SIGMA
VIENNA INSURANCE GROUP
Nr. 144 Dt. 26.03.2024
PRISHTINË

Sigma Interalbanian Vienna Insurance Group SH.A. – Dega në Kosovë

Financial Statements and Supplementary Schedules As at and for the year ended 31 December 2023

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Tel: +383 38 600 031
Fax: +83 38 600 032
www.bdokosovo.com

BDO Kosova L.L.C.
Rr. Ukshin Hoti C4/3, Hy. A, Kati II
10000 Prishtina Kosova

Independent auditor's report

To the shareholders of Sigma Interalbanian Vienna Insurance Group Sh.a.

Opinion

We have audited the financial statements of Sigma Interalbanian Vienna Insurance Group Sh.a. Dega në Kosovë (the "Branch"), which comprise: the statement of financial position as at December 31, 2023, the statement of profit or loss and other comprehensive income, statement of changes in net residual attributable to the head office, statement of cashflows for the year then ended, and notes to the financial statements, including a summaryof material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sigma Interalbanian Vienna Insurance Group Sh.a. Dega në Kosovë (the "Branch") as at 31 December 2022, and its financial performance and its cash flows for the year then ended, in accordance with the Central Bank of the Republic of Kosovo Regulatory Reporting Requirements as disclosed in note 3 to the financial statements.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises supplementary schedules that include the "Solvency Margin" and "Table for Capital Calculation" (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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Central Bank of the Republic of Kosovo Regulatory Reporting Requirement as disclosed in note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free frommaterial misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch'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 Branch'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 Branch'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 Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Amir Dërmala
Engagement Partner
BDO Kosova L.L.C.
March 26, 2024
Str. Ukshin Hoti, C 4/3, Ent. A, 2nd Floor,
Pristina, Kosovo

BDO
BDO Kosova L L C
audit, accounting and financial advisory
Prishtina,Kosova

Sigma Interalbanian Vienna Insurance Group Sh.a. Dega në Kosovë
Statement of financial position
(amounts in EUR, unless otherwise stated)

	Note	31 December 2023	31 December 2022
ASSETS			
Property and equipment	11	424,506	394,696
Right-of-use assets	12	1,277,449	1,600,778
Intangible assets	13	262,375	288,049
Reinsurance assets	14	21,774,625	6,473,108
Securities held at amortized cost	15	6,964,802	6,904,175
Term deposits with banks	16	11,654,841	10,846,380
Deferred acquisition costs	17	571,052	613,020
Insurance and other receivables	18	916,995	2,259,122
Corporate income tax prepayment		154,567	-
Other assets	19	331,587	201,293
Cash and cash equivalents	20	556,897	969,502
TOTAL ASSETS		**44,889,696**	**30,550,123**
LIABILITIES			
Insurance contract liabilities	22	27,694,137	10,867,647
Unearned premium reserve	23	4,970,468	5,370,506
Reinsurance deposit	24	3,246,708	3,303,211
Lease liabilities	12	1,354,988	1,678,257
Insurance and other liabilities	25	1,048,665	2,177,909
TOTAL LIABILITIES*		**38,314,966**	**23,397,530**
NET RESIDUAL ATTRIBUTABLE TO THE HEAD OFFICE			
Charter capital	21	3,200,000	3,200,000
Accumulated increase in net residual attributable to the head office	21	3,374,730	3,952,593
TOTAL NET RESIDUAL ATTRIBUTABLE TO THE HEAD OFFICE		**6,574,730**	**7,152,593**

*) excluding net residual attributable to head office.

These financial statements have been approved by the Board of Directors on 26/03/2024, 2023 and signed on their behalf by:

Mr. Genond Mesareja
General Director

Mrs. Gylsa Reka
Finance Director

The notes on pages 5 to 47 are an integral part of these financial statements

(amounts in EUR, unless otherwise stated)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Gross written premiums	26	12,480,715	12,981,122
Change in gross unearned premium reserve		400,038	(656,723)
Insurance premium revenue		**12,880,753**	**12,324,399**
Written premium ceded to reinsurers	27	(5,491,556)	(6,078,906)
Change in reinsurers' share of unearned premium reserve other than MTPL and accidents		(949,477)	272,253
Change in reinsurer's share of unearned premium for MTPL and accidents		302,384	142,390
Insurance premium revenue ceded to reinsurer		**(6,138,649)**	**(5,664,263)**
Net insurance premium revenue		**6,742,104**	**6,660,136**
Reinsurance commission	30	1,851,729	1,619,070
Investment income	31	418,627	343,481
Other income		21,275	16,679
Net income		**9,033,735**	**8,639,366**
Claims paid gross		(5,726,502)	(5,219,707)
Reinsurer's share of claims paid		2,081,026	1,267,364
Change in gross insurance contract liabilities		(16,826,489)	(813,243)
Change in reinsurance share of insurance contract liabilities		16,250,993	635,413
Net insurance claims		**(4,220,972)**	**(4,130,173)**
Acquisition costs	28	(878,528)	(685,808)
Administrative expenses	29	(2,828,375)	(2,566,434)
Expenses		**(7,927,875)**	**(7,382,415)**
Financial costs	31	(185,117)	(123,302)
Foreign exchange gains, net		1,283	1,469
Profit before tax, distributions to the head office and remeasurement of net residual balance with the head office		**922,026**	**1,135,118**
Income tax expense	32	(73,933)	(182,894)
Profit after tax and before distributions to the head office and remeasurement of net residual balance with the head office		**848,093**	**952,224**
Distribution to the head office		(1,425,956)	(522,880)
Increase in net residual attributable to the head office for the year from operations		**(577,863)**	**429,344**

Sigma Interalbanian Vienna Insurance Group Sh.a. Dega në Kosovë
Statement of changes in net residual attributable to the head office
(amounts in EUR, unless otherwise stated)

	Net residual attributable to charter capital	Accumulatednet residual attributableto the head office	Total
Balance at 1 January 2022	3,200,000	3,523,249	6,723,249
Profit after tax and before distributions to the head office and remeasurement of net residual balance with the head office	-	952,224	952,224
Distribution to the head office	-	(522,880)	(522,880)
Increase in net residual attributable to the head office for the year from operations	-	429,344	429,344
Balance at 31 December 2022	3,200,000	3,952,593	7,152,593
Profit after tax and before distributions to the head office and remeasurement of net residual balance with the head office	-	848,093	848,093
Distribution to the head office	-	(1,425,956)	(1,425,956)
Increase in net residual attributable to the head office for the year from operations	-	(577,863)	(577,863)
Balance at 31 December 2023	3,200,000	3,374,730	6,574,730

The notes on pages 5 to 47 are an integral part of these financial statements

(amounts in EUR, unless otherwise stated)	Note	31 December 2023	31 December 2022
Cash flows from operating activities			
Profit before tax		**922,026**	**1,135,118**
Adjustments for:			
Depreciation and amortization	11,13	187,882	148,000
Depreciation of right of use asset	12	268,103	274,085
Investment income	31	(418,627)	(343,481)
Financial costs	31	185,117	133,587
Impairment of insurance receivables		2,056	6,238
Cash flows from operating profits before changes in operating assets and liabilities		**1,146,557**	**1,353,546**
(Increase)/Decrease in insurance and other receivables		1,340,071	(1,118,166)
(Increase)/decrease in deferred acquisition costs		41,968	(120,309)
Decrease/(increase) in other assets		(130,294)	111,979
Decrease in insurance and other liabilities		(1,111,336)	1,058,643
(Decrease)/increase in insurance contract liabilities		16,826,490	813,243
Increase in unearned premium reserve		(400,038)	656,723
Increase in reinsurance assets		(15,301,517)	(907,666)
Decrease in reinsurance deposit		(56,503)	278,622
Cash generated from operations before interests and tax		**2,355,398**	**2,126,615**
Interest received		286,338	336,856
Interest paid		(144,549)	(71,183)
Income tax paid		(246,407)	(152,715)
Net cash from operating activities		**2,250,780**	**2,239,573**
Cash flows from investing activities			
Purchases of property and equipment	11	(126,044)	(84,899)
Purchases of intangible assets	13	(65,974)	(52,787)
Proceeds from sale of equipment and intangible assets			-
Decrease in term deposits		(700,429)	(1,013,457)
Investment in securities held at amortizedcost		(36,372)	(8,676)
Cash flow used in investing activities		**(928,819)**	**(1,159,819)**
Cash flows from financing activities			
Lease payments		(308,610)	(324,339)
Distribution to the head office		(1,425,956)	(522,880)
Cash flow used in financing activities		**(1,734,566)**	**(847,219)**
Increase/decrease in cash and cash equivalents		**(412,605)**	**232,535**
Cash and cash equivalents at beginning of the period	19	**969,502**	736,967
Cash and cash equivalents at end of the period	**19**	**556,897**	**969,502**

The notes on pages 5 to 47 are an integral part of these financial statements

(amounts in EUR, unless otherwise stated)

1. General information

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2023 for Sigma Interalbanian Vienna Insurance Group Sh.a. Dega në Kosovë (the "Branch").

