

SIGAL UNIQA GROUP AUSTRIA Sh.A.

**Financial statements and supplementary schedules as at and for the
year ended 31 December 2024**

(with Independent Auditor's Report thereon)

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Independent Auditor's Report

To the shareholder of Sigal Uniqa Group Austria Sh.A.:

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Sigal Uniqa Group Austria Sh.A. (the "Company") are prepared, in all material respects, in accordance with the reporting requirements of Law on insurances (No. 05/L-045) and announcement of Central Bank of Kosovo ("CBK") for postponement of implementation of International Financial Reporting Standard ("IFRS") 17 "Insurance Contracts", published on 29 December 2023 (together the "Rules and regulations of reporting for insurers").

Our opinion is consistent with our additional report to the Audit Committee of the Company dated 29 April 2025.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- 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, comprising material accounting policy information 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 declare that we have not provided to the Company, its parent entity and its controlled entities, 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".

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Our audit approach

Overview

Materiality	<ul style="list-style-type: none"> Overall Company materiality: EUR 221 thousand, which represents approximately 1% of gross written premiums
Key audit matter	<ul style="list-style-type: none"> Estimates of insurance contract liabilities for the non-life business

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 221 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 it is deemed that it does not appropriately represent the relative size of the Company's operations which makes it less relevant as a benchmark for determining materiality. Therefore, a more appropriate performance-related measure which is more relevant and indicative of the operations of the Company and its performance as compared to profit for the year, being gross written premiums, was used as a 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
<p>Estimates of insurance contract liabilities for the non-life business (Note 17 to the financial statements)</p> <p>Claims reserves for the non-life business is related to:</p> <ul style="list-style-type: none"> • Reserve for reported but not settled claims (“RBNS”); • Incurred but not reported reserve (“IBNR”); and <p>The Company recorded RBNS and IBNR presented in Note 17 of the financial statements – as Insurance contract liabilities in the amount of EUR 25,750,213 at 31 December 2024.</p> <p>The estimates of claims reserves were considered a key audit matter due to the relative large proportion of them compared to the total liabilities of the Company, their potential impact on the results of the Company and the level of judgement involved in assessing the sufficiency of them.</p> <p>Even though all types of reserves specified above are estimated for claims incurred that the Company will need to settle in the future, the nature of the estimates and the required degree of judgement is different.</p> <p>RBNS is estimated and updated monthly based on information on claims reported to the Company, so that the accumulated reserve is sufficient to cover the future settlement of those claims based on the specifics of each claim.</p> <p>IBNR is determined based on the Company’s estimation of the expected claims for events that have already been incurred but not yet reported. Actuarial methods are used in the</p>	<p>We performed the following procedures in respect of insurance contract liabilities as of 31 December 2024:</p> <ul style="list-style-type: none"> • We assessed and tested, on sample basis, the design and operating effectiveness of selected controls, in connection with the claims cycle related to reserves. • For a sample of claim files, we tested that the claim reserve is reassessed regularly and is periodically updated with relevant new information received. • We applied specific risk criteria to the RBNS population as at 31 December 2024 in order to identify any unusual items. The criteria were defined based on our knowledge and understanding of the Company’s activity and the industry. • For a sample of claim files identified after applying each risk criteria we requested and received an explanation with respect to the reserve assessment from the Company’s management. Where necessary we corroborated the explanations by reference to relevant supporting documents. • For IBNR we evaluated the Company’s methodology used, and further we validated the input data used in the Company’s models. With respect to IBNR our actuarial specialists assessed the reasonableness of assumptions used in the calculation of the management. • Where material differences between our expectations and management estimates were found, we investigated them further. • To consider potential bias in the management estimate we have assessed the adequacy of the estimated RBNS and IBNR reported as of the end of the prior reporting period i.e., 31 December 2023 against claims paid and claims in reserve during

Key audit matter	How our audit addressed the key audit matter
<p>estimation alongside historical data for a representative period such that IBNR is sufficient to cover incurred claims to be reported in the following financial periods.</p>	<p>2024 (“run-off analysis”), and assessed the results of this analysis against managements estimates of RBNS and IBNR as of 31 December 2024.</p> <ul style="list-style-type: none"> • We also assessed the appropriateness and sufficiency of the disclosures in the financial statements for insurance contract liabilities.

Reporting on other information

Management is responsible for the other information. The other information comprises supplementary schedules that include the “Solvency Margin”, “Table for Capital Calculation” and “Assets deemed to back insurance liabilities” (but does not include the financial statements and our auditor’s report thereon).

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 of these financial statements in accordance with the rules and regulations of reporting for insurers, 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 skepticism throughout the audit. We also:

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

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. Our appointment has been renewed by shareholder resolution on 10 June 2023 representing a total period of uninterrupted engagement appointment of three years.

The statutory auditor engaged as partner on the audit resulting in this independent auditor's report is Gezim Mustafa.

A handwritten signature in blue ink, appearing to read 'Gezim Mustafa', is written over a faint, light blue circular stamp or watermark.

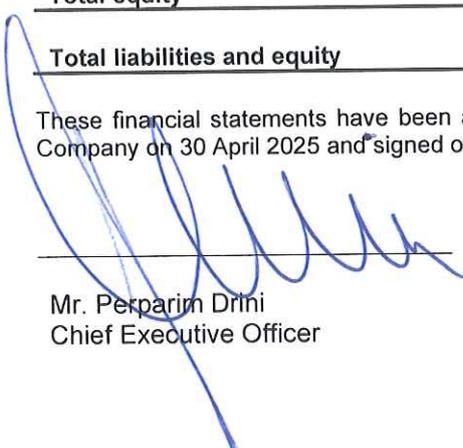
Statutory Auditor
Gezim Mustafa

30 April 2025
Prishtina, Kosova

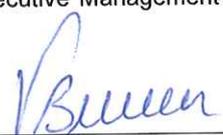
SIGAL UNIQA GROUP AUSTRIA Sh.A.
Statement of financial position
(All amounts are expressed in EUR unless otherwise stated)

	Note	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	7	812,004	1,073,823
Term deposits	8	24,934,392	18,980,772
Securities held at amortised cost	9	-	982,962
Insurance receivables	10	1,242,223	1,399,284
Deferred acquisition costs	11	984,287	863,849
Reinsurance assets	12	9,782,065	6,567,651
Property, equipment and right of use assets	13	2,597,723	2,907,472
Intangible assets	14	49,995	45,595
Corporate income tax receivable		-	159,386
Other assets	15	3,011,661	2,990,378
Total assets		43,414,350	35,971,172
Liabilities			
Insurance contract liabilities	17	25,750,213	20,811,186
Unearned premium reserve	18	8,080,524	7,370,916
Unexpired risk reserve	18	118,447	26,206
Income tax payable		27,129	-
Lease liabilities	19	312,363	481,267
Insurance and other payables	20	1,070,196	1,332,207
Deferred income tax liability		130,456	130,456
Total liabilities		35,489,328	30,152,238
Equity			
Share capital	16	6,000,000	6,000,000
Revaluation reserve	16	988,640	988,640
Retained earnings		936,382	(1,169,706)
Total equity		7,925,022	5,818,934
Total liabilities and equity		43,414,350	35,971,172

These financial statements have been approved and authorized for issue by the Executive Management of the Company on 30 April 2025 and signed on their behalf by:



Mr. Perparim Drini
Chief Executive Officer



Mrs. Valbona Bardhoshi
Chief Financial Officer

SIGAL UNIQA GROUP AUSTRIA Sh.A.**Statement of profit or loss and other comprehensive income***(All amounts are expressed in EUR unless otherwise stated)*

	Notes	2024	2023
Gross written premiums	21	22,100,614	19,046,899
Change in the gross provision for unearned premiums	18	(709,608)	(1,052,121)
Change in unexpired risk reserve	18	(92,241)	248,070
Gross earned premium		21,298,765	18,242,848
Premium ceded to reinsurers	22	(2,136,259)	(1,912,013)
Reinsurers share of change in the provision for unearned premiums		39,720	5,331
Net insurance premium revenue		19,202,226	16,336,166
Other income	26	217,776	2,473,293
Interest income	8,9	620,421	384,166
Net income		20,040,423	19,193,625
Claims paid	17	(8,781,586)	(12,148,253)
Reinsurers' share of claims paid	17	193,561	3,948,693
Change in gross claims reserves	17	(4,939,027)	(448,967)
Change in reinsurance share of claims reserves	17	3,174,694	(3,075,154)
Net insurance claims		(10,352,358)	(11,723,681)
Acquisition costs	23	(2,677,699)	(2,280,109)
Share of costs of Kosovo Insurance Bureau ("KIB")	24	(265,563)	(309,141)
Administrative expenses	25	(3,770,573)	(3,285,647)
Impairment of insurance receivables	10	(430,600)	(221,438)
Profit before income tax		2,543,630	1,373,609
Income tax expenses	27	(437,542)	(249,466)
Profit for the year		2,106,088	1,124,143
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		2,106,088	1,124,143

The notes on pages 5 to 22 are an integral part of these financial statements.

