



Financial Statements and Independent Auditor's
Report

EUROLINK Insurance Inc. Skopje

31 December 2023

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Independent Auditor's Report

To the Shareholders of
Eurolink Osiguruvanje AD Skopje

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Report on financial statements

We have audited the accompanying financial statements of Eurolink Osiguruvanje AD Skopje ("the Company"), which comprise the Statement of financial position (Balance Sheet) as at 31 December 2023, and the Statement of comprehensive income (Income Statement), Statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, included on pages 3 to 85.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulation of the Insurance Supervision Agency of the Republic of North Macedonia, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards accepted in the Republic of North Macedonia¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Eurolink Osiguruvanje AD Skopje as of 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the regulation of the Insurance Supervision Agency of the Republic of North Macedonia.

¹ International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no.79 from 2010.

Report on other legal and regulatory matters

Company's management is responsible for the preparation of the Annual Report for the Company's operations for 2023 in accordance with Article 384 of the Law on Trade Companies. Our responsibility is to express an opinion whether the Annual Report for the Company's operations is consistent with the historical financial information disclosed in the annual accounts and the audited financial statements of the Company as at and for the year ended 31 December 2023, in accordance with auditing standards accepted in the Republic of North Macedonia², and the requirements of Article 34, paragraph 1, point (d) of the Law on Audit.

In our opinion, the historical financial information disclosed in the Annual Report for the Company's operations as at and for the year ended 31 December 2023, are consistent, in all material respects, with the historical financial information disclosed in the annual accounts and the audited financial statements as at and for the year ended 31 December 2023.


Suzana Stavrikj
Director
Grant Thornton Doo, Skopje



Biljana Mitrevska
Certified Auditor



Skopje, 05 March 2024

² International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no.79 from 2010.

Financial Statements
31 December 2023

Statement of financial position (Balance sheet)

As at 31.12.2023

In MKD

| Description | No. of Item | Note | Amount | |
|---|-------------|-------|----------------------|----------------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| ASSETS | | | | |
| A. INTANGIBLE ASSETS (002+003) | 001 | 2.1 | 4.737.456 | 2.879.886 |
| 1. Goodwill | 002 | | - | - |
| 2. Other intangible assets | 003 | | 4.737.456 | 2.879.886 |
| B. INVESTMENTS (005+013+021+041) | 004 | | 1.407.918.072 | 1.235.051.133 |
| I. LAND, BUILDINGS AND OTHER TANGIBLE ASSETS (006+009) | 005 | 2.2 | - | - |
| 1. Land and buildings used for Company's operations (007+008) | 006 | | - | - |
| 1.1 Land | 007 | | - | - |
| 1.2 Buildings | 008 | | - | - |
| 2. Land, buildings and other assets not used for Company's operations (010+011+012) | 009 | | - | - |
| 2.1 Land | 010 | | - | - |
| 2.2 Buildings | 011 | | - | - |
| 2.3 Other tangible assets | 012 | | - | - |
| II. FINANCIAL INVESTMENTS IN COMPANIES IN A GROUP – SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES (014+015+016+017+018+019+020) | 013 | 2.3 | 14.644.777 | 15.180.437 |
| 1. Shares, equity interests and other equity instruments of value in companies in a group – subsidiaries | 014 | | - | - |
| 2. Debt securities issued by companies in a group – subsidiaries and loans to companies in a group - subsidiaries | 015 | | - | - |
| 3. Shares, equity interests and other equity instruments in associates | 016 | | - | - |
| 4. Debt securities issued by associates and loans to associates | 017 | | - | - |
| 5. Other financial investments in companies in a group – subsidiaries | 018 | | - | - |
| 6. Other financial investments in associates | 019 | | - | - |
| 7. Investments in joint controlled entities | 020 | | 14.644.777 | 15.180.437 |
| III. OTHER FINANCIAL INVESTMENTS (022+025+030+035+040) | 021 | 2.4 | 1.393.273.295 | 1.219.870.696 |
| 1. FINANCIAL INVESTMENTS HELD TO MATURITY (023+024) | 022 | 2.4.1 | 664.702.702 | 449.796.213 |
| 1.1 Debt securities with maturity up to one year | 023 | | 138.861.282 | - |

See accompanying notes to the financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2023

| Statement of financial position (Balance sheet) (continued) | | | In MKD | |
|---|-------------|-------|--------------------|--------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 1.2 Debt securities with maturity over one year | 024 | | 525.841.420 | 449.796.213 |
| 2. Financial investments available-for-sale (026+027+028+029) | 025 | 2.4.2 | 229.528.888 | 192.927.352 |
| 2.1 Debt securities with maturity up to one year | 026 | | - | - |
| 2.2 Debt securities with maturity over one year | 027 | | - | - |
| 2.3 Shares, equity interests and other equity instruments | 028 | | - | 2.100.000 |
| 2.4 Shares and equity interests in investment funds | 029 | | 229.528.888 | 190.827.352 |
| 3. Financial investments for trading (031+032+033+034) | 030 | 2.4.3 | 62.797.162 | 58.398.417 |
| 3.1 Debt securities with maturity up to one year | 031 | | - | - |
| 3.2 Debt securities with maturity over one year | 032 | | - | - |
| 3.3 Shares, equity interests and other equity instruments | 033 | | 50.278.297 | 45.914.060 |
| 3.4 Shares and equity interests in investment funds | 034 | | 12.518.865 | 12.484.357 |
| 4. Deposits, loans and other placements (036+037+038+039) | 035 | 2.4.4 | 436.244.543 | 518.748.714 |
| 4.1 Given deposits | 036 | | 436.244.543 | 518.748.714 |
| 4.2 Loans secured with mortgages | 037 | | - | - |
| 4.3 Other loans | 038 | | - | - |
| 4.4 Other placements | 039 | | - | - |
| 5. Derivative financial instruments | 040 | | - | - |
| IV. DEPOSITS OF REINSURANCE COMPANIES AT CEDENTS, BASED ON REINSURANCE CONTRACTS | 041 | | - | - |
| C. PART FOR CO-INSURANCE AND REINSURANCE IN GROSS TECHNICAL PROVISIONS (043+044+045+046+047+048+049) | 042 | 2.5 | 118.901.552 | 136.380.551 |
| 1. Part for co-insurance and reinsurance in gross unearned premium reserve | 043 | | 64.515.498 | 91.031.824 |
| 2. Part for co-insurance and reinsurance in gross mathematical reserve | 044 | | - | - |
| 3. Part for co-insurance and reinsurance in gross claims reserve | 045 | | 54.386.054 | 45.348.727 |
| 4. Part for co-insurance and reinsurance in gross reserves for bonuses and discounts | 046 | | - | - |
| 5. Part for co-insurance and reinsurance in gross equalization reserve | 047 | | - | - |

See accompanying notes to the financial statements

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Financial Statements
31 December 2023

| Statement of financial position (Balance sheet) (continued) | | | In MKD | |
|--|-------------|------|--------------------|--------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 6. Part for co-insurance and reinsurance in other gross technical provisions | 048 | | - | - |
| 7. Part for co-insurance and reinsurance in gross technical provisions for life insurance where the insurer takes over the investment risk | 049 | | - | - |
| D. FINANCIAL INVESTMENTS WHERE THE INSURER TAKES OVER THE INVESTMENT RISK (INSURANCE CONTRACTS) | 050 | | - | - |
| E. DEFERRRED AND CURRENT TAX ASSETS (052+053) | 051 | 2.6 | 2.191.353 | 2.982.315 |
| 1. Deferred tax assets | 052 | | 2.187.716 | 2.678.813 |
| 2. Current tax assets | 053 | | 3.637 | 303.502 |
| F. RECEIVABLES (055+059+063+067) | 054 | 2.7 | 324.701.277 | 345.158.058 |
| I. RECEIVABLES FROM DIRECT INSURANCE WORKS (056+057+058) | 055 | | 303.285.394 | 326.470.052 |
| 1. Receivables from insurers | 056 | | 303.285.394 | 326.470.052 |
| 2. Receivables from agents | 057 | | - | - |
| 3. Other receivables from direct insurance works | 058 | | - | - |
| II. RECEIVABLES FROM DIRECT CO-INSURANCE AND REINSURANCE WORKS (060+061+062) | 059 | | - | - |
| 1. Receivables from co-insurance and reinsurance premium | 060 | | - | - |
| 2. Receivables from participation in claims fees from co-insurance and reinsurance | 061 | | - | - |
| 3. Other receivables from co-insurance and reinsurance works | 062 | | - | - |
| III. OTHER RECEIVABLES (064+065+066) | 063 | | 21.415.883 | 18.688.006 |
| 1. Other receivables from direct insurance works | 064 | | 10.513.158 | 7.559.590 |
| 2. Receivables from financial investments | 065 | | 9.286.950 | 8.427.033 |
| 3. Other receivables | 066 | | 1.615.775 | 2.701.383 |
| IV. RECEIVABLES BASED ON SUBSCRIBED BUT NOT PAID CAPITAL | 067 | | - | - |
| G. OTHER ASSETS (069+072+077) | 068 | | 51.095.694 | 39.798.252 |
| I. TANGIBLE ASSETS USED FOR OPERATIONS (OTHER THAN LAND AND BUILDINGS) (070+071) | 069 | 2.8 | 13.644.967 | 7.557.963 |
| 1. Equipment | 070 | | 12.808.604 | 6.721.600 |
| 2. Other tangible assets | 071 | | 836.363 | 836.363 |

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Financial Statements
31 December 2023

| Statement of financial position (Balance sheet) (continued) | | | In MKD | |
|--|-------------|------|----------------------|----------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| II. CASH AND OTHER CASH EQUIVALENTS (073+074+075+076) | 072 | 2.9 | 37.450.727 | 32.240.289 |
| 1. Cash in banks | 073 | | 37.090.453 | 31.903.870 |
| 2. Cash on hand | 074 | | 360.274 | 336.419 |
| 3. Restricted cash to cover mathematical reserves | 075 | | - | - |
| 4. Other cash and cash equivalents | 076 | | - | - |
| III. INVENTORIES AND SMALL INVENTORY | 077 | | - | - |
| H. PREPAIDS (079+080+081) | 078 | 2.10 | 108.624.263 | 98.117.850 |
| 1. Accrued income based on interest and rents | 079 | | - | - |
| 2. Deferred acquisition costs | 080 | | 85.617.735 | 78.643.355 |
| 3. Other accrued income and deferred expenses | 081 | | 23.006.528 | 19.474.495 |
| I. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS | 082 | | - | - |
| J. TOTAL ASSETS (A+B+C+D+E+F+G+H+I) | 083 | | 2.018.169.667 | 1.860.368.045 |
| K. OFF-BALANCE SHEET – ASSETS | 084 | 4 | 369.798.491 | 309.296.258 |
| LIABILITIES | | | | |
| A. EQUITY AND RESERVES (086+090+091+095+101-102+103-104) | 085 | 2.11 | 729.002.416 | 641.463.991 |
| I. SUBSCRIBED CAPITAL (087+088+089) | 086 | 2.11 | 195.326.080 | 195.326.080 |
| 1. Subscribed capital from ordinary shares | 087 | | 195.326.080 | 195.326.080 |
| 2. Subscribed capital from preference shares | 088 | | - | - |
| 3. Subscribed and non-paid-in capital | 089 | | - | - |
| II. PREMIUMS ON SHARES ISSUED | 090 | | - | - |
| III. REVALUATION RESERVES (092+093+094) | 091 | 2.11 | 1.375.999 | (9.997.732) |
| 1. Tangible assets | 092 | | - | - |
| 2. Financial investments | 093 | | 1.375.999 | (9.997.732) |
| 3. Other revaluation reserves | 094 | | - | - |
| IV. RESERVES (096+097+098-099+100) | 095 | 2.11 | 251.053.103 | 222.714.926 |
| 1. Legal reserves | 096 | | 251.053.103 | 222.714.926 |
| 2. Statutory reserves | 097 | | - | - |
| 3. Reserves for treasury shares | 098 | | - | - |

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Financial Statements
31 December 2023

| Statement of financial position (Balance sheet) (continued) | | | In MKD | |
|---|-------------|------|----------------------|----------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 4. Purchase of treasury shares | 099 | | - | - |
| 5. Other reserves | 100 | | - | - |
| V. RETAINED EARNINGS, NET | 101 | | 185.082.540 | 148.406.186 |
| VI. LOSSES CARRIED FORWARD | 102 | | - | - |
| VII. PROFIT FOR THE CURRENT ACCOUNTING PERIOD | 103 | | 96.164.694 | 85.014.531 |
| VIII. LOSS FOR THE CURRENT ACCOUNTING PERIOD | 104 | | - | - |
| B. SUBORDINATED LIABILITIES | 105 | | - | - |
| C. GROSS TECHNICAL PROVISIONS (107+108+109+110+111+112) | 106 | 2.12 | 1.150.435.038 | 1.083.665.813 |
| I. Gross unearned premium reserves | 107 | | 554.889.224 | 539.102.316 |
| II. Gross mathematical reserve | 108 | | - | - |
| III. Gross claims reserve | 109 | | 583.210.369 | 532.677.524 |
| IV. Gross reserves for bonuses and discounts | 110 | | 3.735.445 | 11.885.973 |
| V. Gross equalization reserve | 111 | | - | - |
| VI. Gross other technical provisions | 112 | | 8.600.000 | - |
| D. GROSS TECHNICAL PROVISIONS RELATED TO CONTRACTS WHERE THE INSURER TAKES OVER THE INVESTMENT RISK | 113 | | - | - |
| E. OTHER RESERVES (115+116) | 114 | | 4.773.701 | 4.140.756 |
| 1. Reserves for employees | 115 | 2.13 | 4.773.701 | 4.140.756 |
| 2. Other reserves | 116 | | - | - |
| F. DEFERRED AND CURRENT TAX LIABILITIES (118+119) | 117 | 2.14 | 5.251.054 | 3.243.824 |
| 1. Deferred tax liabilities | 118 | | 2.769.040 | 1.744.663 |
| 2. Current tax liabilities | 119 | | 2.482.014 | 1.499.161 |
| G. LIABILITIES ARISING FROM DEPOSITS OF COMPANIES FOR REINSURANCE AT CEDENTS, BASED ON INSURANCE CONTRACTS | 120 | | - | - |
| H. LIABILITIES (122+126+130) | 121 | 2.15 | 46.337.538 | 50.073.737 |
| I. LIABILITIES FROM DIRECT INSURANCE WORKS (123+124+125) | 122 | | 219.765 | 2.034.517 |
| 1. Liabilities to insurers | 123 | | 162.429 | 2.010.327 |
| 2. Liabilities to agents | 124 | | - | - |

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| Statement of financial position (Balance sheet) (continued) | | | In MKD | |
|---|-------------|-------------|----------------------|----------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 3. Other liabilities from direct insurance works | 125 | | 57.336 | 24.190 |
| II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE WORKS (127+128+129) | 126 | | 11.955.391 | 19.307.579 |
| 1. Liabilities based on co-insurance and reinsurance premiums | 127 | | 11.955.391 | 19.307.579 |
| 2. Liabilities based on participation in coverage of claims | 128 | | - | - |
| 3. Other liabilities from co-insurance and reinsurance works | 129 | | - | - |
| III. OTHER LIABILITIES (131+132+133) | 130 | | 34.162.382 | 28.731.641 |
| 1. Other liabilities from direct insurance works | 131 | | 8.355.285 | 8.669.590 |
| 2. Liabilities from financial investments | 132 | | - | - |
| 3. Other liabilities | 133 | | 25.807.097 | 20.062.051 |
| I. ACCRUALS | 134 | 2.16 | 82.369.920 | 77.779.924 |
| J. NON-CURRENT LIABILITIES RELATED TO NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS | 135 | | - | - |
| K. TOTAL EQUITY AND LIABILITIES A+B+C+D+E+F+G+H+I+J | 136 | 4 | 2.018.169.667 | 1.860.368.045 |
| L. OFF-BALANCE SHEET - LIABILITIES | 137 | 4 | 369.798.491 | 309.296.258 |

These financial statements have been approved by the Supervisory Board of the Company on 27 February 2024.

Signed on its behalf by:


Mrs. Marija Tomeska
 President of Management Board




Mrs. Pavlina Velkova
 Director of Accounting Department
 licence no. 0100365


Mrs. Maja Bogdanovska-Stojanoska
 Member of Management Board

Statement of Comprehensive Income (Income Statement)

For the year then ended on 31.12.2023

In MKD

| Description | No. of Item | Note | Amount | |
|---|-------------|------------|----------------------|--------------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| A. REVENUES FROM OPERATIONS (201+210+223a+224+225) | 200 | | 1.069.095.926 | 937.052.903 |
| I. EARNED PREMIUM (NET PREMIUM INCOME) (202+203+204-205-206-207+208+209) | 201 | 3.1 | 951.935.950 | 839.768.920 |
| 1. Gross policy insurance premium | 202 | | 1.339.084.743 | 1.125.322.945 |
| 2. Gross policy co-insurance premium | 203 | | - | - |
| 3. Gross policy reinsurance/ retrocession premium | 204 | | - | - |
| 4. Gross policy premium delivered in co-insurance | 205 | | - | - |
| 5. Gross policy premium delivered in reinsurance/retrocession | 206 | | 344.845.558 | 234.408.788 |
| 6. Change in gross unearned premium reserves | 207 | | 15.786.909 | 15.701.086 |
| 7. Change in gross unearned premium reserves– part for co-insurance | 208 | | - | - |
| 8. Change in gross unearned premium reserves– part for reinsurance | 209 | | (26.516.326) | (35.444.151) |
| II. INCOME FROM INVESTMENTS (211+212+216+217+218+219+223) | 210 | 3.2 | 50.561.391 | 42.781.764 |
| 1. Income from subsidiaries, associates and joint controlled entities | 211 | | - | - |
| 2. Income from investments in land and buildings(213+214+215) | 212 | | - | - |
| 2.1 Income from rents | 213 | | - | - |
| 2.2 Income from increasing the value of land and buildings | 214 | | - | - |
| 2.3 Income from sale of land and buildings | 215 | | - | - |
| 3. Interest income | 216 | | 27.328.415 | 21.769.776 |
| 4. Foreign exchange gains | 217 | | 2.860.862 | 4.716.837 |
| 5. Value adjustments (unrealized gains, reduction at fair value) | 218 | | 14.590.000 | 13.935.093 |
| 6. Realized gains from sale of financial assets-capital gains(220+221+222) | 219 | | 3.886.391 | 1.207.759 |
| 6.1 Financial investments available-for-sale | 220 | | 3.886.391 | 1.207.759 |
| 6.2 Financial investments for trading (at fair value) | 221 | | - | - |
| 6.3 Other financial investments | 222 | | - | - |
| 7. Other income from investments | 223 | | 1.895.723 | 1.152.299 |

See accompanying notes to the financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2023

| Statement of comprehensive income (Income statement) (continued) | | | In MKD | |
|---|-------------|------------|--------------------|--------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| III. INCOME FROM REINSURANCE PROVISIONS | 223a | | 49.387.565 | 35.615.874 |
| IV. OTHER INSURANCE TECHNICAL INCOME, LESS FOR REINSURANCE | 224 | 3.3 | 6.671.894 | 5.893.356 |
| V. OTHER INCOME | 225 | 3.4 | 10.539.126 | 12.992.989 |
| B. EXPENSES FROM OPERATIONS (227+235+245+248+251+261+271+274+275) | 226 | | 958.917.344 | 839.628.486 |
| I. CLAIMS INCURRED (Claims expenses, net) (228-229-230-231+232-233-234) | 227 | 3.5 | 479.718.071 | 380.400.746 |
| 1. Gross paid claims | 228 | | 441.935.025 | 373.266.060 |
| 2. Income decrease from gross realized subrogation receivables | 229 | | 3.296.211 | 4.271.129 |
| 3. Gross paid claims – part for co-insurance | 230 | | - | - |
| 4. Gross paid claims – part for reinsurance/retrocession | 231 | | 416.261 | 7.403.186 |
| 5. Changes in gross claim s reserve | 232 | | 50.532.845 | 32.430.864 |
| 6. Changes in gross claim s reserve– part for co-insurance | 233 | | - | - |
| 7. Changes in gross claim s reserve– part for reinsurance | 234 | | 9.037.327 | 13.621.863 |
| II. CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE (236+239+242) | 235 | 3.6 | 449.472 | 1.642.532 |
| 1. Changes in mathematical reserve, net of reinsurance (237-238) | 236 | | - | - |
| 1.1 Changes in gross mathematical reserve | 237 | | - | - |
| 1.2 Changes in gross mathematical reserve – part for co-insurance/reinsurance | 238 | | - | - |
| 2. Changes in equalization reserve, net of reinsurance (240-241) | 239 | | - | - |
| 2.1. Changes in gross equalization reserve | 240 | | - | - |
| 2.2 Changes in gross equalization reserve – part for co-insurance/ reinsurance | 241 | | - | - |
| 3. Changes in other technical provisions, net of reinsurance (243-244) | 242 | | 449.472 | 1.642.532 |
| 3.1 Changes in other gross technical provisions | 243 | | 449.472 | 1.642.532 |
| 3.2 Changes in other gross technical provisions – part for co-insurance and reinsurance | 244 | | - | - |
| III. CHANGES IN GROSS MATHEMATICAL RESERVE FOR LIFE INSURANCE WHERE THE INSURER TAKES OVER THE INVESTMENT RISK, NET OF REINSURANCE (246-247) | 245 | | - | - |
| 1. 0Changes in gross mathematical reserve for life insurance where the insurer takes over the investment risk | 246 | | - | - |

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Financial Statements
31 December 2023

| Statement of comprehensive income (Income statement) (continued) | | | In MKD | |
|--|-------------|------------|--------------------|--------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 2. Changes in gross mathematical reserve for life insurance where the insurer takes over the investment risk – part for co-insurance and reinsurance | 247 | | - | - |
| IV. EXPENSES FOR BONUSES AND DISCOUNTS, NET OF REINSURANCE (249+250) | 248 | 3.7 | 21.706.972 | 25.987.188 |
| 1. Expenses for bonuses (related to result) | 249 | | 89.213 | 1.913.428 |
| 2. Expenses for discounts (not related to result) | 250 | | 21.617.759 | 24.073.760 |
| V. NET EXPENSES FOR INSURANCE IMPLEMENTATION (252+256) | 251 | | 393.990.752 | 361.095.948 |
| 1. Acquisition costs(253+253a+254+255) | 252 | 3.8 | 199.544.441 | 172.847.131 |
| 1.1 Fees | 253 | | 79.995.059 | 70.654.058 |
| 1.2 Gross salaries for employees in the internal sales network | 253a | | 123.904.776 | 109.443.367 |
| 1.3 Other acquisition costs | 254 | | 2.618.986 | 1.911.855 |
| 1.4 Change in Deferred acquisition costs (+/-) | 255 | | (6.974.380) | (9.162.149) |
| 2. Administration expenses (257+258+259+260) | 256 | 3.9 | 194.446.311 | 188.248.817 |
| 2.1 Depreciation of tangible and intangible assets that serve in ordinary course of operations | 257 | | 4.828.338 | 3.882.332 |
| 2.2 Costs for employees (258a+258б+258г+258д) | 258 | | 64.603.627 | 62.227.733 |
| 2.2.1 Salaries and compensations | 258a | | 37.864.193 | 36.794.902 |
| 2.2.2 Expenses for taxes on salaries and compensations | 258б | | 3.540.349 | 3.436.548 |
| 2.2.3 Contributions for mandatory social insurance | 258в | | 16.101.831 | 15.617.347 |
| 2.2.4 Costs for additional pension insurance for employees | 258г | | - | - |
| 2.2.5 Other costs for employees | 258д | | 7.097.254 | 6.378.936 |
| 2.3 Charges for services of individuals who perform no operations (contracts, copyright agreements and other legal relations) all fees included | 259 | | 19.586.921 | 16.292.214 |
| 2.4 Other administration expenses (260a+260б+260в) | 260 | | 105.427.425 | 105.846.538 |
| 2.4.1 Costs for services | 260a | | 82.126.287 | 83.245.930 |
| 2.4.2 Operating costs | 260б | | 7.503.883 | 8.154.246 |
| 2.4.3 Costs for reservations and other operating costs | 260в | | 15.797.255 | 14.446.362 |
| VI. EXPENSES FROM INVESTMENTS (262+263+264+265+266+270) | 261 | | 14.160.785 | 24.484.971 |
| 1. Depreciation and value adjustments of tangible assets not used for operations | 262 | | - | - |
| 2. Interest expenses | 263 | | 16.553 | 3.279 |

See accompanying notes to the financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2023

| Statement of comprehensive income (Income statement) (continued) | | | In MKD | |
|--|-------------|-------------|--------------------|-------------------|
| Description | No. of Item | Note | Amount | |
| | | | Current year | Previous year |
| 1 | 2 | 3 | 4 | 5 |
| 3. Foreign exchange losses | 264 | | 3.568.374 | 3.025.941 |
| 4. Impairment provision (unrealized losses, reduction at fair value) | 265 | | 9.493.461 | 21.397.049 |
| 5. Realized losses from sale of financial assets-capital loss (267+268+269) | 266 | | - | 58.702 |
| 5.1 Financial investments available-for-sale | 267 | | - | - |
| 5.2 Financial investments for trading (at fair value) | 268 | | - | 58.702 |
| 5.3 Other financial investments | 269 | | - | - |
| 6. Other expenses from investments | 270 | | 1.082.397 | - |
| VII. OTHER INSURANCE TECHNICAL EXPENSES, LESS FOR REINSURANCE (272+273) | 271 | 3.10 | 30.138.244 | 30.634.158 |
| 1. Expenses for prevention | 272 | | - | - |
| 2. Other insurance technical expenses, less for reinsurance | 273 | | 30.138.244 | 30.634.158 |
| VIII. VALUE ADJUSTMENTS OF RECEIVABLES BASED ON PREMIUM | 274 | 3.11 | 19.690.868 | 15.144.840 |
| IX. OTHER EXPENSES, INCLUDING VALUE ADJUSTMENTS | 275 | 3.12 | (937.820) | 238.103 |
| X. PROFIT FOR THE YEAR BEFORE TAXATION (200-226) | 276 | | 110.178.582 | 97.424.417 |
| XI. LOSS FOR THE YEAR BEFORE TAXATION (226-200) | 277 | | - | - |
| XII. INCOME TAX (EXPENSE) | 278 | 3.13 | 14.013.888 | 12.409.886 |
| XIII. DEFERRED TAX | 279 | | - | - |
| XIV. PROFIT FOR THE YEAR AFTER TAXATION (276-278-279) | 280 | | 96.164.694 | 85.014.531 |
| XV. LOSS FOR THE YEAR AFTER TAXATION (277-278-279) | 281 | | - | - |
| XVI. OTHER COMPREHENSIVE INCOME / (LOSS) | | | 96.164.694 | 85.014.531 |
| Changes at fair value of financial assets available-for-sale | | | 11.373.731 | (9.582.430) |
| Income tax on components from other comprehensive income | | | - | - |
| PROFIT / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS | | | 107.538.425 | 75.432.101 |

See accompanying notes to the financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2023

Statement of Cash Flows

For the year then ended on 31.12.2023

In MKD

| Description | No. of Item | Amount | |
|--|-------------|----------------------|----------------------|
| | | Current year | Previous year |
| 1 | 2 | 3 | 4 |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| I. CASH INFLOWS FROM OPERATING ACTIVITIES (301+302+303+304+305) | 300 | 1.404.313.898 | 1.189.904.105 |
| 1. Insurance and co-insurance premiums and advances received | 301 | 1.398.637.991 | 1.157.360.687 |
| 2. Reinsurance and retrocession premium | 302 | - | - |
| 3. Inflows from participation in coverage of claims | 303 | 416.261 | 7.403.186 |
| 4. Interest received from insurance works | 304 | - | - |
| 5. Other inflows from operating activities | 305 | 5.259.646 | 25.140.232 |
| II. CASH OUTFLOWS FROM OPERATING ACTIVITIES (307+308+309+310+311+312+313+314) | 306 | 1.240.566.434 | 1.073.044.234 |
| 1. Paid claims, agreed insurance amounts, participation in coverage of claims from co-insurance and advances given | 307 | 443.749.777 | 371.776.215 |
| 2. Paid claims and participation in coverage of claims from reinsurance and retrocession | 308 | - | - |
| 3. Co-insurance, reinsurance and retrocession premiums | 309 | 347.607.750 | 264.933.541 |
| 4. Fees and other personal expenses | 310 | 187.326.349 | 170.973.830 |
| 5. Other expenses for insurance works | 311 | 251.185.969 | 246.476.011 |
| 6. Interests paid | 312 | 16.553 | 3.279 |
| 7. Income tax and other charges | 313 | 10.680.036 | 18.881.358 |
| 8. Other outflows from regular activities | 314 | - | - |
| III. CASH INFLOW FROM OPERATING ACTIVITIES, NET (300-306) | 315 | 163.747.464 | 116.859.871 |
| IV. CASH OUTFLOWS FROM OPERATING ACTIVITIES, NET (306-300) | 316 | - | - |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | - | - |
| I. CASH INFLOWS FROM INVESTING ACTIVITIES (318+319+320+321+322+323+324+325) | 317 | 89.142.375 | 22.521.094 |
| 1. Inflows from intangible assets | 318 | - | - |
| 2. Inflows from tangible assets | 319 | - | - |
| 3. Inflows from tangible assets not used for Company's operations | 320 | - | - |
| 4. Inflows from investments in the companies in a group: subsidiaries, associates and joint controlled entities | 321 | - | - |
| 5. Inflows from investments held-to-maturity | 322 | - | - |
| 6. Inflows from other financial placements | 323 | 61.860.551 | 1.207.759 |
| 7. Dividends received and other participation in income | 324 | 1.895.723 | 280.000 |
| 8. Interest received | 325 | 25.386.101 | 21.033.335 |

See accompanying notes to the financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2023

| Statement of cash flows (continued) | In MKD | | |
|--|-------------|----------------------|----------------------|
| | DESCRIPTION | Amount | |
| | | No. of Item | Current year |
| 1 | 2 | 3 | 4 |
| II. CASH OUTFLOWS FROM INVESTING ACTIVITIES (327+328+329+330+331+332+333+334) | 326 | 227.679.401 | 101.524.958 |
| 1. Outflows from intangible assets | 327 | 2.988.605 | 2.086.734 |
| 2. Outflows from tangible assets | 328 | 9.784.307 | 1.615.590 |
| 3. Outflows from tangible assets not used for Company's operations | 329 | - | - |
| 4. Outflows from investments in the companies in a group: subsidiaries, associates and joint controlled entities | 330 | - | - |
| 5. Outflows from investments held-to-maturity | 331 | 214.906.489 | 18.972.815 |
| 6. Outflows from other financial placements | 332 | - | 78.849.819 |
| 7. Outflows from dividends and other participation in income | 333 | - | - |
| 8. Outflows from interests | 334 | - | - |
| III. CASH INFLOW FROM INVESTING ACTIVITIES, NET (317-326) | 335 | - | - |
| IV. CASH OUTFLOWS FROM INVESTING ACTIVITIES, NET (326-317) | 336 | 138.537.026 | 79.003.864 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | - | - |
| I. CASH INFLOWS FROM FINANCING ACTIVITIES (338+339+340) | 337 | - | - |
| 1. Inflows from increase of share capital | 338 | - | - |
| 2. Inflows from received long-term and short-term credits and loans | 339 | - | - |
| 3. Inflows from other long-term and short-term liabilities | 340 | - | - |
| II. CASH OUTFLOWS FROM FINANCING ACTIVITIES (342+343+344) | 341 | 20.000.000 | 20.000.000 |
| 1. Outflows from repayment of long-term and short-term credits and loans and other liabilities | 342 | - | - |
| 2. Outflows from purchase of treasury shares | 343 | - | - |
| 3. Outflows from dividends paid | 344 | 20.000.000 | 20.000.000 |
| III. CASH INFLOWS FROM FINANCING ACTIVITIES, NET (337-341) | 345 | - | - |
| IV. CASH OUTFLOWS FROM FINANCING ACTIVITIES, NET (341-337) | 346 | 20.000.000 | 20.000.000 |
| D. TOTAL CASH INFLOWS (300+317+337) | 347 | 1.493.456.273 | 1.212.425.199 |
| E. TOTAL CASH OUTFLOWS (306+326+341) | 348 | 1.488.245.835 | 1.194.569.192 |
| F. CASH INFLOWS, NET (347-348) | 349 | 5.210.438 | 17.856.007 |
| G. CASH OUTFLOWS, NET (348-347) | 350 | - | - |
| H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE ACCOUNTING PERIOD | 351 | 32.240.289 | 14.384.282 |
| I. EFFECT FROM CHANGE IN FOREIGN EXCHANGE CURRENCY IN CASH AND CASH EQUIVALENTS | 352 | - | - |
| J. CASH AND CASH EQUIVALENTS AT THE END OF THE ACCOUNTING PERIOD (349-350+351+352) | 353 | 37.450.727 | 32.240.289 |

See accompanying notes to the financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2023

Statement of Changes in Equity

| In MKD | Share capital | Premiums from issued shares | Legal reserves | Statutory reserves | Reserves | | | Purchase of treasury shares | Revaluated reserves | Retained earnings (with + sign) or transferred losses (with - sign) | Profit (with + sign)/loss (with - sign) for the current year | Total equity and reserves |
|--|--------------------|-----------------------------|--------------------|--------------------|-----------------------------|----------------|--------------------|-----------------------------|---------------------|---|--|---------------------------|
| | | | | | Reserves of treasury shares | Other reserves | Total reserves | | | | | |
| As at 01 January 2022 | 195.326.080 | - | 192.835.567 | - | - | - | 192.835.567 | - | (415.302) | 108.647.467 | 89.638.078 | 586.031.890 |
| Changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments in the previous period | - | - | - | - | - | - | - | - | - | - | - | - |
| As at 01 January 2022 – adjusted | 195.326.080 | - | 192.835.567 | - | - | - | 192.835.567 | - | (415.302) | 108.647.467 | 89.638.078 | 586.031.890 |
| Profit or loss for 2022 | - | - | - | - | - | - | - | - | - | - | 85.014.531 | 85.014.531 |
| Profit or loss for 2022 | - | - | - | - | - | - | - | - | - | - | 85.014.531 | 85.014.531 |
| Non-owners' changes in equity | - | - | - | - | - | - | - | - | (9.582.430) | - | - | (9.582.430) |
| Unrealized profit/loss from tangible assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Unrealized profit/loss from financial investments available-for-sale | - | - | - | - | - | - | - | - | (8.374.671) | - | - | (8.374.671) |
| Realized profit/loss from financial investments available-for-sale | - | - | - | - | - | - | - | - | (1.207.759) | - | - | (1.207.759) |
| Other non-owners' changes in equity | - | - | - | - | - | - | - | - | - | - | - | - |
| Transactions with owners | - | - | 29.879.359 | - | - | - | 29.879.359 | - | - | 19.758.719 | (69.638.078) | (20.000.000) |
| Increase / Decrease of share capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payments made by owners | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - | (20.000.000) | - | (20.000.000) |
| Other allocation to owners | - | - | 29.879.359 | - | - | - | 29.879.359 | - | - | 59.758.719 | (89.638.078) | - |
| As at 31.12.2022 | 195.326.080 | - | 222.714.926 | - | - | - | 222.714.926 | - | (9.997.732) | 148.406.186 | 85.014.531 | 641.463.991 |

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Financial Statements
31 December 2023

| Statement of changes in equity (continued) | Share capital | Premiums from issued shares | Legal reserves | Statutory reserves | Reserves | | | Purchase of treasury shares | Revaluated reserves | Retained earnings (with + sign) or transferred losses (with - sign) | Profit (with + sign)/loss (with - sign) for the current year | Total equity and reserves |
|--|--------------------|-----------------------------|--------------------|--------------------|-----------------------------|----------------|--------------------|-----------------------------|---------------------|---|--|---------------------------|
| | | | | | Reserves of treasury shares | Other reserves | Total reserves | | | | | |
| In MKD | | | | | | | | | | | | |
| As at 01 January 2023 | 195.326.080 | - | 222.714.926 | - | - | - | 222.714.926 | - | (9.997.732) | 148.406.186 | 85.014.531 | 641.463.991 |
| Changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments in the previous period | - | - | - | - | - | - | - | - | - | - | - | - |
| As at 01 January 2023 – adjusted | 195.326.080 | - | 222.714.926 | - | - | - | 222.714.926 | - | (9.997.732) | 148.406.186 | 85.014.531 | 641.463.991 |
| Profit or loss for 2023 | - | - | - | - | - | - | - | - | - | - | 96.164.694 | 96.164.694 |
| Profit or loss for 2023 | - | - | - | - | - | - | - | - | - | - | 96.164.694 | 96.164.694 |
| Non-owners' changes in equity | - | - | - | - | - | - | - | - | 11.373.731 | - | - | 11.373.731 |
| Unrealized profit/loss from tangible assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Unrealized profit/loss from financial investments available-for-sale | - | - | - | - | - | - | - | - | 15.260.122 | - | - | 15.260.122 |
| Realized profit/loss from financial investments available-for-sale | - | - | - | - | - | - | - | - | (3.886.391) | - | - | (3.886.391) |
| Other non-owners' changes in equity | - | - | - | - | - | - | - | - | - | - | - | - |
| Transactions with owners | - | - | 28.338.177 | - | - | - | 28.338.177 | - | - | 36.676.354 | (85.014.531) | (20.000.000) |
| Increase / Decrease of share capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payments made by owners | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - | (20.000.000) | - | (20.000.000) |
| Other allocation to owners | - | - | 28.338.177 | - | - | - | 28.338.177 | - | - | 56.676.354 | (85.014.531) | - |
| As at 31.12.2023 | 195.326.080 | - | 251.053.103 | - | - | - | 251.053.103 | - | 1.375.999 | 185.082.540 | 96.164.694 | 729.002.416 |

As at and for the year ended on 31 December 2023

Notes to the financial statements

1. General information and disclosures

1.1 General information

Eurolink Insurance Inc. Skopje („the Company“) is a joint stock company registered and headquartered in the Republic of North Macedonia.

