SIGAL LIFE UNIQA GROUP AUSTRIA SH.A.

Financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2022

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Independent Auditor's Report

To the shareholder of Sigal Life Uniqa Group Austria SH.A.:

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sigal Life Uniqa Group Austria SH.A (the "Company") as at 31 December 2022, and the Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kosovo Council for Financial Reporting (KCFR) that are relevant to our audit of the financial statements in the Republic of Kosovo. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KCFR.

Non-audit services

To the best of our knowledge and belief, we have not provided any non-audit services that are prohibited under Article 5 "Prohibition of Provision of Non-Auditing Services" of the Administrative Instruction No. 02/2019 "On the Independence of Statutory Auditors and Auditing Firms".

Our audit approach

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Overview

Materiality	• Overall Company materiality: EUR 20 thousand, which represents approximately 1% of gross written premiums.
Key audit matters	• Estimates of insurance contract liabilities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	EUR 20 thousand
How we determined it	Approximately 1% of gross written premiums
Rationale for the materiality benchmark applied	The Company is profit oriented. Nevertheless, due to volatility of the profit of the Company and its main objectives of expanding life insurance market in general and its market share it is deemed that profit before tax does not appropriately represent the relative size of the Company's operations and its objectives which make it less relevant as a benchmark for determining materiality. Therefore, we used another more appropriate and representative performance-related measure, i.e., gross written premiums, as our materiality benchmark. We chose 1% which we believe is within the range of acceptable quantitative materiality thresholds for this specific benchmark in the circumstances.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Estimates of insurance contract liabilities for the life business (Note 16 and 17 of the financial statements) Insurance contract liabilities which are comprised of: • Reported but not settled claims ("RBNS"); • Incurred but not reported reserve ("IBNR"); • Mathematical reserve ("MR"). and are included in the Statement of Financial Position at the amount of EUR 421 thousand (Note 16) out of which Mathematical Reserves amount to EUR 384	Our audit approach was as follows: • We assessed and tested the design and operating effectiveness of selected controls, in connection with the insurance contract liabilities, including UPR. • For a sample of claim files, we tested that the claim reserve is reassessed at the end of each month and is periodically updated with relevant new information received. • For MR and UPR our actuarial experts were involved to assess the entity's methodology, models and the assumptions, and to perform the independent

Key audit matter	How our audit addressed the key audit matter
thousand. The Statement of Financial Position also includes Unearned Premium Reserves ("UPR") of EUR 786 thousand (Note 17). The estimates of MR and UPR were considered a key audit matter due to their relative significance compared to total liabilities of the Company, their potential impact on results and the level of judgement involved in assessing the sufficiency of such reserves. MR provision is calculated on a policy basis using standard actuarial commutation factor formula, based on net reserving, which include actuarial assumptions regarding the mortality and discount rates. Therefore, application of valid and reliable assumptions is highly important. UPR for term life is calculated using actuarial methods by considering the amortised sum insured adjusted with the mortality risk coefficient. UPR for personal insurance is calculated by the standard pro-rata temporis method, considering the premium amortisation in case of single premium payment. For endowment insurance, the Company also uses the pro-rata temporis method.	recalculation of insurance contracts liabilities including UPR. • In addition to the above, we also assessed the appropriateness and sufficiency of the disclosures on insurance contract liabilities including UPR in the financial statements.

Reporting on other information

Management is responsible for the other information. The other information comprises supplementary schedules that include the "Solvency Margin" and "Assets deemed to back insurance liabilities" (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 scepticism throughout the audit. We also:

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

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company on 18 October 2022, representing a total period of uninterrupted engagement appointment of one year.

The statutory auditor on the audit engagement resulting in this independent auditor's report is Jonid Lamllari.

Statutory Auditor
Jonid Lamllari

3 May 2023
Prishtina, Kosova

(All amounts expressed in EUR thousand, unless otherwise stated)

	Note	31 December 2022	31 December 2021 (restated)[1]
ASSETS			
Cash and cash equivalents	10	221,704	331,080
Term deposits	11	4,470,035	4,213,747
Insurance receivable	12	1,192,092	850,459
Corporate income tax receivable		4,868	548
Reinsurance assets	7.7	17,244	4,799
Deferred acquisition cost	13	49,734	15,355
Property and equipment	14	561,772	456,219
Right-of-use asset		195	192
Intangible assets	15	26,904	17,803
TOTAL ASSETS		**6,544,548**	**5,890,202**
LIABILITIES			
Insurance contract liabilities	16	420,508	481,306
Unearned premium reserve	17	785,887	328,096
Other liabilities	18	331,006	277,355
Deferred tax liabilities	23	12,615	-
Lease liabilities		200	199
TOTAL LIABILITIES		**1,550,216**	**1,086,956**
SHAREHOLDER'S EQUITY			
Share capital	19	3,500,000	3,500,000
Revaluation reserve	19	113,534	-
Retained earnings		1,380,798	1,303,246
TOTAL SHAREHOLDER'S EQUITY		**4,994,332**	**4,803,246**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**6,544,548**	**5,890,202**

These financial statements have been approved by the Executive Management of the company on 2 May 2023 and signed on their behalf by:

Mrs. Kaltrina Gashi
Acting Chief Executive Officer

Mrs. Vlera Halili
Chief Financial Officer

[1] The statement of financial position at 31 December 2021 has been subject to restatement of the amounts as explained in note 3.

Notes from page 5 to 34 form an integral part of these financial statements.

	Note	Year ended 31 December 2022	Year ended 31 December 2021 (restated)[1]
Gross written premiums	20	2,019,984	1,435,684
Change in the gross provision for unearned premiums	17	(457,791)	(51,679)
Gross earned premium net of corporate income tax		**1,562,193**	**1,384,005**
Premium ceded to reinsurers		(22,369)	(19,572)
Reinsurance share of unearned premium	7.7	12,445	(3,907)
Net premium earned		**1,552,269**	**1,360,526**
Interest income	11	73,778	58,021
Net income		**1,626,047**	**1,418,547**
Change in reserve	16	60,798	(22,265)
Claims paid	16	(359,737)	(407,404)
Net insurance claims		**(298,939)**	**(429,669)**
Acquisition costs	21	(701,615)	(506,671)
Administrative expenses	22	(476,131)	(340,488)
Impairment of insurance receivables	12	(40,051)	553
Net profit before taxes		**109,311**	**142,272**
Income tax expense	23	(31,759)	(23,893)
Net profit for the year		**77,552**	**118,379**
Other comprehensive income			
Fair value gain on property and equipment, net of tax	19,23	113,534	-
Total other comprehensive income for the year		**113,534**	**-**
Total comprehensive income for the year		**191,086**	**118,379**

[1] The statement of profit or loss and other comprehensive income at 31 December 2021 has been subject to restatement of the amounts as explained in note 3.

Notes from page 5 to 34 form an integral part of these financial statements.

SIGAL LIFE UNIQA GROUP AUSTRIA SH.A.
Statement of Changes in Equity
(All amounts in EUR unless otherwise stated)

	Share capital	Revaluation reserve	Retained earnings	Total
Balance as at 1 January 2021	**3,500,000**	**-**	**1,184,867**	**4,684,867**
Net profit for the year (restated)	-	-	118,379	118,379
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**118,379**	**118,379**
Balance as at 31 December 2021	**3,500,000**	**-**	**1,303,246**	**4,803,246**
Balance as at 31 December 2021 – as originally presented	**3,500,000**	**-**	**1,323,198**	**4,823,198**
Correction of error	**-**	**-**	**(19,952)**	**(19,952)**
Restated as at 31 December 2021	**3,500,000**	**-**	**1,303,246**	**4,803,246**
Net profit for the year	-	-	77,552	77,552
Other comprehensive income				
Fair value gain on property and equipment, net of tax	-	**113,534**	-	**113,534**
Total comprehensive income	**-**	**113,534**	**77,552**	**191,086**
Balance as at 31 December 2022	**3,500,000**	**113,534**	**1,380,798**	**4,994,332**

Notes from page 5 to 34 form an integral part of these financial statements.