SIGAL UNIQA GROUP AUSTRIA Sh.A.**Statement of changes in equity***(All amounts are expressed in EUR unless otherwise stated)*

	Share capital	Revaluation reserve	Accumulated losses	Total
Balance at 1 January 2023	6,000,000	988,640	(2,293,849)	4,694,791
Profit for the year	-	-	1,124,143	1,124,143
Other comprehensive income for the year (note 16)	-	-	-	-
Total comprehensive income for the year	-	-	1,124,143	1,124,143
Balance at 31 December 2023	6,000,000	988,640	(1,169,706)	5,818,934
Balance as of 1 January 2024	6,000,000	988,640	(1,169,706)	5,818,934
Profit for the year	-	-	2,106,088	2,106,088
Other comprehensive income for the year (note 16)	-	-	-	-
Total comprehensive income for the year	-	-	2,106,088	2,106,088
Balance at 31 December 2024	6,000,000	988,640	936,382	7,925,022

The notes on pages 5 to 22 are an integral part of these financial statements.

SIGAL UNIQA GROUP AUSTRIA Sh.A.
Statement of cash flows

(All amounts are expressed in EUR unless otherwise stated)

	Notes	31 December 2024	31 December 2023
Cash flows from operating activities			
Profit before income tax		2,543,630	1,373,609
Depreciation and amortization	25	473,689	451,666
Gain from sales of equipment	26	-	(8,389)
Loss from scrapping of tangibles assets		826	-
Interest expense from lease liabilities		29,475	11,291
Impairment of receivables	10	430,600	221,438
Interest income		(620,421)	(384,166)
		2,857,799	1,665,449
Operating cash flows before changes in:			
Deferred acquisition costs		(120,438)	34,828
Reinsurance assets		(3,214,414)	3,069,823
Insurance receivables		(273,539)	(75,931)
Other assets		(21,283)	(2,436,550)
Insurance contract liabilities		4,939,027	448,967
Unearned premium reserve		709,608	1,052,121
Unexpired risk reserve		92,241	(248,070)
Insurance and other payables		(262,011)	(1,739)
Changes in operating assets and liabilities		4,706,990	3,508,898
Income tax paid		(251,027)	(413,555)
Interest received		496,801	313,075
Net cash from operating activities		4,952,764	3,408,418
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		(88,887)	(137,471)
Proceeds from sale of property and equipment		-	16,277
Increase in term deposits	8	(4,847,038)	(2,750,000)
Net cash used in investing activities		(4,935,925)	(2,871,194)
Cash flows from financing activities			
Repayment of lease liabilities	19	(278,658)	(258,592)
Net cash used in financing activities		(278,658)	(258,592)
Net (decrease)increase in cash and cash equivalents		(261,819)	278,632
Cash and cash equivalents at beginning of the year		1,073,823	795,189
Cash and cash equivalents at the end of the year	7	812,004	1,073,821

The notes on pages 5 to 22 are an integral part of these financial statements.

SIGAL UNIQA GROUP AUSTRIA Sh.A.
Notes to the financial statements – 31 December 2024

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

1. General information

These are the financial statements of Sigal Uniqa Group Austria Sh.A. ("the Company"), prepared in accordance with the reporting requirements of Law on insurances (No. 05/L-045) and announcement of Central Bank of Kosova ("CBK") for postponement of implementation of International Financial Reporting Standard ("IFRS") 17 "Insurance Contracts", published on 29 December 2023 ("Rules and regulations of reporting for insurers").

The Company was originally established on 23 October 2003 under United Nations Mission in Kosovo ("UNMIK") regulations for provisional business registration. It has operated under a license issued on the same date by the Banking and Payments Authority of Kosovo (now Central Bank of Kosovo ("CBK"), to issue compulsory third party liability ("CTPL") motor vehicle insurance policies and voluntary insurance within the territory of Kosovo.

During 2012 the Company changed its legal status from Branch to subsidiary and on 27 August 2012, CBK issued a new license authorizing the Company to operate the insurance business within the territory of the Republic of Kosovo.

The Company is owned by Sigal Uniqa Group Austria Sh.a, an Albanian entity whose ultimate parent is Uniqa Oesterreich Versicherungen AG, Austria ("UNIQA" or "Ultimate Parent Company") a joint stock company incorporated and domiciled in Republic of Austria. Information on related party relationships is provided in Note 28.

As at 31 December 2024 the Company had 201 employees (2023: 200).

Principal activity: The Company's principal business activities comprise underwriting insurance risks in the following non-life lines of business:

- Motor Vehicle Third Party Liability
- Property insurance
- Construction All Risk (CAR)
- Travel Health insurance
- Personal Accidents
- Comprehensive Motor Vehicle Insurance.

Registered address and place of business. The Company's headquarters are located in Pashko Vasa str., Prishtina, Kosovo. The Company has registered 45 units as other places of business in Kosovo.

Management of the Company. The Management Board during 2024, consisted of the following members:

Perparim Drini	Chief Executive Officer ("CEO")
Anila Pishtari	Deputy CEO
Arber Ponari	Deputy CEO
Valbona Bardhoshi	Chief Financial Officer

Board of Directors. The Board of Directors during 2024 and 2023 and up to the date of approval of these financial statements, comprised:

Alma Totokoci	Chairman
Avni Ponari	Member
Edvin Hoxhaj	Member
Abdyl Sarja	Member
Perparim Drini	Member

2. Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the measurement of buildings at revaluation model. The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

The Company has prepared these financial statements in accordance with the reporting requirements of Law on insurances (No. 05/L-045) and announcement of Central Bank of Kosovo ("CBK") for postponement of implementation of International Financial Reporting Standard ("IFRS") 17 "Insurance Contracts", published on 29 December 2023 (together the "Rules and regulations of reporting for insurers"). Because of the departures highlighted above, this year's financial statements are no longer prepared in accordance with IFRS Accounting Standards effective 1 January 2023 onwards. The Company is expected to adopt IFRS Accounting Standards again starting from 1 January 2026, being its first-time adoption date of transition. Until then, the accounting policies based on which these financial statements are prepared are set out below.

The preparation of the financial statements in accordance with the rules and regulations of reporting for insurers requires management to make estimates and assumptions. 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 3.

Functional and presentation currency. These financial statements are presented in Euro ("EUR"). EUR is the Company's functional currency, currency of the primary economic environment in which it operates, the Republic of Kosovo.

2. Basis of preparation (continued)

Foreign currency transactions. Foreign currency transactions are transactions undertaken by the Company other than in its functional currency. Foreign currency transactions are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Classification of insurance contracts

The Company's underwritten non-life insurance risks for accounting purposes are classified at inception as insurance contracts. A contract, which is classified as an insurance contract remains as such 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 contract. 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 variable(s) such as 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.

General insurance contracts. Insurance liabilities are calculated separately for all insurance products and are composed of premium contingency (unearned), risk contingency (unexpired) and loss contingency (not paid as at the closing date of the financial year). Insurance liabilities (provisions) represent estimates of future payments for reported and unreported claims. The Company does not discount its insurance liabilities. Any changes in estimates are reflected in the results of operations in the period in which estimates are changed. Insurance liability estimation is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. The Company has used the requirements of the insurance regulators or supervisors to set up the appropriate insurance liabilities.

Premiums arising from general insurance business. 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 and levies based on premiums, if any. Premiums are earned from the date of underwriting risks, over the indemnity period, based on the pattern of risks underwritten.

Unearned premium reserve ("UPR"). The provision for unearned premiums across all business segments comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, using the daily pro-rata basis 1/365, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract. Unearned premiums are those proportions of the premium which relate to periods after the reporting date. Unearned premium is calculated on written premiums. The calculation of unearned premium reserves is regulated by the Regulation of the Central Bank of Kosovo "On calculation and retention of technical and mathematical reserves for non-life and life insurers". The Company's customers are entitled to request cancellation of their policy at any time and also demand the unearned premium paid back in cash, against a cancellation fee. As a result, unearned premium reserve is treated by the Company as a monetary liability in these financial statements.

