

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

IC SCARDIAN J.S.C

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of IC SCARDIAN J.S.C.

Opinion

We have audited the financial statements of IC SCARDIAN J.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kosovo, 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 includes the "Solvency Margin", "Capital calculation" and "Adequacy of investments of assets covering technical reserves".

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

RSM Kosovo Sh.p.k.
RSM Kosovo Sh.p.k.

Prishtina, Republic of Kosovo

30 April 2022

Astrit Kelmendi
Astrit Kelmendi

Statutory Auditor

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Notes	31 December 2021 EUR '000	31 December 2020 EUR '000
ASSETS			
Cash and cash equivalents	6	2,037	1,156
Term deposits	7	13,574	10,705
Investments in Securities	8	250	250
Insurance receivables	9	1,048	851
Receivables from related parties	10	112	1,408
Deferred acquisition costs	11	663	514
Property and equipment	12	466	480
Right of use assets	13	199	297
Investment property	14	1,838	1,838
Intangible assets	15	367	275
Reinsurance assets	16	2,426	1,387
Other assets	17	717	530
TOTAL ASSETS		23,697	19,691
EQUITY			
Share capital	18	6,838	6,838
Retained earnings		1,905	1,704
TOTAL EQUITY		8,743	8,542
LIABILITIES			
Gross Claim Reserves	19	6,279	4,849
Gross Premium Reserves	20	5,817	4,719
Insurance and other liabilities	21	2,518	1,150
Income tax payable		135	119
Lease liability	13	205	312
TOTAL LIABILITIES		14,954	11,149
TOTAL EQUITY AND LIABILITIES		23,697	19,691

These financial statements have been approved by the Management of the Company on 28 April 2022 and signed on its behalf by:


Hekuran Neziri
Chief Executive Officer


Fatos Krasniqi
Finance Director

STATEMENT OF PROFIT AND LOSS AND OTHER - COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 EUR'000	2020 EUR'000
Gross premiums written	22	12,690	10,152
Net change in provision for unearned premiums		(1,098)	(170)
Net written premiums		11,592	9,982
Less: Premium ceded to reinsurers	23	(1,448)	(982)
Reinsurers' share of change in the provision for unearned premiums	20	91	2
Insurance premium ceded to reinsurer		(1,357)	(980)
Net earned premiums		10,235	9,002
Financial income		265	198
Reinsurance Commission	24	731	468
Other income	25	321	204
Total revenues		11,552	9,872
Claims paid gross	19	(5,739)	(3,783)
Contribution to Guarantee Fund	26	(390)	(223)
Reinsurer's share of claims paid	19	1,844	282
Change in gross insurance contract liabilities	19	(1,430)	(372)
Change in reinsurance share of insurance contract liabilities	19	(174)	634
Net insurance claims		(5,889)	(3,462)
Share of expenses to KIB	26	(168)	(181)
Underwriting and policy acquisition costs		(960)	(1,050)
Depreciation and amortization expenses	12,13,15	(407)	(391)
Administrative Expenses	27	(2,521)	(2,262)
Total expenses		(9,945)	(7,346)
Interest expenses		(14)	(19)
Profit Before Tax		1,593	2,507
Income tax	28	(292)	(324)
Net profit for the year		1,301	2,183
Other comprehensive income		-	-
Total comprehensive income		1,301	2,183

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share Capital EUR '000	Retained earnings EUR '000	Total EUR '000
At 1 JANUARY 2021		6,838	1,704	8,542
<u>Transaction with owner</u>				
Dividends paid	18	-	(1,100)	(1,100)
Total transactions with owner		-	(1,100)	(1,100)
Profit for the year		-	1,301	1,301
Other comprehensive income:		-	-	-
TOTAL COMPREHENSIVE INCOME		-	1,301	1,301
At 31 DECEMBER 2021		6,838	1,905	8,743
At 01 JANUARY 2020		6,838	(479)	6,359
<u>Transaction with owner</u>				
Total transactions with owner		-	-	-
Profit for the year		-	2,183	2,183
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		-	2,183	2,183
At 31 DECEMBER 2020		6,838	1,704	8,542

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 EUR'000	2020 EUR'000
OPERATING ACTIVITIES			
Profit before the tax		1,593	2,507
<i>Adjusted for non-cash items:</i>			
Depreciation and amortization		407	391
Interest income		(265)	(198)
Interest expenses		14	19
Net impairment of receivables		75	42
		1,824	2,761
<i>Changes in operating assets:</i>			
Gross claim reserves		1,430	375
Premium reserves		1,098	170
Deferred acquisition costs		(149)	206
Insurance premiums receivables		(272)	45
Receivables from related parties		1,296	-
Reinsurance assets		(1,039)	(1,387)
Other assets		(187)	(30)
Insurance and other liabilities		1,368	704
Income tax paid		(276)	(99)
Net cash generated from operating activities		5,093	2,745
INVESTING ACTIVITIES			
Purchase of fixed assets, intangible assets		(358)	(290)
Increase in term deposits and securities	7	(2,801)	(1,749)
Interest paid		(14)	(19)
Interest received		197	255
Net cash used in investing activities		(2,976)	(1,803)
FINANCING ACTIVITIES			
Dividend payment		(1,100)	-
Lease liabilities		(136)	(131)
Net cash used in financing activities		(1,236)	(131)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning		1,156	345
Cash and cash equivalents at 31 December	6	2,037	1,156

1. GENERAL

IC Scardian J.S.C (the "Company") was incorporated under the laws of the Republic of Kosovo and registered with the Ministry of Trade and Industry under registration no. 71055124 as a joint stock company. The Company is 100% owned and controlled by Fundway LLC, being the ultimate parent company.

The Company is licensed as a non-life insurance company. The main business activity of the Company is motor third-party liability insurance and other classes of insurance such are:

- Property insurance;
- Health Insurance
- Travel health insurance;
- Personal accidents;
- Casco;
- Construction All Risk (CAR), etc.

The Company's registered office is located at: street Perandori Justinian no 69, Pristina, Republic of Kosovo.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH IFRS

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), being Standards and Interpretations issued by the International Accounting Standards Board ("IASB"), in force at 31 December 2021.

The financial statements have been prepared on an historical cost basis, except for investment properties that have been measured at fair value. The financial statements are presented in euros (€) rounded to the nearest thousand (€000), unless otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective note.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3: Significant judgments and key sources of estimation uncertainty.

