

**SIGAL LIFE Insurance Group S.H.A.**

**Financial statements and supplementary schedules as at and for the year ended 31 December 2025**

**(with Independent Auditor's Report thereon)**

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## Independent Auditor's Report

To the shareholder of Sigal Life Insurance Group SH.A.:

### Report on the audit of the financial statements

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#### Our opinion

In our opinion, the financial statements of Sigal Life Insurance Group SH.A. (the "Company") are prepared, in all material respects, in accordance with the reporting requirements of Law on insurance (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 30 April 2026

#### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- 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.

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#### 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".

PricewaterhouseCoopers Kosovo SH.P.K.  
Str. Mujo Ulqinaku, No.8, Prishtina, Kosovo  
Office: +383 (0) 38 322

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Registered in the list of Statutory Audit firms with license no. 07 dated 1 March 2010 issued by Kosovo Council for Financial Reporting

## Our audit approach

### Overview

<b>Materiality</b>	<ul style="list-style-type: none"> <li>Overall Company materiality: EUR 38 thousand, which represents approximately 1% of gross written premiums</li> </ul>
<b>Key audit matter</b>	<ul style="list-style-type: none"> <li>Estimates of insurance contract liabilities for life business</li> </ul>

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.

<b>Overall Company materiality</b>	EUR 38 thousand
<b>How we determined it</b>	Approximately 1% of gross written premiums
<b>Rationale for the materiality benchmark applied</b>	<p>The Company is profit oriented. Nevertheless, due to volatility of the profit of the Company and its main objectives of expanding life insurance market in general and its market share it is deemed that profit before tax does not appropriately represent the relative size of the Company's operations and its objectives which makes it less relevant as a benchmark for determining materiality. Therefore, a more appropriate and representative 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, were used as a materiality benchmark.</p> <p>We chose 1% which we believe is within the range of acceptable quantitative materiality thresholds for this specific benchmark in the circumstances.</p>

### 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><b>Estimates of insurance contract liabilities for the life business (Notes 13 and 14 to the financial statements)</b></p> <p>Insurance contract liabilities are comprised of:</p> <ul style="list-style-type: none"> <li>● Provision for reported but not settled claims ("RBNS");</li> <li>● Provision for incurred but not reported claims ("IBNR"); and</li> <li>● Mathematical reserves ("MR")</li> </ul> <p>The Company recorded RBNS, IBNR and MR as insurance contract liabilities in the amount of EUR 591,771, as presented in Note 13 of the financial statements. Out of this total amount EUR 323,975 is attributable to the mathematical reserve.</p> <p>The statement of financial position also includes unearned premium reserve ("UPR") in amount of EUR 1,516,428 (note 14).</p>	<p>We performed the following procedures in respect of insurance contract liabilities and UPR as of 31 December 2025:</p> <ul style="list-style-type: none"> <li>● We assessed and tested, on sample basis, the design and operating effectiveness of selected controls, related to insurance contract liabilities and UPR.</li> <li>● For a sample of claim files, we tested that the claim reserve is reassessed regularly and is periodically updated with relevant new information received.</li> <li>● We have involved our actuarial experts to assess the Company's methodology, models and the assumptions and to perform an independent calculation of insurance contract liabilities and unearned premium reserve.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>The estimation of mathematical reserve and unearned premium reserve was considered a key audit matter due to their relative significance compared to 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 such reserves.</p> <p>Mathematical reserve is calculated on a policy basis using standard actuarial commutation factor formula, based on net reserving, which includes actuarial assumptions regarding the mortality and discount rates. Therefore, application of valid and reliable assumptions is highly important.</p> <p>Unearned premium reserve for term life is calculated using actuarial methods by considering the amortised sum insured adjusted with the mortality risk coefficient. For personal insurance and endowment insurance, unearned premium reserve is calculated by the standard pro-rata temporis method, considering the premium amortization in case of single premium payment.</p>	<ul style="list-style-type: none"> <li>• For a sample of claim files 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.</li> <li>• Where material differences between our expectations and management estimates were found, we investigated them further.</li> <li>• We also assessed the appropriateness and sufficiency of the disclosures in the financial statements for both insurance contract liabilities and unearned premium reserve.</li> </ul>

### Reporting on other information

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

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.



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## 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.

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## Auditor's responsibilities for the audit of the financial statements

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

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

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



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.

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## 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 29 August 2025 representing a total period of uninterrupted engagement appointment of four years.

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

Statutory Auditor  
Gëzim Mustafa



30 April 2026  
Prishtina, Kosova

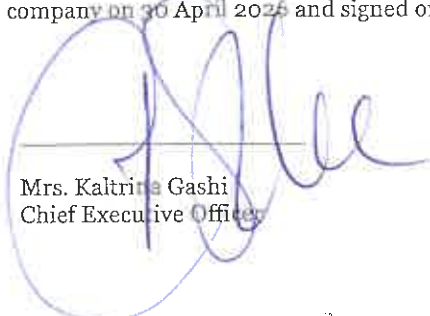
**SIGAL LIFE Insurance Group SH.A.**

**Statement of financial position**

(All amounts expressed in EUR, unless otherwise stated)

	Note	31 December 2025	31 December 2024
<b>Assets</b>			
Cash and cash equivalents	7	509,099	533,363
Term deposits	8	5,915,886	5,064,061
Insurance receivables	9	1,989,445	1,850,419
Reinsurance assets		21,987	46,068
Deferred acquisition costs	10	80,724	88,190
Property and equipment	11	475,766	505,259
Right of use asset		4,383	2,389
Intangible assets	12	16,063	23,542
Prepayments		14,174	14,174
<b>Total assets</b>		<b>9,027,527</b>	<b>8,127,465</b>
<b>Liabilities</b>			
Insurance contract liabilities - claims reserve	13	591,771	557,217
Insurance contract liabilities - unearned premium reserve	14	1,516,428	1,331,735
Other liabilities	15	420,613	382,352
Deferred income tax liabilities		12,615	12,615
Current income tax payable		1,817	20,226
Lease liabilities		4,754	2,801
<b>Total liabilities</b>		<b>2,547,998</b>	<b>2,306,946</b>
<b>Equity</b>			
Share capital	16	3,500,000	3,500,000
Revaluation reserve	16	113,534	113,534
Retained earnings		2,865,995	2,206,985
<b>Total equity</b>		<b>6,479,529</b>	<b>5,820,519</b>
<b>Total liabilities and equity</b>		<b>9,027,527</b>	<b>8,127,465</b>