The address of the registered headquarters of the Company is:

ul. Pirinska No.23

1000 Skopje

Republic of North Macedonia

In March 2020, the ownership structure of the Company changed. Namely, Grazer Wechelseitige Versicherung Aktiengesellschaft with headquarters at Herrengasse No.18-20, 8010 Graz, Republic of Austria, became the owner of 100% of the shares of the Company, thus becoming the new sole shareholder.

The company is registered to perform 18 classes of non-life insurance. The company performs its activities on the territory of the Republic of North Macedonia and as of December 31, 2023 employs 200 employees (2022: 208 employees).

1.2 Applied accounting policies and valuation techniques

Statement of compliance

The financial statements have been prepared in accordance with the Accounting Standards accepted in the Republic of North Macedonia, published in the "Rulebook on Accounting" and the "Rulebook on the method for valuation of items from the balance sheet and preparation of business balance sheets", and are presented in accordance with the Rulebook for the form and content of the financial statements and detailed content of the annual report on the operation of the insurance and / or reinsurance companies ”.

Presented below are the basic accounting policies used in preparing these financial statements. These policies are consistently applied to all years shown, unless otherwise stated and are prepared based on the principle of business continuity.

Current and comparative data presented in these financial statements are expressed in Macedonian denar thousand. The reporting and functional currency of the Company is Macedonian Denar (MKD).

Where necessary, the presentation for the previous year has been adjusted according to the changes of the current year.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2.1 Use of estimates and judgments

The preparation of financial statements requires the Company to make judgments, estimates and assumptions that affect the application of policies and the amounts of assets and liabilities, income and expenses.

Estimates and related assumptions are based on past experience and various other factors that are considered reasonable given the circumstances, and are the basis for expressing the carrying amount of assets and liabilities, the value of which cannot be determined otherwise. Actual results may differ from these estimates.

Estimates and underlying assumptions are constantly reviewed. Revisions in accounting estimates are recognized in the period in which the revision is made, if the revision affects only that period, or are recognized in future periods if the revision also affects future periods.

The judgments made by the Management that have a significant impact on the financial statements and estimates with a significant risk of material adjustments in the coming year are explained in Note 1.3.

1.2.2 Foreign currency transactions

Transactions denominated in foreign currencies are translated in Denars at the official exchange rates of the National Bank of the Republic of North Macedonia valid on the day of their occurrence.

Assets and liabilities denominated in foreign currencies are translated in Denars at the official exchange rates ruling as of the date of preparation of the statement of financial position, while all positive and negative exchange rate differences arising from the conversion of foreign currency amounts are included in The statement of comprehensive income in the period in which they occur. The average exchange rates that were applied to show the positions of the Financial Statements denominated in foreign currency are as follows:

| | 2023 | 2023 |
|-------|-------------|-------------|
| | MKD | MKD |
| 1 EUR | 61.4950 | 61.4932 |
| 1 USD | 55.6516 | 57.6535 |
| 1 GBP | 70.7612 | 69.3350 |
| 1 CHF | 66.4093 | 62.4487 |

1.2.3 Intangible assets

Intangible assets related to acquired software for the needs of the Company are stated at procurement cost, less for accumulated depreciation and accumulated impairment losses if any.

Subsequent expenditures are capitalized only when there is a likelihood of an inflow of future economic benefits to the Company related to the item and when the procurement cost of the item can be reasonably measured. All other expenditures are recognized in profit or loss as expenses incurred.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.3 Intangible assets (continued)

Depreciation

Depreciation of intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets during their useful life from the date they are available for use, so as to write-off the cost of the asset.

The annual depreciation rate according to the estimated useful life, for the current and previous period for the software is 25%.

1.2.4 Property and equipment

Recognition and measurement

Property and equipment are measured at procurement cost, accumulated depreciation and accumulated impairment losses if any.

Procurement cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of the item of property and equipment have different useful lives, they are recorded as separate items (main components) of the property and equipment.

Gains and losses on sales of property and equipment are determined by comparing the proceeds of the sale with the present value of property and equipment and are recognized on a net basis as "other operating income" from profit or loss.

Subsequent costs

Expenses incurred to replace an item of property and equipment are added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and its cost can be measured reliably. The present value of the replaced part is written off. The costs of day-to-day maintenance of property and equipment are recognized in current profit or loss as incurred.

Depreciation

Depreciation of property and equipment is calculated in a proportionate manner in order to write off the cost of assets over their useful lives. Leased assets are depreciated after the shorter period of the lease term and the estimated useful life of the assets, unless it is probable that the Company will acquire ownership at the end of the lease term.

Depreciation rates, based on the estimated useful lives, for the current and comparative periods are as follows:

| | |
|---|---------|
| Computers | 25 % |
| Furniture, equipment, vehicles and other assets | 10-25 % |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.5 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, are assessed at Statement of financial position date to determine whether there is objective indicator of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets or asset groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell the asset and its value in use. In assessing value in use, estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are estimated at each reporting date to determine whether the loss has been reduced or may no longer exist. Impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

1.2.6 Financial instruments

Classification of financial assets

Financial assets are classified into four categories, depending on the purpose for which the they were acquired, the categories are as follows:

Financial assets at fair value through profit or loss are financial instruments that are acquired in order to be traded or that at initial recognition by the Company are classified as assets at fair value through profit or loss. As at 31 December 2023 and 2022 the Company classifies securities whose issuer is a country or legal entity in an EU Member State or OECD in this category.

Held-to-maturity financial assets are non-derivative financial instruments with fixed repayment periods and a fixed maturity period that the Company intends and is able to hold to maturity. As at 31 December 2023 and 2022, the Company classifies government bonds as held-to-maturity financial assets.

Loans and receivables are non-derivative financial instruments with fixed repayment periods that are not quoted in the official markets, except those that the Company intends to sell short-term, those that the Company initially classified as fair value through profit or loss, or available for sale, or those for which the Company will not be able to repay the initial investment that is not the result of the credit investment. As at 31 December 2023 and 2022, the Company classifies money and cash equivalents, claims on insured persons and other receivables from direct business, time deposits in domestic banks, reinsurance assets as loans and receivables.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.6 Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial instruments that are either classified in this category or not classified in any of the other categories. As at 31 December 2023 and 2022, the Company classifies equity investments and stakes in investment funds as available-for-sale financial assets.

Classification, initial recognition and subsequent measurement of financial liabilities

Financial liabilities are classified according to the substance of the contract. Financial liabilities at depreciated procurement cost consist of liabilities to reinsurers, liabilities based on insurance, financial leasing liabilities and other liabilities.

They are recorded at their fair value less for transaction costs and subsequently measured at their depreciated procurement cost using the effective interest method.

Financial lease liabilities are initially recorded at fair value. Consequently, finance lease liabilities are measured at their depreciated procurement cost using the effective interest method.

Initial recognition

The Company initially recognizes loans and receivables and deposits on the day they are incurred. All other financial assets and liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

All financial assets, except financial assets at fair value through profit or loss, are initially measured at their fair value plus transaction costs that can be attributed directly to the acquisition of the financial asset.

Derecognition

The Company derecognizes the financial assets when it loses the rights under the cash flow agreement, or when it transfers the cash flow rights from the asset by a transaction in which all risks and rewards of ownership of the financial asset are transferred to another entity.

If the Company realizes interest on the transferred financial assets and keeps it, the interest is recognized as a separate asset or liability.

The Company derecognizes financial liabilities when the liabilities specified in the contracts are settled, canceled or expired.

Off-setting

Financial assets and liabilities are offset and the net amount is reported in the Balance sheet only when the Company has the legal right to offset the recognized amounts and intends to settle the transactions 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 certain gains and losses arising from groups of similar transactions, such as trading activities.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.6 Financial instruments (continued)

Subsequent measurement of financial assets

Upon initial recognition, the Company measures available-for-sale financial assets at their fair value without any reduction in transaction costs that may arise from their sale.

The fair value of financial assets listed in the active market is based on their purchase price at the date of the Statement of Financial Position.

If the market in which the financial asset is listed is not active, the Company determines the fair value of the asset by applying valuation techniques. Valuation techniques include the use of normal, commercial transactions between familiar, willing parties, if available, a reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and alternative pricing models.

Held-to-maturity investments and loans and receivables are measured at depreciated procurement cost using the effective interest method less for any impairment losses.

Unrealized gains and losses arising from changes in the fair value of available-for-sale assets are recognized in comprehensive income, except for impairment losses, which are recognized in profit or loss in the period in which they arise.

In the event of a sale or impairment of available-for-sale financial assets, cumulative gains and losses previously recognized in comprehensive income are recognized in profit or loss. In the event that available-for-sale financial assets bear interest, interest calculated using the effective interest method is recognized in profit or loss.

Financial assets at fair value through profit or loss are measured at fair value and all changes are recorded in the Income statement through unrealized gains or losses depending on the change. The effects of the sale of financial assets at fair value through profit and loss are recognized in profit or loss in the Income statement.

1.2.7 Impairment of financial assets

Assets carried at amortized cost

As of 01 January 2021 the old Rulebook on the method of valuation of items in the balance sheet and preparation of financial statements started to be applied again, according to which adjustment of the receivables is determined in the following manner:

| Group of receivables | Period of delays in payment in debtors liability settlement | Impairment provision (in % of total value of individual receivable) |
|----------------------|---|---|
| A | Up to 30 days | 0% |
| B | from 31 to 60 days | 10%-30% |
| C | from 61 to 120 days | 31%-50% |
| D | from 121 to 270 days | 51%-70% |
| E | from 271 to 365 days | 71%-90% |
| F | more than 366 days | 100% |

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.7 Impairment of financial assets (continued)

For receivables from legal entities, for which bankruptcy procedure is acknowledged, the Company recognizes impairment provision of 100%, as well as for those insurance agreements (policies) where the agreed maturity period is determined in the insurance contract i.e. annex to the insurance contract which is determined to be after the expiration of the contract, the Company recognizes 100% impairment only after the expiration of the insurance agreement.

Assets carried at fair value

The Company assesses at each date of the Statement of financial position, whether there is objective evidence that a financial asset is impaired. Significant or prolonged decline in the fair value of the financial asset below its cost is considered as objective evidence in determining whether the assets are impaired. If any such evidence exists for financial assets available – for – sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value is recognized in the current profits and losses. If, in a subsequent period, the fair value of a debt instrument classified as available – for – sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in current profits or loss, the impairment loss is reversed through profits and losses. For impaired available-for-sale equity securities any subsequent increase in the fair value is not canceled in the profit and loss but recognized in other comprehensive income.

1.2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, where there is a negligible risk of changes in their fair value.

Cash and cash equivalents are carried at amortized cost in the Balance Sheet.

1.2.9 Employee benefits

Defined contribution plans

The company pays contributions to the pension funds in accordance with the requirements of Macedonian legislation.

Contributions based on salaries, are made to the national organizations responsible for the payment of pensions.

The Company has no additional obligation to pay under these plans. Obligations for contributions to defined contribution pension plans are recognized as an expense in the profit or loss.

Short-term benefits for employees

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The Company recognizes a liability and expense for the amount that is expected to be paid under cash bonus or profit-sharing plans if the Company has a current legal or constructive obligation to make such payments as a result of services provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.9 Employee benefits (continued)

Other long-term benefits for employees

In compliance with Macedonia legal regulations the Company pays two average salaries to employees upon retirement, as well as jubilee awards pursuant to criteria set in the General Collective Agreement. Long-term benefits for employees are discounted so that their net fair value is determined and they are at the same time recognized as obligation in the Balance Sheet and the Income Statement. The Company immediately recognizes all other expenses related to defined plans of benefits in other comprehensive income as expenses for employee benefits in the profit or loss. When plan benefits are changed, a portion of changes related to the past service of the employee is immediately recognized in the Income Statement when there is such change in the plan.

1.2.10 Current and deferred tax

Income tax is comprised of current and deferred tax. Income tax is recognized in the income statement except when it relates to items that are recognized directly to equity, and then the corresponding tax expense is recognized in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates of 10% (2022: 10%) on the day of the statement of financial position and any adjustment to tax payable in respect of previous years.

Deferred tax arises from temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied when the temporary differences based on the laws that have been enacted or substantively enacted at the reporting date are realized.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the amount for which it is probable that there will be future taxable profits against which the asset can be utilized. Deferred tax assets are assessed at the end of each reporting period and reduced to the extent that it is no longer likely that these tax revenues will be realized.

Any such reduction should be reversed to the extent that sufficient taxable profit will probably be available. Unrecognized deferred tax assets are assessed at the end of each reporting period and are recognized to the extent, it is probable that future taxable income against which the asset can be utilized will be sufficient.

1.2.11 Leased assets – lessee

Leases of assets in conditions where the Company assumes substantially all the risks and rewards inherent in ownership are classified as finance leases. At initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is recorded in accordance with the accounting policies applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized in the Statement of financial position of the Company.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.12 Provisions

A provision is recognized in the statement of financial position when the Company as a result of a past event has a present legal or derivative obligation that can be measured reliably and it is probable that there will be an outflow from the Company to settle the obligation. Provisions are checked on each reporting date and corrected as to reflect the best current assessment. When the effect of the temporary value of money is material, the amount of reserving is the current value of expenses expected to occur for settling the obligation.

1.2.13 Shareholders' capital, reserves and dividends payment

Ordinary shares

Ordinary shares are classified as equity.

Reserves

Reserves, which consist of revaluation and statutory reserves are created during the periods based on gains / losses from revaluation of available-for-sale financial assets, in the case of revaluation reserves as well as through the allocation of the retained earnings in accordance with the legislation and the decisions of the Management and Shareholders of the Company in the case of statutory reserves.

Dividends

Dividends are recognized as liabilities at the time they are declared.

1.2.14 Revenues

Earned premiums from insurance contracts

Gross policy premiums reflect the operations during the year and do not include taxes based on premiums.

Investment income

Investment income comprises interest and dividend income, net gains on financial assets classified as fair value through profit and loss, and realized gains on financial assets classified as available-for-sale.

Fee and commission income

Fee and commission income represent income from reinsurers based on the reinsurance contracts with sliding scale and agreed commission, as commission based on deciding service claims. Fee and commissions income are recognized when the related service is performed.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.15 Expenses

Expenses for subscribed premiums

Expenses for subscribed premiums consist of direct and indirect expenses from signed insurance contracts such as fees for agents, brokers and other distributive channels, as well as other expenses included in the sales.

Costs for bonuses and discounts

Bonuses expenses are expenses arising from insurance contracts according to which the insured persons are entitled to a bonus as a result from a positive outcome i.e., good loss ratio, specified under the insurance contracts, which is future and uncertain.

Expenses for discounts include commercial discounts due to good business cooperation and discounts for payment on time according to the concluded insurance contract. In addition to these discounts, these costs also include the costs of approved discounts arising from concluded loyalty agreements (contracts where the contractor undertakes to renew insurance contracts within a period of three years). Approved discounts on these contracts are recognized in accordance with the recognition period of the premium income, i.e. according to the duration of the lease of these insurance contracts.

Rent expenses

Payments based on rents are recognized as expenses to profit and loss using the straight - line method during the rent period. Received discounts are recognized to profit and loss as integral part of the total rent expenses.

Finance expenses

Finance expenses consist of finance expenses for financial lease and profit and loss for foreign exchange differences of monetary assets and liabilities in foreign currencies.

1.2.16 Classification of insurance contracts

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event occur (the insured event) are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable which changes, in the case of a non-financial variable when the variable is not specific to a party of the contract. Insurance contracts may also transfer some financial risk.

Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.17 Insurance contracts

General insurance contracts

Premiums

Gross premiums written reflect the operations during the year, and exclude any taxes or duties based on premiums.

Earned proportion of premiums is recognized as revenue. Premiums are earned from the date of concluding the insurance contract until the reporting period, based on the “pro rata temporis” model. Outward reinsurance premiums are recognized as an expense in accordance with “pro rata temporis” method in the same accounting period as the premiums for the related direct insurance business.

Unearned premium reserve

Unearned premium reserve comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, calculated separately for each insurance contract using the daily pro rata method.

For insurance contracts for which the amount of insurance coverage (risk) is increasing or decreasing linearly for the duration of the contract, the unearned premium reserve may be calculated separately for each separate contract with different method than the “pro-rata” method.

The Company uses only the “pro-rata” method for calculation of the unearned premium reserves for each separate insurance contract.

Claims

Claims incurred comprise the settlement and handling costs of paid claims arising from events covered with the insurance agreements, expenses for claims’ provisions and the compensation from reinsurers based on their participation in outstanding claims and provisions for incurred and reported claims.

Paid claims are recorded in the moment of processing the claims and are recognized in the amount to be paid to settle the claims. Claims paid are increased by claims settlement and handling costs.

Reserves for reported and non-reported incurred claims include reserves for claims that are allocated in the amount of estimated liabilities that the Company is obligated to pay, based on insurance contracts where the insured event occurred by the end of the accounting period, no matter whether it has been reported by the end of the accounting period. Reserves for outstanding claims are not discounted.

Anticipated reinsurance recoveries based on the participation of resolved claims and participation in reserves in incurred and reported claims as presented separately as assets. Fees from reinsurers and other fees are assessed on the same way as reported claims.

The Company anticipates participation in reinsurance incurred reserves but non-reported claims and they are not expressed as assets in the balances.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.17 Insurance contracts (continued)

Claims (continued)

The Management considers that the gross claims' provision and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and may result in adjustments to the amounts reserved. 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, and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

Reinsurance premiums are recognized as expenses in accordance with the basis for premiums recognition from related contracts with the insurer. For the basic insurance business, reinsurance premiums are recognized as expenses during the period covered by the reinsurance in accordance with the expected behavior of the reinsured risk.

The Company for property insurance, third party liability insurance and green card insurance has secured general contract for reinsurance such as XOL (disproportionate contracts for reinsurance such as excess claims contracts). For accident insurance, the Company has provided Treaty proportional reinsurance contract for a limited number of clients. Furthermore, for larger clients/risks, the Company provides re-insurance contracts where the risk is fully ceded.

Unearned premium reserve – part of the re-insurance

This type of reserve consists of part of the premium transferred to re-insurance recognized as deferred expense in the next year, calculated for each re-insurance contract separately, using the "pro-rata" method.

Deferred acquisition costs

Expenses incurred during signing of the general insurance contracts, which are deferred, include direct expenses such as fees and indirect expenses such as administrative cost related to the offers processing and policy issuance.

With general re-insurance contracts, the deferred acquisition costs are proportional to the expenses for written premiums corresponding to the gross policy premium not earned as at Balance sheet date.

In the course of 2019, Insurance Supervision Agency adopted a Rulebook on the form and content of the Financial Reports and detailed content of the Annual Report on the operations of insurance and/or reinsurance companies, published in the Official Gazette of the Republic of North Macedonia on 16 August 2019 (No.170/2019).

In accordance with this by-law, insurance companies which apply accounting policies of recognition, additional measurement and disclosure of acquisition costs different from the requirements contained in Annex 3 of the Instruction on filling in Financial Reports referred to in this Rulebook, are obliged to ensure application of changed accounting policies as late as the status of deferred acquisition costs on 01 January 2022.

As at 31 December 2023, differed acquisition costs have positive movement to the amount of 6.974.380 MKD (2022: 9.162.149 MKD).

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.2 Applied accounting policies and valuation techniques (continued)

1.2.17 Insurance contracts (continued)

Liability adequacy test

Liability adequacy tests for unearned premiums reserves are performed in order to determine whether the unearned premiums reserves from the insurance contracts are enough for liability settlement in the next accounting period arising from expected future claims and future claims expenses.

The lack is recognized to profit and loss for the current year. During the calculation the assumption of unchanged development of claims in the following accounting period is used.

Receivables and liabilities from the insurance

The amounts due to and due from insurers, agents and other receivables represent financial instruments and are included in receivables and liabilities from insurance and not in insurance contracts reserves.

1.2.18 Related party transactions

In accordance with the Law on insurance supervision related parties are considered two or more legal entities or individuals that are mutually connected in one of the following manners:

- a) by management or capital, or in any other manner, when they mutually determine their business policy or work in coordination with each other in order to ensure customary commercial advantages;
- b) when one entity has significant influence over the adoption of the financial and business decisions of the other entity;
- c) the work or the results from the work of one entity has significant influence over the work and the results of the work of the other entity. The entities are also related when one legal entity or individual has participating interest in another legal entity.

Related entities include:

- a) close family members;
- b) members of the management body, supervisory body or procurator, as well as members of their close family;
- c) persons employed on the basis of an employment contract with special terms and conditions, as well as members of their close family;
- d) in a manner that one entity, that is, entities that are related entities, jointly, directly or indirectly has participating interest in another entity;
- e) in a manner that a same entity, that is, entities that are considered related has/have participating interest in both entities.

1.2.19 Events after the reporting date

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

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.3 Accounting estimates and judgments

In the application of the accounting policies to these financial statements, the Management of the Company makes estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Presented below is information about the assumptions and uncertainties relating to insurance liability as well disclosure of the risk factors in these contracts.

Insurance contract provision

The assumptions used for reporting of insurance assets and liabilities are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts so far as can reasonably be foreseen.

However, given the uncertainty in establishing a provision for outstanding claims, it is likely that the final outcome will prove to be different from the original liability which has been determined.

General insurance contracts

Provision is made at the Balance Sheet date 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.

The provision for claims is not discounted for the time value of money.

The sources of data used as inputs for the assumptions are typically internal to the Company, using detailed studies that are carried out at least annually.

The assumptions are checked to ensure that they are consistent with observable information or other published information.

The Company pays particular attention to current trends.

Each notified claim 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 estimates are reviewed regularly and are updated as and when new information arises.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.3 Accounting estimates and judgments (continued)

The provision estimation differs by class of insurance due for a number of reasons, including:

- Differences in the conditions of the insurance contracts;
- Differences in the complexity of claims;
- The severity of individual claims;
- Difference in the dynamic of every claim;
- Difference in the period between the occurrence and reporting of claims.

Significant delays can be experienced in the notification and settlement of certain type of general insurance claims, therefore the ultimate cost of which cannot be known with certainty at the Balance sheet date.

The basic statistical method used is a chain ladder method - (Chain Ladder Method) that uses historical data to estimate the expected outcome of future liabilities arising from insurance contracts based on incurred but not reported claims and provision for reopened claims. Depending on the characteristics of the insurance class, the insurance portfolio of the Company, the types and quality of the available data, the reserves for incurred but not reported claims are calculated using one or a combination of the following actuarial methods:

1. BasicChainLadderbased on paid claims,
2. BasicChainLadderbased on reported claims,
3. Expected claim method (Expectedclaimtehnique) ,
4. Bornhuetter - Fergusonmethod based on paid claims,
5. Bornhuetter - Ferguson method based on reported claims.

The application of the historical data means that development pattern of claims will occur again in the future. This is not always the case; methods of valuation vary depending on conditions. The reasons may be:

- Economic, legal, political and social trends (resulting, for example, in a difference in expected levels of inflation);
- Changes in the portfolio of insurance contracts;
- The impact of large losses.

Claims on general insurance contracts are payable on a claims-occurrence basis.

The contracts are concluded for short periods, mostly for one year for which the Company is being liable for all insured events that occurred during the term of the contract.

Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.3 Accounting estimates and judgments (continued)

Impairment of financial assets

The impairment of receivables is measured on the basis of the Rulebook on the method for valuation of items from the balance sheet and preparation of financial statements adopted by the Insurance Supervision Agency, according to which depending on the time of delay in fulfilling the obligations by the debtor, calculated from the due date of the receivable, the categories are determined: A (delay up to 30 days), B (delay from 31 to 60 days), C (from 61 to 120 days), G (from 121 to 270 days), D (from 271 to 365 days) and E (delay longer than 365 days). According to the categories, the insurance companies are obliged to determine an appropriate impairment - Reserve for bad and doubtful receivables as a percentage of the total value of each individual receivable, 0% for receivables with a delay of up to 30 days (or category A), minimum 10% for delays up to 60 days (or B category), 31% for category C, 51% for D, 71% for E and 100% for F. Additionally, the rulebook determines the obligation for calculation of impairment of not matured receivables in the amount of 100% if the annex to the contract (policy) determines agreed maturities after the expiration of the expiration date on the insurance contract, starting from the first day of expiration of the deadline and regardless of the period of delay in fulfilling the obligation by the debtor.

1.4 Insurance and financial risk management

Risk management objectives and policies for mitigating insurance risk

The Company's management of insurance risk is a critical aspect of the business. The objective is to select assets with duration and maturity value which matches the expected cash outflows from the insurance contracts claims.

The primary insurance activity carried out by the Company includes compensation of claims to persons or organizations – Company's' insurers, arising from the insured events. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under the contracts.

The Company manages its insurance risk through setting limits on amounts of insurance, approval procedures to accept the risks in insurance, pricing guidelines, procedures for application, assessment and decision regarding claims and centralized management of reinsurance.

Underwriting policy

The Company underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

The underwriting strategy is set out in an annual business plan that establishes the classes of business to be written, and the industry sectors in which the Company is prepared to underwrite. All general insurance contracts are annual in nature and the Company has the right to refuse renewal or to change the terms and conditions of the contract at renewal.

Reinsurance policy

The Company reinsures a portion of the insurance contracts in order to control its exposures to losses and protect capital resources.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the insurance risk. In addition, the Company provides facultative reinsurance for certain specific insured risks. Facultative reinsurance is subject to pre-approval and the total expenditure on facultative reinsurance is regularly monitored.

The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company's management sets the minimum security criteria for acceptable reinsurance and monitors the purchase of reinsurance against those criteria. The Company's management also monitors the ongoing adequacy of the reinsurance programme. The Company utilizes a reinsurance agreement with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence.

Assets/ liabilities matching

Assets covering technical provisions are those of the Company that serve to cover future liabilities arising from insurance contracts and possible losses in terms of those risks that the Company is obliged to set aside assets for covering technical provisions.

The Company actively manages its financial position using an approach that balances quality, diversification, liquidity and investment return, taking into consideration the limits prescribed by the Law on insurance supervision.

Presented below are assets/liabilities matching according to the local regulatory requirements, in relation to assets covering the technical provisions:

| <i>In MKD</i> | 2023 | 2022 |
|---|----------------------|----------------------|
| Assets | | |
| Bank deposits and cash equivalents | 446.450.727 | 546.240.289 |
| Bonds and other securities guaranteed by RNM | 602.022.299 | 449.796.213 |
| Securities available-for-sale | 229.528.888 | 192.927.352 |
| Financial Investments for Trading | 62.797.162 | 58.398.417 |
| | 1.340.799.076 | 1.247.362.271 |
| Liabilities (net technical reserves) | | |
| Reserves for transferred premiums, net of the reinsurers part | 490.373.727 | 448.070.492 |
| Reserves for bonuses and discounts | 3.735.445 | 11.885.973 |
| Other technical reserves | 8.600.000 | |
| Reserves for claims, net of the reinsurers part | 528.824.315 | 487.328.797 |
| | 1.031.533.487 | 947.285.262 |
| Asset / liability matching | 309.265.589 | 300.077.009 |

Assets covering the technical reserves are calculated in accordance with the Rulebook on types and characteristics of assets covering the technical reserves and assets covering the mathematical reserves, as well as detailed placement and restriction of those investments and their valuation. In accordance with the Law on Insurance Supervision the Company is in compliance with prescribed indexes.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Insurance against consequences of an accident (accident)

Characteristics

This type of insurance regulates the relation between the insurance parties in event of death as consequence of an accident, permanent disability (disability) as a consequence of an accident, impermanent disability to work and incurred health disorder that requires medical attention (medical expenses).

Risk Management

The elementary risks in this class of insurance are related with the type of operations of the prospective insurers, their age and gender. The biggest risk arises from the nature of this class of insurance that is unpredictable and happens unexpectedly.

The event causing damage usually happens unexpectedly and the cause of claim is easily determined. In this case the claim may be reported in delayed period, and it will be completed after treatment completion and finalization of the documentation. Accordingly, insurance against consequences of an accident (accident) is classified as long-term due to delayed time schedules.

Liability to third parties

Characteristics

The Company concludes insurance contracts for liability to third parties. Under these contracts compensation is paid for the occurrence of insured event. It may be of material or nonmaterial nature. The settlement period of the material claim is shorter than the period of the nonmaterial claim due to the nature of the claim.

The most of the insurance contracts with incurred material claim against liability to third parties are not subject to significant complexity so that the final outcome is less uncertain. For nonmaterial claims duration of the process of payment of claims from the reporting date of the claim to date of solving the same depends on several factors such as the nature of cover and the policy conditions.

Risk Management

Risks arising from liability of third parties are managed primarily through risk selection, appropriate investment strategy, estimation and reinsurance. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only risks which meet the Company's criteria are subject to insurance.

For liability contracts for nonmaterial claims, the key risk is the trend for courts to award higher levels of compensation which can significantly varies between court cases and courts.

