

**INSURANCE COMPANY ILLYRIA SH.A.  
Independent auditor's report  
and financial statements as at and  
for the year ended on December 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholder and Board of Directors of Illyria Insurance Kompania e Sigurimeve**

### **Opinion**

We have audited the financial statements of **Illyria Insurance Kompania e Sigurimeve Sh.a** (the "Company"), which comprise the statement of financial position as at December 31, 2024, 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, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Rules and Regulations of the Central Bank of the Republic of Kosova.

### **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.

### **Emphasis of matter**

Without modifying our opinion, we draw attention to Note 2A Basis of Preparation, which explains that these financial statements have been prepared in accordance with Rules and Regulations of the Central Bank of Kosova.

### **Other Information**

Management is responsible for the other information disclosed in the Annex 1 of the notes to the financial statements. The other information comprises supplementary schedules as prescribed by the rules and regulations Central Bank of the Republic of Kosova 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 express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

- other information is, in all material respects, consistent with the audited financial statements;
- and based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Rules and Regulation of Central Bank of the Republic of Kosova, 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.



## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

*Deloitte Kosova Sh.p.k.*  
Deloitte Kosova Sh.p.k.  
Str. Ukshin Hoti  
Prishtina, Republic of Kosovo  
Unique Identification No.: 810468373  
March 13, 2025



*Arta Limani*  
Engagement Partner:  
Arta Limani

**INSURANCE COMPANY ILLYRIA SH.A.**  
**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024**

	Notes	As at December 31,2024 EUR '000	As at December 31,2023 EUR '000
<b>ASSETS</b>			
Cash and cash equivalents	6	883	530
Term deposits	7	6,814	6,498
Available for sale financial assets	8	14,164	12,113
Insurance receivables	9	1,152	1,102
Income tax prepayment		-	35
Deferred acquisition costs	10	659	635
Reinsurance share of insurance liability	16,17	959	998
Property and equipment	11	5,003	5,071
Intangible assets	13	207	177
Investment property	12	776	776
Other assets	14	986	846
<b>TOTAL ASSETS</b>		<b>31,603</b>	<b>28,781</b>
<b>EQUITY</b>			
Share capital	15	7,228	7,228
Revaluation surplus		3,236	3,105
Accumulated losses		341	(1,270)
<b>TOTAL EQUITY</b>		<b>10,805</b>	<b>9,063</b>
<b>LIABILITIES</b>			
Gross claim reserves	16	12,491	11,789
Gross premium reserves	17	6,237	5,975
Income tax payable		84	-
Deferred tax liability	26	214	220
Insurance and other liabilities	20	1,367	1,449
Borrowings and lease liabilities	18,19	405	285
<b>TOTAL LIABILITIES</b>		<b>20,798</b>	<b>19,718</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,603</b>	<b>28,781</b>

These financial statements have been approved by the Management of the Company on March 13, 2025, and signed on its behalf by:

**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 2024**

	Notes	Year ended December 31, 2024 EUR '000	Year ended December 31, 2023 EUR '000
Gross written premiums	21	19,277	17,436
Less: Premium ceded to reinsurers	22	(1,606)	(1,529)
<b>Net written premiums</b>		<b>17,671</b>	<b>15,907</b>
Net change in provision for unearned premiums	17	(262)	(551)
Reinsurers' share of change in the provision for unearned premiums	17	42	122
<b>Net earned premiums</b>		<b>17,451</b>	<b>15,478</b>
Interest income	24	563	417
Interest expenses		(22)	(15)
Reinsurance recoveries		633	937
Reinsurance commission		304	256
Other income		156	230
<b>Total revenues</b>		<b>19,085</b>	<b>17,302</b>
Losses and loss adjustment expenses	16	(10,733)	(9,851)
Share of administrative expenses to KIB	23	(319)	(240)
Underwriting and policy acquisition costs		(1,774)	(1,626)
Other operating and administrative expenses	25	(4,404)	(4,056)
<b>Total expenses</b>		<b>(17,230)</b>	<b>(15,773)</b>
<b>Profit before tax</b>		<b>1,855</b>	<b>1,529</b>
Income tax	26	(243)	(174)
<b>Profit for the year</b>		<b>1,612</b>	<b>1,355</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gain/(loss) on available-for-sale financial assets during the year		130	304
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year		-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation surplus on property		-	-
Related deferred tax on revaluation of property		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,742</b>	<b>1,659</b>

**INSURANCE COMPANY ILLYRIA SH.A.**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>Share Capital</b>	<b>Accumulated losses</b>	<b>Revaluation Surplus</b>	<b>Fair Value Reserve of AFS</b>	<b>Total</b>
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>AS AT 1 JANUARY 2024</b>	<b>7,228</b>	<b>(1,270)</b>	<b>3,139</b>	<b>(34)</b>	<b>9,063</b>
<u>Transaction with owner</u>					
Dividends	-	-	-	-	-
<b>Total transactions with owner</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the year		1,612			1,612
Other comprehensive income for the year				130	130
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>1612</b>		<b>130</b>	<b>1742</b>
<b>AS AT 31 DECEMBER 2024</b>	<b>7,228</b>	<b>341</b>	<b>3,139</b>	<b>96</b>	<b>10,805</b>
<b>AS AT 1 JANUARY 2023</b>	<b>7,228</b>	<b>(2,626)</b>	<b>3,139</b>	<b>(338)</b>	<b>7,403</b>
<u>Transaction with owner</u>					-
Dividends		-	-	-	-
<b>Total transactions with owner</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the year		1,356			1,356
Other comprehensive income for the year				304	304
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>1,356</b>	<b>-</b>	<b>304</b>	<b>1,660</b>
<b>AS AT 31 DECEMBER 2023</b>	<b>7,228</b>	<b>(1,270)</b>	<b>3,139</b>	<b>(34)</b>	<b>9,063</b>