The financial statements are prepared as of and for the years ended 31 December 2021 and 2020. Current and comparative data stated in these financial statements are expressed in thousands of Euro, unless otherwise stated. Where necessary, comparative figures have been reclassified to conform to changes in presentation for the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Application of new IFRS requirements**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. The adoption of these standards and interpretation had no significant impact in Company's financial statements.

The following new standards and amendments became effective as at 1 January 2021:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16).
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

New Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. The Company is in the initial stage of the assessment of the impact of the of IFRS 17 Insurance Contracts in the financial statements, nevertheless its adoption is expected to have significant impact in the Company's financial statements.

The Standards and amendments that are not yet effective and have not been adopted early by the Company include:

- IFRS 17 "Insurance Contracts" including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction

Except for IFRS 17 and unless disclosed above, the new standards, amendments and interpretations are not expected to significantly impact the financial statements of the Company.

B. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). These financial statements are presented in Euros, which is the Company's functional and presentation currency.

C. PROPERTY AND EQUIPMENT

On initial recognition, items of property, plant and equipment are recognized at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

	Depreciation rates
	Shorter of asset useful life or lease term
Leasehold improvements	20%
Computers and related equipment	20%
Furniture, fixtures and other equipment	20%
Vehicles	20%

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

D. INTANGIBLE ASSETS

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives, if any. Intangible assets consist of software licenses and are amortized on straight-line basis over 5 years.

Other Intangible Assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

E. INVESTMENT PROPERTY

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent appraiser, applying a valuation model recommended by the International Valuation Standards Committee. Investment properties are recognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

F. RIGHT OF USE OF ASSETS

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

G. IMPAIRMENT OF NON-FINANCIAL ASSETS**Impairment of property, plant and equipment and of intangible assets with finite useful lives**

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of the asset / unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

H. FINANCIAL INSTRUMENTS***Initial recognition and measurement***

The Company recognized a financial asset or a financial liability in the consolidated statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognized all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument. Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The Company recognized financial assets using settlement date accounting; thus an asset is recognized on the day it is received by the Company and recognized on the day that it is delivered by the Company.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition. The Company classifies financial assets in one of the following two categories:

6 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Insurance receivables, cash and cash equivalents and other assets are also classified in this category.

(b) Held to maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Company's management has the positive intention and ability to hold to maturity. These assets are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debt securities held to maturity is established when there is objective evidence that the Company will not be able to collect all amounts due according to their original terms. Terms deposits are classified in this category.

(c) Available for sale to financial assets

Available-for-sale financial assets are assets that the Company intends to hold for an indefinite period and are not classified as financial assets at fair value through profit or loss or held to maturity financial assets. As at 31 December 2021 Investments in Government Securities are classified in this category.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (Company of) financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial asset because of financial difficulties, etc.

In addition, for insurance receivables that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for insurance receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed (either directly, or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognized at the date the impairment is reversed.

Derecognition

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by IAS 39. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Whether the assets are recognised / derecognised in full or recognised to the extent of the Company's continuing involvement depends on accurate analysis which is performed on a specific transaction basis.

Subsequent measurement of financial liabilities

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The Company classifies financial liabilities in other financial liabilities.

. These liabilities are carried at amortised cost using the effective interest method.

Typically, insurance and other liabilities are classified in this category. Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

Derecognition of financial liabilities

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (i.e. extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

I. PRODUCT CLASSIFICATION

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

J. INSURANCE CONTRACTS LIABILITIES

Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the Statement of financial position date, whether reported or not. The liability is derecognized when the contract expires, is discharged or is cancelled.

The reserve for unearned premiums includes premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognized as premium income.

At each reporting date, a liability adequacy test is performed. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the provision for outstanding claims. The provision for unexpired risk is increased to the extent that future claims in respect of current insurance contracts exceed future premiums plus the current unearned premium provision.

Claims arising from general insurance business

Claims incurred in respect of general business consist of claims paid to policyholders during the financial year together with the changes in the valuation of the liabilities for outstanding claims.

Claims outstanding comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses and a prudential margin.

Whilst the Management considers that the gross claim reserves and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

The provision represents the estimated ultimate cost of settling all claims including direct and indirect settlement costs, arising from events that occurred up the reporting date. Unpaid losses and loss adjustment expenses consist

of estimates for reported losses and provisions for losses not reported. The method used to determine the provisions for claims, is based on the following applicable statutory rules but is also supported by actuarial valuations.

The provision for claims Reported but Not Settled ("RBNS") is set on case by case basis. The reserve is calculated as the expected amount to settle the claim and estimates are adjusted as new information becomes available.

As at 31 December 2021 and 2020 the technical reserves for IBNR for MPTL are determined using chain ladder method based on paid claims.

Reinsurance

The Company ceded reinsurance in the normal course of business for the purpose of limiting its potential net loss through the diversification of its risks arising from MTPL, Property, and Personal Accidents lines of business.

Such reinsurance includes treaties and facultative agreements. Only contracts that give rise to a significant transfer of insurance risk and timing risk are accounted for as insurance. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. Reinsurance liabilities comprise payable for outwards reinsurance contracts and are recognized as an expense based on the whole amount agreed with the reinsurer.

Benefits reimbursed are presented in the statement of comprehensive income and statement of financial position on a gross basis.

Anticipated reinsurance recoveries are disclosed separately as assets in the statement of financial position. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract.

Deferred Acquisitions Cost

Acquisition costs are defined as the costs arising on the acquisition of new insurance contracts, including direct costs, such as agent commissions, and fees paid to Central Bank of Kosovo.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contract and tested for impairment at reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

Liability adequacy test

At each reporting date the Company performs test to ensure the adequacy of claim reserves. The primary tests performed are Claim Ratio Analysis and Run-off analysis of claim reserves.

The claim ratio analysis is performed annually on the major lines of business individually. The calculation is performed on claims alone as well as claims including acquisition costs and any other external claim handling costs. In performing this analysis, the Company takes into account current estimates of cash outflows. The Company does not discount these estimated cash flows because most claims are expected to be settled within one year.

In addition, the Company performs annually a run-off analysis of claim reserves to assess its reserving methodology. The run-off analysis is performed on RBNS 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.

Claims handling costs

Claim handling costs consist of internal and external expenses in relation to valuation, handling and assessment of claims by the Company's personnel as well as external expenses like legal fees and other expenses. Management has estimated claim-handling cost in average to 2.35% (2020: 2.55%) of total RBNS and IBNR reserves, excluding Border Claims and Guarantee fund handling costs which are determined by the Kosovo Insurance Bureau.