SIGAL LIFE UNIQA GROUP AUSTRIA SH.A.
Statement of Cash Flows
(All amounts in EUR, unless otherwise stated)

	Notes	For the year ended 31 December 2022	For the year ended 31 December 2021 (restated)[1]
Cash flows from operating activities			
Profit for the year		**77,552**	**118,379**
Adjustments for:			
Depreciation and amortization	14,15	44,794	38,024
Impairment charge/release of insurance receivables	12	40,051	(553)
Income tax expense	23	31,759	23,893
Interest income	11	(73,778)	(58,021)
Cash from operations before changes in operating assets and liabilities		**120,378**	**121,722**
(Increase)/decrease in reinsurance share for unearned premiums		(12,445)	3,907
Increase in insurance receivables		(381,684)	(233,945)
Increase in deferred acquisition cost		(34,379)	(4,529)
(Decrease)/increase in insurance contract liabilities		(60,798)	22,265
Increase in unearned premium reserve		457,791	51,679
Increase in other liabilities		53,651	138,197
		142,514	**99,296**
Interest received		34,490	100,030
Corporate income tax paid		(36,018)	(19,964)
Cash inflows from operating activities		**140,986**	**179,362**
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	14,15	(30,962)	(486,204)
(Increase)/decrease in term deposits		(217,000)	-
Proceeds from redeemed debt securities		-	415,000
Net cash used in investing activities		**(247,962)**	**(71,204)**
Financing activities			
Lease liability repayments during the year		(2,400)	(5,616)
Net cash used in financial activities		**(2,400)**	**(5,616)**
Net (decrease)/increase in cash and cash equivalents		**(109,376)**	**102,542**
Cash and cash equivalents at 1 January		331,080	228,538
Cash and cash equivalents at 31 December	**10**	**221,704**	**331,080**

[1] The statement of cash flows at 31 December 2021 has been subject to restatement of the amounts as explained in note 3.

1. General information

Sigal Life Uniqa Group Austria sh.a (the "Company") is a joint-stock company registered at the Kosovo Business Registration Agency on 10 May 2011. The Company was established under UNMIK regulation 2001/25 and rule 31 of Central Bank of Kosovo in licensing of life insurance companies in Kosovo dated 18 December 2007. The Company is owned by Sigal Uniqa Group Austria Sh.a, an Albanian entity which ultimate parent is Uniqa Osterreich Versicherungen AG, Austria ("UNIQA" or "Ultimate Parent Company") a joint stock company incorporated and domiciled in Republic of Austria.

Principal activity: The Company provides life insurance services such as personal insurance, term life insurance and endowment insurance in the Republic of Kosovo.

Registered address and place of business: The Company's registered address and place of business is "Pashko Vasa" St, Pristina, Kosovo no.15.

At 31 December 2022, the Company had 13 employees (2021: 14).

Management of the Company

The Management Board during 2022 was comprised of:

Perparim Drini	CEO
Vlera Halili	CFO

The Board of Directors during 2022, was comprised of:

Avni Ponari	Chairman
Klement Mersini	Member
Abdyl Sarja	Member
Elvis Ponari	Member
Saimir Dhamo	Member
Perparim Drini	Member without right of the vote

The Company made changes in the BoD and management structure in April 2023 and as of the date of approval of these financial statements, the Board consists of three members: Avni Ponari – chairman, Elvis Ponari and Abdyl Sarja – members, and the acting CEO is appointed Ms. Kaltrina Gashi.

2. Operating environment of the Company

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Kosovo authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. All of those measures were subsequently relaxed, and as of 31 December 2022, the Company does not see a risk that the authorities may impose additional restrictions in 2023 as a response to possible new variants of the virus.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) under the historical cost convention as modified by the revaluation of building. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 4 and 5 for adoption of new or revised standards and interpretations and new accounting pronouncements adopted by the Company).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Significant accounting policies (continued)

(b) Foreign currency transactions

Functional and presentation currency

These financial statements are presented in EUR, which is the Company's functional currency, and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognized in profit or loss.

(c) Classification of insurance contracts

The Company's products are classified at inception, for accounting purposes, as insurance contracts. A contract, which is classified as an insurance contract remains as insurance contract until all rights and obligations are extinguished or expire.

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a 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 may also transfer some financial risk.

(d) Recognition and measurement of insurance contracts

(i) Life insurance premiums

Gross written premiums comprise the amounts due during the financial year in respect of direct insurance regardless of the fact that such amounts may relate wholly or in part to a later accounting period. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes 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. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of reinsurance service received.

(ii) Unearned premium provision

The provision for term life and personal insurance has been calculated using actuarial methods by considering the outstanding principal adjusted with the mortality risk coefficient and risk of loss of life. The Company has used the daily pro - rata basis (1/365 method) to determine the unearned premium for the health insurance. The unearned premium is calculated net of acquisition expenses for credit life and term life. The unearned premium for the Payment Protection Insurance ("PPI") has been disclosed gross of policy acquisition costs. The effect of the acquisition costs is estimated based on the ratio of acquisition costs to gross written premium.

(iii) Claims

Benefits recognized for life insurance policies during the reporting period consist of payments during the financial year together with the movement in the provision for outstanding benefits. Anticipated reinsurance recoveries are disclosed separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding.

3. Significant accounting policies (continued)

(iv) Claims provisions

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 including an estimate for the cost of claims incurred but not reported (IBNR) at that date. The provision for outstanding claims is created on a case by case basis. The provision for reported but not settled claims is created on a case by case basis to the amount of expected payment. The provision for claims incurred but not reported is created using the simple claims ratio method. Life insurance business claims reflect the cost of all claims arising during the year, including policyholder bonuses allocated in anticipation of a bonus declaration.

(v) Other Technical reserves

The life insurance provision is calculated on a policy basis using standard actuarial commutation factor formula, based on net reserving. The assumptions on mortality and interest rate used in reserving are consistent with pricing assumptions.

(vi) Reinsurance

Contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognized in the same year as the related claim. Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy. The Company ceded insurance premiums and risk in order to limit its potential losses arising from longer exposures to significant losses from credit life insurance.

Reinsurance does not relieve the originating insurer of its liability. Premiums ceded to reinsurers are presented in profit or loss on the basis of the current period reinsurance charges. Benefits reimbursed are presented in profit or loss and statement of financial position on a gross basis. The product portfolio has been covered by reinsurance obligatory treaty covering the surplus of the sum at risk on the related insurance policies. Any additional benefit is divided between the retention and the surplus at the same proportion as the basic life sum insured. The reinsurance share in reserves is established case by case according to relevant treaties.

(vii) Deferred acquisition costs

Deferred acquisition costs are calculated based on Endowment, Regular Term and Single Term policies. For Term Life policies, DAC is calculated based on the commission determined on an individual policy basis. Commission paid per each policy is divided by the gross written premium of that policy. The resulting ratio is further multiplied by GWP UPR reserves. As a result, acquisition costs are deferred over the duration of the respective policies.

For Endowment policies, DAC is calculated in accordance with Uniqa Group DAC Standard. The simplified approach specified in the standard has been implemented by the Company. Therefore, Simplified Standard DAC Excel file provided by the Group has been used together with the following assumptions:

- Discount rates – risk free rates that are calculated and obtained from the Group;
- Lapse rates – rates calculated based on portfolio experience;
- Mortality rates – mortality from the Customized MT for the average policyholder per each underwriting year;
- Commission – actual brokerage commissions.

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

(e) Financial instruments

Financial Assets

The Company classifies its financial assets in the category of loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

3. Significant accounting policies (continued)

(i) Classification of financial assets

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Recognition and measurement of financial assets

Financial assets are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Loans and receivables and held-to- maturity financial assets are carried at amortized cost using the effective interest method.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

(iii) Recognition and measurement of financial liabilities

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs Subsequent to initial recognition, these liabilities are carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

3. Significant accounting policies (continued)

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Identification and measurement of impairment

At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. Objective evidence that financial assets are impaired can include: significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in payments; it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company.
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.
If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as 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. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement.
For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Company's grading process that considers assets past-due status and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.
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 recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used from the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost using the effective interest method.

(g) Term deposits

Term deposits are stated in the statement of financial position at the amount of principal outstanding and are classified as those with initial maturities more than three months. Interest is accrued using the effective interest method and interest receivable is reflected in term deposits.

(h) Investment securities

Investment securities are debt investments measured at amortized cost, less provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition. The Company had no investment securities as at 31 December 2022.

(i) Insurance and other receivables

Receivables including insurance receivables are initially recognized at fair value and subsequently measured at their amortised cost less impairment losses.

3. Significant accounting policies (continued)

(j) Insurance and other payables

Insurance and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(k) Property and equipment

(i) Recognition and measurement

Building is composed of the building used as office by the Company. Building is shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and accumulated depreciation, and the gross amount is restated to the revalued amount of the asset. All other equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(ii) Subsequent cost

The cost of replacing part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Increases in the carrying amount arising on revaluation of building are credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

(iii) Depreciation

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Building	20 years
Computers and related equipment	4 years
Furniture, fixtures, and equipment	5 years

Depreciation methods and useful lives are reassessed, and adjusted if appropriate, at each reporting date.