Sigma Interalbanian Vienna Insurance Group SH.A. is a legal entity registered in the Republic of Albania. The immediate parent company is Vienna Insurance Group AG Wiener Versicherung Gruppe, Vienna, Austria which owns 89.05% of the shares. The ultimate controlling entity of the Group is Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group, Vienna, Austria.

Sigma Interalbanian Vienna Insurance Group SH.A. operates in Kosovo through the branch.

The branch was established on 11 October 2004 and operates under a license issued by the Central Bank of Kosovo (CBK) to underwrite general non-life insurance risk in the Republic of Kosovo following the provisions of Kosovo Insurance Act, Law no. 05/L045 "On Insurance". The branch is also required to deposit a minimum amount of EUR 3,200 thousand in the form of charter capital in order to be able to underwrite insurance risks for which it is licensed in the Republic of Kosovo.

As at 31 December 2023 the Branch had 152 employees (2022: 154).

Principal activity: The Branch'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 branch's registered address is in Aktash, St. Edmond Hoxha No. 27, Pristine, 10000, Republic of Kosovo. The branch has registered 46 units as other places of business in Kosovo.

The Supervisory and Management Board during 2023 and up to the date of approval of these financial statements consisted of the following:

Supervisory Board	***Position***
Mr. Peter Hoefinger	Chairman
Mr. Christoph Rath	Deputy Chairman
Mr. Jonard Prodani	Member
Mr. Liane Hirner	Member
Ms. Sonja Raus	Member

2. Operating Environment of the Branch

Management is taking necessary measures to ensure sustainability of the Branch's operations and support its customers and employees, among others, through:

- Liquidity monitoring on daily basis
- Administrative expenses reduction
- Increase in encashments from receivables
- Investing in IT, in order to create the adequate infrastructure for onsite and onlineworking environment

3. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with Central Bank of Republic of Kosovo's decision on postponement of IFRS 17 Insurance Contracts. The Central Bank of Republic of Kosovo on December 29, 2023 issued a decision to postpone the implementation of IFRS 17 Insurance Contracts starting January 1, 2026. According to this decision the Company has to continue to report Insurance Contracts under IFRS 4. The Central Bank of Republic of Kosovo decision has no impact on application of other IFRS standards. These financial statements have been prepared under the historical cost basis. The principal accounting policies applied in the preparation of these financial statements are set out in Note 6. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 4 and 5 for adoption of new or revised standards and interpretations and new accounting pronouncements adopted by the Branch). The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch'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 9.

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

4. Adoption of new or revised standards and interpretations

Except for the changes below, the Branch has consistently applied the accounting policies as set out in the Notes below to all periods presented in these financial statements.

Effective standards, amendments to standards and implementations - adopted in 2023

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods

5. New accounting pronouncements

Standards, amendments to standards and interpretations issued but not yet effective

There are number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

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

These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

6. Material accounting policy information

The accounting policies set out below have been applied consistently to all periodspresented in these financial statements and have been applied consistently by the Branch, unless otherwise stated.

(a) Foreign currency transactions

Foreign currency transactions are transactions undertaken by the Branch 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 recognized 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.

(b) Classification of insurance contracts

The Branch'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 Branch accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts, Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified 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 Branch 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 Branch 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.

6. Significant accounting policies (continued)

(b) Classification of insurance contracts (continued)

Unearned premium reserve. 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 which are stated gross of commissions payable to intermediaries and exclusive of taxes and duties levied on premiums. The Regulation of the Central Bank of Kosovo regulate the calculation of unearned premium reserves “On calculation and retention of technical and mathematical reserves for non-life and life insurers”.

Deferred acquisition costs. 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 Branch's manner of acquiring, servicing, and measuring the profitability of its insurance contracts. Unamortized acquisition costs are classified as an asset.

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 and trends. 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 and disclosed separately if material. The insurance liabilities for incurred but not reported claims are estimated based on Chain Ladder paid triangles method for Motor Third Party Liability (“MTPL”). For MTPL plus, Casco, Property and Health, Chain Ladder incurred triangle method was used, while for Personal Accidents and health in travel Chain Ladder method set up by using number of incurred claims was used. 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.

6. Significant accounting policies (continued)

(b) Classification of insurance contracts (continued)

Claims and reserves arising from the compensation fund. On behalf of all insurance companies licensed by the Central Bank of Kosovo to underwrite CTPL insurance in Kosovo, 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. KIB remits the monthly share of the gross premiums received (including VAT and premiums tax, which are then included in the insurance companies' own tax returns), to each insurance company. Each insurance company is required to contribute a specified percentage to gross premiums received (net of related premium tax) 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 Branch's insurance contract liabilities. Contribution for the compensation fund is recognized in profit or loss as incurred.

Liability Adequacy Test. At each reporting date the Branch 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 Branch takes into account current estimates of cash outflows. The Branch does not discount these estimated cash flows because most claims are expected to be settled within one year.
The Branch 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. In case the analysis shows major discrepancies, proper adjustments are made to the reserving methodology. If a deficiency is identified it will be charged immediately to profit or loss by establishing an unexpired risk provision from losses arising from Liability Adequacy Test.

6. Significant accounting policies (continued)

(b) Classification of insurance contracts (continued)

Reinsurance. The Branch 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 Branch from its direct obligation to its policy holders. The Branch's reinsurance policy is established in order to limit its potential losses arising from longer exposures to Motor Third Party Liability ("MTPL"), Property and Liabilities lines of business. Such reinsurance includes both facultative (for property) and treaty agreements, surplus basis and quota share (property & cargo). 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 recognized 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 recognized 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. These are classified as receivables and are disclosed separately, if any. Reinsurance assets are assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Branch may not recover all amounts due, and that the event has a reliable measurable impact on the amounts that the Branch will receive.

Premium reserve portfolio. When a new reinsurer participates in a treaty based on the accounting year or when the involvement in a period of an existing participating reinsurer increases, the unearned premium received is calculated by the reinsurer for participating in risks for which the premium has already been collected but not yet earned. Premium portfolio entry at the beginning of the reinsurance period is the reinsurance percentage share of the unearned premiums at the beginning of period.

(c) Financial instruments

Consistent with requirements of IFRS 4 amendments "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts", the Branch decided to defer adoption of IFRS 9 and met the related qualifying conditions because (i) its liabilities connected with insurance contracts liabilities exceeded 95% of total liabilities at 31 December 2015 and (ii) there were no subsequent substantial changes in the entity's activities. The Branch expects to apply IFRS 9 from 2022 and it has not applied it at any earlier stage. The Branch's financial instruments are all measured at amortized cost and are classified depending on their measurement category. The financial assets meet the sole payment of principal and interest criteria and would thus be measured the same under IFRS 9. Credit ratings are provided in notes 15 and 16 respectively.

6. Significant accounting policies (continued)

(c) Financial instruments (continued)

i) Recognition

The Branch'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.

ii) Classification

Financial assets of the Branch are classified as held to maturity investments in securities (HTM) and loans and receivables (term deposits with banks and insurance 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 amortized 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 Branch intends to sell in the near term. Loans and receivables include term deposits with banks and insurance and other receivables and are carried at amortized cost using the effective interest method, net of provision for incurred impairment losses.

iii) Derecognition

The Branch derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Branch has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

The Branch derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

iv) Amortized cost measurement

Amortized cost is the amount at which the financial instrument was recognized 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 amortizationof transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accruedinterest expense, including both accrued coupon and amortized 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.

6. Significant accounting policies (continued)

(c) Financial instruments (continued)

v) 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 recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions, such as in the Branch's trading activity.

vi) 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 Branch 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 Branch 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.

The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- any portion or instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Branch obtains;
- the counterparty considers bankruptcy or a financial reorganization;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty; or
- the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost using the effective interest method. Term deposits with original maturities of more than three months are classified as term deposits with banks as a sub-category of loans and receivable financial assets.

6. Significant accounting policies (continued)

(e) Term deposits

Term deposits are stated at the amount of principal outstanding and are classified according to their maturities. Term deposits with maturities less than three months are classified as cash equivalents.

(f) Other receivables

Other receivables are stated at their cost less impairment losses.

(g) Insurance receivables

Insurance receivable are initially recognized at fair value and subsequently measured at their amortized cost less impairment losses and include cash held by agents, Insurance receivables are assessed for impairment on each reporting date.

(h) Prepayments

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 Branch has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Branch. 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.

