insurance competence in the counties and develop offices and sales points in various regions of Estonia. The Company's representative offices (8) and sales offices (8) are spread around Estonia, with the head office located in Tallinn.

COMPANIES OF THE CONSOLIDATION GROUP

Main activity of Salva Kahjukäsitluse OÜ is claim handling, rent of vehicles and asset management services mainly for the parent company. Business Information System OÜ provides software development services primarily for Salva Kindlustuse AS.

MAIN FINANCIAL INDICATORS

In euros	2017	2016
FOR THE REPORTING PERIOD		
Gross premiums	20,559,414	19,310,217
Premiums earned, net of reinsurance	13,739,850	12,934,093
Gross claims incurred	11,067,351	12,110,695
Claims incurred,net of reinsurance	7,367,631	7,014,484
Total operating expenses	6,511,117	6,083,791
Net operating expenses	5,269,337	4,833,045
Net loss ratio	53.6%	54.2%
Net expense ratio	36.2%	35.4%
Net combined ratio	89.8%	89.6%
AS OF THE END OF THE REPORTING PERIOD		
Total assets	40,807,782	39,126,539
Financial investments	15,763,829	16,451,884
Investment property	290,448	313,402
EFFICIENCY INDICATORS		
Technical result	1,404,990	1,345,305
Investment result	1,136,577	539,385
Profit for the year	2,227,095	1,744,648
Annual return on equity	13.6%	11.6%
Annual return on investments	6.9%	3.2%
PER SHARE		
Profit for a share (euros)	2.23	1.74

EXPLANATIONS ON FINANCIAL INDICATORS:

Gross claims incurred — Total claims amount + change in provision for claims outstanding
Net operating expenses — Operating expenses – service and commission fees
Net loss ratio — Claims incurred, net of reinsurance/premiums earned,net of reinsurance
Net expense ratio — Net operating expenses (except for financial expenses and other expenses) / premiums earned,net of reinsurance
Net combined ratio — Net loss ratio + net expense ratio
Return on equity (ROE) — Profit / start/end of year average equity for the period
Return on investments (ROI) — Investment result /start/end of year average investments for the period

ECONOMIC ENVIRONMENT

According to Statistics Estonia, in 2017, the gross domestic product (GDP) of Estonia increased nearly 5% compared to 2016. Both private persons and companies experienced a good year. Both profits of companies as well as employees average salaries grew. Employment rate indicators improved in every quarter of the year and appeared to be the best in Europe. At the same time inflation increased up to 3.4%. In summary, 2017 has been successful for both people and companies in Estonia, which allows us to look optimistically towards the next year. In 2018, we expect ongoing economic recovery, but at the same time we are clearly dependent on economic health of Estonia's trading partners.

NON-LIFE INSURANCE MARKET

In 2017, Estonian non-life insurance market grew 11%. This indicates that Estonia's economic environment is favorable for both private individuals and companies for hedging their insurance risks. Insurance companies and branches on the Estonian insurance market collected a total of 335,970 thousand euros in insurance premiums (2016: 302,353 thousand euros).

The largest share of all insurance categories offered on the insurance market is held by various motor vehicle-related insurance categories – the mandatory motor third party liability insurance (28%) and the optional motor vehicle insurance (33%). The share of property insurance amounts to 25% and the aggregated share of all the remaining insurance categories 14% of the market. The amount of disbursements in 2017 was 181,433 thousand euros. This constitutes a 3% increase in disbursements from the previous year (2016: 176,950 thousand euros).

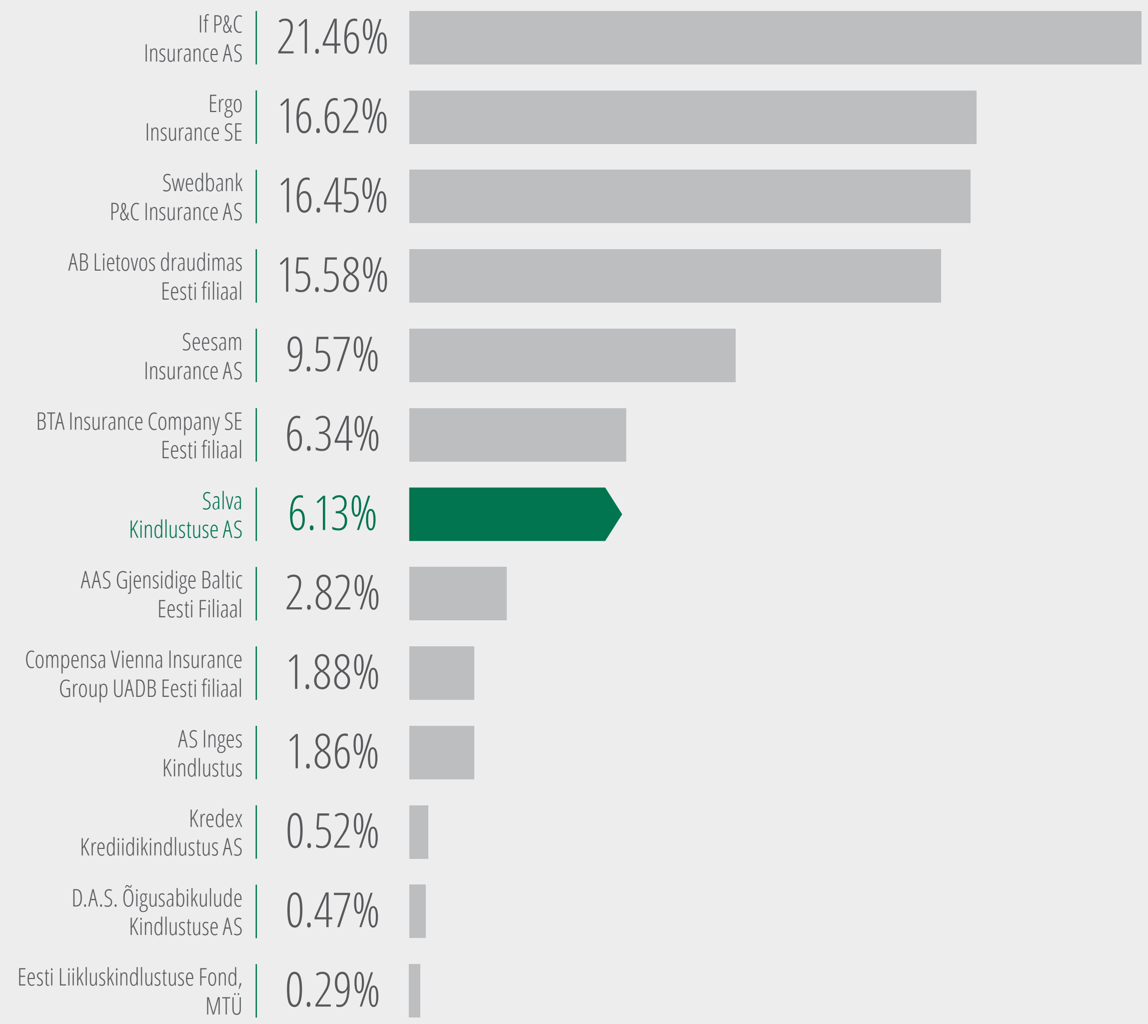
The structure of insurance premiums has not changed significantly in recent years. The same structure is evident in insurance claim payments, with the rate amounting to 54% (2016: 59%).

2017 passed without any unexpected events for the insurance market - no significant damages arose from the forces of nature, such as floods or storms. Motor insurance market showed better performance than in previous years, but it still ended in more than 1.3 million euro technical loss, despite of the fact that the motor insurance market grew faster than the overall market, mainly in prices, not at the expense of additional vehicles. Travel insurance market grew faster than overall market and the results should be positive for the majority of market. The liability insurance and accident insurance market grew somewhat modestly, but there should still be plenty of room for growth in the future.

In 2018, we expect a growth trend similar to the previous year or even faster. It is likely that there will be a price increase in motor insurance, as it would be very logical for insurance companies, after a six-year period of loss, to re-calculate their tariffs and raise them to at least a level that eliminates market losses.

In May 2017, solvency and financial statements were first time disclosed. Solvency II aims to ensure the solvency of the insurance company at any given moment and with most high probability. In this way the company's shareholders and customers can be sure that in the long term the insurance company is on the right course.

ACCORDING TO THE DATA OF STATISTICS ESTONIA MARKET SHARES OF NON-LIFE INSURANCE COMPANIES AND FOREIGN BRANCHES EXPRESSED IN PREMIUMS RECEIVED BY THE END OF 2017:



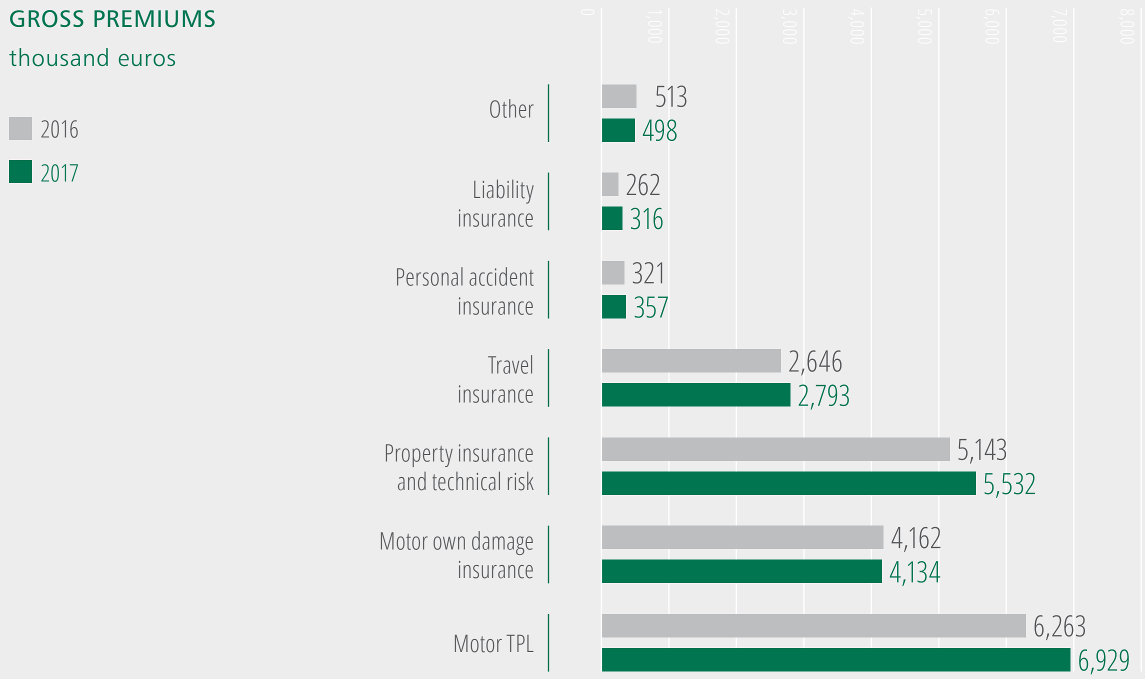
FINANCIAL RESULTS

Salva Kindlustuse AS's consolidated net profit in 2017 was 2,217 thousand euros (2016: 1,731 thousand euros).
The technical result grew 4% up to 1,404 thousand euros (2016: 1,345 thousand euros). The insurance technical performance was positively impacted by the growth of insurance premiums and the projected level of claims.

REVENUE

In 2017, total revenues increased by 9% compared to the previous year. The positive cash flow from investments supported revenue growth and accounted for 8% of the revenue. Service and commission income remained the same as in the previous year. Among revenues, the premiums earned, net of re-insurance, increased by 6%.
In 2017, Salva Kindlustuse AS gathered 20,599 thousand euros in gross insurance premiums, increased by 6% compared to the last year (2016: 19,310 thousand euros).
Insurance premium growth compared to the overall market growth was slower due to intense competition in a situation where the Company was forced to increase the payments at the end of last year, especially in the lines of insurance related to vehicles. Insurance premiums have increased in almost all lines of insurance. Premiums grew faster than the overall market on the lines of accident and liability insurance. The Company could not grow enough in other lines of insurance due to tight price competition and the desire to assess the risks and price so that the loss ratio does not get worse.

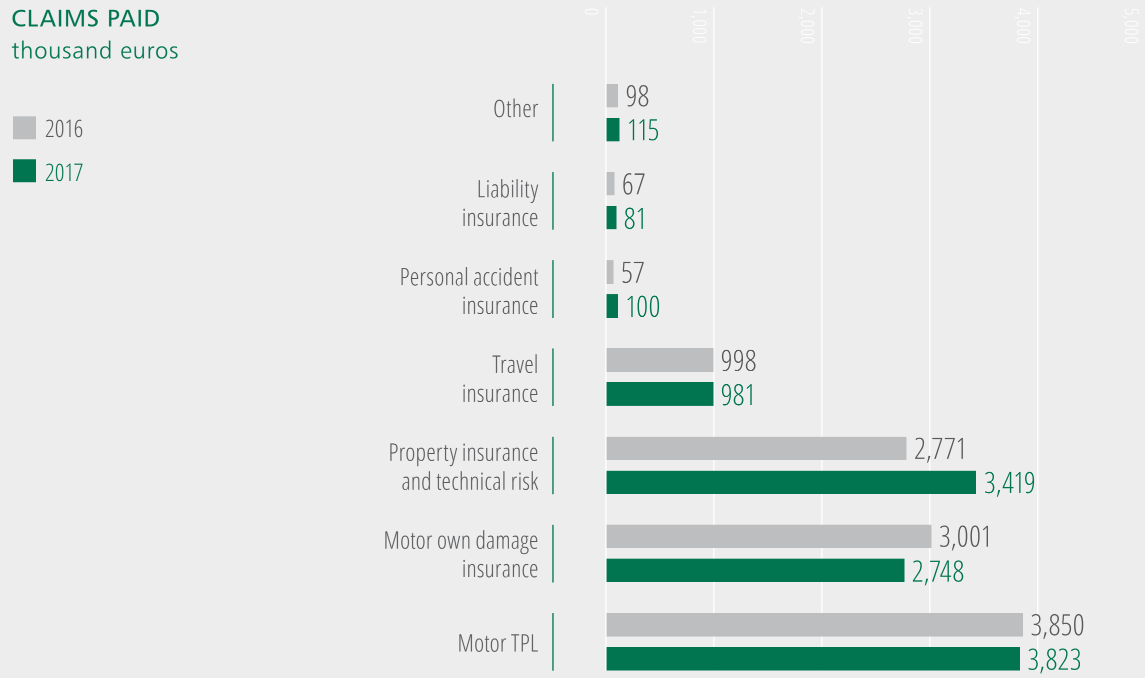
GROSS PREMIUMS
thousand euros



CLAIMS AND OPERATING EXPENSES

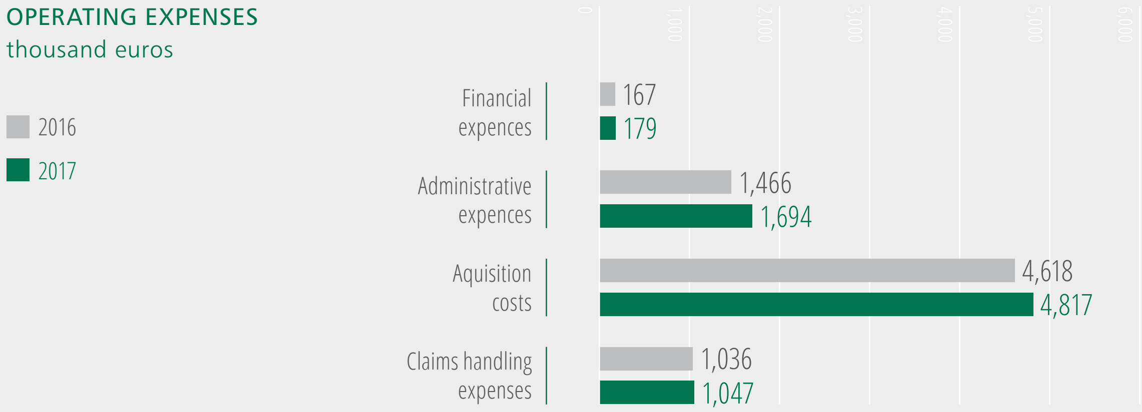
Total claims incurred in 2017 amounted to a total of 10,067 thousand euros –4% less than in the last year (2016: 11,267 thousand euros). Claims disbursements increased by 2% compared to the last year; claims adjustment expenses increased by 1% and income from refunds and residual assets decreased 28%. Claims incurred, net of reinsurance increased 5%.
The number of loss claims satisfied in 2017 amounted to 10,802 and decreased by 357 claims compared to the year before (2016: 10,445).
Motor insurance and vehicle insurance buyers can use Salva vehicle assistance service, which provides technical assistance in the event of an unexpected failure of vehicle, towing and the delivery to destination, registration of notices of damage, and ask for needed information. Last year customers got help in over 500 events.
The biggest damage claims last year were in the insurance of technical risks, in which a harvester was destroyed by fire during the field work and 368 thousand euro was reimbursed. 140 thousand euros were reimbursed for the restoration of a dwelling house destroyed during the fire, and a compensation of 102 thousand euro was paid for a bus destroyed also by a fire.
The consolidated loss ratio, net of reinsurance did not change significantly, reaching 53.6% by the end of the year (2016: 54.2%).

