



2017

Financial report

INDEPENDENT AUDITOR'S REPORT

To: Shareholders of
PJSC "INGO Ukraine" JSIC"

To: Management of
PJSC "INGO Ukraine" JSIC"

To: National Commission for Securities
and Stock Market

Opinion

We have carried out audit of attached Financial Statements of PJSC "INGO Ukraine" JSIC" (hereinafter referred to as the Company), consisting of the Balance Sheet (Statement of Financial Position) as at 31.12.2017, the Statement of Financial Results (Statement of Comprehensive Income), the Statement of Cash Flows, the Statement of Equity for the year then ended, and the Notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key audit issues

Key audit issues are a matter that, according to our professional judgment, was significant during our audit of financial statements for the year 2017.

These issues were considered in the context of our audit of financial statements as a whole and taken into account when forming an opinion on them, while we do not express a separate opinion on these issues.

Sufficiency of net assets and solvency margin

The assessment of equity capital and solvency margin is a key issue during audit of insurance companies. As at 31.12.2017 it is confirmed that the authorized capital of the Company was formed in accordance with the requirements of the current legislation and paid exclusively in cash in the amount of **305,543.0 thousand UAH**.

There is no share of state property in the authorized capital of the Insurer.

The cost of the Insurer's net assets

as at 31.12.2017 comprises **640,996.4 thousand UAH**.

Excess of net assets over the authorized capital comprises **335,453.4 thousand UAH**.

As at 31.12.2017, the actual solvency margin is **616,416.6 thousand UAH**, which exceeds the normative solvency margin by the amount of **452,053.6 thousand UAH**.

We verified that the size of the Authorized Capital and the Net Asset Value of the Company meets the requirements of Article 155 of the Civil Code of Ukraine and other regulatory acts, which determine the procedure for formation and payment of the authorized capital of joint-stock companies.

Also, based on the results of the audit procedures performed, the auditors confirm compliance by the Company with the Licensing Terms of Insurance Activity Conduction, in particular regarding:

- ◆ formation and the size of paid Authorized Capital;
- ◆ net assets exceeding the size of the authorized capital;
- ◆ the actual solvency margin exceeding the normative solvency margin at any reporting date.

OTHER INFORMATION

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of

our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- ◆ Evaluate the overall presentation, structure and content of the financial statements, including reveal of information, and whether the financial statements of operations and events are presented in such a way that it is possible to achieve a reliable reflection.

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 the statement that we have met the relevant ethical requirements for independence, and we notify them about all issues that might reasonably affect our independence and about appropriate precautionary measures (where it is applicable).

From the list of all issues, for which information was given to those charged with governance, we identified those that were most important during the audit of the current financial statements, that is, those that are key issues in the audit. We describe these issues in our auditor's report, unless a legislative or regulatory act prohibits public disclosure of this issue or, in very exceptional circumstances, we determine that such an issue should not be covered in our report, as the negative effects of such actions may outweigh its usefulness to the interests of the public.

1. Significant discrepancies

There were no significant discrepancies between the Company's financial statements for the year 2017 and other information disclosed by the Company and submitted to the National Commission for Securities and Stock Market.

2. Significant deals

Significant deals (10 or more percent of the Company's assets according to the latest annual financial statements) in accordance with the Law of Ukraine "On Joint Stock Companies" as of 17.09.2008 No. 514-VI, took place in the following transactions:

In May 2016 the reconstruction of the warehouse building was started at 33 (letter Z) Bulvarno-Kudriavska Street in Kyiv for transforming it into a four-level office building. Completion of repair works is scheduled at the end of the year 2019. The amount of capital investments for the object as at 31.12.2017 comprises **5,407.6 thousand UAH**.

In December 2017 PJSC "INGO Ukraine" JSIC" partially commissioned the hardware and software complex of the Company. The complete implementation of the system is scheduled for the end of the year 2018. The amount of capital investment for the object as at 31.12.2017 comprises **10,037.6 thousand UAH**, and intangible assets for the amount of **15,190,600 thousand UAH** were put into operation.

3. Status of corporate governance

Minutes No. 10 of the Supervisory Board of PJSC "INGO Ukraine" JSIC" as of 20.11.2012, approved the "Regulation on the Principles of Corporate Governance of Private Joint Stock Company "Joint-Stock Insurance Company" Ingo Ukraine" (hereinafter - the Regulation). The text of

the Regulation is available on the official website of PJSC "INGO Ukraine" JSIC" <http://www.ingo.ua/ru>.

No deviations from the Regulation were detected in the course of the year 2017.

General meeting

In accordance with the legislation, the charter and the internal regulations, the regular general meeting of the shareholders of the Company on the results of the activities in 2016, was held on April 28, 2017.