(i) Net residual attributable to the head office

The Branch is not a separate legal entity and hence it did not issue own equity instruments. The head office has a right to request redemption of its investment in the branch in cash. This obligation to redeem gives rise to a liability for the present value of the redemption amount. It is impractical to determine the exact amount of this liability as it is unknown when and if the head office will require redemption. As a practical expedient, the branch measures the 'Net residual attributable to head office' at the IFRS carrying value of the entity's net assets.

Profit distributions to the head office are recognized when distributed.

(j) 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, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

6. Material accounting policy information (continued)

(j) Income tax (continued)

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 authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Starting from 5 August 2019, based on the requirements of new Law No.06/L-105 on Corporate Income Tax, which is in force from then, insurance companies calculate income tax based on taxable profit or losses before tax for the period and their expenses are thus considered deductible.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. 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 utilized. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Uncertain tax positions. The Branch's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

(k) Premises and equipment

Items of premises and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The Branch recognizes in the carrying amount of equipment the costs of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Branch and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as an expense as incurred. Advance payments related to Property and Equipment are capitalized and presented in a separate category. Depreciation on all categories of equipment is calculated on a reducing balance basis over the estimated useful lives of the assets.

6. Material accounting policy information (continued)

(k) Premises and equipment (continued)

The annual depreciation rates are:

	%
Office furniture and equipment	20
Vehicles	20
Computers	20

The residual value, if not insignificant, is reassessed annually. Leasehold improvements are capitalized and depreciated over the lesser of their useful life and the lease term.

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

(l) Right-of-use assets

The Branch leases only offices. Contracts may contain both lease and non-lease components. The Branch allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the Branch is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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

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

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful life
Offices	3 - 10 years

(m) Intangible assets

Intangible assets that are acquired are stated at cost less accumulated amortization and impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to profit or loss on a reducing balance basis over the estimated useful lives of intangible assets. Intangible assets are amortized from the date they are available for use. The annual amortization rates based on the estimated useful lives for the current and comparative periods is 10 years.

6. Material accounting policy information (continued)

(n) Impairment of non-financial assets

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment or intangible assets with definite useful lives. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year.
An impairment loss recognized for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

(o) Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Branch 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 recognized as an interest expense within finance costs.

(p) Premium tax

Premium tax refers to Corporate Income Tax for insurers which has been provided for in the financial statements in accordance with legislation enacted or substantively enacted until 5 August 2019. Until then, in accordance with Republic of Kosovo Law on Corporate Income Tax no.05/L-029, insurance companies are required to calculate premium tax of 5% on their quarterly gross premiums.

Premium tax is not deducted from premiums on a policy basis. The premium tax is calculated based on the overall gross written premium volume of the Branch. As a result, it is disclosed in these financial statements as an expense.

(q) Lease liabilities

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

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

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

6. Material accounting policy information (continued)

(q) Lease liabilities (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Branch, the Branch's incremental borrowing rate is used, being the rate that the Branch 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.

Payments associated with short-term leases of offices and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise leased assets with value of EUR 5 thousand or less.

(r) Revenue recognition

Premiums. The accounting policy in relation to revenue from insurance contracts isdisclosed in note 5 (b).

Investment income. Interest income is recognized 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, recognized on the settlement with reinsurers. Reinsurance commissions continue to be recognized in full on the settlement with the reinsurer.

(s) 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. Acquisition costs 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 Branch's manner of acquiring, servicing, and measuring the profitability of its insurance contracts. Unamortized acquisition costs are classified as an asset.

(t) Employee benefits

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

7. Insurance risk management

The Branch 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 Branch is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Branch 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 Branch from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis. Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Branch is exposed.

The Branch 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. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks. The concentration of claims provisions by type of contract is summarized below by reference to insurance liabilities

	31 December 2023			31 December 2022		
	Insurance contract liabilities (note 22)	**Reinsurance assets (note 14)**	**Net**	**Insurance contract liabilities (note 22)**	**Reinsurance assets (note 14)**	**Net**
Business line						
Motor vehicles	8,069,108	3,416,762	4,652,346	8,280,732	3,543,643	4,737,089
Border Insurance	864,446	67,340	797,106	714,508	67,340	647,168
Property	18,267,777	17,646,866	620,911	1,318,166	1,260,564	57,602
Health and accidents	353,604	56,599	297,005	443,538	85,803	357,735
Other	139,202	126,476	12,725	110,703	105,700	5,003
Total	**27,694,137**	**21,314,043**	**6,380,093**	**10,867,647**	**5,063,050**	**5,804,597**

(amounts in EUR, unless otherwise stated)

7. Insurance risk management (continued)

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

	31 December 2023			31 December 2022		
	Gross written premium (note 26)	Premium ceded to reinsurance (note 27)	Net	Gross written premium (note 26)	Premium ceded to reinsurance (note 27)	Net
Business line						
Motor vehicles	7,879,162	3,605,737	4,273,425	6,775,417	3,078,731	3,696,686
Border Insurance	881,470	-	881,470	758,614	-	758,614
Property	1,539,223	1,385,384	153,839	2,154,688	1,952,403	202,285
Health and accidents	1,787,807	201,560	1,586,247	2,334,134	182,963	2,151,171
Other	393,053	298,875	94,178	958,268	864,809	93,459
Total	**12,480,715**	**5,491,556**	**6,989,159**	**12,981,122**	**6,078,906**	**6,902,215**

7. Insurance risk management (continued)

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. Branch'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, as far 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, unemployment rate, changes in legislation, political instability, force majeure etc.);
- changes in the mix of insurance contracts incepted;
- random fluctuations, including the impact of large losses.

IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of reinsurance recoveries. The following table shows actual claims incurred compared to previous estimates for the year ended:

	2023	2022	2021	2020	2019
RBNS					
Opening claim estimates	6,891,123	6,523,950	6,515,150	5,981,865	7,192,974
Actual results related to claims incurred	1,715,816	1,164,993	1,700,423	1,465,894	3,464,489
Closing claim estimates	4,817,393	6,190,605	5,430,726	5,120,781	4,343,312
Run off in EUR	**357,914**	**(831,648)**	**(615,999)**	**(604,810)**	**(614,827)**
Run off in %	**5.19%**	**(12,75%)**	**(9.45%)**	**(10.11%)**	**(8.55%)**
IBNR					
Opening claim estimates	2,278,828	2,031,693	1,783,181	1,383,229	1,236,421
Actual results related to claims incurred	585,989	370,147	403,361	443,190	483,658
Closing claim estimates	936,425	1,058,798	805,037	841,721	739,798
Run off in EUR	**756,414**	**602,748**	**574,783**	**98,318**	**12,965**
Run off in %	**33.19%**	**29,67%**	**23%**	**7.11%**	**1.05%**
Total run off	**1,114,329**	**(228,900)**	**(41,216)**	**(506,492)**	**(601,862)**

7. Insurance risk management (continued)

Technical provision amounting to EUR 1,782,396 (2022: EUR 1,570,215) 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 positive run-off as presented above, is attributable to the positive run off of EUR 358 thousand of RBNS added with the positive run-off of EUR 756 thousand in IBNR.

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.

IBNeR is an amount set aside in respect of the expected cost of claims in excess of the case estimate held. It is to meet the development on case estimates as further information becomes known on open claims.

IBNeR has been estimated separately based on annual claims reported and development triangles based on standard chain ladder method. The ultimate IBNeR estimate is calculated based on the triangle. Management expects that this calculation will cover claims that the Branch may incur as a result of litigation cases.

Management reviews claims estimates and assumptions based on actual claim development and makes appropriate adjustments to claim methodologies.

Liability adequacy test

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 administrative expenses 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 results of tests show that the level of unearned premiums reserves, is sufficient and there is no need for URR.

The test is done not only in total but within 5 major grouping of LoBs, namely: DMTPL &TPL+,Border, Casco, Property and other and health.