Property

Characteristics

The Company contracts property insurance in the Republic of North Macedonia. Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own property.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

The event of damage to buildings or other property usually occurs unexpectedly (as for fire and burglary) and the cause is easily determinable. The claim will thus be promptly reported and can be settled without delay. Property insurance is classified as short-term, which means that increase in expenses and returns on investment are of minor importance.

Risk Management

The key risks associated with this product are insurance risk, competitive risk and claims experience risk (including the variable incidence of natural disasters).

The risk of these insurances is the risk that the Company may underestimate the insured risk. The risk on any policy will vary according to many factors such as location, safety measures and the characteristics of property. For insurance of property of individuals, it is expected that there will be large numbers of properties with similar risk profiles. However, for commercial business this will not be the case.

Many commercial property proposals comprise a unique combination of location, type of business, and safety measures in place. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky.

The Company reinsures risk of damage above the standard amount set aside by the Company.

Insurance of motor vehicles (Casco)

Characteristics

The Company concludes insurance contracts for vehicles on the Republic of North Macedonia. Fast payment protects the insured from loss of value of physical damage to vehicle and property at the time of occurrence of harmful events.

Risk Management

In general, claims reporting lags are minor, and claim complexity is relatively low, bearing moderate risk. The Company monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeal.

The frequency of claims is affected by adverse weather conditions. In addition, there is a correlation with the price of fuel and economic activity, which affect the amount of traffic activity.

Health insurance

Characteristics

The Company concludes contracts for voluntary health insurance of insured persons in the territory of the Republic of North Macedonia. Voluntary health insurance covers all medical expenses of the insured, which include, but are not limited to, the following insured risks:

hospital treatment in private clinics, outpatient treatment of an aquatic or specialist health facilities, prescribed medication and preventive examinations.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Risk Management

The event that causes damage as a cause of damage is easily determined. In this case, the damage will be reported and can be resolved without delay.

The risk management of voluntary health insurance contracts is mainly done through risk selection, an appropriate investment strategy, assessment and reinsurance. The Company monitors and responds to changes in the general economic and commercial conditions in the environment in which it operates in order to ensure that only those risks that are in line with the Company's criteria are subject to insurance.

General responsibility

Characteristics

The Company concludes insurance contracts in the territory of the Republic of North Macedonia. Liability insurance covers the legal liability of the insured for damage caused, death, injury to the body or health, as well as damage or destruction of objects to a third party caused by a sudden and unexpected harmful event.

Risk Management

The risk of each individual policy will vary depending on a number of factors such as location, established security measures, and the characteristics of the entity and the type of activity of the entity. Risk management of liability insurance contracts is mainly done through risk selection, an appropriate investment, and valuation and reinsurance strategy. The Company monitors and responds to changes in the general economic and commercial conditions in the environment in which it operates in order to ensure that only those risks that are in line with the Company's criteria are subject to insurance.

Tourist assistance

Characteristics

Based on the insurance contracts, and depending on the type of insurance coverage, the Company provides services specified in the policy, arising from insured cases arising abroad and are associated with travel abroad, and healthcare and insurance, travel assistance and insurance, accident insurance, baggage insurance, business assistance and insurance, trip cancellation, additional insurance for ski package (with extra charge premiums) additional insurance against sport accidents (with extra charge premiums).

Risk Management

The frequency of these claims is directly related to the travel of insurers and the number of reported claims is higher during summer period.

The event causing claim usually is easily determined. In this case the claim will be reported and can be resolved without delays. Accordingly, the travel insurance is classified as short-term, which means that increase in expenses and returns on investment are of minor importance.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Claims development

Run off analysis is especially for provision for incurred and reported claims and provision for incurred but not reported claims, as well as on cumulative basis, is done in accordance with the Rulebook for minimum standards for the calculation of technical provision, that has been applied since 01 January 2011.

Concentrations of insurance risks

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk which may exist where a particular harmful event could impact significantly upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within a number of individual insurance classes.

Geographic and sector concentrations

The risks underwritten by the Company are located in the Republic of North Macedonia. The management believes that the Company has no significant concentrations of exposure to any group of policyholders measured by social, professional, age or similar criteria. These risks are managed through contracts for reinsurance. The Company enters into reinsurance contracts, as they are - excess of loss coverage over the following classes of insurance: property and liability to third parties as well as full reinsurance of individual classes of insurance which provides protection against total risk. The Company assesses the costs and benefits associated with the reinsurance programme on a regular basis.

Interest rate risk

The Company's exposure on interest rate risk is concentrated in the investment in securities portfolio.

The liabilities from insurance contracts are short-term and the interest rate risk is mitigated by investing in debt instruments that are mostly fixed-income (government bonds and bills).

The short-term liabilities for insurance and reinsurance are not directly sensitive on the market interest rates due to their non-interest bearing character.

The structure of assets and liabilities is given by residual maturity at the reporting dates.

Notes to the financial statements (continued)

As at and for the year then ended on 31 December 2023

As at 31 December 2023

| In MKD | Total | Instruments with variable interest rate | Instruments with fix interest rate | | | | | Non-interest |
|--|----------------------|---|---------------------------------------|-------------------|--------------------|-------------------|----------------------|--------------------|
| | | | To 1 month | 1 – 3 months | 3 – 12 months | 1 – 5 years | More than 5 years | |
| Assets | | | | | | | | |
| Debt securities held to maturity | 664.702.702 | - | - | 39.691.836 | 109.073.251 | 62.680.403 | 453.257.212 | - |
| Trading Securities | 62.797.162 | - | - | - | - | - | - | 62.797.162 |
| Securities available-for-sale | 229.528.888 | - | - | - | - | - | - | 229.528.888 |
| Time deposits | 436.244.543 | 167.103.020 | - | 0 | 222.000.000 | 20.000.000 | - | 27.141.523 |
| Investments in joint controlled entities | 14.644.777 | 14.644.777 | - | - | - | - | - | - |
| Insurance receivables and other receivables from direct works | 324.701.277 | - | - | - | - | - | - | 324.701.277 |
| Cash and cash equivalents | 37.450.727 | - | - | - | - | - | - | 37.450.727 |
| Reinsurance assets | 118.901.552 | - | - | - | - | - | - | 118.901.552 |
| Liabilities | | | | | | | | |
| Liabilities | (46.337.538) | - | - | - | - | - | - | (46.337.538) |
| | 1.842.634.090 | 181.747.797 | 0 | 39.691.836 | 331.073.251 | 82.680.403 | 453.257.212 | 754.183.591 |

As at 31 December 2022

In MKD

| | | | | | | | | |
|--|----------------------|--------------------|----------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Assets | | | | | | | | |
| Debt securities held to maturity | 449.796.213 | - | - | - | - | 61.564.474 | 388.231.739 | - |
| Securities available-for-sale | 58.398.417 | - | - | - | - | - | - | 58.398.417 |
| Time deposits | 192.927.352 | - | - | - | - | - | - | 192.927.352 |
| Investments in joint controlled entities | 518.748.714 | 181.748.714 | - | 30.000.000 | 20.000.000 | 287.000.000 | - | - |
| Insurance receivables and other receivables from direct works | 15.180.437 | 15.180.437 | - | - | - | - | - | - |
| Cash and cash equivalents | 345.158.058 | - | - | - | - | - | - | 345.158.058 |
| Reinsurance assets | 32.240.289 | - | - | - | - | - | - | 32.240.289 |
| Liabilities | 136.380.551 | - | - | - | - | - | - | 136.380.551 |
| Liabilities | | | | | | | | |
| Liabilities | (50.073.737) | - | - | - | - | - | - | (50.073.737) |
| | 1.698.756.294 | 196.929.151 | 0 | 30.000.000 | 20.000.000 | 348.564.474 | 388.231.739 | 715.030.930 |

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Sensitivity analysis of interest rates

Sensitivity analysis is determined based on the Company's exposure to changing interest rates on financial instruments at the Balance sheet date. As at 31 December 2023, if interest rates are 200 basis points higher/lower, and the other variables constant, the profit before tax of the Company for the year ended 31 December 2023 will be decreased/increased by approximately 28.158.361 MKD (2022: 24.701.023 MKD).

Credit risk

The Company is exposed to credit risk, which is the risk that the counterparties may not be able to pay the amounts in full when they are due. To control exposure to credit risk, the Company performs ongoing credit evaluations of the financial condition of these counterparties on a regular basis.

Insurance receivables

The Company is exposed to credit risk in the event where its customers from the provision of insurance services fail to meet their payment obligations. The Company's exposure to credit risk is limited to the carrying value of premium and other receivables. The premium receivables are owed by a large number of customers on normal credit terms and therefore there is minimal concentration of credit risk. The Company monitors premium receivables on an ongoing basis with the result that the Company's exposure to bad debts is controlled. Analysis of the age structure of due trade receivables for unpaid premiums is presented in Note 2.7.

Reinsurance assets

The Company has exposure to credit risk in relation to its reinsurance assets. Reinsurance is placed with high rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. The management of the Company performs assessment of the creditworthiness of reinsurers to update reinsurance strategy.

Securities available-for-sale and securities held to maturity

The Company is exposed to credit risk in respect of securities available-for-sale and securities held to maturity in terms of possible bad debts from other parties.

However, taking into account that the Company invests in government bonds, investment funds, listed companies and term deposits in domestic banks is not expected these investments will not be recovered.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Credit risk (continued)

Maximum exposure to credit risk

The maximum exposure of the Company to credit risk is limited to the carrying amount of the financial assets recognized at the date of the financial statement, which are presented in the following table:

| In MKD | 2023 | 2022 |
|--|----------------------|----------------------|
| Financial investments available-for-sale | 229.528.888 | 192.927.352 |
| Debt securities held to maturity | 664.702.702 | 449.796.213 |
| Term deposits | 436.244.543 | 518.748.714 |
| Investments in jointly controlled entities | 14.644.777 | 15.180.437 |
| Reinsurance assets | 118.901.552 | 136.080.551 |
| Receivables from insureds and other receivables from direct operations | 324.701.277 | 345.158.058 |
| Cash and cash equivalents | 37.450.727 | 32.240.289 |
| | 1.826.174.466 | 1.690.131.614 |

In terms of receivables from insureds and other receivables from direct operations the amount of 207.579.504 MKD (2022: 222.824.545 MKD) is included in undue receivables regarding which adjusted value is recorded amounting to 1.743.632 MKD (2022: 581.296 MKD) pursuant to requirements set in the Rulebook on the Method of Valuation of Balance Sheet. Remaining amount of 205.835.873 MKD (2022: 222.243.249 MKD) represent undue, undepreciated receivables.

The Company does not take collaterals for securing the financial assets.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Foreign exchange risk

The Company is exposed to risk in relation to the effects of fluctuations in the prevailing exchange rates that reflect the financial position and cash flow. The Company does not use hedging financial instruments due to the fact that these types of instruments are not in common use in the Republic of North Macedonia.

| 31 December 2023 | | | | | | In MKD |
|---|----------------------|--------------------|-------------------|------------------|--------------------|----------------------|
| | MKD | EUR | USD | CHF | Other currencie | Total |
| | | | | | - | |
| Total assets | 1.561.634.422 | 422.117.008 | 28.302.901 | | 5.059 | 2.013.432.211 |
| Investments | 1.087.440.558 | 291.049.497 | 28.055.196 | | - | 1.407.918.072 |
| Part of co-insurance and reinsurance in the gross technical reserves | - | 118.901.552 | - | - | - | 118.901.552 |
| Financial investments for which the insured assumes the investment risk (insurance contracts) | - | - | - | - | - | - |
| Current and deferred tax assets | 2.191.353 | - | - | - | - | 2.191.353 |
| Receivables | 324.701.277 | - | - | - | - | 324.701.277 |
| Other Assets | 38.676.971 | 12.165.959 | 247.705 | - | 5.059 | 51.095.694 |
| Prepaid Expenses | 108.624.263 | - | - | - | - | 108.624.263 |
| Total liabilities | 1.277.211.860 | 11.744.741 | 210.650 | | | 1.289.167.251 |
| Subordinated liabilities | - | - | - | - | - | - |
| Gross technical reserves | 1.150.435.038 | - | - | - | - | 1.150.435.038 |
| Gross technical reserves of contracts in which the insured assumes the investment risk | - | - | - | - | - | - |
| Other reserves | 4.773.701 | - | - | - | - | 4.773.701 |
| Current and deferred tax liabilities | 5.251.054 | - | - | - | - | 5.251.054 |
| Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts | - | - | - | - | - | - |
| Liabilities from direct insurance, co-insurance and reinsurance, and other payables | 34.382.147 | 11.744.741 | 210.650 | - | - | 46.337.538 |
| Accruals | 82.369.920 | - | - | - | - | 82.369.920 |
| Difference – unreconciled currency structure | 284.422.562 | 410.372.267 | 28.092.251 | 1.372.821 | 5.059 | 724.264.960 |

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Foreign exchange risk (continued)

| 31 December 2022 | MKD | EUR | USD | CHF | Other currencie | in MKD Total |
|---|----------------------|--------------------|-------------------|------------------|--------------------|----------------------|
| Total assets | 1.526.693.931 | 302.763.384 | 26.253.385 | 1.418.440 | 359.019 | 1.857.488.159 |
| Investments | 1.043.606.219 | 163.880.671 | 26.145.803 | 1.418.440 | - | 1.235.051.133 |
| Part of co-insurance and reinsurance in the gross technical reserves | - | 136.380.551 | - | - | - | 136.380.551 |
| Financial investments for which the insured assumes the investment risk (insurance contracts) | - | - | - | - | - | - |
| Current and deferred tax assets | 2.982.315 | - | - | - | - | 2.982.315 |
| Receivables | 345.158.058 | - | - | - | - | 345.158.058 |
| Other Assets | 36.829.489 | 2.502.162 | 107.582 | - | 359.019 | 39.798.252 |
| Prepaid Expenses | 98.117.850 | - | - | - | - | 98.117.850 |
| Total liabilities | 1.199.596.474 | 19.234.713 | 72.867 | - | - | 1.218.904.054 |
| Subordinated liabilities | - | - | - | - | - | - |
| Gross technical reserves | 1.083.665.813 | - | - | - | - | 1.083.665.813 |
| Gross technical reserves of contracts in which the insured assumes the investment risk | - | - | - | - | - | - |
| Other reserves | 4.140.756 | - | - | - | - | 4.140.756 |
| Current and deferred tax liabilities | 3.243.824 | - | - | - | - | 3.243.824 |
| Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts | - | - | - | - | - | - |
| Liabilities from direct insurance, co-insurance and reinsurance, and other payables | 30.766.157 | 19.234.713 | 72.867 | - | - | 50.073.737 |
| Accruals | 77.779.924 | - | - | - | - | 77.779.924 |
| Difference – unreconciled currency structure | 327.097.457 | 283.528.671 | 26.180.518 | 1.418.440 | 359.019 | 638.584.105 |

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Liquidity risk

The major liquidity risk confronting the Company is the daily call on its available cash resources in respect of claims arising from insurance contracts.

The Company owns / maintains a highly satisfactory level of funds at all time, for payment of matured liabilities for payment and potential liabilities as they fall due.

The Company manages the liquidity risk abiding by the legal regulations and the internally prescribed policies, regularly monitoring liquidity indicators. The Company plans expected (certain and uncertain) inflows and outflows of financial assets on a regular basis. To this end, the Company prepares monthly plans of expected inflows and outflows of financial assets – a Report on a monthly plan of expected inflows and outflows of assets. Liquidity Risk Management Commission is in charge of the goals of planning the inflows and outflows of assets. The Commission reports to the Company's Management Board on its operations. The Commission meets at least once in a month and prepares a Report on a monthly plan of expected inflows and outflows of assets for the upcoming month. It is the Director of Financial Department that submits the Report to the President of the Management Board the following work day at the latest.

For the purpose of monitoring the inflows and outflow of the financial assets, the Company makes daily estimates the amount of liquid assets, amount of liabilities due or payable within seven days and liquidity ratio.

Liquidity gaps occur due to the Company's preference to invest in long-term investments with higher yields, which, in case there is a need of liquid assets can quickly be converted into money.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Liquidity risk (continued)

| 31 December 2023 | Up to 1 year | 1-3 years | 3-5 years | 5-10 years | 10-15 years | 15-20 years | Over 20 years | Total |
|---|----------------------|-------------------|-------------------|-------------------|--------------------|-------------|-------------------|----------------------|
| Total Assets | 1.408.560.584 | 88.934.012 | 62.680.403 | 63.856.393 | 328.181.388 | - | 61.219.431 | 2.013.432.211 |
| Investments | 803.046.445 | 88.934.012 | 62.680.403 | 63.856.393 | 328.181.388 | - | 61.219.431 | 1.407.918.072 |
| Part of co-insurance and reinsurance in the gross technical reserves | 118.901.552 | - | - | - | - | - | - | 118.901.552 |
| Financial investments for which the insured assumes the investment risk (insurance contracts) | - | - | - | - | - | - | - | - |
| Current and deferred tax assets | 2.191.353 | - | - | - | - | - | - | 2.191.353 |
| Receivables | 324.701.277 | - | - | - | - | - | - | 324.701.277 |
| Other Assets | 51.095.694 | - | - | - | - | - | - | 51.095.694 |
| Prepaid Expenses | 108.624.263 | - | - | - | - | - | - | 108.624.263 |
| Total Liabilities | 1.289.167.251 | - | - | - | - | - | - | 1.289.167.251 |
| Subordinated liabilities | - | - | - | - | - | - | - | - |
| Gross technical | 1.150.435.038 | - | - | - | - | - | - | 1.150.435.038 |
| Gross technical provisions of contracts in which the insured assumes the investment risk | - | - | - | - | - | - | - | - |
| Other reserves | 4.773.701 | - | - | - | - | - | - | 4.773.701 |
| Current and deferred tax liabilities | 5.251.054 | - | - | - | - | - | - | 5.251.054 |
| Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts | - | - | - | - | - | - | - | - |
| Liabilities from direct insurance, co-insurance and reinsurance, and other payables | 46.337.538 | - | - | - | - | - | - | 46.337.538 |
| Accruals | 82.369.920 | - | - | - | - | - | - | 82.369.920 |
| Difference – unreconciled age structure | 119.393.333 | 88.934.012 | 62.680.403 | 63.856.393 | 328.181.388 | - | 61.219.431 | 724.264.960 |

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Liquidity risk (continued)

| 31 December 2022 | Up to 1 year | 1-3 years | 3-5 years | 5-10 years | 10-15 years | 15-20 years | Over 20 years | Total |
|---|----------------------|--------------------|-------------------|-------------------|--------------------|-------------|-------------------|----------------------|
| Total Assets | 953.588.926 | 450.667.494 | 65.000.000 | 20.018.793 | 306.993.162 | - | 61.219.784 | 1.857.488.159 |
| Investments | 331.151.900 | 450.667.494 | 65.000.000 | 20.018.793 | 306.993.162 | - | 61.219.784 | 1.235.051.133 |
| Part of co-insurance and reinsurance in the gross technical reserves | 136.380.551 | - | - | - | - | - | - | 136.380.551 |
| Financial investments for which the insured assumes the investment risk (insurance contracts) | - | - | - | - | - | - | - | - |
| Current and deferred tax assets | 2.982.315 | - | - | - | - | - | - | 2.982.315 |
| Receivables | 345.158.058 | - | - | - | - | - | - | 345.158.058 |
| Other Assets | 39.798.252 | - | - | - | - | - | - | 39.798.252 |
| Prepaid Expenses | 98.117.850 | - | - | - | - | - | - | 98.117.850 |
| Total Liabilities | 1.218.904.054 | - | - | - | - | - | - | 1.218.904.054 |
| Subordinated liabilities | - | - | - | - | - | - | - | - |
| Gross technical | 1.083.665.813 | - | - | - | - | - | - | 1.083.665.813 |
| Gross technical provisions of contracts in which the insured assumes the investment risk | - | - | - | - | - | - | - | - |
| Other reserves | 4.140.756 | - | - | - | - | - | - | 4.140.756 |
| Current and deferred tax liabilities | 3.243.824 | - | - | - | - | - | - | 3.243.824 |
| Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts | - | - | - | - | - | - | - | - |
| Liabilities from direct insurance, co-insurance and reinsurance, and other payables | 50.073.737 | - | - | - | - | - | - | 50.073.737 |
| Accruals | 77.779.924 | - | - | - | - | - | - | 77.779.924 |
| Difference – unreconciled age structure | (265.315.128) | 450.667.494 | 65.000.000 | 20.018.793 | 306.993.162 | - | 61.219.784 | 638.584.105 |

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Capital management

The Insurance Supervision Agency is a main regulatory body that monitors the capital adequacy of the Company as a whole. The Company is directly supervised by the regulatory body.

Company's capital

The Company's capital according the legislative requirements is consisted of core and additional capital and is calculated as follows:

When calculating the core capital of the Company, the following items are taken into considerations:

- Paid-in shareholders' capital excluding the paid-in shareholders' capital from cumulative preference shares;
- Reserves of the Company (legal and statutory) which do not arise from insurance contracts;
- Retained earnings carried forward;
- Retained earnings from the current year (after taxation and other contributions and the dividend payable), if the amount of the profit has been verified by a certified auditor.

When calculating the core of the Company for insurance, the following items are considered as deductible:

- Treasury shares own by the Company;
- Long-term intangible assets;
- Uncovered loss and loss from the current year carried forward.

The insurance Company is required to set aside reserves not less than one third of the profit shown in the annual accounts unless the profit is used to cover previous years' losses, until the level of the Company's safety provisions reaches 50% of the average insurance premiums collected over the last two years, whereby previous years' premiums are increased for the value of the retail price index growth, inclusive of the year for which the profit is distributed.

When calculating the additional capital of the insurance undertaking, the following items are taken into consideration:

- paid-up share capital from cumulative preference shares;
- subordinate debt instruments;
- securities with unlimited maturity;

When calculating the capital of the Company, the additional capital referred above is taken into consideration only up to the amount not higher than 50% of the core capital.

When calculating the capital of the Company, the amounts of core and additional capital shall be reduced by the following items:

- Investment made by the Company into shares or subordinate debt instruments issued by another insurance undertaking or other financial institution in which the Company holds a share of more than 10%, as well as other investments in those entities, which are included in the calculation of the respective capital of those entities;
- Investment made by the Company into shares or subordinate debt instruments issued by another insurance undertaking or other financial institution other than those referred above, which exceed 10% of the capital of the insurance undertaking calculated prior to the deduction of the items listed above.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Capital management (continued)

Guarantee Fund of the Company

According to the requirements of the Law on insurance supervision the Guarantee Fund must not be less than one third of the required level of solvency margin of the Company. Also, the guarantee fund shall not be less than EUR 3.000.000 if the Company performs insurance operations in all classes of insurance in the group of non-life insurance. As at 31 December 2023 and 2022 the Company is in compliance with these legal requirements.

Required solvency margin

The capital of the insurance company engaged in non-life insurance and / or reinsurance at any time should be at least equal to the required level of solvency margin of the insurance company that is calculated using the Premium Rate Method and the Claims Rate Method, depending on which method provides a higher result.

The solvency margin for the year ended 31 December 2023 amounts to 225.786.985 MKD (2022: 187.745.881 MKD).

The Company's management policy is to maintain stability in the capital of the Company to maintain investor's confidence, market and to support future business development. Management of the Company monitors the return on equity, defined as earnings from operations. The Company also takes into consideration the impact that the level of capital has on the return to shareholders and the need to maintain a ratio between higher returns and security provided by a strong capital position.

The Company is not exposed to external influences on changes in equity. During the year there were no materially significant changes in the approach of the Company referring to the capital management.

In addition, such determined solvency margin level secures compliance with the provision set in the Law, pursuant to which "equity of the insurance company shall be at any time at least equal to the company's required solvency margin level."

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)
Capital management (continued)
Solvency Margin Required Level

in MKD

| Description | Item | Non-life insurance except health | | Health insurance to which the | | Non-life insurance except health | |
|--|-----------|----------------------------------|--------------------|-------------------------------|---------------|----------------------------------|---------------|
| | | Current year | Previous year | Current year | Previous year | Current year | Previous year |
| Gross written premium | 1 | 1.335.630.347 | 1.120.289.082 | | | | |
| Gross written premium < 10 mil Eur x 0.18 | 2 | 110.691.000 | 110.687.760 | | | | |
| Gross written premium > 10 mil Eur x 0.16 | 3 | 115.308.856 | 80.857.133 | | | | |
| Gross written premium < 10 mil Eur x 18/300 | 4 | | | 0 | 0 | | |
| Gross written premium > 10 mil Eur x 16/300 | 5 | | | 0 | 0 | | |
| Total amount of Gross written premium ((6)=[2] + [3] or [6]=[4] + [5]) | 6 | 225.999.856 | 191.544.893 | 0 | 0 | | |
| Gross paid claims | 7 | 441.935.025 | 373.266.060 | | | 441.935.025 | 373.266.060 |
| Net paid claims | 8 | 441.518.764 | 365.862.874 | | | 441.518.764 | 365.862.874 |
| Coefficient ((9)=[8]/[7] or 0.50, if smaller) | 9 | 1,00 | 0,98 | 0,00 | 0,00 | 1,00 | 0,98 |
| Solvency margin - Premium rate method ((10)= [6]*[9]) | 10 | 225.786.985 | 187.745.881 | 0 | 0 | | |
| Reference period (in years) | 11 | 3 | 3 | | | 7 | 7 |
| Gross paid claims in the reference period | 12 | 1.177.248.906 | 1.108.614.910 | | | 0 | 0 |
| Gross claim reserves at the end of the reference period | 13 | 595.545.814 | 544.563.497 | | | 0 | 0 |
| Gross claim reserves at the beginning of the reference period | 14 | 510.490.101 | 478.577.434 | | | | 0 |
| Gross incurred claims ((15)=[12] + [13] - [14])/[11]) | 15 | 420.768.206 | 391.533.658 | 0 | 0 | 0 | 0 |
| Gross incurred claims < 7 mil Eur x 0,26 | 16 | 109.399.734 | 101.798.751 | | | 0 | 0 |
| Gross incurred claims > 7 mil Eur x 0,23 | 17 | 0 | 0 | | | 0 | 0 |
| Gross incurred claims < 7 mil Eur x 26/300 | 18 | | | 0 | 0 | | |
| Gross incurred claims > 7 mil Eur x 23/300 | 19 | | | 0 | 0 | | |
| Total amount of Gross incurred claims ((20)=[16] + [17] or [20]=[18] + [19]) | 20 | 109.399.734 | 101.798.751 | 0 | 0 | 0 | 0 |
| Solvency margin - Claim rate method ((21)= [20]*[9]) | 21 | 109.296.689 | 99.779.722 | 0 | 0 | 0 | 0 |
| Required level of solvency margin ((22)=max([10],[21])) | 22 | 225.786.985 | 187.745.881 | 0 | 0 | | |

| Description | Item | Current year | Previous year |
|--|------|--------------|---------------|
| Final calculation of required level of solvency margin | 1 | 225.786.985 | 187.745.881 |

The policy of the Company's Management is to maintain the stability of the Company's capital and keep the confidence given by the investors and by the market and to support the future development of the business. The Company monitor the return on equity, defined as profit from regular operations. The Company also takes into account the influence of the level of capital on the shareholders' return, as well as the need to maintain the ration between high returns and security afforded by the sound capital position.

The Company is not exposed to external influences on changes in equity. During the year there were no materially significant changes in the approach of the Company referring to the capital management.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Capital management (continues)

Calculation of Capital

| | No. of position | Amount |
|---|-----------------|--------------------|
| | | 100 |
| Basic capital, article 69 (I1+I2+I3+I4+I5+I6-I7-I8-I9-I10-I11-I12-I13) | I | 627.000.855 |
| Paid in share capital excluding the share capital of the cumulative priority stocks | I1 | 195.326.080 |
| Premiums from issuance of ordinary shares | I2 | 0 |
| Legal and statutory reserves | I3 | 251.053.103 |
| Accumulated undistributed profit | I4 | 185.082.540 |
| Undistributed profit from current year | I5 | 0 |
| Personal stocks owned by the insurance company (treasury shares) | I6 | 0 |
| Long term intangible assets | I7 | 2.466.247 |
| Accumulated uncovered losses and loss from current year | I8 | 0 |
| Unrealized losses from AFS equity investments measured at fair value | I9 | 1.994.621 |
| Unrealized losses from valuation of AFS financial instruments | I10 | 0 |
| Net negative revaluation reserves and other differences from valuation arising from investments in associated companies or joint ventures valued at equity valuation method | I11 | 0 |
| Other deductible items arising from non-compliance with limits for investments of capital funds, as prescribed in article 73 from Law on insurance supervision | I12 | 0 |
| Additional capital, article 71 (II1+II2+II3+II4+II5+II6), if not greater than 50% of basic capital | II | 2.818.807 |
| Paid in share capital from cumulative priority stocks | II1 | 0 |
| Premium from issues cumulative priority shares | II2 | 0 |
| Subordinated debt instruments | II3 | 0 |
| Securities with undefined maturity | II4 | 0 |
| Unrealized gains from revaluation of AFS equity instruments measured at fair value | II5 | 2.818.807 |
| Unrealized gains from revaluation of AFS debt instruments measured at fair value | II6 | 0 |
| Total basic and additional capital I+II. | III | 629.819.662 |
| Deductible items, article 72 (IV1+IV2) | IV | 0 |
| Investments in shares in legal entities from article 72 of the Law | IV1 | 0 |
| Investments in subordinated debts and other investments in legal entities from article 72 of the Law for insurance supervision | IV2 | 0 |
| EQUITY I + II - IV | V | 629.819.662 |
| | | |
| Required level of solvency margin (non-life insurance companies) | V11 | 225.786.985 |
| Required level of solvency margin (life insurance companies) | V12 | 0 |
| Equity | V13 | 629.819.662 |
| Guarantee fund | V14 | 184.485.000 |
| Surplus/deficit of Equity compared to Guarantee Fund (V15 = V13 - V14) | V15 | 445.334.662 |
| Surplus/deficit of Equity (for non-life) compared to required level of solvency margin (for non-life insurance companies)(V16 = V13 - V11) | V16 | 404.032.677 |
| Surplus/deficit of Equity (for life) compared to required level of solvency margin (for life insurance companies)(V17 = V13 - V12) | V17 | 0 |

Sensitivity analysis

The Company has estimated the impact of changes in certain key variables on the profit for the year, equity and the coverage coefficient.

Compared with the current equity position of the equity, profit for the year, equity, coverage index and solvency with own capital as at 31 December 2023 and 31 December 2022 is shown in the table below.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Capital management (continues)

Sensitivity analysis

| 31 December 2023 | Profit for the period | Equity and reserves | Required level of solvency margin | Coverage index | Change in coverage index. |
|--|-----------------------|---------------------|-----------------------------------|----------------|---------------------------|
| | | | | | |
| Current equity position | 96.164.694 | 729.002.416 | 225.786.985 | 323% | |
| Investment yield (+2%) | 124.323.055 | 757.160.777 | 225.786.985 | 335% | 12% |
| Investment yield (-2%) | 68.006.333 | 700.844.055 | 225.786.985 | 310% | -25% |
| 5% decrease in claims incurred | 72.178.790 | 705.016.512 | 225.786.985 | 312% | 2% |
| 5% increase in claims incurred | 120.150.598 | 752.988.320 | 225.786.985 | 333% | 21% |
| 2% decrease in admin. and insurance provision expenses | 90.675.867 | 723.513.589 | 225.786.985 | 320% | -13% |
| 2% increase in admin. and insurance provision expenses | 101.653.521 | 734.491.243 | 225.786.985 | 325% | 5% |

| 31 December 2022 | Добивка за годината | Капитал и резерви | Потребно ниво на маргина на солвентност | Коефициент на покриеност | Промена на коефициент на покриен. |
|--|---------------------|--------------------|---|--------------------------|-----------------------------------|
| | | | | | |
| Current equity position | 85.014.531 | 641.463.991 | 187.745.881 | 342% | |
| Investment yield (+2%) | 109.715.554 | 666.165.014 | 187.745.881 | 355% | 13% |
| Investment yield (-2%) | 60.313.508 | 616.762.968 | 187.745.881 | 329% | -26% |
| 5% decrease in claims incurred | 65.994.494 | 622.443.954 | 187.745.881 | 332% | 3% |
| 5% increase in claims incurred | 104.034.568 | 660.484.028 | 187.745.881 | 352% | 20% |
| 2% decrease in admin. and insurance provision expenses | 79.836.474 | 636.285.934 | 187.745.881 | 339% | -13% |
| 2% increase in admin. and insurance provision expenses | 90.192.589 | 646.642.049 | 187.745.881 | 344% | 6% |

The results from all simulations show good level of capitalization of the Company. Any potential change in investment income has the most significant impact on the profit for the period, equity and the coverage index.

This analysis has been prepared for a change in one variable with other assumptions remaining constant. It should be noted that the information in the table above has been produced using a deterministic approach, so is a distribution free analysis with no correlations between the key variables.

Where variables are considered to be non-material, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material at present, but if the materiality level of an individual variable change, assessment of changes to that variable in the future may be required.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Fair value

Financial instruments recognized at fair value

The financial assets measured according to the fair value in the statement of financial position are further categorized in accordance with the hierarchy of the fair value are shown in the next table. This hierarchy groups the 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. Fair value hierarchy is as follows:

- 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.