(l) Intangible Assets

Intangible assets are recognized if it is estimate that future economic benefits attributed to the asset will enter the Company and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The carrying values of intangible assets are reviewed for a decrease in value when events or changes in circumstances indicate that the carrying value may not be recoverable. Intangible assets consist entirely of computer programs that are depreciated on a straight-line basis during their estimated lifetime. Amortization methods and useful lives are reassessed, and adjusted if appropriate, at each reporting date. Intangible assets have a definite useful life of 3 years and are amortized over this term.

(m) Right-of-use assets

The Company leases various offices and vehicles. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

3. Significant accounting policies (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method.

(n) Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Extension and termination options are included in a number of property leases across the Company. These terms are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, or the rates on published by Central Bank of Kosovo for assets of similar value and terms;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of EUR 5 thousand or less.

Impairment of non-financial assets

At the end of each reporting period the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the Company estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

3. Significant accounting policies (continued)

(o) Revenue recognition

The accounting policy in relation to revenue from insurance contracts is disclosed in notes 7.2 and 7.3. Interest income on financial assets is recognised using the effective interest method.

(p) Employee benefits

The Company makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The Government is responsible for providing the legally set minimum threshold for pensions in Kosovo under a defined contribution pension plan. The Company's contributions to the pension plan are charged to profit or loss as incurred, and the Company has no further liabilities.

(q) Provisions

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

If these conditions are not met, there is no provision recognized in the financial statements. Provisions are not recognised for future operating losses. Provisions are reviewed at each period end and adjusted to reflect the current most appropriate estimate. The differences resulting from necessary adjustments are recognized in the statement of profit or loss for the period. Provisions are determined by discounting the expected future cash flows at pre tax rate. Provisions reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognized as an interest expense.

(r) Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge (credit) comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity. Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods.

Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Significant accounting policies (continued)

(t) Contingent liabilities or assets

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

(u) Comparatives – correction of errors

(i) Changes made by the Company to the comparative figures of the financial statements due to errors in the prior year and their impact in net equity, the statement of financial position and profit or loss and other comprehensive income and statement of cash flows are presented below.

During 2021 the Company has purchased a Building at cost of EUR 466,824. As per accounting policy of the Company, Buildings are measured at revalued amount being the fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. In the financial statements for the year ending 31 December 2021, depreciation expense of buildings in amount of EUR 19,952 was erroneously not recognized, therefore the correction of this error had an impact on the Company's net equity, the statement of financial position and profit or loss and other comprehensive income and statement of cash flows.

Statement of financial position for the year ended 31 December 2021

31 December 2021	Note	As previously presented	Adjustment	Restated
ASSETS				
Property Plant and Equipment	3.v.(i)	476,171	(19,952)	456,219
TOTAL ASSETS		**5,910,154**	**(19,952)**	**5,890,202**

Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

31 December 2021	Note	As previously presented	Adjustment	Restated
Gross written premiums		1,435,684	-	1,435,684
Change in the gross provision for unearned premiums		(51,679)	-	(51,679)
Gross earned premium net of corporate income tax		**1,384,005**	-	**1,384,005**
Premium ceded to reinsurers		(19,572)	-	(19,572)
Reinsurance share of unearned premium		(3,907)	-	(3,907)
Net premium earned		**1,360,526**	-	**1,360,526**
Interest income		58,021	-	58,021
Net income		**1,418,547**		**1,418,547**
Change in reserve		(22,265)	-	(22,265)
Claims paid		(407,404)	-	(407,404)
Net insurance claims		**(429,669)**	-	**(429,669)**
Acquisition costs		(506,671)	-	(506,671)
Administrative expenses	3.v.(i)	(320,536)	(19,952)	(340,488)
Impairment of insurance receivables		553	-	553
Net profit before taxes	3.v.(i)	**162,224**	**(19,952)**	**142,272**
Income tax expense		(23,893)	-	(23,893)
Net profit for the period	3.v.(i)	**138,331**	**(19,952)**	**118,379**
Other comprehensive income		-		-
Total comprehensive income for the year		**138,331**	**(19,952)**	**118,379**

3. Significant accounting policies (continued)

Statement of cash flows for the year ended 31 December 2021

31 December 2021	Note	As previously presented	Adjustment	Restated
Cash flows from operating activities				
Profit for the year	3.v.(i)	**138,331**	(19,952)	118,379
Adjustments for:				
Depreciation and amortization	3.v.(i)	18,072	19,952	38,024
Impairment charges/release of insurance receivables		(553)	-	(553)
Corporate income tax expenses		23,893	-	23,893
Interest income		(58,021)	-	(58,021)
		121,722	-	**121,722**

4. Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on Customized mortality tables ("MTs") based on mortality tables used in region due to lack of reliable MT's for Kosovo, adjusted where appropriate to reflect the Company's own experience. For contracts that ensure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics (e.g. AIDS, SARS and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, post-war trauma, etc. could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk). However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk. At each reporting date, the Company performs tests to ensure the adequacy of insurance contract liabilities. The primary tests performed are claim ratio analysis. The claim ratio analysis is performed annually on the major lines of business individually (credit life and combined life). 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 outflows because most claims are expected to be settled within one year. Sensitivity analysis results for main assumptions used on estimate of liability arising from claims is shown in note 7.6.

5. Adoption of new or Revised Standards and Interpretation

The following amendments became effective from 1 January 2022:

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

- The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.
- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The application of the amendments had no significant impact on the Company's financial statements.

6. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Company has not early adopted.

IFRS 17, Insurance contracts. In May 2017, the IASB issued IFRS 17, *Insurance Contracts*. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts that are in the scope of IFRS 17. In June 2020, the IASB issued Amendments to IFRS 17, introducing various changes to assist entities implementing the Standard, and moving an effective date to 1 January 2023.
In November 2021, IFRS 17 and the subsequent amendments to IFRS 17 were endorsed by the EU with the 1 January 2023 effective date. However, the EU endorsement regulation provides, in specified circumstances, an optional exemption from applying the IFRS 17 annual cohort requirement that relates to the timing of the recognition of the profit in the contract, the contractual service margin, in profit or loss.
The Company previously applied a temporary exemption from IFRS 9, stipulated by IFRS 4. Adoption of IFRS 17 will also require the Company to apply IFRS 9 from 1 January 2023. The Company intends to restate the comparative period to provide consistent financial information for the 2022 comparative period.
Scope. IFRS 17 applies to the following contracts: (a) insurance contracts issued by the Company, (b) reinsurance contracts held by the Company. IFRS 17 generally applies to the whole set of rights and obligations created by an insurance contract. Cash flows generated by such rights and obligations should normally be incorporated in the measurement of assets and liabilities associated with an insurance contract. However, an insurance contract can also contain components which are excluded from the scope of IFRS 17 and should be accounted for under different standards subject to specific criteria

Level of aggregation. IFRS 17 requires to identify portfolios of insurance contracts. A portfolio of insurance contracts is defined as insurance contracts that are subject to similar risks and managed together.
Portfolios should be further disaggregated into profitability-based groups of insurance contracts that are, on initial recognition: (a) onerous, if any, (b) profitable, with no significant possibility of subsequently becoming onerous, if any, and (c) remaining contracts, if any. IFRS 17 prohibits to include contracts issued more than one year apart in the same group, a requirement commonly referred to as *annual cohort requirement*. However, IFRS 17 as adopted by the EU provides an exemption from this requirement in certain specified circumstances. The Company intends to apply the exemption for some of its portfolio.
Contract boundary. The contract boundary concept is used to determine which cash flows should be considered in the measurement of an insurance contract. Cash flows that are not within the boundary of an insurance contract relate to future insurance contracts. The Company generally determines the contract boundary with a reference to its ability to reprice the insurance contract as a whole.
Expected future cash flows. Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.
Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups.
Discount rates. The estimates of future cash flows should be adjusted to reflect the time value of money and the financial risks related to future cash flows, such as currency and liquidity risk associated with those cash flows, to the extent that the financial risks have not been included in the estimates of cash flows.

6. New Accounting Pronouncements (continued)

The discount rates should: (a) reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts, (b) be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity, and (c) exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts. The Company will apply a top-down approach to determine applicable discount rates by establishing a reference portfolio of assets for each group of insurance contracts. Yield curves reflecting the current market rates of return for such reference portfolios will be further adjusted to reflect differences between the characteristics of the reference portfolio and the groups of insurance contracts being measured.