**INSURANCE COMPANY ILLYRIA SH.A.**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended on December 31, 2024 EUR'000	Year ended on December 31, 2023 EUR'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		1,854	1,529
<i>Adjusted for non-cash items:</i>			
Depreciation and amortization	11,12	473	458
Impairment of receivables and other non-cash		167	45
Interest income	22	(563)	(417)
Interest expense	22	22	15
		<b>1,953</b>	<b>1,630</b>
<i>Changes in operating assets/liabilities:</i>			
Gross claim reserves		702	795
Premium reserves		262	551
Reinsurance assets		39	(126)
Deferred acquisition costs		(24)	45
Insurance premiums receivables		(207)	(206)
Other assets		(140)	(200)
Insurance and other liabilities		(82)	303
Income tax paid		(136)	(263)
Interest paid		(22)	(15)
<b>Net cash used in operating activities</b>		<b>2,345</b>	<b>2,514</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed assets and intangible assets		(71)	(165)
Decrease in term deposits	7	(301)	(2,960)
Increase in investments of government securities		(1,879)	109
Interest received		505	415
<b>Net cash used in investing activities</b>		<b>(1,746)</b>	<b>(2,601)</b>
<b>FINANCING ACTIVITIES</b>			
Lease liabilities paid		(246)	(151)
Borrowings paid			-
<b>Net cash from financing activities</b>		<b>(246)</b>	<b>(151)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>353</b>	<b>(238)</b>
Cash and cash equivalents at the beginning		530	768
<b>Cash and cash equivalents at 31 December</b>		<b>883</b>	<b>530</b>

## 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 2024, the Company employed 232 staff and senior management (2023: 222 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

**Statement of compliance.** These financial statements have been prepared in accordance with Article 71 of the Law No. 05/L -045 on Insurances, dated 30 November 2015 and Central Bank of Kosova decision dated December 12, 2023 to postpone adoption of IFRS 17 Insurance Contracts until January 1, 2026. These financial statements are prepared for regulatory purposes and reflect the accounting rules and regulations adopted by the Central Bank of the Republic of Kosova ("CBK Rules") as of reporting date. The principal accounting policies applied in the preparation of these financial statements are set out below and are based on the International Financial Reporting Standards, with exception of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments that will be adopted for the reporting period starting January 1, 2026. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of measurement.** The financial statements have been prepared on a historical cost basis except for the available-for-sale financial assets, 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.

**Use of judgements and estimates.** In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 3.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**I. New standards and interpretations adopted in the current period**

The following new amendments to the existing standards issued by the International Accounting Standards Board (IASB) are effective for the current reporting period:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements— Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

The adoption of these amendments to the existing standards and interpretations has not led to any material changes in the Organization's financial statements.

**II. Standards and interpretations in issue not yet effective**

At the date of authorization of these financial statements the following standards, amendments to existing standards and new interpretation were in issue, but not yet effective or were not adopted by the Company as of their effective date:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 9 and IFRS 7 regarding classification and measurement of financial instruments

## 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 and equipment are carried at cost less any accumulated depreciation and impairment losses.

Land 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. Term deposits are classified in this category.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### I. FINANCIAL INSTRUMENTS (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 2024 and 2023 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)

### I. FINANCIAL INSTRUMENTS (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 to 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 2024 and 31 December 2023 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 using a naïve loss ratio method (General Liability).

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)

### K. 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, IBNR and CHC 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 6.17% (2023: 6.5%) 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)

### L. 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 amortized 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.

### M. BENEFIT CLAIMS AND EXPENSES RECOGNITION

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.

### N. 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.

### O. TERM DEPOSITS

Term 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.

### P. 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)

### Q. 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 2024. 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% (2023: 10%).

### R. 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).

### S. 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### T. 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.

### U. 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.

### V. 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:

<b>31 December 2024</b>			
	Gross Liabilities	Reinsurance share	Net Liabilities
Personal accident	65	-	65
Health	863	-	863
Land vehicles Casco	384	145	239
Fire insurance	74	64	10
Other damage to property	48	27	21
Motor Liability	10,628	95	10,533
Suretyship	12	4	8
General	4	2	2
Assistance	412	-	412
<b>TOTAL</b>	<b>12,490</b>	<b>337</b>	<b>12,153</b>

<b>31 December 2023</b>			
	Gross Liabilities	Reinsurance of liabilities	Net Liabilities
Personal accident	108	-	108
Health	858	-	858
Land vehicles Casco	548	206	343
Fire insurance	152	110	42
Other damage to property	30	14	16
Motor Liability	9,586	83	9,503
Suretyship	3	1	2
General	6	4	1
Assistance	498	-	498
<b>TOTAL</b>	<b>11,789</b>	<b>418</b>	<b>11,371</b>