The financial assets that are recognized according to their fair values in the Statement of financial position are grouped according to the hierarchy level of the fair value, as follows:

| 2023 | Level 1 | Level 2 | Level 3 | Total |
|--|------------|-------------|---------|-------------|
| Assets | | | | |
| Financial investments available-for-sale | - | 229.528.888 | - | 229.528.888 |
| Financial investments for trading | 62.797.162 | - | - | 62.797.162 |
| 2022 | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Financial investments available-for-sale | 2.100.000 | 190.827.352 | - | 192.927.352 |
| Financial investments for trading | 58.398.417 | - | - | 58.398.417 |

Financial investments available-for-sale consists of investments in shares of companies listed on the Macedonian Stock Exchange and investments in stakes in investments funds. They are recognized at fair value based on their market price at the reporting date.

Financial investments for trading consists of investments in securities whose issuer is a country or a foreign legal entity from a European Union Member State or OECD, which are acquired for trading and which are classified at the initial recognition by the Company's financial investments at fair value through profit and loss.

They are recognized at fair value based on their market price at the reporting date.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Financial instruments not carried at fair value

The following table summarizes the difference between the carrying values and the fair values to those financial assets and liabilities that are not recognized in the Balance Sheet at their fair value:

| | 2023 | | 2022 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Total carrying value | Total fair value | Total carrying value | Total fair value |
| Assets | | | | |
| Debt securities held to maturity | 664.702.702 | 664.702.702 | 449.796.213 | 449.796.213 |
| Time deposits | 436.244.543 | 436.244.543 | 518.748.714 | 518.748.714 |
| Investments in joint controlled entities | 14.644.777 | 14.644.777 | 15.180.437 | 15.180.437 |
| Reinsurance assets | 118.901.552 | 118.901.552 | 136.380.551 | 136.380.551 |
| Insurance receivables and other receivables from direct works | 324.701.277 | 324.701.277 | 345.158.058 | 345.158.058 |
| Cash and cash equivalents | 37.450.727 | 37.450.727 | 32.240.289 | 32.240.289 |
| Total Assets | 1.596.645.578 | 1.596.645.578 | 1.497.504.262 | 1.497.504.262 |
| Liabilities | 46.337.538 | 46.337.538 | 50.073.737 | 50.073.737 |
| Total Liabilities | 46.337.538 | 46.337.538 | 50.073.737 | 50.073.737 |

Assumptions used for determining the fair value of financial assets and liabilities

In view of the fact that there is no enough market experience and liquidity for buying and selling financial assets and liabilities, as well as having in mind that there is no market information published on disclosures related to fair value of the financial assets and liabilities, the Company applied the technics of the analysis of discounted cash flows. With this valuation technics, interest rate for similar financial instruments are applied with a view to obtaining relevant assessment of prices of current market transactions.

There is no significant discrepancy at short-term receivables and payables do not show significant divergence from their accounting values with respect to their fair value.

The fair value of financial assets is similar to their accounting book value, decreased by impairment made.

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Financial instruments by category

| | Loans and receivables | Held to maturity | Available-for- sale | Trading investments | Total |
|---|--------------------------|---------------------|--|-----------------------------------|----------------------|
| 31 December 2023 | | | | | |
| Assets according to the Statement of financial position | | | | | |
| Financial investments available- for-sale | - | - | 229.528.888 | - | 229.528.888 |
| Debt securities held to maturity | - | 664.702.702 | - | - | 664.702.702 |
| Deposits, loans and other placements | 436.244.543 | - | - | - | 436.244.543 |
| Financial investments for trading | - | - | - | 62.797.162 | 62.797.162 |
| Investments in joint controlled entities | 14.644.777 | - | - | - | 14.644.777 |
| Reinsurance assets | 118.901.552 | - | - | - | 118.901.552 |
| Insurance receivables and other receivables from direct works | 324.701.277 | - | - | - | 324.701.277 |
| Cash and cash equivalents | 37.450.727 | - | - | - | 37.450.727 |
| | 931.942.876 | 664.702.702 | 229.528.888 | 62.797.162 | 1.888.971.628 |
| Liabilities according to the Statement of financial position | | | | | |
| Liabilities | | | Liabilities at fair value through profits and losses | Other financial liabilities | Total |
| | | | - | 46.337.538 | 46.337.538 |
| | | | - | 46.337.538 | 46.337.538 |

Notes to the financial statements (continued)
As at and for the year ended on 31 December 2023

1.4 Insurance and financial risk management (continued)

Financial instruments by category (continued)

| | Loans and receivables | Held to maturity | Available- for-sale | Trading investments | Total |
|---|--------------------------|---------------------|---|-----------------------------|----------------------|
| 31 December 2022 | | | | | |
| Assets according to the Statement of financial position | | | | | |
| Financial investments available-for-sale | - | - | 192.927.352 | - | 192.927.352 |
| Debt securities held to maturity | - | 449.796.213 | - | - | 449.796.213 |
| Deposits, loans and other placements | 518.748.714 | - | - | - | 518.748.714 |
| Financial investments for trading | - | - | - | 58.398.417 | 58.398.417 |
| Investments in joint controlled entities | 15.180.437 | - | - | - | 15.180.437 |
| Reinsurance assets | 136.380.551 | - | - | - | 136.380.551 |
| Insurance receivables and other receivables from direct works | 345.158.058 | - | - | - | 345.158.058 |
| Cash and cash equivalents | 32.240.289 | - | - | - | 32.240.289 |
| | 1.047.708.049 | 449.796.213 | 192.927.352 | 58.398.417 | 1.748.830.031 |
| Liabilities according to the Statement of financial position | | | | | |
| Liabilities | | | Liabilities at fair value through profit and loss | Other financial liabilities | Total liabilities |
| | | | - | 50.073.737 | 50.073.737 |
| | | | - | 50.073.737 | 50.073.737 |

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2. Information and disclosures to the Statement of financial position (Balance Sheet)

2.1. Intangible assets

| | Software | Intangible assets under preparation | Total |
|---------------------------------|-------------------|-------------------------------------|-------------------|
| Costs | | | |
| As at 01 January 2022 | 22.838.388 | - | 22.838.388 |
| Purchase/sell (net) | 2.086.734 | - | 2.086.734 |
| As at 31 December 2022 | 24.925.122 | - | 24.925.122 |
| Purchase/sell (net) | 717.396 | 2.271.209 | 2.988.605 |
| As at 31 December 2023 | 25.642.518 | 2.271.209 | 27.913.727 |
| Accumulated amortization | | | |
| As at 01 January 2022 | 21.225.631 | - | 21.225.631 |
| Amortization for the year | 819.605 | - | 819.605 |
| As at 31 December 2022 | 22.045.236 | - | 22.045.236 |
| Amortization for the year | 1.131.035 | - | 1.131.035 |
| As at 31 December 2023 | 23.176.271 | - | 23.176.271 |
| Net carrying value | | | |
| As at 31 December 2022 | 2.879.886 | - | 2.879.886 |
| As at 31 December 2023 | 2.466.247 | 2.271.209 | 4.737.456 |

2.2. Land, buildings and other assets not used in the main business operations

As at 31 December 2023 and 2022, the Company has no investments in land, buildings and other assets not used in the main business operations.

Notes to the financial statements (continued)

Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

2.3. Investments in jointly controlled entities

As at 31 December 2023, investments in jointly controlled entities are to the amount of 14.644.777 MKD (2022: 15.180.437 MKD) relates to the founders share in National Insurance Bureau in accordance with the requirements of the Law on Insurance Supervision of the Republic of North Macedonia. National Insurance Bureau is a non-profit organization founded by all domestic insurance companies whose purpose is to protect the interests of its members in international insurance of motor vehicles and represents members in front of the international insurance companies. Investments in joint controlled entities are invested interest bearing deposits held in a separate bank account. National Insurance Bureau is obliged not to invest and to return the deposit to each member in case of termination of their operations with insurance of motor vehicles.

2.4. Other financial investments

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Financial investments held to maturity (net value) | 664.702.702 | 449.796.213 |
| Financial investments available-for-sale - shares | - | 2.100.000 |
| Financial investments available-for-sale – stakes in investment funds | 229.528.888 | 190.827.352 |
| Deposits, loans and other placements, net | 436.244.543 | 518.748.714 |
| Financial investments for trading - shares, stakes and other equity instruments | 50.278.297 | 45.914.060 |
| Financial investments for trading - shares and stakes in investment funds | 12.518.865 | 12.484.357 |
| | 1.393.273.295 | 1.219.870.696 |

2.4.1 Debt securities held to maturity

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Government bonds | 664.702.702 | 449.796.213 |
| | 664.702.702 | 449.796.213 |
| Quoted | 664.702.702 | 449.796.213 |
| Not quoted | - | - |
| | 664.702.702 | 449.796.213 |
| Government bonds with maturity within 1 year | 138.861.282 | - |
| Government bonds with maturity over 1 year | 525.841.420 | 449.796.213 |
| Debt securities held to maturity | 664.702.702 | 449.796.213 |

2.4.2 Shares, stakes and other equity instruments

| | 2023 | 2022 |
|----------------------------|--------------------|--------------------|
| Equity securities | - | 2.100.000 |
| Stakes in investment funds | 229.528.888 | 190.827.352 |
| | 229.528.888 | 192.927.352 |
| Quoted | - | 2.100.000 |
| Not quoted | 229.528.888 | 190.827.352 |
| | 229.528.888 | 192.927.352 |

In the course of 2023 the Company recorded correction (increase) in the net amount of 15.260.122 MKD (note 2.11) (2022: decrease amounting to 8.374.671 MKD) in the recorded value of investments to their fair value, which amount is recognized as other comprehensive profit in the framework of revalorization reserves that are a portion of the Company's capital.

Notes to the financial statements (continued)

Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

2.4. Other financial investments (continued)**2.4.2 Shares, stakes and other equity instruments (continued)**

In addition, in 2023, the Company recorded realized gain from selling of financial investments available for sale (shares in investment funds and stocks) amounting to 3.886.391 MKD (note 2.11) (2022: realized gain amounting to 1.207.759 MKD), recorded as decrease within revalorization reserve and as a profit/loss in the framework of the Income Statement.

2.4.3 Financial investments for trading

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Shares, stakes and other equity instruments | 50.278.297 | 45.914.060 |
| Stakes in investment funds | 12.518.865 | 12.484.357 |
| | 62.797.162 | 58.398.417 |

Starting as from the third quarter of 2019, the Company recognizes financial instruments issued by a European Union or OECD country or foreign legal entity acquired for trading and which at initial recognition by The Company's financial assets are classified as at fair value through profit or loss. The portfolio consists of shares, stakes in investment funds, and mostly consists of an ETF or index fund. As at 31 December 2023, the Company has 22 securities out of which 7 in different ETFs totaling 36.210.933 MKD, 13 ordinary shares to the portfolio amount of 14.067.364 MKD and stakes in one investment fund to the amount of 12.518.865 MKD diversified in currency, geographically and in terms of sectors. Within this portfolio, as at the end of the year, the Company also recorded unrealized gain on the fair value of securities to the amount of 14.590.000 MKD (profit 2022: 13.935.093 MKD) (Note 3.2).

2.4.4 Deposits, loans and other placements

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Term deposits in domestic banks (with maturity to one year) | 32.376.110 | 72.703.576 |
| Term deposits in domestic banks (with maturity over one year) | 409.000.000 | 454.103.020 |
| Allowance for impairment on deposits | (5.131.567) | (8.057.882) |
| | 436.244.543 | 518.748.714 |

Deposits maturing within a period not exceeding 12 months from the reporting date bear interest at rate of 1,2% to 3,0% annually (2022: 0,7% to 2,0% annually).

Deposits maturing within a period exceeding more than 12 months from the reporting date bear interest at rate of 1,7% to 3,04% annually (2022: 0,8% to 3,3% annually).

Out of the total deposits, deposits to the amount of 409.000.000 MKD are investments of funds that cover technical reserves, while six deposits to the amount of 27.244.543 MKD are investments of capital funds in specific purpose deposits given as collateral for approved bank guarantees by Komercijalna Banka AD Skopje and Halk Bank AD Skopje.

In 2023, 2.926.315 MKD were paid in (2022: 2.476.489 MKD) based on distribution of bankruptcy estate of Eurostandard Bank to trustees, i.e., a portion of the deposits that remained in the bank when the bankruptcy was initiated amounting to 10.534.371 MKD and, accordingly, release of the impairment was made.

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.4. Other financial investments (continued)

2.4.4 Deposits, loans and other placements (continued)

The movement in the allowance for impairment for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|------------------|------------------|
| At 1 January | 8.057.882 | 10.534.371 |
| Impairment release/expense for the year (note 3.12) | (2.926.315) | (2.476.489) |
| At 31 December | 5.131.567 | 8.057.882 |

2.5. Part for co-insurance and reinsurance in gross technical provisions

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Gross provision for unearned premiums | | |
| As at 01 January | 91.031.824 | 126.475.975 |
| Movement for the period (Note 3.1) | (26.516.326) | (35.444.151) |
| As at 31 December | 64.515.498 | 91.031.824 |
| Gross provision for claims | | |
| As at 01 January | 45.348.727 | 31.726.864 |
| Movement for the period (Note 3.5) | 9.037.327 | 13.621.863 |
| As at 31 December | 54.386.054 | 45.348.727 |
| Part for reinsurance in gross technical provisions | 118.901.552 | 136.380.551 |

2.6. Deferred and current tax assets

| | 2023 | 2022 |
|---------------------------------|------------------|------------------|
| Differed tax assets | 2.187.716 | 2.678.813 |
| Personal income tax receivables | 3.637 | - |
| Income tax receivables | - | 303.502 |
| Current tax assets | 3.637 | 303.502 |
| | 2.191.353 | 2.982.315 |

As at 31 December 2023, the Company records deferred tax assets amounting to 2.187.716 MKD (2022: 2.678.813 MKD) based on calculated unrealized gain recognized and recorded as revaluation reserve from financial investments classified as available for sale.

2.7. Receivables

The receivables in the table below are shown in gross amount less impairment provision of receivables from insurance contracts, according to the Rulebook on the methods of evaluation of items on the balance sheet and preparation of financial statements, adopted by the Insurance Supervision Agency. According to the Rulebook, impairment of claims is calculated for entities that have filed for bankruptcy and is 100% of the amount of the claim regardless of the period of delay in the fulfillment of the obligation, as well as for those claims where the agreed maturity date. The maturity set out in the insurance contract (policy) is determined after the expiry date. As at 31 December, the Company recognizes impairment of receivables to the amount of 1.743.632 MKD (2022:581.296 MKD).

Notes to the financial statements (continued)

Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

2.7. Receivables (continued)

Analysis of the age structure of receivables from Insureds as at 31 December 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Receivables form insurers | 415.100.650 | 422.048.836 |
| Impairment provision of receivables from insurance contracts | (111.815.256) | (95.578.784) |
| | 303.285.394 | 326.470.052 |
| Other receivables from insurance direct operations | 42.928.997 | 40.429.676 |
| Impairment provision of other receivables from insurance direct operations | (32.415.839) | (32.870.086) |
| | 10.513.158 | 7.559.590 |
| Receivables for financial investments (Interest on deposits and government bonds, Dividends, NBIs etc.) | 9.286.950 | 8.440.381 |
| Impairment of the receivables for financial investments | - | (13.348) |
| | 9.286.950 | 8.427.033 |
| Receivables from the employees | 3.244.604 | 4.280.134 |
| Impairment provision of other receivables | (1.628.829) | (1.578.751) |
| | 1.615.775 | 2.701.383 |
| | 324.701.277 | 345.158.058 |

Analysis of the age structure of receivables from the insureds as at 31 December 2023 and 2022:

| | 2023 | | | 2022 | | | |
|-------------------------|--------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|------------------------------|
| | Receivables | Impairment provision | Present value of receivables | | Receivables | Impairment provision | Present value of receivables |
| to 30 days | 39.166.238 | - | 39.166.238 | to 30 days | 54.150.842 | (335.681) | 53.815.161 |
| 31-60 days | 18.987.456 | (1.897.878) | 17.089.578 | 31-60 days | 22.093.562 | (2.310.555) | 19.783.007 |
| 61-120 days | 25.437.279 | (7.884.938) | 17.552.341 | 61-120 days | 20.454.986 | (6.472.942) | 13.982.044 |
| 121-270 days | 41.678.365 | (21.255.861) | 20.422.504 | 121-270 days | 28.631.494 | (15.082.008) | 13.549.486 |
| 271 - 365 days | 11.099.504 | (7.880.643) | 3.218.861 | 271 - 365 days | 10.891.301 | (7.794.196) | 3.097.105 |
| over 366 days | 71.152.304 | (71.152.304) | - | over 366 days | 63.002.106 | (63.002.106) | - |
| Matured receivables | 207.521.146 | (110.071.624) | 97.449.522 | Matured receivables | 199.224.291 | (94.997.488) | 104.226.803 |
| Not matured receivables | 207.579.504 | (1.743.632) | 204.092.240 | Not matured receivables | 222.824.545 | (581.296) | 222.243.249 |
| | 415.100.650 | (111.815.256) | 301.541.762 | | 422.048.836 | (95.578.784) | 326.470.052 |

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.7. Receivables (continued)

The analysis of movement of the total impairment provision for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|--|--------------------|--------------------|
| As at 01 January | 130.040.969 | 121.668.672 |
| Expense for the year (Note 3.11 and 3.12) | 30.155.119 | 25.290.130 |
| Release for the year (Note 3.11 and 3.12) | (10.841.864) | (11.668.559) |
| Write-off of previously fully impaired receivables | (3.494.300) | (5.249.274) |
| As at 31 December | 145.859.924 | 130.040.969 |

On 31 December 2023, the Company reassessed the collectability of the balance of premium receivables from insurers, and made write-off due to bad debts of previously fully impaired receivables to the amount of 3.494.300 MKD (2022: 5.249.274 MKD).

The entire write-off is in accordance with the legal preconditions for permanent write-off, i.e. the written-off claims refer to claims from entities on which the bankruptcy procedure is closed, entities deleted from the Central Register in accordance with Article 552-b of the Law on Trade Companies or claims from natural persons deceased or obsolete claims.

2.7.1 Other receivables from insurance direct operations

As at December 31, 2023, the Company recognizes impairment on all other receivables for insurance direct operations (note 2.7). Their structure is as follows:

| | 2023 | 2022 |
|--|-------------------|------------------|
| Other receivables from insurance direct operations | 42.928.997 | 40.429.676 |
| Impairment provision of other receivables from insurance direct operations | (32.415.839) | (32.870.086) |
| | 10.513.158 | 7.559.590 |
| Recourse receivables | 26.948.464 | 27.414.574 |
| Impairment of recourse receivables | (26.166.605) | (26.436.963) |
| | 781.859 | 977.611 |
| Receivables from International claims | 5.305.624 | 4.509.220 |
| Impairment of receivables of International claims | (609.802) | (1.455.678) |
| | 4.695.822 | 3.053.542 |
| Reinsurance fee receivables | 414.310 | 96.813 |
| Impairment provision of reinsurance fee receivables | - | (96.813) |
| | 414.310 | - |
| Receivables due to cession and other receivables | 8.462.630 | 7.191.156 |
| Impairment of insurance direct operations | (5.639.432) | (4.880.632) |
| | 2.823.198 | 2.310.524 |
| Other receivables from Guarantee Fond | 1.797.969 | 1.217.913 |
| Impairment of other receivables from Guarantee Fond | - | - |
| | 1.797.969 | 1.217.913 |

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.7. Receivables (continued)

The analysis of the age structure of other receivables from direct insurance operations at 31 December 2023 and 2022 is as follows:

| | 2023 | | | 2022 | | |
|-------------------------|-------------------|----------------------|------------------------------|-------------------------|----------------------|------------------------------|
| | Receivables | Impairment provision | Present value of receivables | Receivables | Impairment provision | Present value of receivables |
| to 30 days | 5.624.593 | - | 5.624.593 | to 30 days | - | 4.949.846 |
| 31-60 days | 1.065.546 | (106.555) | 958.991 | 31-60 days | (7.545) | 67.904 |
| 61-120 days | 536.555 | (166.332) | 370.223 | 61-120 days | (232.295) | 517.045 |
| 121-270 days | 956.344 | (487.735) | 468.609 | 121-270 days | (471.086) | 452.613 |
| 271 - 365 days | 443.867 | (315.146) | 128.721 | 271 - 365 days | (186.763) | 76.285 |
| over 366 days | 31.340.071 | (31.340.071) | - | over 366 days | (31.972.397) | - |
| Matured receivables | 39.966.976 | (32.415.839) | 7.551.137 | Matured receivables | (32.870.086) | 6.063.693 |
| Not matured receivables | 2.962.021 | - | 2.962.021 | Not matured receivables | - | 1.495.897 |
| | 42.928.997 | (32.415.839) | 10.513.158 | | (32.870.086) | 7.559.590 |

2.8. Tangible assets used for operations

2023

| | Computers and telecom equipment | Furniture and office equipment | Motor vehicles | Other assets | Total |
|-------------------------------|---------------------------------|--------------------------------|------------------|------------------|-------------------|
| As at 01 January 2023 Net | 3.805.861 | 777.168 | 41.239 | 2.933.695 | 7.557.963 |
| Purchase | 4.817.395 | 416.367 | 4.319.820 | 194.009 | 9.747.591 |
| Sale | - | - | (5.996.229) | - | (5.996.229) |
| Write-off | (1.118.784) | (89.654) | - | (50.229) | (1.258.667) |
| Accumulated amortization | (2.374.525) | (288.787) | (572.081) | (461.910) | (3.697.303) |
| Depreciation write-off | 1.118.836 | 126.319 | 5.996.229 | 50.228 | 7.291.612 |
| As at 31 December 2023 Net | 6.248.783 | 941.413 | 3.788.978 | 2.665.793 | 13.644.967 |
| As at January 2023 | | | | | |
| Purchase | 23.375.916 | 8.671.180 | 9.340.653 | 6.023.702 | 47.411.451 |
| Accumulated depreciation | (19.570.055) | (7.894.012) | (9.299.414) | (3.090.007) | (39.853.488) |
| Net carrying value | 3.805.861 | 777.168 | 41.239 | 2.933.695 | 7.557.963 |
| As at 31 December 2023 | | | | | |
| Purchase | 27.074.527 | 8.997.893 | 7.664.244 | 6.167.482 | 49.904.146 |
| Accumulated depreciation | (20.825.744) | (8.056.480) | (3.875.266) | (3.501.689) | (36.259.179) |
| Net carrying value | 6.248.783 | 941.413 | 3.788.978 | 2.665.793 | 13.644.967 |

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.8. Tangible assets used for operations (continued)

| | Computers and telecom equipment | Furniture and office equipment | Motor Vehicles | Other assets | Total |
|-------------------------------|---------------------------------------|--------------------------------------|-------------------|------------------|------------------|
| 2022 | | | | | |
| As at 01 January 2022 Net | 4.836.897 | 720.897 | 97.071 | 3.350.584 | 9.005.449 |
| Purchase | 1.240.074 | 318.067 | 15.659 | 41.790 | 1.615.590 |
| Sale | - | - | - | - | - |
| Accumulated amortization | (2.271.110) | (261.796) | (71.492) | (458.329) | (3.062.727) |
| Reconciliation | - | - | - | (350) | (350) |
| As at 31 December 2022 Net | 3.805.861 | 777.168 | 41.239 | 2.933.695 | 7.557.963 |
| As at 1 January 2022 | | | | | |
| Purchase | 23.299.179 | 8.353.113 | 9.324.994 | 6.078.670 | 47.055.956 |
| Accumulated depreciation | (18.462.282) | (7.632.216) | (9.227.923) | (2.728.086) | (38.050.507) |
| Net carrying value | 4.836.897 | 720.897 | 97.071 | 3.350.584 | 9.005.449 |
| As at 31 December 2022 | | | | | |
| Purchase | 23.375.916 | 8.671.180 | 9.340.653 | 6.023.702 | 47.411.451 |
| Accumulated depreciation | (19.570.055) | (7.894.012) | (9.299.415) | (3.090.007) | (39.853.489) |
| Net carrying value | 3.805.861 | 777.168 | 41.239 | 2.933.695 | 7.557.963 |

Pledge over equipment

As at 31 December 2023 and 2022 the Company has no equipment under pledge.

2.9. Cash and cash equivalents

| | 2023 | 2022 |
|--------------|-------------------|-------------------|
| Cash in bank | 37.090.453 | 31.903.870 |
| Cash on hand | 360.274 | 336.419 |
| | 37.450.727 | 32.240.289 |

In 2022, 1.842.262 MKD were collected out of the distribution of bankruptcy estate of Eurostandard Bank from the assets that remained on the Company's transaction account in the bank when bankruptcy was initiated, amounting to 1.842.262 MKD and accordingly release of impairment of the cash and cash equivalent was made.

The movement in the allowance for impairment for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|--|----------|-------------|
| At 1 January | - | 1.842.262 |
| Impairment loss for the year (note 3.12) | - | (1.842.262) |
| At 31 December | - | - |

Notes to the financial statements (continued)

Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

2.10. Prepaid

As at 31 December 2023 prepayments to the amount of 108.624.263 MKD consist of deferred acquisition costs amounting to 85.617.735 MKD and other accrued income amounting to 23.006.528 MKD (2022: 98.117.850 MKD out of which the amount of 78.643.355 MKD refers to deferred acquisition costs and the amount of 19.474.495 MKD refers to other accrued income).

Deferred acquisition cost

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Deferred premiums costs – acquisition (balance) | 50.562.154 | 52.920.280 |
| Deferred premiums costs – brokers (balance) | 35.055.581 | 25.723.075 |
| As at 31 December | 85.617.735 | 78.643.355 |

Other accrued income and prepaid

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Accrued income for commission from reinsurance | 13.294.940 | 11.757.653 |
| Deferred Expenses - Invoices | 345.778 | 379.593 |
| Deferred Expense for discounts – policy commitment agreements (2-3 years) | 7.170.948 | 6.410.551 |
| Other deferred expenses | 2.194.862 | 926.698 |
| | 23.006.528 | 19.474.495 |

2.11. Equity and reserves

On December 2023 shareholders' capital consists of 3.200 (2022: 3.200) ordinary shares with nominal value of EUR 1.000 per share, respectively to 195.326.080 MKD. As at 31 December 2023 shareholders of ordinary shares are entitled to receive dividends as follows:

As at 31 December 2023 the Company's shareholders structure is:

| | % of shares with voting right |
|---|-------------------------------|
| Grazer Wechselseitige Versicherung Aktiengesellschaft | 100% |
| | 100% |

Ultimate owner of the Company is Grazer Wechselseitige Versicherung Aktiengesellschaft.

Statutory reserves*Safety reserve*

Under local statutory legislation, the Company is required to set aside 1/3 of its net profit for the year (unless the profit is used to cover previous years' losses) in a statutory reserve at a level not lower than 50% of the average insurance premiums collected over the last two years, whereby previous years' premiums are increased for the value of the retail price index growth, inclusive of the year for which the profit is distributed.

The safety reserves are used for covering long term insurance liabilities.

As at 31 December 2023 the total statutory reserve amounts to 251.053.103 MKD (2022: 222.714.926 MKD).

Notes to the financial statements (continued)

Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

2.11. Equity and reserves (continued)**Revaluation reserve**

Revaluation reserve for financial assets available-for-sale includes the cumulative net effect of the changes in the fair value of investments available-for-sale until they are derecognized or impaired.

As at 31 December 2023 revaluation reserve increases the Company's capital amounting to 1.375.999 MKD (2022: -9.997.732 MKD).

| | 2023 | 2022 |
|--|------------------|--------------------|
| Opening balance | (9.997.732) | (415.302) |
| Decrease of revaluation reserve for realized losses from financial investments available for sale (Note 2.4.2 и 3.2) | (3.886.391) | (1.207.759) |
| Increase of revaluation reserve for unrealized gains from financial investments available for sale, net (Note 2.4.2) | 15.260.122 | (8.374.671) |
| | 1.375.999 | (9.997.732) |

Net retained earnings

As at 31 December 2023, the Company has retained earnings to the amount of 185.082.540 MKD (2022: 148.406.186 MKD).

In the course of 2023 the Company paid dividends to the amount of 20 million MKD (2022: 20 million MKD).

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.12. Gross technical reserves

As at 31 December 2023, gross technical reserves of the Company consist of the following types of provisions: gross provisions for unearned premiums, unexpected risk reserve, provisions for claims and provisions for bonuses and discounts.

| | 2023 | | | 2022 | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| As at 01 January | 1.083.665.813 | (136.380.551) | 947.285.262 | 1.033.891.331 | (158.202.839) | 875.688.492 |
| Movement on gross provisions for claims | 50.532.845 | (9.037.327) | 41.495.518 | 32.430.864 | (13.621.863) | 18.809.001 |
| Movement on unearned premium | 10.940.909 | 26.516.326 | 37.457.235 | 13.701.086 | (35.444.151) | 49.145.237 |
| Unexpected risk reserve | 4.846.000 | - | 4.846.000 | 2.000.000 | - | 2.000.000 |
| Provisions for bonuses and discounts | (8.150.528) | - | (8.150.528) | 1.642.532 | - | 1.642.532 |
| Other technical reserves | 8.600.000 | - | 8.600.000 | - | - | - |
| As at 31 December | 1.150.435.039 | (118.901.552) | 1.031.533.487 | 1.083.665.813 | (136.380.551) | 947.285.262 |
| Provisions for claims and provisions | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| As at 01 January | 544.563.496 | (45.348.727) | 499.214.769 | 510.490.101 | (31.726.864) | 478.763.237 |
| Movement on provisions for incurred, reported claims | 40.757.561 | (9.039.440) | 31.718.121 | 14.436.764 | (15.548.888) | (1.112.125) |
| Movement on provisions for indirect costs | 833.908 | - | 833.908 | 1.936.911 | - | 1.936.911 |
| Movement on provisions for incurred, but not reported claims | 8.941.376 | 2.113 | 8.943.489 | 16.057.189 | 1.927.025 | 17.984.214 |
| Provisions for bonuses and discounts | (8.150.528) | - | (8.150.528) | 1.642.532 | - | 1.642.532 |
| Other technical reserves | 8.600.000 | - | 8.600.000 | - | - | - |
| As at 31 December | 595.545.813 | (54.386.054) | 541.159.759 | 544.563.497 | (45.348.727) | 499.214.769 |
| Unearned premium | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| As at 01 January | 539.102.317 | (91.031.824) | 448.070.493 | 523.401.230 | (126.475.975) | 396.925.255 |
| Policy premium for the current year | 1.339.084.743 | (344.845.558) | 994.239.185 | 1.125.322.945 | (234.408.788) | 890.914.157 |
| Costs for bonuses and discounts | (21.706.972) | - | (21.706.972) | (25.987.188) | - | (25.987.188) |
| Earned premiums in the current year | (1.301.590.862) | 371.361.884 | (930.228.978) | (1.083.634.671) | 269.852.939 | (813.781.732) |
| As at 31 December | 554.889.226 | (64.515.498) | 490.373.728 | 539.102.317 | (91.031.824) | 448.070.492 |

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.12. Gross technical reserves (continued)

Movement in unearned premium, provision for claims and provisions for bonuses and discounts in 2023:

| | Insurance against accident | Health insurance | Insurance of motor vehicles | Insurance of aircrafts | Insurance of vessels | Insurance of goods in trans-port | Insurance of property against fire | Other insurance of property | Third party liability insurance | Aircraft liability insurance | Vessels liability insurance | General liability insurance | Guarantee | Fin. losses | Tourist assistance | Total |
|---|----------------------------------|---------------------|-----------------------------------|------------------------------|----------------------------|--|--|--------------------------------------|--|------------------------------------|-----------------------------------|-----------------------------------|--------------|----------------|-----------------------|----------------------|
| Provisions for unearned premiums | 44.426.868 | 97.493.413 | 54.946.410 | 213.973 | 51.622 | 189.064 | 63.159.732 | 30.933.842 | 213.391.575 | 28.620 | 288.454 | 31.107.817 | 2.042 | 274.117 | 11.535.676 | 548.043.226 |
| Reinsurance unearned premiums | (193.430) | (8.185.721) | (858.594) | (213.973) | - | - | (34.377.385) | (6.710.069) | - | (17.264) | - | (13.959.062) | - | - | - | (64.515.498) |
| Unexpired risk reserve | - | 5.560.000 | - | - | - | - | - | - | - | - | - | - | - | 58.000 | 1.228.000 | 6.846.000 |
| Net unearned premiums (less reinsurance unearned premiums) | 44.233.438 | 94.867.692 | 54.087.816 | - | 51.622 | 189.064 | 28.782.347 | 24.223.773 | 213.391.575 | 11.356 | 288.454 | 17.148.755 | 2.042 | 332.117 | 12.763.676 | 490.373.728 |
| Provision for claims | 29.044.055 | 27.350.123 | 42.749.064 | - | - | 4.685 | 51.639.870 | 5.793.619 | 401.978.190 | - | - | 15.309.009 | - | 20.000 | 9.321.754 | 583.210.369 |
| Provision for bonuses and discounts | 3.492.917 | - | - | - | - | - | 57.013 | 185.515 | - | - | - | - | - | - | - | 3.735.445 |
| Other technical reserves | - | 8.600.000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 8.600.000 |
| Change in provisions for claims –IBNR – part for reinsurance | (580.673) | - | - | - | - | - | (6.807.854) | - | - | - | - | - | - | - | - | (7.388.527) |
| Change in provisions for claims –RBNS– part for reinsurance | (105.000) | (19.000) | - | - | - | - | (29.040.500) | - | (17.233.027) | - | - | (600.000) | - | - | - | (46.997.527) |
| Net provisions for claims (less reinsurance transferable part) | 31.851.299 | 35.931.123 | 42.749.064 | - | - | 4.685 | 15.848.529 | 5.979.134 | 384.745.163 | - | - | 14.709.009 | - | 20.000 | 9.321.754 | 541.159.760 |
| | 76.084.737 | 130.798.815 | 96.836.880 | - | 51.622 | 193.749 | 44.630.876 | 30.202.907 | 598.136.738 | 11.356 | 288.454 | 31.857.764 | 2.042 | 352.117 | 22.085.430 | 1.031.533.488 |

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

Notes to the financial statements (continued)
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.12. Gross technical reserves (continued)

Movement in unearned premium, provision for claims and provisions for bonuses and discounts in 2022:

| | Insurance against accident | Health insurance | Insurance of motor vehicles | Insurance of aircrafts | Insurance of vessels | Insurance of goods in trans-port | Insurance of property against fire | Other insurance of property | Third party liability insurance | Aircraft liability insurance | Vessels liability insurance | General liability insurance | Guarantee | Fin. losses | Tourist assistance | Total |
|---|----------------------------------|---------------------|-----------------------------------|---------------------------|-------------------------|--|--|-----------------------------------|---------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|--------------|----------------|-----------------------|---------------------|
| Provisions for unearned premiums | 42.551.179 | 77.519.244 | 47.328.044 | 169.623 | 21.427 | 299.586 | 76.283.092 | 41.055.852 | 211.911.833 | 17.937 | 253.609 | 28.046.114 | 3.915 | 245.359 | 11.395.503 | 537.102.317 |
| Reinsurance unearned premiums | (157.802) | (6.322.405) | (674.411) | (169.625) | - | (36.337) | (52.254.650) | (18.307.127) | - | (17.938) | - | (13.091.529) | - | - | - | (91.031.824) |
| Unexpired risk reserve | 1.700.000 | - | - | - | - | - | - | - | - | - | - | - | - | 300.000 | - | 2.000.000 |
| Net unearned premiums (less reinsurance unearned premiums) | 44.093.377 | 71.196.839 | 46.653.633 | (2) | 21.427 | 263.249 | 24.028.442 | 22.748.725 | 211.911.833 | (1) | 253.609 | 14.954.585 | 3.915 | 545.359 | 11.395.503 | 448.070.493 |
| Provision for claims | 30.266.634 | 17.585.490 | 43.412.646 | - | - | 605.681 | 40.756.609 | 7.724.719 | 379.658.236 | - | - | 7.299.073 | - | - | 5.368.436 | 532.677.524 |
| Provisions for bonuses and discounts | 11.452.083 | 9.621 | 153.654 | - | - | 579 | 163.016 | 103.523 | - | - | - | 3.461 | - | - | 36 | 11.885.973 |
| Change in provisions for claims –IBNR – part for reinsurance | (666.344) | - | - | - | - | - | (6.724.296) | - | - | - | - | - | - | - | - | (7.390.640) |
| Change in provisions for claims –RBNS – part for reinsurance | (120.000) | (5.060) | - | - | - | - | (20.000.000) | (300.000) | (17.233.027) | - | - | (300.000) | - | - | - | (37.958.087) |
| Net provisions for claims (less reinsurance transferable part) | 40.932.373 | 17.590.051 | 43.566.300 | - | - | 606.260 | 14.195.329 | 7.528.242 | 362.425.209 | - | - | 7.002.534 | - | - | 5.368.472 | 499.214.770 |
| | 85.025.750 | 88.786.889 | 90.219.933 | (2) | 21.427 | 869.509 | 38.223.771 | 30.276.967 | 574.337.042 | (1) | 253.609 | 21.957.119 | 3.915 | 545.359 | 16.763.975 | 947.285.263 |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.13. Other reserves

| | 2023 | 2022 |
|---------------------------------------|------------------|------------------|
| Reserves for employee severance pay | 1.198.204 | 1.173.897 |
| Reserves for employee jubilee rewards | 3.575.497 | 2.966.859 |
| | 4.773.701 | 4.140.756 |

In 2023, the Company estimated expenses for employee reserves to the total amount of 4.773.701 MKD (2022: 4.140.756 MKD), out of which reserves for severance pays to the employees amounting to 1.198.204 MKD (2022: 1.173.897 MKD) and for jubilee rewards amounting to 3.575.497 MKD (2022: 2.966.859 MKD).