(amounts in EUR, unless otherwise stated)

7. Insurance risk management (continued)

Claim development

The following table shows the gradual development of the estimate of ultimate loss according to claims incurred during the year. The estimate changed in individual periods depending on the actual claims paid. The gross amount of the provisions is the total of RBNS provision.
The comparison of statistical estimation of sufficient provisions with gross amount of provisions suggests sufficient levels of the provisions for insurance claims. Claim estimates for lines of business with non-material claims incurred or estimated are not included:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	Total
Estimate of cumulative claims											
- At end of underwriting year	21,871,429	4,072,858	4,048,409	3,777,792	4,072,346	3,056,409	3,184,985	2,839,715	3,951,267	3,017,811	20,326,940
- One year later		4,528,902	4,934,988	4,394,951	4,551,357	5,247,982	3,588,996	3,212,022	4,562,158	3,396,039	20,630,870
- Two years later			4,982,084	4,533,023	4,663,365	5,403,051	3,720,841	3,345,524	4,673,010	3,481,493	21,191,348
- Three years later				4,488,797	4,757,408	5,489,384	3,775,513	3,339,811	4,804,903	3,535,424	21,372,256
- Four years later					4,777,936	5,555,535	3,849,694	3,400,135	4,952,615	3,596,204	21,560,701
- Five years later						5,524,067	3,937,178	3,589,732	4,987,537	3,725,962	22,150,203
- Six years later							3,924,194	3,689,716	5,053,955	3,759,003	22,433,359
- Seven years later								3,627,303	5,094,740	3,769,042	22,785,012
- Eight years later									5,039,438	3,763,194	22,648,642
- Nine years later										3,754,041	22,441,550
Estimate of cumulative claims											22,361,498
Cumulative payments	21,871,429	4,528,902	4,982,084	4,488,797	4,777,936	5,524,067	3,924,194	3,627,303	5,039,438	3,754,041	22,361,498
Value recognized in the balance sheet	18,577,537	371,433	592,971	605,509	899,543	200,460	492,636	411,770	309,372	281,432	810,377

The amount of EUR 25,001,455 represents the insurance contract liabilities for the Reported but not Settled claims as of 31 December 2023, in amount of EUR 24,114,517 and the reserve for the Compensation fund in amount of EUR 886,938. As such it does not include the IBNR reserve in amount EUR 2,526,460 and the reserve for the Claims Handling Cost in amount of EUR 166,221.

7. Insurance risk management (continued)

Assumptions and sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Branch uses statistical and actuarial techniques including indicators such as the expected loss ratio.

The Branch considers that the liability for non-life insurance claims recognized in the separate 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 2023 and 2022 is as below:

	2023	2022
Claim ratio (Net insurance claims/net insurance premium)	63%	62%
Expense ratio (Net expenses/net insurance premium)	28%	24%
Combined ratio (Claim ratio + Expense Ratio)	90%	86%

The results of the sensitivity analysis showing the impact on (loss)/profit before tax, distributions to head office and remeasurement of net residual balance with the head office are set out below. For such sensitivity, the impact of a change in a single factor is shown, with other assumptions unchanged.

	Impact	2023	2022
Claim ratio			
5% increase in claim ratio	loss	(211,049)	(206,509)
5% decrease in claim ratio	gain	211,049	206,509
Expense ratio			
5% increase in expense ratio	loss	(92,759)	(81,347)
5% decrease in expense ratio	gain	92,759	81,347
Combined ratio			
5% increase in combined ratio	loss	(303,807)	(287,856)
5% decrease in combined ratio	gain	303,807	287,856

8. Financial Risk Management

Financial instruments transactions may result in the fact that the Branch bears additional financial risks. They include market risk, credit risk, liquidity risk and reinsurance risk. Each of these financial risks is described below.

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.
- fair value interest rate risk - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Branch is not exposed to this risk given that it does not hold any bonds at FV.
- 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 daily 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 Branch 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 2023 and 2022 there are no financial assets and liabilities in currencies other than EUR and therefore the Branch is not exposed to currency risk.

8. Financial Risk Management (continued)

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 Branch on a financial instrument are fixed. The interest rate profile of the Branch's interest-bearing financial instruments as reported as at 31 December 2023 and 2022 is as follows.

	Note	31 December 2023	31 December 2022
Fixed-rate instruments			
Interest bearing financial assets			
Securities held at amortized cost	15	6,964,802	6,904,175
Term deposits with banks	16	11,654,841	10,846,380
Interest bearing financial liabilities			
Reinsurance deposit	24	(3,246,708)	(3,303,211)
Lease liabilities	12	(1,354,988)	(1,678,257)
Total		**14,017,947**	**12,769,087**

A change of 100 basis points in interest rates would have increased or decreased equity by EUR 140,179 (2022: EUR 127,691 thousand). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Branch. In the normal course of its business as premiums are received, these funds are invested to pay for future policy holder obligations. The Branch is exposed to credit risk on its debt securities held to maturity, term deposits, insurance receivable and reinsurance counterparties. The Branch has established internal procedures and guidelines where the reinsurance partners should have ratings of BBB- or higher rates from S&P, Moody or AM Best and comply with requirements of the VIG Reinsurance Security Rules. The Branch manages its exposure to credit risk on a regular basis by closely monitoring its exposure to debt securities and terms deposit counterparties. The Branch'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. Quality of financial and insurance assets and liabilities is disclosed in the respective notes.

	Note	31 December 2023	31 December 2022
Reinsurance assets	14	21,774,625	6,473,108
Securities held at amortized cost	15	6,964,802	6,904,175
Term deposits with banks	16	11,654,841	10,846,380
Insurance and other receivables	18	916,995	2,259,122
Other assets	19	331,587	201,293
Cash and cash equivalents	20	556,897	969,502
Maximum exposure to credit risk		**42,199,748**	**27,653,580**

No objective indications for impairment have been identified by the Branch on the other financial assets as at the reporting date. Other financial assets such as cash equivalents and term deposits are neither past due nor impaired.

8. Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Branch cannot meet its obligations associated with financial liabilities as they fall due. Liquidity risk is moderately inherent to the Branch's business as certain assets purchased and liabilities sold could have liquidity characteristics that are specific. If the Branch would require significant amounts on short notice in excess of normal cash requirements it may face difficulties to obtain attractive prices. Nevertheless, the Branch has access to borrowings as at 31 December 2023 and 2022. The Branch manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Branch's financial assets and liabilities as of 31 December 2023, have the following maturities:

	Less than 3 months	Between 3 months and 1 year	More than 1 year	Total
Financial Assets				
Cash and cash equivalents	556,897	-	-	**556,897**
Term deposits with banks	712,773	7,196,181	3,745,887	**11,654,841**
Insurance and other receivables	772,499	74,564	69,932	**916,995**
Securities held at amortized cost	76,537	1,250,745	5,637,520	**6,964,802**
Reinsurance assets	468,858	1,406,573	19,899,194	**21,774,625**
Other assets	96,566	102,732	132,289	**331,587**
Total Financial Assets	**2,684,130**	**10,030,794**	**29,484,824**	**42,199,748**
Financial Liabilities				
Insurance contract liabilities	810,319	2,430,956	24,452,862	**27,694,137**
Unearned premium reserves	1,234,263	3,702,788	33,417	**4,970,468**
Reinsurance deposit	240,226	720,679	2,285,804	**3,246,708**
Lease liabilities	241,823	965,539	147,626	**1,354,988**
Insurance and other liabilities	768,021	61,696	218,948	**1,048,665**
Total Financial Liabilities	**3,294,652**	**7,881,658**	**27,138,656**	**38,314,966**
Net Liquidity Position	**(610,522)**	**2,149,136**	**2,346,168**	**3,884,782**

8. Financial Risk Management (continued)

The Branch's financial assets and liabilities as of 31 December 2022 have the following maturities:

	Less than 3 months	Between 3months and1 year	More than 1 year	Total
Assets				
Cash and cash equivalents	969,502	-	-	**969,502**
Term deposits with banks	518,000	3,932,181	6,396,200	**10,846,380**
Insurance and other receivables	2,220,982	29,404	8,736	**2,259,122**
Securities held at amortized cost	27,150	3,336,565	3,540,459	**6,904,175**
Reinsurance assets	551,895	1,655,685	4,265,528	**6,473,108**
Other assets	72,350	-	2,400	**74,750**
Total Financial Assets	**4,359,879**	**8,953,835**	**14,213,323**	**27,527,037**
Financial Liabilities				
Insurance contract liabilities	540,142	1,620,424	8,707,081	**10,867,647**
Unearned premium reserves	1,333,355	4,000,064	37,087	**5,370,506**
Reinsurance deposit	190,894	572,679	2,539,638	**3,303,211**
Lease liabilities	65,372	196,115	1,416,770	**1,678,257**
Insurance and other liabilities	1,720,065	440,479	17,365	**2,177,909**
Total Financial Liabilities	**3,849,828**	**6,829,761**	**12,717,941**	**23,397,530**
Net Liquidity Position	**510,051**	**2,124,074**	**1,495,382**	**4,129,507**

In the liquidity position of the Branch, disclosed above for both 2023 and 2022, the undiscounted expected cash inflows and outflows have been disclosed respectively. As far as insurance contract liabilities are concerned, the expected undiscounted cash outflows have been disclosed assuming that mandatory maximum period of settlement, as per legislation in force, will be respected. Nevertheless, situations may occur where the Branch and the claimant do not share the same views regarding the assessment of the claim, hence they might end up resolving the matter in a court process, which requires a longer period of time than originally anticipated to make the verdict.