**INSURANCE COMPANY ILLYRIA SH.A.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At the end of accident year	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	7,932	8,479	88,451
1 year later	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	7,248	8,799		
2 years later	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	6,993	7,423			
3 years later	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	4,637	7,033				
4 years later	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	6,294	4,681					
5 years later	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	5,162	6,321						
6 years later	1,998	2,448	2,635	2,877	5,861	6,161	7,454	5,211	5,380	4,019	3,590	4,121	5,070	5,209							
7 years later	1,999	2,468	2,657	2,890	5,875	6,174	7,464	5,400	5,473	4,048	3,592	4,120	5,085								
8 years later	1,998	2,478	2,649	2,910	5,873	6,356	7,823	5,442	5,488	4,046	3,588	4,190									
9 years later	1,999	2,504	2,638	2,901	5,890	6,430	7,872	5,445	5,470	4,061	3,569										
10 years later	2,002	2,504	2,637	2,901	5,891	6,436	7,893	5,435	5,472	4,045											
11 years later	1,999	2,490	2,628	2,871	5,883	6,411	7,987	5,408	5,472												
12 years later	1,997	2,491	2,645	2,862	5,969	6,411	7,990	5,414													
13 years later	1,994	2,496	2,670	2,862	5,965	6,407	7,974														
14 years later	1,993	2,496	2,675	2,852	5,969	6,402															
15 years later	1,991	2,496	2,668	2,848	5,973																
16 years later	1,991	2,496	2,669	2,848																	
17 years later	1,991	2,496	2,664																		
18 years later	1,993	2,496																			
19 years later	1,986																				
Current evaluation	1,986	2,496	2,664	2,848	5,973	6,402	7,974	5,414	5,472	4,045	3,569	4,190	5,085	5,209	6,321	4,681	7,033	7,423	8,799	8,479	106,063
Cumulative payments	-1,988	-2,496	-2,664	-2,843	-5,946	-6,401	-7,727	-5,293	-5,327	-3,987	-3,430	-3,867	-4,950	-5,004	-5,939	-4,465	-6,396	-6,637	-8,013	-7,203	-100,576
Reserve for RBNS	6	0	0	5	27	1	247	121	145	59	138	323	135	205	383	216	637	786	786	1,276	5,496

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 2024	31 December 2023
Cash and cash equivalents	883	530
Term deposits	6,814	6,498
Available for sale financial assets	14,164	12,113
Insurance receivables	1,152	1,102
Other Assets	986	846
<b>MAXIMUM EXPOSURES TO CREDIT RISK</b>	<b>23,999</b>	<b>21,089</b>

	31 December 2024	31 December 2023
Claim provision	337	418
Unearned premium	620	580
Receivable for reinsurance claims	215	310
Receivable for reinsurance commission	73	134
<b>MAXIMUM EXPOSURES TO CREDIT RISK</b>	<b>1,245</b>	<b>1,442</b>

**Terms deposits and cash and cash equivalents.** All term deposits and cash held in current account are with Republic of Kosovo licensed banks.

**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 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Up to 30 days	887	875
From 1 to 3 months	203	197
From 3 to 6 months	197	170
Over 6 months	453	291
Less: impairment provision	(588)	(431)
<b>INSURANCE RECEIVABLES, NET</b>	<b>1,152</b>	<b>1,102</b>

	31 December 2024	31 December 2023
Less than 30 days past due	887	875
Past due and impaired	853	658
Less: impairment provision	(588)	(431)
<b>INSURANCE RECEIVABLES, NET</b>	<b>1,152</b>	<b>1,102</b>

**3. INSURANCE AND FINANCIAL RISK (CONTINUED)**

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

	2024	2023
At 1 January	431	422
Provision for impairment recognized during the year	238	207
Reversal of impairment	(81)	(198)
<b>At 31 December</b>	<b>588</b>	<b>431</b>

**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:

<b>Days in arrears</b>	<b>% of provisioning</b>
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.

**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.

**3. INSURANCE AND FINANCIAL RISK (CONTINUED)**

<b>31-Dec-24</b>	<b>Up to six months</b>	<b>6 months to one year</b>	<b>Over one Year</b>	<b>Non-interest bearing</b>	<b>Total</b>
Cash and cash equivalents	883	-	-	-	883
Term deposits	1,485	1,952	3,057	320	6,814
Available for sale financial assets	1,255	99	12,810	-	14,164
Insurance receivables	-	-	-	1,152	1,152
Other Assets	-	-	-	986	986
<b>Total</b>	<b>3,623</b>	<b>2,051</b>	<b>15,867</b>	<b>2,458</b>	<b>23,999</b>

Gross Claim Reserves	-	-	-	12,491	12,491
Borrowings and lease liability	-	124	281	-	405
Insurance and other liabilities	-	-	-	1,367	1,367
<b>Total</b>	<b>-</b>	<b>124</b>	<b>281</b>	<b>13,858</b>	<b>14,263</b>

<b>31-Dec-23</b>	<b>Up to six months</b>	<b>6 months to one year</b>	<b>Over one Year</b>	<b>Non-interest bearing</b>	<b>Total</b>
Cash and cash equivalents	530	-	-	-	530
Term deposits	1,064	2,854	2,260	320	6,498
Available for sale financial assets	1,425	1,195	9,493	-	12,113
Insurance receivables	-	-	-	1,102	1,102
Other Assets	-	-	-	846	846
<b>Total</b>	<b>3,019</b>	<b>4,049</b>	<b>11,753</b>	<b>2,268</b>	<b>21,089</b>

Gross claim reserves	-	-	-	11,789	11,789
Borrowings and lease liability	-	87	198	-	285
Insurance and other liabilities	-	-	-	1,449	1,449
<b>Total</b>	<b>-</b>	<b>87</b>	<b>198</b>	<b>13,238</b>	<b>13,523</b>

***Foreign currency risk***

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

**3. INUSRANCE AND FINANCIAL RISK (CONTINUED)**

*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.