Risk adjustment for non-financial risk. The risk adjustment for non-financial risk is included in the expected cash flows to represent compensation required for bearing the non-financial risk arising from uncertainty in future cash flows. Under IFRS 17 requirements, the risk adjustment for non-financial risk includes: (a) the degree of diversification benefit that the entity includes when determining the compensation that it requires for bearing that risk, and (b) both favorable and unfavorable outcomes in a way that reflects the entity's degree of risk aversion.

Contractual service margin. The contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit that the entity will recognize as it provides insurance contract services under the insurance contracts in the group. Pattern of CSM recognition would be thus determined based on the coverage units, reflecting the pattern under which the insurance contract service benefit is transferred to the policyholder of the insurance contracts.

Insurance contract services are the services that the Company provides to a policyholder of an insurance contract and comprise: (a) coverage for an insurance event (insurance coverage), (b) the generation of an investment return (investment-return services) for insurance contracts without direct participation features, and (c) the management of underlying items on behalf of the policyholder (investment-related services) for insurance contracts with direct participation features.

Measurement approaches. IFRS 17 allows to apply following measurement approaches to insurance contracts issued and reinsurance contracts held: (a) general model, (b) premium allocation approach and (c) variable fee approach.

General model. This approach is applied to all insurance contracts, unless they have direct participation features or the contract is eligible for, and the entity elects to apply, the premium allocation approach.

Premium allocation approach. This approach is an optional simplification of the measurement of the liability for remaining coverage, for insurance contracts with short-term coverage. A group of insurance contracts is eligible for the premium allocation approach if, at inception: (a) each contract in the group has a coverage period (that is, the period in which the entity provides insurance contract services) of one year or less; or (b) the measurement of the liability for remaining coverage for the group using the premium allocation approach is reasonably expected to produce a measurement which is not materially different from using the general model or the variable fee approach.

Variable fee approach. This approach is applied to insurance contracts with direct participation features. Such contracts are substantially investment-related service contracts under which an entity promises an investment return based on underlying items. This approach cannot be used for the measurement of reinsurance contracts issued or held.

Insurance finance income and expenses. Insurance finance income or expenses reflect the changes in the carrying amount of the group of insurance contracts that relate to financial risks. They comprise the effect of the time value of money (that is, the accretion of interest on all of the fulfilment cash flows, the risk adjustment for non-financial risk and the contractual service margin) as well as the effect of financial risk and changes in financial risks. IFRS 17 allows, as an accounting policy, to disaggregate insurance finance income or expenses for the period between profit or loss and other comprehensive income.

Reinsurance contracts held. IFRS 17 allows options in presenting income or expenses from reinsurance contracts held, other than insurance finance income or expenses. The Company elected to present a single net amount in net expenses from reinsurance contracts held.

IFRS 17 Transition. Adoption of IFRS 17 will significantly affect financial reporting processes and procedures of the Company, as applications of the core principles outlined above will require additional information to be gathered and processed, as well as additional significant judgements to be made by the management. To ensure smooth and timely adoption of IFRS 17, the Company launched a separate implementation project. The project team is composed of accounting, IT, underwriting and product team members and reports directly to the CFO. The Board of Directors performs general oversight over the implementation project.

6. New Accounting Pronouncements (continued)

After the transition to IFRS 17 the Company will use following measurement approaches, depending on the type of contract

	Product classification	Measurement model
Contracts issued		
Term life insurance contracts	Insurance contracts	General model
Reinsurance contracts held		
Term life - Treaty reinsurance	Reinsurance contract held	General model

The Company continues the project to implement IFRS 17 and IFRS 9 from 1 January 2023. The Company will apply a modified retrospective approach to the life insurance contracts issued on or after *1 January 2013*.
The Company will apply the fair value transition approach to life insurance contracts that were issued before *1 January 2013*. Under the fair value approach, the contractual service margin is determined as the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13, and its fulfilment cash flows at the transition date. The amounts payable on demand do not represent a floor when determining fair value for this purpose and management determined fair value as a price for which the liability could be transferred to an unrelated party.

Estimated impact of the initial application of IFRS 17 and IFRS 9. At the current stage of the implementation project, the Company could not provide any further known or reasonably estimable effects of IFRS 17 and IFRS 9 adoption effects for 2022 and as of 31 December 2022 because the respective calculations are not yet finalized by the Group. The table below presents the provisional impact of the new standard as at 1 January 2023, i.e. at the date of adoption of IFRS 9 and IFRS 17.

Unaudited	1 January 2023	1 January 2023, as provisionally restated following IFRS 17 and IFRS 9 adoption
ASSETS		
Cash and cash equivalents	221,704	221,704
Investment assets		
- *Investments at AC*	4,470,035	4,470,035
Insurance contract receivables	1,192,092	-
Reinsurance contract assets	17,244	-
Property and equipment	561,772	561,772
Intangible assets	26,904	26,904
Right of use assets	195	195
Other assets	-	14,218
Income tax receivables	4,868	4,868
Deferred acquisition costs	49,734	-
Deferred income tax assets	-	14,111
TOTAL ASSETS	**6,544,548**	**5,313,807**
LIABILITIES		
Insurance contract liabilities		
- *life risk contracts*	1,206,395	419,170
Lease liabilities	200	200
Other financial liabilities	331,006	146,697
Deferred tax liabilities	12,615	13,924
TOTAL LIABILITIES	**1,550,216**	**579,991**
EQUITY		
Share capital	3,500,000	3,500,000
Retained earnings	1,380,798	1,120,282
Other reserves	113,534	113,534
TOTAL EQUITY	**4,994,332**	**4,733,816**
TOTAL LIABILITIES AND EQUITY	**6,544,548**	**5,313,807**

6. New Accounting Pronouncements (continued)

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company is currently assessing the impact of the amendments on its financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Company is currently assessing the impact of the amendments on its financial statements.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance. The Company is currently assessing the impact of the amendments on its financial statements.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.
The Company is currently assessing the impact of the amendments on its financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company is currently assessing the impact of the amendments on its financial statements.

7. Insurance risk management

The Company is exposed to actuarial and underwriting risk arising from the range of life products offered to customers.

Insurance risk relates to the uncertainty of the insurance business. The most significant components of insurance risk are the premium risk and the reserve risk. These concern the adequacy of insurance premium rate levels and the adequacy of provisions with respect to insurance liabilities and the capital base.

Premium risk is present as soon as the policy is issued, that is the risk that expenses and incurred losses will be higher than the premium received. Reserve risk represents the risk that the absolute level of the technical provisions is underestimated or that the actual claims will fluctuate around the statistical mean value.

Underwriting risk components of the life business include biometric risk (comprising mortality, longevity, morbidity, and disability) and lapse risk. Lapse risk relates to unanticipated higher or lower rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment) and surrenders.

7.1 Risk management objectives and policies for mitigating insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The Company accepts insurance risk through its insurance contracts and certain investment contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

7.2 Underwriting strategy

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

7.3 Terms and conditions of insurance contracts

Substantially, all products underwritten by the Company cover mortality risk as well as additional risk such as temporary and/or permanent disability, medical expenses cover repatriating and hospitalization expenses. Products other than endowment fund have similar characteristics of short tail products and are renewable every year with an option to change the premium by the Company. The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contract are set out below.

Credit Life
The contracts classified as credit life are mainly renewable annual policies covering risk of death sold through a bank extending credit. In some cases, the risk is covered partially. The amount insured decreases with time together with the repayment of credit.

Combined insurance
The combined insurance represents policies under which the Company is writing both term life and health insurance. The term contracts pay out guaranteed benefits on death and critical illness that are fixed amounts and not at discretion of the Company. The contracts include both individual and group schemes.

7. Insurance risk management (continued)

Endowment

The Endowment product has a life and savings component. Benefits of such life insurance are payable to the insured if he/she is still living on the policy's maturity date, or to a beneficiary otherwise. The maturity varies from 5 to 30 years. In case of surrender in the first three years of the policy, the Company does not have any obligation to the policyholder. After this period the Company pays the surrender, a value defined by the conditions of the policy. The product is long term with guaranteed benefits which volume is expected to grow in the future. The benefit in case of death is equal to the sum of the savings part of the reserve and the sum assured which is in the range of EUR 2,400 and EUR 50,000.

Reinsurance and concentration risk

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. The Company has ceded insurance risk to limit exposure to underwriting losses and to minimize the effect of losses from credit life insurance, by way of reinsurance treaties entered into.

7.4 Exposure relating to catastrophic events

The Company considers that it has not accumulated significant exposures in its major insurance activity related to catastrophic events.