CLAIMS PAID
thousand euros



Operating expenses for 2017 increased by 6% compared to 2016, amounting to 6,690 thousand euros (2016: 6,251 thousand euros). Administrative expenses increased by 16% and acquisition costs increased 4%. Total payroll expenses and commissions paid to intermediaries are reflected in acquisition costs and they increased by 5% and 3% respectively compared to the previous year. The ratio of consolidated expenses to premiums, net of reinsurance, made up 36.2% at the end of 2017 (2016: 35.4%).

OPERATING EXPENSES
thousand euros



OWNER'S EQUITY

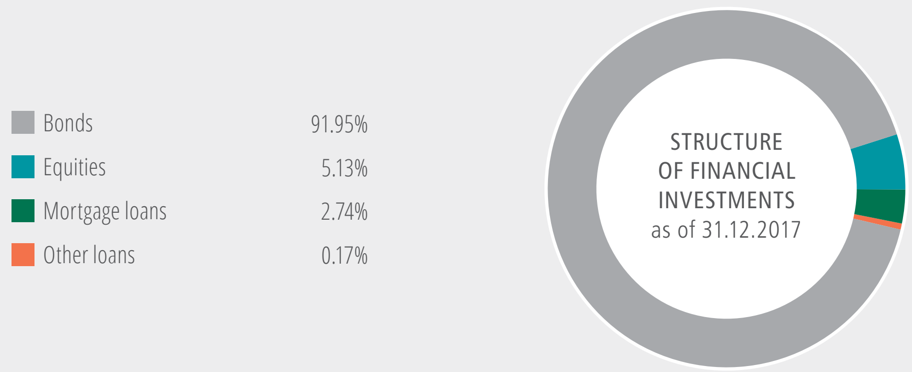
In 2017, Salva Kindlustuse AS's shareholders' equity increased by 8%, and amounted to 17,003 thousand euros. 900 thousand euros was paid as dividends to owners in 2017.

INVESTING ACTIVITY

On the strategic level, the investment activities of Salva Kindlustuse AS are controlled by the financial director in cooperation with the respective specialist. The structure of liabilities and responsibilities has completely justified itself so far, guaranteeing sufficient control and prompt decision-making capability. Our investment activities are based on the interests of the policyholders and the best possible protection afforded to the beneficiaries. In 2017, the financial positions taken by the Company on the money and capital markets were appropriate.

Salva invests mainly in financial investments exposed to interest rate and counterparty risks. The financial investment portfolio was positioned in the rise of the interest rate and expectations were fulfilled. Financial investment portfolio asset values reacted as expected in accordance with the changes in the market risk. The curve descripting the term structure of European interest rates took a moderate increase in almost all maturities but is still at a low level (https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_area_yield_curves/html/index.en.html). If inflation and economic growth are to rebound, the level should increase significantly.

The consolidated net investment revenue from investing activities amounted to 1,137 thousand euros (2016: 539 thousand euros). The consolidated annual rate of return on investment was 7%. The annual rate of return of the bond portfolio was 7% and return on investment property was 12%. As of the end of the year, financial investments exceed the net technical reserves by 7,012 thousand euros, ensuring sufficient liquidity in the company. In conclusion we can say that Salva Insurance Company earned a decent return on the invested assets. An upcoming period will be influenced by low interest rates and unpredictable economic situation. The European Central Bank's interest rate policy, resulting from continued low interest rates, make it difficult to reinvest the assets. In 2018, we are managing the portfolio of financial investments more evolutionarily and selectively rebuild the portfolio at appropriate moments. Appropriate counterparts and the internal structure of interest rate risk are important in making choices. The distribution of credit risk in the bond portfolio was the following: 18% of the bonds were rated A (S&P) or Aa (Moody's), 40% had a rating of B or Baa and Ba. 91% of investments are held in euros. In the opinion of the Management Board the currency risk is minimal.



EMPLOYEES

The Group's employee retention is very stable. This is supported by a modern working environment and a strong organizational culture. Internal resources are used where possible for establishment of new positions supporting organizational development, with the current employees offered a career opportunity. Evolving insurance sector needs highly skilled staff. Staff training is organized on the basis of the established training policies. The Company co-operates with consulting and training companies in management and sales issues. Product training of the sales staff is carried out by product managers and loss adjusters.

The Company's supervisory board has six members, with the total remuneration paid to members of the supervisory board amounting to 31 thousand euros (2016: 31 thousand euros).

The Company's management board has five members with the total remuneration paid to members of the management board amounting to 478 thousand euros (2016: 332 thousand euros). In 2017, total payroll expenses (including taxes) amounted to 3,351 thousand euros. Payroll expenses have increased by 5% from last year (2016: 3,177 thousand euros). As of the end of 2017, the Group had 114 employees, including 60 sales employees.

SERVICES PROVIDED BY THE AUDITOR

No other services in addition to the statutory audit are provided by the auditor of Salva Kindlustuse AS in the reporting period.

THE GROUP'S OUTLOOK FOR 2018

The prospects for the Estonian economy for the next year are relatively good. For the next year we expect the insurance market to maintain a stable growth of at least the same amount as in the previous year and we plan to grow at the same pace with the market.

In addition, we continue to develop other customer communication and sales channels. According to the customers' expectations, we are continuously engaged in the development of e-solutions - today salva24.ee enables fast and convenient online price comparison and conclusion of contracts for the six most common classes of insurance. The personal accident insurance was added to the selection in 2017.

Besides the development of e-channels we will strengthen representative offices in different regions of Estonia with the local competence and manpower. We have seen that the decision to be outside of the capital and have on-site representation for clients and claims handling has justified itself fully.

Cooperation and exchange of information continues with brokers and other partners. We will receive the necessary information for updating and improving our products. Our goal is to offer the people of Estonia reliable, flexible and smart insurance solutions.

The developments in the insurance market have been positive. The high loss ratio of Motor TPL insurance we saw in previous years started to decrease in 2017. We expect the last year's price adjustments to continue upward also in the next year. Hopefully at the end of 2018 we will see a positive Motor TPL market outcome. There are good prospects for stabilizing the entire market.

In other types of insurance we will hopefully hold a good position. We will try to continue the same way and develop our products and services hand in hand with our customer needs. We plan to renew several insurance conditions.

In 2018 when we need to transpose the new rules of the EU Data Protection Regulation, which will require intensive work in our IT system and the adaptation of the contracts.

Being a domestic insurance company we want to contribute to the development of the Estonian society, health and culture. As much as we can we have contributed to the supporting of number of top athletes and promoting youth basketball and volleyball, as well as supported the development of children's football training. We give out scholarships for young musicians through The Estonian National Culture Foundation, and from 2012 onwards, we have been a major contributor to Estonian Concert.

We are proud to celebrate our 25th anniversary in 2018. This is a strong message to the market, as well as homage to our own team. As we know there are not much domestic insurance companies left in Estonia, so I hope that we successfully keep the flag up in the coming years and show that we want to and already provide reliable, flexible and smart insurance solutions to the people of Estonia.

TIIT PAHAPILL
Chairman of the management board

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In euros	Notes	2017	2016
REVENUE			
Gross premiums	2	20,559,414	19,310,217
Reinsurance premiums	2	-6,434,541	-6,157,561
Changes in the provision for unearned premiums	2	-432,246	-221,576
Reinsurer's share of the change in provision for unearned premiums	2	47,223	3,013
PREMIUMS EARNED, NET OF REINSURANCE	2	13,739,850	12,934,093
Service and commission fee revenue	3	1,385,349	1,380,296
Net investment revenue	4	1,315,532	706,594
Other income		69,069	89,149
TOTAL REVENUE		16,509,798	15,110,132
EXPENSES			
Gross claims	5	-11,266,592	-10,841,970
Reinsurer's share in claims	5	4,210,088	3,779,829
Change in the provision for claims outstanding	5	199,196	-1,268,725
Reinsurer's share of the change in the provision for claims outstanding	5	-510,368	1,316,382
CLAIMS INCURRED, NET OF REINSURANCE	5	-7,367,676	-7,014,484
Acquisition costs	6	-4,816,724	-4,617,690
Administrative expenses	6	-1,694,393	-1,466,101
Financial expenses	6	-178,955	-167,209
TOTAL OPERATING EXPENSES		-6,690,027	-6,251,000
PROFIT BEFORE TAXES		2,452,095	1,844,648
TAX ON DIVIDENDS PAID		-225,000	-100,000
PROFIT FOR THE FINANCIAL YEAR		2 ,227,095	1,744,648
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,227,095	1,744,648
Incl. profit attributable to shareholders of the parent company		2,217,301	1,731,155
Incl. profit attributable to non-controlling interests		9,794	13,493

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In euros	Notes	31.12.2017	31.12.2016
ASSETS			
Property, plant and equipment	8	788,012	828,548
Intangible assets/Deferred Acquisition Costs	9	1,354,369	1,624,880
Investment property	10	290,488	313,402
Financial assets	11	15,763,829	16,451,884
Receivables under reinsurance contracts	12	12,273,739	12,630,929
Receivables from insurance activities and other receivables	13	1,324,633	1,195,069
Cash and cash equivalents	14	9,012,752	6,081,827
TOTAL ASSETS		40,807,782	39,126,539
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		3,200,000	3,200,000
Reserve capital		321,278	321,278
Other reserves		64,428	64,428
Retained earnings		11,079,554	10,248,399
Profit for the financial year		2,217,301	1,731,155
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		16,882,561	15,565,260
Total equity attributable to non-controlling interests		120,672	110,878
TOTAL EQUITY	15	17,003,233	15,676,138
Liabilities under insurance contracts	18	20,762,071	20,529,021
Liabilities from reinsurance	19	1,290,397	1,324,858
Liabilities from direct insurance activities	20	540,997	504,959
Accrued expenses and deferred revenue	21	1,211,084	1,091,563
TOTAL LIABILITIES		23,804,549	23,450,401
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		40,807,782	39,126,539

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In euros	Share capital	Reserve capital	Other reserves	Retained earnings	Non-controlling	Total
AS OF 31.12.2015	3,200,000	320,836	64,428	10,648,841	97,385	14,331,490
Profit for the financial year	0	0	0	1,731,155	13,493	1,744,648
Other comprehensive income	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	0	0	0	1,731,155	13,493	1,744,648
Dividends paid	0	0	0	-400,000	0	-400,000
Changes in reserve capital		0	0	-900,000	0	-900,000
AS OF 31.12.2016	3,200,000	321,278	64,428	11,979,554	110,878	15,676,138
Profit for the financial year	0	0	0	2,217,301	9,794	2,227,095
Other comprehensive income	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	0	0	0	2,217,301	9,794	2,227,095
Dividends paid	0	0	0	-900,000	0	-900,000
AS AT 31.12.2017	3,200,000	321,278	64,428	13,296,855	120,672	17,003,233

For additional information about equity see Note 16.

CONSOLIDATED CASH FLOW STATEMENT

In euros	Notes	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		4,355,747	3,283,323
Insurance premiums received		18,908,977	17,980,740
Claims paid and claims handling expenses		-10,120,425	-9,796,001
Paid to reinsurers (net)		-987,664	-1,203,381
Paid as operating expenses		-5,271,392	-4,888,650
Acquisition of shares and other securities		-309,048	-561,274
Disposal of shares and other securities		219,063	770,921
Acquired fixed rate securities		-4,622,679	-1,675,647
Proceeds from disposals of fixed rate securities		5,150,239	3,493,375
Loans granted		-126,700	-322,700
Repayments of loans granted		76,611	16,523
Investments in term deposits		0	-1,000,000
Return on term deposits		1,000,000	95,000
Interest received		510,908	456,869
Dividends received		19,331	13,845
Investment expenses paid		-91,474	-96,297
CASH FLOW USED IN INVESTING ACTIVITIES		-299,822	-349,905
Acquisition of property, plant and equipment,and intangible assets		-313,822	-376,505
Disposal of property, plant and equipment,and intangible assets		14,000	26,600
CASH FLOW USED IN FINANCING ACTIVITIES		-1,125,000	-500,000
Dividends paid	15	-900,000	-400,000
Tax paid on dividends		-225,000	-100,000
TOTAL CASH FLOW		2,930,925	2,433,418
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	14	6,081,827	3,648,409
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14	9,012,752	6,081,827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1.
ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

1.1. GENERAL INFORMATION ON THE COMPANY

Salva Kindlustuse AS (hereinafter also referred to as the Company) is a non-life insurance company, register no 10284984, located Pärnu road 16, 10141, Tallinn. The consolidated financial statements prepared as of 31st of December 2017 include the financial information of Salva Kindlustuse AS, its 100% subsidiary Salva Kahjukäsitluse OÜ and its 49% subsidiary Business Information Systems OÜ (jointly referred to as the Group).

1.2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) developed by the International Accounting Standards Board (IASB), and their interpretations, as adopted by the European Union (EU) and entered into force from the year 2017.
The consolidated financial statements have been prepared in euros, unless explicitly stated otherwise. The financial statements have been prepared on the basis of the acquisition cost principle, except for investment property and financial investments which are measured at fair value. The companies of the Group have adopted common accounting principles, which are applied consistently for all periods referred to in the financial statements. The management board approved the issuance of the financial statements with its resolution of 19 March 2018. Shareholders have the right to decline the Annual Report prepared and submitted by the Management Board, and demand preparation of a new Annual Report.