<b>31 December 2024</b>	<b>Up to six months</b>	<b>6 months to one year</b>	<b>Over one Year</b>	<b>Total</b>
Cash and cash equivalents	883	-	-	883
Term deposits	1,485	1,952	3,377	6,814
Available for sale financial assets	1,255	99	12,810	14,164
Insurance receivables	1,152	-	-	1,152
Other Assets	986	-	-	986
<b>Total</b>	<b>5,761</b>	<b>2,051</b>	<b>16,187</b>	<b>23,999</b>
Gross Claim reserves	1,729	2,352	8,410	12,491
Borrowings and lease liability	-	124	281	405
Insurance and other liabilities	1367	-	-	1,367
<b>Total</b>	<b>3,096</b>	<b>2,476</b>	<b>8,691</b>	<b>14,263</b>
<b>Net liquidity gap</b>	<b>2.665</b>	<b>(425)</b>	<b>4,219</b>	<b>7,566</b>
<b>31 December 2023</b>	<b>Up to six months</b>	<b>6 months to one year</b>	<b>Over one Year</b>	<b>Total</b>
Cash and cash equivalents	530	-	-	530
Term deposits	1,064	2,854	2,580	6,498
Available for sale financial investments	1,425	1,195	9,493	12,113
Insurance receivables	1,102	-	-	1,102
Other Assets	846	-	-	846
<b>Total</b>	<b>4,967</b>	<b>4,049</b>	<b>12,073</b>	<b>21,089</b>
Gross Claim reserves	1,653	2,480	7,656	11,789
Borrowings and lease liability	-	87	198	285
Insurance and other liabilities	1,449	-	-	1,449
<b>Total</b>	<b>3,102</b>	<b>2,567</b>	<b>7,854</b>	<b>13,523</b>
<b>Liquidity gap</b>	<b>1,865</b>	<b>1,482</b>	<b>4,219</b>	<b>7.566</b>

**3. INUSRANCE 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 2024 the Company was in Compliance with capital requirements for an amount of EUR 4,775 thousand above minimum required margin.

	31-Dec-24	31-Dec-23
	EUR'000	EUR'000
Available Capital according to CBK Regulation	9,364	7,495
<b>Solvency Margin</b>	<b>4,589</b>	<b>4,022</b>
<b>Minimum required capital</b>	<b>3,200</b>	<b>3,200</b>
<b>Surplus</b>	<b>4,775</b>	<b>3,473</b>

#### 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 2B.

##### B. 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-Dec-24		31-Dec-23	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	883	883	530	530
Term deposits	6,814	6,814	6,498	6,498
Insurance receivables	1,152	1,152	1,102	1,102
Other Assets	986	986	846	846
<b>Total</b>	<b>9,835</b>	<b>9,835</b>	<b>8,976</b>	<b>8,976</b>
Gross Claim Reserves	12,491	12,491	11,789	11,789
Borrowings and lease liability	405	405	285	285
Insurance and other liabilities	1,367	1,367	1,449	1,449
<b>Total</b>	<b>14,263</b>	<b>14,263</b>	<b>13,523</b>	<b>13,523</b>

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)**

**C. 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 2024	Level 1	Level 2	Level 3	Total
Available for sale financial assets	-	14,164	-	14,164
<b>TOTAL FINANCIAL ASSETS</b>	<b>-</b>	<b>14,164</b>	<b>-</b>	<b>14,164</b>

31 December 2023	Level 1	Level 2	Level 3	Total
Available for sale financial assets	-	12,113	-	12,113
<b>TOTAL FINANCIAL ASSETS</b>	<b>-</b>	<b>12,113</b>	<b>-</b>	<b>12,113</b>

**5. FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES**

	Loans and receivables	Held to maturity	Available for sale	Fair value through profit or loss
<b>Financial assets</b>				
Cash and cash equivalents	883	-	-	-
Term deposits	6,814	-	-	-
Investment in government bonds	-	-	14,164	-
Insurance receivables	1,152	-	-	-
<b>As at December 31, 2024</b>	<b>8,849</b>	<b>-</b>	<b>14,164</b>	<b>-</b>

	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss
<b>Financial liabilities</b>		
Borrowings and lease liabilities	405	-
Other liabilities	1,367	-
<b>As at December 31, 2024</b>	<b>1,772</b>	<b>-</b>

**5. FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES (CONTIUNED)**

	Loans and receivables	Held to maturity	Available for sale	Fair value through profit or loss
<i>Financial assets</i>				
Cash and cash equivalents	530	-	-	-
Term deposits	6,498	-	-	-
Investment in government bonds	-	-	12,113	-
Insurance receivables	1,102	-	-	-
<b>As at December 31, 2023</b>	<b>8,130</b>	<b>-</b>	<b>12,113</b>	<b>-</b>

	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss
<i>Financial liabilities</i>		
Borrowings and lease liabilities	285	-
Other liabilities	1,449	-
<b>As at December 31, 2023</b>	<b>1,734</b>	<b>-</b>

**6 CASH AND CASH EQUIVALENTS**

	2024	2023
	EUR'000	EUR'000
Current accounts with local banks	883	530
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>883</b>	<b>530</b>

**7 TERM DEPOSITS**

	2024	2023
	EUR'000	EUR'000
Term deposits with local commercial banks	6,492	6,178
Deposit at Central Bank	322	320
<b>TOTAL TERM DEPOSITS</b>	<b>6,814</b>	<b>6,498</b>

<b>Maturity of deposits</b>	<b>2024</b>	<b>2023</b>
	EUR'000	EUR'000
Due within one year	3,437	3,918
Due after one year	3,377	2,580
<b>TOTAL TERM DEPOSITS</b>	<b>6,814</b>	<b>6,498</b>

Term deposits are maintained with domestic financial institutions. Interest rates on term deposits, during the fiscal year 2024 were from 3.20% to 3.85% per annum (2023: 1.6% to 2.9% per annum). Included in term deposit is accrued interest in amount of EUR 103 thousand (31 December 2023: EUR 87 thousand).

