ILLYRIA
Kompania e sigurimeve, sh.a.
Insurance company, j.s.c.

Pranuar Financa	
Numri 186	Date 24.03.2023

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

INSURANCE COMPANY ILLYRIA SH.A.

31 DECEMBER 2022

CONTENTS

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Insurance Company Illyria Sh.a

Opinion

We have audited the financial statements of **Insurance Company Illyria Sh.a** (the "Company"), which comprise the statement of financial position as at December 31, 2022, and the statement profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year the ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other matter

The financial statements of the Company for the year ended December 31, 2021 were audited by another auditor, who expressed an unmodified opinion on those financial statements on March 8, 2022.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3 to the restated financial statements, which explains that the financial statements for the year ended December 31, 2021, have been restated from those that were originally reported on March 8, 2022.

Other Information

Management is responsible for the other information. The other information comprises supplementary schedules that include the "Solvency Margin", "Capital calculation" and "Adequacy of investments of assets covering mathematical reserves".
Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

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

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with 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.

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Arta Limani

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Prishtina, Republic of Kosovo
Unique Identification No.: 810468373
March 24, 2023

Engagement Partner:
Arta Limani

INSURANCE COMPANY ILLYRIA SH.A.
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

ASSETS	Notes	31 December 2022 EUR '000	31 December 2021 EUR '000 (Restated)	1 January 2021 EUR '000 (Restated)
Cash and cash equivalents	6	768	525	433
Term deposits	7	3,473	2,767	4,379
Available for sale financial assets	8	11,950	11,724	9,969
Insurance receivables	9	906	669	795
Income Tax Prepayment		-	12	-
Deferred acquisition costs	10	680	541	381
Reinsurance share of insurance liability	16,17	872	863	1,213
Property and equipment	11	5,338	4,786	4,137
Intangible assets	13	132	105	46
Investment property	12	776	-	-
Other assets	14	648	621	532
TOTAL ASSETS		**25,543**	**22,613**	**21,885**
EQUITY				
Share capital	15	7,228	7,228	7,228
Revaluation surplus		2,801 2373K now	2,076	2,122
Accumulated losses		(2,626) 166K now	(3,670)	(4,475)
TOTAL EQUITY		**7,403**	**5,634**	**4,875**
LIABILITIES				
Gross Claim Reserves	16	10,994	9,632	10,468
Gross Premium Reserves	17	5,424	4,771	3,781
Income tax Payable		64	-	73
Deferred Tax Liability	26	211 172 K now	125	122
Insurance and other liabilities	20	1,139	1,093	866
Borrowings and lease liabilities	18, 19	308	1,358	1,701
TOTAL LIABILITIES		**18,140**	**16,979**	**17,011**
TOTAL EQUITY AND LIABILITIES		**25,543**	**22,613**	**21,886**

These financial statements have been approved by the Management of the Company on March 24, 2023, and signed on its behalf by:

ILLYRIA
Kompania e sigurimeve sh.a.
Insurance company j.s.c
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PRISHTINË

Shpend Balija
Chief Executive Officer

Fazile Gashi
Chief Financial Officer

INSURANCE COMPANY ILLYRIA SH.A.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 EUR '000	2021 EUR '000 (restated)
Gross written premiums	21	16,134	13,567
Less: Premium ceded to reinsurers	22	(1,290)	(1,189)
Net written premiums		**14,844**	**12,378**
Net change in provision for unearned premiums	17	(653)	(990)
Reinsurers' share of change in the provision for unearned premiums	17	(65)	(85)
Net earned premiums		**14,126**	**11,303**
Interest Income	24	333	285
Interest Expenses		(48)	(50)
Reinsurance Recoveries		516	865
Reinsurance Commission		231	226
Other income		206	36
Total revenues		**15,364**	**12,665**
Losses and loss adjustment expenses	16	(8,999)	(7,541)
Share of administrative of expenses to KIB	23	(194)	(158)
Underwriting and policy acquisition costs		(1,401)	(1,041)
Other Operating and Administrative Expenses	25	(3,543)	(2,977)
Total expenses		**(14,137)**	**(11,717)**
Profit before tax		**1,227**	**948**
Income tax	26	(183)	(143)
Profit for the year		**1,044**	**805**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value loss on available-for-sale financial assets during the year		(608)	(81)
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year		-	-
Items that will not be reclassified subsequently to profit or loss			
Revaluation surplus on property		1,419	35
Related deferred tax on revaluation of property		(85)	-
TOTAL COMPREHENSIVE INCOME		1,769	759

INSURANCE COMPANY ILLYRIA SH.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Accumulated losses	Revaluation Surplus	Fair Value Reserve of AFS	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
AS AT 1 JANUARY 2022 (RESTATED)	**7,228**	**(3,670)**	**1,806**	**270**	**5,634**
Transaction with owner					-
Dividends		-	-	-	
Total transactions with owner					-
Profit for the year	-	1,044	-	-	1,044
Other comprehensive income for the year		-	1,333	(608)	725
TOTAL COMPREHENSIVE INCOME	**-**	**1,044**	**1,333**	**(608)**	**1,769**
AS AT 31 DECEMBER 2022	**7,228**	**(2,626)**	**3,139** 2801	**(338)**	**7,403**
		- 2460 (166)			
AS AT 1 JANUARY 2021 (RESTATED)	**7,228**	**(4,475)**	**1,771**	**351**	**4,875**
Transaction with owner		4330	766		-
Dividends	-	-	-	-	-
Total transactions with owner	-				-
Profit for the year		805	-		805
Other comprehensive income for the year		-	35	(81)	(46)
TOTAL COMPREHENSIVE INCOME	**-**	**805**	**35**	**(81)**	**759**
AS AT 31 DECEMBER 2021 (RESTATED)	**7,228**	**(3,670)**	**1,806**	**270**	**5,634**
		3514	766		

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The accompanying notes form an integral part of these financial statements

	Note	2022 EUR'000	2021 EUR'000
OPERATING ACTIVITIES			(restated)
Profit before tax		1,227	948
Adjusted for non-cash items:			
Depreciation and amortization	11,12	340	199
Impairment of receivables and other non-cash		(48)	251
Interest income	22	(333)	(285)
Interest expense	22	49	50
		1,235	**1,174**
Changes in operating assets/liabilities:			
Gross claim reserves		1,362	(836)
Premium reserves		653	990
Reinsurance Assets		(9)	350
Deferred acquisition costs		(139)	(160)
Insurance premiums receivables		(185)	(125)
Other assets		(17)	(89)
Insurance and other liabilities		46	227
Income tax paid		(123)	(191)
Interest paid		(49)	(60)
Net cash used in operating activities		**2,774**	**1,280**
INVESTING ACTIVITIES			
Purchase of fixed assets and intangible assets		(253)	(507)
(Increase)/Decrease in term deposits	7	(706)	1,612
Increase in investments of Government Securities		(846)	(1,826)
Interest received		323	274
Net cash used in investing activities		**(1,482)**	**(447)**
FINANCING ACTIVITIES			
Capital Increase	14	-	-
Lease liability		(140)	(99)
Borrowings paid		(909)	(642)
Net cash from financing activities		**(1,049)**	**(741)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		243	92
Cash and cash equivalents at the beginning		525	433
Cash and cash equivalents at 31 December	6	**768**	**525**

1. GENERAL

Kompania e Sigurimeve Illyria sh.a was incorporated under the laws of the Republic of Kosovo and registered with the Ministry of Trade and Industry under registration no. 810483769 as a joint stock company. The Company is 100% owned and controlled by Pozavarovalnica Save re d.d, (Sava Re) being the ultimate parent company.

Consolidated financial statements of SAVA RE GROUP - as parent Company, can be found at https://www.sava-re.si/en/investors/financial-information/financial-reports/.

The Company is licensed as a non-life insurance company. The main business activity of the Company is motor third-party liability insurance and other classes of insurance such are:

- Property insurance;
- Health Insurance
- Construction All Risk (CAR);
- Travel health insurance;
- Personal accidents;
- Casco, etc.

The Company's Head office is located at Mother Theresa Boulevard, no. 33, Pristina, Kosovo. On 31 December 2022, the Company employed 221 staff and senior management (2021: 220 staff and senior management).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH IFRS

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), being Standards and Interpretations issued by the International Accounting Standards Board ("IASB"), in force on 31 December 2022.

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

The financial statements are presented in euros (€) rounded to the nearest thousand (€000), unless otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective note.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3: Significant judgments and key sources of estimation uncertainty.