These financial statements have been approved and authorized for issue by the Executive Management of the company on 30 April 2026 and signed on their behalf by:

  
 Mrs. Kaltrina Gashi  
 Chief Executive Officer

  
 Mrs. Vlora Halili  
 Chief Financial Officer

**SIGAL LIFE Insurance Group SH.A.**  
**Statement of profit or loss and other comprehensive income**

*(All amounts in EUR, unless otherwise stated)*

	Note	31 December 2025	31 December 2024
Gross written premiums	17	3,844,640	3,186,902
Change in the gross provision for unearned premiums	14	(184,693)	(390,140)
<b>Gross earned premium</b>		<b>3,659,947</b>	<b>2,796,762</b>
Premium ceded to reinsurers		(51,310)	(63,356)
Reinsurance share of unearned premium		(24,081)	9,398
<b>Net premium earned</b>		<b>3,584,556</b>	<b>2,742,804</b>
Interest income	8	148,354	114,168
<b>Net income</b>		<b>3,732,910</b>	<b>2,856,972</b>
Change in reserve	13	(34,553)	(122,477)
Claims paid	13	(598,821)	(341,282)
<b>Net insurance claims</b>		<b>(633,374)</b>	<b>(463,759)</b>
Acquisition costs	18	(1,727,288)	(1,212,942)
Administrative expenses	19	(548,215)	(494,786)
Impairment of insurance receivables	9	(110,799)	(133,621)
<b>Profit before income tax</b>		<b>713,234</b>	<b>551,864</b>
Income tax expense	20	(54,224)	(71,194)
<b>Profit for the year</b>		<b>659,010</b>	<b>480,670</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>659,010</b>	<b>480,670</b>

**SIGAL LIFE Insurance Group SH.A.**  
**Statement of changes in equity**

*(All amounts in EUR unless otherwise stated)*

	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 1 January 2024</b>	<b>3,500,000</b>	<b>113,534</b>	<b>1,726,315</b>	<b>5,339,849</b>
Profit for the year	-	-	480,670	480,670
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>480,670</b>	<b>480,670</b>
<b>Balance as at 31 December 2024</b>	<b>3,500,000</b>	<b>113,534</b>	<b>2,206,985</b>	<b>5,820,519</b>
Profit for the year	-	-	659,010	659,010
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>659,010</b>	<b>659,010</b>
<b>Balance as at 31 December 2025</b>	<b>3,500,000</b>	<b>113,534</b>	<b>2,865,995</b>	<b>6,479,529</b>

Notes from page 5 to 20 form an integral part of these financial statements.

**SIGAL LIFE Insurance Group SH.A.****Statement of cash flows***(All amounts in EUR, unless otherwise stated)*

	Note	31 December 2025	31 December 2024
<b>Cash flows from operating activities</b>			
Profit before income tax		713,234	551,864
Adjustments for:			
Depreciation and amortization	19	47,769	50,984
Impairment of insurance receivables	9	110,799	133,621
Loss from scrapping of property and equipment		-	1,121
Interest income	8	(148,354)	(114,168)
<b>Operating cash flows before changes in:</b>		<b>723,448</b>	<b>623,422</b>
Reinsurance share for unearned premiums		24,081	(9,398)
Insurance receivables		(249,825)	(521,954)
Deferred acquisition costs		7,466	(28,464)
Prepayments		-	(14,173)
Insurance contract liabilities		34,554	122,477
Unearned premium reserve		184,693	390,140
Other liabilities		38,261	157,991
<b>Changes in operating assets and liabilities</b>		<b>39,230</b>	<b>96,619</b>
Interest received		166,528	345,262
Income taxes paid		(72,633)	(52,193)
<b>Net cash from operating activities</b>		<b>856,573</b>	<b>1,013,110</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment and intangible assets	11,12	(8,594)	(19,057)
Increase in term deposits		(870,000)	(750,000)
<b>Net cash used in investing activities</b>		<b>(878,594)</b>	<b>(769,057)</b>
<b>Financing activities</b>			
Lease liability repayments during the year		(2,243)	(2,400)
<b>Net cash used in financing activities</b>		<b>(2,243)</b>	<b>(2,400)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(24,264)</b>	<b>244,315</b>
Cash and cash equivalents at beginning of the year		533,363	289,048
<b>Cash and cash equivalents at 31 December</b>	7	<b>509,099</b>	<b>533,363</b>

**SIGAL LIFE Insurance Group SH.A.**  
**Notes to the financial statements – 31 December 2025**

*(All amounts in EUR, unless otherwise stated)*

**1. General information**

These are the financial statements of Sigal Life Insurance Group 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 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”).

The Company was established under UNMIK regulation 2001/25 and rule 31 of Central Bank of Kosovo in licensing of life insurance companies in Kosovo dated 18 December 2007. The Company is owned by Sigal Insurance Group SH.A. an Albanian entity which ultimate parent is Mr. Avni Ponari from Albania.

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

**Registered address and place of business:** The Company’s registered address and place of business is “Pashko Vasa” Str., Prishtina, Kosovo no.15.

At 31 December 2025, the Company had 16 employees (2024: 16).

**Management of the Company.** The Management during 2025 was comprised of:

Kaltrina Gashi	CEO
Vlera Halili	CFO

The Board of Directors during 2025, was comprised of:

Avni Ponari	Chairman
Alma Totokoci	Member
Përparim Drini	Member
Abdyl Sarja	Member
Anila Pishtari	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”). Prior year’s financial statements of the Company were prepared in accordance with IFRS Accounting Standards effective in 2022. No standards were early adopted. 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 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.