The Company has assessed whether there are any impairment indications on the term deposits held as of December 31, 2024. 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**

	2024	2023
	EUR'000	EUR'000
Available for sale financial assets	14,164	12,113
<b>TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>14,164</b>	<b>12,113</b>

The Kosovo government bonds with maturities ranging from 2 years to 10 years have yields ranging from 3.9 % - 4.3%. Interest income recognized for the year ended 2024 amounted to EUR 409 thousand (2023: EUR 322 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**

	2024 EUR'000	2023 EUR'000
Receivables for compulsory products	50	29
Receivables for voluntary products	1370	1,152
Receivable from Kosovo Insurance Bureau	320	352
	<u>1,741</u>	<u>1,533</u>
Less: Impairment provision	(588)	(431)
<b>INSURANCE RECEIVABLES, NET</b>	<u>1,152</u>	<u>1,102</u>

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 2Y.

**10 DEFERRED ACQUISITION COSTS**

The Company classifies the following expenses as deferred acquisition costs:

	2024 EUR'000	2023 EUR'000
Agents' salaries and related costs	574	554
Provision to CBK	85	81
<b>TOTAL DEFERRED ACQUISITION COST</b>	<u>659</u>	<u>635</u>

Deferred acquisition costs are calculated using 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.

**INSURANCE COMPANY ILLYRIA SH.A.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

**11 PROPERTY AND EQUIPMENT**

As of 31 December 2024 and 2023, 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	EUR'000	EUR'000
<b>Cost</b>									
At 1 January 2023	1,513	3,778	109	553	-	-	5,953	619	6,572
Additions	-	-	13	20	-	-	33	-	33
Disposals	-	-	-	-	-	-	-	(100)	(100)
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfer to investment property	-	-	-	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>1,513</b>	<b>3,778</b>	<b>122</b>	<b>573</b>	<b>-</b>	<b>-</b>	<b>5,986</b>	<b>519</b>	<b>6,505</b>
Additions	-	-	13	9	-	-	22	345	367
Disposals	-	-	-	-	-	-	-	(151)	(151)
Revaluation surplus	-	-	-	-	-	-	-	-	-
Transfer to investment property	-	-	-	-	-	-	-	-	-
<b>At 31 December 2024</b>	<b>1,513</b>	<b>3,778</b>	<b>135</b>	<b>582</b>	<b>-</b>	<b>-</b>	<b>6,008</b>	<b>713</b>	<b>6,721</b>
<b>Accumulated Depreciation</b>									
At 1 January 2023	-	(540)	(75)	(358)	-	-	(973)	(262)	(1,235)
Charge for the year	-	(155)	(22)	(44)	-	-	(221)	(149)	(370)
Charge transferred to investment property	-	-	-	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>-</b>	<b>(695)</b>	<b>(97)</b>	<b>(402)</b>	<b>-</b>	<b>-</b>	<b>(1,194)</b>	<b>(240)</b>	<b>(1,434)</b>
Charge for the year	-	(155)	(22)	(46)	-	-	(223)	(168)	(391)
Disposal	-	14	-	-	-	-	14	4	18
Derecognition	-	-	-	-	-	-	-	89	89
<b>At 31 December 2024</b>	<b>-</b>	<b>(836)</b>	<b>(119)</b>	<b>(448)</b>	<b>-</b>	<b>-</b>	<b>(1,403)</b>	<b>(315)</b>	<b>(1,718)</b>
Net book value at:									
31 December 2023	1,513	3,083	25	170	-	-	4,791	279	5,071
31 December 2024	1,513	2,942	16	134	-	-	4,605	398	5,003

## 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. 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.

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, 2024	As at December 31, 2023
Land	1,044	1,044
Building	1,433	1,433
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.

## 12 INVESTMENT PROPERTY

	31 December 2024	31 December 2023
Balance as at 1 January	776	-
Additions	-	-
Reclassification from property, plant and equipment	-	776
Change in fair value	-	-
<b>Balance as at 31 December</b>	<b>776</b>	<b>776</b>

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
<i>Cost</i>	
At 1 January 2023	474
Additions	133
<b>At 31 December 2023</b>	<b>607</b>
Additions	160
Disposals	(30)
<b>At 31 December 2024</b>	<b>737</b>
 <i>Accumulated Amortization</i>	
At 1 January 2023	(342)
Charge for the year	(88)
<b>At 31 December 2023</b>	<b>(430)</b>
Charge for the year	(100)
<b>At 31 December 2024</b>	<b>(530)</b>
 Net book value	
<b>31 December 2023</b>	<b>177</b>
<b>31 December 2024</b>	<b>207</b>

**14 OTHER ASSETS**

	2024 EUR'000	2023 EUR'000
Deposit for green card	285	248
Receivable from reinsurer (note 13 b)	288	444
Receivables for claims in regress, net (note 13 b)	35	7
Advances to suppliers for goods and services	88	107
Value added tax receivable	28	31
Other receivables	262	9
<b>TOTAL OTHER ASSETS</b>	<b>986</b>	<b>846</b>

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.

*14.B. Receivable from reinsurer and regress claim receivables*

	2024 EUR'000	2023 EUR'000
Receivable from reinsurer for commission	73	134
Receivable from reinsurer for claims	215	310
<b>Total</b>	<b>288</b>	<b>444</b>

	31 December 2024	31 December 2023
Gross regress claim receivables	148	110
Less: Impairment provision	(113)	(103)
<b>Net receivables for claims in regress as at</b>	<b>35</b>	<b>7</b>

**15 SHARE CAPITAL**

As at 31 December 2024 and 2023 the Company is 100% owned by Sava Re. The share capital is composed from:

	2024 EUR'000	2023 EUR'000
Paid share capital in cash	7,228	7,228
<b>TOTAL SHARE CAPITAL</b>	<b>7,228</b>	<b>7,228</b>

**16 GROSS CLAIM RESERVES**

	2024	2023
	EUR'000	EUR'000
Reported but not settled claims (RBNS)	6,948	6,970
Incurred but not yet reported claims (IBNR)	4,862	4,146
Claim handling costs	681	674
<b>TOTAL GROSS CLAIM RESERVES AT 31 DECEMBER</b>	<b>12,491</b>	<b>11,789</b>