Deferred acquisition costs ("DAC"). Acquisition costs are the costs that an insurer incurs to sell, underwrite and initiate a new insurance contract. Acquisition costs that are incremental to the underwriting of the premiums are capitalized and charged to expense in proportion to premium revenue recognized. To associate acquisition costs with related premium revenue, acquisition costs are allocated by groupings of insurance contracts consistent with the Company's manner of acquiring, servicing, and measuring the profitability of its insurance contracts. Unamortized acquisition costs are classified as an asset.

Reinsurance. The Company ceded reinsurance in the normal course of business for the purpose of limiting its potential net loss through the diversification of its risks. Assets and liabilities arising from ceded reinsurance risks are presented separately as assets and liabilities from related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligation to its policy holders. The Company's reinsurance policy is established in order to limit its potential losses arising from longer exposures to Motor Third Party Liability ("MTPL") and Property and Liabilities lines of business. Such reinsurance includes both facultative and treaty agreements, surplus basis and quota share. Treaty agreements represent reinsurance at portfolio level. They cover all claims of the portfolio up to a certain amount (excess of loss) or on quota share basis. Only rights under contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance assets. Rights under contracts that do not transfer significant insurance risk, are accounted for as financial instruments. Insurance premiums ceded to reinsurers are recognised in profit or loss on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts. For general insurance business, reinsurance premiums are expensed over the period the reinsurance coverage is provided based on the pattern of the reinsured risk. The unexpended portion of the ceded reinsurance premiums is included in the reinsurance assets. The amounts recognised as reinsurance assets are measured on a basis that is consistent with the measurement of the insurance liabilities held in respect of the related insurance contracts. Reinsurance receivables include reinsurance commission in respect of premiums ceded to the reinsurer and recoveries due from reinsurance companies in respect of claims paid. They are classified as receivables and are disclosed separately. Reinsurance assets are assessed for impairment at each reporting date.

2. Basis of preparation (continued)

Claims handling costs. Claim handling costs consist of external claim handling expenses and do not include internal claim handling expenses which are deemed to be not significant compared to external costs. The Company creates an allowance for claim handling costs within the related claim handling provisions which is included in insurance contract liabilities - claims.

Financial instruments

The Company's financial instruments are measured at amortised cost. Financial assets are all classified as loans and receivable. The Company classifies non-derivative financial liabilities into other financial liabilities.

Recognition. The Company's financial instruments (assets and liabilities) are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Classification. Financial assets of the Company are classified as loans and receivables (term deposits with banks and insurance receivables). Insurance receivables are insurance assets. Securities issued by the Kosovo Government are not classified as held-to-maturity as there is no active market for those securities and thus, they fulfil the definition of loans and receivables. Financial liabilities are classified as other financial liabilities (including insurance/trade liabilities and other liabilities) and are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Company intends to sell in the near term. Loans and receivables include term deposits with banks, securities held at amortized cost and insurance and other receivables and are carried at amortized cost using the effective interest method, net of provision for incurred impairment losses.

Derecognition. The Company derecognises financial assets when the assets are redeemed or the rights to cash flows from the assets otherwise expire. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Amortized cost measurement. 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.

Offsetting. Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise 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, such as in the Company's trading activity.

Impairment of financial assets carried at amortized cost. Impairment losses are recognized in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Company determines that no objective evidence exists that impairment was incurred 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. The primary factors that the Company considers in determining whether a financial asset is impaired are its overdue status, liabilities that can be offset for the same customer and realizability of related collateral, if any.

Cash and cash equivalents. Cash and cash equivalents include deposits held at call with banks. Cash and cash equivalents are carried at amortized cost using the effective interest method.

Term deposits. Term deposits are stated at the amount of principal outstanding and are classified according to their maturities. Interest is accrued using the effective interest method and interest receivable is reflected in term deposits.

Other receivables. Other receivables are stated at their cost less impairment losses.

Insurance receivables. Insurance receivables are initially recognized at fair value and subsequently measured at their amortized cost less impairment losses. Insurance receivables are assessed for impairment on each reporting date.

2. Basis of preparation (continued)

Prepayments and other assets. Prepayments are carried at cost less provision for impairment and included in other assets. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss for the year. Repossessed property is initially recognized at cost which is the equivalent of the claim for which it is used to recover. Subsequently, the repossessed property is measured at lower of cost and net realizable value.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, if any are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Property and equipment. Items of property and equipment, except buildings and premises, are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Buildings are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation reserve in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for buildings included in equity is transferred directly to accumulated losses when the revaluation surplus is realised on the retirement or disposal of the asset. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

Estimated useful lives are as follows:

Buildings and premises	20 years
Computers and related equipment	5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

Right-of-use assets. The Company leases only offices. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful life
Offices	3 – 10 years

Intangible assets. Intangible assets that are acquired are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The annual amortisation rates based on the estimated useful lives for the current and comparative periods is three years.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs.

Lease liabilities. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). The lease payments are discounted using the Company's incremental borrowing rate, 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. 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.

Investment income. Interest income is recognised in profit or loss as earned, considering the effective yield on the financial asset.

Fee and commission income. Fee and commission income include reinsurance commission, recognised on the settlement with reinsurers. Reinsurance commissions continue to be recognised in full on the settlement with the reinsurer.

2. Basis of preparation (continued)

Policy acquisition costs. 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 administrative expenses connected with processing of proposals and issuing of policies. Policy acquisition costs are expensed as incurred.

Deferred acquisition costs. Acquisition costs are the costs that an insurer incurs to sell, underwrite and initiate a new insurance contract. To associate acquisition costs with related premium revenue, acquisition costs are allocated by groupings of insurance contracts consistent with the Company's manner of acquiring, servicing, and measuring the profitability of its insurance contracts. Unamortized acquisition costs are classified as an asset.

Employee benefits. Salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory and private defined contribution scheme.

Income tax. 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 comprises current tax and deferred tax and is recognized in profit or loss for the year. Current tax is the amount expected to be paid to, or recovered from, the taxation authority in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if 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 temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. 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. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

3. Critical accounting estimates and judgments in applying accounting policies

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:

Policyholder claims and benefits. The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. The Company's decisions for reported and unreported losses and establishing resulting provisions and related reinsurance recoverable are annually reviewed and updated, and adjustments resulting from this review are reflected in profit or loss. The process is based on the assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events. Insurance risk management is disclosed in Note 4, whilst insurance contract liabilities in Note 17.

Claims arising from general insurance business. Claims incurred comprise the settlement and handling costs of paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims provisions. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as the changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience. Insurance liabilities for claims outstanding are not discounted.

Adjustments to claims insurance liabilities established in prior years are reflected in the financial statements of the period in which the adjustments are made. The insurance liabilities for incurred but not reported claims ("IBNR") for Motor Third Party Liability ("MTPL") and MTPL plus are estimated based on combination of the Cape Cod and Chain-Ladder methods where paid triangles is applied. For Personal Accidents, the Chain-Ladder method with incurred triangles is used. For Casco and Health (including Health in Travel and Private Health), the Cape Cod method with incurred triangles is used. For other lines of business, the IBNR is calculated using the Expected Loss Ratio ("ELR") method, as a specific percentage of earned premium.

Reserve for Incurred but not reported ('IBNR') claims for Border Guarantee fund is determined by Kosovo Insurance Bureau ('KIB'). Whilst the Management considers that the insurance liabilities for claims and the related reinsurance recoveries are fairly stated, the ultimate liability may differ as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of the insurance liabilities are reflected in the financial statements for the period in which the adjustments are made.

3. Critical accounting estimates and judgments in applying accounting policies (continued)

Claims and reserves arising from the compensation fund. On behalf of all insurance companies licensed by the Central Bank of Kosovo to underwrite third party liability insurance in Kosovo, the Kosovo Insurance Bureau (“KIB”) administers the system to sell compulsory third party liability motor vehicle insurance (“TPL”) at the border of the Republic of Kosovo (the “pool”) to drivers of foreign registered vehicles not in possession of such insurance. KIB remits the monthly share of the gross premiums received, to each insurance company. Each insurance company is required to contribute a specified percentage to gross premiums received to KIB for the claims and other administrative costs of the pool and the membership activities of KIB.

The accounting treatment of written premiums and insurance reserves determined by KIB, is the same as the treatment for the other categories of written premiums and insurance reserves, respectively.