7.5 Technical interest

The technical interest rate is used when calculating the reserve. The technical interest rate is the minimum guaranteed return for every life insurance contract. To avoid the risk that income from investments will not cover the minimum guaranteed return, the Company has used an interest rate not higher than 1.75% in calculating mathematical reserves. In 2022 the generated net income on investments (including mathematical reserves) covers the minimum guaranteed income for some part of the portfolio, granting additional profit above the technical interest. The analysis of the actuarial parameters used in the calculation of the tariffs and life insurance reserves shows that the assumptions are appropriate.

7.6 Reserves and actuarial assumptions

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

The Company calculates and charges the technical provisions to provide for future payments under long term insurance policies. Many factors affect the calculation of these reserves including, mortality, cancellations and technical interest. Technical provision is calculated based on current assumptions for the basic parameters.

Mortality is the risk covered by all insurance products, underwritten by the Company. "Mortality" risk occurrence data for 2022 and 2021 including estimations used are as follows:

	2022	**2021**
Number of people currently insured susceptible to the risk of death	50,705	28,506
Average age of people susceptible to the risk of death	37	38
Number of payments following deaths of insured	24	42

Assumptions and sensitivities

The main factors affecting the profit of the company are the level of claims ratio and expenses. The table below presents a simulation, taking into account changes to claims incurred or increases in expenses, and its effect on the net equity of the Company and the available solvency margin. For the purpose of the simulation, the model uses a claims increase equal to the corresponding largest claim incurred in the last two years, and administrative expense increase by 10%.

7. Insurance risk management (continued)

Situation as at 31 December 2022	Profit/(Loss)	Net Equity	Required Guarantee Fund
Current	77,552	4,994,331	3,200,000
Increase in claims incurred	130,729	5,125,061	3,200,000
Increase in expenses (+10%)	(121,780)	5,003,281	3,200,000
Situation as at 31 December 2021	**Profit/(Loss)**	**Net Equity**	**Required Guarantee Fund**
Current	138,331	4,803,246	3,200,000
Increase in claims incurred	(126,824)	4,676,422	3,200,000
Increase in expenses (+10%)	(84,661)	4,591,761	3,200,000

The risks associated with the life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses statistical and actuarial techniques including indicators such as the expected loss ratio. The Company considers that the liability for life insurance claims reserve recognized in the statement of financial position is adequate. However actual experience will differ from the expected outcome.

An overview of claim loss and combined ratio for the year 2022 and 2021 is provided below:

	2022	2021
Claim ratio	19.30%	31.58%
Expense ratio	75.00%	60.80%
Combined ratio	94.30%	92.38%

The results of the sensitivity analysis showing the impact on profit for the year are set out below. For such sensitivity, the impact of a change in a single factor is shown, with other assumptions unchanged.

	Impact	2022	2021
Claim ratio			
10% increase in claim ratio	Loss	(29,893)	(42,967)
10% decrease in claim ratio	Gain	29,893	42,967
Expense ratio			
10% increase in expense ratio	Loss	(121,779)	(84,660)
10% decrease in expense ratio	Gain	121,779	84,660
Combined ratio			
10% increase in combined ratio	Loss	(151,673)	(127,627)
10% decrease in combined ratio	Gain	151,673	127,627

7.7 Reinsurance

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

The concentration of technical and claims provisions by type is summarized on the table below:

	2022			2021		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Type of provision						
RBNS	32,884	-	32,884	50,305	-	50,305
IBNR	3,288	-	3,288	5,030	-	5,030
Surrender	-		-	908		908
Mathematical provision	384,336	-	384,336	425,063	-	425,063
Total	**420,508**	-	**420,508**	**481,306**	-	**481,306**

7. Insurance risk management (continued)

The concentration of unearned premium by type of contract is summarized on the table below:

	2022			2021		
Note 17	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Business line						
Term insurance	660,341	(14,136)	646,206	305,155	(4,722)	300,432
Personal Insurance	125,546	(3,108)	122,437	22,240	(77)	22,163
Endowment		-	-	701	-	701
Total	**785,887**	**(17,244)**	**768,643**	**328,096**	**(4,799)**	**323,296**

The movement in reinsurance assets is presented below:

As as 1 January 2021	**(8,706)**
Reinsurance share of unearned premiums	3,907
As at 31 December 2021	**(4,799)**
Reinsurance share of unearned premiums	(12,445)
As at 31 December 2022	**(17,244)**

8. Financial risk management

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk analysis which describes exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk), credit risk and liquidity risk. The Company does not make use of derivative financial instruments to hedge these risks exposures.

(i) Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates. There is minimal market risk at 31 December 2022 and 2021. The Company does not invest in equities and has financial instruments almost exclusively denominated in Euro. Interest rate risk is mainly with term deposits and investments in securities which is held at fixed rates.

(ii) Currency risk

The Company undertakes transactions mainly in Euro to satisfy regulatory and self-imposed capital requirements. Currency risk in the investment portfolio is managed using assets/liabilities matching principles. The Company has no exposure to monetary assets and liabilities denominated in foreign currencies as at 31 December 2022 and 2021.

(iii) Interest rate risk

Interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets. The length of time for which the rate of interest is fixed on a financial instrument indicates to what extent it is exposed to interest rate risk. The financial assets and liabilities of the Company carry market interest rates.

The Company has no significant exposure to interest rate risk with the exception of its deposits held with banks and its mathematical provision, which earn interest at fixed commercial rates and are scheduled to mature upon fixed dates.

8. Financial risk management (continued)

	31 December 2022			
	Non-interest bearing	**Fixed interest up to 1 year**	**Fixed interest over 1 year**	**Total**
Cash on hand and at banks	221,704	-	-	**221,704**
Term deposits	320,000	3,212,346	937,689	**4,470,035**
Reinsurance assets	17,244	-	-	**17,244**
Insurance receivables	1,129,629	53,264	9,199	**1,192,092**
Deferred acquisition cost	49,734	-	-	**49,734**
Assets	**1,738,311**	**3,265,610**	**946,888**	**5,950,809**
Insurance contract liabilities	420,508	-	-	**420,508**
Unearned premium reserve	785,887	-	-	**785,887**
Other liabilities	323,538	-	-	**323,538**
Lease Liability	200	-	-	**200**
Liabilities	**1,530,133**	**-**	**-**	**1,530,133**
IR Sensitivity Gap	**228,178**	**3,265,610**	**946,888**	**4,420,676**

	31 December 2021			
	Non-interest bearing	**Fixed interest up to 1 year**	**Fixed interest over 1 year**	**Total**
Cash on hand and at banks	331,080	-	-	**331,080**
Term deposits	320,000	1,258,226	2,635,521	**4,213,747**
Reinsurance assets	4,799	-	-	**4,799**
Insurance receivables	850,459	-	-	**850,459**
Deferred acquisition cost	15,355	-	-	**15,355**
Assets	**1,521,693**	**1,258,226**	**2,635,521**	**5,415,440**
Insurance contract liabilities	481,306	-	-	**481,306**
Unearned premium reserve	328,096	-	-	**328,096**
Other liabilities	272,442	-	-	**272,442**
Lease Liability	199	-	-	**199**
Liabilities	**1,082,043**	**-**	**-**	**1,082,043**
IR Sensitivity Gap	**439,650**	**1,258,226**	**2,635,521**	**4,333,397**

(iv) Credit risk

In the normal course of its business, as premiums are received, they are invested to pay for future policy holder obligations. The Company is exposed to credit risk on its cash at banks, term deposits, insurance receivables and reinsurance counterparties. The Company manages its exposure to credit risk on a regular basis by closely monitoring its exposure to term deposit counterparties and insurance receivables. The Company's credit risk is primarily with the cash invested with the Central Bank and commercial banks operating in Kosovo.

8. Financial risk management (continued)

Maximum exposure to credit risk is as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents	221,704	331,080
Term deposits	4,470,035	4,213,747
Reinsurance assets	17,244	4,799
Insurance receivables	1,192,092	850,459
Total	**5,901,075**	**5,400,085**

No objective indications for impairment have been identified by the Company on the other financial assets as at the reporting date, therefore management considers other financial assets such as reinsurance assets, cash equivalents, and term deposits as neither past due nor impaired.

Credit quality of financial assets is disclosed in their respective notes.