	2024	2023
	EUR'000	EUR'000
As at 1 January	11,371	10,579
Gross insurance liabilities for losses and loss adjustment expenses	-	-
Reinsurance recoverable	-	-
<b>Net insurance liabilities for losses and loss adjustment expenses</b>	<b>11,371</b>	<b>10,579</b>
Losses and loss adjustment expenses incurred	10,733	9,851
Losses and loss adjustment expenses paid	(9,950)	(9,059)
<b>Net insurance liabilities for losses and loss adjustment expenses as at 31 December</b>	<b>12,154</b>	<b>11,371</b>
<b>Reinsurance recoverable</b>	<b>337</b>	<b>418</b>

Included in gross claim reserves are reserves for Border insurance and Compensation fund in amount of EUR 1,825 thousand as at 31 December 2024 (31 December 2023: EUR 1,638 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 2024**

	UPR	URR	Premium reserves	Reinsurer UPR	Net UPR
Motivic	4,197	-	4,197		4,197
Travel Health Insurance	281	-	281		281
Fire & Property Insurance	309	64	373	238	135
Border premiums – KIB	75	-	75		75
Other products	1,192	119	1,311	382	929
<b>Total</b>	<b>6,054</b>	<b>183</b>	<b>6,237</b>	<b>620</b>	<b>5,617</b>

**31 December 2023**

	UPR	URR	Premium reserves	Reinsurer UPR	Net UPR
Motivic	3,781	-	3,781		3,781
Travel Health Insurance	535	-	535		535
Fire & Property Insurance	297	52	349	225	124
Border premiums – KIB	71	-	71		71
Other products	1,100	139	1,239	355	884
<b>Total</b>	<b>5,784</b>	<b>191</b>	<b>5,975</b>	<b>580</b>	<b>5,395</b>

**18 BORROWINGS**

	2024 EUR'000	2023 EUR'000
Lease liability	405	285
Interest payable	-	-
<b>TOTAL BORROWINGS AT 31 DECEMBER</b>	<b>405</b>	<b>285</b>

	2024 EUR '000	2023 EUR '000
Cash and cash equivalent	883	530
Borrowings repayable within one year	-	-
Borrowings repayable after one year	-	-
<b>NET DEBT</b>	<b>478</b>	<b>245</b>

**19 LEASE LIABILITIES**

	31 December 2023	Cash flows	Non-cash changes	31 December 2024
	EUR '000	EUR '000	EUR '000	EUR '000
Lease liabilities	285	(246)	366	405
	<b>285</b>	<b>(246)</b>	<b>366</b>	<b>405</b>

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 2024 amounts to EUR 16 thousand (2023: EUR 15 thousand).

As at 31 December 2024 and 2023, 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**

	2024	2023
	EUR'000	EUR'000
Reinsurance payable	325	531
Underwriting and policy acquisition costs payable	155	107
Payable to CBK	67	66
Liabilities due to policyholders	157	9
Payable to suppliers	160	156
VAT payable	153	156
Tax on salaries payable	30	24
Pension contribution payable	37	30
Other payables	8	1
Salaries payable	109	179
Claims payable for corresponding claims	11	45
Deferred Revenue	155	145
<b>TOTAL INSURANCE AND OTHER LIABILITIES</b>	<b>1,367</b>	<b>1,449</b>

**21 GROSS WRITTEN PREMIUMS**

	2024	2023
	EUR'000	EUR'000
Personal accident	434	406
Health	6,083	5,490
Land vehicles Casco	1,785	1,489
Fire and natural forces	580	606
Other damage to property	200	209
Motor liability	9,114	7,856
General liability	84	168
Suretyship	20	20
Assistance	969	1,186
Goods in transit	8	6
<b>TOTAL GROSS WRITTEN PREMIUM</b>	<b>19,277</b>	<b>17,436</b>

**22 PREMIUM CEDED TO REINSURERS**

	2024	2023
	EUR'000	EUR'000
Land vehicles Casco	708	591
Fire and natural forces	493	521
Other damage to property	153	149
Motor liability	162	132
General liability	79	125
Suretyship	8	8
Goods in transit	3	3
<b>TOTAL PREMIUM CEDED TO REINSURANCE</b>	<b>1,606</b>	<b>1,529</b>

**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:

	2024	2023
	EUR'000	EUR'000
Share of expenses to KIB	319	240
<b>SHARE OF EXPENSES TO KIB</b>	<b>319</b>	<b>240</b>

**24 INTEREST INCOME**

	<b>2024</b>	<b>2023</b>
	EUR'000	EUR'000
Interest income from deposits	154	95
Interest income from available for sale financial assets	409	322
<b>TOTAL INTEREST INCOME</b>	<b>563</b>	<b>417</b>

**25 ADMINSTRATIVE AND OTHER OPERATING EXPENSE**

	<b>2024</b>	<b>2023</b>
	EUR'000	EUR'000
Salaries	2,631	2,243
Depreciation	473	458
Rent expenses	127	110
CBK supervision charges	270	244
Maintenance expenses	150	182
Office expenses	119	155
Advertising costs	51	35
Bad debts expense	248	215
Utilities	13	14
Telecommunication expenses	31	29
Training expenses	21	14
Fuel expenses	43	35
Bank charges	14	10
Representation expenses	20	26
Sponsorship and donations	2	30
Other expenses	191	256
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>4,404</b>	<b>4,056</b>

**25. 1 Audit fees**

For the year ended December 31, 2024, contracted fees for the audit services were as follows:

	<b>2024</b>	<b>2023</b>
Audit fees for statutory reporting	15,150	15,150
Other audit related fees for group purposes	15,150	15,150
Review report for regulatory purposes	-	-
Other fees related to permissible NAS	-	-
<b>Total</b>	<b>30,300</b>	<b>30,300</b>

**26 INCOME TAX**

	2024	2023
	EUR'000	EUR'000
Income tax	249	165
Deferred Tax Charge	(6)	9
<b>TOTAL INCOME TAX EXPENSE IN PROFIT AND LOSS</b>	<b>243</b>	<b>174</b>

**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:

	2024	2023
	EUR'000	EUR'000
Profit for the year for the period	1,612	1,356
Tax rate at 10%	161	136
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	60	75
Tax effect of amounts which are exempt in calculating taxable income	28	(46)
Tax losses utilized in current year	-	-
Current year adjustment	-	-
<b>Income tax expense for the year</b>	<b>249</b>	<b>165</b>
Difference between accounting and tax value for PPE, ROA and lease liability	(6)	9
<b>Income tax expense</b>	<b>243</b>	<b>174</b>

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	
	<b>Provision</b>	<b>Number of Cases</b>
Claims outstanding as of 31 December 2023	2,575	536
Claims outstanding as of 31 December 2024	2,941	536
<b>As of 31 December, 2023</b>	<b>2,575</b>	<b>536</b>
Additions	1,311	346
Solved Cases	(945)	(346)
<b>As of 31 December, 2024</b>	<b>2,941</b>	<b>536</b>

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.

**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 2024 and 2023.

**31 December 2024**

	Receivables	Liabilities	Income	Expenses	Total
<b>Sava Re</b>	<b>1,246</b>	<b>325</b>	<b>938</b>	<b>1,395</b>	<b>3,904</b>
Premium ceded for the period	-	-	-	1,395	1,395
Reinsurance recoveries for the period	-	-	633	-	633
Reinsurance commission	-	-	305	-	305
Liability for premium ceded	-	325	-	-	325
Other Short term Liabilities	-	-	-	-	-
Due from Sava Re for Unearned Premiums	621	-	-	-	621
Due from Sava Re for Outstanding Claims	337	-	-	-	337
Reinsurance share on insurance liabilities	288	-	-	-	288
Interest Expense	-	-	-	-	-
Deferred revenue from commission	-	-	-	-	-
Other Expenses (car rental)	-	-	-	-	-
<b>Illyria Life</b>	-	-	<b>28</b>	-	<b>28</b>
Receivables from services provided	-	-	28	-	28
Management remunerations	-	-	-	54	54
<b>Total</b>	<b>1,246</b>	<b>325</b>	<b>966</b>	<b>1,449</b>	<b>3,986</b>

**31 December 2023**

	Receivables	Liabilities	Income	Expenses	Total
<b>Sava Re</b>	<b>1,354</b>	<b>676</b>	<b>1,163</b>	<b>1,217</b>	<b>4,410</b>
Premium ceded for the period	-	-	-	1,217	1,217
Reinsurance recoveries for the period	-	-	926	-	926
Reinsurance commission	-	-	237	-	237
Liability for premium ceded	-	531	-	-	531
Other Short term Liabilities	-	-	-	-	-
Due from Sava Re for Unearned Premiums	577	-	-	-	577
Due from Sava Re for Outstanding Claims	333	-	-	-	333
Reinsurance share on insurance liabilities	444	-	-	-	444
Interest Expense	-	-	-	-	-
Deferred revenue from commission	-	145	-	-	145
Other Expenses (car rental)	-	-	-	-	-
<b>Illyria Life</b>	-	-	<b>28</b>	-	<b>28</b>
Receivables from services provided	-	-	-	-	-
Management remunerations	-	-	-	54	54
<b>Total</b>	<b>1,354</b>	<b>676</b>	<b>1,191</b>	<b>1,271</b>	<b>4,492</b>

**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 1 Supplementary Schedules**

**INSURANCE COMPANY ILLYRIA SH.A.**  
**SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2024**

**1 SOLVENCY MARGIN**

Table for Solvency Calculation		2024	2023
<b>1</b>	<b>Table of reserves for claims</b>		
1.1	Requirements for outstanding claims at the beginning of the period	11,789,105	10,994,212
1.2	Paid claims	9,950,736	9,059,008
1.3	Requirements for outstanding claims at the end of the period	12,490,722	11,789,105
1.4	<b>Incurred losses (1.2 + 1.3) - 1.1</b>	<b>10,652,352</b>	<b>9,853,901</b>
1.5	<b>Average of incurred losses</b>	<b>9,859,686</b>	<b>8,733,967</b>
<b>2</b>	<b>Table of part of reinsurer requirements</b>		
2.1	Part of reinsurance for pending claims at the beginning of the period	417,911	415,300
2.2	Accepted reinsurance	633,416	937,284
2.3	Part of reinsurance for pending claims at the end of the period	337,343	417,911
2.4	<b>Part of reinsurance for incurred claims</b>	<b>552,848</b>	<b>939,895</b>
2.5	Net incurred losses (held claims)	10,099,504	8,914,006
2.6	Holding level	92.00%	90.50%
2.7	Average of holding level	93.00%	91.90%
<b>3</b>	<b>Based on premiums</b>	<b>2024</b>	<b>2,023</b>
3.1	Gross written premiums	19,192,328	17,436,254
3.2	Change of premiums	127,751	(453,263)
3.3	For QI: 11,12,13 increase of premium for 50%	(270,983)	
3.4	Others (tax & reinsurance)		
3.5	<b>Total</b>	<b>19,049,095</b>	<b>16,982,991</b>
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%
3.1	Result based on premiums	3,059,401	2,681,123
3.11	Holding level	93%	92%
3.12	<b>Result of solvency based on premiums</b>	<b>3,059,401</b>	<b>2,681,123</b>
<b>4</b>	<b>Based on claims</b>		
4.1	Incurred gross claims (see table of claims)	10,652,352	9,853,901
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	2,303,213	2,039,198
4.7	Net and gross incurred claims ratio	93%	92%
4.8	Minimum percentage	50%	50%
<b>5</b>	<b>Result of solvency based on claims</b>	<b>2,303,213</b>	<b>2,039,198</b>