In addition, each insurance company is required to contribute to KIB for the Guarantee Fund of Kosovo (“Guarantee Fund”), which was established under “Rule 3, an amending rule on Compulsory Third party Liability Motor Vehicle Insurance”, Section 4 dated 27 June 2002. The guarantee fund is used to settle insurance claims related to accidents caused by uninsured vehicles, unknown vehicles or other specified events. It is funded equally by all the insurance companies in Kosovo licensed by the CBK to underwrite CTPL insurance. The insurance companies have taken collective responsibility for providing the Guarantee Fund with sufficient funding to be able to meet all future claims in the event that claims and costs incurred by the Guarantee Fund are in excess of its retained surplus. Claims reserves from KIB are part of the Company’s insurance contract liabilities. Contribution for the compensation fund is recognised in profit or loss as incurred.

Liability Adequacy Test. At each reporting date the Company performs test to ensure the adequacy of claim insurance liabilities. The primary tests performed are Claim Ratio Analysis and Run-off analysis of claim reserves. The claim ratio analysis is performed annually on the major lines of business individually. The calculation is performed on claims alone as well as claims including acquisition costs and any other external claim handling costs. In performing this analysis the Company takes into account current estimates of cash outflows. The Company does not discount these estimated cash flows because most claims are expected to be settled within one year. The Company performs the run-off analysis of claim reserves to assess its provisioning methodology. The run-off analysis is performed on RBNS and IBNR separately as well as on combined basis.

Unexpired risk reserve

Insurance liabilities are calculated by using historical assumptions. The liability adequacy test for non-life insurance is limited to the unexpired portion of existing contracts. It is performed by comparing the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date with the amount of unearned premiums in relation to such policies after deduction of capitalized direct costs related to the insurance policy. Expected cash flows relating to claims and expenses are estimated by reference to the experience during the expired portion of the contract, adjusted for significant individual losses which are not expected to recur. This test calculates if there is any need for unexpired risks reserve (URR). The test is performed to check the adequacy of the unearned premiums or if there is a need for unexpired risk reserves (URR). The amounts of gross claims and net operating expenses, defined as all expenses related with insurers activity, are applied in these tests to generate combined ratio and compared with the amount of established provisions for unearned premiums reduced by deferred insurance acquisition costs.

The test is performed not only in total but within four major grouping of lines of business namely: Property, Motor, Accidents and Health and Marine and Aviation.

4. Insurance risk management

The Company accepts insurance risk through its insurance 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. 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 when the policy is issued before any insured event has happened. The risk is 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 misestimate or that the actual claims will fluctuate around the statistical mean value.

Risk management

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. 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 Company is exposed. The Company underwrites property, liability and motor risks primarily over twelve-month duration. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business.

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4. Insurance risk management (continued)

The concentration of claim provisions by type of contract is summarized below by reference to insurance liabilities:

Business line	2024			2023		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
MTPL	12,012,931	(80,129)	11,932,802	10,968,225	(80,129)	10,888,096
Property	12,951,106	(9,456,593)	3,494,513	9,324,754	(6,281,899)	3,042,855
Health and accidents	786,176	-	786,176	518,207	-	518,207
Total	25,750,213	(9,536,722)	16,213,491	20,811,186	(6,362,028)	14,449,158

The concentration of unearned premium and unexpired risk reserve net of reinsurance by type of contract is summarized below by reference to insurance liabilities:

Business line	2024			2023		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
MTPL	6,050,751	(10,732)	6,040,019	5,582,564	(11,090)	5,571,474
Property	1,451,304	(234,611)	1,216,694	1,219,469	(194,533)	1,024,936
Health and accidents	578,469	-	578,469	595,089	-	595,089
Total	8,080,524	(245,343)	7,835,182	7,397,122	(205,623)	7,191,499

Actual claims compared to estimates Provision for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid is made at the reporting date. The liability for reported claims (reported but not settled or "RBNS") is assessed on a separate case-by-case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case reserves are reviewed regularly and are updated as and when new information arises. The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than reported claims. Company's actuaries predominantly assess IBNR provisions using statistical techniques extrapolating historical data in order to estimate ultimate claims costs. To the extent that these methods use historical claims development information, they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- economic, legal, political and social trends (resulting in different than expected levels of inflation);
- changes in the mix of insurance contracts incepted;
- random fluctuations, including the impact of large losses.

The following table shows actual claims incurred compared to previous estimates for the year ended 31 December 2024 and 2023:

	2024	2023	2022	2021	2020
RBNS					
Opening claim estimates	13,963,240	14,271,879	8,016,789	7,401,942	7,041,306
Prior periods' claims paid during the year	2,254,202	6,104,534	2,531,588	2,380,935	3,056,209
Closing claim estimates for prior periods' claims	12,978,774	9,721,481	6,778,352	5,534,883	4,486,341
Run off in Euro	(1,269,736)	(1,554,136)	(1,293,151)	(513,876)	(501,244)
Run off in %	-9%	-11%	-16%	-7%	-7%
IBNR					
Opening claim estimates	4,638,279	4,167,913	4,034,422	3,336,669	2,634,805
Actual results related to claims incurred	647,240	655,952	1,493,882	1,117,960	1,669,695
Closing claim estimates	3,830,398	3,145,421	3,401,621	2,786,629	1,695,774
Run off in Euro	160,641	366,540	(861,081)	(567,920)	(730,664)
Run off in %	3%	9%	-21%	-17%	-28%
Total claim reserves					
Opening claim estimates	18,601,519	18,439,792	12,051,211	10,738,611	9,676,111
Paid and reported during the period	2,901,442	6,760,486	4,025,470	3,498,895	4,725,904
Closing claim estimates	16,809,172	12,866,902	10,179,973	8,321,512	6,182,115
Run off in Euro	(1,109,095)	(1,187,596)	(2,154,232)	(1,081,796)	(1,231,908)
Run off in %	-6%	-6%	-18%	-10%	-13%

Technical provision amounting to EUR 2,101,812 (2023: EUR 1,990,077) for Border and Guarantee offer Lines of business are not included in the analysis above as the reserve for these products is calculated by the actuaries of Kosovo Insurance Bureau. The total negative run-off as presented above, is attributable to the combined effect of negative run-off of EUR 1,270 thousand of RBNS, and positive run-off of EUR 161 thousand in IBNR.

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4. Insurance risk management (continued)

The negative run-off in RBNS is attributable to the combined effect of the paid claims during the year being higher compared to allocated reserve in previous year, as well as update of current reserve based on latest available information and past run-off experience. This is also due to the review of the reported but not settled claims that are in court process as part of the management's approach to update reserve on real time so that they represent as accurately as possible, the future estimated cash outflows.

Assumptions and sensitivities. Risks associated with the non-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 non-life insurance claims recognized in the statement of financial position is adequate. However actual experience may differ from the expected outcome. An overview of claim loss and combined ratio for 2024 and 2023 is as below:

	2024	2023
Claim ratio	54%	72%
Expense ratio	37%	37%
Combined ratio	91%	109%

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	2024	2023
Claim ratio			
5% increase in claim ratio	loss	(517,618)	(586,184)
5% decrease in claim ratio	gain	517,618	586,184
Expense ratio			
5% increase in expense ratio	loss	(357,222)	(304,817)
5% decrease in expense ratio	gain	357,222	304,817
Combined ratio			
5% increase in combined ratio	loss	(874,840)	(891,001)
5% decrease in combined ratio	gain	874,840	891,001

5. Financial risk management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks. The Company does not make use of derivative financial instruments to hedge these risks exposures.

Market risk

Market risk includes three types of risk:

- currency risk – the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.
- interest rate risk – the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
- price risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risk embodies not only the potential for loss but also the potential for gain. Management sets limits on the value of risk that may be accepted, which is monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk

The Company operates in one business segment and undertakes transactions substantially all in EUR to satisfy regulatory and self-imposed capital requirements. Currency risk in the investment portfolio is managed using assets/liabilities matching principles. As at 31 December 2024 and 31 December 2023, there are no financial assets and liabilities in currencies other than Euro and therefore the Company is not significantly exposed to currency risk.

Interest rate risk

Interest rate risk is comprised of the risk effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. Interest rates received and/or paid by the Company on a financial instrument are fixed. The interest rate profile of the Company's interest-bearing financial instruments as reported as at 31 December 2024 and 31 December 2023 is as follows:

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5. Financial risk management (continued)

	Note	31 December 2024	31 December 2023
Fixed rate instruments			
<i>Interest bearing financial assets</i>			
Term deposits with banks	8	24,934,392	18,980,772
Securities held at amortised cost	9	-	982,962
<i>Interest bearing financial liabilities</i>			
Lease liabilities	19	(312,363)	(481,267)
Total		24,622,029	19,482,467

Interest rates are fixed. However, any increase/decrease by 1% in interest rate would result in a net impact of EUR 246 thousand (2023: EUR 195 thousand) in Company's profit and net impact of EUR 221 thousand (2023: EUR 176 thousand) in equity.

Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk on its cash at bank, securities held at amortised cost, 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. For the purposes of credit risk management, the Company separates insurance receivable between receivables from insurance customers and receivables from insurance companies as credit risk management in the case of the later are managed through an agreement between insurance companies acknowledged by courts of law in Pristina.

The Company enters into reinsurance agreements with Uniqa subsidiaries or approved counterparts. 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.

The Company's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statement of financial position as follows:

	Note	31 December 2024	31 December 2023
Cash and cash equivalents	7	812,004	1,073,823
Term deposits with banks	8	24,934,392	18,980,772
Securities held at amortized cost	9	-	982,962
Insurance receivables	10	1,242,223	1,399,284
Reinsurance assets	12	9,782,065	6,567,651
Other financial assets	15	178,311	90,472
Maximum exposure to credit risk		36,948,995	29,094,964

Details for credit risk for insurance receivables are disclosed in note 10. All other financial assets are not past due and not impaired.

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. Nevertheless, the Company has access to short-term facilities being in a cooperation with all banks in Kosova which it may use to over-come short-term liquidity issues. 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 2024 and 31 December 2023 detailed by expected and contractual maturity are disclosed below. The amounts detailed below relate to contractual maturities but in practice the cash inflows or outflows are not expected to occur in these intervals.

31 December 2024	Up to 3 months	From 3 to 12 months	1-5 years	Total
Cash and cash equivalents	812,004	-	-	812,004
Term deposits	2,102,208	15,115,124	7,717,060	24,934,392
Securities held at amortised cost	-	-	-	-
Insurance receivables	967,768	274,455	-	1,242,223
Reinsurance assets	-	9,782,065	-	9,782,065
Other financial assets	178,311	-	-	178,311
Total financial assets	4,060,291	25,171,644	7,717,060	36,948,995
Claim reserves	963,743	5,830,033	18,956,437	25,750,213
Unearned premium reserve	752,675	7,032,873	294,976	8,080,524
Lease liabilities	42,863	128,590	165,131	336,585
Other financial liabilities	654,302	-	-	654,302
Total financial liabilities	2,413,583	12,991,496	19,416,544	34,821,624
Net liquidity position as at 31 December 2024	1,646,708	12,180,148	(11,699,484)	2,127,371

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5. Financial risk management (continued)

31 December 2023	Up to 3 months	From 3 to 12 months	Over 1 year	Total
Cash and cash equivalents	1,073,823	-	-	1,073,823
Term deposits	3,535,560	2,834,143	12,611,069	18,980,772
Securities held at amortised cost	-	982,962	-	982,962
Insurance receivables	1,138,865	260,419	-	1,399,284
Reinsurance assets	-	6,567,651	-	6,567,651
Other financial assets	90,472	-	-	90,472
Total financial assets	5,838,720	10,645,175	12,611,069	29,094,964
Claim reserves	1,041,462	2,821,979	16,947,745	20,811,186
Unearned premium reserve	618,924	6,584,169	167,823	7,370,916
Lease liabilities	66,041	198,122	254,423	518,586
Other financial liabilities	979,385	-	-	979,385
Total financial liabilities	2,705,812	9,604,270	17,369,991	29,680,073
Net liquidity position as at 31 December 2023	3,132,908	1,040,905	(4,758,922)	(585,109)

Regulatory capital

According to the Central Bank of Kosovo Regulation "On deposit of assets as security, capital adequacy, financial reporting, risk management, investment liquidation", Article 7, all insurance companies are required a minimum total equity of EUR 3,200 thousand. As at 31 December 2024, the total equity of the Company is EUR 7,925 thousand or EUR 4,725 thousand higher than the minimum required equity.

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.

6. Fair value disclosure

Fair value measurements for measurement and/or presentation purposes 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 observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety. The Company has no assets measured at fair value at the reporting date.

Assets not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	Carrying value	Fair value		
		Level 1	Level 2	Level 3
31 December 2024				
Cash and cash equivalents	812,004	-	812,004	-
Term deposits with banks	24,934,392	-	23,956,954	-
Securities held at amortized cost	-	-	-	-
Reinsurance assets	9,782,065	-	9,782,065	-
Insurance receivables	1,242,223	-	1,242,223	-
31 December 2023				
Cash and cash equivalents	1,073,823	-	1,073,823	-
Term deposits with banks	18,980,772	-	18,153,898	-
Securities held at amortized cost	982,962	-	982,962	-
Reinsurance assets	6,567,651	-	6,567,651	-
Insurance and other receivables	1,399,284	-	1,399,284	-

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	3,366,552	Market comparable buildings	Price, location and size

The Company did not revalue the building in 2024 as management does not believe the carrying amount of buildings differs materially from its market value.

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7. Cash and cash equivalents

Cash and cash equivalents consist of current accounts with local banks. They are neither past due nor impaired.

	31 December 2024	31 December 2023
Cash at banks – current accounts with local banks	812,004	1,073,823
Total cash at banks	812,004	1,073,823

The credit rating of financial institutions with whom the Company holds cash and cash equivalents is presented in the below table:

Rating	31 December 2024	31 December 2023
A+	346,850	-
B+	-	239,173
BB+	225,817	125,644
BB-	70,468	589,212
BBB-	58,310	9,490
Not rated	110,558	110,304
Total	812,004	1,073,823

8. Term deposits

	31 December 2024	31 December 2023
Term deposits – commercial local banks	24,334,392	18,380,772
Deposits with the Central Bank of Kosovo	600,000	600,000
Total	24,934,392	18,980,772

The interest rate on term deposits during 2024 was between 1.90% and 4.0% per annum (2023: 1.70% to 3.6% per annum). The maturity on term deposits during the year 2024 was between 12 months and 24 months (2023: 12 months and 24 months).

The credit rating of financial institutions with whom Company holds term deposits are presented in the below table:

Rating	31 December 2024	31 December 2023
	Term deposits	Term deposits
A+	1,011,035	-
BB+	11,050,716	6,124,206
BB-	5,844,521	4,341,008
BBB-	808,668	2,924,869
Not rated	6,219,452	5,590,689
Total	24,934,392	18,980,772

Interest income accrued from term deposits during the year amounts to EUR 607,703 (2023: EUR 368,486).

The Company operates with local banks, which are mainly subsidiaries of international banking groups. Accounts with banks are not secured. Because few local banks are rated by international rating agencies, the Company uses the credit ratings of the banks' major shareholders in order to take its investment decisions. The not rated financial institutions include Central Bank of Kosovo that is the regulatory body for financial institutions in the Republic of Kosovo and three banks with local ownership. The later are stable mid-sized local banks, operating in local market, with local shareholders and well established in the market.

Pursuant to the Rule 8 approved by the Central Bank of Kosovo a minimum collateral amount of EUR 3,200 thousand is determined to be kept with CBK account or at least with 10% of it and the remainder with other commercial banks, but no more than 30% with a single bank. All balances are neither past due nor impaired.

9. Securities held at amortized cost

	31 December 2024	31 December 2023
Nominal	-	980,000
Accrued interest receivable	-	2,962
Total	-	982,962

The Company had invested in Government Bonds in the amount of EUR 980,000 with interest rate of 1.60% and maturity of four years. These Bonds had been purchased back in 2020 and have matured on 20 October 2024. Interest income accrued during the year from these bonds amounts to EUR 12,718 (2023: EUR 15,680).

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10. Insurance receivables

Receivables from policy holders gross and net of allowance for doubtful receivables are presented below:

	31 December 2024	31 December 2023
Receivable from insurance customers	2,599,551	2,394,079
Less: Allowance for impairment losses	(1,357,328)	(994,795)
Total	1,242,223	1,399,284

Movement in allowance for impairment losses are as follows:

	2024	2023
Opening balance	994,795	820,076
Insurance receivable written off	(68,067)	(46,719)
Impairment charge for the year	430,600	221,438
Total	1,357,328	994,795

The aging of insurance receivables is presented below:

	31 December 2024			31 December 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Up to 3 months	967,768	-	967,768	1,260,831	(121,966)	1,138,865
3-6 months	254,913	(50,983)	203,930	228,469	(11,496)	216,973
6 months to 1 year	282,097	(211,572)	70,525	173,783	(130,337)	43,446
more than 1 year	1,094,773	(1,094,773)	-	730,996	(730,996)	-
Total	2,599,551	(1,357,328)	1,242,223	2,394,079	(994,795)	1,399,284

Up the end of March 2025, out of EUR 968 thousand of receivables due up to three months as of 31 December 2024, EUR 632 thousand or 70% have been collected.