The activities of the general meeting of the Company meet all the requirements of the legislation, the charter and internal regulations.

Supervisory Board

Under Minutes No. 59 of the Extraordinary General Meeting of Shareholders of PJSC "INGO Ukraine" JSIC", held on October 12, 2017, the Supervisory Board of the Company was elected with the following composition:

- ◆ Chorny Oleksandr Volodymyrovych;
- ◆ Petrovskyy Kostyantyn Viktorovych;
- ◆ Alexandrov Artem Volodymyrovych;
- ◆ Fomenko Andriy Vasyliovych;
- ◆ Malysh Yana Mykolayivna.

Board of the Company

Composition of the Board of the Company:

- ◆ Gordienko Igor Mykolayovych – Chairman.

Board members:

- ◆ Shevchenko Viktor Vasyliovych;
- ◆ Matsak Oleksandr Mykolayovych;
- ◆ Kolysetska Lyudmyla Oleksandrivna;
- ◆ Vorobyov Mykola Oleksiiiovych.

General Director
AF "Consulting Ltd", LLC
 (certificate No. 006782 of ACU,
 Diploma ACCA DiplFR No 1806872)
 Iryna Glushachenko

AF "Consulting Ltd", LLC
 11/11, Gusovskogo Street, office 1, 01011 Kyiv, Ukraine

During the reporting year the composition of the Board was not changed.

The auditors detected no facts of violations by the members of the Company Supervisory Board and the Executive Body of the Internal Rules, which would cause damage to the financial institution or consumers of financial services.

The Regulation on the Audit Commission, which governs the powers and responsibilities, competences and procedures for decision-making, approved by the General Meeting of the Company as of 11.07.2012.

The activity of the Audit Commission of the Company meets all the requirements of the legislation, the charter and the internal regulations.

Audit Commission

In accordance with the legislation, the charter and internal regulations, Chupyak Mykola Dmytrovych was elected member of the Audit Commission from 25.06.2015.

For members of the Audit Commission, the regulation governing the main powers and basic duties, competences and procedure of decision-making was approved on 14.04.2011. The activity of the Audit Commission of the Company meets all the requirements of legislation, statute and internal regulations.

During the reporting year, the Audit Commission did not change.

Iryna Glushachenko is the partner of the audit engagement, which resulted in Independent Auditor's Report.

BALANCE SHEET

Report on Financial Condition
 as of December 31, 2017
 Form N 1 – Code based on SCAD
 1801001

	Line code	As of the beginning of the reporting period	As of the end of the reporting period
ASSETS			
I. Non-current assets			
Intangible assets	1000	11 282	24 580
Original cost	1001	19 482	33 648
Accumulated depreciation	1002	8 199	9 068
Uncompleted capital investment	1005	42 989	15 445
Permanent assets	1010	186 056	216 295
Original cost	1011	224 992	260 091
Depreciation	1012	38 936	43 796
Investment property	1015	–	9 953
Original cost of investment property	1016	–	10 042
Depreciation of investment property	1017	–	89
Long-term financial investment that calculated using the method of equity participation of other enterprises	1030	134 608	146 545
Other financial investment	1035	142 414	43 258
Long-term receivables	1040	13 250	–
Deferred tax assets	1045	–	2 101
Goodwill	1050	–	–
Deferred acquisition costs	1060	55 139	66 946
Balance remaining in centralized insurance reserve funds	1065	73 675	99 258
Other non-current assets	1090	–	–
Total for Section I	1095	659 413	624 382
II. Current assets			
Supplies	1100	9 958	9 165
Production supplies	1101	1 280	1 333
Goods	1104	8 678	7 832
Deposits of reinsurance	1115	–	–
Promissory notes received	1120	–	–

	Line code	As of the beginning of the reporting period	As of the end of the reporting period
Receivables for products, goods, works and services	1125	141 711	210 205
Settlement receivables: from advance payments	1130	936	2 398
For the budget	1135	93	26
Including the profit tax	1136	-	-
Settlement receivables from accrued revenues	1140	7 884	9 983
Other current receivables	1155	25 543	135 755
Current financial investment	1160	-	152 385
Money and its equivalents	1165	402 756	394 414
Cash	1166	45	123
Bank accounts	1167	63 267	103 165
Future costs	1170	-	-
Reinsurer's share in insurance reserves	1180	250 232	274 341
Damage reserves or entitlement reserves	1182	164 877	164 002
Unearned premium reserves	1183	85 355	110 339
Other insurance reserves	1184	-	-
Other current assets	1190	-	-
Total for Section II	1195	839 114	1 188 672