The financial statements are prepared as of and for the years ended 31 December 2022 and 2021. Current and comparative data stated in these financial statements are expressed in thousands of Euro, unless otherwise stated. Where necessary, comparative figures have been reclassified to conform to changes in presentation for the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework
The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, plant and equipment – Proceeds before Intended Use
The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual improvements to IFRS Accounting Standards 2018-2020 Cycle
The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (COUNTINED)

New and amended IFRS Accounting Standards that are effective for the current year (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17) – Insurance Contracts
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 – Classification of liabilities as Current or Non-Current
- Amendments IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred tax related to Assets and Liabilities arising from a Single Transaction

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (COUNTINED)

New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Impact of the new standards IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments"
On 25 June 2020, the International Accounting Standards Board (IASB) issued the final accounting standard for insurance contracts IFRS 17, with the effective date 1 January 2023. The new IFRS 17 accounting standard will replace the existing accounting standard IFRS 4.
At the same time, IFRS 9 "Financial instruments", which replaces IAS 39, will enter into force for the Company on 1 January 2023. For IFRS 9, the date of the first application was set as 1 January 2018, but the Company exercised the option to temporarily exempt the implementation of the standard until 1 January 2023.
The Company will therefore apply IFRS 17 and IFRS 9 for the first time in its financial statements as at 1 January 2023 and in its comparative information for 2022. The Company has not preliminarily adopted any other standard, interpretation or amendment that has been issued but has not yet entered into force.

Impact assessment of the implementation of IFRS 9 and IFRS 17
The following is an assessment of the impact of the adoption of IFRS 9 and IFRS 17 on the Company's equity at the date of transition, 1 January 2022, and represents the effect that will be recorded in retained earnings. The implementation of IFRS 17 and IFRS 9 also results in significant changes to other equity items, in particular the fair value reserve. The assessment has been prepared on the basis of information available on the date of publication of the financial statements for 2022. These figures present assessments and may be subject to material change between now and the publication of the financial statements for 2023 in accordance with IFRS 17 and IFRS 9 due to the reasons explained below the table.

EUR million	
1 January 2022	**Illyria Life**
Impact assessment of adoption of IFRS 17	0.62 million
Impact assessment of adoption of IFRS 9	(0.17) million
Estimated deferred income tax liabilities	(0.04) million
Impact assessment of adoption of IFRS 17 and IFRS 9 on retained earnings	0.41 million

As shown in the table above, the estimated impact of the adoption of IFRS 9 and IFRS 17 as of 1 January 2022 is an increase in the Company's retained profit after tax of EUR 0.41 million.
The stated assessment of the value impact of both standards may change because the implementation projects for these standards are not finalized yet and there may be:

- adjustments to methodologies, accounting policies, accounting estimates and other components that affect calculations, including input data;
- adjustments to accounting processes and the introduction of additional internal controls into these processes;
- uncertainties regarding the tax treatment of the effects of the transition.

IFRS 17 implements a completely new concept of accounting for insurance contracts, which significantly changes the existing long-standing practices. The standard also fundamentally changes the way in which financial statements are prepared and the information they provide.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (COUNTINED)

New and revised IFRS Accounting Standards in issue but not yet effective (continued)

The most important changes in the measurement of insurance and reinsurance contracts under the new standard are as follows:

- the introduction of new measurement models:
    - the general measurement model of insurance contracts issued and reinsurance contracts held, based on the prospective method;
    - the premium allocation approach, which is primarily designed to measure contracts with a duration of one year or less;
    - the mandatory model for measuring insurance contracts with direct participation features – variable fee approach;
- the use of current, explicit, unbiased assumptions that reflect the entity's point of view to measure insurance contract liabilities,
- taking into account the time value of money (discounting),
- introducing a non-financial risk adjustment to explicitly capture uncertainty in cash flows on the performance of insurance contracts,
- introduction of contractual service margins (CSM) for unearned future profit of a group of insurance contracts, which are allocated over the duration of the group of insurance contracts,
- separate measurement of insurance contracts and reinsurance contracts held by the entity,
- elimination of investment components from income and expenses,
- separate presentation of the insurance service result, which only includes costs directly attributable to insurance contracts,
- a separate presentation of the insurance finance result,
- the introduction of the other comprehensive income option to be used for measuring insurance liabilities, which reduces some volatility in profit or loss for insurers where financial assets are measured at amortized cost or fair value through other comprehensive income, in accordance with IFRS 9.

The standard has a significant effect on profit or loss dynamics, especially for long-term contracts, and disclosures are made on the current and expected profitability by type of insurance contract.
The implementation of the standard required significant changes in processes, actuarial models and redefinition of the classification of insurance contracts from all the different perspectives required by IFRS 17. It was also necessary to implement a completely new tool to support all the necessary calculations, in line with IFRS 17, to ensure quality input data from existing IT systems and to build an adequate database.

IFRS 9 "Financial Instruments"
On 1 January 2023, the Company will initially apply IFRS 9 "Financial Instruments", which replaces IAS 39. Entities started applying the new standard IFRS 9 no later than the beginning of the first financial year, which began on or after 1 January 2018, except for insurance undertakings that qualified for a deferral of IFRS 9 until the financial year beginning on or after 1 January 2023. The reason for delaying the date of initial application by insurance companies is the adoption of a new standard for insurance contracts (IFRS 17). The Company have met the conditions for deferring the first application of IFRS 9 and have exercised the option to temporarily delay the application of the standard until 1 January 2023.

The Company will therefore apply IFRS 9 for the first time in the preparation of its financial statements on 1 January 2023 and present comparative information for 2022.
The estimated impact of application of IFRS 9 for the Company as of 1 January 2022 is EUR 0.17 million and fully relates to recognition of impairment losses on financial assets in accordance with the expected credit loss model - IFRS 9 introduces the concept of an expected credit loss based on the expected future solvency of the debtor. An entity must recognize a loss allowance for expected credit losses on a financial asset that is measured at amortized cost or fair value through other comprehensive income, on a lease receivable, a contract asset or a loan commitment and a financial guarantee contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). These financial statements are presented in Euros, which is the Company's functional and presentation currency.

D. PROPERTY AND EQUIPMENT

On initial recognition, items of property, plant and equipment are recognized at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Lan and buildings are carried at revaluated amount whose fair value is measured reliably, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

	Depreciation rates
Land	0 %
Buildings	1.3–2 %
Transportation	15.5–20 %
Computer equipment	33.0 %
Office and other furniture	10–12.5 %
Other equipment	6.6–20 %

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

E. INTANGIBLE ASSETS

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives, if any. Intangible assets consist of software licenses and are amortized on straight-line basis over 5 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. INVESTMENT PROPERTY

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

G. RIGHT OF USE OF ASSET

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

H. IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of property, plant and equipment and of intangible assets with finite useful lives

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment. When an asset is impaired, an impairment loss on a non-revalued asset is recognized in profit or loss. However, an impairment loss on a revalued asset is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of the asset / unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / unit whose impairment is being measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. LEASE LIABILITY

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

J. FINANCIAL INSTRUMENTS

Initial recognition and measurement

The Company recognizes a financial asset or a financial liability in the consolidated statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognizes all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument. Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The Company recognizes financial assets using settlement date accounting; thus an asset is recognized on the day it is received by the Company and derecognized on the day that it is delivered by the Company.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition. The Company classifies financial assets in one of the following categories:

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Insurance receivables, cash and cash equivalents and other assets are also classified in this category.

(b) Held to maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Company's management has the positive intention and ability to hold to maturity.

These assets are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debt securities held to maturity is established when there is objective evidence that the Company will not be able to collect all amounts due according to their original terms. Terms deposits are classified in this category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Available for sale financial assets

Available-for-sale financial assets are assets that the Company intends to hold for an indefinite period and are not classified as financial assets at fair value through profit or loss or held to maturity financial assets. As at 31 December 2022 and 2021 investments in government bonds are classified in this category.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For debt financial assets classified as available for sale, objective evidence of impairment includes observation of indications for default from debt instrument holders or any delay on payment of related interest income.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reserved in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of the AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of the AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

Irrespective of the legal form of the transactions, financial assets are derecognized when they pass the "substance over form" based derecognition test prescribed by IAS 39. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Whether the assets are recognized / derecognized in full or recognized to the extent of the Company's continuing involvement depends on accurate analysis which is performed on a specific transaction basis.

Subsequent measurement of financial liabilities

Subsequent measurement of financial liabilities depends on how they have been categorized on initial recognition. The Company classifies financial liabilities in other financial liabilities.

Other financial liabilities All liabilities which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortized cost using the effective interest method.

Typically, trade and other payables are classified in this category. Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

Derecognition of financial liabilities

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (i.e. extinguished). The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

K. PRODUCT CLASSIFICATION

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts can also transfer financial risk.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. INSURANCE CONTRACTS LIABILITIES

Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the Statement of financial position date, whether reported or not. The liability is derecognized when the contract expires, is discharged or is cancelled.

The reserve for unearned premiums includes premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognized as premium income.

At each reporting date, a liability adequacy test is performed. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the provision for outstanding claims. The provision for unexpired risk is increased to the extent that future claims in respect of current insurance contracts exceed future premiums plus the current unearned premium provision.

Claims arising from general insurance business
Claims incurred in respect of general business consist of claims paid to policyholders during the financial year together with the changes in the valuation of the liabilities for outstanding claims.

Claims outstanding comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses and a prudential margin.