**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.

## **2. Basis of preparation (continued)**

**Classification of insurance contracts.** The Company's products are classified at inception, for accounting purposes, as insurance contracts. A contract, which is classified as an insurance contract remains as insurance contract until all rights and obligations are extinguished or expire. Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts. Insurance risk is the risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

### **Recognition and measurement of insurance contracts**

**Life insurance premiums.** Gross written premiums comprise the amounts due during the financial year in respect of direct insurance regardless of the fact that such amounts may relate wholly or in part to a later accounting period. Premiums are disclosed gross of commission payable to intermediaries. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of reinsurance service received.

**Unearned premium provision.** The provision for term life and personal insurance is calculated using actuarial methods by considering the outstanding principal adjusted with the mortality risk coefficient and risk of loss of life. The unearned premium is calculated net of acquisition expenses for credit life and term life. The unearned premium for the Payment Protection Insurance ("PPI") has been disclosed gross of policy acquisition costs. The effect of the acquisition costs is estimated based on the ratio of acquisition costs to gross written premium.

**Claims.** Benefits recognized for life insurance policies during the reporting period consist of payments during the financial year together with the movement in the provision for outstanding benefits.

**Claims provisions.** The provision represents the estimated ultimate cost of settling all claims including direct and indirect settlement costs, arising from events that occurred up to the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. The provision for reported but not settled claims is created on a case by case basis to the amount of expected payment. The provision for claims incurred but not reported is created using the simple claims ratio method. Life insurance business claims reflect the cost of all claims arising during the year, including policyholder bonuses allocated in anticipation of a bonus declaration.

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

**Reinsurance.** Contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. The Company ceded insurance premiums and risk in order to limit its potential losses arising from longer exposures to significant losses from credit life insurance. Reinsurance does not relieve the originating insurer of its liability.

Premiums ceded to reinsurers are presented in profit or loss on the basis of the current period reinsurance charges. Benefits reimbursed are presented in profit or loss and statement of financial position on a gross basis. The product portfolio has been covered by reinsurance obligatory treaty covering the surplus of the sum at risk on the related insurance policies. Any additional benefit is divided between the retention and the surplus at the same proportion as the basic life sum insured.

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

For Endowment policies, DAC is calculated in accordance with the simplified approach specified in Sigal Group policies. For this purpose the following assumptions are used:

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

## **2. Basis of preparation (continued)**

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

### **Financial instruments**

The Company's financial instruments are measured at amortized cost.

**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.

**Classification.** Financial assets of the Company are classified as loans and receivables (term deposits with banks and insurance receivables). Insurance receivables are insurance assets. 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.

**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 income and accrued interest expense, 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.

**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.

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

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

**Property and equipment.** Items of property and equipment, except building, 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 surplus in equity.

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**2. Basis of preparation (continued)**

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 retained earnings 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 an item of property and equipment. Estimated useful lives are as follows:

Building	20 years
Computers and related equipment	5 years
Furniture and fixtures	5 years

**Intangible assets.** Intangible assets are initially measured at cost. Intangible assets consist entirely of computer programs that are depreciated on a straight-line basis during their estimated lifetime. Intangible assets have a definite useful life of 3 years and are amortized over this term.

**Revenue recognition.** The accounting policy in relation to revenue from insurance contracts is disclosed in notes 4.2 and 4.3. Interest income on financial assets is recognised using the effective interest method.

**Employee benefits.** The Company makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The Government is responsible for providing the legally set minimum threshold for pensions in Kosovo under a defined contribution pension plan. The Company's contributions to the pension plan are charged to profit or loss as incurred.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted by the end of the reporting period. The income tax comprises current tax and is recognised in profit or loss for the year. Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for 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 or the tax loss carry forwards will be utilised.

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

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

**3. Critical accounting estimates and judgements**

The Company makes estimates and assumptions that affect the amounts recognized 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 recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**The ultimate liability arising from claims made under insurance contracts**

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on customized mortality tables ("MTs") used in region due to lack of reliable MTs for Kosovo, adjusted where appropriate to reflect the Company's own experience. For contracts that ensure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums.

The main source of uncertainty is that epidemics could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk.

### **3. Critical accounting estimates and judgements (continued)**

However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk. At each reporting date, the Company performs tests to ensure the adequacy of insurance contract liabilities. The primary tests performed are claim ratio analysis. The claim ratio analysis is performed annually on the major lines of business individually. The calculation is performed on claims alone as well as claims including acquisition costs and any other external claim handling costs.

In performing this analysis the Company takes into account current estimates of cash outflows. The Company does not discount these estimated cash outflows because most claims are expected to be settled within one year. Sensitivity analysis results for main assumptions used on estimate of liability arising from claims is shown in note 4.6.

### **4. Insurance risk management**

The Company is exposed to actuarial and underwriting risk arising from the range of life products offered to customers. Insurance risk relates to the uncertainty of the insurance business. The most significant components of insurance risk are the premium risk and the reserve risk. These concern the adequacy of insurance premium rate levels and the adequacy of provisions with respect to insurance liabilities and the capital base.

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

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

#### **4.1 Risk management objectives and policies for mitigating insurance risk**

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

The Company accepts insurance risk through its insurance contracts and certain investment contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on excess of loss treaty basis.

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

#### **4.2 Underwriting strategy**

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

#### **4.3 Terms and conditions of insurance contracts**

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

##### *Credit Life*

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

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**4. Insurance risk management (continued)**

*Combined insurance*

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

*Endowment*

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

*Reinsurance and concentration risk*

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

**4.4 Exposure relating to catastrophic events**

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

**4.5 Technical interest**

The technical interest rate is used when calculating the reserve. The technical interest rate is the minimum guaranteed return for every life insurance contract. To avoid the risk that income from investments will not cover the minimum guaranteed return, the Company has used an interest rate not higher than 2.33% in calculating mathematical reserves. In 2024 the generated net interest income on investments (including mathematical reserves) covers the minimum guaranteed income for some part of the portfolio, granting additional profit above the technical interest. The analysis of the actuarial parameters used in the calculation of the tariffs and life insurance reserves shows that the assumptions are appropriate.