Analysis of the movement of impairment for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|------------------|------------------|
| As at 1 January | 4.140.756 | 3.505.466 |
| Impairment provision for severance pays and jubilee awards | 918.572 | 742.156 |
| Release of impairment provision for severance pays and jubilee awards | (285.627) | (106.866) |
| | 4.773.701 | 4.140.756 |

2.14. Deferred and current tax liabilities

| | 2023 | 2022 |
|-------------------------------|------------------|------------------|
| Differed tax liabilities | 2.769.040 | 1.744.663 |
| Current tax liabilities | 1.920.163 | 1.144.141 |
| Other current tax liabilities | 561.851 | 355.020 |
| | 5.251.054 | 3.243.824 |

As regards financial investments classified as available for sale in accordance with IAS 39, in 2021 the Company started to implement IAS 12 for the purpose of financial reporting, i.e., recording of deferred tax assets and deferred tax liabilities arising from deductible or taxable temporary differences between accounting value of a given asset /liability and its tax basis.

As at 31 December 2023, the Company recorded differed tax liabilities in amount of 2.769.040 MKD, out of which 2.340.605 MKD are liabilities from calculated non-realized profit represented in revaluation reserve from the adjustment of the value of financial assets available-for-sale.

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

2.15. Liabilities

The Company has recorded liabilities from immediate insurance business

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Liabilities based on coinsurance and reinsurance premiums | 11.955.391 | 19.307.579 |
| Co-insurers payables | 162.429 | 2.010.327 |
| Direct liabilities in insurance | 57.336 | 24.190 |
| Net wage obligations, wage contributions and other employee liabilities | 15.439.381 | 14.257.327 |
| Obligations towards suppliers | 5.412.363 | 3.951.487 |
| Other liabilities from direct insurance business | | |
| - liabilities to GF | 962.648 | 1.863.863 |
| - commitment Fees Obligations | 1.831.430 | 2.155.488 |
| - fire contribution obligations, etc. legal obligations | 4.868.409 | 2.894.696 |
| - liabilities based on bonuses and discounts that depend on and are not dependent on the result | - | 487.024 |
| - liabilities of advance payments | 692.798 | 1.268.519 |
| - liabilities of prepayment based on insurance premium | 2.057.210 | 245.981 |
| - other liabilities | 2.898.143 | 1.607.256 |
| | 46.337.538 | 50.073.737 |

2.16. Accruals

| | 2023 | 2022 |
|--------------------------|-------------------|-------------------|
| Accruals for reinsurance | 47.827.674 | 55.588.596 |
| Accruals for brokers | 22.945.305 | 20.457.367 |
| Deferred income | 8.972.239 | |
| Other accruals | 2.624.702 | 1.733.961 |
| | 82.369.920 | 77.779.924 |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

3. Information and disclosures to the Income Statement (the statement of comprehensive income)

3.1 Earned premium

Earned premiums as at 31 December 2023

| | Gross policy insurance premiums | Change in gross provisions for unearned premiums | Change in gross unexpired | Gross reinsurance policy premiums | Change in gross provisions for unearned premiums – Part for reinsurance (Note 2.5) | Net income from insurance premiums |
|---|--|--|---------------------------------|--|---|---|
| Insurance against consequences of an accident | 96.746.018 | (1.875.690) | 1.700.000 | (3.890.036) | 35.628 | 92.715.920 |
| Health insurance | 217.603.372 | (19.974.169) | (5.560.000) | (21.089.553) | 1.863.316 | 172.842.966 |
| Insurance of motor vehicles | 106.494.997 | (7.618.366) | - | (1.748.627) | 184.183 | 97.312.187 |
| Insurance of aircrafts | 78.100.000 | (44.350) | - | (78.100.025) | 44.348 | -27 |
| Insurance of vessels | 118.096 | (30.195) | - | - | - | 87.901 |
| Insurance of goods in transport | 7.785.793 | 110.522 | - | (193.352) | (36.337) | 7.666.626 |
| Insurance of property against fire | 177.707.863 | 13.123.360 | - | (124.225.327) | (17.877.265) | 48.728.631 |
| Other insurance of property | 83.969.545 | 10.122.010 | - | (37.355.174) | (11.597.058) | 45.139.323 |
| Third party liability insurance | 433.978.984 | (1.479.742) | - | (23.322.786) | - | 409.176.456 |
| Aircraft liability insurance | 6.447.070 | (10.683) | - | (6.431.733) | (674) | 3.980 |
| Vessels liability insurance | 536.400 | (34.845) | - | - | - | 501.555 |
| General liability insurance | 82.676.084 | (3.061.703) | - | (48.488.945) | 867.533 | 31.992.969 |
| guarantees | 7.200 | 1.873 | - | - | - | 9.073 |
| Financial losses | 483.938 | (28.758) | 242.000 | - | - | 697.180 |
| Insurance for tourist assistance | 46.429.383 | (140.173) | (1.228.000) | - | - | 45.061.210 |
| Total | 1.339.084.743 | (10.940.909) | (4.846.000) | (344.845.558) | (26.516.326) | 951.935.950 |

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

3.1 Earned premium (continued)

Earned premiums as at 31 December 2022

| | Gross policy insurance premiums | Change in gross provisions for unearned premiums | Change in gross unexpired | Gross reinsurance policy premiums | Change in gross provisions for unearned premiums – Part for reinsurance (Note 2.5) | Net income from insurance premiums |
|---|--|--|---------------------------------|--|---|---|
| Insurance against consequences of an accident | 90.665.190 | 780.050 | (1.700.000) | (2.669.998) | 152.176 | 87.227.418 |
| Health insurance | 152.934.866 | (21.871.735) | - | (12.833.769) | 961.449 | 119.190.811 |
| Insurance of motor vehicles | 90.655.649 | (8.418.390) | - | (1.926.740) | 3.115 | 80.313.634 |
| Insurance of aircrafts | 61.912.360 | 44.350 | - | (61.912.360) | (44.345) | 5 |
| Insurance of vessels | 70.326 | 34.544 | - | - | - | 104.870 |
| Insurance of goods in transport | 4.453.771 | 21.674 | - | (602.276) | 36.337 | 3.909.506 |
| Insurance of property against fire | 136.526.158 | 23.636.219 | - | (88.368.410) | (23.381.716) | 48.412.251 |
| Other insurance of property | 53.963.193 | 20.313.738 | - | (9.328.596) | (15.620.085) | 49.328.250 |
| Third party liability insurance | 416.531.179 | (23.126.199) | - | (10.904.012) | - | 382.500.968 |
| Aircraft liability insurance | 4.999.070 | 436.869 | - | (4.995.139) | 674 | 441.474 |
| Vessels liability insurance | 490.580 | (11.247) | - | - | - | 479.333 |
| General liability insurance | 71.670.146 | (2.013.701) | - | (40.867.488) | 2.448.244 | 31.237.201 |
| guarantees | 15.039 | (1.424) | - | - | - | 13.615 |
| Financial losses | 438.689 | (120.377) | (300.000) | - | - | 18.312 |
| Insurance for tourist assistance | 39.996.729 | (3.405.458) | - | - | - | 36.591.271 |
| Total | 1.125.322.945 | (13.701.086) | (2.000.000) | (234.408.788) | (35.444.151) | 839.768.920 |

3.2 Investment income

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Investment income | | |
| Interest income from government bonds and government bills | 17.044.019 | 13.468.000 |
| Interest income from term deposits in banks | 9.878.255 | 8.005.614 |
| Interest income from current accounts in banks | 71.822 | 126.079 |
| Interest income from GF | 334.319 | 170.083 |
| Interest income | 27.328.415 | 21.769.776 |
| Foreign exchange gains | 2.860.862 | 4.716.837 |
| Unrealized gains on the fair value of trading investments | 14.590.000 | 13.935.093 |
| Realized gains from investments sold (investment funds) available for sale | 3.886.391 | 1.207.759 |
| Realized gains from sale of trading investments | - | - |
| Interest income from government bills | 726.132 | - |
| Dividends | 1.169.591 | 1.152.299 |
| Other investment income | 1.895.723 | 1.152.299 |
| Total investment income | 50.561.391 | 42.781.764 |

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

3.3 Other insurance technical income, less reinsurance

| | 2023 | 2022 |
|--|------------------|------------------|
| Income from Guarantee Fund from realized subrogation receivables and fee for processing claims | 3.323.585 | 3.068.850 |
| Income from companies for processing claims – service claims | 1.778.790 | 931.897 |
| Other | 1.569.519 | 1.892.609 |
| | 6.671.894 | 5.893.356 |

3.4 Other income

| | | |
|---|-------------------|-------------------|
| Capital income from tangible assets sale | 1.814.350 | - |
| Interest income and income from court collected receivables | 3.305.052 | 2.202.081 |
| Income from foreign exchange gains | 2.144.901 | 6.671.341 |
| Other income | 3.274.823 | 4.119.567 |
| | 10.539.126 | 12.992.989 |

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

3.5 Incurred claims

| | 2023 | Gross 2022 | 2023 | Reinsurance 2022 | 2023 | Net 2022 |
|--|--------------------|-----------------------|------------------|-----------------------------|--------------------|---------------------|
| Incurring, paid claims in the current year | 441.935.025 | 373.266.060 | 416.261 | 7.403.186 | 441.518.764 | 365.862.874 |
| Changes in provisions of incurred, reported claims | 41.591.469 | 16.373.675 | 9.039.440 | 15.548.888 | 32.552.029 | 824.787 |
| Changes in provisions of incurred, but not reported claims | 8.941.376 | 16.057.189 | (2.113) | (1.927.025) | 8.943.489 | 17.984.214 |
| Income from subrogation receivables | (3.296.211) | (4.271.129) | - | - | (3.296.211) | (4.271.129) |
| Incurring claims (expenses for claims, net) | 489.171.659 | 401.425.795 | 9.453.588 | 21.025.049 | 479.718.071 | 380.400.746 |

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

3.5 Incurred claims (continued)

Analysis of incurred claims as at 31 December 2023

| | Total paid claims | Changes in gross provisions for claims | Participation of reinsurers in paid claims | Participation of reinsurers in changes in provisions for claims | Income from gross realized subrogation receivables | Net |
|---|--------------------|--|--|---|--|--------------------|
| Insurance against consequences of an accident | 48.831.952 | (1.222.579) | (416.261) | 100.671 | - | 47.293.783 |
| Health insurance | 137.386.295 | 9.764.633 | - | (137.181) | - | 147.013.747 |
| Insurance of motor vehicles | 53.077.325 | (663.582) | - | - | (293.690) | 52.120.053 |
| Insurance of aircrafts | - | - | - | - | - | - |
| Insurance of vessels | - | - | - | - | - | - |
| Insurance of goods in transport | 558.881 | (600.996) | - | - | - | (42.115) |
| Insurance of property against fire | 19.776.361 | 10.883.261 | - | (9.000.817) | - | 21.658.805 |
| Other insurance of property | 13.873.669 | (1.931.100) | - | 300.000 | - | 12.242.569 |
| Third party liability insurance | 152.064.354 | 22.319.954 | - | 0 | (2.652.287) | 171.732.021 |
| Aircraft liability insurance | - | - | - | - | - | - |
| Vessels liability insurance | - | - | - | - | - | - |
| General liability insurance | 1.869.490 | 8.009.936 | - | (300.000) | - | 9.579.426 |
| Loan insurance | - | - | - | - | (350.234) | (350.234) |
| Financial losses insurance | - | 20.000 | - | - | - | 20.000 |
| Insurance for tourist assistance | 14.496.698 | 3.953.318 | - | - | - | 18.450.016 |
| Total | 441.935.025 | 50.532.845 | (416.261) | (9.037.327) | (3.296.211) | 479.718.071 |

Analysis of incurred claims as at 31 December 2022

| | Total paid claims | Changes in gross provisions for claims | Participation of reinsurers in paid claims | Participation of reinsurers in changes in provisions for claims | Income from gross realized subrogation receivables | Net |
|---|--------------------|--|--|---|--|--------------------|
| Insurance against consequences of an accident | 47.913.024 | (7.041.333) | (1.536.103) | 1.256.870 | - | 40.592.458 |
| Health insurance | 81.160.709 | (2.263.329) | - | - | - | 78.897.380 |
| Insurance of motor vehicles | 38.897.301 | 18.114.933 | - | - | (645.746) | 56.366.488 |
| Insurance of aircrafts | - | - | - | - | - | - |
| Insurance of vessels | - | - | - | - | - | - |
| Insurance of goods in transport | 643.078 | (182.193) | - | - | - | 460.885 |
| Insurance of property against fire | 20.976.884 | 21.746.582 | - | (15.327.147) | - | 27.396.319 |
| Other insurance of property | 9.903.321 | (929.902) | (1.048.405) | (300.000) | - | 7.625.014 |
| Third party liability insurance | 160.176.038 | 1.314.531 | (4.818.678) | 748.414 | (3.391.645) | 154.028.660 |
| Aircraft liability insurance | - | - | - | - | - | - |
| Vessels liability insurance | - | - | - | - | - | - |
| General liability insurance | 3.765.984 | 208.623 | - | - | - | 3.974.607 |
| Loan insurance | - | - | - | - | (233.738) | (233.738) |
| Financial losses insurance | - | (100.574) | - | - | - | (100.574) |
| Insurance for tourist assistance | 9.829.721 | 1.563.526 | - | - | - | 11.393.247 |
| Total | 373.266.060 | 32.430.864 | (7.403.186) | (13.621.863) | (4.271.129) | 380.400.746 |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

3.6 Change in other technical provisions, net reinsurance

In accordance with the Rulebook on Minimum Standards for Calculation of Technical Provisions, the Company allocates bonus and discounts reserves equal to the amounts insured are entitled to receive on the basis of entitlement to profit, as well as other rights arising from insurance contracts, the right to partial reduction of premiums (discounts) and the right to return part of the premium.

3.7 Costs for bonuses and discounts, net reinsurance

In the course of 2023 total costs for bonuses and discounts amounted to 21.706.972 MKD (2022: 25.987.188 MKD) out of which the amount of 89.213 MKD refers to costs for bonuses (good business collaboration; 2022: 1.913.428 MKD) and costs for discounts to the amount of 21.617.759 MKD (timely payment of premium) (2022: 24.073.760 MKD).

3.8 Insurance acquisition costs, net

Acquisition costs

| | 2023 | 2021 |
|--------------------------------------|--------------------|--------------------|
| Salaries for employees – sale | 123.904.776 | 109.443.367 |
| Commission | 79.995.059 | 70.654.058 |
| Printed policies | 2.618.986 | 1.911.855 |
| Change in deferred acquisition costs | (6.974.380) | (9.162.149) |
| | 199.544.441 | 172.847.131 |

According to the changes of the Rulebook on the Chart of Accounts for insurance and reinsurance companies, the provision cost includes the amounts that are related to all insurance contracts in the current period realized through the intermediaries, regardless they fully or partially refer to the next accounting period. Recording of the provision is done at the same time when the Company records the gross written premium which refers to the concrete contract/agreement (policy) realized through the intermediaries, regardless of the time of the payment and transfer of the premium by the intermediaries.

The table below shows the change in deferred acquisition costs for the years ended 31 December 2023 and 2022:

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Deferred costs for premiums – acquisition (movement) | (6.085.075) | (3.165.254) |
| Deferred costs for premiums – brokers (movement) | (889.305) | (5.996.895) |
| Movement of deferred acquisition costs for policy premiums | (6.974.380) | (9.162.149) |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

3.9 Administrative costs

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Employees costs | 65.236.572 | 62.863.023 |
| -administration salaries | 57.506.373 | 55.848.797 |
| -other employee's costs | 7.097.254 | 6.378.936 |
| -reserved expenses for severance payments and jubilee rewards | 632.945 | 635.290 |
| Rent | 18.819.956 | 18.819.465 |
| Rent of assets for operations | 1.152.110 | 958.178 |
| Phone costs | 7.125.983 | 7.125.326 |
| Sponsorship and representation (Advertisement) * | 21.107.280 | 26.353.563 |
| Depreciation of tangible and intangibles assets | 4.828.338 | 3.882.332 |
| Services to individuals | 19.586.921 | 16.292.214 |
| Fee for use of own vehicle | 8.858.411 | 7.836.332 |
| Utilities | 4.419.923 | 5.425.447 |
| Security costs | 109.740 | 21.240 |
| Bank charges | 4.989.069 | 4.001.000 |
| Office materials and consumables | 1.540.996 | 1.469.190 |
| Insurance premium costs (managerial insurance, health insurance for LU, MA etc.) | 8.787.387 | 8.279.133 |
| Maintenance costs | 12.348.907 | 11.294.064 |
| Costs for lawyers, notary services and enforcement agents | 1.993.429 | 1.368.409 |
| Shipping costs and business trips | 3.515.411 | 2.801.205 |
| Other administrative costs | 10.025.878 | 9.458.696 |
| Administrative costs | 194.446.311 | 188.248.817 |

* according changes in Rulebook for form and content of Financial statements (Official Gazette no 118 from 23.05.2022), costs for Advertisement and External representation are part of Administrative costs (position 256 of Income statement)

Employee expenses

Salaries expenses in the Company are separately recorded, the part of the salaries in sales is part of the acquisition costs and the salaries for the employees in the administration in valuation and in liquidation of claims are presented as administrative costs.

Liabilities related to salaries and contributions of the Company are presented in total.

| | 2023 | 2022 |
|---------------|--------------------|--------------------|
| Net salaries | 119.692.106 | 109.281.759 |
| Contributions | 61.719.043 | 56.010.405 |
| | 181.411.149 | 165.292.164 |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

3.10 Other insurance technical expenses, less reinsurance

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Expenses for claims paid to GF for NN vehicles | 8.195.208 | 9.954.968 |
| Fire fight contribution | 4.748.766 | 4.698.348 |
| Health insurance contribution | 4.303.511 | 4.171.857 |
| Insurance Supervision agency contribution | 8.994.383 | 7.708.632 |
| Expenses for National Insurance Bureau | 2.986.390 | 2.898.169 |
| Subrogation costs from NIB | 785.258 | 989.649 |
| Other expenses | 124.728 | 212.535 |
| | 30.138.244 | 30.634.158 |

3.11 Impairment provision of receivables based on premium

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Impairment provision of receivables from insureds (Note 2.7) | 23.297.480 | 18.979.721 |
| Release of impairment provision of receivables from insureds (Note 2.7) | (7.061.008) | (8.868.744) |
| Complete write-off | 3.479.405 | 5.067.361 |
| Collected written-off receivables | (25.009) | (33.498) |
| | 19.690.868 | 15.144.840 |

3.12 Other expenses, including value adjustments

| | 2023 | 2022 |
|---|------------------|----------------|
| Impairment provision of insurance direct operations (Note 2.7) | 3.363.339 | 1.061.135 |
| Release of impairment provision of insurance direct operations (Note 2.7) | (3.780.856) | (2.799.815) |
| Write-off (Note 2.7) | 14.895 | 181.913 |
| Release of impairment provision of deposits (note 2.4.4) | (2.926.315) | (2.476.489) |
| Release of impairment provision of cash and cash equivalents (Note 2.9) | - | (1.842.262) |
| Foreign exchange loss | 2.032.578 | 6.004.166 |
| Other financial expenses | 358.539 | 109.455 |
| | (937.820) | 238.103 |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

3.13 Tax expense

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------|-------------------|
| Current tax expenses (income tax) | 14.013.888 | 12.409.886 |
| Deferred income tax | - | - |
| | 14.013.888 | 12.409.886 |

The reconciliation of the total tax expense in the Income Statement for the years ended 31 December 2023 and 2022 is as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Profit before tax | 110.178.582 | 97.424.417 |
| Deductible expenses for tax purposes | 30.294.526 | 27.998.495 |
| Tax base | 140.473.108 | 125.422.912 |
| Decrease of tax base | - | - |
| - Dividends | 75.924 | 280.000 |
| - Amount of paid portion of loan regarding which tax base was increased in the previous period | - | - |
| - Amount of carried investments out of profit (reinvested) | 258.300 | 1.044.056 |
| Tax after deductions | 140.138.884 | 124.098.856 |
| Calculated income tax 10% | 14.013.888 | 12.409.886 |
| Calculated income tax 10% | 14.013.888 | 12.409.886 |
| Effective tax rate | 12,72% | 12,74% |

3.14 Earnings per share

The basic earnings per share are calculated by dividing the profit attributable to shareholders of ordinary shares by the weighted average number of ordinary shares during the year:

| | <u>2023</u> | <u>2022</u> |
|---|---------------|---------------|
| Earning attributable to shareholders | 96.164.694 | 85.014.531 |
| Less: dividends for preference shares | - | - |
| Net earnings attributable to holders of ordinary shares | 96.164.694 | 85.014.531 |
| Weighted average number of ordinary shares | 3.200 | 3.200 |
| Basic earnings per share (MKD per share) | 30.051 | 26.567 |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

4. Off- balance sheet items

As at 31 December 2023 and 2022 the structure of off- balance sheet items is as follows:

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Unrealized recourse receivables | 90.527.006 | 78.768.985 |
| Bank guaranties | 27.244.543 | 4.748.542 |
| Reserves for claims-GF | 33.701.576 | 34.833.890 |
| Reserve for income- policy commitment agreements (2-3 years) and discount for policy commitment agreements (2-3 years) | 218.325.366 | 190.944.841 |
| | 369.798.491 | 309.296.258 |

Reserve for income- policy commitment agreements and discount for policy agreement amounting to 218.325.366 MKD (2022:190.944.841 MKD) refer to discounts granted for long-term loyalty agreements (most usually 3 or 5 years). Pursuant to provisions of the agreements, should the client early terminate the agreement, the Company is entitled to a collection of discount previously granted to the client.

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

5. Receivables and liabilities from companies in a group – subsidiaries, associates and joint controlled entities

The shareholder of Grazer Wechselseitige Versicherung Aktiengesellschaft is also a shareholder in other legal entities, including companies and financial institutions, which jointly comprise “GRAWE Group”.

As at 31 December 2023 and transactions with related parties in the course of reporting year were as follows:

Transactions with related parties

| | Key management personnel | Other related parties | Total |
|---|--------------------------------|--------------------------|-------------------|
| Total Assets | 453.578 | 1.537.375 | 1.990.953 |
| Receivables | 453.578 | 1.537.375 | 1.990.953 |
| Receivables from insureds based on insurance premiums | 370.582 | - | 370.582 |
| Other receivables | 82.996 | 1.537.375 | 1.620.371 |
| Investments | - | - | - |
| Off-balance sheet records | - | - | - |
| Subrogation receivables | - | - | - |
| Total Liabilities | 2.434.356 | 23.100.816 | 25.535.172 |
| Liabilities | 2.434.356 | 23.100.816 | 25.535.172 |
| Liabilities towards insurers for claims, insurance amounts and other agreed amounts | | | |
| Other liabilities | 2.434.356 | 23.100.816 | 25.535.172 |
| Off-balance sheet records | - | - | - |
| - Subrogation receivables | - | - | - |
| Total Revenues | 663.479 | 1.767.243 | 2.430.722 |
| Total Expenses | - | 35.865.544 | 35.865.544 |
| Short-term benefits for key management personnel | 37.783.014 | - | 37.783.014 |

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

5. Receivables and liabilities from companies in a group – subsidiaries, associates and joint controlled entities (continued)

As at 31 December 2022 transactions with related parties in the course of reporting year were as follows:

| | Key management personnel | Other related parties | Total |
|---|--------------------------------|-----------------------|-------------------|
| Total Assets | 634.299 | 1.537.330 | 2.171.629 |
| Receivables | 634.299 | 1.537.330 | 2.171.629 |
| - Receivables from insurers based on insurance premiums | 580.158 | - | 580.158 |
| - Other receivables | 54.141 | 1.537.330 | 1.591.471 |
| Investments | - | - | - |
| - Given deposits | - | - | - |
| Off-balance sheet records | - | - | - |
| - Guarantees and other forms of warranty | - | - | - |
| Total Liabilities | 2.643.580 | 336.936 | 2.980.516 |
| Liabilities | 2.643.580 | 336.936 | 2.980.516 |
| Liabilities towards insurers for claims, insurance amounts and other agreed amounts | - | - | - |
| - Other liabilities | 2.643.580 | 336.936 | 2.980.516 |
| Off-balance sheet records | - | - | - |
| - Guarantees and other forms of warranty | - | - | - |
| Total Revenues | 842.125 | 1.677.484 | 2.519.609 |
| Total Expenses | - | 14.613.759 | 14.613.759 |
| Short-term benefits for key management personnel | 39.778.782 | - | 39.778.782 |

Transactions with the National Insurance Bureau

| | 2023 | 2022 |
|--|------------|------------|
| Investments in joint controlled entities | 14.644.777 | 15.180.437 |
| Receivables from the National Insurance Bureau | 1.534.987 | 790.695 |
| Liabilities to the National Insurance Bureau | 202.487 | 1.104.452 |
| Income from investments | 334.319 | 170.083 |
| Income from gain | 161.934 | 257.034 |
| Income from claims proceedings | 295.200 | 347.475 |
| Income from realized subrogation receivables | 3.028.385 | 2.721.375 |
| Expenses | 11.971.656 | 13.852.386 |

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

6. Data for index of claims, index of expenses and combined index of claims – by classes of insurance

In accordance with the Rulebook on minimal standards for calculation of the technical reserves issued by the Insurance Supervision Agency of the Republic of North Macedonia, the Company calculates the index of claims, the index of expenses and the combined index.

Index of claims

The annual index of claims under class of insurance represent the ratio between claims incurred and net earned premiums for certain class of insurance, expressed as decimal rounded to four decimals. The following table shows the index of claims for 2023.

Combined Index, gross

| 31 December 2023 | Index of claims, gross | Index of expenses, gross | Combined Index, gross |
|---|------------------------|--------------------------|-----------------------|
| Total | 36,48% | 34,30% | 70,78% |
| accident | 41,79% | 38,37% | 80,16% |
| health | 74,45% | 32,18% | 106,63% |
| motor vehicles (Casco) | 52,85% | 49,80% | 102,66% |
| railways vehicles (Casco) | 0,00% | 0,00% | 0,00% |
| aircrafts (Casco) | 0,00% | -0,66% | -0,66% |
| vessels (Casco) | 0,00% | 17,18% | 17,18% |
| goods in transport (Cargo) | -0,54% | 33,62% | 33,08% |
| property against fire and other dangers | 16,01% | 18,26% | 34,27% |
| property other | 12,78% | 34,67% | 47,45% |
| AO (total) | 41,04% | 43,69% | 84,73% |
| aircraft liability | 0,00% | -0,02% | -0,02% |
| vessel liability | 0,00% | 67,76% | 67,76% |
| general liability | 5,83% | 28,51% | 34,34% |
| loans | 0,00% | 0,00% | 0,00% |
| guarantees | 0,00% | 65,86% | 65,86% |
| financial losses | 4,40% | 49,03% | 53,42% |
| legal protection | 0,00% | 0,00% | 0,00% |
| tourist assistance | 39,86% | 51,50% | 91,36% |

| 31 December 2022 | Index of claims, gross | Index of expenses, gross | Combined Index, gross |
|---|------------------------|--------------------------|-----------------------|
| Total | 36,62% | 38,03% | 74,65% |
| accident | 46,02% | 32,47% | 78,49% |
| health | 60,21% | 36,79% | 97,00% |
| motor vehicles (Casco) | 69,51% | 47,71% | 117,22% |
| railways vehicles (Casco) | 0,00% | 0,00% | 0,00% |
| aircrafts (Casco) | 0,00% | 18,49% | 18,49% |
| vessels (Casco) | 0,00% | 26,41% | 26,41% |
| goods in transport (Cargo) | 10,31% | 34,80% | 45,11% |
| property against fire and other dangers | 26,78% | 27,41% | 54,19% |
| property other | 12,22% | 39,95% | 52,17% |
| AO (total) | 40,79% | 43,07% | 83,86% |
| aircraft liability | 0,00% | 17,03% | 17,03% |
| vessel liability | 0,00% | 53,97% | 53,97% |
| general liability | 3,39% | 42,15% | 45,54% |
| loans | 0,00% | 0,00% | 0,00% |
| guarantees | 0,00% | 36,99% | 36,99% |
| financial losses | -31,66% | 84,57% | 52,91% |
| legal protection | 0,00% | 0,00% | 0,00% |
| tourist assistance | 31,14% | 51,48% | 82,62% |

Combined Index, net

Notes to the financial statements (continued)

Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)

As at and for the year ended 31 December 2023

(All amounts expressed in Denar, unless otherwise stated)

6. Data for index of claims, index of expenses and combined index of claims – by classes of insurance (continued)

| 31 December 2023 | Index of claims, net | Index of expenses, net | Combined Index, net |
|---|----------------------|------------------------|---------------------|
| Total | 49,65% | 42,45% | 92,11% |
| accident | 43,22% | 39,09% | 82,31% |
| health | 82,47% | 34,30% | 116,76% |
| motor vehicles (Casco) | 53,71% | 50,59% | 104,30% |
| railways vehicles (Casco) | 0,00% | 0,00% | 0,00% |
| aircrafts (Casco) | 0,00% | 0,00% | 0,00% |
| vessels (Casco) | 0,00% | 17,18% | 17,18% |
| goods in transport (Cargo) | -0,55% | 34,19% | 33,64% |
| property against fire and other dangers | 43,98% | 54,94% | 98,92% |
| property other | 27,30% | 66,24% | 93,54% |
| AO (total) | 43,34% | 46,14% | 89,48% |
| aircraft liability | 0,00% | -80404,38% | -80404,38% |
| vessel liability | 0,00% | 67,76% | 67,76% |
| general liability | 15,60% | 69,77% | 85,38% |
| loans | 0,00% | 0,00% | 0,00% |
| guarantees | 0,00% | 65,86% | 65,86% |
| financial losses | 4,40% | 49,03% | 53,42% |
| legal protection | 0,00% | 0,00% | 0,00% |
| tourist assistance | 39,86% | 51,50% | 91,36% |

| 31 December 2022 | Index of claims, net | Index of expenses, net | Combined Index, net |
|---|----------------------|------------------------|---------------------|
| Total | 45,87% | 45,98% | 91,85% |
| accident | 47,01% | 36,33% | 83,34% |
| health | 66,21% | 41,97% | 108,17% |
| motor vehicles (Casco) | 71,17% | 53,84% | 125,01% |
| railways vehicles (Casco) | 0,00% | 0,00% | 0,00% |
| aircrafts (Casco) | 0,00% | 0,00% | 0,00% |
| vessels (Casco) | 0,00% | 29,70% | 29,70% |
| goods in transport (Cargo) | 11,80% | 33,60% | 45,40% |
| property against fire and other dangers | 56,93% | 47,05% | 103,98% |
| property other | 15,67% | 60,14% | 75,80% |
| AO (total) | 40,89% | 48,98% | 89,86% |
| aircraft liability | 0,00% | -359,96% | -359,96% |
| vessel liability | 0,00% | 59,02% | 59,02% |
| general liability | 8,65% | 70,24% | 78,89% |
| loans | 0,00% | 0,00% | 0,00% |
| guarantees | 0,00% | 42,67% | 42,67% |
| financial losses | -31,66% | 91,35% | 59,69% |
| legal protection | 0,00% | 0,00% | 0,00% |
| tourist assistance | 31,14% | 56,87% | 88,00% |

Notes to the financial statements (continued)
Information and disclosures to the Income statement (the Statement of comprehensive income) (continued)
As at and for the year ended 31 December 2023
(All amounts expressed in Denar, unless otherwise stated)

7. Commitments and contingencies

Legal litigations

The Company in its operations is subject to legal proceeding in the normal course of business. These legal proceedings result from indemnity claims for, with respect to which the Company in its financial statements sets aside adequate amount of provision for claims based on the assessment of the amount of claims as at 31 December 2023. The Management believes that such proceedings including litigations will not have material effect on the Company's results at 31 December 2023.