1.3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles set out below have been consistently used for all periods presented in these consolidated financial statements. In 2017, the accounting policies for investment property and subsidiaries were changed in the parent company's balance sheet. The effects of the changes are explained in more detail in Notes 10 and 26.

1.4. FUNCTIONAL CURRENCY. TRANSACTIONS AND ENTRIES DENOMINATED IN FOREIGN CURRENCY

The functional and presentation currency of the group is the euro. Foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the European Central Bank officially valid on the transaction date. Monetary assets and liabilities denominated in foreign currency in the financial statements are translated on the basis of the foreign currency exchange rates of the European Central Bank officially valid on the balance sheet date. Foreign exchange gains and losses are recorded under revenue and expenses in the statement of comprehensive income of the reporting period.

1.5. BASIS OF CONSOLIDATION

Consolidated financial statements include the financial data of subsidiaries controlled by the parent company. Control exists when Salva Kindlustuse AS is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Control is presumed to exist, if the parent company holds over 50% of the voting shares of the subsidiary, or is otherwise able to control the operating or financial policies of the subsidiary.
Business Information Systems OÜ (BIS OÜ) is recorded in the consolidated financial statements as a subsidiary, as the parent company (Salva Kindlustuse AS) has rights that give it power over the activities of BIS OÜ that significantly affect the returns of BIS OÜ.
In the consolidated financial statements, any transactions between group companies, as well as mutual balances and unrealized profit, have been eliminated.
Subsidiaries prepare financial statements on the same period, materially using the same accounting principles.

Supplementary disclosures on the parent entity of the group

Pursuant to the Accounting Act of the Republic of Estonia, the notes to the consolidated financial statements of the consolidating entity shall contain the main statements of the consolidating entity. The parent company's main financial statements have been prepared using the same accounting principles and basis of estimations used in preparing the consolidated financial statements.
From 01 January 2017 the recognition of subsidiaries in the parent company's non-consolidated financial statements has been changed. Instead of using the previous fair value method, we recognize subsidiaries using the equity method. As a result of the changes in the accounting policy, past period reports have been adjusted. Changes are shown in Note 26.

1.6. INSURANCE CONTRACTS

A non-life insurance contract is a contract under which the insurer underwrites a considerable insurance risk of the other party (the policyholder or the insured) in order to pay the policyholder or the insured person an indemnity, should the insured event occur. An insured risk is different from a financial risk. Financial risk is a risk, where subsequent changes in one or several of the following items can occur: established interest rate, price of a security, consumer prices, currency exchange rates, price index, credit rating or credit index, or another variable, where in the case of a non-financial variable the variable is not inherent in the party to the contract. Insurance contracts may also involve some financial risk.

Insurance contracts are generally concluded for a period of one year.

1.6.1. RECORDING AND ASSESSMENT OF INSURANCE CONTRACTS

INSURANCE PREMIUMS

Gross insurance premiums are recognized at the earliest on the date that the insurance cover commences or the date the premiums are invoiced for insurance cover commencing in the future reporting periods. Insurance premiums for contracts or instalments whose coverage period commences after the balance sheet date are recorded in the balance sheet as unearned premiums.

Reinsurance premiums are the share of gross premium under reinsurance contracts which is transferred or is subject to transfer to a reinsurer.

A reinsurance premium shall be deemed fully received upon expiry of the insurance cover. Premiums which are earned after the reporting date are recorded in the balance sheet under provision for unearned premiums.

CLAIMS

Expenses incurred in the insurance business consist of claims paid during the reporting period, adjustment expenses, recoveries received and receivable, and changes in outstanding claims reserves.

The reinsurance share of the claims expense is the extent of the reinsurer's liability within that expense, and which arises from the terms and conditions of the reinsurance contract.

1.6.2. RECOGNITION OF TECHNICAL PROVISIONS

PROVISION FOR UNEARNED PREMIUMS

The provision for unearned premiums is formed to pay any expenses arising from insured events covered by effective insurance contracts, which have not occurred by the balance sheet date, as well as to cover any expenses associated with contract management. The provision for unearned premiums represents the share of gross premiums which is likely to be earned over the rest of the insurance cover period. The reserve is calculated separately for each insurance contract and additional contracts on the basis of gross premiums, applying the pro rata method.

The provision for unearned premiums is recorded on the statement of financial position line "Liabilities under insurance contracts".

The reinsurer's share of the provision for unearned premiums equals the same percentage of the provision for unearned premiums, as the pro rata share of the reinsurance premiums of the gross premiums. The reinsurer's share of the provision for unearned premiums has been recorded on the statement of financial position line "Receivables under reinsurance contracts".

PROVISION FOR CLAIMS OUTSTANDING

Expenses incurred in the insurance business consist of claims paid during the reporting period, adjustment expenses, recoveries received and receivable, and changes in outstanding claims reserves.

The outstanding claims reserve includes:

- handled, but outstanding losses;
- reported and registered losses which have not been fully settled (RBNS);
- Losses which have been incurred but not yet reported (IBNR).

Outstanding claims are assessed by analyzing each claim separately, considering the incurred and not yet reported losses, and the impact of both internal and external predictable events (e.g. changes in handling proceedings, inflation, legal development tendencies, and legislative amendments, as well as past experience and trends). The provision for claims outstanding includes claims handling expenses.

The RBNS is estimated in the course of the claims handling process separately for each individual loss file, on the basis of the information available to the claims handler. If no information is available, estimates based on previous experience will be used. RBNS is terminated by fully processing the claim.

IBNR is calculated at the end of each accounting period on such losses which are likely to have been already incurred but have not yet been reported to us. The IBNR calculation methods are based on historical statistics, and the actuarial estimates based on the analysis of historical data.

Provisions for claims outstanding are not discounted, except for the motor third party liability annuity reserves, which are discounted into the discounted value using standard actuarial methods, and the retirement pension increase index and the discount rate recommended by the Motor Third Party Liability Insurance Guarantee Fund. The estimated amounts received from reinsurance, sale of salvages and recoveries are recorded as separate assets and the provision for claims outstanding is not reduced by these amounts. Any amounts received from reinsurance, and other recoverable amounts are assessed in the same way as outstanding claims. The provision for claims outstanding is recorded on the statement of financial position line "Liabilities under insurance contracts".

1.7. REINSURANCE

The Group purchases reinsurance cover in the course of normal business operations, in order to limit potential net losses by diversifying risks. Reinsurance premiums and claims received are recorded in the consolidated statement of comprehensive income and the statement of financial position separately from the corresponding insurance contracts, since no reinsurance agreements relieve the Group from its direct liabilities to the policyholders.

Only the contracts which represent considerable transfer of a risk insured are recorded as reinsurance contracts. Contractual rights which do not represent transferring of a considerable part of a risk are recorded as financial instruments.

Reinsurance premiums paid are recorded as expenses applying the same principle that was applied to recording of contractual insurance premiums as revenue.

1.8. REINSURER'S ASSTES

Amounts receivable under reinsurance contracts to cover any claims and the reinsurer's share of the technical reserve which are outstanding on the reporting date, are recorded in the statement of financial position as reinsurer's assets. The value of the reinsurer's assets is measured on every balance sheet date. Any impairment of reinsurance assets are recorded in the statement of comprehensive income.

1.9. LIABILITIES FROM REINSURANCE

Liabilities from reinsurance include amounts payable to reinsurers under reinsurance contracts. Liabilities from reinsurance also comprise the reinsurance ratio of the acquisition costs, the calculation principles of which are set forth in subsection 1.10, and the reinsurer's share of the recoveries and salvages.

1.10. DEFERRED ACQUISITION COSTS AND THE REINSURANCE SHARE

Acquisition costs that are directly associated with the premiums carried forward to the subsequent reporting period are capitalized and are disclosed in the Statement of financial position as Intangible assets. The calculations of such deferred acquisition costs are based on gross premiums and expenses according to type. The percentage share of the deferred acquisition costs in the direct acquisition costs equals the percentage share of the total amount of prepaid premiums of the aggregate gross premiums amount. The reinsurance share of the deferred acquisition costs forms the same percentage share of the commission fees deriving from reinsurance contracts, as the reinsurance ratio of the provision for unearned premiums forms of the reinsurance premiums. The calculations are based on the reinsurer's share of the premiums by insurance years, and the commission fees deriving from reinsurance contracts by types.

1.11. LIABILITIES AND ADEQUACY OF COMMITTED ASSETS TEST

The adequacy of insurance liabilities is tested on the reporting date, using current estimates pertaining to future cash flows of the insurance contracts. If an estimate shows that the book value of insurance liabilities minus deferred acquisition costs and intangible assets is inadequate with respect to future cash flows, the entire deficit shall be recorded in the balance sheet as a change in deferred acquisition costs. A provision against outstanding risks is established to cover the difference.
The test conducted for 2017 indicated no deficit.

1.12. REVENUE

INSURANCE PREMIUM REVENUE

The principles of recording of insurance premium revenue are described in subsection 1.6.

REVENUE FROM SERVICE AND COMMISSION FEES

The revenue from service and commission fees is inclusive of reinsurance commission fees and other service fees and revenue associated with conclusion of insurance contracts. These service fees and revenue are charged to income in the period of provision of the services. If the services are to be rendered in future periods, the services are recognized in these future periods based on the cut-off principle.
Reinsurance commission fee revenue represents the commission fee receivable from a reinsurer under a reinsurance contract, including commission fees stemming from the participation of the reinsurer in the reinsurer's profit. Reinsurance contracts' commission fees are recorded by applying the same principles as those applied to the acquisition costs of insurance contracts (see subsection 1.10 of the accounting principles). The fee for participating in the profit of a reinsurer is recorded on the accrual basis.

INVESTMENT REVENUES

Revenue from financial investments includes interest and dividend revenue, net gain/loss from revaluation of financial assets and liabilities measured at fair value through profit and loss and realized gains and losses on realization of investments. Interest revenue earned from loans granted is recorded using the effective interest rate. Revenue from dividends is recognized when the right to receive the payment is established.
Income from investment property includes rental income from leased premises to third parties.

OTHER INCOME REVENUE

Other income reflects mostly profit from the sales of fixed assets, the revaluation of currencies and other insignificant revenues.

1.13. EXPENSES

CLAIMS INCURRED

The accounting principles applied for recording claims incurred have been described in subsection 1.6.

CLAIMS HANDLING EXPENSES

Claims handling expenses include direct payroll expenses, expert and service fees directly associated with adjustment of losses. Claims handling expenses are recorded in the statement of comprehensive income as a part of losses incurred.

ADMINISTRATIVE EXPENSES

Administrative expenses are expenses which are associated with collection of premiums, portfolio management and reinsurance. They also represent expenses which are borne in the interest of the undertaking as a whole, which are not taken into consideration when calculating the underwriting result, and which do not form a part of the investment costs. These expenses include fees and compensation paid to auditors, experts, legal and tax consultants, supervisory fees, and membership fees paid to different associations.

ACQUISITION COSTS

Based on their nature, acquisition costs are divided into direct and indirect acquisition costs. Direct acquisition costs include costs which arise from the conclusion of insurance contracts, including commission fees to brokers and variable payroll expenses of the sales and insurance departments. Indirect acquisition costs are fixed costs, including fixed payroll expenses of the sales and insurance departments, advertising costs, business travel costs, amortization of fixed assets, printing, transport and communication expenses, and other expenses to the extent that they are not a part of administrative expenses, loss (claims) handling costs or investment costs. Acquisition costs are adjusted in the statement of comprehensive income by changes in the deferred acquisition costs of net reinsurance. Capitalized acquisition costs at the balance sheet date are recognized as intangible assets.

FINANCIAL EXPENSES

Financial expenses represent payroll expenses associated with investment activities, commission fees to investment management companies, transaction expenses related to acquisition of financial assets,and other expenses associated with investment activities, also expenses associated with investment property.

1.14. INCOME TAX

Pursuant to the applicable laws, Estonian companies are not subjected to pay income tax on the profit. Starting from 2015 the established tax rate is 20/80 of the net dividend paid. Therefore, all temporary differences between the tax basis and carrying values of assets and liabilities cease to exist. Rather than being subjected to income tax on the profit, Estonian companies are subjected to income tax on the dividends paid from retained earnings. Corporate income tax on the payment of dividends is recorded under income tax expense in the statement of comprehensive income at the moment of announcing the dividends, irrespective of the period for which the dividends were announced or when the dividends are actually paid.

Taxes on cross-border portfolio are calculated in accordance with the tax rules in each country. In Belgium our intermediary is acting as the fiscal representative for the business which they write on our behalf in Belgium.

The maximum possible income tax liability related to dividend payment is disclosed in Note 15.5.

1.15. PROPERTY, PLANT AND EQUIPMENT ("PPE")

An item of PPE is carried in the statement of financial position at its cost, less accumulated depreciation and any accumulated impairment losses. Essential asset items which are used for the Group's own enterprise and have a useful life exceeding one year are recorded as fixed assets.

The acquisition cost of property, plant and equipment consists of the purchase price paid and other direct expenses and estimated subsequent expenditures that are required to keep the asset in a proper working order, or to replace its parts. In order to establish the depreciation rates of property, plant and equipment, the useful life of the essential parts of the asset item are assessed individually.

Depreciation of fixed assets is calculated on the acquisition cost based on the straight-line method, in accordance with the estimated useful life of the asset item. Calculation of depreciation starts from the month when the asset is taken into use. Calculation of depreciation is suspended when the item is either sold or derecognized.

Average useful lives by individual asset groups

Buildings	25 years
Furniture and Fittings	3-5 years
Hardware	3 years
Means of transport	5 years

Land and works of art are not depreciated.

The depreciation periods assigned to PPE shall be reviewed in the case of circumstances that may significantly change the useful life of the non-current asset item or group. The effect of changes in evaluations is recorded during the reporting period and the subsequent periods.

Subsequent expenses associated with PPE are added to the book value of the assets when it is likely that this could generate economic benefits in the future. Other costs incurred with the aim of retaining the item's ability to generate profit are charged to the expenses of the period.

In the case of impairment of PPE, the item in question is discounted to its recoverable amount. If the value of the asset item has increased again, the expense generated by the impairment will be cancelled.

1.16. SINTANGIBLE ASSETS

DEFERRED ACQUISITION COSTS

The principles applied to calculating acquisition costs have been provided in subsection 1.10.

OTHER INTANGIBLE ASSETS

Other intangible assets are recorded at their acquisition cost, consisting of the purchase price and expenses directly related to the acquisition. Subsequent recognition depends on whether the asset has a definite or indefinite useful life.
Intangible assets with a definite useful life are recorded in the statement of financial position at their acquisition cost, less accumulated depreciation and any accumulated impairment losses.
Licenses and other contractual rights acquired for a cost, including computer software, are recorded in the statement of financial position as intangible assets with a definite useful life.
Such assets are depreciated by applying the straight-line method during their estimated useful life, which is up to ten years, and the depreciation is based on the assumption that the final value of the asset is zero.
The depreciation periods assigned to intangible assets shall be reviewed in the case of circumstances that may significantly change the useful life of the non-current asset item or group. The effect of changes in evaluations is recorded during the reporting period and subsequent periods.
In the case of impairment of intangible assets, the item in question is discounted to its recoverable amount. If the value of the asset item has increased again, the expense generated by the impairment will be cancelled.
Discounts are recorded in the statement of comprehensive income as expenses of the period, as a part of acquisition, administrative and claims handling expenses.
Internally developed intangible fixed assets are recognized in the statement of financial position at the amount which corresponds to that of the internal labor costs and investments in external development costs. Sales gains are amortized over the life of the same acquired asset.
The Group does not have any intangible assets with an indefinite useful life.