K. REVENUE RECOGNITION

Premium Income

General business written premiums comprise the premiums on contracts incepting in the financial year, irrespective of whether they relate in whole or in part to a later accounting period. Written premiums are disclosed gross of commission payable to intermediaries and exclude taxes based on premiums. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, using the daily pro - rata basis $1/365$, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract. However, the all the products in force by the Company have linear risk and no adjustments for variation of risks have been currently made.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

L. BENEFIT CLAIMS AND EXPENSES RECOGNITION

Loss and loss adjustment expenses

Loss and loss adjustment expenses and claims consists of benefits and claims paid to policyholders, as well as changes in the gross valuation of insurance and investment contract liabilities, except for gross changes in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling cost that are directly related to the processing and settlement of claims. Insurance claims are recorded on the basis of notifications received.

M. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

N. TERM DEPOSITS

Term deposits are stated in the statement of financial position at the amount of principal outstanding and are classified according to their maturities. Term deposits with maturities less than three months are classified as cash equivalents, those with maturities over three months are classified as investments in term deposits. Interest is calculated on an accrual basis.

O. SHARE CAPITAL

Share capital represents the nominal value of shares that have been issued. Shares are classified as equity when there is no obligation to transfer cash or other assets.

Accumulated losses

Accumulated losses include all prior period losses.

P. TAXATION

Corporate income tax

Effective from 5 August 2019 in accordance with Law no. 06/L-105 "On Corporate Income Tax", insurance companies are required to pay a corporate income tax at 10 % at their taxable profits. The tax rate on taxable corporate income is fixed at 10%.

Current tax is calculated on the basis of the expected taxable profit for the period starting from the effective date of the legislation. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

The tax expense for the period comprises current and deferred tax if any. Tax is recognized in profit or loss, except if it arises from transactions or events that are recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination. Taxes other than income taxes are recorded within operating expenses.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax base used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company has not recognized deferred tax assets/liability as at 31 December 2021 and 2020.

Interest income received by the Company is also liable to withholding tax at the rate of 10% (2020: 10%).

Q. EMPLOYEE BENEFITS

Retirement benefits cost

The Company makes no provision and has no obligation for employee pensions over and above the contributions paid into the state pension plan, Kosovo Pension Saving Trust (KPST).

R. PROVISIONS

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

S. LEASE LIABILITY

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

T. EXPENSES RECOGNITION

Operating expenses are recognized in profit or loss upon recognized of the service or as incurred.

Operating lease payments

Payments under operating leases are recognized in the profit or loss on a straight-line basis over the term of the lease.

Finance cost

Interest paid is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

U. COMMITMENTS AND CONTINGENCIES

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

The amount of a contingent loss is recognized as a provision if it is probable that future events will confirm that, a liability incurred as at the statement of financial position date and a reasonable estimate of the amount of the resulting loss can be made.

V. RELATED PARTY TRANSACTIONS

Related parties consist of shareholder and directors of the Company, together with entities which they control, who can exert significant influence over the operations and management of the Company. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

W. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period that provide additional information about the Company's position at the Statement of financial position date (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3. SIGNIFICANT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. Actual results may differ from those estimated. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Valuation of insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the Statement of financial position date and for the expected ultimate cost of claims incurred but not yet reported at the Statement of financial position date (IBNR). The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Impairment losses on premium receivables

The Company reviews its insurance and non-insurance receivables to assess impairment on at least an annual basis. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from an individual debtor. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtor.

Estimation of fair values of Investment Property

Company's investment properties are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Company works closely with external qualified appraisers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis etc.). Prices determined then by the appraisers are used by the Company without adjustment. Changes in the fair value of assets and their causes are analysed by the company management. Such valuations require the Company to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates, market prices etc. Information for the valuation of investment property is provided in note 5.b.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products offered, customers, investments and staffing and geographic region in which the Company has its parent. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

4. INSURANCE AND FINANCIAL RISK

A. Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

B. Regulatory framework

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy, solvency margin requirements) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

C. Reinsurance strategy

The majority of insurance business ceded is placed on an excess of loss basis and quota share. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is not dependent on a single reinsurer.

D. Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risk's mitigation program. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is excess of loss reinsurance and quota share which is taken out to limit the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Company principally issue following types of insurance contracts: motor third party liability insurance, health insurance, property insurance, professional indemnity insurance and other insurance contracts.

For motor third party liability insurance, the most significant risk are material and not material damages caused due to accidents. For property insurance and healthcare insurance most significant risks are: natural disaster, fire, terrorist activities, epidemics, medical science and technology improvements.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The maximum insurance retentions are 10% of the capital. The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

31 December 2021

	Gross Claim Reserves	Reinsurance part of claim reserves	Net Claim Reserves
	EUR'000	EUR'000	EUR'000
Motor Third party liability	5,297	460	4,837
Property insurance	40	-	40
Health insurance	252	-	252
Other Products	678	-	678
TOTAL	6,267	460	5,807

31 December 2020

	Gross Claim Reserves	Reinsurance part of claim reserves	Net Claim Reserves
	EUR'000	EUR'000	EUR'000
Motor Third party liability	4,242	634	3,608
Property insurance	54	-	54
Health insurance	118	-	118
Other Products	435	-	435
TOTAL	4,849	634	4,215

On 31 March 2020 the Company entered in the reinsurance agreement on Quota share on a clean-cut basis net of incurring reinsurance with maturity date 30 March 2021, subject to 30 days' notice of cancellation by either party. Subsequent to the year end the Company has extended the agreement until 30 March 2023. According, to the agreement, an outstanding loss portfolio entry equal to the Reinsurer's Share of the estimated amount outstanding in respect of unsettled claims (including IBNR) at that date in Euro, in respect of which the Reinsurer will also assume the Reinsurer's Share of all payments made by the Reinsured for claims occurring before the inception of a particular Annual Period but brought into account during such Annual Period. In the event of the expiration or termination of agreement, the reinsurance share of the gross Claim Reserves will be transferred to the Company.

Claim development

The following tables show the estimates of cumulative incurred claims, only claims notified for each successive accident year at each reporting date, together with cumulative payments to date.