11. Deferred acquisition costs

Deferred acquisition costs at year-end comprise:

	31 December 2024	31 December 2023
Commissions paid	871,561	757,592
Commissions for CBK	112,726	106,257
Total	984,287	863,849

Commission paid to the CBK is based on premium written and therefore included as part of the acquisition cost.

	2024	2023
Balance at 1 January	863,849	898,677
Movement for the year (note 23)	120,438	(34,828)
Balance at 31 December	984,287	863,849

12. Reinsurance assets

	31 December 2024	31 December 2023
Reinsurance share in claims reported (Note 17)	9,536,722	6,362,028
Reinsurance share of unearned premium	245,343	205,623
Total	9,782,065	6,567,651

The Company's reinsurance assets are not secured and are neither past due nor impaired.

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13. Property, equipment and right of use assets

	Buildings and premises	Furniture, fixtures and equipment	Computers and related equipment	Motor vehicles	Total
As at 1 January 2023	3,366,552	98,307	201,842	130,863	3,797,564
Additions during the year	-	11,525	34,852	64,659	111,036
Disposals	-	-	-	(36,406)	(36,406)
As at 31 December 2023	3,366,552	109,832	236,694	159,116	3,872,194
Additions during the year	-	8,295	43,656	-	51,951
Disposals	-	-	(54,580)	-	(54,580)
As at 31 December 2024	3,366,552	118,127	225,770	159,116	3,869,565
Accumulated depreciation:					
As at 1 January 2023	996,552	47,336	144,817	102,132	1,290,837
Charge for the year	118,500	16,376	25,933	18,740	179,549
Disposals	-	-	-	(28,518)	(28,518)
As at 31 December 2023	1,115,052	63,712	170,750	92,354	1,441,868
Charge for the year	118,500	15,505	30,872	19,534	184,411
Disposals	-	-	(53,754)	-	(53,754)
As at 31 December 2024	1,233,552	79,217	147,868	111,888	1,572,525
Carrying amounts					
As at 31 December 2023	2,251,500	46,120	65,944	66,762	2,430,326
As at 31 December 2024	2,133,000	38,910	77,902	47,228	2,297,040

As at 31 December 2024 and 31 December 2023 there are no property, equipment encumbered or pledged to secure Company liabilities.

At the end of December 2022 the Company revaluated its buildings, located in Pristina. Revaluated amounts are determined based on the valuation performed by independent professional appraisers. The reassessment of real estate for the year 2022 has shown an increase compared to the last year with amount EUR 262,090.

The valuation was carried out by an independent firm of valuers who hold a recognized and relevant professional qualification and who have experience in valuation of assets of similar location and category. The Company did not revalue the building in 2024 as management does not believe the carrying amount of buildings differs materially from its carrying amount.

Right of use assets:

	2024	2023
	Premises and vehicles	Premises and vehicles
Balance at 1 January	477,146	274,500
New leases	103,941	446,174
Disposals	(23,663)	
Depreciation charge for the year	(256,742)	(243,528)
Balance at 31 December	300,682	477,146

The Company leases mainly premises for its Companies throughout the Republic of Kosova and vehicles. Rental contracts are typically made for fixed periods of 1 to 5 years and the consideration for them is fixed.

The termination of lease periods is at discretion of either party, provided a prior notice has been made according to the contractual terms. Nevertheless, the Company estimates the lease period taking into consideration future expected use of the leased asset, based on past experience.

To determine the lease term, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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14. Intangible assets

	Software
Cost:	
As at 1 January 2023	123,397
Additions during the year	26,435
Disposals	-
As at 31 December 2023	149,832
Additions during the year	36,936
Disposals	-
As at 31 December 2024	186,768
Accumulated depreciation:	
As at 1 January 2023	75,648
Charge for the year	28,589
Disposals	-
As at 31 December 2023	104,237
Charge for the year	32,536
Disposals	-
As at 31 December 2024	136,773
Carrying amounts	
As at 31 December 2023	45,595
As at 31 December 2024	49,995

15. Other assets

	31 December 2024	31 December 2023
Other receivables	138,311	49,772
Advances to employees	40,000	40,700
Other financial assets	178,311	90,472
Repossessed property	2,196,101	2,196,101
Prepayments to Kosovo Insurance Bureau (KIB)	607,765	669,755
Advances paid	-	3,748
Non-financial investments	15,000	15,000
Other assets	17,655	19,842
Other non-financial assets	2,836,521	2,904,446
Total other assets, gross of impairment	3,014,832	2,994,918
Impairment	(3,171)	(4,540)
Total	3,011,661	2,990,378

Repossessed property consists of one immovable property which the Company has executed as a collateral as part of a process in which the insured party has failed to fulfill its contractual obligations towards a contract execution and for which the Company has been found liable towards the beneficiary of the insurance.

The amount of EUR 2,196 thousand in which the property that has been accounted is the same amount that has been recognized as a reserve Company's insurance contract liabilities, based on court decision (first instance), while the market value of property based on independent external valuator report is EUR 2,238 thousand.

Prepayments to Kosovo Insurance Bureau (KIB) include:

- EUR 322,765 (2023: EUR 422,028) prepayment as a result of excess payments made in the past to KIB, which will be offset against future liabilities to KIB;
- EUR 150,000 (2023: EUR 125,000) for Memorandum of Understanding signed between Kosovo Insurance Bureau and Association of Serbian Insurers dated 23 June 2015 on mutual recognition of motor third party liability insurance and arrangement for the processing and payment of claims.
- EUR 135,000 (2023: EUR 122,727) for Memorandum of Understanding signed between Kosovo Insurance Bureau and National Bureau of Montenegro dated 25 June 2021 on mutual recognition of motor third party liability insurance and arrangement for the processing and payment of claims.

Advances to employees represent the outstanding balance of advances that the Company used to provide to its employees as financial support, for only one specific case. Advances paid represent advance payments made by the Company to the third parties, for services, which are expected to be received after the reporting date.

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16. Share capital

At 31 December 2024 the registered share capital is EUR 6,000,000 composed of 60,000 shares fully paid and authorized with a nominal value of EUR 100 per share (2023: 60,000 shares with a nominal value of EUR 100 per share). 100% of the shares in the Company's share capital are owned by Sigal Uniqa Group Austria sh.a. Albania, a subsidiary of Uniqa Insurance Group AG operating in Albania.

Revaluation reserves

At 31 December 2024 the revaluation reserve amounts to EUR 988,640 (2023: EUR 988,640). The movement of the revaluation reserves is presented in the table below.

	2024	2023
At 1 January	988,640	988,640
Revaluation for the year	-	-
Release of revaluation reserve due to disposal	-	-
At 31 December	988,640	988,640

17. Insurance contract liabilities

	2024			2023		
	Gross	Reinsurance (Note 12)	Net	Gross	Reinsurance (Note 12)	Net
Reported claims	15,624,176	(6,362,028)	9,262,148	15,766,758	(9,437,182)	6,329,576
Incurred but not reported	4,967,421	-	4,967,421	4,393,484	-	4,393,484
Claims handling costs	219,589	-	219,589	201,977	-	201,977
Total at beginning of the year	20,811,186	(6,362,028)	14,449,158	20,362,219	(9,437,182)	10,925,037
Claims incurred	14,023,167	(3,368,255)	10,654,912	12,816,809	(873,539)	11,943,270
Claims paid	(8,781,586)	193,561	(8,588,025)	(12,148,253)	3,948,693	(8,199,560)
Claims handling costs	(302,554)	-	(302,554)	(219,589)	-	(219,589)
	4,939,027	(3,174,694)	1,764,333	448,967	3,075,154	3,524,121
Total at end of year	25,750,213	(9,536,722)	16,213,491	20,811,186	(6,362,028)	14,449,158
Reported claims	20,327,210	(9,536,722)	10,790,488	15,624,176	(6,362,028)	9,262,148
Incurred but not reported	5,120,449	-	5,120,449	4,967,421	-	4,967,421
Claims handling costs	302,554	-	302,554	219,589	-	219,589
Change in claims reserves, net	4,939,027	(3,174,694)	1,764,333	448,967	3,075,154	3,524,121

Paid claims by insurance product are as follows:

	2024	2023
Motor vehicles	5,700,394	5,433,526
Health and accidents	2,360,547	2,240,974
Property	720,645	4,473,753
Total	8,781,586	12,148,253

Reported claims reserve

	2024	2023
At 1 January	15,624,176	15,766,758
Net change during the year	4,703,034	(142,582)
At 31 December	20,327,210	15,624,176

Incurred but not reported claims reserve

	2024	2023
At 1 January	4,967,421	4,393,484
Net change during the year	153,028	573,937
At 31 December	5,120,449	4,967,421

Included in the insurance contract liabilities reserve as of 31 December 2024 is also the amount of EUR 302,554 (2023: EUR 219,589) which represents the reserve for claim handling costs.