1.17. INVESTMENT PROPERTY

Investment property is the part of property that is used to earn rentals.
Investment property is recorded in the statement of financial position at cost less accumulated depreciation and impairment losses. Investment property is held to earn rentals or for capital appreciation or for both purposes. Depreciation of investment property is calculated on the acquisition cost based on the straight-line method, in accordance with the estimated useful life of the asset item. The useful life is determined in the same way as the lifetime of the buildings reflected in property, plant and equipment (see 1.15).
The Group discloses the fair value of investment property in Note 10.

1.18. GRANTS

GRANTS RELATED TO OPERATING EXPENSES

Grants received to cover operating expenses are recognized in proportion with the related operating expenses. Government grants are accompanied by contingent obligations and therefore are recorded as prepaid income and are not recorded in revenue.
The gross method is applied for recording income, i.e. the grant received and the expenses to be covered are recorded in different captions of the statement of comprehensive income. Income related to grants is recorded under "Other income" in the statement of comprehensive income.

1.19. ACCOUNTING FOR LEASES

Lease transactions, where all material risks and rewards related to the ownership of the asset are transferred to the lessee, are treated as finance leases. All other lease transactions are treated as operating leases. The Group had no property leased under finance lease terms in the reporting period.

COMPANY AS THE LESSOR

Assets leased out under operating lease are recorded in the balance sheet pursuant to standard procedure, similarly to other assets recorded in the balance sheet. Operating lease payments are recorded during the rental period as income based on the straight-line method.

COMPANY AS THE LESSEE

Operating lease payments are recorded during the rental period as expenses based on the straight-line method. Rental revenue is recorded under income over the term of lease based on the straight-line method.

1.20. FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Financial assets are classified as follows, depending on the purpose of their acquisition:

- financial assets at fair value through profit and loss (including derivatives);
- financial assets held to maturity;
- loans and other receivables;
- available-for-sale financial assets.

All financial assets are recognized initially at fair value plus, in the case of financial assets not designated at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. Acquisition and disposal of financial assets are recorded on the trade date, i.e. at the time when the Group incurs the obligation to acquire or dispose the assets.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss are financial assets acquired for trading, or assigned to this category by the Group from the very beginning. These include bonds, shares, derivatives and other securities which are held for trading or which are not intended to be held to maturity. Financial assets are classified as "financial assets recorded at fair value through profit and loss" on the basis of the following criteria:

- assets held for trading;
- assets classified as such, since this provides more relevant financial information.

Financial assets which are not held for trading may be classified under this group if:

- this serves the purpose of eliminating any differences in the recognition of income and expenses arising from measurement of assets and the related liabilities – i.e. helps to reduce the so-called accounting discrepancy,
- or the group of financial assets is managed together, and the results designated at fair value in accordance with documented risk management or investment strategy, and the corresponding information is forwarded to the top management.

Realized gains and losses, and unrealized gains and losses stemming from changes in fair value of financial investments designated at fair value through profit and loss are recorded in the statement of comprehensive income pertaining to the period of their emergence. Derivative transactions are recorded in the statement of financial position at fair value; contracts with a positive value are reported as assets and those with a negative value as liabilities. Any gains and losses stemming from the change in derivative values are recorded in the statement of comprehensive income.

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 include loans, accounts receivable and term deposits. These assets are initially recognized at cost. Subsequent to initial recognition, the assets are designated at amortized cost on the basis of the effective interest rate method, less any accumulated impairment losses. The receivables are assessed on an individual basis. Doubtful receivables are charged to expenses. Gains and losses from changes in the value of loans and receivables are recorded in the comprehensive income statement.

HELD-TO-MATURITY INVESTMENTS

"Financial assets held to maturity" means financial assets with fixed or determinable payments and fixed maturities, if the Group intends and is capable of holding such assets until their maturity. These financial assets are initially recognized at cost, plus transaction costs directly related to the acquisition. Subsequent to initial recognition, financial assets intended to be held to maturity are measured at amortized cost on the basis of the effective interest rate method, less any accumulated impairment losses. Gains and losses from changes in the value of financial assets held-to-maturity are recorded in the statement of comprehensive income. The Group had no such assets in the reporting period.

FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are financial assets classified as such, or financial assets which have not been categorized under other classes of financial assets. The Group had no such assets in the reporting period.

DERECOGNITION OF FINANCIAL ASSETS

The derecognition of financial assets will take place when the contractual rights on the cash flows from the investments expire, or when the investments, together with all material risks and rewards associated with the ownership, have been transferred.

1.21. FAIR VALUE

Shares and investment fund units are designated at fair value through profit and loss from initial recognition. The price of the securities is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date on the main markets. We rely on Bloomberg CBBT quotations, which is taking into account, if possible, at least three of the major dealer quotations for one credit instrument.

If the financial assets market is not active, the Group shall apply other valuation methods to establish the fair value. These include recent market transactions concluded by independent parties, references to other similar instruments, and discounted cash flow analysis and option valuation models.

The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. The value of using above-mentioned method does not significantly differ from the value measured at amortized cost.

The designation of financial assets measured at fair value through profit and loss in accordance with IFRS 13 has been presented in Note 11.5.

Level 1 includes financial assets traded in active markets, with the inputs based on quoted prices in active markets for identical assets that the entity can access at the measurement date.

Level 2 includes financial assets traded in the free market, with the inputs based on prices that are observable for the asset or liability, either directly or indirectly.

Level 3 includes financial assets not traded in the market, with the inputs not directly observable on money and capital market data.

1.22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash and which include no significant risk of changes in value, including cash in hand and cash at bank, as well as demand deposits. The cash flow statement has been prepared based on the direct method.

1.23. IMPAIRMENT OF ASSET VALUE

The Company's management assesses the circumstances referring to the need to impair assets or any group of assets on each balance sheet date. If there are indicators that could refer to the reduction of the value of an individual asset item below its book value, a recoverable amount test is carried out. The recoverable amount of an asset item is equal to the higher of the fair value of the asset (less sales costs) or the value in use, calculated based on the discounted cash flows. If the test reveals that the recoverable amount of the asset item is lower than its carrying amount, the item will be written down to its recoverable amount. If the impairment test cannot be conducted on a single asset item, the recoverable amount will be determined for the smallest group of assets (money generating unit) where the asset item belongs. The amount of impairment is charged to the expenses of the period.
If the test conducted in order to ascertain the recoverable amount of the asset item, which has been previously written down, reveals that the recoverable amount is higher than the net book value, the previous write-down will be annulled, and the balance sheet value of the asset item increased. The upper limit is the net book value of the asset, considering normal depreciation.

1.24. RECEIVABLES FROM INSURANCE BUSINESS AND OTHER RECEIVABLES

Receivables from policyholders and other outstanding receivables are reported as receivables at the end of the period. The statement of financial position reports the receivables at amortized cost, i.e. less doubtful and uncollectible receivables. The receivables are assessed on an individual basis. Doubtful receivables are charged to expenses.

1.25. LIABILITIES FROM DIRECT INSURANCE BUSINESS

Policyholders' prepayments and liabilities before brokers, outstanding on the reporting date, are reported as liabilities. Liabilities are reported at amortized cost.

1.26. PROVISIONS AND CONTINGENT LIABILITIES

The Company establishes provisions for liabilities, the time of realisation or amount of which cannot be reliably measured. The evaluation of the amount of the provision and estimation of the time of realisation is based on the estimates of the Management Board or experts in the relevant field.
Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount of obligation can be reliably determined.
Expenses incurred upon realisation of the provision are measured as of the balance sheet date, and the amount of the provision measured on each balance sheet date. If the provision is likely to be realised in a period longer than one year, the provision will be recognized at discounted net present value. The discount rate is established on the basis of the current market interest rate for similar liabilities.
Commitments which only have a lower than 50% probability of becoming liabilities, or the amount of which cannot be reliably determined, are disclosed as contingent liabilities. Contingent liabilities are accounted for off-balance sheet.

1.27. EVENTS AFTER THE BALANCE SHEET DATE

Material circumstances that have an effect on the valuation of assets and liabilities and became evident between the balance sheet date (31.12.2017) and the date of the signature of the financial statements, but are related to transactions that took place in the reporting period or earlier periods, are recorded in the financial statements. There were no subsequent events that have not been taken into consideration when evaluating the assets and liabilities, but have a material effect on the result of the next financial year and that should be disclosed in the financial statements.

1.28. CHANGES IN ACCOUNTING POLICIES

Accounting policies and presentation is changed only if required by new or revised International Financial Reporting Standards (IFRS) and their interpretations, or if it allows for a more objective overview of the company's financial position, comprehensive income and cash flows.

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS, EU) AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC)

The adoption of new IFRS (EU) standards and their interpretations that have become mandatory beginning on or after 1 January 2017 did not have any impact on the financial position or performance of the Group.

NEW IFRS (EU) STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2017 and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

IFRS 9 Financial instruments
(Effective for annual periods beginning on or after 1 January 2018).

This standard replaces IAS 39, "Financial Instruments: Recognition and Measurement". Although the permissible measurement bases for financial assets – amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The first adoption of the new standard will not significantly affect the financial statement. Based on its preliminary assessment, the entity expects that substantially all of the financial assets classified as loans and receivables under IAS 39 will continue to be measured at amortized cost under IFRS 9. At this stage it is still unclear what portion of the entity's debt securities will be measured otherwise than at FVTPL and the determination will depend on the outcome of the business model test.
The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.
The entity is not yet able to quantify the expected impact that the initial application of IFRS 9 will have on its IFRS statements.

IFRS 15 Revenue from Contracts with Customers
(Effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.)

The new standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognize revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Management does not expect that the new standard, when initially applied, will have material impact on the entity's financial statements. The timing and measurement of the entity's revenues are not expected to change under IFRS 15 because of the nature of the entity's operations and the types of revenues it earns.

Amendments to IAS 40
Transfers of Investment Property
(Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively once endorsed by the EU)

The Amendments clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.
As a result of the implementation of the amendments, the Group classified the part of the property, which is used for rental income, as investment property. The change did not affect the financial position or the results of the Group, however there were changes in the presentation.

IFRS 16 Leases
(Effective for financial years beginning on or after 1 January 2019, once endorsed by the EU)

IFRS 16 supersedes IAS 17 Leases and related interpretations. The standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.
Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.
The new standard introduces a number of limited scope exceptions for lessees which include:

- leases with a lease term of 12 months or less and containing no purchase options;
- leases where the underlying asset has a low value ('small-ticket' leases).

Lessor accounting shall remain largely unaffected by the introduction of the new standard and the distinction between operating and finance leases will be retained. It is expected that the new standard, when initially applied, will presumably have some impact on the financial statements, since it will require the entity to recognize in its statement of financial position assets and liabilities relating to operating leases for which the entity acts as a lessee. The Group has existing lease agreements for premises, but the Group has not yet analyzed the expected quantitative effect of the new standard.

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IFRS 17 Insurance Contracts (Effective for annual periods beginning on or after 1 January 2021; to be applied prospectively. Early application is permitted.)

IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches.

IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost.

The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Effective for annual periods beginning on or after 1 January 2021; to be applied prospectively.)

The amendments address concerns arising from implementing IFRS 9 before implementing the replacement standard that the IASB is developing for IFRS 4. The amendments introduce two optional solutions. One solution is a temporary exemption from IFRS 9, effectively deferring its application for some insurers. The other is an overlay approach to presentation to alleviate the volatility that may arise when applying IFRS 9 before the forthcoming insurance contracts standard. The entity, as an insurance provider, intends to apply the exemption from adopting IFRS 9 and therefore does not expect any material impact on the financial statements of the entity.

Other new standards, amendments to standards and interpretations that are not yet effective are not expected to have a significant impact on the Group's financial statements.

1.29. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (EU) presumes presentation of the management's estimates as well as resolutions and assumptions that may influence the balance of revenue, expenses, assets and liabilities as of the date of the financial statements, and the presentation of contingent assets and liabilities. The estimates and assumption based thereon stem from the experiences of the preceding periods, and various other factors that are deemed reasonable in the current circumstances. On the basis of the results obtained, decisions are made with respect to the book value of assets and liabilities, unless the value has become evident on the basis of other sources. Even though these estimates are made to the management's best knowledge, actual results may differ from the estimates.

The estimates, and the assumptions providing the basis for the estimates, are regularly reviewed. Any changes caused by the accounting estimates are recorded in the data for the year when the estimates were changed, provided that the changes pertained only to the particular reporting year. If these changes also pertain to subsequent periods, they shall be recorded both in the reporting period and the subsequent periods.

The main estimates and assumptions which are made in applying the accounting principles and have an effect on the assets and liabilities have been provided below:

ASSESSMENT OF LIABILITIES DERIVING FROM INSURANCE CONTRACTS

The Group assesses the amount of losses which have been incurred and reported, and incurred but not reported (IBNR) by the balance sheet date.

The estimation of the provisions for losses which have been incurred but are not yet reported is based on the historical experience where the actual incurred losses of the previous periods have been applied to estimate the future loss claim provisions. The estimates and the changes of the preceding period are reviewed on every reporting date, with the provisions being revaluated. The changes are reported in the statement of comprehensive income.

The IBNR provision is established on the basis of statistics involving the portfolio history, and the average amount of claims of the preceding years. The IBNR provision is calculated with respect to such classes of insurance as the motor third party liability insurance, motor own damage insurance, property insurance and travel insurance.

The RBNS provision is calculated on the case-by-case basis in accordance with the available information and claim. The provision for claims is not discounted, except for the motor third party liability pension which is calculated as annuities. Survival estimates are based on the estimates given in the mortality table, calculated on the basis of the data provided by the Estonian Statistical Office for 2016 and estimates in the gender-dependent mortality table calculated upon 2011 population census. The estimates on the consumer price index are based on estimates until 2019 given by Eesti Pank. In later years the rise of consumer price index is estimated to be annually 2.1%. Risk-free interest rate is used for discounting provision for pension claims.

The handling expense rate included in the outstanding claims reserve is set on a case-by-case basis.

Motor third party liability, optional motor vehicle insurance and property insurance: 15% of the loss amount, a minimum of 64 euros and a maximum of 6,400 euros. Handling expenses are not reported in the provision for other insurance classes, as the amount is insignificant.

The expected cash flows from insurance contracts are evaluated using claims development history. As of the end of 2017, the technical reserve amounted to 20,762 thousand euros (2016: 20,529 thousand euros).

Expected cash flows from potential liabilities stemming from insurance contracts, fixed-term, in years:

thousand euros	Up to 1	1-4	5-10	11+	Total
Liabilities under insurance contracts	9,530	7,209	2,534	1,489	20,762

SUBSIDIARIES

Subsidiaries are initially measured at cost in the unconsolidated balance sheet of the parent company.

Subsequently, the subsidiary is measured in the statement of financial position at each reporting date using the equity method. This amendment was implemented from 01 January 2017. Earlier, subsidiaries were recognized at fair value. The impact of the changes on the parent company's statement of financial position is presented in Note 26.