Capital risk management

The Branch has no capital according to local legislation. However, the Central Bank of Kosovo requires branches of foreign entities to deposit a specified amount as charter capital. Thus, the Branch presents the amount as charter capital in its statement of financial position. The Branch manages the charter capital amount to ensure that adequate levels are maintained for the Branch to be able to continue as a going concern and comply with the regulators' capital requirements, while maximizing the return to stakeholders through an optimization of debt and equity balances. As at 31 December 2023 and 31 December 2022, the Branch met all capital requirements, including solvency margin and ratio of assets covering insurance contract liabilities.

8. Financial Risk Management (continued)

Capital risk management (continued)

The Branch shall comply with local legislation, including the rules and regulations imposed by the Central Bank of Kosovo. 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.

	Note	2023	2022
Total net residual attributable to the head office including regulatory capital	21	6,574,730	7,152,593
Premium Result Solvency Calculation		828,576	1,600,942
Claims Result Solvency Calculation		1,424,175	1,030,266
150% of required solvency margin (1)		1,424,175	1,600,942
Guarantee Fund (2)		3,200,000	3,200,000
Required solvency margin (higher between 1 and 2)		3,200,000	3,200,000
Branch's actual solvency level		5,282,451	6,105,949
In % to regulatory capital		**165.08%**	**190.81%**

Other risks

Changes in governmental regulations in the business segments in which the Branch 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 Branch conducts its business and the products offered. Additionally, the insurance laws or regulations adopted and amended from time to time may be more restrictive or may result in higher costs than current requirements.

9. Critical accounting estimates and judgments in applying accounting policies

The Branch 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.

Policyholder claims and benefits

The estimation of the ultimate liability arising from claims made under insurance contracts is the Branch's most critical accounting estimate. The Branch'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 arereflected 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 discussed in detail in Note 7, whilst insurance contract provisions are analyzed in Note 22.

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

Insurance receivables and impairment losses

Insurance and other receivables are initially recognized at fair value. Subsequently receivables are measured at amortized cost less impairment losses. Evaluation of allowance for impairment losses is also a critical estimate performed by management. Insurance receivables are assessed for impairment on each reporting date. Insurance receivables more than one year past due are provided for in full unless there is high probability that they will be collected. Such probability exists when the Branch has long term relationship with significant clients or when the Branch procures goods and/or services from the insured and receivables are settled on a net basis. Insurance receivables less than one year past due are assessed individually in case there are significant and are provided if they are indications that those receivables will not be collected.

Insurance receivables less than one year past due are also assessed on a collective basis grouped based on the credit risk characteristics of the receivables, usually days past due at the reporting date. Percentages of provisioning applied for each aging category of insurance receivables less than one year past due represent management's best estimate of credit losses incurred and are based on prior years history of recoverability and market experience.

10. Fair value disclosure

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 Branch has no assets measured at fair value at the reporting date.

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

Fair values analyzed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows. Insurance receivables are not included as they are not required to be disclosed at fair values.

10 Fair value disclosure (continued)

	Carrying value	Fair value Level 1	Fair value Level 2	Fair value Level 3
31 December 2023				
Term deposits with banks	11,654,841	-	-	-
Securities held at amortized cost	6,964,802	-	-	-
Reinsurance assets	21,774,625	-	21,774,625	-
Other financial assets	-	-	-	-
Insurance and other receivables	916,995	-	916,995	-
Cash and cash equivalents	556,897	556,897	-	-
31 December 2022				-
Term deposits with banks	10,846,380	-	-	-
Securities held at amortized cost	6,904,175	-	-	-
Reinsurance assets	6,473,108	-	6,473,108	-
Other financial assets	-	-	-	-
Insurance and other receivables	2,259,122	-	2,259,122	-
Cash and cash equivalents	969,502	969,502	-	-

Financial assets carried at amortized cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Fair values of securities carried at amortized cost were determined based on quoted bid prices published by the Central Bank of Kosovo for the same instrument taking into consideration maturity similar to the maturities of instruments held by the Branch. Financial liabilities of the Branch are short-term and their carrying values usually equal their fair values.

(amounts in EUR, unless otherwise stated)

11. Property and equipment

Movements during 2023 and 2022 are as follows:

	Office furniture and equipment	Lease hold improvements	Vehicles	Computers	Total
Cost					
At 1 January 2022	575,197	88,279	263,645	275,192	1,202,313
Additions	9,309	508	28,636	46,446	84,899
At 31 December 2022	**584,506**	**88,787**	**292,281**	**321,638**	**1,287,212**
Additions	17,701	573	35,102	72,668	126,044
Disposals	(3,542)	-	-	-	(3,542)
At 31 December 2023	**598,665**	**89,360**	**327,383**	**394,306**	**1,409,714**
Accumulated Depreciation					
At 1 January 2022	(483,118)	(31,377)	(123,876)	(166,974)	(805,345)
Depreciation for the year	(23,908)	(7,162)	(29,801)	(26,300)	(87,171)
At 31 December 2022	**(507,026)**	**(38,539)**	**(153,677)**	**(193,274)**	**(892,516)**
Depreciation for the year	(20,697)	(9,334)	(33,571)	(32,632)	(96,234)
Disposals	3,542	-	-	-	3,542
At 31 December 2023	**(524,181)**	**(47,873)**	**(187,248)**	**(225,906)**	**(985,208)**
Carrying amount					
At 31 December 2022	**77,480**	**50,248**	**138,604**	**128,364**	**394,696**
At 31 December 2023	**74,484**	**41,487**	**140,135**	**168,400**	**424,506**

12. Right of use assets and lease liabilities

The Branch leases include rented building for offices. Rental contracts are typically made for fixed periods of 1 year to 10 years but may have extension options as described below.

The right of use assets by class of underlying items is analyzed as follows:

	Buildings
Carrying amount at 1 January 2022	**1,782,005**
Additions	124,930
Disposals	(32,072)
Depreciation charge	(274,085)
Carrying amount at 31 December 2022	**1,600,778**
Additions	37,070
Disposals	(92,296)
Depreciation charge	(268,103)
Carrying amount at 31 December 2023	**1,277,449**

Interest expense on lease liabilities in 2023 was EUR 45,338 (2022: EUR 54,130).

Expense relating to short-term lease payments not included in lease liabilities included in Administrative expenses of 2023 was EUR 4,176(2022: EUR 3,368).

	2023	**2022**
Expense relating to short-term leases	4,176	3,368
Expense relating to leases of low-value assets that are not shown above as short-term leases	-	-
Total	**4,176**	**3,368**

Total cash outflow for leases in 2023 was EUR 308,610 (2022: EUR 314,055). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as collateral for borrowings. Extension and termination options are included in all the lease agreements signed by the Branch. These are used to maximize operational flexibility in terms of managing the assets used in the Branch's operations.

The table below sets out an analysis of liabilities from financing activities and the movements in the Branch's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

	Lease liabilities	**Total**
Liabilities from financing activities at 1 January 2022	**1,847,337**	**1,847,337**
Cash outflows during the year	(312,044)	(312,044)
Terminated lease agreements	(34,084)	(34,084)
New leases	124,929	124,929
Accrued interest	52,119	52,119
Liabilities from financing activities at 31 December 2022	**1,678,257**	**1,678,257**
Cash outflows during the year	(308,610)	(308,610)
Terminated lease agreements	(92,296)	(92,296)
New leases	37,070	37,070
Accrued interest	40,567	40,567
Liabilities from financing activities at 31 December 2023	**1,354,988**	**1,354,988**

13. Intangible assets

	Software
Cost	
At 1 January 2022	473,110
Additions	52,787
At 31 December 2022	**525,897**
Additions	65,974
At 31 December 2023	**591,871**
Accumulated amortization	
At 1 January 2022	(177,019)
Amortization for the year	(60,829)
At 31 December 2022	**(237,848)**
Amortization for the year	(91,648)
At 31 December 2023	**(329,496)**
Carrying amount	
At 31 December 2022	**288,049**
At 31 December 2023	**262,375**

14. Reinsurance assets

The reinsurer's share of insurance liabilities is as follows:

	31 December 2023	31 December 2022
Reinsurer's share on UPR		
Property	334,429	826,721
Health and accidents	247	-
Other	125,906	583,337
	460,582	**1,410,058**
Reinsurance share on claims reserves		
Motor vehicles	3,484,102	3,610,983
Property	17,646,866	1,260,564
Health and accidents	56,599	84,633
Other	126,476	106,870
	21,314,043	5,063,050
Total	21,774,625	6,473,108

The Branch's reinsurance assets are not secured and are neither past due nor impaired. The assets are monitored according to the credit rating.