**4.6 Reserves and actuarial assumptions**

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

Mortality is the risk covered by all insurance products, underwritten by the Company. Mortality risk occurrence data for 2025 and 2024 including estimations used are as follows:

	<b>2025</b>	<b>2024</b>
Number of people currently insured susceptible to the risk of death	72,963	64,589
Average age of people susceptible to the risk of death	38	37
Number of payments following deaths of insured	34	17

**Assumptions and sensitivities**

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

<b>Situation as at 31 December 2025</b>	<b>Profit/(loss)</b>	<b>Net Equity</b>	<b>Required Guarantee Fund</b>
Current	659,010	6,479,530	3,200,000
Increase in claims incurred	(165,615)	6,309,914	3,200,000
Increase in expenses (+10%)	(238,630)	6,071,284	3,200,000
<b>Situation as at 31 December 2024</b>	<b>Profit/(loss)</b>	<b>Net Equity</b>	<b>Required Guarantee Fund</b>
Current	480,670	5,820,519	3,200,000
Increase in claims incurred	(65,603)	5,754,916	3,200,000
Increase in expenses (+10%)	(184,135)	5,570,781	3,200,000

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**Notes to the financial statements – 31 December 2025**

(All amounts in EUR, unless otherwise stated)

**4. Insurance risk management (continued)**

The risks associated with the life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses statistical and actuarial techniques including indicators such as the expected loss ratio. The Company considers that the liability for life insurance claims reserve recognized in the statement of financial position is adequate. However actual experience will differ from the expected outcome. An overview of claim loss and combined ratio for the year 2025 and 2024 is provided below:

	<b>2025</b>	<b>2024</b>
Claim ratio	18%	17%
Expense ratio	67%	67%
Combined ratio	84%	84%

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.

	<b>Impact</b>	<b>2025</b>	<b>2024</b>
<b>Claim ratio</b>			
10% increase in claim ratio	Loss	(63,337)	(46,376)
10% decrease in claim ratio	Gain	63,337	46,376
<b>Expense ratio</b>			
10% increase in expense ratio	Loss	(23,863)	(184,135)
10% decrease in expense ratio	Gain	23,863	184,135
<b>Combined ratio</b>			
10% increase in combined ratio	Loss	(87,200)	(230,511)
10% decrease in combined ratio	Gain	87,200	230,511

**4.7 Reinsurance**

The Company cedes insurance risk to limit exposure to underwriting losses under separate agreements for each type of insurance. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Company's evaluation of the specific risk, subject in certain circumstances to maximum limits based on characteristics of coverage.

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

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

	<b>2025</b>			<b>2024</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
<b>Type of provision</b>						
RBNS	243,451	-	243,451	189,355	-	189,355
IBNR	24,345	-	24,345	18,935	-	18,935
Mathematical provision	<del>323,975</del>	-	<del>323,975</del>	<del>348,927</del>	-	<del>348,927</del>
<b>Total</b>	<b>591,771</b>	<b>-</b>	<b>591,771</b>	<b>557,217</b>	<b>-</b>	<b>557,217</b>

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

	<b>2025</b>			<b>2024</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
<b>Business line</b>						
Term insurance	1,256,128	(18,292)	1,237,836	1,097,267	(42,988)	1,054,279
Personal Insurance	259,959	(3,695)	256,264	233,974	(3,080)	230,894
Endowment	341	-	341	494	-	494
<b>Total</b>	<b>1,516,428</b>	<b>(21,987)</b>	<b>1,494,441</b>	<b>1,331,735</b>	<b>(46,068)</b>	<b>1,285,667</b>

The movement in reinsurance assets is presented below:

<b>As at 1 January 2024</b>	<b>(36,670)</b>
Reinsurance share of unearned premiums	(9,398)
<b>As at 31 December 2024</b>	<b>(46,068)</b>
Reinsurance share of unearned premiums	24,081
<b>As at 31 December 2025</b>	<b>(21,987)</b>

**SIGAL LIFE Insurance Group SH.A.**  
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**5. Financial risk management**

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

**Market risk**

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates. There is minimal market risk at 31 December 2025. The Company does not invest in equities and has financial instruments denominated in Euro. Interest rate risk is mainly with term deposits.

**Currency risk**

The Company undertakes transactions mainly in Euro to satisfy regulatory and self-imposed capital requirements. The Company has no exposure to monetary assets and liabilities denominated in foreign currencies as at 31 December 2025.

**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 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 2025 and 31 December 2024 is as follows:

	Note	31 December 2025	31 December 2024
<b>Fixed-rate instruments</b>			
<i>Interest bearing financial assets</i>			
Term deposits	8	5,915,886	5,064,061
<i>Interest bearing financial liabilities</i>			
Lease liabilities		(4,754)	(2,801)
<b>Total</b>		<b>5,911,132</b>	<b>5,061,260</b>

Interest rates are fixed. However, any increase/decrease by 1% in interest rate would result in a net impact of EUR 59 thousand (2024: EUR 51 thousand) in Company's profit and net impact of EUR 53 thousand (2024: EUR 46 thousand) in equity.

**Credit risk**

In the normal course of its business, as premiums are received, they are invested to pay for future policy holder obligations. The Company is exposed to credit risk on its cash at banks, term deposits and insurance receivables.

The Company manages its exposure to credit risk on a regular basis by closely monitoring its exposure to term deposit counterparties and insurance receivables. The Company's credit risk is primarily with the cash invested with the Central Bank and commercial banks operating in Kosovo.

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 2025	31 December 2024
Cash and cash equivalents	7	509,099	533,363
Term deposits	8	5,915,886	5,064,061
Insurance receivables	9	1,989,445	1,850,419
<b>Total</b>		<b>8,414,430</b>	<b>7,447,843</b>

Details for credit risk for insurance receivables are disclosed in note 9. All other financial assets are not past due and not impaired.