Note 2.
PREMIUMS EARNED, NET OF REINSURANCE

In euros	Gross premiums	Changes in the provision for unearned premiums	Reinsurance premiums	Reinsurer's share of the change in provision for unearned premiums	Premiums earned, net of reinsurance
2017					
Motor third party liability insurance	6,929,249	-312,966	-2,896,719	125,187	3,844,751
Property insurance	5,531,874	-29,676	-1,242,871	-111,969	4,147,358
Motor vehicle insurance	4,133,795	-55,799	-1,656,473	22,256	2,443,779
Short-term health insurance	3,150,632	-16,329	-119,578	-834	3,013,891
Motor vehicle owner's liability	303,374	6,680	-197,193	-4,327	108,534
Liability insurance	316,007	-14,989	-252,808	16,239	64,449
Monetary damage	128,680	-8,563	-19,081	646	101,682
Insurance of goods in transit	26,908	675	-17,490	-438	9,655
Railway rolling stock and small craft	38,895	-1,279	-32,328	463	5,751
TOTAL	20,559 414	-432,246	-6,434,541	47,223	13,739,850
2016					
Motor third party liability insurance	6,263 025	-95,596	-2,607,950	38,238	3,597,717
Property insurance	5,143,260	-46,822	-1,259,251	-39,981	3,797,206
Motor vehicle insurance	4,162,178	-60,489	-1,665,956	22,043	2,457,776
Short-term health insurance	2,967,396	-23,754	-120,025	-11,772	2,811,845
Motor vehicle owner's liability	343,554	19,062	-228,709	-16,639	117,268
Liability insurance	261,611	-12,701	-209,289	5,912	45,533
Monetary damage	108,124	2,417	-19,572	2,220	93,189
Insurance of goods in transit	25,921	1,123	-16,724	-1,682	8,638
Railway rolling stock and small craft	35,148	-4,816	-30,085	4,674	4,921
TOTAL	19,310,217	-221,576	-6,157,561	3,013	12,934,093

Note 3.
SERVICE AND COMMISSION FEE REVENUE

In euros	Notes	2017	2016
Reinsurer commission revenue	7	1,446,231	1,358,449
Reinsurance share of changes in acquisition costs	7	-62,025	21,172
Other technical income, net of reinsurance		1,143	675
TOTAL		1,385,349	1,380,296

Note 4.
NET INVESTMENT REVENUE

In euros	Notes	2017	2016
Dividend revenue		19,331	13,846
Interest income from deposits		966	1,548
Other financial revenue, incl. interest revenue from loans granted		19,206	10,149
Revenue from investment property		71,237	69,284
Trade portfolio revenue		1,204,792	611,767
TOTAL		1,315,532	706,594

Note 5.
CLAIMS INCURRED, NET OF INSURANCE

In euros	Notes	2017	2016
Claims paid, gross		-10,686,495	-10,456,304
Claims handling expenses	6	-1,046,858	-1,035,662
Amounts received from recoveries and salvage		466,806	649,996
TOTAL CLAIMS, GROSS		-11,266,547	-10,841,970
Change in the provision for claims outstanding		199,196	-1,268,725
CLAIMS INCURRED, GROSS		-11,067,351	-12,110,695
Reinsurer's share in claims paid	7	4,210,088	3,779,829
Reinsurer's share of the change in the provision for claims outstanding	7	-510,368	1,316,382
REINSURER'S SHARE IN CLAIMS INCURRED		3,699,720	5,096,211
TOTAL CLAIMS INCURRED		-7,367,631	-7,014,484

Note 6.
OPERATING EXPENSES

In euros	Notes	2017	2016
CLAIMS HANDLING EXPENSES	5	-1,046,858	-1,035,662
Insurance contract acquisition expenses		-4,816,724	-4,617,690
Administrative expenses		-1,694,393	-1,466,101
Financial expenses		-143,569	-129,550
Expenses on investementinvestment property		-35,386	-37,659
TOTAL OPERATING EXPENSES		-6,690,072	-6,251,000
TOTAL OF EXPENSES ON OPERATING AND CLAIMS HANDLING		-7,736,930	-7,286,662

Payroll expenses		-3,350,744	-3,177,002
Brokers' commission fees		-1,581,920	-1,535,278
Outsourced services		-142,681	-160,044
Depreciation and impairment of PPE and intangible assets		-647,199	-598,567
Other operating expenses		-2,038,050	-1,801,970
Change in deferred acquisition costs		23,664	-13,801
TOTAL EXPENSES		-7,736,930	-7,286,662

Note 7.
REINSURANCE RESULT

In euros	Notes	2017	2016
Reinsurance premiums	2	-6,434,541	-6,157,561
Reinsurer's share of the change in provision for unearned premiums	2	47,223	3,013
Reinsurer's share in claims paid	5	4,210,088	3,779,829
Reinsurer's share of the change in the provision for claims outstanding	5	-510,368	1,316,382
Reinsurance commission fees and profit sharing	3	1,384,206	1,379,621
TOTAL		-1,303,392	321,284

Note 8.
PROPERTY, PLANT AND EQUIPMENT

In euros	Land and buildings	Other PPE	Total
Acquisition cost			
31.12.2015	889,961	839,378	1,729,339
Acquisition	0	90,638	90,638
Disposal	0	-38,531	-38,531
Write-off	0	-18,361	-18,361
31.12.2016	889,961	873,124	1,763,085
Acquisition	0	139,729	139,729
Disposal	0	-40,138	-40,138
Write-off	0	-22,801	-22,801
31.12.2017	889,961	949,914	1,839,875
Accumulated depreciation			
31.12.2015	-405,938	-377,767	-783,705
Depreciation charge for the year	-33,031	-149,420	-182,451
Depreciation charge of disposals	0	13,258	13,258
Depreciation charge of write-offs	0	18,361	18,361
31.12.2016	-438,969	-495,568	-934,537
Depreciation charge for the year	-33,030	-147,235	-180,265
Depreciation charge of disposals	0	40,138	40,138
Depreciation charge of write-offs	0	22,801	22,801
31.12.2017	-471,999	-579,864	-1 ,051,863
Net book value			
31.12.2016	450,992	377,556	828,548
31.12.2017	417,962	370,050	788,012

Carrying amount of property fully amortized yet in use as at 31.12.2017 was 160,728 euros 2016: 149,323 euros). Value of land is not depreciated and is 108,842 euros.

Note 9.
INTANGIBLE ASSETS / DEFERRED ACQUISITION COSTS

In euros	Other intangible assets	Prepayments for intangible assets	Total intangible assets
Acquisition cost			
31.12.2015	2,664,892	0	2,664,892
Acquisition	58,610	128,258	186,868
Reclassification	128,258	-128,258	0
Write-off	-57,333	0	-57,333
31.12.2016	2 ,794,427	0	2 ,794,427
Acquisition	39,231	110,575	149,806
Reclassification	110,575	-110,575	0
Write-off	-14,597	0	-14,597
31.12.2017	2 ,929,636	0	2 ,929,636
Accumulated amortization			
31.12.2015	-1,231,669	0	-1,231,669
Amortization charge for the year	-393,163	0	-393,163
Depreciation charge of write-offs	57,333	0	57,333
31.12.2016	-1 ,567,499	0	-1 ,567,499
Amortization charge for the year	-443,981	0	-443,981
Depreciation charge of write-offs	14,597		14,597
31.12.2017	-1 ,996,883	0	-1 ,996,883
Net book value			
31.12.2016	1,226,928	0	1,226,928
31.12.2017	932,753	0	932,753

Expenses on software acquisition are reported under intangible assets. Prepayments for intangible assets include expenses on the insurance sales program not yet accounted as assets in use. Acquisitions made during the financial year 2017 include internally capitalized development costs amounting to 110,638 euros. Carrying amount of intangible assets fully amortized yet in use as at 31.12.2017 was 45,094 euros (2016: 14,597 euros).

DEFERRED ACQUISITION COSTS

In euros	
31.12.2015	411,753
Deferred	1,947,120
Amortized	-1,960,921
31.12.2016	397,952
Deferred	2,035,172
Amortized	- 2,011,508
31.12.2017	421,616

Note 10.
INVESTMENT PROPERTY

In euros	Land	Buildings	Total
Acquisition cost			
31.12.2015	44,625	573,822	618,447
31.12.2016	44,625	573,822	618,447
31.12.2017	44,625	573,822	618,447
Accumulated amortisationamortization			
31.12.2015	0	-282,092	-282,092
Amortization charge for the year	0	-22,953	-22,953
31.12.2016	0	-305,045	-305,045
Amortization charge for the year	0	-22,954	-22,954
31.12.2017	0	-327,999	-327,999
Net book value			
31.12.2016	44,625	268,777	313,402
31.12.2017	44,625	245,823	290,448

The investment property of the group is the property of Pärnu road 16, Tallinn. According to the management's estimate, the fair value of the property is 1,460 thousand euros. The valuation of the building was carried out by the real estate agency Real 1Partner Tallinn LLC. The fair value of the building was determined using the discounted cash flow method taking into account current leases, their interest rates, market average vacancy rates and the projected change in the consumer price index. Future cash flows were discounted at a rate of 10%. Real estate's valuation took into consideration its condition and the long-term nature of the contracts.

In the consolidated financial statements, the building is stated at amortized cost. In accordance with IAS 40, "Investment Property", we reclassified the portion of property held for rental purposes to investment property. In earlier periods, this part was recognized as part of fixed assets. 41% of the building is leased and the Group uses 59% of the building. The accounting policies of the part in Group's use were not changed. Similarly, the reclassification had no effect on Group's financial performance. The direct maintenance and repair costs of the investment property were 12,432 euros in 2017 (2016: 14,705 euros).

Note 11.
FINANCIAL ASSETS

In euros	Notes	31.12.2017	31.12.2016
Shares and equity funds	11.1	809,161	601,788
Bonds and other fixed income securities	11.2	14 ,494,846	14 ,428,072
Loans	11.3	459,822	421,736
Term deposits	11.4	0	1 ,000,288
TOTAL		15 ,763,829	16 ,451,884

In euros	31.12.2017		31.12.2016	
	Fair value	Acquisition cost	Fair value	Acquisition cost
Financial assets measured at fair value through profit and loss				
Designated at fair value through profit and loss at				
Shares and equity funds	809,161	601,788	809,161	601,788
Bonds and other fixed income securities	14 ,494,846	14,428,072	14,494,846	14,428,072
Financial assets measured at amortized cost				
Loans	459,822	421,736	459,822	421,736
Term deposits	0	1,000,288	0	1,000,288
TOTAL	15,763,829	16,451,884	15,763,829	16,451,884

11.1. SHARES AND EQUITY FUNDS

In euros	31.12.2017	31.12.2016
Shares	650,429	508,416
Equity funds	31,375	93,372
Real estate funds	127,357	0
TOTAL	809,161	601,788

Shares and equity fund units are divided by individual currencies follows:

EUR	516,324	394,792
USD	229,717	183,980
GBP	63,120	23,016
TOTAL	809,161	601,788

Shares and the equity fund portfolio are exposed to market risk, incl. share price risk. The effect of the share price risk is shown in Note 16.

11.2. BONDS

In euros	31.12.2017 At fair value	31.12.2016 At fair value
Bonds with a fixed interest rate		
Government and government owned institutions bonds	1,589,832	1,764,212
Other bonds	4,692,291	4,524,451
TOTAL	6,282,123	6,288,663
Bonds with a floating interest rate		
Government and government owned institutions bonds	482	2
Bonds of financial institutions	5,588,797	5,429,370
Other bonds	2,623,444	2,710,037
TOTAL	8,212,723	8,139,409
TOTAL BONDS	14,494,846	14,428,072

In euros	31.12.2017	31.12.2016
By individual currencies, bonds are divided as follows:		
EUR	13,245,733	13,048,691
NOK	1,249,113	1,379,381
TOTAL	14,494,846	14,428,072
The bond portfolio is divided by maturity terms as follows:		
Up to 6 months	1,002,145	207,687
6 months – 1 year	2,089,097	252,199
1-3 years	4,255,717	10 ,736,039
Over 3 years	7,147,887	3,232,147
TOTAL	14,494,846	14,428,072

11.3. LOANS

In euros	31.12.2017	31.12.2016
Mortgage loans		
Loans to related parties with a term 3-12 months	25,000	26,000
Other mortgage loans with a term up to 3 months	0	301,125
Other mortgage loans with a term of 3-12 months	401,667	60,000
Other mortgage loans with a term of 1-3 years	5,639	0
Other mortgage loans with a term of over 3 years	0	8,062
TOTAL	432,306	395,187
Other loans		
Loans with a term of 3-12 months	0	9,285
Loans with a term of 1-3 years	18,477	17,264
Loans with a term of over 3 years	9,039	0
TOTAL	27,516	26,549
LAENUD KOKKU	459,822	421,736

The annual interest rates for loans granted fall between 4.5% and 7.5%. Internal interest rates do not differ significantly from contractual interests. The result of the impact from the difference is inconsequential. The Management Board has evaluated that the collaterals are sufficient to fulfil the obligations from the mortgage loans.

11.4. TERM DEPOSITS

In euros	31.12.2017	31.12.2016
Term deposits with credit institutions, by terms		
Term of 3-12 months	0	1,000,288
TOTAL	0	1,000,288

The annual interest rates for term deposits are 0.05%. Deposits are held in euros.

11.5. EVALUATION OF FINANCIAL INSTRUMENTS UNDER IFRS 13 LEVELS

In euros	31.12.2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Shares and equity funds	809,161	0	0	809,161
Bonds	13,848,972	645,874	0	14,494,846
Assets measured at amortized cost				
Property investment	0	0	290,448	290,448
Term deposits	0	0	0	0
Loans	0	0	459,822	459,822
Cash and cash equivalents	0	0	9,012,752	9 012,752
Receivables from insurance activities	0	0	1,324,633	1,324,633
Receivables from reinsurance	0	0	263,778	263,778
Liabilities measured at amortized cost				
Liabilities from direct insurance activities and reinsurance and deferred liabilities	0	0	2,216,235	2,216,235

In euros	31.12.2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Shares and equity funds	524,822	0	76,966	601,788
Bonds	14,327,392	0	100,680	14,428,072
Assets measured at amortized cost				
Property investment	0	0	313,402	313,402
Term deposits	0	1,000,288	0	1,000,288
Loans	0	0	421,736	421,736
Cash and cash equivalents	0	0	6,081,827	6,081,827
Receivables from insurance activities	0	0	1,195,069	1,195,069
Receivables from reinsurance	0	0	157,823	157,823
Liabilities measured at amortized cost				
Liabilities from direct insurance activities and reinsurance and deferred liabilities	0	0	1,596,522	1,596,522

There were no changes in valuation policy. EfTEN Real Estate Fund III is recognized at Level 1 as it was listed on the stock exchange in 2017. In 2016, the fund was recognized at Level 3.

Note 12.
ASSETS/RECEIVABLES FROM REINSURANCE

In euros	Note	31.12.2017	31.12.2016
Receivables from reinsurance		263,778	157,823
Reinsurer's share in provisions for unearned premiums	18	1,666,024	1,618,801
Reinsurer's share in provision for losses incurred		10,343,937	10,854,305
TOTAL		12,273,739	12,630,929

Receivables from reinsurance are due within a year.