14. Reinsurance assets (continued)

For the years ended 31 December 2023 and 2022 the credit risk assessment of thereinsurance premiums ceded and reinsurance assets by rating of reinsurer are as follows:

	2023				2022			
	Premiums ceded		Reinsurance assets		Premiums ceded		Reinsurance assets	
	in EUR	% of total	in EUR	% of total	in EUR	% of total	in EUR	% of total
Rating								
AA+	-	0.00%	-	0.00%	160,758	2.64%	123,728	1.91%
A+	4,460,613	81.23%	20,820,451	95.62%	5,114,847	84.14%	5,087,353	78.59%
A	33,539	0.61%	19,305	0.09%	103,517	1.70%	69,586	1.08%
AA	317,028	5.77%	114,748	0.53%	400,884	6.59%	440,912	6.81%
AA-	582,598	10.61%	264,165	1.21%	175,965	2.89%	179,186	2.77%
A-	8,833	0.16%	380	0.00%	40,814	0.67%	1,508	0.02%
No rating	88,945	1.62%	555,576	2.55%	82,121	1.35%	570,835	8.82%
Total	**5,491,556**	**100.00%**	**21,774,625**	**100.00%**	**6,078,906**	**100.00%**	**6,473,108**	**100.00%**

The amount of EUR 556 thousand (2022: EUR 571 thousand), represent the reinsuranceassets, which are receivable from the reinsurers that are not rated by the agencies.

15. Securities held at amortized cost

	31 December 2023	31 December 2022
Total at nominal value	6,870,000	6,870,000
Unamortized premium	17,255	(21,940)
Accrued interest	77,547	56,115
Total	**6,964,802**	**6,904,175**

Investment securities include government bonds of the Republic of Kosovo at carrying value of 6,964,802 EUR (2022: 6,904,175). The government bonds have been purchased using the primary market and secondary market through Raiffeisen Bank Kosovo and Banka Kombëtare Tregtare and maturity is three to ten years.
Although bonds of Government of the Republic of Kosovo are not rated, public debt currently is at levels below 20% of GDP and including its projected growth in the medium term is expected to remain below 30% of GDP, ceiling which is considered as prudent for Kosovo. Such level of public debt together with the overall budget stability that require any budget deficit to remain within the 2% of the GDP following IMF fiscal rule, are key factors in assessing Kosovo Government instruments as stable.

16. Term deposits with banks

The breakdown of term deposits with maturities exceeding three months is as follows:

Term Deposits	Agency	Group Rating	31 December2023	31 December2022
Banka Kombetare Tregtare	*Fitch*	*B*	3,150,000	3,150,000
ProCredit Bank	*Fitch*	*BB*	1,900,000	1,300,000
IS Bank	*Fitch*	*BB*	2,450,000	2,450,000
NLB Kosova	*Fitch*	*A-*	500,000	500,000
Banka per Biznes	*n/a*	-	900,000	1,200,000
Credins Bank	*n/a*	-	2,093,637	1,693,637
Central Bank of Kosovo	*n/a*	-	320,609	320,181
TEB	*Fitch*	*BB*	-	-
Raiffeisen Bank	*Moody's*	*BAA2*	122,727	122,727
Accrued interest			217,868	109,835
Total			**11,654,841**	**10,846,380**

The not rated financial institutions include Central Bank of Kosovo that is the regulatory body for financial institutions in the Republic of Kosovo and Banka për Biznes that is a local bank. The latter is a stable mid-sized local bank, operating in local market, has local shareholders and is well established in the market. All the balances with the banks above, are neither past due nor impaired.

The Branch's cash and cash equivalents and term deposits are placed with the following financial institutions:

			31 December 2023		31 December 2022	
	Agency	Rating	Cash and deposits	Out of which Cash (note 20)	Cash and deposits	Out of which Cash (note 20)
ProCredit Bank	*Fitch*	*BB*	1,954,695	21,121	1,339,842	32,886
Raiffeisen Bank	*Moody's*	*BAA2*	195,307	72,580	296,360	173,633
Banka Kombëtare Tregtare	*Fitch*	*B*	3,546,068	301,375	3,837,917	654,623
Banka për Biznes	*n/a*	-	927,107	4,550	1,234,859	14,320
TEB	*Fitch*	*BB*	11,342	11,340	31,455	31,455
Central Bank of Kosovo	*n/a*	-	320,609	-	320,181	-
Banka Ekonomike	*n/a*	-	90	90	38	38
NLB Kosovo	*Fitch*	*A-*	538,847	37,587	532,865	31,605
Credins Bank	*n/a*	-	2,171,266	48,101	1,725,896	16,505
IS Bank	*Fitch*	*BB*	2,546,408	60,153	2,496,470	14,437
Total cash and deposits with banks			**12,211,739**	**556,897**	**11,815,883**	**969,502**

Term deposit accounts are maintained with domestic financial institutions. The interest rate on term deposits during 2023 was in the range of 0.50% to 3.1% per annum (2022: 0.50% to 2.4% per annum). 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 at least with 10% and the remainder with other commercial banks, but no more than 30% with a single bank.

17. Deferred acquisition costs

Deferred acquisition costs at year end comprise:

	31 December 2023	31 December 2022
Commission	326,628	293,835
Sales operators salaries	167,505	236,767
Supervisory tax	76,919	82,418
Total	**571,052**	**613,020**

Movement in deferred acquisition costs are as follows:

	2023	2022
As at 1 January	613,020	492,711
Increase in deferred acquisition costs	1,349,828	1,630,242
Deferred acquisition costs expensed	(1,391,796)	(1,509,933)
At 31 December	**571,052**	**613,020**

18. Insurance and other receivables

Receivables from agents and customers comprised the following:

	31 December 2023	31 December 2022
Receivables from policy holders	582,130	2,080,293
Receivables from insurance companies	129,763	86,006
Receivables from agents	343,086	228,751
Provision for doubtful insurance receivables	(137,984)	(135,928)
Total	**916,995**	**2,259,122**

Movement in allowance for impairment losses are as follows:

	2023	2022
Balance as at 1 January	**135,928**	**129,689**
Allowance/(release) charge to profit or loss	2,056	6,239
Balance as at 31 December	**137,984**	**135,928**

The Branch manages its exposure to credit risk on a regular basis by closely monitoring its insurance receivables, Insurance and other receivables as of 31 December 2023 and 2022 by ageing are as follows:

	31 December 2023	%	31 December 2022	%
less than 1 month	635,420	69%	1,172,708	52%
1 to 3 months	137,079	15%	975,040	43%
3 months to 1 year	74,564	8%	51,356	2%
more than 1 year	69,932	8%	60,018	3%
Total	**916,995**	**100%**	**2,259,122**	**100%**

18. Insurance and other receivables (continued)

The credit quality of insurance and other receivables is presented below:

	31 December 2023	31 December 2022
Neither past due nor impaired	545,234	678,603
Past due but not impaired	227,265	1,469,145
Impaired	282,480	247,302
Total gross receivables	**1,054,979**	**2,395,050**
Less: Allowance for impairment loss	(137,984)	(135,928)
Total	**916,995**	**2,259,122**

19. Other assets

Other assets comprise:

	31 December 2023	31 December 2022
Guarantee with Kosovo Insurance Bureau	125,000	125,000
Other financial assets	206,587	76,293
Total	**331,587**	**201,293**

Guarantee with Kosovo Insurance Bureau is related to Memorandum of Understanding signed on 23 June 2015, between the Republic of Serbia and the Republic of Kosovo regarding mutual recognition and acknowledgement of MTPL and processing and payment of claims as a result of the accidents caused by vehicles in their jurisdiction.

20. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash at banks	556,897	969,502
Total	**556,897**	**969,502**

The Branch holds the vast majority of its cash at local banks that are subsidiaries of international banks. However, a small portion of cash is also held with banks that are owned by local shareholders but which are well established in the market.

The credit rating of financial institutions with whom Branch holds cash and cash equivalents are presented in the note 16.

21. Charter capital

The net residual attributable to the head office is comprised of the required charter capital which is deposited in order to obtain and maintain the license to underwrite insurance risks in Kosovo and the remaining accumulated net residual attributable to the head office. Even though the entity is a branch, the charter capital is required to be deposited by the head-office based on the Insurance Law and the Regulation "On calculation of the minimum solvency margins, capital adequacy and guarantee fund for non-life insurers" dated 23 February 2017. The Branch is required to have a minimum amount of charter capital of EUR 3,200 thousand fully paid at any time. These funds are deposited with CBK and the other commercial banks (Notes 15, 16). The net residual attributable to the head office is altogether considered in calculating regulatory ratios by the Branch.