Estimate of cumulative claims	- At end of accident year	- One year later	- Two years later	- Three years later	- Four years later	- Five years later	-Six years later	Total
2015	416	382	488	605	728	790	942	-
2016	1,812	2,034	2,862	3,724	4,536	5,464	-	-
2017	2,316	2,648	3,714	5,021	5,986	-	-	-
2018	3,336	3,977	5,546	7,271	-	-	-	-
2019	3,692	4,833	6,966	-	-	-	-	-
2020	3,838	5,478	-	-	-	-	-	-
2021	6,449	-	-	-	-	-	-	-
Estimate of cumulative claims	6,449	5,478	6,966	7,271	5,986	5,464	942	38,556
Cumulative payments	5,451	4,763	6,289	6,819	5,737	5,150	861	35,070
Amount of claim outstanding								3,486
KIB part	-	-	-	-	-	-	-	785
Amount recognized at statement of financial position	-	-	-	-	-	-	-	4,271

E. Credit risk

The Company has no significant concentration of credit risk. The Company has policies that limit the amount of credit exposure to any single counter party. The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of financial position.

	31 December 2021 EUR'000	31 December 2020 EUR'000
Cash and cash equivalents	2,037	1,156
Term deposits	13,574	10,705
Investments in securities	250	250
Insurance receivables	1,048	851
Receivables from related parties	112	1,408
Reinsurance assets	2,426	1,387
Other Assets	717	530
MAXIMUM EXPOSURES TO CREDIT RISK	20,164	16,287

Terms Deposits and Cash and cash equivalents. All term deposits and cash held in current account are with Republic of Kosovo licensed banks. However, exposure to a single bank should not exceed 30% of term deposits according to Company policy and CBK regulations.

Government Bonds. During the year the Company has invested in Government Bonds issued from Republic of Kosovo and are not rated.

Reinsurance Share of insurance liabilities. The Company has credit risk exposure related to reinsurance assets. The exposure related to reinsurance is with VIG Re which has credit rating A+ from Standard and Poor's.

Receivables from related parties

The company has a credit risk exposure with a related party, which as at 31 December 2021 owed the company EUR 112 thousand (31 December 2020: EUR 1,408 thousand).

Other Asset

Credit risk related to other assets is mainly related to advances to the Kosovo Insurance Bureau.

Insurance receivable. The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

The age structure of insurance receivables as of 31 December 2021 and 2020 is as follows:

	31 December 2021 EUR'000	31 December 2020 EUR'000
Up to 30 days	671	409
From 1 to 3 months	163	141
From 3 to 6 months	91	132
From 6 to 12 months	59	83
Over 1 year	240	187
Total	1,224	952
Less: impairment provision	(176)	(101)
INSURANCE RECEIVABLES, NET	1,048	851

	31 December 2021 EUR'000	31 December 2020 EUR'000
Neither Past due nor impaired	671	409
Past due but no impaired	377	442
Impaired	176	101
Less: impairment provision	(176)	(101)
INSURANCE RECEIVABLES, NET	1,048	851

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

	2021	2020
	EUR'000	EUR'000
At 1 January	101	59
Provision for impairment recognized during the year	110	53
Write off	(35)	(11)
At 31 December	176	101

F. Market Risk

The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Interest Rate Risk

The Company's exposure to interest risk relates to deposits placed in local commercial banks. Deposits are with the reputable banks. Outstanding claims and provision for unearned premiums are not directly sensitive to market interest rates because are not discounted and non-interest bearing.

31 December 2021	Up to six months EUR'000	6 months to one year EUR'000	Over one Year EUR'000	Non-interest bearing EUR'000	Total EUR'000
Cash and cash equivalents	-	-	-	2,037	2,037
Term deposits	785	3,180	9,288	321	13,574
Investments in securities	-	-	250	-	250
Insurance receivables	-	-	-	1,048	1,048
Reinsurance assets	-	-	-	2,426	2,426
Other Assets	-	-	-	717	717
Total	785	3,180	9,538	6,549	20,052
Gross claim reserve	-	-	-	6,279	6,279
Lease Liability	46	46	113	-	205
Insurance and other liabilities	-	-	-	2,518	2,518
Total	46	46	113	8,797	9,002

31 December 2020	Up to six months EUR'000	6 months to one year EUR'000	Over one Year EUR'000	Non-interest bearing EUR'000	Total EUR'000
Cash and cash equivalents	-	-	-	1,156	1,156
Term deposits	1,251	2,150	6,985	319	10,705
Investments in securities	-	-	250	-	250
Insurance receivables	-	-	-	851	851
Receivables from related parties	-	-	1,408	-	1,408
Reinsurance assets	-	-	-	1,387	1,387
Other Assets	-	-	-	530	530
Total	1,251	2,150	8,643	4,243	16,287
Gross claim reserve	-	-	-	4,849	4,849
Lease Liability	57	50	205	-	312
Insurance and other liabilities	-	-	-	1,150	1,150
Total	57	50	205	5,999	6,311

Foreign currency risk

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

G. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, then, availability of funds through adequate credit facilities and ability to collect timely, within the terms established the amounts due from the deposits.

31 December 2021	Up to six months EUR'000	6 months to one year EUR'000	Over one Year EUR'000	Total EUR'000
Cash and cash equivalents	2,037	-	-	2,037
Term deposits	785	3,180	9,609	13,574
Investments in securities	-	-	250	250
Insurance receivables	1,048	-	-	1,048
Receivables from related parties	-	-	112	112
Reinsurance assets	2,426	-	-	2,426
Other Assets	717	-	-	717
Total	7,013	3,180	9,971	20,164
Gross claim reserves	6,279	-	-	6,279
Lease Liabilities	46	46	113	205
Insurance and other liabilities	2,518	-	-	2,518
Total	8,843	46	113	9,002
31 December 2020	Up to six months EUR'000	6 months to one year EUR'000	Over one Year EUR'000	Total EUR'000
Cash and cash equivalents	1,156	-	-	1,156
Term deposits	1,251	2,150	7,304	10,705
Investments in securities	-	-	250	250
Insurance receivables	851	-	-	851
Receivables from related parties	-	-	1,408	1,408
Reinsurance assets	1,387	-	-	1,387
Other Assets	530	-	-	530
Total	5,175	2,150	8,962	16,287
Gross claim reserves	4,849	-	-	4,849
Lease Liabilities	57	50	205	312
Insurance and other liabilities	1,150	-	-	1,150
Total	6,056	50	205	6,311

H. Capital risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company is subject to minimum capital requirements. The capital requirements are monitored from Central Bank of Republic of Kosovo (CBK). As at 31 December 2021 the Company was in Compliance with capital requirements.