Tax risk

Financial statements and the accounting records of the Company are subject to tax control by the tax authorities in the period of 5 years after the submission of the tax report for the financial year and they can cause additional tax liabilities. According the evaluation of the Management of the Company and at the date of these statements no additional terms and conditions exist that may cause contingent liabilities of material significance on such basis.

Commitments for procurement of tangible and intangible assets

There are no commitments for procurement of tangible and intangible assets as of the reporting date that are not already recognized in the financial statements.

Pension plans

In 2023, the Company has estimated expenses for employee reserves amounting to 632.945 MKD out of which severance pay reserves to the amount of 24.307 MKD and jubilee rewards reserves to the amount of 608.638 MKD.

8. Events after the reporting period

After 31 December 2023 – the reporting date until the approval of these financial reports, except for the above, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.

Eurolink Insurance Inc. Skopje

Annexes

As at and for the year ended 31 December 2023

Annex 1 – Annual accounts

| | | | | | | | | | | | | | | | | | | |
|------------|--|--|------------------------------|--|--|--|--|--|--|--|------------------|--|-------------------------------|--|--|--|--|--|
| 1 2 3 | | | 4 5 6 7 8 9 10 11 | | | | | | | | 1 13 14 15 16 | | 17 18 19 20 21 22 23 24 25 26 | | | | | |
| Вид работа | | | Идентификационен број (ЕМБС) | | | | | | | | Резервни кодекси | | | | | | | |
| | | | Период | | | | | | | | Контролор | | | | | | | |

Назив на друштвото Еуролинк Осигурување АД Скопје, членка на Групацијата Граве
 Адреса, седиште и телефон ул. Пиринска бр.23 Скопје тел. 32-89-303
 Адреса за е-пошта eurolink@eurolink.com.mk
 Вид на работа Неживотно осигурување
 Единствен даночен број 4030002461596

**БИЛАНС НА УСПЕХ
(ИЗВЕШТАЈ ЗА СЕОПФАТНА ДОБИВКА)**

за периодот од 01.01.2023 до 31.12.2023

(во денари)

| Ред. број | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|-----------|--|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 1. | А. ПРИХОДИ ОД РАБОТЕЊЕТО (202+211+234+235) | 201 | 1,069,095,926 | 937,052,903 |
| 2. | I. ЗАРАБОТЕНА ПРЕМИЈА (НЕТО ПРИХОДИ ОД ПРЕМИЈА) (203+204+205-206-207-208+209+210) | 202 | 951,935,950 | 839,768,920 |
| 3. | Бруто полисирана премија за осигурување | 203 | 1,339,084,743 | 1,125,322,945 |
| 4. | Бруто полисирана премија за соосигурување | 204 | | |
| 5. | Бруто полисирана премија за реосигурување /ретроцесија | 205 | | |
| 6. | Бруто полисирана премија пренесена во соосигурување | 206 | | |
| 7. | Бруто полисирана премија пренесена во реосигурување/ретроцесија | 207 | 344,845,558 | 234,408,788 |
| 8. | Промена во резервата за преносна премија | 208 | 15,786,909 | 15,701,086 |
| 9. | Промена во бруто резервата за преносна премија-дел за соосигурување | 209 | | |
| 10. | Промена во бруто резервата за преносна премија-дел за реосигурување | 210 | -26,516,326 | -35,444,151 |
| 11. | II. ПРИХОДИ ОД ВЛОЖУВАЊА (212+219+228) | 211 | 50,561,391 | 42,781,764 |
| 12. | Приходи од вложувања во друштва во група (213+214+215+216+217+218) | 212 | | |
| 13. | Приходи од камати од друштва во група | 213 | | |
| 14. | Приходи од курсни разлики од друштва во група | 214 | | |
| 15. | Приходи од дивиденди од друштва во група | 215 | | |
| 16. | Нереализирани добивки од сведување на објективна вредност на вложувања во друштва во група | 216 | | |
| 17. | Реализирани добивки(капитална добивка) од продажба на вложувања во друштва во група | 217 | | |

| Ред. број | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|-----------|--|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 18. | Останати приходи од вложувања во друштва во група | 218 | | |
| 19. | Приходи од останати вложувања (220+221+222+223+224) | 219 | 49,835,259 | 42,781,764 |
| 20. | Приходи од камати | 220 | 27,328,415 | 21,769,776 |
| 21. | Приходи по основ на курсни разлики | 221 | 2,860,862 | 4,716,837 |
| 22. | Приходи од дивиденди | 222 | 1,169,591 | 1,152,299 |
| 23. | Нереализирани добивки од вложувања | 223 | 14,590,000 | 13,935,093 |
| 24. | Реализирани добивки (капитална добивка) од продажба на вложувања (225+226+227) | 224 | 3,886,391 | 1,207,759 |
| 24.а | Финансиски вложувања расположливи за продажба | 225 | 3,886,391 | 1,207,759 |
| 24.б | Финансиски вложувања за тргување (по објективна вредност) | 226 | | |
| 24.в | Останати финансиски средства и вложувања | 227 | | |
| 25. | Останати приходи од вложувања (229+233) | 228 | 726,132 | 0 |
| 26. | Приходи од вложувања во материјални средства кои не служат за вршење на дејноста (230+231+232) | 229 | | |
| 26.а | Зголемување на вредноста на вложувања во материјални средства кои не служат за вршење на дејноста | 230 | | |
| 26.б | Реализирани добивки (капитална добивка) од продажба на вложувања во материјални средства кои не служат за вршење на дејноста | 231 | | |
| 26.в | Приходи од наемнини од вложувања во материјални средства кои не служат за вршење на дејноста | 232 | | |
| 27. | Останати приходи од вложувања | 233 | 726,132 | 0 |
| 28. | III. ОСТАНАТИ ОСИГУРИТЕЛНО-ТЕХНИЧКИ ПРИХОДИ, НАМАЛЕНИ ЗА РЕОСИГУРУВАЊЕ | 234 | 56,059,459 | 41,509,230 |
| 29. | IV. ОСТАНАТИ ФИНАНСИСКИ И ДРУГИ ПРИХОДИ | 235 | 10,539,126 | 12,992,989 |
| 30. | Б. РАСХОДИ ОД РАБОТЕЊЕТО (237+245+255+258+261+278+296+299) | 236 | 958,917,344 | 839,628,486 |
| 31. | I. НАСТАНАТИ ШТЕТИ (НЕТО ТРОШОЦИ ЗА ШТЕТИ) (238-239-240-241+242-243-244) | 237 | 479,718,071 | 380,400,746 |
| 32. | Бруто исплатени штети | 238 | 441,935,025 | 373,266,060 |
| 33. | Намалување за приходот од бруто реализирани регресни побарувања | 239 | 3,296,211 | 4,271,129 |
| 34. | Бруто исплатени штети-дел за соосигурување | 240 | | |
| 35. | Бруто исплатени штети-дел за реосигурување/ретроцесија | 241 | 416,261 | 7,403,186 |
| 36. | Промени во бруто резервите за штети | 242 | 50,532,845 | 32,430,864 |
| 37. | Промени во бруто резервите за штети-дел за соосигурување | 243 | | |
| 38. | Промени во бруто резервите за штети-дел за реосигурување | 244 | 9,037,327 | 13,621,863 |
| 39. | II. ПРОМЕНИ ВО ОСТАНАТИ ТЕХНИЧКИ РЕЗЕРВИ (НЕТО ОД РЕОСИГУРУВАЊЕ) (246+249+252) | 245 | 449,472 | 1,642,532 |
| 40. | Промени во математичка резерва, нето од реосигурување (247-248) | 246 | | |
| 40.а | Промени во бруто математичка резерва | 247 | | |
| 40.б | Промени во бруто математичка резерва-дел за соосигурување и реосигурување | 248 | | |

| Ред. број | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|-----------|--|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 41. | Промени во еквализациона резерва, нето од реосигурување (250-251) | 249 | | |
| 41.а | Промени во еквализациона резерва, нето од реосигурување | 250 | | |
| 41.б | Промени во бруто еквализациона резерва-дел за соосигурување и реосигурување | 251 | | |
| 42. | Промени во останати технички резерви, нето од реосигурување (253-254) | 252 | 449,472 | 1,642,532 |
| 42.а | Промени во останати бруто технички резерви | 253 | 449,472 | 1,642,532 |
| 42.б | Промени во останати бруто технички резерви- дел за соосигурување и реосигурување | 254 | | |
| 43. | III. ПРОМЕНИ ВО БРУТО МАТЕМАТИЧКА РЕЗЕРВА ЗА ОСИГУРУВАЊЕ НА ЖИВОТ КАДЕ ИНВЕСТИЦИСКИОТ РИЗИК Е НА ТОВАР НА ОСИГУРЕНИКОТ, НЕТО ОД РЕОСИГУРУВАЊЕ (256-257) | 255 | | |
| 43.а | Промени во бруто математичката резерва за осигурување на живот каде инвестицискиот ризик е на товар на осигуреникот | 256 | | |
| 43.б | Промени во бруто математичката резерва за осигурување на живот каде инвестицискиот ризик е на товар на осигуреникот-дел за соосигурување и реосигурување | 257 | | |
| 44. | IV. ТРОШОЦИ ЗА БОНУСИ И ПОПУСТИ, НЕТО ОД РЕОСИГУРУВАЊЕ (259+260) | 258 | 21,706,972 | 25,987,188 |
| 44.а | Трошоци за бонуси (кои зависат од резултатот) | 259 | 89,213 | 1,913,428 |
| 44.б | Трошоци за попусти (кои не зависат од резултатот) | 260 | 21,617,759 | 24,073,760 |
| 45. | V. НЕТО ТРОШОЦИ ЗА СПРОВЕДУВАЊЕ НА ОСИГУРУВАЊЕТО (262+267) | 261 | 393,990,752 | 361,095,948 |
| 46. | Трошоци за стекнување на осигурувањето (263+264+265+266) | 262 | 199,544,441 | 172,847,131 |
| 47. | Провизија | 263 | 79,995,059 | 70,654,058 |
| 48. | Останати трошоци | 264 | 2,618,986 | 1,911,855 |
| 49. | Промена во одложените трошоци за стекнување | 265 | -6,974,380 | -9,162,149 |
| 50. | Бруто плати за вработените во внатрешната продажна мрежа | 266 | 123,904,776 | 109,443,367 |
| 51. | Административни трошоци (268+269+275+276) | 267 | 194,446,311 | 188,248,817 |
| 52. | Амортизација и вредносно усогласување (обезвреднување) на материјалните и нематеријалните средства кои служат за вршење на дејноста | 268 | 4,828,338 | 3,882,332 |
| 53. | Трошоци за вработените (270+271+272+273+274) | 269 | 64,603,627 | 62,227,733 |
| 53.а | Плати и надоместоци | 270 | 37,864,193 | 36,794,902 |
| 53.б | Трошоци за даноци на плати и надоместоци на плата | 271 | 3,540,349 | 3,436,548 |
| 53.в | Придонеси од задолжително социјално осигурување | 272 | 16,101,831 | 15,617,347 |
| 53.г | Трошоци за дополнително пензиско осигурување за вработени | 273 | 0 | 0 |
| 53.д | Останати трошоци за вработените | 274 | 7,097,254 | 6,378,936 |
| 54. | Трошоци за услуги на физички лица кои не вршат дејност со сите давачки | 275 | 19,586,921 | 16,292,214 |
| 55. | Останати административни трошоци (277+278+279) | 276 | 105,427,425 | 105,846,538 |
| 56. | Трошоци за услуги | 277 | 82,126,287 | 83,245,930 |

| Ред. број | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|-----------|---|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 57. | Материјални трошоци | 278 | 7,503,883 | 8,154,246 |
| 58. | Трошоци за резервирања и останати трошоци од работењето | 279 | 15,797,255 | 14,446,362 |
| 59. | VI. ТРОШОЦИ ОД ВЛОЖУВАЊА (281+287) | 280 | 14,160,785 | 24,484,971 |
| 60. | Расходи од вложувања во друштва во група (282+283+284+285+286) | 281 | | |
| 61. | Расходи за камати од друштва во група | 282 | | |
| 62. | Расходи за курсни разлики од друштва во група | 283 | | |
| 63. | Нереализирани загуби од сведување на објективна вредност на вложувања во друштва во група | 284 | | |
| 64. | Реализирани загуби од продажба (капитална загуба) на вложувања друштва во група | 285 | | |
| 65. | Останати финансиски расходи од друштва во група | 286 | | |
| 66. | Расходи од останати вложувања (288+289+290+291+294+295) | 287 | 14,160,785 | 24,484,971 |
| 67. | Расходи за камати | 288 | 16,553 | 3,279 |
| 68. | Расходи за курсни разлики | 289 | 3,568,374 | 3,025,941 |
| 69. | Нереализирани загуби од сведување на објективна вредност на вложувања | 290 | 9,493,461 | 21,397,049 |
| 70. | Реализирани загуби од продажба (капитална загуба) на вложувања (292+293) | 291 | 0 | 58,702 |
| 70.а | Финансиски вложувања расположиви за продажба | 292 | 0 | 0 |
| 70.б | Финансиски вложувања за тргување (по објективна вредност) | 293 | 0 | 58,702 |
| 70.в | Реализирани загуби од продажба на останати вложувања | 294 | | |
| 71. | Останати расходи од вложувања (296+297) | 295 | 1,082,397 | 0 |
| 72. | Амортизација на вложувањата во материјални средства кои не служат за вршење на дејноста | 296 | | |
| 73. | Загуби од обезвреднување на вложувањата и останати расходи од вложувања | 297 | 1,082,397 | 0 |
| 74. | VII. ОСТАНАТИ ОСИГУРИТЕЛНО-ТЕХНИЧКИ ТРОШОЦИ, НАМАЛЕНИ ЗА РЕОСИГУРУВАЊЕ (299+300) | 298 | 30,138,244 | 30,634,158 |
| 74.а | Трошоци за превентива | 299 | | |
| 74.б | Останати осигурително технички трошоци, намалени за реосигурување | 300 | 30,138,244 | 30,634,158 |
| 75. | VIII. ОСТАНАТИ РАСХОДИ (302+303) | 301 | 18,753,048 | 15,382,943 |
| 75.а | Загуби поради обезвреднување на побарувања по основ на премија за осигурување | 302 | 19,690,868 | 15,144,840 |
| 75.б | Останати финансиски и други расходи | 303 | -937,820 | 238,103 |
| 76. | Удел во добивката на придружените друштва | 304 | | |
| 77. | Удел во загубата на придружените друштва | 305 | | |
| 78. | Добивка за деловната година (201+304) – (236+305) | 306 | 110,178,582 | 97,424,417 |
| 79. | Загуба за деловната година (236+305) – (201+304) | 307 | | |
| 80. | Нето добивка од прекинати работења | 308 | | |
| 81. | Нето загуба од прекинати работења | 309 | | |
| 82. | Добивка пред оданочување (306+308) или (306-309) | 310 | 110,178,582 | 97,424,417 |
| 83. | Загуба пред оданочување (307+309) или (307-308) | 311 | | |

| Ред. број | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|-----------|---|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 84. | Данок на добивка | 312 | 14,013,888 | 12,409,886 |
| 85. | Одложени даночни приходи | 313 | | |
| 86. | Одложени даночни расходи | 314 | | |
| 87. | ДОБИВКА ЗА ДЕЛОВНАТА ГОДИНА ПО ОДАНОЧУВАЊЕ (310-312+313-314) | 315 | 96,164,694 | 85,014,531 |
| 88. | ЗАГУБА ЗА ДЕЛОВНАТА ГОДИНА ПО ОДАНОЧУВАЊЕ (311+312-313+314) | 316 | | |
| 89. | Просечен број на вработени врз основа на часови на работа во пресметковниот период (во апсолутен износ) | 317 | 203 | 209 |
| 90. | Број на месеци на работење (во апсолутен износ) | 318 | 12 | 12 |
| 91. | ДОБИВКА/ЗАГУБА ЗА ПЕРИОДОТ | 319 | 96,164,694 | 85,014,531 |
| 91.а | Добивка која им припаѓа на имателите на акции на матичното друштво | 320 | | |
| 91.б | Добивка која припаѓа на неконтролираното учество | 321 | | |
| 91.в | Загуба која се однесува на имателите на акции на матичното друштво | 322 | | |
| 91.г | Загуба која се однесува на неконтролираното учество | 323 | | |
| 92. | ЗАРАБОТУВАЧКА ПО АКЦИЈА | 324 | 30,051 | 26,567 |
| 92.а | Вкупна основна заработувачка по акција | 325 | 30,051 | 26,567 |
| 92.б | Вкупна разводнета заработувачка по акција | 326 | | |
| 92.в | Основна заработувачка по акција од прекинатото работење | 327 | | |
| 92.г | Разводнета заработувачка по акција од прекинатото работење | 328 | | |

ИЗВЕШТАЈ ЗА ОСТАНАТА СЕОФАТНА ДОБИВКА
за периодот од од 01.01.2023 до 31.12.2023

| Ред. број | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|-----------|--|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 1. | Добивка за годината | 329 | 96,164,694 | 85,014,531 |
| 2. | Загуба за годината | 330 | | |
| 3. | Останата сеофатна добивка (333+335+337+339+341+343) - (334+336+338+340+342+344) | 331 | 11,373,731 | |
| 4. | Останата сеофатна загуба (334+336+338+340+342+344) - (333+335+337+339+341+343) | 332 | | -9,582,430 |
| 5. | Добивки кои произлегуваат од преведување на странско работење | 333 | | |
| 6. | Загуби кои произлегуваат од преведување на странско работење | 334 | | |
| 7. | Добивки од повторно мерење на финансиски средства расположиви за продажба | 335 | 11,373,731 | |
| 8. | Загуби од повторно мерење на финансиски средства расположиви за продажба | 336 | | -9,582,430 |
| 9. | Ефективен дел од добивки од хеџинг инструменти за хеџирање на парични текови | 337 | | |
| 10. | Ефективен дел од загуби од хеџинг инструменти за хеџирање на парични текови | 338 | | |
| 11. | Промени на ревалоризациските резерви за материјални и нематеријални средства (+) | 339 | | |
| 12. | Промени на ревалоризациските резерви за материјални и нематеријални средства (-) | 340 | | |
| 13. | Актуарски добивки на дефинирани планови за користи на вработените | 341 | | |
| 14. | Актуарски загуби на дефинирани планови за користи на вработените | 342 | | |
| 15. | Удел во останата сеофатна добивка на придружени друштва (само за потреби на консолидација) | 343 | | |
| 16. | Удел во останата сеофатна загуба на придружени друштва (само за потреби на консолидација) | 344 | | |
| 17. | Данок на добивка на компоненти на останата сеофатна добивка | 345 | | |
| 18. | Нето останата сеофатна добивка (331-345) | 346 | 11,373,731 | |
| 19. | Нето останата сеофатна загуба (345-331) или (332+345) | 347 | | -9,582,430 |
| 20. | Вкупна сеофатна добивка за годината (329+346) или (346-330) | 348 | 107,538,425 | 75,432,101 |
| 20.а. | Сеофатна добивка која им припаѓа на имателите на акции на матичното друштво | 349 | 107,538,425 | 75,432,101 |
| 20.б. | Сеофатна добивка која припаѓа на неконтролираното учество | 350 | | |
| 21. | Вкупна сеофатна загуба за годината (330+347) или (330-346) или (347-329) | 351 | | |
| 21.а. | Сеофатна загуба која им припаѓа на имателите на акции на матичното друштво | 352 | | |
| 21.б. | Сеофатна загуба која припаѓа на неконтролираното учество | 353 | | |

ОСТВАРЕНИ ПРИХОДИ ПРЕТЕЖНО ОД 65,12 ДЕЈНОСТ

| | | | |
|---|---|---|---|
| 6 | 5 | 1 | 2 |
|---|---|---|---|

(Се назначува главна приходна шифра на дејноста утврдена со НКД согласно член 9 од Законот за едношалтрески систем-Службен весник на Република Македонија бр.84/05, 13/07,150/07, 140/08,17/11, 53/11 и 70/13).

Лице одговорно за составување на образецот.

Име и презиме Павлина Велкова

Број од регистарот на Институтот на сметководители и
овластени сметководители на Република Македонија: 0100365

Потпис

П. Велкова

Во Скопје

На ден 23.02.2024 година

| | | |
|---------------------------------------|--|---|
| Во Скопје На ден 23.02.2024 година | Име и презиме на законски застапник на друштвото: Марија Томеска | Име и презиме на законски застапник на друштвото: Маја Богдановска-Стојаноска |
| | Потпис <i>Марија Томеска</i> | Потпис <i>Маја Богдановска-Стојаноска</i> |



| Период | | | Контролор | | Резервни кодекси | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|---|-----------------------|-----------|---|------------------|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|--|--|--|--|--|--|--|--|
| 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | | | | | | | | |
| Ид. раб. | | Идентификационен број | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

азив на друштвото Еуролинк Осигурување АД Скопје, членка на Групацијата Граве
 адреса, седиште и телефон ул. Пиринска бр.23 тел. 32-89-303
 адреса за е-пошта eurolink@eurolink.com.mk
 ид на работа Неживотно осигурување
 единствен даночен број 4030002461596

БИЛАНС НА СОСТОЈБАТА (ИЗВЕШТАЈ ЗА ФИНАНСИСКАТА СОСТОЈБА) на ден 31.12.2023 година

| Ред бр. | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|---------|--|------------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 1. | АКТИВА: | 001 | | |
| | А. НЕМАТЕРИЈАЛНИ СРЕДСТВА (002+003) | | 4,737,456 | 2,879,886 |
| 2. | Гудвил | 002 | | |
| 3. | Останати нематеријални средства | 003 | 4,737,456 | 2,879,886 |
| 4. | Б. МАТЕРИЈАЛНИ СРЕДСТВА (005+008+009+010+011+012) | 004 | 13,644,967 | 7,557,963 |
| 5. | Недвижности (006+007) | 005 | | |
| 5а. | Земјиште | 006 | | |
| 5б. | Градежни објекти | 007 | | |
| 6. | Постројки и опрема | 008 | 12,808,604 | 6,721,600 |
| 7. | Транспортни средства | 009 | | |
| 8. | Аванси за набавка на материјални средства | 010 | | |
| 9. | Материјални средства во подготовка | 011 | | |
| 10. | Останати материјални средства | 012 | 836,363 | 836,363 |
| 11. | В. ВЛОЖУВАЊА (014+015+021+040) | 013 | 1,407,918,072 | 1,235,051,133 |
| 12. | 1. ВЛОЖУВАЊА ВО МАТЕРИЈАЛНИ СРЕДСТВА КОИ НЕ СЛУЖАТ ЗА ВРШЕЊЕ НА ДЕЈНОСТА | 014 | | |
| 13. | 11. ФИНАНСИСКИ ВЛОЖУВАЊА ВО ДРУШТВА ВО ГРУПА (016+017+018+019+020) | 015 | 14,644,777 | 15,180,437 |

| Ред бр. | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|---------|--|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 14. | Вложувања во акции, удели и сопственички хартии од вредност во подружници | 016 | | |
| 15. | Вложувања во акции, удели и сопственички хартии од вредност во придружени друштва и заеднички контролирани друштва | 017 | | |
| 16. | Должнички хартии од вредност издадени од подружници, придружени друштва и заеднички контролирани друштва | 018 | | |
| 17. | Побарувања по дадени заеми на подружници, придружени друштва и заеднички контролирани друштва | 019 | | |
| 18. | Останати финансиски вложувања во подружници, придружени друштва и заеднички контролирани друштва | 020 | | |
| | | | 14,644,777 | 15,180,437 |
| 19. | 111.ОСТАНАТИ ФИНАНСИСКИ ВЛОЖУВАЊА (022+034+035) | 021 | | |
| | | | 1,393,273,295 | 1,219,870,696 |
| 20. | Вложувања во хартии од вредност (023+026+030) | 022 | | |
| | | | 957,028,752 | 701,121,982 |
| 21. | Вложувања во хартии од вредност кои се чуваат до достасаност (024+025) | 023 | | |
| | | | 664,702,702 | 449,796,213 |
| 21.а | Должнички хартии од вредност со рок на достасување до една година | 024 | | |
| | | | 138,861,282 | 0 |
| 21.б | Должнички хартии од вредност со рок на достасување над една година | 025 | | |
| | | | 525,841,420 | 449,796,213 |
| 22. | Вложувања во хартии од вредност расположиви за продажба (027+028+029) | 026 | | |
| | | | 229,528,888 | 192,927,352 |
| 22.а | Должнички хартии од вредност со рок на достасување до една година | 027 | | |
| 22.б | Должнички хартии од вредност со рок на достасување над една година | 028 | | |
| 22.в | Акции, удели и останати сопственички инструменти | 029 | | |
| | | | 229,528,888 | 192,927,352 |
| 23. | Вложувања во хартии од вредност според објективната вредност преку добивката или загубата (031+032+033) | 030 | | |
| | | | 62,797,162 | 58,398,417 |
| 23.а | Должнички хартии од вредност со рок на достасување до една година | 031 | | |
| 23.б | Должнички хартии од вредност со рок на достасување над една година | 032 | | |
| 23.в | Акции, удели и останати сопственички инструменти | 033 | | |
| | | | 62,797,162 | 58,398,417 |
| 24. | Деривативни финансиски инструменти | 034 | | |
| 25. | Депозити, заеми и останати пласмани (036+037+038+039) | 035 | | |
| | | | 436,244,543 | 518,748,714 |

| Ред. бр. | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|----------|--|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 25.а. | Депозити | 036 | 436,244,543 | 518,748,714 |
| 25.б. | Дадени заеми обезбедени со хипотека | 037 | | |
| 25.в. | Останати дадени заеми | 038 | | |
| 25.г. | Останати пласмани | 039 | | |
| 26. | IV. ДЕПОЗИТИ НА ДРУШТВА ЗА РЕОСИГУРУВАЊЕ КАЈ ЦЕДЕНТИ ПО ОСНОВ НА ДОГОВОРИ ЗА РЕОСИГУРУВАЊЕ | 040 | | |
| 27. | Г. ФИНАНСИСКИ ВЛОЖУВАЊА КАЈ КОИ ОСИГУРЕНИКОТ ГО ПРЕЗЕМА ИНВЕСТИЦИСКИОТРИЗИК (ДОГОВОРИ ЗА ОСИГУРУВАЊЕ) | 041 | | |
| 28. | Д. ДЕЛ ЗА СООСИГУРУВАЊЕ И РЕОСИГУРУВАЊЕ ВО БРУТО ТЕХНИЧКИТЕ РЕЗЕРВИ (043+044+045+046+047+048+049) | 042 | 118,901,552 | 136,380,551 |
| 28.а. | Дел за соосигурување и реосигурување во бруто резервите за преносни премии | 043 | 64,515,498 | 91,031,824 |
| 28.б. | Дел за соосигурување и реосигурување во бруто математичката резерва | 044 | | |
| 28.в. | Дел за соосигурување и реосигурување во бруто техничките резерви за осигурување на живот каде осигуреникот го презема инвестицискиот ризик | 045 | | |
| 28.г. | Дел за соосигурување и реосигурување во бруто резервите за штети | 046 | 54,386,054 | 45,348,727 |
| 28.д. | Дел за соосигурување и реосигурување во бруто резервите за бонуси и попусти | 047 | | |
| 28.ѓ. | Дел за соосигурување и реосигурување во бруто еквилизационата резерва (законски пропишана резерва за несигурно утврдена штета) | 048 | | |
| 28.д. | Дел за соосигурување и реосигурување во бруто останати осигурително технички резерви | 049 | | |
| 29. | Ѓ.ОДЛОЖЕНИ ДАНОЧНИ СРЕДСТВА | 050 | 2,187,716 | 2,678,813 |
| 30. | Е.ПОБАРУВАЊА (052+056+057) | 051 | 324,704,914 | 345,461,560 |
| 31. | 1.ПОБАРУВАЊА ОД НЕПОСРЕДНИ РАБОТИ НА ОСИГУРУВАЊЕ (053+054+055) | 052 | 303,285,394 | 326,470,052 |
| 31.а. | Побарувања од осигуреници | 053 | 303,285,394 | 326,470,052 |
| 31.б. | Побарувања од застапници и од посредници | 054 | | |
| 31.в. | Останати побарувања од непосредни работи на осигурување | 055 | | |
| 32. | 11.ПОБАРУВАЊА ОД РАБОТИ НА СООСИГУРУВАЊЕ И РЕОСИГУРУВАЊЕ | 056 | | |

| Ред. бр. | ПОЗИЦИЈА | Ознака на АОП | ИЗНОС | |
|----------|----------|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |

| Ред. бр. | ПОЗИЦИЈА | Ознака на АОП | Износ | |
|----------|--|---------------|----------------|------------------|
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |
| 33. | 111.ОСТАНАТИ ПОБАРУВАЊА (058+059+060+061) | 057 | 21,419,520 | 18,991,508 |
| 34. | Останати побарувања од непосредни работи на осигурување | 058 | 10,513,158 | 7,559,590 |
| 35. | Побарувања по основ на вложувања | 059 | 9,286,950 | 8,427,033 |
| 36. | Тековни даночни средства | 060 | 3,637 | 303,502 |
| 37. | Останати побарувања | 061 | 1,615,775 | 2,701,383 |
| 38. | Ж.ПАРИЧНИ СРЕДСТВА И ПАРИЧНИ ЕКВИВАЛЕНТИ | 062 | 37,450,727 | 32,240,289 |
| 39. | З.ЗАЛИХИ | 063 | | |
| 40. | С.СРЕДСТВА (ИЛИ ГРУПИ ЗА ОТУГУВАЊЕ НАМЕНЕТИ ЗА ПРОДАЖБА И ПРЕКИНАТИ РАБОТЕЊА | 064 | | |
| 41. | И.ПЛАТЕНИ ТРОШОЦИ ЗА ИДНИТЕ ПЕРИОДИ И ПРЕСМЕТАНИ ПРИХОДИ (АВР) | 065 | 108,624,263 | 98,117,850 |
| 42. | ВКУПНА АКТИВА: СРЕДСТВА (001+004+013+041+042+050+051+062+063+064+065) | 066 | 2,018,169,667 | 1,860,368,045 |
| 43. | Ј. ВОНБИЛАНСНА ЕВИДЕНЦИЈА - АКТИВА | 067 | 369,798,491 | 309,296,258 |
| 44. | ПАСИВА: А. ГЛАВНИНА И РЕЗЕРВИ (069+070-071-072+073+074+079-080+081-082) | 068 | 729,002,416 | 641,463,991 |
| 45. | И. ОСНОВНА ГЛАВНИНА | 069 | 195,326,080 | 195,326,080 |
| 46. | 11.ПРЕМИИ НА ЕМИТИРАНИ АКЦИИ | 070 | | |
| 47. | Ш.СОПСТВЕНИ АКЦИИ (-) | 071 | | |
| 48. | IV. ЗАПИШАН, НЕУПЛАТЕН КАПИТАЛ (-) | 072 | | |
| 49. | V. РЕВАЛОРИЗАЦИОНА РЕЗЕРВА | 073 | 1,375,999 | -9,997,732 |
| 50. | VI. РЕЗЕРВИ (075+076+077+078) | 074 | 251,053,103 | 222,714,926 |
| 50.а. | Законски резерви | 075 | 251,053,103 | 222,714,926 |
| 50.б. | Резерви за сопствени акции | 076 | | |
| 50.в. | Статутарни резерви | 077 | | |
| 50.г. | Останати резерви | 078 | | |
| 51. | VII. АКУМУЛИРАНА ДОБИВКА | 079 | 185,082,540 | 148,406,186 |
| 52. | VIII. ПРЕНЕСЕНА ЗАГУБА (-) | 080 | | |
| 53. | IX. ДОБИВКА ЗА ТЕКОВНИОТ ПРЕСМЕТКОВЕН ПЕРИОД | 081 | | |
| | | | 96,164,694 | 85,014,531 |