III. Non-current assets withheld for sale and disposal group

BALANCE

1300	1 498 527	1 813 054
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I. Owned capital

Registered (equity) capital	1400	305 543	305 543
Contributions to non-registered authorized capital	1401	-	-
Final appraisal capital	1405	79 505	77 007
Additional capital	1410	-	-
Emission Income	1411	-	-
Accumulated exchange rate differences	1412	-	-
Reserve capital	1415	6 157	6 157
Undistributed profit (uncovered loss)	1420	181 442	207 224
Other reserves	1435	40 252	45 066

	Line code	As of the beginning of the reporting period	As of the end of the reporting period
Total for Section I	1495	612 898	640 996
II. Long-term liabilities and securities			
Deferred tax liabilities	1500	13 791	16 904
Other long-term liabilities	1515	-	-
Long-term securities	1520	-	-
Insurance reserves	1530	678 206	787 804
Damage reserve or entitlement reserve	1532	281 175	310 935
Unearned premium reserve	1533	397 032	476 869
Other insurance reserves	1534	-	-
Total for Section II	1595	691 997	804 708

III. Current liabilities and securities

Short-term bank loans	1600	-	-
Promissory notes issued	1605	-	-
Current payables for: Long-term liabilities	1610	-	-
Goods, works and services	1615	7 174	1 528
Budget settlements	1620	6 269	12 722
Including those for profit tax	1621	5 517	11 821
Insurance settlements	1625	210	544
Labor remuneration settlements	1630	2 246	2 537

	Line code	As of the beginning of the reporting period	As of the end of the reporting period
Current payables for advance payments received	1635	-	-
Current payables for member settlements	1640	-	-
Current payables for insurance activities	1650	163 299	318 815
Current securities	1660	6 682	7 961
Future income	1665	-	-
Deferred fee income from reinsurers	1670	-	-
Other current liabilities	1690	7 752	23 243
Total for Section III	1695	193 632	367 350
IV. Liabilities related to non-current assets withheld for sale and disposal groups	1700	-	-
V. Net asset value of non-state pension fund	1800	-	-
BALANCE	1300	1 498 527	1 813 054

Chairman
Igor Gordienko

Chief Accountant
Irina Chekurda



(signature)

(signature)

FINANCIAL RESULTS REPORT

(Statement of comprehensive income)
as of December 31, 2017
Form N 2 – Code based on SCAD
1801003

Item	Line code	Reporting period	Reporting period of the previous year
I. Non-current assets			
Net income from sales of products (goods, works or services)	2000	706 928	594 834
Net earned insurance premiums	2010	706 928	594 834
Premiums written, gross amount	2011	1 064 474	903 449
Premiums transferred for reinsurance	2012	302 692	237 984
Change in unearned premium reserve, gross amount	2013	79 838	72 388
Change in the reinsurers' share in the unearned premium reserve	2014	24 983	1 758
First cost of products (goods, works or services) sold	2050	133 110	106 558
Net losses incurred with regard to insurance payments	2070	373 050	302 407
GROSS:			
Profit	2090	200 768	185 869
Loss	2095	-	-
Income (costs) from the change in the longterm liability reserves	2105	-	-
Income (costs) from the change in other insurance reserves	2110	-30 635	-25 806
Change in other insurance reserves, gross amount	2111	-	-
Change in the reinsurers' share in other insurance reserves	2112	-	-
Other operating income	2120	32 449	104 962
Administrative costs	2130	50 818	44 089
Selling costs	2150	143 690	122 868
Other operating costs	2180	9 044	57 121
FINANCIAL RESULT OF OPERATING ACTIVITIES:			
Profit	2190	-	40 946
Loss	2195	969	40 946
Income from equity participation	2200	2 764	2 942
Other financial income	2220	72 487	56 156

Item	Line code	Reporting period	Reporting period of the previous year
Other income	2240	9 938	16 151
Income from charitable assistance	2241	-	-
Financial costs	2250	10 033	2 288
Losses due to equity participation	2255	4 550	7 329
Other costs	2270	6 293	13 547
Profit (loss) due to the effect of inflation on monetary items	2275	-	-
FINANCIAL RESULT BEFORE TAX:			
Profit	2290	63 343	93 030
Loss	2295	-	-
Profit tax costs (income)	2300	35 817	39 487
Profit (loss) due to activities ceased after tax	2305	-	-
NET FINANCIAL RESULT:			
Profit	2350	27 526	53 543
Loss	2355	-	-
II. TOTAL INCOME			
Final appraisal (writedowns) of non-current assets	2400	615	-2 961
Final appraisal (writedowns) of financial instruments	2405	-	-
Share premium fund	2410	-	-
Share of other total income of associated enterprises and joint ventures	2415	-	-
Other total income	2445	1 322	1 316
Other total income before tax	2450	1 937	-1 645