Whilst the Management considers that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

The provision represents the estimated ultimate cost of settling all claims including direct and indirect settlement costs, arising from events that occurred up the reporting date. Unpaid losses and loss adjustment expenses consist of estimates for reported losses and provisions for losses not reported. The method used to determine the provisions for claims, is based on the following applicable statutory rules but is also supported by actuarial valuations.

The provision for claims Reported but Not Settled ("RBNS") is set on case-by-case basis. The reserve is calculated as the expected amount to settle the claim and estimates are adjusted as new information becomes available.

As at 31 December 2022 and 31 December 2021 the technical reserves for IBNR are determined using chain ladder method and, Bornhuetter- Ferguson method, while for certain classes with no historical data, the IBNR is determined from 25% of RBNS (General Liability and Suretyship).

The percentage is estimated by the Company's actuary based on external data and actuarial judgement.

Reinsurance
The Company cedes insurance premiums and risk in the normal course of business with net loss potential through the diversification of its risk. Assets and liabilities arising from ceded reinsurance contracts are presented separately as assets and liabilities from related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligation to its policy holders. The Company's reinsurance policy is established in order to limit its potential losses arising from longer exposures to Motor Third Party Liability ("MTPL"), Casco Insurance, Property and Liabilities lines of business. Such reinsurance includes both facultative (property and general liability) and treaty basis, excess of loss (property and MTPL) or surplus basis and quota share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. INSURANCE CONTRACTS LIABILITIES (CONTINUED)

Only rights under contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance assets. Rights under contracts that do not transfer significant insurance risk, are accounted for as financial instruments.
Reinsurance premiums for ceded reinsurance are recognized as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts. For general insurance business, reinsurance premiums are expensed over the period that the reinsurance coverage is provided based on the pattern of the reinsured risk. The unexpended portion of the ceded reinsurance premiums is included in the reinsurance assets. The amounts recognized as reinsurance assets are measured on a basis that is consistent with the measurement of the provision held in respect of the related insurance contracts. Reinsurance receivables include reinsurance commission in respect of premiums ceded to the reinsurer and recoveries due from reinsurance companies in respect of claims paid. These are classified as receivables and are disclosed separately, if any.

Deferred Acquisitions Cost

Acquisition costs are defined as the costs arising on the acquisition of new insurance contracts, including direct costs, such as agent commissions and fees paid to Central Bank of Kosovo.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contract and tested for impairment at reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

Liability adequacy test

At each reporting date the Company performs test to ensure the adequacy of claim reserves. The primary tests performed are Claim Ratio Analysis and Run-off analysis of claim reserves.

The claim ratio analysis is performed annually on the major lines of business individually. The calculation is performed on claims alone as well as claims including acquisition costs and any other external claim handling costs. In performing this analysis, the Company takes into account current estimates of cash outflows. The Company does not discount these estimated cash flows because most claims are expected to be settled within one year.

In addition, the Company performs annually a run-off analysis of claim reserves to assess its reserving methodology. The run-off analysis is performed on RBNS and IBNR separately as well as on combined basis. In case the analysis shows major discrepancies, proper adjustments are made to the reserving methodology.

If a deficiency is identified it will be charged immediately to profit or loss by establishing an unexpired risk provision from losses arising from Liability Adequacy Test.

Claims handling costs

Claim handling costs consist of internal and external expenses in relation to valuation, handling and assessment of claims by the Company's personnel as well as external expenses like legal fees and other expenses. Management has estimated claim-handling cost equal to 7.0% (2021: 6.9%) of total RBNS and IBNR reserves, excluding Border Claims and Guarantee fund handling costs which are determined by the Kosovo Insurance Bureau.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. REVENUE RECOGNITION

Premium Income

General business written premiums comprise the premiums on contracts incepting in the financial year, irrespective of whether they relate in whole or in part to a later accounting period. Written premiums are disclosed gross of commission payable to intermediaries and exclude taxes based on premiums. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, using the daily pro - rata basis 1/365, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract. However, the all the products in force by the Company have linear risk and no adjustments for variation of risks have been currently made.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly. discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

N. BENEFIT CLAIMS AND EXPENSES RECOGNITION

Benefits and claims

Gross benefits and claims consist of benefits and claims paid to policyholders, as well as changes in the gross valuation of insurance and investment contract liabilities, except for gross changes in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling cost that are directly related to the processing and settlement of claims. Insurance claims are recorded on the basis of notifications received.

O. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

P. TERM DEPOSITS

Tern deposits are stated in the statement of financial position at the amount of principal outstanding and are classified according to their maturities. Term deposits with maturities less than three months are classified as cash equivalents, those with maturities over three months are classified as investments in term deposits. Interest is calculated on an accrual basis.

Q. SHARE CAPITAL

Share capital represents the nominal value of shares that have been issued. Shares are classified as equity when there is no obligation to transfer cash or other assets.

Accumulated losses

Accumulated losses include all prior period losses.

Revaluation surplus represent the unrealized gain for investment in government securities and revaluation surplus of buildings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. TAXATION

Corporate income tax

Effective from 5 August 2019 in accordance with Law no. 06/L-105 "On Corporate Income Tax"., insurance companies are required to pay a corporate income tax at 10 % at their taxable profits. The tax rate on taxable corporate income is fixed at 10%.

Current tax is calculated on the basis of the expected taxable profit for the period starting from the effective date of the legislation up to 31 December 2022. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

The tax expense for the period comprises current and deferred tax if any. Tax is recognized in profit or loss, except if it arises from transactions or events that are recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination. Taxes other than income taxes are recorded within operating expenses.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Interest income received by the Company is also liable to withholding tax at the rate of 10% (2021: 10%).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. EMPLOYEE BENEFITS

Retirement benefits cost

The Company makes no provision and has no obligation for employee pensions over and above the contributions paid into the state pension plan, Kosovo Pension Saving Trust (KPST).

T. PROVISIONS

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

U. EXPENSES RECOGNITION

Operating expenses are recognized in profit or loss upon recognized of the service or as incurred.

Finance cost

Interest paid is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

V. COMMITMENTS AND CONTINGENCIES

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

The amount of a contingent loss is recognized as a provision if it is probable that future events will confirm that, a liability incurred as at the statement of financial position date and a reasonable estimate of the amount of the resulting loss can be made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. RESTATEMENT

During 2022, the Company decided to correct and restate prior year financial statements and account the impact of the revaluation surplus from revaluation of land and building, previously not recorded. Land and building is held at revalued method, however revaluation surplus resulting from the increase in market value of the land and building was not reflected in the previous years' financial statements.

Thus, in the current year financial statements the comparative information for December 31, 2021, and opening balances for January 1, 2021 will be presented as restated. The following tables summarise the impacts on the Company's financial statements.

January 1, 2021 (in thousand EUR)	Impact of correction of errors		
	As previously reported	Adjustments	As restated
Property, plant and equipment	3,155	982 +	4,137
Assets	**3,155**	**982**	**4,137**
Deferred tax liability	-	122 +	122
Revaluation surplus	1,116	1,005 +	2,121
Accumulated losses	(4,330)	(145) +	(4,475)
Liabilities and equity	**(3,214)**	**982**	**(2,232)**

December 31, 2021 (in thousand EUR)	Impact of correction of errors		
	As previously reported	Adjustments	As restated
Property, plant and equipment	3,814	972 (982 – 10)	4,786
Assets	**3,814**	**972**	**4,786**
Deferred tax liability	38	87 +	125
Revaluation surplus	1,035	1,005	2,040
Accumulated losses	(3,514)	(120)	(3,634)
Liabilities and equity	**(2,441)**	**972**	**(1,469)**

December 31, 2021 (in thousand EUR)	Impact of correction of errors		
	As previously reported	Adjustments	As restated
Administrative expenses	(2,967)	(11)	(2,978)
Profit	**(2,967)**	**(11)**	**(2,978)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. SIGNIFICANT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. Actual results may differ from those estimated. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Valuation of insurance contract liabilities

Different actuarial methods (using chain-ladder and Bornhuetter-Ferguson method on the claims paid and incurred triangles) are applied to calculate insurance liabilities. In different lines of business all the above-mentioned methods used aim to see the results from different methods and the most reasonable one is selected to account for the impact

Impairment losses on premium receivables

The Company reviews its insurance and non-insurance receivables to assess impairment on at least an annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from an individual debtor. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtor. The assumptions used and value of impairment losses at the end of each reporting period is described further at note 4E.

Estimation of fair values of available for sale financial assets

The fair value of available for sale financial assets is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 5 b.

3. INSURANCE AND FINANCIAL RISK

A. Governance framework

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

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

B. Regulatory framework

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

C. Reinsurance strategy

The majority of insurance business ceded is placed on an excess of loss basis. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is not dependent on a single reinsurer.

D. Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risk's mitigation program. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is surplus and quota share reinsurance which is taken out to limit the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

3. INSURANCE AND FINANCIAL RISK (CONTINUED)

The Company principally issue following types of insurance contracts: motor third party liability insurance, health insurance, property insurance, professional indemnity insurance (within General Liability) and other insurance contracts.

For motor third party liability insurance, the most significant risk are material and not material damages caused due to accidents. For property insurance and healthcare insurance most significant risks are: natural disaster, fire, terrorist activities, epidemics, medical science and technology improvements.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The maximum insurance retentions are 10% of the capital.

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

31 December 2022

	Gross Liabilities	Reinsurance share	Net Liabilities
Personal accident	70	-	70
Health	698	-	698
Land vehicles Casco	616	230	385
Fire insurance	117	90	27
Other damage to property	56	21	35
Motor Liability	8,970	71	8,899
Suretyship	2	1	1
General	10	2	8
Assistance	455	-	454
TOTAL	**10,994**	**415**	**10,577**

31 December 2021 (restated)

	Gross Liabilities	Reinsurance of liabilities	Net Liabilities
Personal accident	55	-	55
Health	567	-	567
Land vehicles Casco	415	155	260
Fire insurance	159	113	46
Other damage to property	127	62	65
Motor Liability	7,995	-	7,995
Suretyship	2	1	1
General	21	10	11
Assistance	291	-	291
TOTAL	**9,632**	**341**	**9,291**

3. INSURANCE AND FINANCIAL RISK (CONTINUED)

Claims development

The following tables show the estimates of cumulative incurred claims, only claims notified for each successive accident year at each reporting date, together with cumulative payments to date.

Accident year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
At the end of accident year	888	1,115	1,490	1,659	2,034	1,886	4,490	4,933	6,131	4,540	4,324	2,821	2,682	3,160	4,509	4,880	5,631	4,340	6,037	6,494	74,043
1 year later	1,013	1,232	1,795	2,215	2,500	2,379	5,219	5,827	6,131	4,841	4,797	3,305	3,135	3,722	4,871	5,146	6,215	4,526	6,902	-	-
2 years later	1,071	1,265	1,933	2,312	2,572	2,557	5,523	5,839	6,895	4,985	4,852	3,512	3,240	3,882	5,006	5,250	6,272	4,662	-	-	-
3 years later	1,129	1,311	1,990	2,327	2,602	2,691	5,693	5,955	7,265	5,073	4,900	3,555	3,288	4,157	5,058	5,150	6,315	-	-	-	-
4 years later	1,218	1,340	1,953	2,439	2,655	2,787	5,795	6,024	7,331	5,119	4,889	3,653	3,467	4,147	5,041	5,129	-	-	-	-	-
5 years later	1,254	1,394	1,981	2,442	2,642	2,836	5,818	6,155	7,412	5,110	4,973	3,979	3,529	4,132	5,037	-	-	-	-	-	-
6 years later	1,256	1,401	1,998	2,448	2,635	2,877	5,861	6,161	7,454	5,211	5,380	4,019	3,590	4,121	-	-	-	-	-	-	-
7 years later	1,251	1,430	1,999	2,468	2,657	2,890	5,875	6,174	7,464	5,400	5,473	4,048	3,592	-	-	-	-	-	-	-	-
8 years later	1,257	1,455	1,998	2,478	2,649	2,910	5,873	6,356	7,823	5,442	5,488	4,046	-	-	-	-	-	-	-	-	-
9 years later	1,257	1,457	1,999	2,504	2,638	2,901	5,890	6,430	7,872	5,445	5,470	-	-	-	-	-	-	-	-	-	-
10 years later	1,270	1,456	2,002	2,504	2,637	2,901	5,891	6,436	7,893	5,435	-	-	-	-	-	-	-	-	-	-	-
11 years later	1,270	1,458	1,999	2,490	2,628	2,871	5,883	6,411	7,987	-	-	-	-	-	-	-	-	-	-	-	-
12 years later	1,266	1,458	1,997	2,491	2,645	2,862	5,969	6,411	-	-	-	-	-	-	-	-	-	-	-	-	-
13 years later	1,266	1,458	1,994	2,496	2,670	2,862	5,965	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 years later	1,266	1,464	1,993	2,496	2,675	2,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 years later	1,266	1,490	1,991	2,496	2,668	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 years later	1,268	1,490	1,991	2,496	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 years later	1,316	1,490	1,991	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 years later	1,294	1,490	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 years later	1,294	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current evaluation	1,294	1,490	1,991	2,496	2,668	2,852	5,965	6,411	7,987	5,435	5,470	4,046	3,592	4,121	5,037	5,129	6,315	4,662	6,902	6,494	90,359
Cumulative payments	(1,268)	(1,465)	(1,988)	(2,496)	(2,664)	(2,843)	(5,854)	(6,399)	(7,610)	(5,276)	(5,277)	(3,851)	(3,308)	(3,789)	(4,887)	(4,824)	(5,821)	(4,280)	(6,009)	(4,834)	(84,743)
Reserve for RBNS	**26**	**26**	**3**	**0**	**4**	**9**	**110**	**12**	**377**	**160**	**193**	**195**	**284**	**333**	**151**	**305**	**494**	**382**	**893**	**1,660**	**5,616**

In the above are excluded Border Claims and Guarantee fund reserves.

3. INSURANCE AND FINANCIAL RISK (CONTINUED)

Credit risk

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of financial position.

	31 December 2022	31 December 2021 (restated)
Cash and cash equivalents	768	525
Term deposits	3,473	2,767
Available for sale financial assets	11,950	11,724
Insurance receivables	906	669
Other Assets	648	621
MAXIMUM EXPOSURES TO CREDIT RISK	**17,745**	**16,306**

	31 December 2022	31 December 2021 (restated)
Claim Provision	415	341
Unearned Premium	457	522
Receivable for reinsurance claims	222	151
Receivable for reinsurance commission	51	43
MAXIMUM EXPOSURES TO CREDIT RISK	**1,145**	**1,057**

Terms Deposits and Cash and cash equivalents. All term deposits and cash held in current account are with Republic of Kosovo licensed banks. However, exposure to single bank should not exceed 30% of terms deposits according to Company policy and CBK regulations.

Investment in Government Bonds. The Company has significant concentration in investment securities, since all investments represent government bonds issued from Republic of Kosovo.

Insurance receivable. The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

The age structure of insurance receivables as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021 (restated)
Up to 30 days	613	374
From 1 to 3 months	196	179
From 3 to 6 months	172	219
Over 6 months	347	371
Less: impairment provision	(422)	(474)
INSURANCE RECEIVABLES, NET	**906**	**669**

	31 December 2022	31 December 2021 (restated)
Less than 30 days past due	613	374
Past due and impaired	715	769
Less: impairment provision	(422)	(474)
INSURANCE RECEIVABLES, NET	**906**	**669**

3. INSURANCE AND FINANCIAL RISK (CONTINUED)

Movements in the provision for impairment of premium receivables that are assessed for impairment collectively are as follows:

	2022	2021 (restated)
At 1 January	474	223
Provision for impairment recognized during the year	102	251
Reversal of impairment	(154)	-
At 31 December	**422**	**474**

Impairment allowance for accounts receivables

Receivables arising out of primary insurance business are assessed item by item or collectively at least on quarterly basis, based on the classification of debtors in view of days overdue. Most of the debtors may be classified and impairment losses on receivables recognized collectively based on the age of accounts receivable as follows:

Days in arrears	**% of provisioning**
Up to 30 days	0%
From 31 up to 60 days	10%
From 61 up to 90 days	30%
From 91 up to 180 days	50%
From 181 up to 360 days	70%
Over 360 days	100%

If receivables are assessed item-by-item, impairment losses shall always be recognized:

- on receivables due from legal entities, natural persons, and sole traders who are in insolvency proceedings (bankruptcy, civil bankruptcy, compulsory settlement).
- - in respect of receivables due from entities under bankruptcy proceedings, the company shall make 100% allowances (regardless of receivables age), except if it can be demonstrated that a part of receivables can be enforced by court proceedings. In such cases, the recovery rate shall be determined based on historical data and used to correct the allowances.
- in respect of receivables due from entities under compulsory settlement proceedings, the company shall make allowances (regardless receivables age) at least in the amount expected to be recovered to the end of proceedings.

3. INSURANCE AND FINANCIAL RISK (CONTINUED)

Market Risk

The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Interest Rate Risk

The Company's exposure to interest risk relates to deposits placed in local commercial banks. Deposits are with the reputable banks. Outstanding claims and provision for unearned premiums are not directly sensitive to market interest rates because are not discounted and non-interest bearing.

All investments in term deposits are at fixed interest rates.