Note 13.
RECEIVABLES FROM INSURANCE ACTIVITIES AND OTHER RECEIVABLES

In euros	31.12.2017	31.12.2016
Policyholders	104,347	97,857
Insurance brokers	475,910	286,176
Recoveries and salvages	616,587	679,008
Other accrued income	35,282	37,247
Other prepaid expenses	92,507	94,782
TOTAL	1,324,633	1,195,069
Term of the receivables		
- not due yet	1,191,530	1,050,777
- due for up to 3 months	133,019	119,845
- due for 3-6 months	84	24,447
TOTAL	1,324,633	1,195,069

Note 14.

CASH AND CASH EQUIVALENTS

In euros	31.12.2017	31.12.2016
Cash in hand	5,282	6,367
Cash at bank	9,007,470	6,075,460
TOTAL	9,012,752	6,081,827

Cash and cash equivalents by individual currencies

EUR	8,938,237	5,729,925
USD	2,216	350,309
NOK	72,299	306
GBP	0	1,287
TOTAL	9,012,752	6,081,827

Note 15.

SHAREHOLDERS' EQUITY AND REQUIRED SOLVENCY MARGIN

The Insurance Activities Act lays down the requirements established for non-life insurance undertakings with respect to shareholders' equity as well as Minimum and Solvency Capital Requirements under Solvency II. Requirement shall correspond to the amount of the eligible own funds where the availability of the eligible basic own funds in a lesser sum would result, upon continuation of the activities of an insurance undertaking, in extremely great risk that the obligations assumed with respect to the policyholders, insured persons and beneficiaries remain unperformed.

The floor of the Minimum Capital Requirement of a non-life insurance undertaking shall amount to 3.7 million euros. The Group and regulated entities within it have met all of these requirements throughout the financial year.

The capital management principles are described in Note 16.

15.1. SHARE CAPITAL

As of 31.12.2017, the registered share capital of the Group amounted to 3.2 million euros. The number of shares or the share capital has not changed since last year. 55% of the Group's shares are held by Estonian private persons. Each share grants its holder the right to receive dividends if dividends are declared, as well as one vote at the general meeting of the shareholders. No transactions involving the shares of the Company were carried out in the reporting period.

15.2. RESERVE CAPITAL

The insurance company establishes the mandatory reserve capital in accordance with the requirements of the Commercial Code, and under the stipulations of the Articles of Association. Reserve capital is a mandatory reserve, prescribed by the Commercial Code, which can be used for covering the loss, if loss cannot be covered from the available shareholder's equity. Mandatory reserve can also be used for increasing the share capital of the company. The minimum amount of the reserve capital is 10% of the share capital. The reserve capital is made up of profit allocations and cannot be distributed to shareholders.

The reserve capital includes the mandatory reserve of Salva Kindlustuse AS (pursuant to subsection 336 (2) of the Commercial Code) in the amount of 320,000 euros, and the mandatory reserve of Salva Kahjukäsitluse OÜ (pursuant to subsection 160 (2) of the Commercial Code) in the amount of 1,278 euros.

15.3. OTHER RESERVES

Other reserves represent a reserve established from net profit allocations, and are used for covering potential losses.

15.4. DIVIDENDS

In 2017, a total of 900,000 euros was paid in dividends, i.e. 0.9 euros per share (2016: 400,000 euros i.e. 0.4 euros per share).

15.5. POSSIBLE INCOME TAX

As of 31.12.2017, the company's retained earnings amounted to 11,797,554 euros (last year: 11,979,554 euros) and net book value of intangible assets amounted to 1,354,369 euros (last year: 1,624,880). The maximum possible income tax liability related to the payment of the company's retained earnings as dividends is 2,088,637 euros (last year: 2,070,935 euros). The company can thus pay a total of euros in net 8,354,549 dividends (last year 8,283,739 euros). The maximum possible income tax liability has been calculated based on the assumption that the net dividends to be paid, and the related total income tax expenses to be recorded in the comprehensive income statement would not exceed the distributable profit as of 31.12.2017.

Note 16.

RISK POLICY AND RISK MANAGEMENT OF SALVA KINDLUSTUSE AS

In as much as the daily business of the Group entails taking of various risks, the management of these risks also forms a significant part of the Group's activity. The structure of the internal audit and risk management organization covers various levels of the Group. The availability of resources and approval of the strategy is ensured at the supervisory board level.

Their actual implementation is handled at the management board level. The management board distributes responsibilities, rights and obligations, and defines the strategic objectives.

Operation and financial risk management committees have been established to assess the risk on a systematic basis; these committees handle most of the risk identification, analyses, disclosure and management processes. The risk committee meets when there are changes in outside environment or inside the company. The committee is charged with the task of generating transparency of the entire risk situation, as well as identifying the areas requiring special attention.

In addition, the Group has engaged an organization responsible for internal auditing; this organization provides an external Group valuation of the functioning of the entire risk management model, participating in the work of various levels if required and reporting to the supervisory board and management board.

While separate units are formed to manage operational and financial risks, the management of the insurance risk - the Company's main activity - involves the best efforts of the entire organization.

The main risk categories to which the company is exposed to are:

- insurance risk;
- market risk;
- credit risk;
- operational risk.

16.1. INSURANCE RISK MANAGEMENT

With concluding the insurance contract, the policyholder transfers his insurance risk to the insurer and pays for the agreed premiums for it. Insurance risk arises from insufficient premiums or the false assumptions for calculating technical provisions.

The company manages insurance risks on daily basis in accordance with current insurance policies and the principles that determine the range of risks, pricing and insurance coverage. The objective of the underwriting strategy is to achieve portfolio diversity in order to ensure portfolio balance in such a way as to provide the Group with sufficient resources for covering the risk in case of realization of the insurance risks of the Group's customers. We believe that a large portfolio of similar risks ensures better predictability of the results, and that versatility of the various types of insurance risks allows us to create a balanced portfolio.

CONCENTRATION RISK

Despite the dispersion of the portfolio, risks can accumulate, and a series of similar events or one event, such as a natural disaster, flood or crime, can affect the Group's liabilities and equity. Geographical spread of insurance risks is essential because external factors may occur in certain areas, thus affecting the insured objects in the area and having a negative bearing on the Group's cash flows.

In order to avoid concentration due to one insurance contract or related contracts, the control procedures and the limits of the underwriting have been introduced. The danger of culmination of various risks is mainly handled by the management that evaluates the materiality and probability of the risk, and applies hedging measures if necessary. The foundation of the management of insurance risks lays in the improvement of the risk awareness of all staff members, as well as creation of a control environment.

As a rule, insurance contracts are concluded for a period of one year, with the maximum term being five years. The results of the insurance classes are monitored periodically, through monthly management reports. On the basis of reports, adjustments to insurance rates are made if necessary.

REINSURANCE RISK

In order to reduce its insurance risks, Salva Kindlustuse AS has concluded reinsurance contracts with different reinsurance partners. Reinsurance is used for hedging the assumed insurance risks and protecting owner's equity. Under the Salva Kindlustuse AS insurance risk hedging principles, both proportional and non-proportional obligatory reinsurance contracts are applied. Underwriters shall have the right and, under the conditions set forth in the internal guidelines, the obligation to conclude facultative reinsurance contracts. The reinsurance conditions include the reinsurer's obligation to indemnify an agreed part of the disbursed losses. The Company has adopted the minimum acceptable public credit rating for its reinsurers Standard & Poor's "A-" rating or higher. Any risks inherent in the reinsurance are associated both with insurance and investment activities.

SIGNIFICANT INSURANCE CLASSES

Property insurance

Product features. Salva Kindlustus provides insurance cover to property objects located in Estonia, as well as property held by Estonian customers abroad. Property insurance protects, with certain limitations and restrictions specified in the insurance contract, the tangible assets of the policyholder against loss or damage. Revenue from this product is generated through insurance premiums, less any amounts required to satisfy the claim, and operating expenses. As a rule, any event that causes damage to property or building (e.g. fire or theft) comes unexpectedly, with the cause being easy to establish. The claim is therefore submitted promptly, and can be satisfied without delay. Property insurance is therefore classified as short-term, meaning that the risk of subsequent increase in expenses is immaterial.

Property insurance risk management. The main risks associated with property insurance include acquisition risk, competition risk, risk of insufficient experience in the claims segment, and risk of fraud. Acquisition risk involves the Company's failure to collect sufficient insurance premiums for different property items insured. Risk associated with any policy differs by various features, like the location of the object, the applied safety measures, the field of activity insured, the age of the property, etc.

In the property insurance segment, risks are managed primarily through balanced pricing and risk selection. In order to maintain acceptability of risks, stringent acquisition rules are applied.

Motor vehicle insurance

Product features. The insured object of motor vehicle insurance is a land vehicle registered in the Republic of Estonia, or a vehicle associated with an Estonian-based customer in a foreign country. Motor vehicle insurance protects the policyholder, under certain limitations established in the insurance contract, against losses caused by possible damage, destruction or loss of the insured object.

Management of motor own damage insurance risks. Compared to other insurance classes, the motor vehicle insurance risk is characterized by high frequency of damage, and relatively non-fluctuating average losses. The risks are managed similarly to property insurance - through pricing and selective underwriting. In this category, the notification period is short, and the damage is relatively uncomplicated. Accuracy of assessment of claims associated with this class of insurance involves a relatively low risk level.

Frequency of damage depends on the weather conditions; the damage volume is higher in winter months. The Group monitors any changes in the causes, amounts and frequencies of the loss claims, and adjusts the pricing accordingly.

Motor third party liability insurance

Product features. Motor third party liability covers traffic losses incurred in the European Union member states, and in member states covered by the Green Card agreement. In the case of indemnification of losses in an insurance case covered by a motor third party liability insurance contract, the liability limits effective in the country where the traffic accident occurred are applied; these limits are absent in some countries altogether. Motor third party liability insurance indemnifies for property and personal damage caused to a third person. Pursuant to the laws of the Republic of Estonia, medical expenses of the person driving the vehicle that caused the accident are covered as well.

Motor third party liability insurance risk management. Risks which arise from motor third party liability insurance are hedged through pricing and reinsurance. Conscious risk selection is impossible - by law, the Company may not refuse to serve an obligatory customer, if the customer turns to the Company. The accuracy and adequacy of rates is continuously monitored, and modified in accordance with changes in the environment. Moreover, the motor third party liability insurance involves a highly long-term component, i.e. annuity payments. The pricing of the motor third party liability insurance products takes into consideration the fact that personal damage expenses grow over time. Thus, the uncertainty level of annuity provision estimates is one of the highest.

In the motor third party liability insurance segment, the Company has limited the extent of its liability by applying reinsurance with an excess of loss of 250 thousand euros, i.e. any expenses above this amount are covered by the reinsurer.

The concentration of liabilities arising from insurance contracts has been brought out below, by insurance categories.

Type of insurance *In thousand euros*	Gross liabilities related to insurance contracts	Reinsurer's share of liabilities	Net liabilities
31.12.2017			
Motor third party liability insurance	13,760	9,324	4,436
Property insurance	3,983	1,567	2,416
Motor vehicle insurance	1,583	707	876
Other lines of insurance	1,436	676	760
TOTAL	20,762	12,274	8,488
31.12.2016			
Motor third party liability insurance	13,464	9,232	4,232
Property insurance	4,162	2,052	2,110
Motor vehicle insurance	1,674	792	882
Other lines of insurance	1,229	555	674
TOTAL	20,529	12,631	7,898

RISK MANAGEMENT PRINCIPLES AND INSURANCE RISK MANAGEMENT POLICY

The Group's insurance activities presume a risk of a loss event occurring to a person or company directly associated with an insurance contract.

Such risk may be related to the person's property, liability, health, financial or other losses, deriving from an insured event. The Group as such is not fully protected against time-related uncertainties and gravity of losses stemming from insurance contracts. Bearing risks is the main activity of an insurance company.

Insurance risk management is carried out on a daily basis, relying on various sources: information provided by the market, information contained in the existing sales system, actuarial knowledge/models, as well as know-how and processes used by the insurance departments. Insurance risk is hedged and managed by applying the underwriting limitations, procedures and limits for co-ordination of the activities, as well as pricing guidelines and reinsurance.

The Group applies various methods for assessing and monitoring the occurrence of insurance risks both at the single risk level and the general level. These methods involve internal risk measuring models and sensitivity analyses.

The main risk stems from the fact that the actual frequency and gravity of losses can be higher than expected. Moreover, any insured event is accidental by its nature, and in any year the actual number of events and their dimensions can differ from the estimates calculated by applying statistical methods.

Moreover, we are also open to market risks arising from insurance and investment activities. Taking risks is the main activity of the insurance company.

SENSITIVITY ANALYSIS

The table describes some of the assumptions that characterize the effects of possible changes in risk parameters on the Group's performance and equity.

Factors *In thousand euros*	Value	Potential change	Effect on equity, thousands of euros	Effect on equity, %
31.12.2017				
Net claims incurred	7,367	+5%	-368	-2.18
High net loss of motor third party liability insurance			-250	-1.48
High net loss of property insurance			-450	-2.67
Operating expenses	6,690	+5%	-334	-1.98
31.12.2016				
Net claims incurred	7,014	+5%	-351	-2.24
High net loss of motor third party liability insurance			-250	-1.59
High net loss of property insurance			-450	-2.87
Operating expenses	6,251	+5%	-313	-2.00

16.2. FINANCIAL RISK MANAGEMENT

Insurance activities and investment activities may involve financial risks. For the purpose of securing liabilities arising from non-life insurance contracts, it is essential to select assets which, by their durability and value at maturity date, match the estimated cash flows from damage arising from the portfolio. This allows to hedge risks in the most natural way. A reference base is provided by the money and capital market.

Financial risk management in the Group is based on hedging the risks in a natural way, rather than by way of structured financial instruments. Financial risks are managed on the basis of the substitute portfolio method. The substitute portfolio is made up of incoming and outgoing cash flows associated with insurance activities. Cash flows cause financial risks, mainly due to the time difference between the insured event and claim payment, or currency difference. Financial risks may include market risk, credit risk (including claims against reinsurers) and liquidity risk.

MARKET RISK

Market risk arises from the risk that the fair value of an asset or liability or future cash flows will be affected by changes in market prices. In particular, market risk arises from the placing of the Group's assets in financial instruments sensitive to market risk. Market risks arise from interest rate risk, securities price risk or exchange rate risk.

A policy defining the approved investments and investment-making (i.e. management) has been established in order to manage the market risks. This policy governs the selection of various asset classes and the method of their acquisition (including the terms and conditions for the transactions). The above asset distribution policy or strategic asset distribution hedges the financial risk associated with the liabilities deriving from insurance activities, rather than increasing the risk. The asset distribution focuses, in the extent of the liabilities arising from insurance activities, on fixed-income and highly liquid debt instruments or instruments containing such debt instruments. Bonds and bank deposits are the most popular among such instruments.

We use asset-liability matching tests (LArM-tests), stress tests and other tests in order to determine the extreme risks and prepare the most suitable strategic distribution of assets. The structure of the assets and investing activities comply with the principles of correlation between liabilities and assets, and the adequacy of the risk reserve. The Company actively manages the portfolio, and continually monitors the situation and trends on the money and capital markets.