	31 December 2021 EUR'000	31 December 2020 EUR'000
Available Capital according to CBK Regulation	7,384	4,960
Minimum required capital	3,200	3,200
Surplus/(Deficit)	4,184	1,760

5. FAIR VALUE ESTIMATION

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values have been based on management assumptions according to the profile of the asset and liability base.

A. Financial and insurance instruments measured at fair value

The financial assets measured according to the fair value in the statement of financial position are presented in accordance with the hierarchy of the fair value. This hierarchy Company's financial assets and liabilities into three levels that are based on the significance of the incoming data used during the measurement of the fair value of the financial assets:

- **Level 1:** quoted prices (not adjusted) on the active markets for identical assets or liabilities;
- **Level 2:** other incoming data, aside from the quoted prices, included in Level 1 which are available for asset or liability observing, directly (i.e. as prices), or indirectly (i.e. made of prices) and
- **Level 3:** incoming data on the asset or liability that are not based on data available for market observing.

As of the reporting dates, the Company does not have financial instruments measured at fair value.

Financial assets not measured at fair value

The difference between carrying value and fair value of those financial assets and liabilities which are not presented in the Statement of financial position at their fair value are as follows:

	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR'000	EUR'000	EUR'000	EUR'000
Cash and cash equivalents	2,037	2,037	1,156	1,156
Term deposits	13,574	13,574	10,705	10,705
Investments in securities	250	250	250	250
Insurance receivables	1,048	1,048	851	851
Receivables from related parties	112	112	1,408	1,408
Reinsurance assets	2,426	2,426	1,387	1,387
Other Assets	717	717	530	530
Total	20,164	20,164	16,287	16,287
Gross claim reserves	6,279	6,279	4,849	4,849
Lease Liabilities	205	205	312	312
Insurance and other payables	2,518	2,518	1,150	1,150
Total	9,002	9,002	6,311	6,311

The management assessed that cash and term deposits, insurance receivables, other payable and claim provisions approximate their carrying amounts largely due to the short-term maturities of these instruments.

B. Fair value measurement of non-financial assets

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. The Company classified land in the level 2.

31 December 2021	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
Land	-	1,838	-	1,838
TOTAL NON-FINANCIAL ASSETS	-	1,838	-	1,838
31 December 2020	Level 1	Level 2	Level 3	Total
Land	-	1,838	-	1,838
TOTAL NON-FINANCIAL ASSETS	-	1,838	-	1,838

Valuation techniques used to determine level 2 and level 3 fair values

The company obtains independent valuations for its investment properties at least annually and for its freehold land.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalized income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

The level 2 fair value of land has been derived using the sales comparison approach. The key inputs under this approach are the price per square meter from current year sales of comparable lots of land in the area (location and size).

The calculation of fair value of land is done using price per square meter of the land in the same area:

			31 December 2021 EUR'000	31 December 2020 EUR'000
Total square meters	Price per Square meter	Location		
11,486	EUR 160	Hajvali, Pristina	1,838	1,838
			1,838	1,838

6 CASH AND CASH EQUIVALENTS

	31 December 2021 EUR'000	31 December 2020 EUR'000
Current accounts with local banks	2,037	1,156
TOTAL CASH AND CASH EQUIVALENTS	2,037	1,156

Cash and cash equivalent represent cash held in bank current accounts.

7 TERM DEPOSITS

	31 December 2021 EUR'000	31 December 2020 EUR'000
Term Deposits with local commercial banks	13,254	10,386
Central Bank of Kosovo	320	319
TOTAL TERM DEPOSITS	13,574	10,705

Maturity of deposits	2021 EUR'000	2020 EUR'000
Due within one year	3,830	3,401
Due after one year	9,744	7,304
TOTAL TERM DEPOSITS	13,574	10,705

Term deposits carry interest rates in the range from 1.60% to 2.75% per annum. (2020: 1.96% to 2.75%).

8 INVESTMENTS IN SECURITIES

	31 December 2021 EUR'000	31 December 2020 EUR'000
Government Bonds	250	250
TOTAL INVESTMENTS IN SECURITIES	250	250

The Kosovo government bonds with maturity to 5 years have yield to maturity 2.43%.

9 INSURANCE RECEIVABLES

	31 December 2021 EUR'000	31 December 2020 EUR'000
Receivables for compulsory products	194	104
Receivables for voluntary products	1,025	842
Receivable from Kosovo Insurance Bureau	5	6
	1,224	952
Less: Impairment provision	(176)	(101)
INSURANCE RECEIVABLES, NET	1,048	851

Insurance receivable are amount due from customers for insurance premium for insurance contracts sold during the ordinary course of business. Collection of amounts is expected in one year or less. For insurance receivable aging and movement in impairment provision refer to note 4E.

10 RECEIVABLES FROM RELATED PARTIES

	31 December 2021 EUR'000	31 December 2020 EUR'000
Asomeo Environmental Restoration Industry LLC	-	1,315
Interest receivable from loan given	112	93
TOTAL	112	1,408

11 DEFERRED ACQUISITION COSTS

The Company classifies the following expenses as deferred acquisition costs.

	31 December 2021 EUR'000	31 December 2020 EUR'000
Agents salary and related costs	579	449
Provision to CBK	84	65
TOTAL DEFERRED ACQUISITION COST	663	514

12 PROPERTY AND EQUIPMENT

	Equipment EUR'000	Furniture EUR'000	Vehicles EUR'000	Leasehold Improvements EUR'000	Total EUR'000
At 1 January 2020					
Cost	185	207	255	510	1,157
Additions	20	8	108	16	152
At 31 December 2020	205	215	363	526	1,309
Additions	8	41	87	20	156
At 31 December 2021	213	256	450	546	1,465
Accumulated Depreciation					
At 1 January 2020	(142)	(141)	(155)	(225)	(663)
Charge for the year	(23)	(25)	(49)	(69)	(166)
At 31 December 2020	(165)	(166)	(204)	(294)	(829)
Charge for the year 2021	(16)	(22)	(63)	(69)	(170)
At 31 December 2021	(181)	(188)	(267)	(363)	(999)
Net book value at:					
31 December 2020	40	49	159	232	480
31 December 2021	32	68	183	183	466

As of 31 December 2021 and 2020, the Company has no equipment pledged as collateral. All assets are used for Company's operating activities.