31 December 2022	Up to six months	6 months to one year	Over one Year	Non-interest bearing	Total
Cash and cash equivalents	768	-	-	-	768
Term deposits	30	856	2,267	320	3,473
Available for sale financial assets	964	2,550	8,436	-	11,950
Insurance receivables	-	-	-	906	906
Other Assets	-	-	-	648	648
Total	**1,762**	**3,406**	**10,703**	**1,874**	**17,745**
Gross Claim Reserves	-	-	-	10,994	10,994
Borrowings and lease liability	71	71	167	-	308
Insurance and other liabilities	-	-	-	1,139	1,139
Total	**71**	**71**	**167**	**12,133**	**12,441**

31 December 2021 (restated)	Up to six months	6 months to one year	Over one Year	Non-interest bearing	Total
Cash and cash equivalents	525	-	-	-	525
Term deposits	1,307	1,460	-	-	2,767
Available for sale financial assets	1,336	825	9,563	-	11,724
Insurance receivables	-	-	-	669	669
Other Assets	-	-	-	621	621
Total	**3,168**	**2,285**	**9,563**	**1,290**	**16,306**
Gross claim reserves	-	-	-	9,632	9,632
Borrowings and lease liability	-	1,048	310	-	1,358
Insurance and other liabilities	-	-	-	1,093	1,093
Total	**-**	**1,048**	**310**	**10,725**	**12,083**

3. INSURANCE AND FINANCIAL RISK (CONTINUED)

Foreign currency risk

The Company is not exposed to foreign currency risk since all of its transactions are performed in local currency.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, then, availability of funds through adequate credit facilities and ability to collect timely, within the terms established the amounts due from the deposits.

31 December 2022	Up to six months	6 months to one year	Over one Year	Total
Cash and cash equivalents	768	-	-	768
Term deposits	350	856	2,267	3,473
Available for sale financial assets	964	2,550	8,436	11,950
Insurance receivables	906	-	-	906
Other Assets	648	-	-	648
Total	**3,636**	**3,406**	**10,703**	**17,745**
Gross Claim reserves	1,120	2,614	7,260	10,994
Borrowings and lease liability	71	71	167	308
Insurance and other liabilities	1,139	-	-	1,139
Total	**2,330**	**2,685**	**7,427**	**12,441**
Net liquidity gap	**1,306**	**721**	**3,276**	**5,304**

31 December 2021 (restated)	Up to six months	6 months to one year	Over one Year	Total
Cash and cash equivalents	525	-	-	525
Term deposits	1,307	1,460	-	2,767
Available for sale financial investments	1,336	825	9,563	11,724
Insurance receivables	669	-	-	669
Other Assets	621	-	-	621
Total	**4,458**	**2,285**	**9,563**	**16,306**
Gross Claim reserves	2,074	1,383	6,175	9,632
Borrowings and lease liability	-	1,048	310	1,358
Insurance and other liabilities	1,093	-	-	1,093
Total	**3,167**	**2,431**	**6,485**	**12,083**
Liquidity gap	**1,291**	**(146)**	**3,078**	**4,223**

3. INSURANCE AND FINANCIAL RISK (CONTINUED)

Capital risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital requirements are monitored from Central Bank of Republic of Kosovo (CBK). As at 31 December 2022 the Company was in Compliance with capital requirements for amount of EUR 1,576 thousand above minimum required margin.

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restate)
Available Capital according to CBK Regulation	6,008	4,826
Minimum required capital	3,200	3,200
Surplus	**2,808**	**1,626**

4. FAIR VALUE ESTIMATION

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values have been based on management assumptions according to the profile of the asset and liability base.

A. Financial and insurance instruments measured at fair value

The financial assets measured according to the fair value in the statement of financial position are presented in accordance with the hierarchy of the fair value. This hierarchy Company's financial assets and liabilities into three levels that are based on the significance of the incoming data used during the measurement of the fair value of the financial assets:

- **Level 1:** quoted prices (not adjusted) on the active markets for identical assets or liabilities.
- **Level 2:** other incoming data, aside from the quoted prices, included in Level 1 which are available for asset or liability observing, directly (i.e. as prices), or indirectly (i.e. made of prices) and
- **Level 3:** incoming data on the asset or liability that are not based on data available for market observing.

As of the reporting dates, the Company have financial instruments measured at fair value which are disclosed in note 5B.

Financial assets and liabilities not measured at fair value

The difference between carrying value and fair value of those financial assets and liabilities which are not presented in the Statement of financial position at their fair value are as follows:

	31 December 2022		**31 December 2021 (restated)**	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	768	768	525	525
Term deposits	3,473	3,473	2,767	2,767
Insurance receivables	906	906	669	669
Other Assets	648	648	621	621
Total	**5,795**	**5,795**	**4,582**	**4,582**
Gross Claim Reserves	10,994	10,994	9,632	9,632
Borrowings and lease liability	308	308	1,358	1358
Insurance and other liabilities	1,139	1,139	1,093	1093
Total	**12,441**	**12,441**	**12,083**	**12,083**

The management assessed that cash and term deposits, insurance receivables, other payable and claim provisions approximate their carrying amounts largely due to the short-term maturities of these instruments.

4. FAIR VALUE ESTIMATION (CONTINUED)

B. Fair value measurement of financial assets

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. The Company classified investment securities in the level 2.

31 December 2022	Level 1	Level 2	Level 3	Total
Available for sale financial assets	-	11,950	-	11,950
TOTAL FINANCIAL ASSETS	-	11,950	-	11,950

31 December 2021 (restated)	Level 1	Level 2	Level 3	Total
Available for sale financial assets	-	11,724	-	11,724
TOTAL FINANCIAL ASSETS	-	11,724	-	11,724

5. FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

	Loans and receivables	Held to maturity	Available for sale	Fair value through profit or loss
Financial assets				
Cash and cash equivalents	768	-	-	-
Term deposits	3,473	-	-	-
Investment in government bonds	-	-	11,950	-
Insurance receivables	906	-	-	-
As at December 31, 2022	**5,147**	-	**11,950**	-

	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss
Financial liabilities		
Borrowings and lease liabilities	308	-
Other liabilities	1,139	-
As at December 31, 2022	**1,447**	-

5. FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES (CONTIUNED)

	Loans and receivables	Held to maturity	Available for sale	Fair value through profit or loss
Financial assets				
Cash and cash equivalents	525	-	-	-
Term deposits	2,767	-	-	-
Investment in government bonds	-	-	11,724	-
Insurance receivables	669	-	-	-
As at December 31, 2021 (restated)	**3,961**	**-**	**11,724**	**-**

	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss
Financial liabilities		
Borrowings and lease liabilities	1,358	-
Other liabilities	1,093	-
As at December 31, 2021 (restated)	**2,451**	**-**

6 CASH AND CASH EQUIVALENTS

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Current accounts with local banks	768	525
TOTAL CASH AND CASH EQUIVALENTS	**768**	**525**

7 TERM DEPOSITS

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Term Deposits with local commercial banks	3,153	2,447
Deposit at Central Bank	320	320
TOTAL TERM DEPOSITS	**3,473**	**2,767**

Maturity of deposits	2022 EUR'000	2021 EUR'000 (restated)
Due within one year	2,586	-
Due after one year	887	2,767
TOTAL TERM DEPOSITS	**3,473**	**2,767**

Term deposits are maintained with domestic financial institutions. Interest rates on term deposits, during the fiscal year 2022 were from 0.05% to 2.35% per annum (2021: 0.9% to 1.7% per annum). Included in term deposit is accrued interest in amount of EUR 23 thousand (31 December 2021: EUR 17 thousand).

Interest income of EUR 333 thousand consist of: interest income EUR 37 thousand earned from deposits with banks, and the rest is interest income from government securities (see note 22). Withholding tax of 10% (2021: 10%) is applied to interest income on term deposit and is withheld by the banks upon payment of interest to the Company.

The Company has assessed whether there are any impairment indications on the term deposits held as of December 31, 2022. No such indications were noted, considering that these investments are held at reputable commercial banks with a long history of stable credit standing in the market.

8 AVAILABLE FOR SALE FINANCIAL ASSETS

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Available for sale financial assets	11,950	11,724
TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS	**11,950**	**11,724**

The Kosovo government bonds with maturities ranging from 2 years to 10 years have yields ranging from 0.80 % - 5.20%. Interest income recognized for the year ended 2022 amounted to EUR 296 thousand (2021: EUR 244 thousand).

The Company has assessed whether there is any impairment indication noted on the held debt securities. Since these are all government bonds issued from Kosova Government which has a good credit standing, no impairment indications has resulted and consequently recorded on the financial statements.

9 INSURANCE RECEIVABLES

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Receivables for compulsory products	42	286
Receivables for voluntary products	1,150	822
Receivable from Kosovo Insurance Bureau	136	35
	1,328	**1,143**
Less: Impairment provision	(422)	(474)
INSURANCE RECEIVABLES, NET	**906**	**669**

Insurance receivable are amount due from customers for insurance premium for insurance contracts sold during the ordinary course of business. Collection of amounts is expected in one year or less. For insurance receivable aging and movement in impairment provision refer to note 4 E.