As regards volume, the biggest risk is the interest risk deriving from the time difference between the insured event and claim payment, which is a part of the market risk. The interest rates which form the basis for measurement of the interest risk are based on the EUR Sovereign Benchmark yield curve, which is a material input in the assessment of the value of the substitute portfolio.

Maximum exposure to risk is shown on page 60.

CURRENCY RISK

Currency risk involves the possibility of foreign exchange losses.

No separate measures are applied to hedge currency exchange rate risks, as the premiums received in other currencies form a relatively marginal share of total receipts, and the time when they are held by the company is short. The company has managed the currency risk by keeping a majority of the financial investments in euros. The majority of insurance liabilities are also in euros.

INTEREST RATE RISK

Interest rate risks are borne by short and long-term financial assets and liabilities sensitive to changes in interest rates. To hedge the interest risk, the Company monitors the duration of the positions exposed to the interest risk in the investment portfolio. Most of the Group's financial investments are placed on bonds. Fixed interest rate financial investments measured at fair value through profit and loss are exposed to potential interest rate risk.

In euros	31.12.2017	31.12.2016
By interest rates, the bond portfolio is divided as follows:		
Interest rate: 0.0-2.9%	9,968,078	7,266,139
Interest rate: 4.0-4.9%	1,884,896	1,932,816
Interest rate: 5.0-5.9%	1,154,464	1,695,187
Interest rate: 6.0-6.9%	841,534	3,433,250
Interest rate: 7.0-7.9%	130,978	100,680
Interest rate: 8.0-8.9%	10,160	0
Interest rate: 11.0-11.9%	504,736	0
TOTAL	14,494,846	14,428,072

An overview of the potential effect has been provided in the below table. We have made the assumption that rates can be reduced to zero, and the redemption any lower is unlikely and/or we will exit the positions as the value creating process will stop.

In thousand euros	31.12.2017	31.12.2016
Change in interest rate and its potential effect on the Group's performance and equity:		
Change in yield curve +50 base points	-118	-62
Change in yield curve -50 base points	+115	+13
Change in yield curve +100 base points	-232	-123
Change in yield curve -100 base points	+211	+69
Change in yield curve +200 base points	-450	-242
Change in yield curve -200 base points	+521	+128

EQUITY RISK

The equity risk, arising from the changes or fluctuations in market prices, has a potential effect on the value of assets, liabilities and financial instruments. The equity price risk is low because of the financial investments the share portfolio part. Equity price risk is small because the equity portfolio forms an insignificant part of the financial investments.

Change in share and equity fund prices and its potential effect on the Group's performance and equity:

In thousand euros	31.12.2017	31.12.2016
Share prices +10%	81	60
Share prices +20%	162	120
Share prices –10%	-81	-60
Share prices –20%	-162	-120

CREDIT RISK

The credit risk impacting the assets of the Company derives from the counterparty's inability to comply with its contractual obligations. These assets may, for instance, include bonds and loans or claims. Receivables with the highest risk include claims related to insurance activities, such as receivables from reinsurers and insurance brokers. Compliance of the receivables with the contract is monitored on a daily basis. The credit risk related to the Group's financial investments is sufficiently diversified between the various counterparties. The loans granted have been secured, except for loans granted to the Company's own employees.

The main credit risk of the Company arises from the investment portfolio. The principles of credit risk mitigation of financial investments are: reliability of the issuer of the security or the deposit; sufficient dispersion between issuers, countries and rating classes.

Based on the rating of the bond issuer, the bond portfolio is divided as follows:

Standard & Poor's	Moody's	31.12.2017	31.12.2016
AAA	Aaa	94,649	0
AA	Aa	2,008,718	105,589
A	A	503,193	0
BBB	Baa	3,520,608	2,342,010
BB	Ba	2,233,481	2,930,221
B	B	482	0
CCC	Caa	0	2
Without rating		6,133,715	7,036,962
TOTAL		14,494,846	14,428,072

Credit risks are monitored consistently and reported to the management board and the supervisory board.

CONCENTRATION RISK

Concentration risk is the accumulation of all risks to one counterparty, economic sector or geographical region. Concentration risk means greater risk of loss related to an inadequately distributed portfolio of assets or/and liabilities. Concentration risk mainly concerns market and credit risks related to investment portfolios of single counterparties.

The below table provides an overview of the concentration of market and credit risk in five greater single counterparties and financial classes:

In euros	Deposits	Shares	Bonds
31.12.2017			
Nordea Bank	0	0	2,731,153
DNB Bank	0	0	1,006,573
Tallink Group	0	100,875	1,154,464
Stora Enso OYJ	0	0	1,062,469
Kemira OYJ	0	0	1,134,294
TOTAL	0	100,875	7,088,953
31.12.2016			
Nordea Bank	1,000,288	0	1,253,870
DNB Bank	0	0	1,343,454
Tallink Group	0	96,322	1,273,792
Stora Enso OYJ	0	0	1,151,114
Kemira OYJ	0	0	1,062,292
TOTAL	1,000,288	96,322	6,084,522

LIQUIDITY RISK

Cash flows from insurance activities are random. As a result, we consider liquidity risk to be an important financial risk besides interest rate risk.

The company experiences a daily need for financial resources in order to indemnify for losses. The assets of the Group have been placed with an extremely high degree of conservatism as regards the liquidity risk. Nearly 80% of the Group's financial assets can be realised within seven days, without considerably losing the current value of the position. Considering that reinsurers are obliged to compensate their share of loss within 14 days, and that the average time spent on claims handling and reserve payment falls between 20 and 40 days, the management believes that the liquidity risk has been sufficiently managed by the Company.

The below table provides an overview of the maximum exposure of the balance sheet lines and future liabilities to different financial risks:

In euros	Financial risk	Notes	31.12.2017	31.12.2016
Financial assets measured at fair value through profit and loss				
Shares and equity funds	Market risk, liquidity risk	11.1	601,788	757,082
Bonds	Market risk, liquidity risk, interest risk(fixed), credit risk	11.2	14,428,072	16,136,078
Financial assets at amortized cost				
Property investments	Market risk, liquidity risk	10	290,488	313,402
Loans and term deposits	Credit risk	11.3, 11.4	459,822	1,422,024
Receivables under reinsurance contracts	Credit risk	12	12,273,739	12,630,929
Receivables from insurance activities and other receivables	Credit risk	13	1,324,633	1,195,069
Cash and cash equivalents	Credit risk	14	9,012,752	6,081,827
TOTAL EXPOSURE TO FINANCIAL RISK			38,665,441	36,673,111

Receivables under reinsurance contracts do not include the reinsurance share of the provision for unearned premiums, as this does not form a part of financial assets.

OPERATIONAL RISK

Operational risk is the risk of possible loss that arises as a result of the involvement or inaction of the employees of the Group, as a result of insufficient or ineffective processes and of external events. Such risks originate from within the Company, and can be directly controlled by the management. Daily activities, such as provision of services to policyholders, conclusion and drafting of agreements, management of the organization, administration of user rights, etc. involve various risks that can be referred to as operational risks. Significant transaction data is stored in databases. This process is enabled by business-supporting technology.

Strategic operational risk is a risk associated with dramatic policy changes, the changing needs of the members of society, legislative changes or changes in government policy, taxation, etc. A strategic operational risk originates from outside the Company and cannot be directly controlled by the Company.

The company's management board is responsible for the implementation of the operational risk policy, but the heads of divisions or functions are responsible for day-to-day management.

Once a year, an operational risk assessment is performed, involving all key employees. Yet assessment is only one part of the management. The main emphasis is placed on disclosure and consistent exchange of information, and the processes supporting the same — with the aim of generating a strong risk management culture from top to bottom. In addition, training courses and training days are organized on an annual basis for the key staff of the risk-bearing divisions. The training involves analysis of different cases and their causes. The instruction or mentoring process is designed to communicate the know-how and skills to the staff. Discussions and evaluations are recorded and available to all key employees, thus creating a control environment as well as a strong organizational culture based on the implementation of the decisions. Operational risk management is not a separate process — it is a part of strategic management within the context of long-term planning. These issues are handled more frequently, if the environment so requires.

16.3. CAPITAL MANAGEMENT

CAPITAL CONTENT AND CAPITAL MANAGEMENT

The target of capital management is to ensure the adequacy of the available capital in relation to risks arising from the Company's activities and business environment. Insurance is a highly regulated area of business with formal rules for minimum capital and capital structure. The term 'capital' refers to equity capital, which consists of share capital, share premium, legal reserve, any other reserves, and retained earnings. The Company evaluates its capital requirements on the basis of legislative capital requirements and taking into account the Company's strategic development.

LEGISLATIVE CAPITAL REQUIREMENTS

The Insurance Activities Act (hereinafter: the KtS) provides capital requirement principles for the insurance undertakings. Company shall calculate the Minimum Capital Requirement (MCR) at least once a quarter and submit the received calculation to the Financial Supervision Authority.

The definition of MCR is provided in KtS § 82. The MCR shall correspond to the amount of the eligible basic own funds (KtS §55-§60) where the availability of the eligible basic own funds in a lesser sum would result, upon continuation of the activities of an insurance undertaking, in extremely great risk that the obligations assumed with respect to the policyholders, insured persons and beneficiaries remain unperformed. The floor of the MCR of a non-life insurance undertaking shall amount to 3.7 million euros (KtS § 82).

Company shall calculate the Solvency Capital Requirement at least once a year based on the standard formula on a going-concern and submit the calculation results to the Financial Supervision Authority (KtS § 61).

Note 17.
DEVELOPMENT OF CLAIMS

The table representing formation of losses has been prepared with the intent of placing the gross outstanding claims reserves into a context that would allow comparing the formation of losses with historical data. As a result, this table represents the Company's ability to assess the aggregated value of losses, and estimate whether or not the historical reserves have been sufficient. The table discloses the estimates of cumulative incurred claims for the last ten years (including provisions for reported claims and incurred but not reported claims together with cumulative payments to date net of recoveries and salvages) as at the end of the first year after the inception of the policy, which have been compared to the estimates as at the end of subsequent years.

In the management's opinion, the amounts of technical reserves reported in the financial statements prepared as of the end of 2017 are accurate and sufficient for covering any future liabilities arising from the insurance portfolio. Technical reserves have been calculated on the basis of the information available as of the reporting date on the risks involved in the insurance portfolio, and comply with the generally accepted actuarial principles, and internal guidelines of the Company.

In thousand euros	First year of validity												
Cumulative estimate of losses	Before 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
As at 31 December starting from the validity of the policy		14,364	11,762	10,321	11,155	7,572	9,239	10,577	10,601	13,407	11,982		
2 year later		14,015	11,603	10,055	10,749	7,550	9,281	10,240	10,378	13,032			
3 years...		13,794	11,453	9,963	10,370	14,082	9,093	9,991	9,982				
4 years...		13,590	11,306	9,557	10,242	14,094	8,925	9,922					
5 years...		13,312	11,160	9,544	10,149	13,958	8,894						
6 years...		13,199	11,096	9,523	9,977	14,162							
7 years...		13,196	11,111	9,500	9,978								
8 years...		13,219	11,087	9,500									
9 years...		13,213	11,071										
10 years...		13,519											
Cumulative estimate of claims		13,244	11,071	9,500	9,978	14,162	8,894	9,922	9,982	13,032	11,982		
The adequacy of estimate made 1 year after the end of validity of the policy as at 31.12.2017		108%	106%	109%	112%	53%	104%	107%	106%	103%			
Total disbursements as at 31.12.2017		12,969	10,850	9,363	9,865	9,585	8,574	9,013	9,045	11,464	10,299	4,997	
Provision for outstanding claims as at 31.12.2017	1,475	275	221	137	113	4,577	320	909	937	1,568	1,683	3,270	15,485

Note 18.
LIABILITIES RELATED TO INSURANCE CONTRACTS AND REINSURANCE SHARE

In euros	31.12.2017	31.12.2016
Gross		
Provision for losses incurred in previous periods	8,760,591	8,414,861
Provision for losses incurred in the reporting period	2,883,016	3,506,808
Provision for losses which were incurred in previous periods but have not yet been reported (IBNR)	151,270	46,579
Provision for losses which were incurred in the reporting period but have not yet been reported (IBNR)	448,323	585,610
Provision for annuity under motor third party liability insurance incurred in previous periods	3,214,662	2,549,849
Provision for annuity under motor third party liability insurance incurred in the reporting period	27,375	580,726
Provision for unearned premiums	5,276,834	4,844,588
TOTAL	20,762,071	20,529,021
Reinsurer's share		
Provision for losses incurred in previous periods	7,133,922	7,527,812
Provision for losses incurred in the reporting period	788,862	948,184
Provision for losses which were incurred in the previous periods but have not yet been reported (IBNR)	121,218	36,298
Provision for losses which were incurred in the reporting period but have not yet been reported (IBNR)	226,028	377,828
Provision for annuity under motor third party liability insurance incurred in previous periods	2,062,957	1,506,632
Provision for annuity under motor third party liability insurance incurred in the reporting period	10,950	457,551
Provision for unearned premiums	1,666,024	1,618,801
TOTAL	12,009,961	12,473,106
Net		
Provision for losses incurred in the previous periods	1,626,669	887,049
Provision for losses incurred in the reporting period	2,094,154	2,558,624
Provision for losses which were incurred in the previous periods but have not yet been reported (IBNR)	30,052	10,281
Provision for losses which were incurred in the reporting period but have not yet been reported (IBNR)	222,295	207,782
Provision for pension under motor third party liability insurance incurred in the previous periods	1,151,705	1,043,217
Provision for pension under motor third party liability insurance incurred in the reporting period	16,425	123,175
Provision for unearned premiums	3,610,810	3,225,787
TOTAL	8,752,110	8,055,915

The liabilities from insurance contracts are fulfilled generally within 12 months, except for the provision for annuity under motor third party liability insurance.

18.1. PROVISION FOR UNEARNED PREMIUMS

In euros	Liabilities under insurance contracts	Reinsurer's share	Net
AS AT 01.01.2017	4,844,588	-1,618,801	3,225,787
Premiums written in the year	20,559,414	-6,434,541	14,124,873
Premiums earned during the year	-20,127,168	6,387,318	-13,739,850
AS AT 31.12.2017	5,276,834	-1,666,024	3,610,810
AS AT 01.01.2016	4,623,012	-1,615,788	3,007,224
Premiums written in the year	19,310,217	-6,157,561	13,152,656
Premiums earned during the year	-19,088,641	6,154,548	-12,934,093
AS AT 31.12.2016	4,844,588	-1,618,801	3,225,787

18.2. PROVISION FOR LOSSES INCURRED

In euros	Liabilities under insurance contracts	Reinsurer's share	Net
AS AT 01.01.2017	15,684,433	-10,854,305	4,830,128
Claims paid during the year that incurred in prior accident years	-2,979,315	1,600,701	-1,378,614
Claims paid during the year that incurred in the current accident year	-8,763,313	2,609,387	-6,153,926
Adjustment to claims incurred in prior accident years	-578,595	-64,493	-643,088
Losses incurred during the year	12,122,027	-3,635,227	8,486,800
AS AT 31.12.2017	15,485,237	-10,343,937	5,141,300
AS AT 01.01.2016	14,415,708	-9,537,923	4,877,785
Claims paid during the year that incurred in prior accident years	-2,280,405	798,628	-1,481,777
Claims paid during the year that incurred in the current accident year	-9,129,839	2,985,699	-6,144,140
Adjustment to claims incurred in prior accident years	-335,506	-788,998	-1,124,504
Losses incurred during the year	13,014,475	-4,311,711	8,702,764
AS AT 31.12.2016	15,684,433	-10,854,305	4,830,128

Note 19.
LIABILITIES UNDER REINSURANCE

In euros	31.12.2017	31.12.2016
Payables to reinsurers	737,049	807,921
Reinsurer's share in recoveries and salvage	253,072	278,686
Reinsurer's share of the deferred acquisition costs	300,276	238,251
TOTAL	1,290,397	1,324,858

All liabilities under reinsurance are short-term (up to 12 months).