**SIGAL LIFE Insurance Group SH.A.****Notes to the financial statements – 31 December 2025***(All amounts in EUR, unless otherwise stated)***5. Financial risk management (continued)****Liquidity risk**

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

Financial assets and liabilities as of 31 December 2025 and 31 December 2024 detailed by expected (for insurance liabilities only) and contractual maturity are disclosed below:

<b>31 December 2025</b>	<b>Up to 6 months</b>	<b>6 months to 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash and cash equivalents	509,099	-	-	509,099
Term deposits	794,558	1,067,809	4,053,519	5,915,886
Insurance receivables	1,989,445	-	-	1,989,445
<b>Total financial assets</b>	<b>3,293,102</b>	<b>1,067,809</b>	<b>4,053,519</b>	<b>8,414,430</b>
Insurance contract liabilities - claims reserve	591,771	-	-	591,771
Other liabilities	420,613	-	-	420,613
<b>Total financial liabilities</b>	<b>1,012,384</b>	<b>-</b>	<b>-</b>	<b>1,012,384</b>
<b>Net liquidity position as at 31 December 2025</b>	<b>2,280,718</b>	<b>1,067,809</b>	<b>4,053,519</b>	<b>7,402,046</b>

<b>31 December 2024</b>	<b>Up to 6 months</b>	<b>6 months to 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Cash and cash equivalents	533,363	-	-	533,363
Term deposits	1,733,189	1,931,472	1,399,400	5,064,061
Insurance receivables	1,850,419	-	-	1,850,419
<b>Total financial assets</b>	<b>4,116,971</b>	<b>1,931,472</b>	<b>1,399,400</b>	<b>7,447,843</b>
Insurance contract liabilities - claims reserve	557,217	-	-	557,217
Other liabilities	382,352	-	-	382,352
<b>Total financial liabilities</b>	<b>939,569</b>	<b>-</b>	<b>-</b>	<b>939,569</b>
<b>Net liquidity position as at 31 December 2024</b>	<b>3,177,402</b>	<b>1,931,472</b>	<b>1,399,400</b>	<b>6,508,274</b>

**Regulatory capital**

According to the Law No. 05/L-045 on Insurance, Article 19, the charter capital of all insurers licensed to conduct insurance activity in Kosovo for life insurance may not be less than three million and two hundred thousand (3,200,000) Euro. As at 31 December 2025, the total equity of the Company is EUR 6,479 thousand or EUR 3,279 thousand higher than the minimum required equity.

**Solvency margin**

In accordance with CBK rules and regulations, required solvency margin is calculated separately for life insurance and supplementary insurance. Solvency margin for life insurance is calculated as a sum of first and second result, where first results is calculated as a fraction of 4% of the mathematical provisions relating to direct business and second results is calculated as a 0.3% fraction of capital at risk multiplied by reinsurance ratio for the last financial year. For supplementary insurance solvency margin is calculated by obtaining the higher of the two results, premium basis results or claim basis results. As at 31 December 2025 the Company has a solvent position based on solvency margin calculations as presented in the supplementary schedules of this financial statements.

**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.

**SIGAL LIFE Insurance Group SH.A.**  
**Notes to the financial statements – 31 December 2025**

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**6. Fair value hierarchy**

Fair value measurements for measurement and/or presentation purposes are analyzed 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 categorizing 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**

	Carrying value	Fair value		
		Level 1	Level 2	Level 3
<b>31 December 2024</b>				
Cash and cash equivalents	533,363	-	533,363	-
Term deposits	5,064,061	-	5,064,061	-
Reinsurance assets	46,068	-	46,068	-
Insurance receivables	1,850,419	-	1,850,419	-
<b>31 December 2025</b>				
Cash and cash equivalents	509,099	-	509,099	-
Term deposits	5,915,886	-	5,915,886	-
Reinsurance assets	21,987	-	21,987	-
Insurance receivables	1,989,445	-	1,989,445	-

**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
<b>Property and equipment - Building</b>	550,000	Market comparable buildings	Price, location and size

The Company did not revalue the building in 2025 as management does not believe the carrying amount of buildings differs materially from its market value.

**7. Cash and cash equivalents**

	31 December 2025	31 December 2024
Cash at Central Bank of Kosovo	4,340	3,363
Cash at banks – current accounts with local banks	504,759	530,000
<b>Total</b>	<b>509,099</b>	<b>533,363</b>

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

Credit rating	2025	2024
A+	76,529	363,402
A-	22,223	-
BBB	-	14,916
BB+	172,219	-
BB-	210,567	-
B+	-	121,756
B	-	439
Not rated	27,561	32,850
<b>Total</b>	<b>509,099</b>	<b>533,363</b>

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**8. Term deposits**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Term deposits – commercial banks	5,595,886	4,744,061
Deposit of minimum required amount in CBK	320,000	320,000
<b>Total term deposits</b>	<b>5,915,886</b>	<b>5,064,061</b>

The interest rate on term deposits during the year 2025 was 3.33% p.a. on average (2024 2.33%). The maturity on term deposits during the year was between 12 and 24 months (2024: 12 and 24 months). Interest income related to deposits amounted to EUR 148,354 (2024: EUR 114,168).

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

<b>Credit rating</b>	<b>2025</b>	<b>2024</b>
A+	807,550	-
BB+	1,448,095	1,588,913
BB-	1,681,396	1,848,712
Not rated	1,978,845	1,626,436
<b>Total</b>	<b>5,915,886</b>	<b>5,064,061</b>

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 few 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.