(v) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. Liquidity risk is moderately inherent to the Company's business as certain assets purchased and liabilities sold could have liquidity characteristics that are specific. If the Company would require significant amounts on short notice in excess of normal cash requirements it may face difficulties to obtain attractive prices. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financial assets and liabilities as of 31 December 2022 detailed by expected (for insurance liabilities only) and contractual maturity are disclosed below:

Liquidity risk	**Up to 6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
Cash and cash equivalents	221,704	-	-	**221,704**
Term deposits	3,108,218	782,100	632,531	**4,522,849**
Re-insurance assets	17,244	-	-	**17,244**
Insurance receivables	1,129,629	53,264	9,199	**1,192,092**
Total assets	**4,476,795**	**835,364**	**641,730**	**5,953,889**
Insurance contract liabilities	420,508	-	-	**420,508**
Unearned premium reserve	785,887	-	-	**785,887**
Other liabilities	323,538	-	-	**323,538**
Liabilities	**1,529,933**	**-**	**-**	**1,529,933**
Net liquidity position as at 31 December 2022	**2,946,862**	**835,364**	**641,730**	**4,423,956**

8. Financial risk management (continued)

The Company's financial assets and liabilities as of 31 December 2021 have the following maturities:

Liquidity risk	Up to 6 months	6 months to 1 year	More than 1 year	Total
Cash and cash equivalents	331,080	-	-	**331,080**
Term deposits	1,606,934	-	2,704,462	**4,311,396**
Re-insurance assets	4,799	-	-	**4,799**
Insurance receivables	800,939	21,010	28,510	**850,459**
Total assets	**2,743,752**	**21,010**	**2,732,972**	**5,497,734**
Insurance contract liabilities	481,306	-	-	**481,306**
Unearned premium reserve	328,096	-	-	**328,096**
Other liabilities	272,442	-	-	**272,442**
Liabilities	**1,081,844**	**-**	**-**	**1,081,844**
Net liquidity position as at 31 December 2021	**1,661,908**	**21,010**	**2,732,972**	**4,415,890**

(vi) Regulatory capital

According to the local requirements of Central Bank regulation "On licensing of insurers and branches of foreign insurers" Article 4, all insurance Companies in order to provide life insurance are required to ensure a minimum total equity of EUR 3,200 thousand and shareholders paid in capital minimum 3,200 thousand. As at 31 December 2022, owners' equity is EUR 3,500 thousand.

(vii) Solvency margin

In accordance with CBK rules and regulations, required solvency margin is calculated separately for life insurance and supplementary insurance. Solvency margin for life insurance is calculated as a sum of first and second result, where first results is calculated as a fraction of 4% of the mathematical provisions relating to direct business and second results is calculated as a 0.3% fraction of capital at risk multiplied by reinsurance ratio for the last financial year. For supplementary insurance solvency margin is calculated by obtaining the higher of the two results, premium basis results or claim basis results. As at 31 December 2022 and as at the date of approval of these financial statements, the Company has a solvent position based on solvency margin calculations as presented in the supplementary schedules of this financial statements.

(viii) Other risks

Changes in governmental regulations in the business segments in which the Company operates may affect profitability. The insurance business is subject to comprehensive and developing supervision. The primary purpose of such regulations is to protect policyholders. Changes in existing insurance laws and regulations may affect the way in which the Company conducts its business and the products offered. Additionally, the insurance laws or regulations adopted and amended from time to time may be more restrictive or may result in higher costs than current requirements.

9. Fair value hierarchy

The fair value measurement is determined utilising relevant information generated by market transactions involving comparable securities. They are often based on model pricing techniques that discount prospective cash flows to present value using appropriate sector-adjusted credit spreads commensurate with the security's duration, also taking into account issuer-specific credit quality and liquidity. Observable inputs used include benchmark yields. The Company does not have financial assets measured at fair value. The Company accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for disclosures purposes based on the following methods.

Cash and cash equivalent and Term deposits with banks - which comprise cash at bank and term deposits, include inter-bank placements and items in the course of collection. As deposits are short term and at fixed rates their fair value is considered to approximate their carrying amount.

9. Fair value hierarchy (continued)

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Financial assets and liabilities are analysed using level 3 and the fair value of the financial assets and financial liabilities is same to their carrying amount.

Non-recurring fair value adjustments

In 2022 The Company has revalued its building to its fair value. The fair value belongs to level 3 measurements in the fair value hierarchy. The valuation technique and inputs used in the fair value measurement at 31 December 2022 are as follows:

	Fair value	Valuation technique	Inputs used
Property and equipment - Building	550,000	Market comparable buildings	Price, location and size

10. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash at Central Bank of Kosovo	1,812	1,836
Cash with local banks	219,892	329,244
Total cash at banks	**221,704**	**331,080**

Cash and cash equivalents consist of current accounts with local bank and banks that are subsidiary of foreign banks with appropriate credit rating. Credit quality of the banks based on ratings of their parent companies provided from ratings agencies is disclosed below:

Rating agency	Credit rating	Outlook	2022	2021
Fitch	B-	Stable	1,045	32,756
Fitch	BB	Stable	30,920	36,466
JCR Euroasia Rating	AAA	Stable	23,018	31,319
Moody's	A2	Stable	89,669	194,714
Moody's	B3	Stable	3,057	16,866
S&P	BBB	Stable	30,499	9,838
Not rated	N/A	Stable	43,496	9,121
Total			**221,704**	**331,080**

11. Term deposits

	31 December 2022	31 December 2021
Term deposits with commercial banks	4,150,035	3,893,747
Minimum deposit required with the Central Bank	320,000	320,000
Total term deposits	**4,470,035**	**4,213,747**

Interest income from deposits for the year 2022 is EUR 73,778 (2021: EUR 58,021). The banks in which the Company has deposits are listed below, most of which are domestic subsidiaries of foreign banks. None of these domestic banks have their own credit ratings.

11. Term deposits (continued)

	31 December 2022	31 December 2021
Banka Kombetare Tregtare – BKT	700,000	700,000
NLB Prishtina	-	400,000
Banka Private për Biznes – BPB	1,030,000	533,000
IS Bank	850,000	1,170,000
Ziraat Bank	1,040,000	1,040,000
ProCredit Bank	200,000	-
Credins Bank	240,000	-
Total	**4,060,000**	**3,843,000**

The interest rate on term deposits during the year 2022 was 1.99% p.a. on average (2021: in was 2.2%.).The maturity on term deposits during the year was between 12 and 24 months. Interest income related to deposits amounted to EUR 73,778 (2021: EUR 58,021).

The credit risk ratings of their respective banking groups is presented below:

Bank	Group	Rating agency	Rating	Outlook
Raiffeisen Bank Kosovo	Raiffeisen bank International AG	Moody's	A2	Stable
Procredit Bank Kosovo	Procredit Holding	Fitch	BB	Stable
TEB Bank Kosovo	BNP Paribas	Moody's	B3	Stable
NLB Prishtina	NLB	S&P	BBB	Stable
IS Bank	Turkie IS Bankasi	Fitch	B-	Stable
BKT	Banka Kombetare Tregtare	JCR	AAA	Stable
BpB	N/A	Not rated	N/A	Stable
Credins Bank	Credins Bank	Not rated	N/A	Stable
Ziraat Bank	Ziraat Bankasi	Fitch	B-	Stable

12. Insurance receivables

Insurance receivables comprise the following:

	31 December 2022	31 December 2021
Receivables from Endowment	47,691	36,254
Receivables from Term Life Insurance	146,794	43,103
Receivables from Credit Life Insurance	1,079,564	813,008
Gross insurance receivables	**1,274,049**	**892,365**
Less: Allowance for impairment loss	(81,957)	(41,906)
Insurance receivables, net	**1,192,092**	**850,459**

Movement in allowance for impairment losses are as follows:

	2022	2021
Opening balance	41,906	42,459
Impairment charge for the year	40,051	(553)
Total	**81,957**	**41,906**

Insurance receivables exposures to individual policyholders and groups of policyholders are monitored for delays. As part of individual monitoring of insurance receivables among other factors the Company takes in consideration days past due.

Insurance receivable by ageing and their impairment rate are as follows:

	2022	Impairment	2021	Impairment
Less than 3 months	1,109,431	-	825,443	-
3 to 6 months	53,161	2,658	11,152	1,205
6 months to 1 year	40,597	8,439	23,520	2,275
More than 1 year	70,860	70,860	32,250	38,426
Total	**1,274,049**	**81,957**	**892,365**	**41,906**

12. Insurance receivables (continued)

The Company manages its exposure to credit risk on a regular basis by closely monitoring its insurance receivables. Insurance and other receivables as of 31 December based on their past due status are presented in the following tables:

	31 December 2022	31 December 2021
Neither past due nor impaired	982,651	731,301
Past due but not impaired	126,459	94,112
Impaired	164,939	66,952
Gross insurance receivables	**1,274,049**	**892,365**
Less: Allowance for impairment loss	(81,957)	(41,906)
Insurance receivables, net	**1,192,092**	**850,459**

Almost 50% of insurance receivables have been collected subsequently.