18. Unearned premium reserve and unexpired risk reserve

	2024	2023
As at 1 January	7,370,916	6,318,795
Premiums written during the year (note 21)	22,100,614	19,046,899
Less: premiums earned during the year	(21,391,006)	(17,994,778)
Balance at 31 December	8,080,524	7,370,916

	2024	2023
Gross change in provision for unearned premium	(709,608)	(1,052,121)
Change in reinsurers share	39,720	5,331
Change in provision for unearned premium, net	(669,888)	(1,046,790)

Unexpired risk reserve

	2024	2023
As at 1 January	26,206	274,276
Reserve for the year	92,241	(248,070)
Balance at 31 December	118,447	26,206

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19. Lease liabilities

	2024	2023
Balance at 1 January	481,267	282,393
New leases	103,941	468,244
Interest on lease liability	29,476	11,291
Termination of lease agreements	(23,663)	(22,069)
Repayments of principal and interest	(278,658)	(258,592)
At 31 December	312,363	481,267

20. Insurance and other payable

	2024	2023
Payable to suppliers	195,071	495,544
Reinsurance payables	122,732	273,546
Payable to the agents	336,499	210,295
Financial liabilities	654,302	979,385
VAT payables	213,558	194,065
Payable to the Central Bank of Kosovo	71,339	65,681
Pension contribution payable	30,593	19,522
Personal income tax payable	24,682	14,966
Other payables	75,722	58,588
Non-financial liabilities	415,894	352,822
Total	1,070,196	1,332,207

21. Gross written premiums

Gross written insurance and reinsurance premiums as per product are detailed as follows:

	2024	2023
Motor vehicles	12,566,262	11,697,573
Health and accidents	4,546,429	3,983,916
Property	4,639,321	2,911,834
Marine and aviation	348,602	453,576
Total	22,100,614	19,046,899

Motor vehicle premiums are further detailed as follows:

	2024	2023
Motor third party liability	9,018,117	8,531,876
Motor hull (Casco)	2,579,594	2,081,762
Border insurance	968,551	1,083,935
Total	12,566,262	11,697,573

Border insurance gross written premiums amounting to EUR 969 thousand (2023: EUR 1,084 thousand) relate to shared income from Kosovo Insurance Bureau ("KIB"), that was established under Law No. 04/L-018 on Compulsory Motor Vehicle Insurance", Section 29, dated 23 June 2011 and administers the system to sell compulsory third party liability motor vehicle insurance ("CTPL") at the border of the Territory of Kosovo (the "pool") to drivers of foreign registered vehicles not in possession of such insurance. The operations of the pool are self-contained and the revenues, claims and overheads are shared between all insurance companies licensed in Kosovo to sell TPL insurance within the Territory of Kosovo. KIB remits to each insurance company monthly its share of the gross premiums received (including VAT and premiums tax, which are then included in the insurance companies' own tax returns). Each insurance company is required to pay for the claims and other administrative costs of the pool and the membership activities of KIB.

22. Premium ceded to reinsurers

Premiums ceded to reinsurers by insurance products are detailed as follows:

	2024	2023
Property	1,759,065	1,348,584
Motor vehicles	95,493	169,974
Health and Accidents	14,750	-
Marine and aviation	266,951	393,455
Total	2,136,259	1,912,013

23. Acquisition costs

Acquisition costs by line of business are presented below:

	2024	2023
Commissions to agents and intermediaries	2,477,678	1,969,101
Commissions to Central Bank of Kosovo	320,459	276,180
Change in deferred acquisition costs (note 11)	(120,438)	34,828
Total	2,677,699	2,280,109

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24. Share of costs of Kosovo Insurance Bureau (“KIB”)

The Kosovo Insurance Bureau (“KIB”) administers the system to sell compulsory third party liability motor vehicle insurance (“CTPL”) at the border of the Republic of Kosovo (the “pool”) to drivers of foreign registered vehicles not in possession of such insurance, on behalf of all insurance companies licensed by the Central Bank of Kosovo to sell CTPL insurance within the Territory of Kosovo. KIB remits to each insurance company monthly its share of the gross premiums received (including VAT). Each insurance company is required to contribute a specified percentage to gross premiums received to KIB for the claims and other administrative costs of the pool and the membership activities of KIB. During 2024 the Company contributed to KIB a total amount EUR 265,563 as administrative expenses (2023: EUR 309,141). KIB allocated an amount of EUR 1,040,660 (2023: EUR 1,053,960) as a reserve for the border which is part of Company’s insurance contract liabilities (Note 17) for the year ending 31 December 2024 which includes both RBNS and IBNR for border insurance.

25. Administrative expenses

	2024	2023
Personnel cost	1,540,076	1,296,200
Other expenses	610,506	532,625
Depreciation and amortization (note 13,14)	473,689	451,666
Advertising costs	371,374	302,448
Office expenses	152,835	128,512
Rent expenses	119,815	113,052
VAT expenses	116,791	111,829
Maintenance and repairs	102,476	88,332
Consultancy	76,604	82,789
Representation expenses	51,454	45,080
Fuel expenses	45,345	38,381
Bank charges	30,647	35,979
Electricity expenses	27,770	27,223
Telecommunication expenses	21,715	20,240
Interest expenses on lease liability (Note 19)	29,476	11,291
Total	3,770,573	3,285,647

The remuneration of the statutory auditor for the year ended 31 December 2024 is agreed at EUR 38,000 thousand (2023: EUR 32,000) and relates only to statutory audit services.

Expenses in amount of EUR 119,815 (2023: EUR 113,052) represent expenses relating to short-term leases and leases of low-value assets that are not included as lease liabilities.

26. Other income

	2024	2023
Income from TPL regresses and others	217,776	266,175
Gain from sale of equipment	-	8,389
Income from execution of repossessed property	-	2,198,729
Total	217,776	2,473,293

Income from execution of repossessed property recognized during 2023 is related to the immovable property which the Company has executed as a collateral as part of a process in which the insured party has failed to fulfill its contractual obligations towards a contract execution and for which the Company has been found liable towards the beneficiary of the insurance (see note 15).

27. Income taxes

(a) Components of income tax benefit

	2024	2023
Income tax	(437,542)	(249,466)
Total income tax benefit	(437,542)	(249,466)

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The Company determines taxation at the end of the year in accordance with the tax legislation in Kosovo. In 2024 and 2023, 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.

	2024	2023
Profit before tax	2,463,629	1,373,609
Theoretical tax expense/(credit) at statutory rate of 10%	246,363	137,361
<i>Tax effect of items which are not deductible or assessable for taxation purposes:</i>		
- Non-taxable income	(1,272)	(1,568)
- Non-deductible expenses	192,451	113,673
Total	437,542	249,466

SIGAL UNIQA GROUP AUSTRIA Sh.A.
Notes to the financial statements – 31 December 2024

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

28. Balances and transactions with related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties with which the Company had transactions with are listed below: A summary of related party balances for the years ended 31 December 2024 and 2023 are as follows:

Assets	Relationship	2024	2023
Reinsurance requests to Uniqa Re AG	Entities under common control	5,365,869	3,910,869
Reinsurance requests to Uniqa Österreich	Entities under common control	718,000	81,786
Reinsurance requests to Sigal Sh.A.	Entities under common control	432,880	432,880
Receivables from Sigal Sh.A.	Entities under common control	113,188	36,667
Receivables from Uniqa a.d Skopje	Entities under common control	4,201	6,288
Total receivables from related parties		6,634,138	4,468,490
Liabilities	Relationship	2024	2023
Payables for reinsurance contracts to Uniqa Re AG	Entities under common control	80,987	175,036
Payables for management fee to Uniqa Insurance Group	Entities under common control	47,680	177,287
Payables for IT Costs to Uniqa International	Entities under common control	14,523	99,431
Payables for reinsurance contracts to UNIQA Österreich	Entities under common control	-	75,684
Payables to Sigal Life Kosovo	Entities under common control	5,946	3,062
Total liabilities to related parties		149,136	530,500
Income	Relationship	2024	2023
Reinsurers' share of claims paid Uniqa Re	Entities under common control	-	3,724,737
Reinsurers' share of claims paid Uniqa AT	Entities under common control	-	25,697
Total income from related parties		-	3,750,434
Expenses	Relationship	2024	2023
Premium ceded to Uniqa Re	Entities under common control	358,783	359,252
Premium ceded Uniqa Entities	Entities under common control	269,212	230,920
Management fee to Uniqa Insurance Group	Entities under common control	175,385	177,287
Management fee expenses to Uniqa IT services	Entities under common control	90,745	99,431
Expenses for co-insurance contracts to Sigal Life Kosovo	Entities under common control	2,885	4,480
Premium ceded to Sigal Sh.A.	Entities under common control	23,827	51,914
Vehicle rent expenses to Avel Sh.A.	Immediate family member of key management	6,540	6,000
Total expenses with related parties		927,377	929,284
Transactions with key management	Relationship	2024	2023
Salaries and social contributions	Key management	146,916	135,510
Total transactions with key management		146,916	135,510

29. Commitment and contingencies

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 to 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.