**9. Insurance receivables**

Insurance receivables comprise the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Receivables from Credit Life Insurance	1,992,029	1,795,361
Receivables from Term Life Insurance	318,303	250,735
Receivables from Endowment	47,123	66,032
<b>Gross insurance receivables</b>	<b>2,357,455</b>	<b>2,112,128</b>
Less: Allowance for impairment losses	(368,010)	(261,709)
<b>Insurance receivables</b>	<b>1,989,445</b>	<b>1,850,419</b>

Movement in allowance for impairment losses are as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	261,709	128,088
Impairment charge for the year	110,799	133,621
Write offs	(4,498)	-
<b>Closing balance</b>	<b>368,010</b>	<b>261,709</b>

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

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

	<b>2025</b>	<b>Impairment</b>	<b>2024</b>	<b>Impairment</b>
Less than 3 months	1,804,320	-	1,746,319	-
3 to 6 months	231,406	46,281	130,125	26,025
6 months to 1 year	92,643	92,643	40,230	40,230
More than 1 year	229,086	229,086	195,454	195,454
<b>Total</b>	<b>2,357,455</b>	<b>368,010</b>	<b>2,112,128</b>	<b>261,709</b>

**SIGAL LIFE Insurance Group SH.A.**  
**Notes to the financial statements – 31 December 2025**

(All amounts in EUR, unless otherwise stated)

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

	2025	2024
Neither past due nor impaired	1,598,594	1,547,207
Past due but not impaired	205,726	199,112
Impaired	553,135	365,809
<b>Gross insurance receivables</b>	<b>2,357,455</b>	<b>2,112,128</b>
Less: Allowance for impairment	(368,010)	(261,709)
<b>Net insurance receivables</b>	<b>1,989,445</b>	<b>1,850,419</b>

**10. Deferred acquisition costs**

	2025	2024
Balance at 1 January	88,190	59,726
(Decrease)/Increase in deferred acquisition costs (note 18)	(7,466)	28,464
<b>Total</b>	<b>80,724</b>	<b>88,190</b>

**11. Property and equipment**

	Building	Computers and related equipment	Furniture and fixtures	Total
<b>Cost</b>				
<b>1 January 2024</b>	<b>550,000</b>	<b>21,809</b>	<b>7,152</b>	<b>578,961</b>
Additions during the year	-	1,632	900	2,532
Disposal	-	(7,154)	(594)	(7,748)
<b>31 December 2024</b>	<b>550,000</b>	<b>16,287</b>	<b>7,458</b>	<b>573,745</b>
Additions during the year	-	649	1,249	1,898
Disposal	-	-	-	-
<b>31 December 2025</b>	<b>550,000</b>	<b>16,936</b>	<b>8,707</b>	<b>575,643</b>
<b>Accumulated depreciation</b>				
<b>1 January 2024</b>	<b>(27,802)</b>	<b>(9,778)</b>	<b>(5,623)</b>	<b>(43,203)</b>
Charge for the year	(27,500)	(4,017)	(458)	(31,975)
Disposal	-	6,097	595	6,692
<b>31 December 2024</b>	<b>(55,302)</b>	<b>(7,698)</b>	<b>(5,486)</b>	<b>(68,486)</b>
Charge for the year	(27,500)	(2,774)	(1,117)	(31,391)
Disposal	-	-	-	-
<b>31 December 2025</b>	<b>(82,802)</b>	<b>(10,472)</b>	<b>(6,603)</b>	<b>(99,877)</b>
<b>Carrying amount</b>				
<b>31 December 2024</b>	<b>494,698</b>	<b>8,589</b>	<b>1,972</b>	<b>505,259</b>
<b>31 December 2025</b>	<b>467,198</b>	<b>6,464</b>	<b>2,104</b>	<b>475,766</b>

As at 31 December 2025 and 31 December 2024 there are no property, equipment encumbered or pledged to secure Company liabilities.

At the end of December 2022, the Company revaluated its building, located in Prishtina. Revaluated amounts are determined based on the valuation performed by independent professional appraisers. 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.

Included in the above carrying amount is EUR 113,492 (2024: EUR 117,349) representing surplus relating to Building of the Company. At 31 December 2025 the carrying amount of Building would have been EUR 354,008 (2024: EUR 377,349) had the building been carried at historical cost.

**SIGAL LIFE Insurance Group SH.A.**  
**Notes to the financial statements – 31 December 2025**

(All amounts in EUR, unless otherwise stated)

**12. Intangible assets**

Cost	Software
<b>1 January 2024</b>	<b>80,708</b>
Additions during the year	16,525
<b>31 December 2024</b>	<b>97,233</b>
Additions during the year	6,696
<b>31 December 2025</b>	<b>103,929</b>
<b>Accumulated amortization</b>	
<b>1 January 2024</b>	<b>(56,823)</b>
Charge for the year	(16,868)
<b>31 December 2024</b>	<b>(73,691)</b>
Charge for the year	(14,175)
<b>31 December 2025</b>	<b>(87,866)</b>
<b>Carrying amount</b>	
<b>31 December 2024</b>	<b>23,542</b>
<b>31 December 2025</b>	<b>16,063</b>

**13. Insurance contract liabilities - claims reserve**

	31 December 2025	31 December 2024
Provision for reported but not settled claims ("RBNS")	243,451	189,355
Provision for incurred but not reported claims ("IBNR")	24,345	18,935
Mathematical reserve – endowment	323,975	348,927
<b>Total insurance contract liabilities – claims reserve</b>	<b>591,771</b>	<b>557,217</b>
<b>Net policyholder claims and benefits incurred</b>	<b>2025</b>	<b>2024</b>
Claims paid	598,821	341,282
Change in RBNS and IBNR	59,506	101,611
Change in mathematical reserves	(24,953)	20,866
<b>Net claims and benefits incurred</b>	<b>633,374</b>	<b>463,759</b>

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

	2025	2024
<b>At 1 January</b>	208,290	106,679
Additions in the provisions of insurance contract liabilities	658,327	442,893
Losses and loss adjustment expenses paid	(598,821)	(341,282)
- Endowment	(58,329)	(20,802)
- Term life	(76,083)	(59,251)
- Personal insurance	(464,409)	(261,230)
<b>Net insurance liabilities for losses and loss adjustment expenses at 31 December</b>	<b>267,796</b>	<b>208,290</b>

Analysis of movement in mathematical reserves:

	31 December 2025	31 December 2024
Balance as at 1 January	348,927	328,061
(Settled claims)/additions recognized during the year	(24,952)	20,866
<b>Balance at 31 December</b>	<b>323,975</b>	<b>348,927</b>