| 1 | 2 | 3 | 4 | 5 |
|----------|--|---------------|----------------|------------------|
| 54. | X. ЗАГУБА ЗА ТЕКОВНИОТ ПРЕСМЕТКОВЕН ПЕРИОД | 082 | | |
| 55. | XI. ГЛАВНИНА НА СОПСТВЕНИЦИТЕ НА МАТИЧНОТО ДРУШТВО | 083 | | |
| 56. | XII. НЕКОНТРОЛИРАНО УЧЕСТВО | 084 | | |
| 57. | Б.СУБОРДИНИРАНИ ОБВРСКИ | 085 | | |
| 58. | В. БРУТО ТЕХНИЧКИ РЕЗЕРВИ (087+088+089+090+091+092) | 086 | 1,150,435,038 | 1,083,665,813 |
| 58.а. | Бруто резерви за преносни премии | 087 | 554,889,224 | 539,102,316 |
| 58.б. | Бруто математичка резерва | 088 | | |
| 58.в. | Бруто резерви за штети | 089 | 583,210,369 | 532,677,524 |
| 58.г. | Бруто резерви за бонуси и попусти | 090 | 3,735,445 | 11,885,973 |
| 58.д. | Бруто еквилизациона резерва | 091 | | |
| 58.ѓ. | Бруто останати осигурително технички резерви | 092 | 8,600,000 | 0 |
| 59. | Г.БРУТО ТЕХНИЧКИ РЕЗЕРВИ ВО ОДНОС НА ДОГОВОРИ КАЈ КОИ ОСИГУРЕНИКОТ ГО ПРЕЗЕМА ИНВЕСТИЦИСКИОТ РИЗИК | 093 | | |
| 60. | Д. РЕЗЕРВИРАЊА ЗА РИЗИЦИ И НЕИЗВЕСНОСТИ (095+096) | 094 | 4,773,701 | 4,140,756 |
| 60.а. | Резервирања за пензиски планови, отпремнини и слични обврски кон вработените | 095 | 4,773,701 | 4,140,756 |
| 60.б. | Останати резервирања за ризици и неизвесности | 096 | | |
| 61. | Ѓ.ОДЛОЖЕНИ ДАНОЧНИ ОБВРСКИ | 097 | 2,769,040 | 1,744,663 |
| 62. | Е. ОБВРСКИ КОИ ПРОИЗЛЕГУВААТ ОД ДЕПОЗИТИ НА ДРУШТВА ЗА РЕОСИГУРУВАЊЕ КАЈ ЦЕДЕНТИ ПО ОСНОВ НА ДОГОВОРИ ЗА РЕОСИГУРУВАЊЕ | 098 | | |
| 63. | Ж. ОБВРСКИ (100+104+105) | 099 | 48,819,552 | 51,572,898 |
| 64. | И. ОБВРСКИ ОД НЕПОСРЕДНИ РАБОТИ НА ОСИГУРУВАЊЕ (101+102+103) | 100 | 219,765 | 2,034,517 |
| 64.а. | Обврски спрема осигуреници | 101 | 162,429 | 2,010,327 |
| 64.б. | Обврски спрема застапници и посредници | 102 | | |
| 64.в. | Останати обврски од непосредни работи на осигурување | 103 | 57,336 | 24,190 |
| 65. | II. ОБВРСКИ ОД РАБОТИ НА СООСИГУРУВАЊЕ И РЕОСИГУРУВАЊЕ | 104 | 11,955,391 | 19,307,579 |
| 66. | III. ОСТАНИ ОБВРСКИ (106+107+108+109+110) | 105 | 36,644,396 | 30,230,802 |
| Ред. бр. | ПОЗИЦИЈА | Ознака на АОП | ИЗНОС | |
| | | | Тековна година | Претходна година |
| 1 | 2 | 3 | 4 | 5 |

| | | | | |
|-----|---|-----|---------------|---------------|
| 67. | Обврски по основ на финансиски вложувања | 106 | | |
| 68. | Останати обврски од непосредни работи на осигурување | 107 | 8,355,285 | 8,669,590 |
| 69. | Обврски кон вработените | 108 | 15,439,381 | 14,257,327 |
| 70. | Тековни даночни обврски | 109 | 2,482,014 | 1,499,161 |
| 71. | Останати обврски | 110 | 10,367,716 | 5,804,724 |
| 72. | 3. ОБВРСКИ ПО ОСНОВ НА НЕТЕКОВНИ СРЕДСТВА (ИЛИ ГРУПИ ЗА ОТУГУВАЊЕ) КОИ СЕ ЧУВААТ ЗА ПРОДАЖБА И ПРЕКИНАТИ РАБОТЕЊА | 111 | | |
| 73. | S. ОДЛОЖЕНО ПЛАЌАЊЕ НА ТРОШОЦИ И ПРИХОДИ НА ИДНИТЕ ПЕРИОДИ (ПВР) | 112 | 82,369,920 | 77,779,924 |
| 74. | ВКУПНА ПАСИВА: ГЛАВНИНА И РЕЗЕРВИ И ОБВРСКИ (068+085+086+093+094+097+098+099+111+112) | 113 | 2,018,169,667 | 1,860,368,045 |
| 75. | И.ВОНБИЛАНСНА ЕВИДЕНЦИЈА - ПАСИВА | 114 | 369,798,491 | 309,296,258 |

Лице одговорно за составување на образецот:

Име и презиме Павлина Велкова

Број од регистарот на Институтот на сметководители и
овластени сметководители на Република Македонија: 0100365

Потпис J. Velkova

Во Скопје
На ден 23.02.2024 година

| | | |
|---------------------------------------|--|--|
| Во Скопје На ден 23.02.2024 година | Име и презиме на законски застапник на друштвото: | Име и презиме на законски застапник на друштвото: |
| | Марија Томеска | Маја Богдановска-Стојаноска |
| | Потпис <u>[Signature]</u> | Потпис <u>[Signature]</u> |



Eurolink Insurance Inc. Skopje

Annexes

As at and for the year ended 31 December 2023

Annex 2 – Annual report



ANNUAL REPORT

On Operations of EUROLINK Insurance Inc. Skopje 2023

Skopje, February 2024

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INCORPORATION and SHARE CAPITAL

Eurolink Insurance Inc. Skopje was incorporated on 21 November 2002, when registered in the Trade Register under the registration number 4805/2002.

Company's main activity is property insurance - 66.01/2. The Company is registered under the following group and class:

- Group 65.01 Insurance
- Class 65.12 Non-life Insurance

The Company was incorporated by a foreign investment of 4 legal entities with a capital to the amount of 3,200,000 EUR, divided into 3.200 ordinary shares, at a nominal value of 1,000 EUR per stock. In February 2009, a change in the Company's ownership structure was made, the shareholder, Gofi-Group of finance and investment SA-Melide, Switzerland, becoming the owner of 100 percent of the Company's shares. As a result of the change in the ownership structure, the Company was transformed into a Joint Stock Company of a Sole Shareholder. No changes were made in the share capital and the number of issued shares.

In March 2020, a change of the ownership structure was made. Namely, Grazer Wechselseitige Versicherung Aktiengesellschaft AG with a head office at Herrengasse 18-20, 8010, Graz, Republic of Austria became the owner of 100% of the Company's shares and became the new sole shareholder, and, accordingly, Eurolink Insurance became a part of a big international insurance family.

Company's head office is in Skopje, at Pirinska 23.

CORPORATE MANAGEMENT

Observing the best corporative management practices, the Company continually take steps such practices to be an integral part of its business strategy for operations. Hence, the Company has a clearly defined organizational structure founding the operations on the principles of transparency and accessibility for all parties concerned, which contributes to increasing confidence in the Company's operation principles and commitment to a fair approach towards the employees, the market and the general public. In the course of 2023, the Company kept on maintaining its established corporate culture (confirmation of which is the appraisal made by the Insurance Supervision Agency following the total field supervision in the course of 2022, stating that the Company's bodies fully abode by their area of competence, legislation, and by-laws, as well as the internal regulations). Hence, in the spirit of a good corporate governance, in the course of 2023, the Company made amendments to its internal acts in the various segment of its operations, resulting from business processes carried out in the Company. In addition, the Company adopted new acts

and harmonized the current business acts with a view to a complying with regulations governing the insurance industry.

In the course of year 2023, the Company's managing bodies carried out activities within their terms of office as specified by laws and by the Company's Statute, providing exercise of rights of the sole shareholder, division of authority, regular and effective monitoring and audit, independence, objectivity and transparency of operations of bodies and officers, abidance by law and ethical standards, as principles of a good corporate governance.

Shareholder's Assembly held one regular meetings in the reporting year. Thus, the meeting held on 15 March 2023 was the Annual Meeting at which the sole Shareholder reviewed and adopted consolidated Financial Statements and Annual Account for 2022, the Annual Reports and proposed materials. In addition, the Shareholder approved the operations of the Management and of Supervisory Boards, passed a decision on allocation of the profit after the Annual Account for 2022, a decision on payment of dividend from the profit realized in 2022, a decision on reallocation of the reinvested profit in 2017 into retained earnings for 2017, decision on reallocation of unused reinvested profit in 2022 into retained earnings for 2022, reviewed and adopted the Internal Auditor's Annual Report on 2022, passed a decision on appointing independent auditors for conducting external audit of the Financial Statements and the Annual Account for 2023 and approved the operations of the Management and of Supervisory Boards.

Supervisory Board held 6 meetings in the reporting year. At their meetings, SB members discussed various relevant issues with respect to the Company's operations and passed decisions thereof. Among other noteworthy activities of the Supervisory Board was passing a Decision on approving the Company Management Concept for the period 2023-2028 submitted by Mr. Cvetko Delev, a member of the Management Board. By approving the Concept, Supervisory Board assigned a new 5-year term of office to Mr. Cvetko Delev. This Decision was passed at the 64th meeting, held on 15 march 2023.

Management Board in the course of 2023 continually carried out its activities pursuant to the Insurance Supervision Law, the Company's Statute and its other general and special documents. The Management Board carried out control over the risks arising from the Company's operations, undertook adequate measures for management of those risks and provided for the Company to operate in compliance with the internal and legal regulations. The Company held 20 meetings in the reporting period, making decisions related to the Company's operations.

Decisions were made with respect to several segments of the Company's operations, such as various strategies, policies, rulebooks, guidelines for work, rule, procedures, programmes – related to operations plans, risk management, scheduled reinsurance, audit conducting, business continuity of the Company, investment of capital, policy conditions and tariffs, claim handling, other daily operations etc.

Management Board has 5 members employed in the Company as heads of departments with special authorizations. In the course of 2023 Mr. Cvetko Delev, a Member of the Management Board and an Assistant Director of the Insurance and Reinsurance Department was reelected as a member of the Management Board by the Supervisory Board, for another 5-yr term of office (2023-2028). After the reelection, Insurance Supervision Agency gave its consent for performing the activities of a management body member.

ORGANIZATIONAL AND BUSINESS NETWORK STRUCTURE

The Company is organized in Departments, as follows:

- Financial Department
- Accounting Department
- Department of Legal Matters & Law Compliance
- HR Department
- Marketing and PR Department
- IT Department
- Insurance & Reinsurance Department
- Sales Department
- Claims Assessment & Settlement Department
- Certified Actuary as an independent and law defined body
- Certified Internal Auditor
- Claims Supervisor and
- Risk Management Sector

There is Collection Service operating under the Financial Department.

There is a Client Support Service operating under the Sales Department.

Insurance & Reinsurance Department includes Property and Transportation Insurance Sector and Accident and Liability Insurance Sector.

Claim Assessment Department has two Sectors - Assessment of Motor Claims and of Property Claims.

As at 31 December 2023, the Company included 41 business units.

EMPLOYEES AND HUMAN RESOURCES DEVELOPMENT

In the course of 2023, the Company carried out recruitment in the business units in accordance with the Operations Plan and as needed.

The number of employees as at 31 December 2023 amounted to 200 full-time employees, a decrease compared to 2022 (2022: 208 employees). With respect to qualifications, 112 employees have a

higher education degree, 1 employee holds PhD D, 9 hold MS degree, and 78 with secondary school degree.

RECRUITMENT AND SELECTION

Human resources recruitment in the Company is made by a combination of internal resources and usage of external platforms of our partners for application of candidates. Applications are being reviewed, and an initial list of candidates for interview is created.

Selection process is being made internally by using a multi-department including stages as follows:

- Employment interviews and short list creating
- Testing through real work tasks and situations
- Personality test for higher job positions
- Second interview with candidates in the shortlist
- Candidate selection and employing

DEVELOPMENT ACTIVITIES FOR NEWLY EMPLOYED

SALES DEPARTMENT – CONSULTANT TRAINEES

In the course of 2023, 10 new consultant trainees started to work. They underwent training at their workplace and had managers as their mentors for several months according to the Plan for Work with New Consultants. In the first three months of their training, the new consultants underwent introductory training for products and acquired elementary knowledge of the Domi Set, MTPL, Green Card, Travel Insurance and Private Health Insurance.

In addition, the new consultants were daily trained for telephone communication, field activities, the trainings being carried out by branch managers as well as tutorial support given by the regional coordinators and the assistant director of the Sales Department.

ADMINISTRATIVE DEPARTMENTS

In 2023, Eurolink engaged new employees in the administrative departments, 2 out of whom in the Accounting Department, 2 in Claims Department, 1 in the Department of Legal Matters & Law Compliance, 1 the Human Resources Department and 1 new employee in “Eurolink 24” - the Client Support Centre.

CAREER ON-LINE CENTRE

The Career On-Line Centre has been finalized. It will enable interested candidates to be better informed about employment opportunities, corporative values and atmosphere in the Company,

The following contents are offered:

- Presentation of the Company and the team
- Welcome video message

- Employment prospects and active job advertisements
- Employees testimonials and video statements
- Possible contacts and fixing an informative meeting,
- Tips for making a good CV, preparing the interview etc.

This Centre will be become public in 2024.

PERSONALIZED MANUAL FOR NEW EMPLOYEES

This Eurolink Insurance employee manual got new contents and layout and it is the first step for introduction into work and getting to know the organizational culture. It describes duties and benefits of the Company's employees including the main operational procedures, rights and obligations of the employees, key products, management structure, employment, salaries, reimbursements and benefits, trainings and seminars. The Manual is loaded on the Intranet page and is a part of the on-boarding process for the new employees.

EVALUATION – A KEY TOOL FOR ADVANCEMENT OF EMPLOYEES

EVALUATION OF BRANCH MANAGERS

In 2023, 4 evaluations were carried out and individual feedback conversation about results was made with each respective manager.

Evaluation process includes competencies and key indicators of performance. The key competencies under evaluation include accountability, sales team managing and development of the team members.

Key performance indicators include realization of work plan, scope of policy renewals, scope of renewals before the 10th day of the respective month, new insurances, realization of salary loading, increased sales with legal entities, scope of opportunities in the CRM system, scope of task processing in the CRM system and volume of realization of promotional sales. At the end of 2023 a qualitative change in the evaluation of the manager was made in it will be carried out in a new form in 2024.

EVALUATION OF CONSULTANTS/EXPERTS

In 2023, 4 quarterly evaluations of experts and consultants were carried out.

Branch Managers evaluate their employees on a quarterly basis regarding the following key segments of their operations: realization of plan and renewals, new insurances and promotional sales, CRM activity, field activity and give guidelines for growth plan.

QUARTERLY MONITORING OF THE OPERATIONS OF CONSULTANTS/EXPERTS

Each quarter sales consultant trainees, consultant beginners, consultants and sales experts receive written information about their underperformance with regard to their scheduled targets.

This activity has a motivation component for the manager and for the employee, reminding at the same time of the consequences of underperformance.

ADVANCEMENT AND DEVELOPMENT PROGRAMMES

SALES NETWORK CONTINUOUS REWARDING PROGRAMME

This Programme specifies activities aimed at pointing out and rewarding the best and motivating the sales network for even better results.

A novelty in the Programme is a monthly selection of the best consultant and expert. The following activities were realized in 2023:

- Monthly selection Annual choice of the best consultant, expert and branch office manager and
- Annual selection of the best consultant, expert and branch office manager.

In the reporting year, a poll was made for selection of the best colleague and all the employees in Eurolink voted for a colleague from administrative departments and the administrative employees in the sales department who was giving the greatest support.

Recognitions for the most successful consultants/experts and the employees in the administrative departments who were the greatest support to the sales in the course of 2023 were awarded at the sales conference held in January 2024.

COMPETE AND TRAVEL PROGRAMME

This Programme focuses on new insurances. Two semi-annual competitions are scheduled in selling all products in a 6month period except MTPL, GC, Travel Insurance and Individual Accident insurance for Students. The best 9 employees of the Sales Department and 2 employees of the administrative departments are rewarded.

In 2023, two travels were organized, one to Prague (Czech Republic) in March and to Budapest (Hungary) in October.

ACTIVITIES IN THE PROCESS OF SALES NETWORK MANAGEMENT

SALES CONFERENCE

The first conference in the year is dedicated to the Sales Departments since it is crucial for each consultant/expert to learn about the novelties in the course of the year:

- Expectations and strategy
- Insurance market analysis

- Novelties in the offer and in the remunerations in the Sales Department
- Sales action plans and benefits
- Support with CRM opportunities
- Sales plan
- Competitions and continuing rewarding
- Life Insurance selling

Sales network and representatives of the administrative departments attend the conference on 12 January 2023.

KEY DOCUMENTS

For the purpose of having a better structure and order in the work activities of the employees in the Sales Department, current tools are being improved in order to have a higher level organization, productivity and open dialogue in the teams. The Sales Department operates according to guidelines given in the:

- Manual for Successful Branch Office Managers
- Manual for Successful Consultants/Experts
- Plan of Activities for selling Property Insurance
- Plan of Activities for selling Life Insurance
- Plan of Activities Plan for working with Legal Entities
- Calendar of Controlling Visits
- Controlling Team Visit Agenda
- Controlling Team Visit Agenda and Report
- Agenda and Report on the Controlling Visit by the Controlling Team
- Evaluation Forms
- Controlling Visit Plan
- Communication Plan – sale, competitions, property

OUTSOURCING TRAININGS

TRAINING FOR SELLING PROCESS, DEVELOPMENT PLAN AND SELLING OF VALUES

2day trainings were organized for the employees in the Sales Department in May and June, including the themes as follows:

- Professional communication
- Personal brand
- Behavioural competencies matrix
- Personal and professional Plan
- Setting goals

- Sales funnel – process
- USP – Unique selling proposition

TRAINING FOR A SUPERIOR CUSTOMER SERVICE

In September 2023, administrative employees attended 1day workshop on following themes:

- Why do we need a superior customer service
- CJM - Customer Journey Map
- 6 levels of service and attitude

Importance of the first impression

- Understanding of non-verbal communication of the client
- Art of asking questions and building rapport
- Development of listening skills
- DISK – styles and communication
- 6 was to improve service

Strategies for calming angry customer

INTERNAL TRAININGS

WEBEX TRAININGS

In 2023, short webex trainings for the sales network were organized on the following topics:

- Mail communication with clients
- Creation and contents of individual LinkedIn profiles
- Opportunity analysis
- Preparation for a sales meeting
- Key information about Eurolink and GRAWE Group

WORKSHOPS FOR SALES TEAMS

In March 2023 workshops were organized on 3 locations in the country intended for enhancing the knowledge of property products and their rating in the process of selling to legal entities. Branch managers and employees from the Insurance & Reinsurance Department were lecturers. Workshops were held in Stip, Bitola and Skopje, with all employees in the Sales Department attending.

WORKSHOPS FOR BRANCH MANAGERS

In November and December 2023 2 internal workshops were held for branch managers on the topics: Organization of work for opportunities and meetings with legal entities and Coping with Objections.

These activities are a part of the campaign – Strategy in Practice, focused on the property insurance and B2B selling.

IT SYSTEM SECURITY TRAINING

In December 2023, all employees underwent training on the IT security, which in compliance with the Rulebook on the minimum standards for IT systems of the insurance companies issued by the Insurance Supervision Agency is obligatory for all the employees in the insurance companies. In the reporting year the employees attended the training and filled the knowledge on the e-platform for learning at the Electronic Communications Agency.

ANNUAL SEMINAR

The annual seminar for all the employees was held in May 2023, under the moto Property is worth more with Eurolink.

Colleagues learnt about the new strategic direction, activities scheduled and expectations from all employees. An exercise in groups was realized on the theme: Clint Service Innovation, following which two best ideas were chosen.

Travel by boat and a lunch at St. Naum was organized as a team building gathering. The seminar was held in Ohrid.

TEAM BUILDING

One-day team building was organized at Villa Maria Vinery in Demir Kapija in September. The employees participated in a team activity for strengthening of the mutual understanding and the team spirit.

INTERNAL AND EXTERNAL COMMUNICATION

INTERNAL COMMUNICATION FOR PROPERTY INSURANCE

As of April, an intensive plan for internal communication of the new strategy for property insurance started to be realized.

In the framework of the plan, texts, interview, testimonials, webex addressing, webex trainings etc., were edited.

All produced materials were loaded on the Intranet page.

INTRANET PAGE

This page is regularly updated with current activities concerning the employees, novelties, interviews, materials etc.

EUROLINK BULLETIN

12 e-editions of the Eurolink Bulletin were distributed. It is a monthly bulletin for informing the employees about novelties, achievements and any actual topics in the current month.

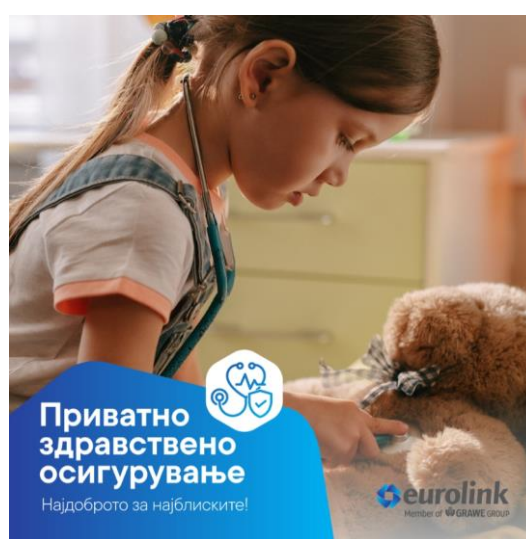
COMMUNICATION WITH SOCIAL MEDIA

In 2023, testimonial texts of the jubilee employees, working 10 and/or 20 years for the Company were published. They were shared in a form of posts on LinkedIn, Facebook and Instagram profiles of Eurolink.

MARKETING, PUBLIC RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Marketing activities in the course of 2023 were focused on the promotion of key product, increasing of online sale and strengthening of the Company's brand. Considerable part of the activities were dedicated to intensifying the sale of property insurance to legal entities.

The first quarter was dedicated to creation of new publicity materials (flyers, posters, brochures, corporate presentation) and to promotion of the private health insurance. In the course of this quarter a marketing campaign was launched under the slogan "The Best for the Closest Ones" on TV, radio and digital media. Video material was edited in the course of the previous year, as a continuation of the image campaign spot and was the first TV spot for the private health insurance to be made in our country.



The second quarter was dedicated to redecorating of a part of the Company's branch offices to and promotion of the property insurance to legal entities. The branches got new appearances on the shop windows and rebranding of the neon signs with Member of GRAWE Group.

For promotion of the property insurance brochures in Macedonian and in English language both in electronic and in printed form were prepared, as well as branding and publicity materials intended for the inner public, corporate communication for a support to a direct selling etc.

In the third quarter, the promotional and marketing activities were focused on the enhanced promotion of the travel insurance, online selling in particular. A digital marketing campaign was implemented through social media and portals, under the slogan "Let the vacation be a true relaxation". The campaign was focused on travel related little dilemmas, such as "One or two ice cream balls?", stressing the placidity of our insureds having our travel insurance policies to take care of any trouble. The campaign went on until the end of the years with creative ideas and questions typical for the given season.



The fourth quarter was a period of enhanced activities for a support to the property insurance strategy and its realization in the field and in practice. Activities included visit to a part of the branch offices, education and support in the course of a written and verbal communication with legal entities, support with corporate communication materials etc. To this end, activities were carried out for activation of the Company's promotion on LinkedIn, especially intensified presence of our employees, editing of their professional profiles with an adequate corporate branding, educational webinars on the topic of profile management and creation of sharing contents.

Yet another important activity in this quarter was establishment of the GRAWE Football League encompassing teams from all the GRAWE Companies in the region. Eurolink Insurance was a co-organizer and host together with GRAWE Macedonia.



Activities in the field of **public relations** took place throughout the year, from which the following can be highlighted:

- Participation of the President of the Management Board of Eurolink Insurance (PMB) in the debate called “Not so Small Talk”, organized by Bloomberg Adria, where the main theme was the property insurance for legal entities, benefits therefrom and practices of the Macedonian insurance market.
- Participation of the PMB in the expert panel in the framework of the First Conference on Real Estate, on the theme named “Project Financing”.
- Interview given by the PMB to Bloomberg Adria regarding the leading market position.
- Participation of the PMB in the panel discussion at the conference named “Workplace Gender Equality” organized by the Alliance for Gender Equality.
- Statement by the PMB for the “Economy and Business” magazine on the expectations and trends in the economy and the insurance sector in 2024.
- Interview given by the PMB to Bloomberg Adria on the Company’s plans in 2024 and on the industry trends.
- Interview given by the Sales Department Director to Skopjeinfo Web portal on the theme of travel insurance.

Sponsorships and activities in society were realized with the same intensity as the previous year. The focus was on activities that encourage healthy habits, as well as on maintaining and building the already established partnerships that are important for social life. The following can be highlighted:

- Women's race in April, where Eurolink Insurance was a sponsor and participant with its own team consisted of employees and family members.
- The 1st Conference on Real Estate held in May, at which, in addition to sponsorship, Eurolink was also present with its speaker at the expert panel.
- The Skopje Marathon in October, a traditional activity where Eurolink Insurance appears both as a sponsor and as a participant, this year with its own team of 40 competitors, consisted of employees, family members and collaborators.
- Support to the 6th E-Commerce Conference, the largest of its kind in the entire region, held in November
- Support to the Museum of Contemporary Art, with which we created co-branded annual cards for free entry to all exhibitions. The cards were distributed to 40 loyal customers of the Eurolink Insurance.
- Founding member and active supporter of the Alliance for Gender

Other smaller sponsorships were realized in the form of donations for schools, clients of the Company and support of several local sports activities.

CERTIFIED INDEPENDENT AUDITOR DATA

The Company's sole shareholder, Grazer Wechselseitige Versicherung Aktiengesellschaft, at the General Assembly of the Shareholder appointed Grant Thornton DOO Skopje to conduct an independent audit of the Company's Annual Account and Financial Statements for the business year 2023.

CLASSES OF INSURANCE

In accordance with the Decision No. 18-16582/6 dated 11 November 2002 and 18-2491/6 dated 30 March 2004, issued by the Ministry of Finance, the Company performs its operations in the following classes of insurance:

1. Accident Insurance (including industrial injuries and occupational diseases) in the event of death or deteriorated health resulting from injury
2. Health Insurance
3. Motor Insurance (Casco)

4. Rail Vehicle Insurance of Rail (Casco)
5. Aircraft Insurance (Casco)
6. Vessel Insurance of (Casco)
7. Goods-in-Transit Insurance (cargo)
8. Insurance of property against fire and natural perils
9. Other Property Insurance
10. Motor Third Party Liability Insurance;
11. Aircraft Liability Insurance
12. Vessel Liability Insurance
13. General Liability Insurance
14. Credit Insurance
15. Warranty Insurance
16. Financial Loss Insurance
17. Legal Protection Insurance
18. Travel Assistance

ECONOMIC ENVIRONMENT

In the course of 2023 global economy kept on recovering from shocks caused by the pandemics, Russian invasion on Ukraine and the double-digit inflation.

According to projections made by IMF in October 2023, global economy is expected to slow down from 3.5% in 2022 to 3.0% in 2023. Developed countries are expected to have a considerable slowing down from 2.6% in 2022 to 1.5% in 2023, with a stronger economic activity in the USA than expected and weaker than expected in the Euro zone. The growth in the developing countries is expected to moderately slow down from 4.1% in 2022 to 4.0% in 2023, under circumstances of a crisis on the real estate market in PR of China. Economic activity in the EU is expected to remain weak and to have 0.7% growth. FR of Germany, which is our biggest export trade partner, is under forecasted 0.5% drop in 2023.

Domestic economy in 2023 is expected to note a recovery of the economic activity and to achieve the forecasted 2.3% growth. At the same time, domestic demand is expected to grow as a result from the continuous growth of the private consumption (2.0% increase) backed by the real increase in salaries, pensions and announced measures for additional financial support to citizens.

In accordance with the index of living costs presented in the State Statistical Office data, the Index of living costs (COICOP - Classification of Individual Consumption by Purpose), shows 9.4% increase, while 7.0% increase in retail prices in 2023 compared to 2022. The movement of the index of retail prices in 2023 was different regarding various groups of products. Increase in the indexes is evident in all groups. Industrial Foodstuffs have 12.5%, Beverages 9.7%, Agricultural Products 8.5%, Services 6.0% and Industrial Non-food Products and Tobacco 5.3% increase.

Inflation in the second half of the year has a downward trend, and, according to projections made by NBRNM, cumulative inflation in 2023 is 9.5%.

In accordance with State Statistical Office data, the labour market shows further decreasing of unemployment, as well as increasing average salary. Namely, the index of the average monthly salary per employee is 116.2 in November 2023 compared to November 2022. The average monthly salary per employee paid in November 2023 is 38.359 MKD.

According to the Ministry of Finance, the real increase in net salary in 2023 will be 4.3%, unemployment rate will drop to 12.8% (2022:14.4%), however employment rate is also expected to drop to 45.5% from 47.3% recorded in 2022.

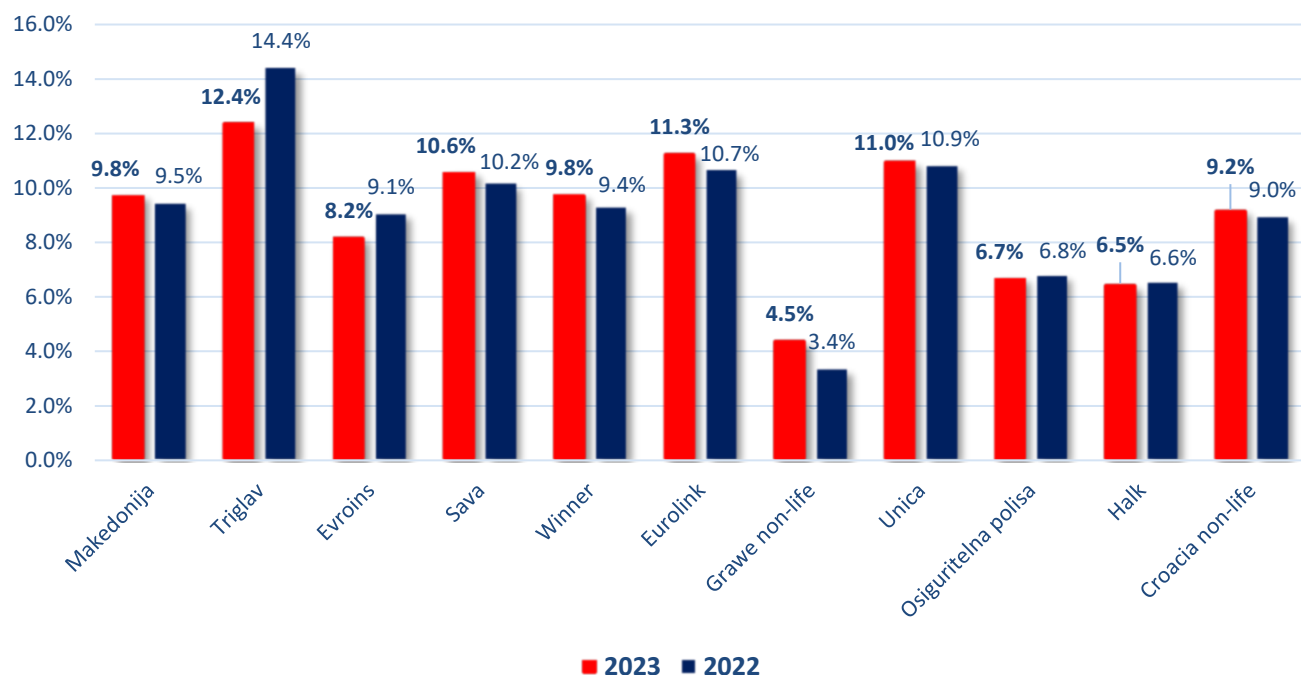
NON-LIFE INSURANCE MARKET

In accordance with the initially consolidated data for 2023 received from NIB, the total non-life insurance market wrote premiums in the approximate amount of MKD 11.86 billion MKD thus showing a 13% increase compared to 2022 (2022: 10.50 billion MKD) or by 1.35 billion million MKD in the absolute amount.