Note 20.
LIABILITIES FROM DIRECT INSURANCE ACTIVITIES

In euros	31.12.2017	31.12.2016
Policyholder prepayments	270,348	224,525
Payables to insurance brokers	239,745	254,840
Other liabilities	30,904	25,594
TOTAL	540,997	504,959

All liabilities from direct insurance are short-term (up to 12 months).

Note 21.
ACCRUED EXPENSES AND OTHER DEFERRED REVENUE

eurodes	31.12.2017	31.12.2016
Payables to employees	148,855	144,872
Vacation accrual	78,997	77,048
Value added tax	26,121	36,169
Personal income tax	62,455	61,324
Social tax	135,000	129,999
Unemployment insurance	7,893	7,869
Funded pension liability	6,201	6,461
Corporate income tax	142,543	35,359
Accounts payable	77,052	66,495
Government grant	525,967	525,967
TOTAL	1,211,084	1,091,563

All accruals are short-term (up to 12 months), except for government grants that are recognized as pre-paid income. Received government grants for research and development are recognized as prepaid income. The management Board has decided not to recognize them as revenue until it is clear that all terms and conditions for retaining are fulfilled. The company is in the process of fulfilling the terms.

Note 22.
OPERATING LEASE

ASSETS USED UNDER OPERATING LEASE

The consolidated financial statements disclose the rental expenses on passenger cars and office space.

In euros	2017	2016
Passenger car rental payments	18,312	17,980
Office space rental payments	193,092	203,936

Consolidated rental revenue in the next periods, under non-cancellable contracts:

In euros	
up to 1 year	31,986
1-5 years	39,124

ASSETS LEASED OUT UNDER OPERATING LEASE

The consolidated financial statements disclose other rental revenue and revenue generated from lease of premises.

In euros	2017	2016
Office space rental revenue	66,134	63,840

Consolidated rental revenue in the next periods, under non-cancellable contracts:

In euros	
up to 1 year	56,994
1-5 years	28,487

Note 23.
PROVISIONS AND CONTINGENT LIABILITIES

Claims of action in the amount of 8,900,000 euros have been submitted against Salva Kindlustuse AS in connection with insurance losses. The management board estimates approximately 807,000 euros of these claims to be satisfied, with the corresponding amount charged to the outstanding claims reserve.

Note 24.
RELATED PARTY TRANSACTIONS

24.1. RELATED PARTIES

Related parties are considered:
- the Company's shareholders: Tiit Pahapill (45%), ING Luxembourg S.A. AIF Account (45%), private individuals (10%);
- other companies belonging to the same consolidation group;
- the Company's management board and supervisory board members.

24.2. TRANSACTIONS WITH MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In 2017, insurance contracts with aggregate premiums of 10,948 euros were concluded with members of the management board and claims paid amounted to 133 euros. The wages of the members of the management board amounted to 478 thousand euros and the remuneration paid to members of the supervisory board to 31 thousand euros. Remuneration of the members of the board is based on the basic salary. The activities as the board member are not remunerated separately, therefore the members of the board are not entitled to performance fee. The members of the management board and supervisory board are not entitled to any severance compensation regardless of the basis for termination of the mandate. The members of the Management Board of the company may be paid rewards for the performance according to their position. The calculation of the performance pay is directly dependent on the size of consolidated profit.

OTHER RELATED PARTY TRANSACTIONS

As of 31.12.2017, the balance of loans granted to own employees and related parties amounted to 58,155 euros. (31.12.2016: 59,059). Services from other related parties were purchased in the amount of 96,310 euros and services were sold in the amount of 16,071 euros.

Transactions between the Group companies, including subsidiaries, have been eliminated from the consolidated financial statements.

The prices used for related party transactions do not significantly differ from the market prices.

Note 25.
SUBSIDIARIES

In euros	Salva Kahjukäsitluse OÜ	Business Information Systems OÜ
Field of activity	Adjustment of loss events, vehicle leasing and repairs, real estate management	Research and development in the field of other natural and technical sciences
Founded:	September 1997	March 2009
Participation %	100	49
Share capital	2,556	2,800
Acquisition cost	2,556	2,800

Note 26.
THE PARENT COMPANY'S UNCONSOLIDATED FINANCIAL STATEMENTS, AS REQUIRED BY THE ACCOUNTING ACT OF THE REPUBLIC OF ESTONIA

COMPREHENSIVE INCOME STATEMENT OF SALVA KINDLUSTUSE AS

In euros	2017	2016
REVENUE		
Gross premiums	20,585,099	19,330,478
Reinsurance premiums	-6,434,541	-6,157,561
Changes in the provision for unearned premiums	-432,246	-221,576
Reinsurer's share of the change in provision for unearned premiums	47,223	3,013
PREMIUMS EARNED, NET OF REINSURANCE	13,765,535	12,954,354
Service and commission fee revenue	1,385,349	1,380,296
Net investment revenue	1,728,606	1,798,064
Other income	16,118	38,297
TOTAL REVENUE	16,895,608	16,171,011
EXPENSES		
Gross claims	-11,742,628	-11,406,254
Reinsurer's share in claims	4,210,088	3,779,829
Change in the provision for claims outstanding	199,196	-1,268,725
Reinsurer's share of the change in the provision for claims outstanding	-510,368	1,316,382
CLAIMS INCURRED, NET OF REINSURANCE	-7,843,712	-7,578,768
Acquisition costs	-4,837,015	-4,618,650
Administrative expenses	-1,779,289	-1,594,337
Financial expenses	-129,298	-119,985
TOTAL OPERATING EXPENSES	-6,745,602	-6,332,972
TAX ON DIVIDENDS PAID	-75,000	-25,000
PROFIT FOR THE FINANCIAL YEAR	2,231,294	2,234,271
COMPREHENSIVE PROFIT FOR THE FINANCIAL YEAR	2,231,294	2,234,271

STATEMENT OF FINANCIAL POSITION OF SALVA KINDLUSTUSE AS

In euros	31.12.2017	31.12.2016
ASSETS		
Property, plant and equipment	65,620	85,220
Intangible assets/Deferred acquisition costs	1,585,027	1,875,891
Subsidiaries	4,359,252	4,332,889
Financial investments	13,703,054	14,655,324
Receivables under reinsurance contracts	12,273,739	12,630,929
Receivables from insurance activities and other receivables	1,301,452	1,176,120
Cash and cash equivalents	7,287,477	4,323,061
TOTAL ASSETS	40,575,621	39,079,434
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	20,762,071	20,529,021
Reserve capital	1,290,397	1 324,858
Other reserves	540,997	504,959
Retained earnings	317,277	514,291
Profit for the financial year	534,769	407,489
TOTAL OWNER'S EQUITY	23,445,511	23,280,618
Liabilities under insurance contracts	20,529,021	19,038,720
Liabilities from reinsurance	1,324,858	1,415,363
Liabilities from direct insurance activities	504,959	537,574
Other liabilities	514,291	541,728
Accrued expenses and deferred revenue	407,489	385,323
TOTAL LIABILITIES	23,280,618	21,918,708
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	40,575,621	39,079,434

CASH FLOW STATEMENT OF SALVA KINDLUSTUSE AS

In euros	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES	4,049,609	2,232,011
Insurance premiums received	18,934,661	18,001,001
Claims paid and claims handling expenses	-11,522,116	-11,104,463
Paid to reinsurers	-987,664	-1,203,381
Paid as operating expenses	-4,561,958	-4,242,509
Tax paid on dividends	-75,000	-25,000
Acquisition of shares and other securities	-309,048	-494,440
Disposal of shares and other securities	219,063	770,921
Acquired fixed rate securities	-3,056,505	-1,106,186
Disposals of fixed rate securities	3,807,505	2,586,984
Loans granted	-126,700	-322,700
Repayment of loans granted	76,611	16,523
Investments in term deposits	0	-1,000,000
Return on term deposits	1,000,000	50,000
Interest received	413,443	378,254
Dividends received	315,516	13,845
Investment expenses paid	-78,199	-86,838
CASH FLOW USED IN INVESTING ACTIVITIES	-185,193	-315,518
Acquisition of property, plant and equipment, and intangible assets	-185,193	-315,518
CASH FLOW USED IN FINANCING ACTIVITIES	-900,000	-400,000
Dividends paid	-900,000	-400,000
Total cash flow	2,964,416	1,516,493
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,323,061	2,806,568
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,287,477	4,323,061

STATEMENT OF CHANGES IN EQUITY OF SALVA KINDLUSTUSE AS

In euros	Share capital	Reserve capital	Other reserves	Retained earnings	Share capital
AS AT 31.12.2015	3,200,000	319,558	64,428	10,882,774	14,466,760
Profit for the financial period	0	0	0	1,732,056	1,732,056
Dividends paid	0	0	0	-400,000	-400,000
Change in Reserve capital	0	442	0	-442	0
AS AT 31.12.2016	3,200,000	320,000	64,428	12,214,388	15,798,816
Profit for the financial period	0	0	0	2,231,294	2,231,294
Dividends paid	0	0	0	-900,000	-900,000
AS AT 31.12.2017	3,200,000	320,000	64,428	13,545,682	17,130,110

The recognition of subsidiaries in the parent's own financial statements changed from 01 January 2017. Instead of using the current fair value method, we recognize subsidiaries using the equity method. As a result of the changes in the accounting policy, the prior period reports have been adjusted as follows:

In euros	31.12.2015	Impact	01.01.2016	31.12.2016	Impact	01.01.2017
The value of subsidiaries	5,978,206	2,075,281	3,902,925	6,910,385	2,577,496	4,332,889
Retained earnings	16,542,041	-2,075,281	14,466,760	18,376,312	-2,577,496	15,798,816

SIGNATURES OF THE MANAGEMENT BOARD TO THE ANNUAL REPORT 2017

The Management Board of Salva Kindlustuse AS has prepared the management report and financial statements for 2017.

Management Board:

Tiit Pahapill	Chairman of the Management Board	....	19.03.2018
Irja Elias	Member of the Management Board	....	19.03.2018
Urmas Kivirüüt	Member of the Management Board	....	19.03.2018
Andres Lõhmus	Member of the Management Board	....	19.03.2018
Kaupo Kalev	Member of the Management Board	....	19.03.2018

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Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholders of Salva Kindlustuse AS

Report on the Audit of the (Consolidated) Financial Statements

Opinion

We have audited the (consolidated) financial statements of [name of company] (the Company), which comprise the (consolidated) statement of financial position as at 31 December 2017, the (consolidated) statement of comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the (consolidated) financial statements presented on pages 12 to 53, present fairly, in all material respects, the (consolidated) financial position of the Company as at 31 December 2017, and of its (consolidated) financial performance and its (consolidated) cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the (Consolidated) Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the (consolidated) financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the (consolidated) financial statements of the current period. These matters were addressed in the context of our audit of the (consolidated) financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and completeness of the provision for claims outstanding

The gross carrying amount of the provision for claims outstanding as at 31 December 2017 was EUR 15,485,237 and the costs recognised in profit or loss from the change in the provision for claims outstanding was EUR 199,196.

We refer to the financial statements notes 1.6 and 1.29 (accounting policies) and note 18 (financial disclosures).

The key audit matter	How the matter was addressed in our audit
Insurance provisions account for a material share of the liabilities recognised in the Company's statement of financial position. At 31 December 2017, insurance provisions comprised the provision for unearned premiums of 5,276,834 euros and a provision for claims outstanding of 15,485,237 euros. During the audit we focused mainly on the balance of the provision for claims outstanding. We assessed this area as a key audit matter because calculating provisions is subject to uncertainty and judgment. Estimation uncertainty arises mainly from the rate of occurrence of large claims, the speed of settlement of claims and the development of long-term claims. Actuarial models which take into account inputs such as premiums earned, the loss ratio, the length of the claim reporting period and the estimated amount of the expected loss, are used for both calculating the provisions and carrying out the liability adequacy test. We have also assessed the completeness and quality of data used by the Company in the calculation of provisions as a key audit matter.	In auditing the provisions relating to the insurance business we engaged actuaries as part of our audit team. Together with actuaries we, among other things, performed the following procedures: • assessed whether the methods to calculate the provisions used by the management are appropriate and compliant with the financial reporting framework; • assessed how management derives the key assumptions and whether those methods are appropriate; • assessed the reliability and completeness of the previous year provisions by taking into account the actual claims paid and changes in claims provisions during current financial year; • compared the key inputs with historical information; • tested whether the general controls over the IT environment are effective; • carried out alternative calculations of provisions for selected insurance classes; • tested based on a sample whether claim data corresponds to the data in the claim file; • assessed the completeness of underlying data used by comparing it to the information retrieved from the Company's databases; • assessed whether the disclosures made in the financial statements (including in respect of the sensitivity of estimation results to the key assumptions applied) are sufficient and appropriate.

Other Information

Management is responsible for the other information. The other information comprises the Management Report, but does not include the (consolidated) financial statements and our auditors' report thereon.

Our opinion on the (consolidated) financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the (consolidated) financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of (consolidated) financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the (consolidated) 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.

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

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Auditors' Responsibilities for the Audit of the (Consolidated) Financial Statements

Our objectives are to obtain reasonable assurance about whether the (consolidated) financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing (Estonia) 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 (consolidated) financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the (consolidated) 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 auditors' report to the related disclosures in the (consolidated) 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 auditors' 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 (consolidated) financial statements, including the disclosures, and whether the (consolidated) financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors´ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

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determine that matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by those charged with governance on 25 April 2017 to audit the financial statements of Salva Kindlustuse AS for the year ended 31 December 2017. Our total uninterrupted period of engagement is 1 years, covering the periods ending 31 December 2018.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- we have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

For the period to which our statutory audit relates, in addition to the audit, we have not provided the other services to the Group.

Tallinn, 21 March 2018

/signature/

Eero Kaup
Certified Public Accountant, Licence No 459

KPMG Baltics OÜ
Licence No 17

PROFIT ALLOCATION PROPOSAL

The Management Board proposes to allocate the profit as follows:

Retained earnings	11 079 554
Net profit for 2017	2 217 301
Intangible assets at book value	-1 354 369
Total distributable profit as of 31.12.2017	11 942 486
To be distributed as dividends:	0
Balance of distributable profit after profit allocation	11 942 486

Tiit Pahapill	Chairman of the Management Board	....	19.03.2018
Irja Elias	Member of the Management Board	....	19.03.2018
Urmas Kivirüüt	Member of the Management Board	....	19.03.2018
Andres Lõhmus	Member of the Management Board	....	19.03.2018
Kaupo Kalev	Member of the Management Board	....	19.03.2018

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