**14. Insurance contract liabilities - unearned premium reserve**

Insurance contract liabilities - unearned premium reserve by product is comprised as follows:

	31 December 2025	31 December 2024
Unearned premium reserve - life term insurance	1,256,128	1,097,274
Unearned premium reserve - life personal insurance	259,959	233,974
Unearned premium reserve – endowment	341	487
<b>Total insurance contract liabilities - unearned premium reserve</b>	<b>1,516,428</b>	<b>1,331,735</b>

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Movement of insurance contract liabilities - unearned premium reserve is presented below:

	31 December 2025	31 December 2024
Balance as at 1 January	1,331,735	941,595
Gross written premiums (note 17)	3,844,640	3,186,902
Less: premiums earned during the year	(3,659,947)	(2,796,762)
<b>Total</b>	<b>1,516,428</b>	<b>1,331,735</b>
	<b>31 December 2025</b>	<b>31 December 2024</b>
Gross change in provision for unearned premium	(184,693)	(390,140)
Change in reinsurers share of unearned premium	(24,081)	9,398
<b>Change in provision for unearned premium, net</b>	<b>(208,774)</b>	<b>(380,742)</b>

**15. Other liabilities**

	31 December 2025	31 December 2024
<i>Financial liabilities</i>		
Commission payable	327,811	213,704
Reinsurance payable	13,849	50,977
Payable to suppliers	6,479	50,380
<b>Total financial liabilities</b>	<b>348,139</b>	<b>315,061</b>
<i>Non-financial liabilities</i>		
Prepayments from customers	51,522	46,366
Payable to Central Bank of Kosovo	14,984	11,914
Other taxes payable	2,928	6,473
Pension contribution payable	3,040	2,538
<b>Total non-financial liabilities</b>	<b>72,474</b>	<b>67,291</b>
<b>Total other liabilities</b>	<b>420,613</b>	<b>382,352</b>

**16. Share capital**

The Company's share capital as at 31 December 2025 is EUR 3,500,000 (2024: EUR 3,500,000). The share capital is composed of 35,000 common shares with par value of EUR 100 per share authorized and fully paid as at 31 December 2025. Shares of the company as at 31 December 2025 are 100% owned by Sigal Insurance Group SH.A. in Albania (2024: 100% owned by SIGAL Insurance Group SH.A.). No dividends were declared or paid by the Company in the year 2025.

**Revaluation reserve**

The revaluation reserve as at 31 December 2025 is composed of revaluation surplus related to building valuation that took place during 2022. During 2025 there was no movement in revaluation reserve.

**17. Gross written premiums**

	2025	2024
Personal insurance	3,221,446	2,647,848
Term life	575,020	502,065
Endowment	48,174	36,989
<b>Total</b>	<b>3,844,640</b>	<b>3,186,902</b>

**18. Acquisition costs**

	2025	2024
Commissions	1,719,822	1,241,406
Change in deferred acquisition cost (note 10)	7,466	(28,464)
<b>Total</b>	<b>1,727,288</b>	<b>1,212,942</b>

**SIGAL LIFE Insurance Group SH.A.**  
**Notes to the financial statements – 31 December 2025**

*(All amounts in EUR, unless otherwise stated)*

**19. Administrative expenses**

	<b>2025</b>	<b>2024</b>
Staff costs	189,079	150,818
Consultancy expenses	66,692	45,814
Supervision charges	62,025	44,617
Sponsorship and marketing	54,000	53,207
Professional services	51,178	83,748
Depreciation and amortization	47,769	50,984
Workshop expenses	31,885	14,708
Bank charges	21,105	22,973
VAT expenses	12,489	20,911
Interest expense	8,752	4,359
Travel expenses	3,085	2,371
Other expenses	156	276
<b>Total</b>	<b>548,215</b>	<b>494,786</b>
	<b>2025</b>	<b>2024</b>
Net salaries	179,045	140,810
Taxes and contributions	10,034	10,008
<b>Total staff costs</b>	<b>189,079</b>	<b>150,818</b>

**20. Income tax expense**

**a) Components of income tax expense**

	<b>2025</b>	<b>2024</b>
Current tax	54,224	71,194
<b>Total income tax</b>	<b>54,224</b>	<b>71,194</b>

**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 2025 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.

	<b>2025</b>	<b>2024</b>
<b>Profit before tax for the year</b>	<b>713,234</b>	<b>551,864</b>
Tax calculated by applying statutory income tax rate at 10%	71,324	55,187
<b>Effects of:</b>		
Nontaxable income	(801)	(2,897)
Non-deductible expenses	(16,299)	27,653
Adjustments for technical reserves	-	(8,749)
<b>Total</b>	<b>54,224</b>	<b>71,194</b>

**SIGAL LIFE Insurance Group SH.A.**  
**Notes to the financial statements – 31 December 2025**

*(All amounts in EUR, unless otherwise stated)*

**21. Related party transactions**

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

<b>Entity name</b>	<b>Nature of relationship</b>	<b>2025</b>	<b>2024</b>
<b>Reinsurance receivables</b>			
SIGAL Insurance Group SH.A. (Non-Life Kosova)	Entities under common control	1,400	5,946
<b>Total</b>		<b>1,400</b>	<b>5,946</b>
<b>Other payables</b>			
Sigal Insurance Group SH.A.	Parent Company	-	49,078
Sigal Insurance Group SH.A. (Non-Life Kosova)	Entities under common control	3,800	2,651
<b>Total</b>		<b>3,800</b>	<b>51,729</b>
<b>Gross written premiums</b>			
SIGAL Insurance Group SH.A. (Non-Life Kosova)	Under common control	2,065	2,885
<b>Total</b>		<b>2,065</b>	<b>2,885</b>
<b>Expenses</b>			
Sigal Insurance Group SH.A.	Parent Company	4,956	62,500
<b>Total</b>		<b>4,956</b>	<b>62,500</b>

Key management includes CEO and CFO. Key management compensation comprised the following:

<b>Key Management compensation</b>	<b>2025</b>	<b>2024</b>
Key management remuneration	49,700	38,234
Pension contribution	2,482	1,911
<b>Total</b>	<b>52,182</b>	<b>40,145</b>

**22. 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.

**Litigations**

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 outcome may be higher or lower than the amount provided.