10 DEFERRED ACQUISITION COSTS

The Company classifies the following expenses as deferred acquisition costs:

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Agents' salaries and related costs	605	476
Provision to CBK	75	65
TOTAL DEFERRED ACQUISITION COST	**680**	**541**

Deferred acquisition costs are calculated using the instruction No 01/2014 issued by Central Bank of Kosovo. Based on this instruction, agent salaries and commissions, are deferred using the proportion of unearned premium over the written premium based on pro-rate temporis basis. The calculation is done separately per each line of business.

11 PROPERTY AND EQUIPMENT

As of 31 December 2022 and 2021, the Company has no equipment pledged as collateral. All assets are used for Company's operating activities.

	Land	Buildings and Premises	Computers and related equipment	Furniture, fixtures and other equipment	Vehicle	Investments in progress	Total	Right of use	Total with right of use
		EUR'000	EUR'000	EUR'000	EUR'000		EUR'000	EUR'000	EUR'000
At 01 January 2021 (restated)	1,132	3,174	**61**	**373**	-		**4,740**	**241**	**4,981**
Additions	-	-	-	37		370	407	393	800
Disposals									-
Revaluation surplus									
At 31 December 2021 (restated)	**1,132**	**3,174**	**61**	**410**	-	**370**	**5,147**	**634**	**5,781**
Additions	-	346	48	143		(370)	167	-	153
Disposals	-	-	-	-	-	-	-	(15)	(15)
Revaluation surplus	381	1,037	-	-	-	-	1,418	-	1,418
Transfer to investment property	-	(779)	-	-	-	-	(779)	-	(779)
At 31 December 2022	**1,513**	**3,778**	**109**	**553**	-	-	**5,953**	**619**	**6,572**
Accumulated Depreciation									
At 01 January 2021	-	**(385)**	**(34)**	**(332)**	-		**(751)**	**(92)**	**(843)**
Charge for the year		(52)	(24)	-	-		(76)	(75)	(158)
Eliminated on write off	-		-	-	-		-	-	-
At 31 December 2021	-	**(437)**	**(58)**	**(332)**	-		**(827)**	**(167)**	**(994)**
Charge for the year		(106)	(17)	(26)			(149)	(95)	(244)
Eliminated on write off	-		-	-			-	-	-
Charge transferred to investment property		3	-	-			3	-	3
At 31 December 2022	-	**(540)**	**(75)**	**(358)**	-		**(973)**	**(262)**	**(1,235)**
Net book value at:									
31-Dec-21 (Restated)	**1,132**	**2,737**	**3**	**78**	-	**370**	**4,320**	**467**	**4,786**
31-Dec-22	**1,513**	**3,238**	**34**	**195**	-	-	**4,980**	**357**	**5,338**

11 PROPERTY AND EQUIPMENT (CONTINUED)

Revaluation of land and office properties in Prishtina and Peja

Management determined that the land and office properties in Prishtina and Peja constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 31 December 2022, the properties' fair values are based on valuations performed by Pro Acc Group SH.P.K., an accredited independent valuer who has valuation experience for similar office properties in Prishtina and Peja. A net gain from the revaluation of the office properties of 1,333 million EUR in 2022 was recognised in OCI.

Significant unobservable valuation input: Range Price per square metre EUR 2,890-5,400.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Had the Company's freehold land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

	As at December 31, 2022	As at December 31, 2021
Land	1,044	1,044
Building	1,459	1,492
Total		

The revaluation surplus is disclosed in the Note 11 above. The revaluation surplus cannot be distributed to the parent due to legal restrictions in the Republic of Kosova.

Transfer to investment property

As of December 31, 2022, a part of the building (separate floor) was transferred to investment property, because it was no longer used by the Company and it was completely leased to a third party.
The transferred amount is measured at fair value at the date of the transfer and valuation techniques and significant unobservable inputs used in measuring the fair value of the building are the same with those used to measure land and building for own use.

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12 INVESTMENT PROPERTY

	31 December 2022	31 December 2021
Balance as at 1 January	-	-
Additions	-	-
Reclassification from property, plant and equipment	766	-
Change in fair value	-	-
Balance as at 31 December	**766**	**-**

Investment property comprises a separate floor leased to Illyria Life. The lease contains an initial non-cancellable period of 5 years. Subsequent renewals are negotiated with the lessee and historically the average renewal period is 5 years.

Rental income recognized by the Company was EUR 28K and was included in "Other income".

13 INTANGIBLE ASSETS

	Software EUR'000
Cost	
As at 1 January 2021 (restated)	**287**
Additions	100
As at 31 December 2021 (restated)	**387**
Additions	87
As at 31 December 2022	**474**
Accumulated Amortization	
As at 1 January 2021 (restated)	**(241)**
Charge for the year	(41)
As at 31 December 2021 (restated)	**(282)**
Charge for the year	60
As at 31 December 2022	**(342)**
Net book value	
31 December 2021 (restated)	**105**
31 December 2022	**132**

14 OTHER ASSETS

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Deposit for green card	248	248
Receivable from reinsurer (note 13 b)	276	198
Receivables for claims in regress, net (note 13 b)	15	13
Receivables from corresponding claims	13	105
Advances to suppliers for goods and services	56	36
Value added tax receivable	18	-
Other receivables	22	21
TOTAL OTHER ASSETS	**648**	**621**

Advances paid based on memorandum of understanding represents the cash deposited (in form of Guarantee) by each insurance company in Raiffeisen Bank Kosovo. The amount of EUR 1,500 thousand was divided between 12 insurance companies, EUR 125 thousand each of them. The cash amount deposited is a result of the "Memorandum of Understanding" between the Association of Serbian Insurers and the Kosovo Insurance Bureau as authorized entities responsible for vehicle insurance issues in the jurisdiction of each Party with facilitation of the Council of Bureau and on the Mutual Recognition of Motor Third Party Liability Insurance (MTPL) and arrangements for the processing and payment of claims. Other assets comprise receivable from reinsurer, advances made to suppliers, and other receivables.

During 2021 an additional amount of EUR 1,350 thousand was divided between 11 insurance companies, EUR 123 thousand each of them through a Kosovo Insurance Bureau decision.

13 B. Receivable from reinsurer and regress claim receivables

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Receivable from reinsurer for commission	54	47
Receivable from reinsurer for claims	222	151
Total	**276**	**198**

	31 December 2022	31 December 2021 (restated)
Gross regress claim receivables	109	118
Less: Impairment provision	(94)	(104)
Net receivables for claims in regress as at	**15**	**14**

15 SHARE CAPITAL

As at 31 December 2022 and 2021 the Company is 100% owned by Sava Re. The share capital is composed from:

	31 December 2022 EUR'000	31 December 2021 EUR'000 (restated)
Paid share capital in cash	7,228	7,228
TOTAL SHARE CAPITAL	**7,228**	**7,228**

16 GROSS CLAIM RESERVES

	2022 EUR'000	2021 EUR'000 (restated)
Reported but not settled claims (RBNS)	6,862	6,209
Incurred but not yet reported claims (IBNR)	3,463	2,840
Claim handling costs	699	583
TOTAL GROSS CLAIM RESERVES AT 31 DECEMBER	**10,994**	**9,632**

	2022 EUR'000	2021 EUR'000 (restated)
As at 1 January	9,632	10,468
Gross insurance liabilities for losses and loss adjustment expenses	-	-
Reinsurance recoverable	(341)	(607)
Net insurance liabilities for losses and loss adjustment expenses	9,291	9,861
Losses and loss adjustment expenses incurred	8,999	7,541
Losses and loss adjustment expenses paid	(7,711)	(8,111)
Net insurance liabilities for losses and loss adjustment expenses as at 31 December	10,579	9,291
Reinsurance recoverable	415	341

Included in gross claim reserves are reserves for Border insurance and Compensation fund in amount of EUR 1,236 thousand as at 31 December 2022 (31 December 2021: EUR 1,496 thousand).

17 GROSS PREMIUM RESERVES

Gross Premium reserves are composed from unearned premiums and unexpired risks reserves. In the table below UPR and URR based on business lines is:

31 December 2022

	UPR	URR	Premium reserves	Reinsurer UPR	Net UPR
Motoric	3,267	-	3,267		3,267
Travel Health Insurance	919	-	919		919
Fire & Property Insurance	248	40	288	184	104
Border premiums – KIB	58	-	58		58
Other products	838	54	892	273	616
Total	**5,330**	**94**	**5,424**	**457**	**4,967**

31 December 2021 (restated)

	UPR	URR	Premium reserves	Reinsurer UPR	Net UPR
Motoric	3,026	-	3,026		3,026
Travel Health Insurance	629	-	629		629
Fire & Property Insurance	341	30	371	289	82
Border premiums – KIB	53	-	53		53
Other products	685	8	692	233	460
Total	**4,734**	**38**	**4,771**	**522**	**4,250**

18 BORROWINGS

	2022 EUR'000	2021 EUR'000 (restated)
Loan from Sava Re	-	400
Subordinated debt from Sava Re	-	500
Lease liability	308	448
Interest payable	-	10
TOTAL BORROWINGS AT 31 DECEMBER	**308**	**1,358**

	2022 EUR '000	2021 EUR '000 (restated)
Cash and cash equivalent	768	525
Borrowings repayable within one year	-	(1,048)
Borrowings repayable after one year	-	(310)
NET DEBT	**768**	**(833)**

	31 December 2021 EUR '000	Cash flows EUR '000	Non-cash changes EUR '000	31 December 2022 EUR '000
Sava Re	900	(900)	-	0
	900	**(900)**	**-**	**0**

	31 December 2020 EUR '000	Cash flows EUR '000	Non-cash changes EUR '000	31 December 2021 EUR '000 (restated)
Sava Re	1,542	(642)	-	900
	1,542	**(642)**	**-**	**900**

During the year 2019 the company obtained Subordinated Loan from holding company in amount of EUR 500,000, of which previously was approved from Central bank as additional capital for calculation of Capital Adequacy – Solvency. Included in the Loans from Sava Re is additionally a loan from holding Company in the outstanding amount of EUR 400 thousand. The borrowings carry interest rate 0.9% and 3%.