13 LEASES

13(a) Amounts recognised in statement of financial position:

Right of use of assets:

	31 December 2021 EUR'000	31 December 2020 EUR'000
Offices	199	297
TOTAL RIGHT OF USE OF ASSETS	199	297

13 (b) Lease liabilities:

	31 December 2021 EUR'000	31 December 2020 EUR'000
Current	92	107
Non-Current	113	205
TOTAL LEASE LIABILITY	205	312

13 (c) Amounts recognised in the statement of profit and loss:

	31 December 2021 EUR'000	31 December 2020 EUR'000
Depreciation	127	136
Interest expense	14	19
TOTAL	141	155

The Company leases its offices and branches. Rental contracts are typically made for fixed of 1 to 5 years.

The company has used a 5.74% discount rate and applied to all lease contracts. The present value of lease payments is presented in the table below;

31 December 2021	Up to 1 year EUR '000	1 to 2 years EUR '000	2 to 3 years EUR '000	Over 3 years EUR '000	Total EUR '000
Lease payments	100	71	48	-	218
Finance charges	(8)	(4)	(1)	-	(13)
Net present values	93	67	47	-	205

31 December 2020	Up to 1 year EUR '000	1 to 2 years EUR '000	2 to 3 years EUR '000	Over 3 years EUR '000	Total EUR '000
Lease payments	121	90	76	54	341
Finance charges	(14)	(9)	(5)	(1)	(29)
Net present values	107	81	71	53	312

14 INVESTMENT PROPERTY

	31 December 2021 EUR'000	31 December 2020 EUR'000
Land	1,838	1,838
TOTAL INVESTMENT PROPERTY	1,838	1,838

Investment properties include land which is held for capital appreciation and is carried at fair value. Refer to note 5B for valuation of investment properties. There was no significant change in fair value of the investment properties during the year ended 31 December 2021.

15 INTANGIBLE ASSETS

	Software EUR'000	Other Intangible Assets EUR'000	Total EUR'000
Cost			
At 1 January 2020	406	-	406
Additions	138	-	138
At 31 December 2020	544	-	544
Additions	153	50	203
At 31 December 2021	697	50	747
Accumulated Amortization			
At 1 January 2020	(178)	-	(178)
Charge for the year	(91)	-	(91)
At 31 December 2020	(269)	-	(269)
Charge for the year	(111)	-	(111)
At 31 December 2021	(380)	-	(380)
Net book value			
31 December 2020	275	-	275
31 December 2021	317	50	367

16 REINSURANCE ASSETS

	2021 EUR'000	2020 EUR'000
Reinsurance shares of insurance liability	460	634
Reinsurance commission receivables -Quota share	1,873	751
Reinsurance part in unearned premium reserves	93	2
TOTAL REINSURANCE ASSETS	2,426	1,387

17 OTHER ASSETS

	31 December 2021 EUR'000	31 December 2020 EUR'000
KIB-Compensation Fund-Advances related to claims	237	325
Kosovo Insurance Bureau-Advances related to claims	87	-
Advances paid based on MoU	248	125
Prepayments to suppliers	36	35
Advances to employees	27	10
Kosovo Insurance Bureau- VAT Advances	78	30
Prepaid rent	4	5
TOTAL OTHER ASSETS	717	530

Advances paid based on memorandum of understanding represents the cash deposited (in form of Guarantee) by each insurance company in Raiffeisen Bank Kosovo. The amount of EUR 1,500 thousand was divided between 12 insurance companies, EUR 125 thousand each of them. The cash amount deposited is a result of the "Memorandum of Understanding" between the Association of Serbian Insurers and the Kosovo Insurance Bureau as authorized entities responsible for vehicle insurance issues in the jurisdiction of each Party with facilitation of the Council of Bureau and on the Mutual Recognition of Motor Third Party Liability Insurance (MTPL) and arrangements for the processing and payment of claims.

During 2021 an additional amount of EUR 1,350 thousand was divided between 11 insurance companies, EUR 123 thousand each of them through a Kosovo Insurance Bureau decision.

18 SHARE CAPITAL

As at 31 December 2021 and 2020 the Company is 100% owned by Fundway LLC. The share capital is composed from:

	31 December 2021 EUR'000	31 December 2020 EUR'000
Paid share capital in cash	5,000	5,000
Contribution in kind -Land (Note 14 Investment Properties)	1,838	1,838
TOTAL SHARE CAPITAL	6,838	6,838

Subsequent to year end the Company request to reduce the share capital in amount of EUR 1,300 thousand was approved by the Central Bank of the Republic of Kosovo on 25 January 2022

Dividends

During 2021, the Company declared and paid dividends in the amount of EUR 1,100 thousand. The dividends were approved by the Regulator.

19 GROSS CLAIM RESERVES

	2021 EUR'000	2020 EUR'000
Reported but not settled claims (RBNS)	4,271	2,918
Incurred but not yet reported claims (IBNR)	1,842	1,792
Claim handling costs	154	127
Guarantee Fund	12	12
TOTAL GROSS CLAIM RESERVES AT 31 DECEMBER	6,279	4,849

	2021 EUR'000	2020 EUR'000
As at 1 January	4,849	4,474
Losses and loss adjustment expenses incurred	7,169	4,158
Reinsurers' share in claims incurred	(1,670)	(916)
Claims paid gross	(5,739)	(3,783)
Recovered by reinsurance	1,844	282
Net insurance liabilities for losses and loss adjustment expenses as at 31 December	6,453	4,215
Reinsurance recoverable	(174)	634
GROSS CLAIM RESERVES	6,279	4,849

Included in gross claim reserves are reserves for border insurance and Compensation fund in amount of EUR 920 thousand as at 31 December 2021 (31 December 2020: EUR 999 thousand).