22. Insurance contracts liabilities

	31 December 2023	31 December 2022
As at 1 January		
Gross insurance liabilities for losses and loss adjustments	10,867,647	10,054,404
Reinsurance recoverable (note 14)	(5,063,050)	(4,427,637)
Net insurance liabilities for losses and loss adjustments	**5,804,597**	**5,626,767**
Claims incurred	22,552,992	5,995,470
Reinsurers' share in claims incurred	(18,332,019)	(1,902,277)
Claims paid	(5,726,502)	(5,182,227)
Recovered by reinsurers	2,081,026	1,266,864
Net insurance liabilities for losses and loss adjustments	**6,380,094**	**5,804,597**
Reinsurance recoverable (note 14)	21,314,043	5,063,050
Gross insurance contract liabilities	**27,694,137**	**10,867,647**
Gross change in insurance claims reserves	16,826,489	813,243
Less: Reinsurers share	(16,250,993)	(635,413)
Change in claims insurance liabilities, net	**575,496**	**177,830**

A significant amount of experience and judgement is involved in assessing outstanding insurance liabilities, the ultimate costs of which cannot be assessed with certainty as at the reporting date. The insurance liabilities for losses and loss adjustment expenses are determined on the basis of information currently available. However, it is inherent in the nature of the business that the ultimate liabilities may vary as a result of subsequent developments. During the year ended 31 December 2023 the Branch contributed to the Compensation Fund for Compulsory Insurance ("Compensation Fund") an amount of EUR 398 thousand (2022: EUR 617 thousand). Kosovo Insurance Board manages the Compensation Fund. Its role is to pay 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 the territory of Kosovo licensed by the CBK to sell TPL insurance.

23. Unearned premium reserve

Unearned premium reserve by product is comprised as follows:

Product	**31 December 2023**	**Change in the Period**	**31 December 2022**	**Change in the Period**	**31 December 2021**
Motor vehicles	4,232,530	650,097	3,582,433	299,242	3,283,191
Property	385,697	(524,983)	910,680	225,411	685,269
Health	182,051	(64,020)	246,071	66,873	179,198
Other	170,190	(461,132)	631,322	65,197	566,125
Total	**4,970,468**	**(400,038)**	**5,370,506**	**656,723**	**4,713,783**

	31 December 2023	31 December 2022
As at 1 January	5,370,506	4,713,783
Premiums written during the year (Note 26)	12,480,715	12,991,202
Less: premiums earned during the year	(12,880,753)	(12,334,479)
Balance at 31 December	**4,970,468**	**5,370,506**

23. Unearned premium reserve (continued)

	31 December 2023	31 December 2022
Change in gross unearned premium reserve	(400,038)	656,723
Change in reinsurers' share of unearned premium reserve other than MTPL and accidents	949,477	(272,253)
Change in reinsurer's share of unearned premium for MTPL and accidents	(302,384)	(142,390)
Net change in provision for unearned premium	**247,055**	**242,080**

24. Reinsurance deposit

The reinsurance deposit at 31 December 2023 includes the share of VIG Holding to the reserves for MTPL and Personal Accidents outstanding claims in amount of EUR 3,246,708 (2022: EUR 3,303,211). Based on the agreement between the parties, which is renewed each year, VIG Holding holds 50% of the share in the outstanding claims of MTPL and Personal accidents. In this regard, the Branch pays to VIG Holding an interest representative of time value of money, which for 2023 was EUR 125,423 (2022: 54,741). The deposit is utilized by the Branch to settle outstanding or future claims incurred that qualify for reinsurer's recovery based on the agreement between the parties which is renewed each year accordingly.

25. Insurance and other liabilities

Insurance and other payables comprise:

Insurance payable	31 December 2023	31 December 2022
Payable to reinsurers	454,658	1,440,479
Trade and other payables	267,411	291,731
VAT payable	135,982	228,473
Payables to employee	63,929	70,387
Other taxes payable	53,178	64,080
Payables to agents	47,337	59,412
Social insurance payables	26,170	23,347
Total	**1,048,665**	**2,177,909**

Trade and other payables are comprised as follows:

	31 December 2023	31 December 2022
Payables to suppliers	140,913	84,889
Payables to Central Bank of Kosovo	41,337	169,809
Liabilities to policyholders	38,582	35,646
Accrued expenses	29,442	12,961
Legal Provision	17,137	17,137
Total	**267,411**	**320,442**

26. Gross written premiums

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

	2023	2022
Motor vehicles	7,879,162	6,775,417
Health and accidents	1,787,807	2,334,134
Property	1,524,735	2,139,700
Border insurance	881,470	758,614
Other	407,541	973,257
Total gross premiums written	**12,480,715**	**12,981,122**

Motor vehicle premiums are further detailed as follows:

	2023	2022
MTPL	7,152,275	6,097,368
CASCO	726,887	678,049
Total	**7,879,162**	**6,775,417**

Border insurance gross written premiums amounting to EUR 881 thousand (2022: EUR 759 thousand) relate to shared income from Kosovo Insurance Bureau ("KIB"), KIB was established under Law No, 04/L-018 on Compulsory Motor Vehicle Insurance", Article 29, dated 23 June 2011 and administers the system to sell compulsory third party liability motor vehicle insurance ("TPL") 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. As of 31 December 2023, the Branch accounted for all the liabilities related to the pool.

27. Written premium ceded to reinsurers

Premiums as per products ceded to reinsurers, for the year are comprised as follows:

Premiums ceded to reinsurers	2023	2022
Motor vehicles	3,605,737	3,078,731
Health and accidents	201,560	182,963
Property	1,370,464	1,938,608
Other	313,795	878,604
Total	**5,491,556**	**6,078,906**

28. Acquisition costs

	2023	2022
Motor vehicles	672,608	475,672
Health and accidents	137,164	136,053
Property	48,460	57,356
Other	20,296	16,727
Total	**878,528**	**685,808**

The acquisition costs for both years entirely consisted of commissions of Branch'sagents.

29. Administrative expenses

Marketing and administrative expenses for the year are comprised as follows:

	2023	2022
Employee benefits	1,180,681	990,909
Depreciation of right of use asset	268,103	274,085
Contributions to the insurance association	206,867	189,772
Depreciation and amortization	187,882	148,000
Contributions to CBK	174,730	181,736
Office operating costs	145,181	110,442
Social security	98,310	86,394
IT costs	97,180	150,661
Rent and operating costs	69,369	65,324
Services from third parties	67,251	65,225
Transportation	63,929	64,964
Advertising	61,526	38,396
Office supplies	40,498	38,605
Telecommunication	33,539	28,528
Travel expenses	14,827	9,548
Local taxes paid	2,292	2,677
Impairment of trade receivables	2,056	6,238
Other	114,154	114,930
Total	**2,828,375**	**2,566,434**

Other expenses for the year 2023 and 2022 are comprised as follows:

	2023	2022
Administration office Expense	57,604	50,509
Other costs	23,176	15,938
Auditing Costs	17,000	17,000
Representation Costs	10,613	6,612
Education costs	4,521	18,118
Membership fees tax	750	6,750
Fines and penalties	491	3
Total	**114,155**	**114,930**

30. Reinsurance commission

Reinsurance commission for the year 31 December 2023 and 2022 are as follows:

	2023	2022
Motor vehicles	1,871,006	1,339,153
Property	(79,187)	217,311
Health and accidents	17,897	212
Other	42,013	62,394
Total	**1,851,729**	**1,619,070**

The reinsurance commission is calculated based on the reinsurance contract. The MTPL reinsurance commission is calculated based on the treaty contract the Branch has with the parent company VIG HOLDING. On quarterly basis is calculated the claims ratio for each contract (Accident Year) and such coefficient is used to define the limit of commission as it has a sliding scale framework.

31. Investment income and financial costs

Financial (expenses)/income	2022	2022
Investment income		
Interest income from accounts with banks	223,897	179,417
Interest income from treasury bills	194,730	164,064
	418,627	**343,481**
Financial costs		
Finance expenses	(144,892)	(72,122)
Interest expense lease	(40,225)	(51,180)
Total	**(185,117)**	**(123,302)**

The financial expenses and income are calculated using the effective interest rate method.

Finance expenses in amount of EUR 144,892 (2022: EUR 72,122) represent the interest expense for the reinsurance deposit (note 23) and asset management fee.

32. Income taxes

a) Components of income tax expense

	2023	2022
Current tax expense	73,933	182,894
Deferred tax (expense)/credit	-	-
Total	**73,933**	**182,894**

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

	2023	2022
Profit/(loss) before tax, distributions to head office and remeasurement of net residual balance with the head office	**922,026**	**1,135,118**
Theoretical tax charge at statutory rate of 10% (2020: 10%)	92,203	113,512
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Net loss before 5th of August	(39,349)	59,724
- Other non-taxable income	(19,095)	(16,229)
- Other non-taxable expenses	10,804	12,243
- 20% of Non-deductible of reserves	29,370	13,644
Income tax charge for the year	**73,933**	**182,894**

The corporate income tax in amount of EUR 73,933 (2022: 182,894) has been calculated by the Branch as per requirements of the Law no. 05/L -029 on corporate income tax which is in force starting from 5 August 2019.