As of the end of 2022, the amount payable toward parent company is zero, since it was fully repaid during 2022.

19 LEASE LIABILITIES

	31 December 2021 EUR '000	**Cash flows EUR '000**	**Non-cash changes EUR '000**	**31 December 2022 EUR '000** (restated)
Lease liabilities	448	(140)	-	308
	448	**(140)**	**-**	**308**

	Amount
Lease liabilities - maturity less than 1 year	141,130
Lease liabilities - maturity more than 1 year	220,299
Total	**361,428**

19 LEASE LIABILITIES (CONTINUED)

The Company leases its offices and branches. Rental contracts are typically made for fixed of 1 to 7 years. The company has used average 2.48% a discount rate. The interest expenses recognized for the lease liability for the year ended 2022 amounts to EUR 13 thousand (2021: EUR 7 thousand).

As at 31 December 2022 and 2021, there are no restrictions or covenants imposed by leases. The Company uses reasonable certainty on extension and termination option for lease contracts on initial recognition.

20 INSURANCE AND OTHER LIABILITIES

	2022 EUR'000	2021 EUR'000 (restated)
Reinsurance payable	202	175
Underwriting and policy acquisition costs payable	129	108
Payable to CBK	56	51
Liabilities due to policyholders	22	96
Payable to suppliers	250	253
VAT payable	116	91
Tax on salaries payable	20	19
Pension contribution payable	25	24
Other payables	8	50
Salaries payable	147	81
Claims payable for corresponding claims	50	41
Deferred Revenue	114	104
TOTAL INSURANCE AND OTHER LIABILITIES	**1,139**	**1,093**

21 GROSS WRITTEN PREMIUMS

	2022 EUR'000	2021 EUR'000 (restated)
Personal accident	339	287
Health	4,990	4,253
Land vehicles Casco	1,217	1,029
Fire and natural forces	478	401
Other damage to property	205	279
Motor liability	7,188	6,268
General liability	121	122
Suretyship	13	13
Assistance	1,583	915
TOTAL GROSS WRITTEN PREMIUM	**16,134**	**13,567**

22 PREMIUM CEDED TO REINSURERS

	2022 EUR'000	2021 EUR'000 (restated)
Land vehicles Casco	483	408
Fire and natural forces	298	244
Other damage to property	255	316
Motor liability	137	107
General liability	111	108
Suretyship	6	6
TOTAL PREMIUM CEDED TO REINSURANCE	**1,290**	**1,189**

23 SHARE OF EXPENSES TO KOSOVO INSURANCE BUREAU

The Kosovo Insurance Bureau ("KIB") administers the system to sell compulsory third party liability motor vehicle insurance ("CTPL") at the border of the Territory of Kosovo (the "pool") to drivers of foreign registered vehicles not in possession of such insurance, on behalf of all insurance companies licensed in republic of Kosovo. KIB remits to each insurance company monthly its share of the gross premiums received and their share of claim and administrative expenses. In addition, each insurance company is required to contribute to KIB for the Compensation Fund Kosovo ("CFK"). The role of CFK is to pay insurance claims related to accidents caused by uninsured vehicles, unknown vehicles or other specified events. In the table below contribution of the company for administrative expenses are presented:

	2022 EUR'000	2021 EUR'000 (restated)
Share of expenses to KIB	194	158
SHARE OF EXPENSES TO KIB	**194**	**158**

24 INTEREST INCOME

	2022 EUR'000	2021 EUR'000 (restated)
Interest income from deposits	37	41
Interest income from investment securities	296	244
TOTAL INTEREST INCOME	**333**	**285**

25 ADMINSTRATIVE AND OTHER OPERATING EXPENSE

	2022 EUR'000	2021 EUR'000 (restated)
Salaries	2,023	1,582
Depreciation	340	199
Rent expenses	73	87
CBK supervision charges	226	190
Maintenance expenses	145	158
Office expenses	92	63
Advertising costs	98	101
Bad debts expense	103	252
Utilities	8	27
Telecommunication expenses	30	27
Training expenses	29	10
Fuel expenses	38	33
Bank charges	14	12
Representation expenses	50	21
Sponsorship and donations	24	36
Other expenses	250	179
TOTAL ADMINISTRATIVE EXPENSES	**3,543**	**2,977**

26 INCOME TAX

	2022 EUR'000	2021 EUR'000 (restated)
Income tax	183	105
Deferred Tax Charge	1	38
TOTAL INCOME TAX EXPENSE IN PROFIT AND LOSS	**184**	**143**

Income tax. Insurance Companies are liable to tax on profit with the new Law no. 06/L-105 "On Corporate Income Tax" which is effective from 5 August 2019. In accordance with the Law insurance companies are required to pay the corporate income tax at 10 % at their taxable profits. The tax rate on taxable corporate income is fixed at 10%. The company has reported loss for the period. In the table below the reconciliation of loss before tax is presented:

	2022 EUR'000	2021 EUR'000 (restated)
Profit for the year/(loss) for the period	1,228	948
Tax rate at 10%	123	95
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	87	245
Tax effect of amounts which are exempt in calculating taxable income	(27)	(236)
Tax losses utilized in current year	-	-
Current year adjustment	-	-
Income Tax Expense for the year	**183**	**105**
Difference between accounting and tax value for PPE, ROA and lease liability	1	38
Income Tax Expense	**184**	**143**

Amounts recognized in OCI

	2022			2021 (restated)		
	Before tax	Tax (expense)/benefit	Net of tax	Before tax	Tax (expense)/benefit	Net of tax
Revaluation of land and buildings	1,419	(85)	1,333	35	-	35
Total	**1,419**	**(85)**	**1,333**	**35**	**-**	**35**

Differences between the IFRS financial statements and the Kosovo taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for reporting purposes and for tax purposes. The tax effect of these temporary differences is calculated at the income tax rate of 10%.

27 COMMITMENTS AND CONTINGENCY

Litigation

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements:

	EUR'000	
	Provision	**Number of Cases**
Claims outstanding as of 31 December 2021	2,847	437
Claims outstanding as of 31 December 2022	2,650	458
As of 31 December 2021 (restated)	2,847	437
Additions	592	249
Solved Cases	(789)	(228)
As of 31 December 2022 (restated)	2,650	458

The Company's Management regularly analyses potential risks resulting from losses regarding legal proceedings, along with proceedings and possible receivables aimed against the Company, which may arise in the future. Although the outcome of these matters cannot always be ascertained with precision, the management of the Company believes that no material liabilities above the provisions reserved is likely to occur.

Contingent liability

The company had a contingent liability in respect of purchases agreement of the building in Peja. The plaintiff claim that purchase agreement of building is not valid. The company has disclaimed liability and is defending the action. It is not practical to estimate the potential effect of this claim, but legal advice indicates that it is not probable that a significant liability will arise.

Tax liabilities

The Company's tax books and records for the financial years ended 31 December 2022 and 2021, were not audited by the local tax authorities. The Company has followed all tax rules and regulations in calculating tax liabilities, however tax interpretations as per tax authorities may differ from those used by the Company.

28 RELATED PARTY TRANSACTIONS

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

The Company has related party transactions during the normal course of business activities. The table below presents the volume and balances from the related party transactions as of and for the years ended 31 December 2022 and 2021.