20 GROSS PREMIUM RESERVES

Gross Premium reserves are composed from unearned premiums and unexpired risks reserves. In the table below UPR and URR based on business lines is presented:

31 December 2021

	UPR EUR'000	URR EUR'000	Premium reserves EUR'000	Reinsurer UPR EUR'000	Net UPR EUR'000
Motoric	3,522	-	3,522	-	3,522
Travel Health Insurance	496	-	495	-	495
Fire & Property Insurance	212	33	245	(4)	239
Border premiums – KIB	62	13	75	-	75
Other products	1,451	28	1,480	(89)	1,391
Total	5,743	74	5,817	(93)	5,723

31 December 2020

	UPR EUR'000	URR EUR'000	Premium reserves EUR'000	Reinsurer UPR EUR'000	Net UPR EUR'000
Motoric	3,079	4	3,083	-	3,083
Travel Health Insurance	154	-	154	-	154
Fire & Property Insurance	169	-	169	-	169
Border premiums – KIB	44	22	66	-	66
Other products	1,179	68	1,247	(2)	1,245
Total	4,625	94	4,719	(2)	4,717

21 INSURANCE AND OTHER LIABILITIES

	31 December 2021 EUR'000	31 December 2020 EUR'000
Trade payables	155	105
Agents commission payables	35	23
VAT payable	192	134
Social and health contributions	21	18
Withholding tax on salary	15	14
Payables to employees	67	21
Other payables	7	13
TOTAL INSURANCE AND OTHER LIABILITIES	492	328
Reinsurance Quota Share-Premium	1,926	794
Reinsurance	100	28
TOTAL INSURANCE AND OTHER LIABILITIES	2,518	1,150

22 GROSS WRITTEN PREMIUMS

	2021 EUR'000	2020 EUR'000
Motoric	7,680	6,545
Travel Health Insurance	2,990	2,229
Fire & Property Insurance	375	295
Border premiums KIB	728	442
Other products	917	641
TOTAL GROSS WRITTEN PREMIUM	12,690	10,152

23 PREMIUM CEDED TO REINSURERS

	2021 EUR'000	2020 EUR'000
TPL	27	83
Fire & Special Perils Insurance	105	82
Professional Liability Insurance	120	23
TPL Quota Share	1,196	794
TOTAL PREMIUM CEDED TO REINSURANCE	1,448	982

24 REINSURANCE COMMISSION

	2021 EUR'000	2020 EUR'000
Reinsurance Commission MTPL	731	468
TOTAL COMMISSION OF REINSURANCE	731	468

25 OTHER INCOME

	2021 EUR'000	2020 EUR'000
Reimbursement of expenses from shareholder	-	93
Other income	321	111
TOTAL OTHER INCOME	321	204

During the year ended 31 December 2020 one of the ultimate shareholders of the Company, based on CBK decision from has paid back the total obligation of EUR 240 thousand.

26 SHARE OF EXPENSES TO KOSOVO INSURANCE BUREAU

The Kosovo Insurance Bureau ("KIB") administers the system to sell compulsory third party liability motor vehicle insurance ("CTPL") at the border of the Territory of Kosovo (the "pool") to drivers of foreign registered vehicles not in possession of such insurance, on behalf of all insurance companies licensed in republic of Kosovo. KIB remits to each insurance company monthly its share of the gross premiums received and their share of claim and administrative expenses. In addition, each insurance company is required to contribute to KIB for the Compensation Fund Kosovo ("CFK"). The role of CFK is to pay insurance claims related to accidents caused by uninsured vehicles, unknown vehicles or other specified events.

	2021 EUR'000	2020 EUR'000
Share of expenses to KIB	168	181
Contribution to compensation fund	390	223
Total	558	404

27 ADMINISTRATIVE EXPENSES

	2021 EUR'000	2020 EUR'000
Salaries	1,394	1,286
Rent expenses	138	107
Marketing expenses	95	31
CBK charges	186	145
Other expenses	70	139
Utilities	106	85
IT Expenses	40	36
Office expenses	86	109
Printing Expenses	22	25
Social contribution expenses	69	64
Professional services	107	46
Repairs and Maintenance	45	41
Bad Debt Provision	110	53
License expenses	8	11
Representation expenses	37	11
CBK penalty	3	65
Official travel expenses	5	8
TOTAL ADMINISTRATIVE EXPENSES	2,521	2,262

28 PREMIUM AND INCOME TAX

	2021 EUR'000	2020 EUR'000
Deferred tax	-	138
Income tax	292	186
TOTAL INCOME TAX	292	324

Income tax. Insurance Companies are liable to tax on profit with the new Law no. 06/L-105 "On Corporate Income Tax" which is effective from 5 August 2019. In accordance with the Law insurance companies are required to pay the corporate income tax at 10 % at their taxable profits. The reconciliation of accounting profit with income tax expenses is presented below:

	2021 EUR'000	2020 EUR'000
Profit for the year for the period	1,593	2,507
Tax rate at 10%	159	251
Tax effect of amounts which are not deductible (taxable) and taxable in calculating taxable income	183	212
Tax losses carried forward	-	(77)
Prior year adjustment	-	(62)
Sponsorship	(50)	-
Income Tax Expense/(Credit)	292	324

29 COMMITMENTS AND CONTINGENCY

Litigation

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

As at 31 December 2021 there are 339 legal cases, with reserve in the amount of EUR 1,377 mil (31 December 2020: 260 legal cases with reserve EUR 1,131 mil).

The Company's Management regularly analyses potential risks resulting from losses regarding legal proceedings, along with proceedings and possible receivables aimed against the Company, which may arise in the future. Although the outcome of these matters cannot always be ascertained with precision, the management of the Company believes that no material liabilities above the provisions reserved is likely to occur.

Tax liabilities

The Company's financial statements for the years ended 31 December 2014 to 2021 are subject to inspection by local tax authorities. The Company has followed all tax rules and regulations in calculating tax liabilities, however tax interpretations as per tax authorities may differ from those used by the Company.

30 RELATED PARTY TRANSACTIONS

A party is related to an entity if, directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the entity, the party has an interest in the entity that gives it significant influence over the entity, the party has joint control over the entity, the party is an associate or the party is a member of the key management personnel of the entity or its parent.

The Company has related party transactions during the normal course of business activities. The table below presents the volume and balances from the related party transactions as of and for the years ended 31 December 2021 and 2020.

	2021 EUR'000	2020 EUR'000
Remuneration for key-management and BoD	475	375
<i>Guarantee to parent company</i>		
FUNDWAY LLC	-	1,055
<i>Loans to other related entities</i>		
Asomeo Environmental Restoration Industry LLC	112	1,408
Total	587	2,838

31 EVENTS AFTER THE REPORTING DATE

The Company request to reduce the share capital in amount of EUR 1,300 thousand and the same request was approved by the Central Bank of the Republic of Kosovo on 25 January 2022. As the date of this report the share capital of the Company is EUR 5,538 thousand.

There are no other significant events after the statement of financial position date that may require adjustment or disclosure in the financial statements.