13. Deferred acquisition costs

	31 December 2022	31 December 2021
Balance at 1 January	15,355	10,826
(Increase) in deferred acquisition costs (note 21)	34,379	4,529
Balance at 31 December	**49,734**	**15,355**

14. Property and equipment

	Building	Computers and related equipment	Furniture and fixtures	Total
Cost:				
As at 1 January 2021	-	**6,786**	**4,016**	**10,802**
Additions during the year	466,824	6,542	521	**473,887**
As at 31 December 2021	**466,824**	**13,328**	**4,537**	**484,689**
Additions during the year	-	5,351	695	**6,046**
Revaluation surplus (Note 19)	83,176	-	-	**83,176**
As at 31 December 2022	**550,000**	**18,679**	**5,232**	**573,911**
Accumulated depreciation:				
As at 1 January 2021	-	**(3,021)**	**(2,777)**	**(5,798)**
Charge for the year (restated)	(19,952)	(2,009)	(711)	**(22,672)**
As at 31 December 2021 (restated)	**(19,952)**	**(5,030)**	**(3,488)**	**(28,470)**
Charge for the year	(23,323)	(2,129)	(1,190)	**(26,642)**
Revaluation surplus (Note 19)	42,973	-	-	**42,973**
As at 31 December 2022	**(302)**	**(7,159)**	**(4,678)**	**(12,139)**
Carrying amount:				
As at 31 December 2021	**446,872**	**8,298**	**1,049**	**456,219**
As at 31 December 2022	**549,698**	**11,520**	**554**	**561,772**

The building acquired in 2021 was revalued on 27 December 2022 by independent valuers. Valuations were made on the basis of open market value.

The revaluation surplus net of applicable deferred income taxes was credited to revaluation reserve in equity (Note 19).

As at 31 December 2022 and 2021 there is no asset encumbered of pledged to secure Company liabilities.

15. Intangible assets

	Software
Cost:	
As at 1 January 2021	30,650
Additions during the year	12,317
As at 31 December 2021	**42,967**
Additions during the year	24,916
As at 31 December 2022	**67,883**
Accumulated amortization:	
As at 1 January 2021	**(14,588)**
Charge for the year	(10,576)
As at 31 December 2021	**(25,164)**
Charge for the year	(15,815)
As at 31 December 2022	**(40,979)**
Carrying amount:	
As at 31 December 2021	**17,803**
As at 31 December 2022	**26,904**

16. Insurance contract liabilities

Insurance contract liabilities	**31 December 2022**	**31 December 2021**
Provisions for reported but not settled claim ("RBNS")	32,884	50,305
Provision for incurred but not reported ("IBNR")	3,288	5,030
Surrender	-	908
	36,172	**56,243**
Mathematical reserve – endowment	384,336	425,063
Insurance contract liabilities, gross	**384,336**	**425,063**
Recoverable from reinsurance	-	-
Net insurance contract liabilities	**420,508**	**481,306**

Net policyholder claims and benefits incurred	**2022**	**2021**
Claims paid	359,737	407,403
Change in notified reported but not settled claim reserve	(20,071)	(15,535)
Change in incurred but not reported claims reserve and mathematical reserves	(40,727)	37,801
Net claims and benefits incurred	**298,939**	**429,669**

Analysis of movements in provisions for reported but not settled claims and incurred but not reported claims is provided below:

	2022	**2021**
At 1 January	56,243	71,779
Additions in the provisions of insurance contracts liabilities	339,666	391,867
Losses and loss adjustment expenses paid	**(359,737)**	**(407,403)**
- Endowment	*(76,413)*	*(10,208)*
-Term life	*(39,371)*	*(91,268)*
- Personal insurance	*(243,953)*	*(305,927)*
Net insurance liabilities for losses and loss adjustment expenses at 31 December	**36,172**	**56,243**

16. Insurance contract liabilities (continued)

Analysis of movement in mathematical reserves:

	31 December 2022	31 December 2021
Balance as at 1 January	481,306	459,041
(Settled claims)/additions recognized during the year	(96,970)	(33,978)
Balance at 31 December	**384,336**	**425,063**

17. Unearned premium insurance liabilities

Unearned premium reserve by product is comprised as follows:

	31 December 2021	31 December 2021
Unearned premium reserve - life term insurance	660,341	305,155
Unearned premium reserve - life personal insurance	125,546	22,240
Unearned premium reserve – endowment	-	701
Total	**785,887**	**328,096**

Movement of unearned premium reserve is presented below:

	2022	2021
Balance as at 1 January	**328,096**	**276,417**
Change in the gross provision for unearned premiums:	**457,791**	**51,679**
Premiums written during the year (note 20)	*2,019,984*	*1,435,684*
Less: premiums earned during the year	*(1,562,193)*	*(1,384,005)*
Balance at 31 December	**785,887**	**328,096**

18. Other liabilities

	31 December 2022	31 December 2021
Financial liabilities		
Commission payable	61,725	159,369
Payable to suppliers	122,105	54,729
Reinsurance payable	54,723	23,324
Accrued expenses	59,432	16,294
Payable to the CBK	10,000	10,000
Prepaid from customers	15,553	8,726
Total financial liabilities	***323,538***	***272,442***
Non-financial liabilities		
Pension contribution payable	1,611	1,987
Liabilities for other taxes (VAT, tax on rent etc)	5,857	2,926
Total non-financial liabilities	**7,468**	**4,913**
Total	**331,006**	**277,355**

19. Share capital

The Company's share capital as at 31 December 2022 is EUR 3,500,000 (2021: EUR 3,500,000). The share capital is composed of 35,000 common shares with par value of EUR 100 per share authorized and fully paid as at 31 December 2022. Shares of the company as at 31 December 2022 are 100% owned by Sigal Uniqa Group Austria sh.a in Albania (2021: 100% owned by SIGAL UNIQA Group Austria sh.a). No dividends were declared and/or paid by the Company in the year 2022 and 2021.

19. Share capital (continued)

Revaluation reserve

The revaluation reserve as at 31 December 2022 is composed of revaluation surplus related to building valuation.

Movement in revaluation reserve for building was as follows:

As beginning of year 2022	-
Revaluation reserve (note 14)	126,149
Revaluation – tax (note 23)	(12,615)
At the end of year 2022	**113,534**

The revaluation took place on 27 December 2022, close to year end. Therefore there is immaterial effect in the deprecation expense, should the Company have stated the buildings at historical cost The Company's policy is to transfer revaluation reserve to retained earnings when the related asset is fully depreciated or disposed.

20. Gross written premiums

Gross written premiums by product for the year are comprised as follows:

	2022	2021
Personal insurance	1,567,298	1,147,856
Term life	405,547	232,811
Endowment	47,139	55,017
Total gross premiums written	**2,019,984**	**1,435,684**

	2022	2021
Recognized premiums	2,322,700	1,701,814
Premiums cancelled	(302,716)	(266,130)
Total gross premiums written	**2,019,984**	**1,435,684**

21. Acquisition costs

Policy acquisition costs for the year are comprised as follows:

	2022	2021
Commissions for term life	111,187	45,773
Commissions for credit life	624,807	465,408
Commissions for endowment	-	19
Change in deferred acquisition cost (note 13)	(34,379)	(4,529)
Total	**701,615**	**506,671**

22. Administrative expenses

Administrative expenses for the year are comprised as follows:

	2022	2021
Staff costs	145,755	136,550
Professional services	121,675	33,899
Depreciation and amortization	44,757	38,024
Supervision charges	40,600	40,000
Consultancy expenses	33,901	21,743
Sponsorship and marketing	30,690	32,783
VAT expenses	26,495	10,631
Workshop expenses	16,281	6,600
Other expenses	11,746	18,324
Bank charges	2,265	1,770
Travel expenses	1,906	-
Interest expense on Lease Liability	60	164
Total	**476,131**	**340,488**

22. Administrative expenses (continued)

Staff costs are composed of the following expenses:

	2022	2021
Net salaries	*132,235*	*121,814*
Taxes and contributions	8,081	7,516
Other staff costs	5,439	7,220
Total staff costs	**145,755**	**136,550**

For the year ended 31 December 2022, consultancy expenses include management fees for the consultancy provided for implementation of IFRS 17 and related IT services.