**INSURANCE COMPANY ILLYRIA SH.A.**  
**SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2024**

<b>5 Required Solvency</b>	<b>2024</b>	<b>2023</b>
5.1 Based on premiums	3,059,401	2,681,123
5.2 Based on claims	2,303,213	2,039,198
5.3 Required solvency	3,059,401	2,681,123
5.4 Required solvency for the previous year	3,059,401	2,681,123
<b>5.5 Solvency based on growth of 150%</b>	<b>4,589,102</b>	<b>4,021,684</b>

**2 CAPITAL CALCULATION**

<b>Table for Capital calculation</b>		<b>2024</b>	<b>2023</b>
		<b>EUR'000</b>	<b>EUR'000</b>
<b>I</b>	<b>CHARTER CAPITAL</b>	<b>7,569,359</b>	<b>5,908,139</b>
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	341,318	(1,319,901)
<b>II</b>	<b>DEDUCTIBLE ELEMENTS FROM CHARTER CAPITAL</b>	-	-
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	-	-
<b>III</b>	<b>SUPPLEMENTARY CAPITAL</b>	<b>2,294,551</b>	<b>2,010,842</b>
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
3	Capital reserves linked to preferential share	-	-
4	Other elements	2,294,551	2,010,842
<b>IV</b>	<b>REGULATORY CAPITAL, (I - II + III)</b>	<b>9,863,910</b>	<b>7,918,981</b>
<b>V</b>	<b>DEDUCTIBLE ELEMENTS IN CAPITAL CALCULATION</b>	-	-
1	Participations or possessions in ownership of other companies	-	-
2	Investments in subordinated debt instruments	-	-
<b>VI</b>	<b>NON-LIQUID ASSETS</b>	<b>498,932</b>	<b>423,972</b>
1	Premiums receivable and debtors from the reinsurance for more than 90 days	73,431	57,536
2	Borrowings and receivables with related parties	20,863	50,284
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	206,815	176,640
9	Other	197,823	139,513
<b>VII</b>	<b>NET PROPERTY - AVAILABLE CAPITAL (IV - V - VI)</b>	<b>9,364,977</b>	<b>7,495,010</b>
<b>VIII</b>	<b>GUARANTEE FUND ACCORDING TO THE LAW</b>	<b>3,200,000</b>	<b>3,200,000</b>
<b>IX</b>	<b>REQUEST FOR CAPITAL ACCORDING TO THE GUARANTEE FUND</b>	<b>6,164,977</b>	<b>4,295,010</b>
<b>X</b>	<b>REQUEST FOR SOLVENCY COVERAGE</b>	<b>4,775,875</b>	<b>3,473,326</b>
<b>XI</b>	<b>FINAL REQUEST FOR CAPITAL GROWTH</b>	-	-

**INSURANCE COMPANY ILLYRIA SH.A.**  
**SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2024**

**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))	6,492,938.00	Unlimited	6,492,938
2	Treasury bills and bonds	11,038,005		11,038,005
2.1	Issued by Government of Kosovo (excluding charter capital))	10,938,427	Unlimited	10,938,427
2.1.1	Treasury bills	10,938,427		10,938,427
2.1.2	Bonds	-		-
2.1.3	Other financial instrument	-		-
2.2	Issued and guaranteed by EU countries, (rated not below BBB)	99,578	20% in total 5% individually	99,578
2.2.1	Treasury bills	99,578		99,578
2.2.2	Bonds	-		-
2.2.3	Other financial instrument	-		-
3	Land and building	5,252,985	20% in total 10% individually	2,146,258
3.1	Land and building 1 for personal use	4,979,500		1,872,773
3.2	Land and building 2 for personal use	273,486		273,486
3.4	Land and building 1 for investment purposes	-		-
3.5	Land and building 2 for investment purposes	-		-
4	Cash and cash equivalents	884,099	3%	561,832
4.1	Deposit <= 3 months	-		-
4.2	Current accounts	-		-
4.3	Cash	884,099		884,099
5	Receivables arising out of reinsurance	287,962		287,962
5.1	Reinsurance with rating > = BBB	-	Unlimited	-
5.2	Reinsurance with rating < BBB	287,962	25%	287,962
6	Reinsurance share of technical provisions	958,757		958,757
6.1	Reinsurance with rating > = BBB	-	Unlimited	-
6.2	Reinsurance with rating < BBB	958,757	25%	958,757
7	Accrued interest from investment	245,539	5%	245,539
8	Receivables from insurance premiums, not older than 90 days	982,535	Up to 20% of UPR	982,535
8.1	from policyholders	982,535		982,535
8.2	from intermediaries	-		-
9	Other tangible assets (except land and building)	433,388	5%	433,388
10	<b>Total assets invested to cover technical provisions</b>	<b>26,576,208</b>		<b>23,147,214</b>

Nr.	Technical Provisions, dd/mm/yy	Amount
1	Unearned premiums and unexpired risk premiums	6,054,198
2	Provision for claims	12,490,722
3	Other technical provisions	182,809
4	<b>Total Amount of technical provisions to be covered</b>	<b>18,727,728</b>
5	Total assets to cover technical provisions	23,147,214
6	Total of technical provisions	18,727,728
7	Difference	4,419,486
8	Coverage ratio (%)	124%