ANNEX I

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 DECEMBER 2021

1 TABLE 1 -SOLVENCY MARGIN

Table for Solvency Calculation		2020	2021
		EUR'000	EUR'000
1	Table of reserves for claims		
1.1	Requirements for outstanding claims at the beginning of the period	4,474	4,849
1.2	Paid claims	3,783	5,739
1.3	Requirements for outstanding claims at the end of the period	4,849	6,279
1.4	Incurred losses (1.2 + 1.3) - 1.1	4,158	7,169
1.5	Average of incurred losses	4,124	5,381
		-	
2	Table of part of reinsurer requirements	-	
2.1	Part of reinsurance for pending claims at the beginning of the period	-	630
2.2	Accepted reinsurance	-	1,496
2.3	Part of reinsurance for pending claims at the end of the period	634	460
2.4	Part of reinsurance for incurred claims	634	1,326
		-	
2.5	Net incurred losses (held claims)	4,158	5,673
2.6	Holding level	100%	79.1%
2.7	Average of holding level	100%	79.1%
		-	
3	Based on premiums		2021
3.1	Gross written premiums	10,152	12,690
3.2	Change of premiums	(170)	(1,007)
3.3	For Q1: 11,12,13 increase of premium for 50%	-	
3.4	Others (tax & reinsurance)		
3.5	Total	9,982	11,683
3.6	First layer (fixed to 10 million)	10,000	10,000
3.7	Second layer (more than 10 million)	-	-
3.8	Percentage of the first layer (fixed)	18%	18%
3.9	Percentage of the second layer (fixed)	16%	16%
3.10	Result based on premiums	1,797	1,664
3.11	Holding level	100%	79%
3.12	Result of solvency based on premiums	1,797	1,664
		-	
4	Based on claims	-	
4.1	Incurred gross claims (see table of claims)	4,158	7,169
4.2	First layer (fixed)	7,000	7,000
4.3	Second layer	-	
4.4	Percentage of the first layer (fixed)	26%	26%
4.5	Percentage of the second layer (fixed)	23%	23%
4.6	Sum of the first layer	1,166	1,165
4.7	Net and gross incurred claims ratio	100%	79%
4.8	Minimum percentage	50%	50%
5	Result of solvency based on claims	1,166	1,165

5	Required Solvency	2020	2021
5.1	Based on premiums	1,797	1,664
5.2	Based on claims	1,167	1,165
5.3	Required solvency	1,797	1,664
5.4	Required solvency for the previous year	1,797	1,797
5.5	Solvency based on growth of 150%	2,695	2,695

2 **TABEL 2 -CAPITAL CALCULATION**

Table for Capital calculation		2020	2021
		EUR'000	EUR'000
I	CHARTER CAPITAL	7,183	6,905
1	Paid share capital of insurers in cash	5,000	5,000
2	Capital reserves (reserves recognized by law and free reserves), Accumulated profits transferred after the deduction of dividends to be paid	-	-
3		2,183	1,905
II	DEDUCTIBLE ELEMENTS FROM CHARTER CAPITAL	(479)	-
1	Repurchased own shares	-	-
2	Investments in intangible (non-material) assets;	-	-
3	Transferred losses and losses of the current year;	(479)	-
4	Difference between reserves for discounted and undiscounted	-	-
III	SUPPLEMENTARY CAPITAL	1,347	1,348
	Share capital of the insurer, consisting of preferential shares issuance according to their nominal amount paid in cash in insurer equity	-	-
1		-	-
2	Subordinated debt Instruments,	-	-
3	Capital reserves linked to preferential share	-	-
4	Other elements	1,347	1,348
IV	REGULATORY CAPITAL, (I - II + III)	8,051	8,254
V	DEDUCTIBLE ELEMNTS IN CAPITAL CALCULATION	-	-
1	Participations or possessions in ownership of other companies	-	-
2	Investments in subordinated debt instruments	-	-
VI	NON-LIQUID ASSETS	3,091	870
1	Premiums receivable and debtors from the reinsurance for more than 90 days	301	391
2	Borrowings and receivables with related parties	1,408	-
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	51	-
6	Other assets, not excluded from any responsibility or liability	1,055	-
7	Other assets which are not easily convertible into cash	-	-
8	Intangible assets	276	367
9	Other	-	112
VII	NET PROPERTY - AVAILABLE CAPITAL (IV - V - VI)	4,960	7,384
VIII	GUARANTEE FUND ACCORDING TO THE LAW	3,200	3,200
IX	REQUEST FOR CAPITAL ACCORDING TO THE GUARANTEE FUND	1,760	4,184
X	REQUEST FOR SOLVENCY COVERAGE	2,265	4,689
XI	FINAL REQUEST FOR CAPITAL GROWTH	-	-

3 TABEL 3 ASSETS / INVESTMENTS IN COVERING TECHNICAL PROVISIONS

No	Assets / Investments in covering technical provisions	Actual amount invested EUR'000	% Of assets allowed to cover technical provisions	The amount allowed by regulation EUR'000
1	Deposits in banks licensed in Kosovo over 3 months, (excluding the charter capital)	10,723*	Unlimited	10,723
2	Government securities	250		250
3	Land and Buildings	1,838	20% In total	1,210
4.2	Current accounts	2,037		363
4.1	Cash in hand			
4	Cash and cash equivalents	2,037	3%	363
5	Accounts receivable from reinsurance, net of liabilities		Unlimited	-
6.1	With credit rating <BBB			
6	The reinsurer's share in technical provisions, net of liabilities	460		460
7	Estimated investment interests	136	5%	136
8	Accounts receivable from the insurance activities, up to 90 days	834	Up to 20% of UPR	834
9	Other fixed assets, different from point 3.	282	5%	282
10	Total investments covering technical provisions	16,560		14,257

No.	Technical Provisions	2021 EUR'000
1	Provisions for unearned premium and unsuccessful risk	5,817
2	Provisions for Loss and Loss adjustments	6,279
3	Other technical provisions	-
4	Total amount required to cover technical provisions	12,096
5	Assets covering technical provisions	14,257
6	Total technical provisions	12,096
7	Difference (5-6)	2,161
8	Coverage (5/6)	100%
9	Required coverage according to regulation (6*100%)	12,096
10	Surplus of assets (5-9)	2,161

* Included in deposits is the amount of EUR 248 thousand which is referred as the Deposit for green card (KIB) and presented under note 17 other assets.

*Included in the deposits is also the amount of EUR 237 thousand of prepayment to Compensation fund (KIB) and presented under note 17 other assets.

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