23. Income tax expense

Income tax expense comprises the following:

	2022	2021
Current income tax expense	31,759	23,893
Deferred income tax	-	-
Total income tax expense	**31,759**	**23,893**

The Company determines taxation at the end of the year in accordance with the tax legislation in Kosovo. In 2022 and 2021, Kosovo corporate tax rate on profit was equal to 10% of the taxable profit. A reconciliation between the expected and the actual taxation charge is provided below.

	2022	2021
Profit before tax for the year	**109,311**	**142,272**
Tax calculated by applying statutory income tax rate at *10%*	10,931	14,227
Income not subject to tax	(4,271)	(1,265)
Non-allowable expenses	10,597	272
Expenses related to technical reserves	14,502	10,659
Total	**31,759**	**23,893**

Differences between IFRS and statutory taxation regulations in Republic of Kosovo give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.
The tax effect of the movements in these temporary differences is detailed below:

	31 December 2021	Tax charge to OCI	31 December 2022
Fair value gains on property and equipment	-	(12,615)	(12,615)
Deferred Tax Liability	**-**	**(12,615)**	**(12,615)**

24. Related party transactions

At the reporting date, the following transactions and balances are made with and are due from parent company and other related parties:

Transactions with related parties	Nature of relationship	2022	2021
Key management compensation			
Key Management Personnel Remuneration		57,718	61,800
Pension contributions		2,886	3,090
Income from related parties			
Sigal UNIQA Group Austria sh.a (Kosovo)	Under common control	13,192	22,778
Expenses from related parties			
Sigal UNIQA Group Austria sh.a (Kosovo)	Under common control	-	(3,000)
Sigal UNIQA Group Austria sh.a (Albania)	Under common control	(2,400)	(2,400)
UNIQA Insurance Group AG	Ultimate Parent Company	(102,925)	(13,764)
UNIQA IT SERVICES	Under common control	(6,343)	(4,688)
Sigal UNIQA Group Austria sh.a (Albania)	Under common control	(20,250)	(19,572)
UNIQA RE	Under common control	(2,118)	-
Receivables			
Sigal UNIQA Group Austria sh.a (Kosovo)	Under common control	14,218	1,025
Liabilities			
UNIQA Insurance Group AG	Ultimate Parent Company	116,689	13,764
UNIQA IT SERVICES	Under common control	-	4,688
Sigal UNIQA Group Austria sh.a (Albania)	Parent Company	59,728	41,878
Sigal UNIQA Group Austria sh.a (Kosovo)	Under common control	324	15,543
Uniqa Re	Under common control	2,118	-

25. Commitment and contingencies

i. Legal

In the ordinary course of business, the Company is involved in two litigation cases but none of them seems to have legal base. Even if they do, the reserve for these claims subject to court proceedings is part of the claims provisions.

ii. Tax commitments

Financial statements and the accounting records of the Company are subject to tax control by the tax authorities and they can cause additional tax liabilities and penalties. According the evaluation of the Management of the Company and at the date of these statements no additional terms and conditions exist that may cause contingent liabilities of material significance on such basis.

26. Reports after the end of the reporting date

There are no material events after the reporting date that would require additional disclosures or adjustments in the financial statements.

SUPPLEMENTARY SCHEDULES (UNAUDITED)

(All amounts in EUR, unless otherwise stated)

i.Solvency Margin

The solvency margin based on CBK rule no. 31 as at 31 December 2022 is composed as follows:

Required solvency margin supplementary insurance
Personal Accident

Premium basis (€)		31 December 2022
Written premium net of written off insurance receivables	1	297,299
unearned premium reserve at the beginning of the year	2	22,941
unearned premium reserve at the end of the year	3	125,546
Premium earned ([1] + [2] - [3])	4	194,694
Premium received from reinsurance	5	-
Total premium ([4] + [5])	**6**	**194,694**
sum up to 10 million x 18/100	7	35,045
sum above 10 million x 16/100	8	-
Total premium basis ([7] + [8])	**8**	**35,045**
Reinsurance ratio	9	1.0
Required margin on premium basis([8]*[9])	10	**35,045**

Claims basis (€)		31 December 2022
Claims paid	11	1,028
Claims reserves at the beginning of the year	12	-
Claims reserves at the end of the year	13	445
Total claims ([11] - [12] + [13])	**14**	**1,473**
claims up to 7 million EUR x 26/100	15	383
claims above 7 million EUR x 23/100	16	-
Total ([15] + [16])	**17**	**383**
Reinsurance ratio	18	1.0
Required margin on claims basis ([17]*[18])	19	**383**

Required solvency margin (€)		31 December 2022
Max ([10],[19])	**20**	**35,045**

i.Solvency Margin (continued)

Table 2

Required solvency margin Life (including Personal accidents)			**31 December 2022**
			12.2. a, b
factor (12.2.d)		1	4%
	without profit sharing bonus	2	-
Gross mathematical	profit sharing bonus	3	1,044,684
provisions	total	4	1,030,549
	without profit sharing bonus	5	-
	profit sharing bonus	6	1,044,684
net mathematical provisions	total	7	1,044,684
ratio (not less than 0.85)		8	100%
First result (12.2.d) (7)* (1)		9	**17,002.80**
	death with term up to three years	11	226,198,262
	death with term three to five years	12	277,481
	other life insurances	13	1,169,831
Capital at risk	total ([11]*0.1%+[12]*0.15%+[13]*0.3%)	14	230,124
Capital at risk net of reinsurance		15	227,645,574
ratio (not less than 0,5)		16	1
Second result (12.2.e)		17	**230,124**
Sum first and second result (9) + (17)		18	**271,911**

		This year
Required solvency margin life (12.2) (18)	19	271,911
Required solvency margin supplementary insurance (12.3) (See table 1)	20	35,045
Required solvency margin capital redemption (12.4)	21	-
Required solvency margin tontine (12.5)	22	-
Required solvency margin unit linked (12.6)	23	-
Required solvency margin (19)+(20)	24	306,956
Guarantee fund (13.1) ([24] / 3)	25	102,319
Guarantee fund (13.2)	26	3,200,000
Guarantee fund (max([25] , [26])	27	3,200,000
Required available solvency margin (max([24] , [27])	**28**	**3,200,000**

i.Solvency Margin (continued)

Table 3
Available solvency margin

Section 11.2		**31 December 2022**
Paid-up share capital (a)	1	3,500,000
reserves (b)	2	113,534
profit brought forward (c)	3	1,380,798
losses brought forward (c)	4	-
profit reserves (d)	5	-
own shares (d)	6	-
Total (1+2+3-4+5-6)	**7**	4,994,332
Guarantee fund	**8**	**3,200,000**
Adequacy (Section 13)	**9**	1,794,332
Other available solvency margin (12.3., 12.4.)	10	-
Total available solvency margin (7+ 10)	**11**	**4,994,332**
Required solvency margin **(See table 2(24))**	12	306,956
Adequacy of solvency margin (11-12)	**13**	**4,687,376**

ii. Assets deemed to back insurance liabilities

In accordance with CBK Regulation on investments of assets covering technical and mathematical provision, insurance companies operating in Kosovo may invest in the following categories of assets covering technical reserves:

Assets covering technical reserves	**31 December 2022**	
	Maximum % of gross technical provisions that can be invested as per regulation	**Assets covering technical reserves**
a) Deposits in euro currency in Kosovo licensed banks;	-	1,180,000
b) Treasury bonds, securities and other capital market financial instruments, issued by the Government of the Republic of Kosovo with a maturity	-	-
c) Treasury bonds, securities and other capital market financial instruments, issued by and guaranteed by the central banks of governments of EU member states, with a credit rank not lower than BBB	20% in total 5% Individual	-
d) Real estate (land, buildings), as well as other fixed assets evaluated according to depreciation norms;	30% in total 10% Individual	120,640
e) Cash at hand, cash in bank and term deposits with a maturity not less than 3 months in banks licensed by the CBK in the Republic of Kosovo;	3%	36,192
f) Reinsurance receivables arising from insurance activities, which are not older than 90 days from when the liability occurred.	Unlimited for => BBB 25% for < BBB	-
g) Reinsurance portion of technical provisions;	Unlimited for => BBB 25% for < BBB	17,244
h) Accrued interest arising from investments in bank deposits and other securities;	5%	60,320,
i) Receivables up to 90 days, arising from insurers, agents and brokers, but not more than twenty percent (20%) of the gross unearned premium reserve;	20% of UPR	157,177
j) other fixed assets	5%	12,074
Total assets covering technical and mathematical provisions		**1,583,648**
Technical and mathematical provisions		**1,206,402**
Coverage in percentage		**131%**