Litigation

In the ordinary course of business, the Company is involved in various claims and legal actions. In the opinion of management, the ultimate settlement of these matters will not have a material adverse effect on the Company's financial position or changes in net assets. Legal cases are common when claimants do not agree with the claim valuation performed by the Company. Management evaluates claims using internal expertise including legal advice. The Company believes that these estimates are appropriate however acknowledges that the final outcome may be higher or lower than the amount provided. As at 31 December 2024 there were 681 outstanding cases where in aggregate outstanding reserve is EUR 3,331 thousand (2023: 659 outstanding claims where in aggregate outstanding reserve is EUR 2,482 thousand) for which the Company is currently in a court process.

Supplementary Schedules (unaudited)

Annex I - Table for Solvency Calculation

1	Table of reserves for claims	2024
1.1	Requirements for outstanding claims at the beginning of the period	20,811,186
1.2	Paid claims	8,781,586
1.3	Requirements for outstanding claims at the end of the period	25,750,213
1.4	Incurred losses (1.2 + 1.3) - 1.1	13,720,613
1.5	Average of incurred losses	14,181,415
2	Table of part of reinsurer requirements	
2.1	Part of reinsurance for pending claims at the beginning of the period	6,362,028
2.2	Accepted reinsurance	193,561
2.3	Part of reinsurance for pending claims at the end of the period	9,536,722
2.4	Part of reinsurance for incurred claims	3,368,255
2.5	Net incurred losses (held claims)	10,352,358
2.6	Average net incurred claims	10,324,552
2.7	Average of holding level	73%
3	Based on premiums	Dec.24
3.1	Gross written premiums	21,155,723
3.2	Change of premiums	(709,608)
3.3	For QI: 11,12,13 increase of premium for 50%	1,417,337
3.4	Others (tax & reinsurance)	
3.5	Total	21,863,452
3.6	First layer (fixed to 10 million)	10,000,000
3.7	Second layer (more than 10 million)	11,863,452
3.8	Percentage of the first layer (fixed)	18%
3.9	Percentage of the second layer (fixed)	16%
3.10	Result based on premiums	2,775,039
3.11	Holding level	73%
3.12	Result of solvency based on premiums	2,775,039
4	Based on claims	
4.1	Incurred gross claims (see table of claims)	14,181,415
4.2	First layer (fixed)	7,000,000
4.3	Second layer	7,181,415
4.4	Percentage of the first layer (fixed)	26%
4.5	Percentage of the second layer (fixed)	23%
4.6	Sum of the first layer	2,527,534
4.7	Net and gross incurred claims ratio	93%
4.8	Minimum percentage	50%
5	Result of solvency based on claims	2,527,534

SIGAL UNIQA GROUP AUSTRIA Sh.A.**Supplementary schedules**

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

5	Required solvency	2024
5.1	Based on premiums	2,775,039
5.2	Based on claims	2,527,534
5.3	Required solvency	2,775,039
5.4	Required solvency for the previous year	2,775,039
5.5	Solvency based on growth of 150%	4,162,559

SIGAL UNIQA GROUP AUSTRIA Sh.A.**Supplementary schedules***(All amounts are expressed in EUR, unless otherwise stated)***Annex II - Charter Capital****2024**

I	CHARTER CAPITAL, Article 4: (1 + 2 + 3)	7,925,022
1	<i>Paid share capital of insurers in cash</i>	<i>6,000,000</i>
2	<i>Capital reserves (reserves recognized by law and free reserves),</i>	<i>988,640</i>
3	<i>Accumulated profits transferred after the deduction of dividends to be paid</i>	<i>936,382</i>
II	DEDUCTIBLE ELEMENTS FROM CHARTER CAPITAL, Article 4: (1 + 2 + 3 + 4)	-
1	Repurchased own shares	-
2	Investments in intangible (non-material) assets;	-
3	Transferred losses and losses of the current year;	-
4	Difference between reserves for discounted and undiscounted claims	-
III	SUPPLEMENTARY CAPITAL, Article 5; (1 + 2 + 3 + 4), max 50%	-
1	Share capital of the insurer, consisting of preferential shares issuance according to their nominal amount paid in cash in insurer equity	-
2	Subordinated debt Instruments,	-
3	Capital reserves linked to preferential shares	-
4	Other elements	-
IV	REGULATORY CAPITAL, (I - II + III)	7,925,022
V	DEDUCTIBLE ELEMENTS IN CAPITAL CALCULATION, Article 6: (1 + 2)	-
1	Participations or possessions in ownership of other companies	-
2	Investments in subordinated debt instruments	-
VI	Non-liquid assets, Article 6; (1 to 9)	2,847,180
1	Premiums receivable and debtors from the reinsurance for more than 180 days	70,524
2	Borrowings and receivables with related parties	-
3	Debtors and other accounts receivable, which derive from the insurance activity	-
4	Borrowings from brokers and agents	-
5	100% expenses paid in advance and deferred tax assets	40,000
6	Other assets, not excluded from any responsibility or liability	-
7	Other assets which are not easily convertible into cash	2,196,106
8	Intangible assets	49,995
9	Others	490,560
VII	Net property - Available capital (IV - V - VI)	5,077,842
VIII	Guarantee fund according to the law	3,200,000
IX	Request for capital according to the Guarantee Fund	1,877,842
X	Request for solvency coverage	915,283
XI	Final request for capital growth	-

SIGAL UNIQA GROUP AUSTRIA Sh.A.**Supplementary schedules***(All amounts are expressed in EUR, unless otherwise stated)***Annex III - 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 as at 31 December 2024:

	Current Amount Invested	% of allowed assets in covering technical reserves	Allowed amount as per the Regulation
Assets/Investments covering technical provisions			
Cash Deposits (EUR) in licensed banks in Kosovo more than 3 months (excluding the charter capital)	21,705,000	No Limit	21,705,000
Government Securities	-		-
Issued by the Government of the Republic of Kosovo (excluding charter capital)	-	No Limit	-
Treasury Bonds	-		-
Securities	-		-
Other capital market financial instruments	-		-
Issued and guaranteed by the central banks of governments of EU member states, which need to have a credit ranking not lower than BBB	-	20% in total 5% of separate issuer	-
Treasury Bonds	-		-
Securities	-		-
Other capital market financial instruments	-		-
		20% in total 10% of separate issuer	
Land and Building	2,133,000		2,133,000
Building for operational use	1,665,000		1,665,000
Building for operational use Investing purpose	468,000 -		468,000 -
Cash and Cash equivalents	812,004	3%	812,004
Deposits with maturity <= 3 months	-		-
Current Accounts	812,004		812,004
Cash equivalents in Cash Register	-		-
Reinsurer's receivables, net of payables	-		-
With Credit Rating >= BBB	-	No Limit	-
With Credit Rating < BBB	-	25%	-
Reinsurers share in technical provisions	9,782,065		9,782,065
With Credit Rating >= BBB	9,782,065	No Limit	9,782,065
With Credit Rating < BBB	-	25%	-
Accrued interests from investments	314,392	5%	314,392
		Up to 20% of unearned premium	
Premiums Receivables, up to 90 days	967,768		967,768
From policyholders	967,768		967,768
From intermediaries	-		-
Other Fixed Assets, other than item 3.	164,039	5%	164,039
Total assets/investments covering the technical provision	35,878,268		35,878,268
Technical Provisions as at 31 December 2024			Amount
Unearned premium provisions and not matured risk			8,198,971
Provisions for claims and claims reconciliation			25,750,213
Other technical provisions			-
Total required amount to cover technical provisions			33,949,184
Assets covering technical provisions			35,878,268
Total Technical Provisions			33,949,184
Difference (6-5)			1,929,084
Coverage in %			106%

The Company is in compliance with article 14, of the CBK Regulation on "Investment of Assets Covering Technical and Mathematical Provisions and Investment of Charter Capital for Insurers" which entered in force on 31 December 2016.