31 December 2022	Receivables	Liabilities	Income	Expenses	Total
Sava Re	**1,058**	**316**	**721**	**1,103**	**3,198**
Premium ceded for the period	-	-	-	1,072	1,072
Reinsurance recoveries for the period	-	-	492	-	492
Reinsurance commission	-	-	229	-	229
Liability for premium ceded	-	202	-	-	202
Other Short term Liabilities	-	-	-	-	-
Due from Sava Re for Unearned Premiums	456	-	-	-	456
Due from Sava Re for Outstanding Claims	329	-	-	-	329
Reinsurance share on insurance liabilities	273	-	-	-	273
Interest Expense	-	-	-	31	31
Deferred revenue from commission	-	114	-	-	114
Other Expenses (car rental)	-	-	-	-	-
Illyria Life	-	-	**28**	-	**28**
Receivables from services provided	-	-	-	-	-
Total	**1,058**	**316**	**749**	**1,103**	**3,226**

31 December 2021 (restated)	Receivables	Liabilities	Income	Expenses	Total
Sava Re	**906**	**1,188**	**960**	**1,030**	**4,084**
Premium ceded for the period	-	-	-	994	994
Reinsurance recoveries for the period	-	-	749	-	749
Reinsurance commission	-	-	211	-	211
Liability for premium ceded	-	175	-	-	175
Other Short term Liabilities	-	909	-	-	909
Due from Sava Re for Unearned Premiums	427	-	-	-	427
Due from Sava Re for Outstanding Claims	285	-	-	-	285
Reinsurance share on insurance liabilities	194	-	-	-	194
Interest Expense	-	-	-	36	36
Deferred revenue from commission	-	104	-	-	104
Other Expenses (car rental)	-	-	-	-	-
Illyria Life	-	-	**20**	-	**20**
Receivables from services provided	-	-	20	-	20
Total	**906**	**1,188**	**980**	**1,030**	**4,104**

29 EVENTS AFTER THE REPORTING DATE

There are other events subsequent to the reporting date that require adjustment or disclosure in the separate financial statements of the Company.

ANNEX I

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 DECEMBER 2022

1 SOLVENCY MARGIN

	Table for Solvency Calculation	2022	2021
1	**Table of reserves for claims**		
1.1	Requirements for outstanding claims at the beginning of the period	9,631,953	10,468,300
1.2	Paid claims	7,195,183	7,500,271
1.3	Requirements for outstanding claims at the end of the period	10,994,212	9,631,953
1.4	**Incurred losses (1.2 + 1.3) - 1.1**	**8,557,442**	**6,663,924**
1.5	**Average of incurred losses**	**7,122,137**	**6,927,961**
2	**Table of part of reinsurer requirements**		
2.1	Part of reinsurance for pending claims at the beginning of the period	341,190	606,736
2.2	Accepted reinsurance	**516,499**	**864,822**
2.3	Part of reinsurance for pending claims at the end of the period	415,300	341,190
2.4	**Part of reinsurance for incurred claims**	**590,609**	**599,276**
2.5	Net incurred losses (held claims)	**7,966,833**	**6,064,648**
2.6	Holding level	**93.1%**	**91%**
2.7	Average of holding level	**92.3%**	**90%**
3	**Based on premiums**	**2022**	**2021**
3.1	Gross written premiums	**16,134,131**	**13,567,221**
3.2	Change of premiums	**(596,434)**	**(968,301)**
3.3	For QI: 11,12,13 increase of premium for 50%		
3.4	Others (tax & reinsurance)		
3.5	**Total**	**12,598,921**	**15,537,697**
3.6	First layer (fixed to 10 million)	**10,000**	**10,000**
3.7	Second layer (more than 10 million)	-	-
3.8	Percentage of the first layer (fixed)	18%	18%
3.9	Percentage of the second layer (fixed)	16%	16%
3.10	Result based on premiums	**2,500,650**	**2,016,562**
3.11	Holding level	93%	91%
3.12	**Result of solvency based on premiums**	**2,500,650**	**2,016,562**
4	**Based on claims**		
4.1	Incurred gross claims (see table of claims)	8,557,442	6,927,961
4.2	First layer (fixed)	**7,000,000**	**7,000,000**
4.3	Second layer		
4.4	Percentage of the first layer (fixed)	*26%*	*26%*
4.5	Percentage of the second layer (fixed)	*23%*	*23%*
4.6	Sum of the first layer	**1,720,542**	**1,639,285**
4.7	Net and gross incurred claims ratio	93%	91%
4.8	Minimum percentage	**50%**	**50%**
5	**Result of solvency based on claims**	**1,720,542**	**1,639,285**

5	Required Solvency	2022	2021
5.1	Based on premiums	2,500,650	2,016,562
5.2	Based on claims	1,720,542	1,639,285
5.3	Required solvency	2,500,650	2,016,562
5.4	Required solvency for the previous year	2,500,650	2,016,562
5.5	**Solvency based on growth of 150%**	**3,750,975**	**3,024,842**

2 CAPITAL CALCULATION

	Table for Capital calculation	2022	2021
		EUR'000	EUR'000
I	CHARTER CAPITAL	4,768,072	3,713,681
1	Paid share capital of insurers in cash	*7,228,040*	*7,228,040*
2	Capital reserves (reserves recognized by law and free reserves),		
3	Accumulated profits transferred after the deduction of dividends to be paid	*(2,676,109)*	*(3,514,359)*
II	DEDUCTIBLE ELEMENTS FROM CHARTER CAPITAL	-	-
1	Repurchased own shares	-	-
2	Investments in intangible (non-material) assets;	-	-
3	Transferred losses and losses of the current year;	-	-
4	Difference between reserves for discounted and undiscounted	-	-
III	SUPPLEMENTARY CAPITAL	*2,851,751*	*1,535,049*
1	Share capital of the insurer, consisting of preferential shares issuance according to their nominal amount paid in cash in insurer equity	-	-
2	Subordinated debt Instruments,	0	*500,000*
3	Capital reserves linked to preferential share	-	-
4	Other elements	*2,851,751*	*1,035,049*
IV	REGULATORY CAPITAL, (I - II + III)	*7,403,682*	*5,248,730*
V	DEDUCTIBLE ELEMTS IN CAPITAL CALCULATION	-	-
1	Participations or possessions in ownership of other companies	-	-
2	Investments in subordinated debt instruments	-	-
VI	NON-LIQUID ASSETS	*1,395,836*	*422,963*
1	Premiums receivable and debtors from the reinsurance for more than 90 days	58,091	40,434
2	Borrowings and receivables with related parties	51,244	14,287
3	Debtors and other accounts receivable, which derive from the insurance activity		
4	Borrowings from brokers and agents		
5	100% expenses paid in advance and deferred tax assets		
6	Other assets, not excluded from any responsibility or liability		
7	Other assets which are not easily convertible into cash		
8	Intangible assets	131,789	104,697
9	Other	1,154,713	263,545
VII	NET PROPERTY - AVAILABLE CAPITAL (IV - V - VI)	6,007,846	4,825,768
VIII	GUARANTEE FUND ACCORDING TO THE LAW	3,200,000	3,200,000
IX	REQUEST FOR CAPITAL ACCORDING TO THE GUARANTEE FUND	2,807,846	1,625,768
X	REQUEST FOR SOLVENCY COVERAGE	2,256,871	1,800,925
XI	FINAL REQUEST FOR CAPITAL GROWTH	-	-

3 ASSETS / INVESTMENTS IN COVERING TECHNICAL PROVISIONS

Nr.	Investment Content	Amount invested	% eligible	Eligible amount
1	**Deposits in foreign currency (Euros) in banks licensed in Kosovo over 3 months (excluding charter capital))**	**3,152,595.08**	Unlimited	3,152,595
2	**Treasury bills and bonds**	**8,948,406**		**8,948,406**
2.1	**Issued by Government of Kosovo (excluding charter capital))**	**8,948,406**	Unlimited	**8,948,406**
2.1.1	Treasury bills	8,948,406		8,948,406
2.2	**Issued and guaranteed by EU countries, (rated not below BBB)**	-	20% in total 5% individually	-
3	**Land and building**	**5,248,000**	20% in total 10% individually	**1,929,822**
3.1	Land and building 1 for personal use	4,960,000		1,641,822
3.2	Land and building 2 for personal use	288,000		288,000
4	**Cash and cash equivalents**	**767,528**	3%	**492,547**
4.3	Cash	767,528		767,528
5	**Receivables arising out of reinsurance**	**273,176**		**273,176**
5.1	Reinsurance with rating > = BBB	-	Unlimited	-
5.2	Reinsurance with rating <BBB	273,176	25%	273,176
6	**Reinsurance share of technical provisions**	**872,414**		**872,414**
6.1	Reinsurance with rating > = BBB		Unlimited	-
6.2	Reinsurance with rating <BBB	872,414	25%	872,414
7	Accrued interest from investment	122,031	5%	122,031
8	**Receivables from insurance premiums, not older than 90 days**	**768,923**	Up to 20% of UPR	**768,923**
8.1	from policyholders	768,923		768,923
9	**Other tangible assets (except land and building)**	473,273	5%	473,273
10	**Total assets invested to coved technical provisions**	20,626,346		17,033,187

Nr.	Technical Provisions – 31 December 2022	Amount
1	Unearned premiums and unexpired risk premiums	5,329,952
2	Provision for claims	10,994,212
3	Other technical provisions	94,059
4	**Total Amount of technical provisions to be covered**	**16,418,222**
5	Total assets to cover technical provisions	17,033,187
6	Total of technical provisions	16,418,222
7	**Difference**	**614,964**
8	**Coverage ratio (%)**	**104%**