**Supplementary Schedules (UNAUDITED)**

## i. Solvency Margin

### Required solvency margin supplementary insurance

#### Personal Accident

Premium basis (€)		31 December 2025
Written premium net of written off insurance receivables	1	550,621
unearned premium reserve at the beginning of the year	2	234,468
unearned premium reserve at the end of the year	3	260,307
Premium earned ([1] + [2] - [3])	4	524,782
Premium received from reinsurance	5	-
<b>Total premium ([4] + [5])</b>	<b>6</b>	<b>524,782</b>
sum up to 10 million x 18/100	7	94,461
sum above 10 million x 16/100	8	0 %
<b>Total premium basis ([7] + [8])</b>	<b>8</b>	<b>94,461</b>
Reinsurance ratio	9	1
Required margin on premium basis([8]*[9])	10	<b>94,461</b>
<b>Claims basis (€)</b>		
Claims paid	11	10,827
Claims reserves at the beginning of the year	12	445
Claims reserves at the end of the year	13	2,887
<b>Total claims ([11] - [12] + [13])</b>	<b>14</b>	<b>13,270</b>
claims up to 7 million EUR x 26/100	15	3,450
claims above 7 million EUR x 23/100	16	-
<b>Total ([15] + [16])</b>	<b>17</b>	<b>3,450</b>
Reinsurance ratio	18	1
Required margin on claims basis ([17]*[18])	19	<b>3,450</b>
<b>Required solvency margin (€)</b>		
<b>Max ([10],[19])</b>	<b>20</b>	<b>94,461</b>

**i. Solvency Margin (continued)**

**Table 2**

**Required solvency margin Life (including personal accidents)**

**31 December 2025**

factor (12.2.d)		4%
Gross mathematical provisions	without profit sharing bonus	0%
	profit sharing bonus	323,975
	total	323,975
net mathematical provisions	without profit sharing bonus	-
	profit sharing bonus	323,975
	total	323,975
ratio (not less than 0.8 <sub>5</sub> )		1
<b>First result (12.2.d) (7)* (1)</b>		<b>12,959</b>
Capital at risk	death with term up to three years	465,646,550
	death with term three to five years	176,487
	other life insurances	816,293
	total	468,360
	$([11]*0.1\%+[12]*0.15\%+[13]*0.3\%)$	
Capital at risk net of reinsurance		447,718,387
ratio (not less than 0,5)		0.96
<b>Second result (12.2.e)</b>		<b>449,369</b>
<b>Sum first and second result (9) + (17)</b>		<b>462,328</b>
Required solvency margin life (12.2) (18)		462,328
Required solvency margin supplementary insurance (12.3) (See table 1)		94,461
Required solvency margin capital redemption (12.4)		-
Required solvency margin tontine (12.5)		-
Required solvency margin unit linked (12.6)		-
<b>Required solvency margin (19)+(20)</b>		<b>556,789</b>
Guarantee fund (13.1) ([24] / 3)		185,596
Guarantee fund (13.2)		3,200,000
Guarantee fund (max([25], [26]))		3,200,000
<b>Required available solvency margin (max([24], [27]))</b>		<b>3,200,000</b>

**i. Solvency Margin (continued)**

**Table 3**

**Available solvency margin**

**Section 11.2**

**31 December 2025**

Paid-up share capital (a)	1	3,500,000
reserves (b)	2	113,534
profit brought forward (c)	3	2,865,995
losses brought forward (c)	4	
profit reserves (d)	5	
own shares (d)	6	
<b>Total (1+2+3-4+5-6)</b>	<b>7</b>	<b>6,479,529</b>
<b>Guarantee fund</b>	<b>8</b>	<b>3,200,000</b>
<b>Adequacy (Section 13)</b>	<b>9</b>	<b>3,279,529</b>
Other available solvency margin (12.3., 12.4.)	10	-
<b>Total available solvency margin (7+ 10)</b>	<b>11</b>	<b>6,479,529</b>
Required solvency margin (See table 2(24))	12	556,789
<b>Adequacy of solvency margin (11-12)</b>	<b>13</b>	<b>5,922,740</b>

## ii. Assets deemed to back insurance liabilities

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

<b>Assets covering technical reserves</b>	<b>31 December 2025</b>	
	<b>Maximum % of gross technical provisions that can be invested as per regulation</b>	<b>Assets covering technical reserves</b>
a) Deposits in euro currency in Kosovo licensed banks;	-	2,580,000
b) Treasury bonds, securities and other capital market financial instruments, issued by the Government of the Republic of Kosovo with a maturity	-	-
c) Treasury bonds, securities and other capital market financial instruments, issued by and guaranteed by the central banks of governments of EU member states, with a credit rank not lower than BBB	20 % in total 5 % Individual	-
d) Real estate (land, buildings), as well as other fixed assets evaluated according to depreciation norms;	30 % in total 10 % Individual	-
e) Cash at hand, cash in bank and term deposits with a maturity not less than 3 months in banks licensed by the CBK in the Republic of Kosovo;	3 %	63,246
f) Reinsurance receivables arising from insurance activities, which are not older than 90 days from when the liability occurred.	Unlimited for => BBB 25 % for < BBB	-
g) Reinsurance portion of technical provisions;	Unlimited for => BBB 25 % for < BBB	21,987
h) Accrued interest arising from investments in bank deposits and other securities;	5 %	105,410
i) Receivables up to 90 days, arising from insurers, agents and brokers, but not more than twenty percent (20%) of the gross unearned premium reserve;	20 % of UPR	303,287
j) other fixed assets	5 %	8,266
<b>Total assets covering technical and mathematical provisions</b>		<b>3,082,196</b>
<b>Technical and mathematical provisions</b>		<b>2,108,206</b>
<b>Coverage in percentage</b>		<b>146 %</b>