Item	Line code	Reporting period	За аналогічний період попереднього року
Total	2550	357 492	330 636
Profit tax related to other total income	2455	3 114	-1 145
Other total income after tax	2460	-1 176	-500
Total income (sum of lines 2350, 2355 and 2460)	2465	26 350	53 044

III. ELEMENTS OF OPERATING COSTS

Material expenditures	2500	4 299	3 744
Labor remuneration costs	2505	82 377	72 200
Safety net contributions	2510	14 729	13 607
Depreciation	2515	8 520	10 307
Other operating costs	2520	247 568	230 778

Chairman
Igor Gordienko

Chief Accountant
Irina Chekurda



(signature)

(signature)

LICENSES

VOLUNTARY HEALTH INSURANCE

Type	Number	Date	Expiry date
Accident insurance	AB 546577	16.07.2010	01.02.2007 For indefinite term
Medical insurance (permanent health insurance)	AB 546588	16.07.2010	22.05.2008 For indefinite term
Health insurance against disease	AB 546591	16.07.2010	01.02.2007 For indefinite term
Railway transport insurance	AB 546589	16.07.2010	20.07.2005 For indefinite term
Ground transport insurance (except for railway transport)	AB 546574	16.07.2010	01.02.2007 For indefinite term
Air transport insurance	AB 546573	16.07.2010	01.02.2007 For indefinite term
Water transport insurance (inland sea transport and other types of water transport)	AB 546572	16.07.2010	01.02.2007 For indefinite term
Cargo and baggage (cargo-baggage) insurance	AB 546569	16.07.2010	01.02.2007 For indefinite term
Fire risk and disaster risk insurance	AB 546579	16.07.2010	01.02.2007 For indefinite term
Property insurance (other than that envisaged by clauses 5-19)	AB 546570	16.07.2010	01.02.2007 For indefinite term
Ground transport owner civil liability insurance (including carrier liability)	AB 546575	16.07.2010	01.02.2007 For indefinite term
Air transport owner liability insurance (including carrier liability)	AB 546576	16.07.2010	01.02.2007 For indefinite term
Water transport owner liability insurance (including carrier liability)	AB 546571	16.07.2010	01.02.2007 For indefinite term
Third party liability insurance (other than that envisaged by clauses 12-14 of this article)	AB 546578	16.07.2010	01.02.2007 For indefinite term
Loan insurance (including that of the loan recipient's liability for non-repayment of the loan)	AB 546590	16.07.2010	21.08.2007 For indefinite term
Financial risk insurance	AB 546592	16.07.2010	01.02.2007 For indefinite term
Medical cost insurance	AB 546587	16.07.2010	01.02.2007 For indefinite term

HEALTH INSURANCE

Type	Number	Date	Expiry date
Personal insurance of departmental workers (other than those working in bodies and organizations financed by the State Budget of Ukraine) and rural fire protection service workers and members of voluntary fire brigades (teams)	AB 546580	16.07.2010	21.02.2008 For indefinite term
Personal insurance from transport accidents	AB 546584	16.07.2010	21.02.2008 For indefinite term
Aviation insurance of civil aviation	AB 546586	16.07.2010	16.04.2009 For indefinite term
Civil law liability insurance of owners of surface vehicles	АГ 569235	14.01.2011	12.01.2011 For indefinite term
Civil liability insurance of nuclear operator of a nuclear installation for nuclear damage that may be inflicted due to nuclear incident	AB 546581	16.07.2010	21.12.2006 For indefinite term
Civil liability insurance of business entities for injury that may be inflicted by fires and accidents at high-risk objects, including fire and explosion hazard objects and objects which economic activity may lead to ecological disasters and incidents	AB 546583	16.07.2010	01.02.2007 For indefinite term
Property risks insurance in the course of commercial development of oil and gas fields in the events provided for by the Law of Ukraine On Oil and Gas	AE 293915	30.07.2014	03.07.2014 For indefinite term
Liability insurance of carriers of dangerous freight in the event of negative consequences while transferring dangerous freights	AB 546582	16.07.2010	20.07.2007 For indefinite term
Civil liability of the Ukrainian citizens owning or otherwise possessing weapon for damage that may be inflicted to the third person or its property due to such weapon owning, storage and usage	AB 546585	16.07.2010	12.08.2005 For indefinite term
Mortgage insurance from risks of accidental destruction, damage or deterioration	АД 039857	27.07.2012	17.07.2012 For indefinite term