The new tax legislation is subject to varying interpretations when being applied to the transactions and activities of the Branch. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Considering the changes in legislation, the Tax Administration of Kosovo ("TAK") is gradually increasing the scrutiny on the industry, including the fact that there is a higher risk of review of tax transactions.

Fiscal periods remain open to review by the authorities in respect of taxes for six calendar years preceding the year when decisions about the review was made.

Non-taxable expenses in amount of EUR 10,804 (2022: 12,243) represent the impact of the expenses incurred by the Branch, during 2023, that are not deductible for Corporate income tax purposes.

33. Commitment and contingencies

(i) Legal

In the ordinary course of business, the Branch 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 Branch's financial position or changes in net assets. Legal cases are common when claimants do not agree with the claim valuation performed by the Branch. Management evaluates claims using external and internal expertise including legal advice. Branch 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 2023 there were 460 outstanding cases where in aggregate outstanding reserve is EUR 3.47 million (2022: 440 claims where in aggregate outstanding reserve is EUR 3.57 million). The reserve for those cases is part of Insurance Contract Liabilities, namely RBNS reserve for 2023 and 2022, respectively.

(ii) Regulatory changes

Changes in governmental regulations in the business segments in which the Branch operates

The insurance business is subject to supervision in Kosovo. The primary purpose of such regulations is to protect policyholders, Changes in existing insurance laws and regulations may affect the way in which the Branch 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.

34. Related party disclosures

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. During the year the Branch had the following transaction with related parties

	Relationship	2023	2022
Income			
Reinsurance Commission income			
Wiener Versicherung Gruppe	Parent company	1,876,122	1,369,299
VIG re zajišťovna	Entity under common control	(100,515)	118,355
Ray sigorta as	Entity under common control	2,892	2,593
Wiener städtische	Ultimate controlling entity	1,482	340
		1,779,981	**1,490,587**
Reinsurer's share of claims paid			
Wiener Versicherung Gruppe	Parent company	1,457,108	1,139,111
VIG re zajišťovna	Entity under common control	353,144	112,925
Ray sigorta as	Entity under common control	1,041	1,667
Wiener städtische	Ultimate controlling entity	-	10,885
		1,811,293	**1,264,588**
Expenses			
Premium ceded to reinsurer			
Wiener Versicherung Gruppe	Parent company	(3,531,829)	(3,515,419)
VIG re zajišťovna	Entity under common control	(687,670)	(680,361)
Ray sigorta as	Entity under common control	(19,675)	(17,003)
Wiener städtische	Ultimate controlling entity	(17,000)	(4,471)
		(4,256,174)	**(4,217,253)**
Other Expenses			
Wiener Versicherung Gruppe	Parent company	(41,885)	(49,398)
Macedonia Osiguranje	Entity under common control	(10,240)	(9,600)
		(52,125)	**(58,998)**
Management Compensation			
Gross salaries		(80,000)	(70,000)
Bonus		(20,667)	(17,584)
		(100,667)	**(87,584)**

34. Related party transactions (continued)

At each reporting date, the following related party amounts were included in the statement of financial position:

	Relationship	2023	2022
Management and Shareholders			
Assets			
Reinsurance assets			
Wiener Versicherung Gruppe	Parent company	3,254,210	3,963,765
VIG re zajišťovna	Entity under common control	17,448,689	654,387
Ray sigorta as	Entity under common control	500,000	500,000
Wiener städtische	Ultimate controlling entity	8,022	1,850
		21,210,921	**5,120,002**
Other receivables			
Intersig	Entity under common control	7,937	3,199
VIG re zajišťovna	Entity under common control	126,230	53,704
Sigma Interalbanian	Head office	7,092	3,847
		141,259	**60,750**
Liabilities			
Reinsurance Liabilities			
Wiener Versicherung Gruppe	Parent company	3,324,630	3,841,617
VIG re zajišťovna	Entity under common control	312,200	113,834
Ray sigorta as	Entity under common control	6,646	7,422
Wiener städtische	Ultimate controlling entity	19,103	9,369
		3,662,578	**3,972,242**
Other Payable			
Wiener Versicherung Gruppe	Parent company	13,782	22,864
		13,782	**22,864**

35. Events after the reporting date

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

Supplementary Schedules

Annex I - Solvency Margin

		Prior 3	Prior 2	Prior 1	Current
1	**Table of claims reserve**				
1.1	Requirements for outstanding claims at the beginning of the period	9,146,959	10,172,190	10,054,404	10,867,647
1.2	Paid claims	4,570,772	5,922,338	5,219,707	5,726,502
1.3	Requirements for outstanding claims at the end of the period	10,172,190	10,054,404	10,867,647	27,694,137
1.4	**Incurred losses (1.2 + 1.3) - 1.1**	**5,596,003**	**5,804,553**	**6,032,950**	**22,552,992**
1.5	**Average of incurred losses**			**5,811,169**	**11,463,498**
2	**Table of reinsurer's part of requirements**				
2.1	Reinsurance part for outstanding claims at the beginning of the period	3,662,418	4,467,783	4,427,637	5,063,050
2.2	Accepted reinsurance	1,135,175	1,742,650	1,267,364	2,081,026
2.3	Reinsurance part for outstanding claims at the end of the period	4,467,783	4,427,637	5,063,050	21,314,043
2.4	**Reinsurance part for incurred losses**	**1,940,541**	**1,702,503**	**1,902,778**	**18,332,019**
2.5	**Net incurred losses (retained claims)**				
2.6	**Retention level**	**3,655,463**	**4,102,049**	**4,130,172**	**4,220,972**
2.7	**Average level of retention**	**65%**	**71%**	**68%**	**19%**
				68%	**36%**
3	**Based on premiums**				
3.1	Gross written premiums			12,981,122	12,480,715
3.2	Change in Unearned Premium Reserves			(656,723)	(400,038)
3.3	For LoBs 11,12 and 13 GWP increase by 50%			442,699	154,642
3.4	Others (tax & reinsurance)			-	-
3.5	**Total**			**13,423,821**	**13,035,395**
3.6	First layer (fixed up to 10 million)			**10,000,000**	**10,000,000**
3.7	Second layer (more than 10 million)			**3,423,821**	**3,035,395**
3.8	Percentage of the first layer (fixed)			18%	18%
3.9	Percentage of the second layer (fixed)			16%	16%
3.10	**Result based on premiums**			**2,347,811**	**2,285,663**
3.11	Retention level			68%	36%
3.12	**Result of solvency based on premiums**			**1,600,942**	**827,665**
4	**Based on claims**				
4.1	Gross incurred claims (see table of claims)			5,811,169	11,463,920
4.2	First layer (fixed)			**7,000,000**	**7,000,000**
4.3	Second layer			**0**	**4,463,920**
4.4	*Percentage of the first layer (fixed)*			26%	26%
4.5	*Percentage of the second layer (fixed)*			23%	23%
4.6	**Sum of the first layer**			**1,511,013**	**2,846,702**
4.7	Net and gross incurred claims ratio			63%	68%
4.8	**Minimum percentage**			50%	50%
5	**Result of solvency based on claims**			**1,030,341**	**1,423,351**
5	**Required solvency**				
5.1	Based on premiums			1,600,942	827,665
5.2	Based on claims			1,030,341	1,423,351
5.3	Required solvency			1,600,942	1,423,351
5.4	Required solvency for the previous year			-	1,600,942
5.5	**Solvency based on growth of 150%**			**2,401,414**	**2,401,414**

Annex II - Table for Capital Calculation

		2022	2023
I	**CHARTER CAPITAL, Article 4: (1 + 2 + 3)**	**7,152,593**	**6,574,730**
1	*Paid share capital of insurers in cash*	3,200,000	3,200,000
2	*Capital reserves (reserves recognized by law and free reserves),*	-	-
3	Accumulated profits transferred after the deduction of dividends to be paid	3,952,593	3,374,730
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)	7,152,593	**6,574,730**
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)**	**1,088,790**	**1,019,972**
1	Premiums receivable and debtors from the reinsurance for more than 180 days	21,471	24,752
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	613,020	571,052
6	Other assets, not excluded from any responsibility or liability	-	-
7	Other assets which are not easily convertible into cash	-	-
8	Intangible assets	288,049	262,375
9	Others	166,250	161,793
VII	**Net property - Available capital (IV - V - VI)**	**6,063,803**	**5,554,758**
VIII	**Guarantee fund according to the law**	**3,200,000**	**3,200,000**
IX	**Request for capital according to the Guarantee Fund**	**2,863,803**	**2,547,903**
X	**Request for solvency coverage**	**2,401,414**	**2,041,053**
			-
XI	**Final request for capital growth**	-	-