In 2023, 11 non-life insurance companies were present in the market, 4 of them exceeding the threshold of participation of more than 10% of the gross written premiums (Triglav, Uniqa, Eurolink and Sava), while 1 of them almost at that threshold (Makedonija with 9.8%). The biggest movement in the market share has Triglav, showing a drop of 2 percentage points, thus falling from 14.4% market share in the previous year to 12.4% market share in 2023, and having a 3% drop in the gross written premiums. The biggest increase in the gross written premiums in the absolute amount is realized by Eurolink, totalling 214 million MKD, or 19%.

Namely, the Company realized 11.3% market share (2022:10.7%), increased by 0.6 percentage points, returning to the second position in the domestic insurance market. Triglav remains the market leader with 12.4% (2022:14.4%), yet showing a drop of 2 percentage points.

Market share GWP 2023 vs. 2022



The chart of the market share 2023 versus 2022 above shows that seven insurance companies realized increase per GWP, with the biggest, 19% increase realized by Eurolink, while four companies had drop, the highest one realized by Triglav.

Absolutely, in terms of overall situation in the insurance market, the biggest contribution to the increase in gross written premiums has the increase in MTPL Insurance, approximately 388 million MKD (or 7% increase), while relatively, the biggest increase is shown in the class of Health Insurance (48%), or approximately 324 million MKD absolute increase. In addition, substantial positive movements are present in the following classes: Motor Vehicles – Casco (187 million MKD or 19%), Other Property Insurances (127 million MKD or 9%), Fire and Allied Perils (99 million MKD or 13%).

Negative tendencies are present in Financial Losses in the absolute amount of 1,1 million MKD or -1% drop, which is insignificant both in respect of the class and the whole market.

As a comparison, our Company has an absolute increase in Health Insurance, approximately by 65 million MKD, or 42 % (48% increase at the total market level) followed by the Fire and Allied Perils Insurance by approximate 41 million MKD or 30% increase (13% increase at the total market level) and Other Property Insurance by approximate 30 million MKD or 56% increase (9% increase at the total market level).

Increase is also present in the following classes: Accident by 7% (11% increase at the total market level), Goods-in-Transit 75% (9% increase at the total market level), GL by 17% (19% increase at the

total market level), Tourist Assistance by 16% (21% increase at the total market level) and Motor Vehicles by 4% (7% increase at the total market level).

Gross Written Premiums in 2023 and 2022 and Percentage of Increase at the Total Market Level and at the level of Eurolink

(In 000 MKD)

| No. | Class of Insurance | Eurolink | | | | Total Market | | | |
|-----|--------------------------------------|------------------|------------------|-------------|-----------------|-------------------|-------------------|-------------|------------------|
| | | 2023 | 2022 | % of change | absolute change | 2023 | 2022 | % of change | absolute change |
| 1 | Accident | 96.746 | 90.665 | 7% | 6.081 | 758.692 | 685.343 | 11% | 73.349 |
| 2 | Health Insurance | 217.603 | 152.935 | 42% | 64.668 | 1.004.049 | 679.649 | 48% | 324.401 |
| 3 | Motor Vehicles - Hull | 106.495 | 90.656 | 17% | 15.839 | 1.181.114 | 994.103 | 19% | 187.010 |
| 4 | Rail Vehicles- Hull | 0 | 0 | | 0 | 0 | 0 | | 0 |
| 5 | Aircrafts - Hull | 78.100 | 61.912 | 26% | 16.188 | 92.253 | 74.735 | 23% | 17.518 |
| 6 | Vessel - Hull | 118 | 70 | 69% | 48 | 1.762 | 1.650 | 7% | 112 |
| 7 | Goods-in-Transit -Cargo | 7.786 | 4.454 | 75% | 3.332 | 118.919 | 108.869 | 9% | 10.049 |
| 8 | Property from Fire and Allied Perils | 177.708 | 136.526 | 30% | 41.182 | 835.740 | 736.355 | 13% | 99.384 |
| 9 | Other Property Insurances | 83.970 | 53.963 | 56% | 30.007 | 1.498.215 | 1.371.072 | 9% | 127.143 |
| 10 | MTPL (total) | 440.671 | 423.374 | 4% | 17.297 | 5.595.487 | 5.207.931 | 7% | 387.555 |
| 11 | Aircraft Liability | 6.447 | 4.999 | 29% | 1.448 | 28.792 | 19.703 | 46% | 9.089 |
| 12 | Vessel Liability | 537 | 491 | 9% | 46 | 4.379 | 3.682 | 19% | 697 |
| 13 | General Liability | 75.984 | 64.827 | 17% | 11.157 | 316.420 | 264.806 | 19% | 51.614 |
| 14 | Credit Insurance | 0 | 0 | | 0 | 60.331 | 47.943 | 26% | 12.389 |
| 15 | Warranty Insurance | 7 | 15 | -53% | -8 | 397,46 | 255 | 56% | 142 |
| 16 | Financial Loss Insurance | 484 | 439 | 10% | 45 | 82.350 | 83.483 | -1% | -1.134 |
| 17 | Legal Protection Insurance | 0 | 0 | | 0 | 2 | 3 | -33% | -1 |
| 18 | Travel Insurance | 46.429 | 39.997 | 16% | 6.432 | 277.561 | 229.344 | 21% | 48.217 |
| | Total | 1.339.085 | 1.125.323 | 19% | 213.762 | 11.856.463 | 10.508.928 | 13% | 1.347.535 |

With respect to market share in various classes of insurance, the Company remained its primacy (15th year in a row) in the volume of written premiums in General Liability Insurance with 24% share out of the total written premiums in this class, as well as in Aircraft Casco with 85% market share. In addition, the Company got the first ranking in the Health Insurance with 22% in respect of the total market, thus coming in front of Croatia with its 19% share, under circumstances of 48% rise of total market, as well as in Fire and Allied Perils having 21% share of the total market, in front of WIG with its 20% realized share. The Company accounts for 22% share and/or the second ranking in the class of Aircraft Liability, behind Winner with its 68% share, and 17% share of the total market in the class of Travel Assistance, behind Triglav with its 21% share.

Gross Written Premiums 1 January 2023 31 December 2023

| No. | Class of Insurance | Non-Life | | | | | | | | | | Total in 000 MKD | |
|-----|--------------------------------------|------------------|------------------|----------------|------------------|------------------|------------------|----------------|------------------|----------------|----------------|------------------|-------------------|
| | | Makedonija | Triglav | Evroins | Sava | Winner | Eurolink | Eurosig | Uniqa | Os. Polisa | Halk | | Croatia |
| 1 | Accident | 64.448 | 126.347 | 34.106 | 85.697 | 47.325 | 96.746 | 24.325 | 58.073 | 43.740 | 51.733 | 126.152 | 758.692 |
| 2 | Health Insurance | 151.547 | 156.623 | 30.627 | 101.908 | 16.863 | 217.603 | 0 | 73.264 | 0 | 67.626 | 187.990 | 1.004.049 |
| 3 | Motor Vehicles - Hull | 72.215 | 171.988 | 79.201 | 211.641 | 114.255 | 106.495 | 18.370 | 87.371 | 104.189 | 123.126 | 92.263 | 1.181.114 |
| 4 | Rail Vehicles- Hull | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Aircrafts - Hull | 0 | 1.007 | 0 | 0 | 11.273 | 78.100 | 0 | 0 | 1.719 | 154 | 0 | 92.253 |
| 6 | Vessel - Hull | 9,35 | 160 | 1 | 674 | 245 | 118 | 0 | 52 | 232 | 271 | 0 | 1.762 |
| 7 | Goods-in-Transit -Cargo | 22.923 | 27.392 | 23.195 | 3.513 | 2.303 | 7.786 | 0 | 15.844 | 5.307 | 5.407 | 5.248 | 118.919 |
| 8 | Property from Fire and Allied Perils | 168.915 | 90.543 | 70.680 | 87.075 | 18.531 | 177.708 | 3.704 | 37.032 | 53.245 | 58.961 | 69.346 | 835.740 |
| 9 | Other Property Insurances | 322.997 | 227.719 | 236.613 | 161.086 | 159.962 | 83.970 | 1.924 | 181.647 | 26.003 | 54.949 | 41.346 | 1.498.215 |
| 10 | MTPL (total) | 284.834 | 488.385 | 480.481 | 509.527 | 721.049 | 440.671 | 473.969 | 784.343 | 514.414 | 367.749 | 530.064 | 5.595.487 |
| 11 | Aircraft Liability | 0 | 1.142 | 0 | 0 | 19.458 | 6.447 | 0 | 0 | 1.492 | 77 | 176 | 28.792 |
| 12 | Vessel Liability | 315,72 | 406 | 65 | 1.056 | 465 | 537 | 0 | 423 | 647 | 328 | 137 | 4.379 |
| 13 | General Liability | 45.005 | 46.287 | 8.058 | 20.061 | 20.088 | 75.984 | 600 | 40.661 | 22.629 | 24.115 | 12.933 | 316.420 |
| 14 | Credit Insurance | 2.430 | 21.288 | 1.144 | 18.545 | 14.368 | 0 | 0 | 0 | 0 | 198 | 2.358 | 60.331 |
| 15 | Warranty Insurance | 3,08 | 152 | 0 | 4 | 0 | 7 | 0 | 0 | 3 | 228 | 0 | 397 |
| 16 | Financial Loss Insurance | 9.509 | 54.625 | 148 | 7.451 | 0 | 484 | 0 | 7.007 | 0 | 2.511 | 614 | 82.350 |
| 17 | Legal Protection Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| 18 | Travel Insurance | 12.118 | 58.575 | 11.308 | 49.790 | 13.681 | 46.429 | 4.935 | 19.931 | 23.954 | 13.362 | 23.478 | 277.561 |
| | Total | 1.157.270 | 1.472.638 | 975.627 | 1.258.026 | 1.159.866 | 1.339.085 | 527.827 | 1.305.648 | 797.574 | 770.796 | 1.092.107 | 11.856.463 |

| | | | | | | | | | | | | |
|----------------------------------|-------|--------|-------|--------|-------|--------|-------|--------|-------|-------|-------|---------|
| % per non-life insurance company | 9,76% | 12,42% | 8,23% | 10,61% | 9,78% | 11,29% | 4,45% | 11,01% | 6,73% | 6,50% | 9,21% | 100,00% |
|----------------------------------|-------|--------|-------|--------|-------|--------|-------|--------|-------|-------|-------|---------|

Source: Initial consolidated data from NIBM of the RNM

Structure (market share) of Gross Written Premiums in 2023 per Classes and per Insurance Companies

| No. | Class of Insurance | Non-Life | | | | | | | | | | Total | |
|-----|---|------------|------------|-----------|------------|------------|------------|-----------|------------|------------|-----------|-----------|-------------|
| | | Makedonija | Triglav | Evroins | Sava | Winner | Eurolink | Eurosig | Uniqa | Os. Polisa | Halk | | Croatia |
| 1 | Accident | 8% | 17% | 4% | 11% | 6% | 13% | 3% | 8% | 6% | 7% | 17% | 100% |
| 2 | Health Insurance | 15% | 16% | 3% | 10% | 2% | 22% | 0% | 7% | 0% | 7% | 19% | 100% |
| 3 | Motor Vehicles - Hull | 6% | 15% | 7% | 18% | 10% | 9% | 2% | 7% | 9% | 10% | 8% | 100% |
| 4 | Rail Vehicles- Hull | | | | | | | | | | | | |
| 5 | Aircrafts - Hull | 0% | 1% | 0% | 0% | 12% | 85% | 0% | 0% | 2% | 0% | 0% | 100% |
| 6 | Vessel - Hull | 1% | 9% | 0% | 38% | 14% | 7% | 0% | 3% | 13% | 15% | 0% | 100% |
| 7 | Goods-in-Transit -Cargo | 19% | 23% | 20% | 3% | 2% | 7% | 0% | 13% | 4% | 5% | 4% | 100% |
| 8 | Property from Fire and Allied Perils | 20% | 11% | 8% | 10% | 2% | 21% | 0% | 4% | 6% | 7% | 8% | 100% |
| 9 | Other Property Insurances | 22% | 15% | 16% | 11% | 11% | 6% | 0% | 12% | 2% | 4% | 3% | 100% |
| 10 | MTPL (total) | 5% | 9% | 9% | 9% | 13% | 8% | 8% | 14% | 9% | 7% | 9% | 100% |
| 11 | Aircraft Liability | 0% | 4% | 0% | 0% | 68% | 22% | 0% | 0% | 5% | 0% | 1% | 100% |
| 12 | Vessel Liability | 7% | 9% | 1% | 24% | 11% | 12% | 0% | 10% | 15% | 7% | 3% | 100% |
| 13 | General Liability | 14% | 15% | 3% | 6% | 6% | 24% | 0% | 13% | 7% | 8% | 4% | 100% |
| 14 | Credit Insurance | 4% | 35% | 2% | 31% | 24% | 0% | 0% | 0% | 0% | 0% | 4% | 100% |
| 15 | Warranty Insurance | 1% | 38% | 0% | 1% | 0% | 2% | 0% | 0% | 1% | 57% | 0% | 100% |
| 16 | Financial Loss Insurance | 12% | 66% | 0% | 9% | 0% | 1% | 0% | 9% | 0% | 3% | 1% | 100% |
| 17 | Legal Protection Insurance | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 100% | 100% |
| 18 | Travel Insurance | 4% | 21% | 4% | 18% | 5% | 17% | 2% | 7% | 9% | 5% | 8% | 100% |
| | Total | 10% | 12% | 8% | 11% | 10% | 11% | 4% | 11% | 7% | 7% | 9% | 100% |

In 2023, the Company faced the following concrete challenges:

- Increasing activities of the banks in the process of selling property insurance policies to physical persons and conditioning the clients to select products offered by their partner insurance companies
- Continuing and uncontrolled rising of expenses for medical services rendered by private healthcare facilities, thus causing a rise of the expenses for handling claims arising from health insurance policies (30-40% rise)
- Increasing frequency of severe weather conditions
- Additional increase in reinsurance premiums
- Non-realization of planned foreign investments and big infrastructural projects
- Lack of growth of purchasing power of the physical persons and serious liquidity disruption of the legal entities, resulting in a considerably decreasing collection of receivables
- Lack of human resources, particularly in the sales

BUSINESS POLICY

Business policy in 2023 was defined pursuant to the Company's strategy and business acts, Insurance Supervision Law and other domestic legal regulations and by-laws regulating the insurance issues.

The business policy, supported by its qualified human resources, is based on the Company's commitment to applying a business philosophy and professionalism in performing its activities, and to creating a distinctive image of a true partner in the insurance domain in the Republic of North Macedonia.

The Company's business policy is aimed at a further strengthening of its goodwill, building confidence and arousing interest of the citizens and legal entities in the insurance industry.

The business policy for 2023 incorporates the following values the Company's operations are based on:

- Professional relations and communications with clients;
- Expert assessment of risks and corresponding cover;

- Timely and effective claim settlement;
- Prudential risk management;
- Transparency in working and reporting to managing bodies, shareholders and legally authorized organs;
- Actuarial technical reserve assessment and setting aside in accordance with statutory provisions and by-laws and the Company's Acts;
- Company promoting and educating the public in respect of the benefit to be insured and the products we offer;
- Teamwork and support;
- Human resource development; operations improvement and
- Building business relations with domestic and foreign professional affiliations;

COMPANY'S OPERATIONS ANALYSIS

Company's Activities

Company's activities in 2023 were focused on strengthening the market position, maintaining and expanding the insurance portfolio, collection of receivables and maintaining the stability of the investment portfolio, as well as timely settlement and payment of claims, all of which supported by digitalization of a big part of the processes.

In the reporting period, in addition to maintaining the current portfolio, the Company was working on expansion of the portfolio through acquisition of new small insurances in all classes of insurance and big clients in the field of property insurance. In addition, the Company was committed to renegotiating the conditions for health insurance with all corporate clients, with a view to improving loss ratio.

The Company led a policy of expansion of sales in all classes, with a special accent on the property insurance. In this segment the main focus on acquisition of new clients in the client segments. The first segment is the group of small and medium enterprises while the second in the field of renewable sources of energy. The Company got profiled as the first and the only insurance company to provide and efficient insurance protection for wind parks. At the same time, the Company processed almost one third of the data base on small and medium enterprises through realizing initial meetings regarding property insurance. With a view to providing better service to clients the Company revised its products for small and medium enterprises and organized comprehensive trainings for the sales network so that these products can be applied.

Additionally, intensive activities were also carried out in the segment of revision of the Company's price policy with a view to adjusting to new trends in expenses for handling indemnity claims. At the same time, sums insured under property insurances were also revised with a view to avoiding underinsurance and preventing the clients from being dissatisfied either when effecting the insurance or in the event of loss occurrence.

In the segment of servicing the clients, the Company introduced a fully digitalized record keeping of claims, by means of which to facilitate the process of notification, monitoring and settlement of claims.

In 2023, the Company moved from the position of the third to the second ranked, measured by the share in gross written premiums at the total non-life market level (11.3% market share; 2022: 10.7%) with realized significant 19% increase in gross written premiums (market level: 13% increase).

In these terms, a special contribution of our Company regarding the market level is evident in the class of Aircraft Hull Insurance with 85% market share (2022: 83%) thus maintaining the leading

position in the framework of the class, showing 23% increase in GWP. In addition, the Company remains leader for 15th year in row in the General Liability Insurance with 24% market share (2022: 24%), showing 19% increase. In the class of Health Insurance the Company became the market leader accounting for 22% of the total market, with realized 42% increase (48% is the increase at the total market level), which is a result of seriously tougher competition.

Sales

In 2023, the Company wrote gross insurance premiums to the amount of 1.339.085.000 MKD, which is 213.762.000 MKD (19%) higher amount than the one realized in 2022 (2022: 1.125.323.000 MKD). According to initially consolidated data on 2023 received from NIB, our Company returned to the second ranking in the domestic non-life insurance market, having approximately 11.3% market share increasing at the same time its market share by 0.6 percentage points compared to previous year when the share was 10.7% when the Company was the third ranked.

As regards structure of gross written premiums, MTPL insurance participated with the biggest portion of 33% (38% in 2022). It should be pointed out that at the market level, the percentage participation of this class of insurance in the Company's portfolio structure is considerably lower than the market level (which is 47% in 2023 while 50% in 2022). Fire and other Property Insurances participated with 19% (17% in 2022), Health Insurance with 16% (14% in 2022), Accident Insurance with 7% (8% in 2022), Motor Hull (Casco) with 8% (8% in 2022), GL with 6% (6% in 2022), Air Hull (Casco with 6% (6% in 2022) and Travel Assistance with 3% (4% in 2022).

Gross Written Premiums per classes, realisation in 2023 and 2022

| | Realization 2023 | Realization 2022 | Change in % 2023/2022 | Structure 2023 | Structure 2022 |
|-------------------------------|---------------------|---------------------|-----------------------------|-------------------|-------------------|
| 1 Accident | 96.746 | 90.665 | 7% | 7% | 8% |
| 2 Health Insurance | 217.603 | 152.935 | 42% | 16% | 14% |
| 3 Hull – Motor Vehicle | 106.495 | 90.656 | 17% | 8% | 8% |
| 5 Hull - Aircrafts | 78.100 | 61.912 | 26% | 6% | 6% |
| 6 Hull - Vessels | 118 | 70 | 69% | 0% | 0% |
| 7 Cargo | 7.786 | 4.454 | 75% | 1% | 0% |
| 8 Fire | 177.708 | 136.526 | 30% | 13% | 12% |
| 9 Other Property | 83.970 | 53.963 | 56% | 6% | 5% |
| 10 MTPL | 433.979 | 423.374 | 3% | 32% | 38% |
| 11 Aircraft Liability | 6.447 | 4.999 | 29% | 0% | 0% |
| 12 Vessel Liability | 536 | 491 | 9% | 0% | 0% |
| 13 General Liability | 82.676 | 64.827 | 28% | 6% | 6% |
| 15 Warranty | 7 | 15 | -52% | 0% | 0% |
| 16 Financial Losses | 484 | 439 | 10% | 0% | 0% |
| 18 Travel Assistance | 46.429 | 39.997 | 16% | 3% | 4% |
| Total Written Premiums | 1.339.085 | 1.125.323 | 19% | 100% | 100% |

As regards total sales figures, Insurance&Reinsurance_Department participated with 50% of gross written premiums in the reporting period (2022: 43%) or 36% higher than the previous year.

Sales Department realised 50% of gross written premiums (2022: 57%) or 6% higher than the previous year.

Within the Sales Department, the accent was put mostly on the key products in the context of post-health crisis, which resulted in positive results, such as Health Insurance (21% increase), as well as return of the selling of Casco (with noted increases in the total MTPL class of 17%), Property, class 8 (16% increase) as well as Travel Insurance policies (18% increase).

Insurance & Reinsurance Department continued with its successful acquisition of the biggest civil engineering project that started to be realized in 2023 and will last in the course of following years. It is a construction of motorways on several corridors in the territory of Northern Macedonia, the main contractor being Bechtel and Enka Consortium.

In addition, most of the Private Health Insurance Contracts were successfully renewed with higher prices. Namely, due to upward trend in medical service prices in the course of 2023, we were forced to react accordingly by increasing premiums in this class of insurance.

Our successful cooperation with our biggest clients went on, as follows:

- ✓ Health Insurance for US Embassy employees;
- ✓ Property and Liability Insurance for TAV Macedonia;
- ✓ Builder's Risk Insurance for Sinohydro Corporation;
- ✓ Property and Liability Insurance for Macedonian Telecom;
- ✓ Property, Health and Accident Insurance for Cementarnica USJE;
- ✓ Property, Accident and Motor Insurance for Van Hool Makedonija;
- ✓ Helicopter Insurance for the Ministry of Internal Affairs

In addition, new big and key clients were also acquired, as follows:

- ✓ Private Health Insurance for Seavus
- ✓ Wind Park – Kaltun Energy

Gross Written Premiums per Quarters 2023/2022 per Departments

(in 000 MKD)

| Quarter | 2022 | 2022 cumulative | 2023 | 2023 cumulative | 2023 plan | 2023 plan cumulative | % 2023/2022 | 2023 cumulative |
|---------|------------------|-----------------|------------------|-----------------|------------------|----------------------|-------------|-----------------|
| Q1 | 333.786 | 333.786 | 440.332 | 440.332 | 334.857 | 269.962 | 32% | 32% |
| Q2 | 307.902 | 641.689 | 371.852 | 812.184 | 310.141 | 547.676 | 21% | 27% |
| Q3 | 235.038 | 876.726 | 257.333 | 1.069.517 | 237.954 | 775.699 | 9% | 22% |
| Q4 | 248.597 | 1.125.323 | 269.567 | 1.339.085 | 241.514 | 1.000.020 | 8% | 19% |
| | 1.125.323 | | 1.339.085 | | 1.124.467 | | 19% | |
| | | | 100% | | | | | |

| Insurance & Reinsurance Department | | | | | | | | |
|------------------------------------|----------------|-----------------|----------------|-----------------|----------------|----------------------|-------------|-----------------|
| Quarter | 2022 | 2022 cumulative | 2023 | 2023 cumulative | 2023 plan | 2023 plan cumulative | % 2023/2022 | 2023 cumulative |
| Q1 | 183.621 | 183.621 | 267.634 | 267.634 | 181.121 | 127.447 | 46% | 46% |
| Q2 | 142.881 | 326.502 | 189.651 | 457.285 | 141.341 | 258.210 | 33% | 40% |
| Q3 | 63.259 | 389.761 | 86.871 | 544.156 | 62.319 | 327.835 | 37% | 40% |
| Q4 | 97.429 | 487.190 | 118.838 | 662.994 | 99.653 | 420.219 | 22% | 36% |
| | 487.190 | | 662.994 | | 484.434 | | 36% | |
| | 43% | | 50% | | | | | |

| Sales Department | | | | | | | | |
|------------------|----------------|-----------------|----------------|-----------------|----------------|----------------------|-------------|-----------------|
| Quarter | 2022 | 2022 cumulative | 2023 | 2023 cumulative | 2023 plan | 2023 plan cumulative | % 2023/2022 | 2023 cumulative |
| Q1 | 150.165 | 150.165 | 172.698 | 172.698 | 153.736 | 142.515 | 15% | 15% |
| Q2 | 165.021 | 315.187 | 182.201 | 354.899 | 168.801 | 289.466 | 10% | 13% |
| Q3 | 171.778 | 486.965 | 170.463 | 525.361 | 175.635 | 447.863 | -1% | 8% |
| Q4 | 151.168 | 638.133 | 150.730 | 676.091 | 141.861 | 579.802 | 0% | 6% |
| | 638.133 | | 676.091 | | 640.033 | | 6% | |
| | 57% | | 50% | | | | | |

As regards distribution channels, 76.7% out of total premiums in 2023 was realised by direct sale or 1.6 percentage points higher than the previous year (2022: 75.1%), 18% through brokers or 1.1 percentage points lower than the previous year and the rest was realized via other distribution channels (travel agencies, agents etc.) making 5.3% or 0.5 percentage points less than the last year (2022: 5.8%).

Written Premiums per Distribution Channels

| in 000 MKD | 2023 | 2022 | % of change | Structure of Premiums | |
|--|------------------|------------------|-------------|-----------------------|-------------|
| | | | | 2023 | 2022 |
| Distribution Channels | 1 | 2 | 3=1/2 | 4 | 5 |
| Direct Sales | 1.026.368 | 845.265 | 21% | 76,65% | 75,11% |
| Insurance Brokers | 241.161 | 215.206 | 12% | 18,01% | 19,12% |
| Travel Agencies | 13.059 | 10.583 | 23% | 0,98% | 0,94% |
| Banks | 0 | 0 | | 0,00% | 0,00% |
| Insurance Agents | 56.136 | 51.773 | 8% | 4,19% | 4,60% |
| Other Distribution Channels (Telekom etc.) | 2.361 | 2.496 | -5% | 0,18% | 0,22% |
| Total | 1.339.085 | 1.125.323 | 19% | 100% | 100% |

Collection of Receivables

Collection monitoring process has been fully implemented in CRM software both in terms of voluntary collection and enforcement. The software enables the employees working on collection of receivables to use various tools such as sending SMSs and e-mails on early debts as well as reminders both for early debts and arrears prior to enforcement. In the part of enforced collection, the software gives notifications for monitoring the proceeding deadlines and collection of litigated debts.

The process is managed by the CRM software through generation of daily tasks and it enables the Director of the Finance Department to make a regular monitoring of finished tasks by the Client Support Service, which is in charge of collection from physical persons and by the Collection Service in charge of collecting debts from legal entities. In addition to monitoring, logs created in the software enable a control of the quantity and quality of tasks done by agents with respect of collection of premiums, thus enabling further training and giving directions for even better performance of jobs and management of the collection of premiums from clients.

In 2023 novelties were introduced in the process of collection from physical persons, as follows:

- Automated sending of a “personalized” SMS messages to for informing the clients on their present debt (Info-SMS, a monthly invoice counterpart) on a monthly basis, which the clients receive on the 7th day of every month about the status of their debt towards the Company at the end of the previous month.
- Further on, if the debt is older than 120 days, each client receives and “escalating” SMS message on the 20th day in the month, including “REMINDER” or “the LAST REMINDER” for the debt with a request for paying within deadline.

- In addition, if the debt is not paid within 15 days following the LAST REMINDER, a process of automated sending of a SMS message is sent to the client advising him/her of being sued for unpaid debt i.e., instigation of a enforced collection action.

Accordingly, Collection Services are guided by and act in accordance with this process, the Collection Service operating in the segment of initiating a procedure for suing and the Department of Legal Matters & Law Compliance in the segment of instigating and carrying out procedure for enforced collection.

Receivables from Insurance Premiums

Total due, uncollected premiums in 2023 as at 31 December 2023 are to the amount of 415.101.000 MKD and are 1.6% lower than the amount as at 31 December 2022 (2022: 422.048.000 MKD).

Their current value, (corrected by the state of the adjusted value of the receivable) amounts to 303.285.000 MKD, which is -7% drop compared to the current value of the receivables at the end of 2022 (2022: 326.470.000 MKD). Compared to 2022, the biggest changes refer to the current value of undue receivables and they show 7% decrease, while the current value of due receivables shows 7% decrease. As to age category, there is movement in the receivables under category “up to 30 days” and “from 31 to 60 days”, (-27% and -14% decrease, respectively) while other categories are positive, category “from 61 to 120” showing 26% increase and the greatest portion falling under category “from 121 to 270 day” (51%).

In the framework of all receivables from premiums, receivables amounting to 207.580.000 MKD or 50% are undue (2022: 222.825.000 MKD or 53%), while 207.521.000 MKD or 50% are due receivables (2022: 199.224.000 MKD or 47%).

The amount of due receivables from premiums is by 8.3 million MKD higher than the one realized as at 31 December 2022, which is 4.2% increase, while undue receivables are by 17 million MKD lower which is 8% decrease.

Adjusted value as at 31 December 2023 (following the write offs of the part of receivables totalling 3.479.000 MKD (2022: 5.067.000 MKD) of the receivables based on premiums amounted to 111.815.000 MKD, which is 17% higher than the adjusted value stated as at 31 December 2022 (95.579.000 MKD).

Adjustment of undue receivables (to 100% of the amount of the receivables in all currencies i.e., stipulated payment dates after expiration date of the insurance contract) in 2023 amounted to

1.744.000 MKD and is higher than the adjusted value stated for such receivables in 2022 (581.000 MKD).

Receivables from premiums

| 2023 | | | | 2022 | | | % Change in the Current Value of Receivables 2023/2022 |
|-------------------|--------------------|---------------------|---------------------------------|--------------------|--------------------|---------------------------------|--|
| Age structure | Receivables | Adjusted Value | Current Value of the Receivable | Receivables | Adjusted Value | Current Value of the Receivable | |
| to 30 days | 39.166.238 | 0 | 39.166.238 | 54.150.842 | -335.681 | 53.815.161 | -27% |
| 31-60 days | 18.987.456 | -1.897.878 | 17.089.578 | 22.093.562 | -2.310.555 | 19.783.007 | -14% |
| 61-120 days | 25.437.279 | -7.884.938 | 17.552.341 | 20.454.986 | -6.472.942 | 13.982.044 | 26% |
| 121-270 days | 41.678.365 | -21.255.861 | 20.422.504 | 28.631.494 | -15.082.008 | 13.549.486 | 51% |
| 271-365 days | 11.099.504 | -7.880.643 | 3.218.861 | 10.891.301 | -7.794.196 | 3.097.105 | 4% |
| More than 365 | 71.152.304 | -71.152.304 | 0 | 63.002.106 | -63.002.106 | 0 | |
| Due receivables | 207.521.146 | -110.071.624 | 97.449.522 | 199.224.291 | -94.997.488 | 104.226.803 | -7% |
| Undue receivables | 207.579.504 | -1.743.632 | 205.835.872 | 222.824.545 | -581.296 | 222.243.249 | -7% |
| | 415.100.650 | -111.815.256 | 303.285.394 | 422.048.836 | -95.578.784 | 326.470.052 | -7% |

In 2023, 2.034 new cases were prepared for enforced collection or 70.35% more than in 2022 (2022:1.143).

Out of the abovementioned case, enforced collection procedure was closed for 1.060 cases totaling 13.012.542 MKD, the rest being 974 active cases totaling 17.780.869 MKD.

Out of archived case for 2023, 977 are archived as fully collected or premiums collected in the amount of 12.973.348 MKD.

As at the end of 2023 the Company took legal actions for enforced collection of receivables for 14.399 cases to the total amount of 276.878.869 MKD, out of which 3474 being active ones totalling 49.805.873 MKD, while 11.134 cases are archive ones totalling 135.715,699 MKD.

| | Total | | Active | | Archived | |
|------|-------|------------|--------|------------|----------|------------|
| 2022 | 1.143 | 15.563.866 | 396 | 6.008.207 | 747 | 9.555.659 |
| 2023 | 2.034 | 30.793.411 | 974 | 17.780.869 | 1.060 | 13.012.542 |

At the end of 2023, the Company has a procedure for enforced collection instigated for 14.399 cases regarding collection of receivables from premiums, to the total amount of 276.878.869 MKD, out of which 3.474 are active cases totalling 49.805.873 MKD, while 11.1134 cases are archived cases totalling 135.715.699 MKD.

| Year | Total | | Active | | Archived | |
|--------------|---------------|--------------------|--------------|-------------------|---------------|--------------------|
| | No. | MKD | No. | MKD | No. | MKD |
| 2004-2014 | 2.734 | 127.971.778 | 311 | 3.754.278 | 2.459 | 121.184.434 |
| 2015-2022 | 9631 | 118.113.680 | 2.189 | 28.270.726 | 7.615 | 856.723 |
| 2023 | 2034 | 16.355.346 | 974 | 17.780.869 | 1.060 | 13.012.542 |
| TOTAL | 14.399 | 276.878.969 | 3.474 | 49.805.873 | 11.134 | 135.715.699 |

It should be noted that the value of receivables under “active” cases, in respect of which a formal procedure is underway either in front of a notary public, court of jurisdiction or a bailiff, is actually lower than the presented in the table and/or is partially collected.

The table shows the values of receivables according to the insurance premiums due in respect of which legal actions were taken.

As at the end of 2023, 42 active cases were recorded – receivables from premiums, with submitted “Request for Receivables from Bankruptcy Estate” totalling 10.303.313 MKD and 4 active cases - with submitted “Request for Receivables from Winding-Up” totalling 71.134 MKD.

Receivables from Subrogated Claims

Total receivables from subrogated claims as at 31 December 2023 amount to 26.948.000 MKD or 2% lower than the ones realized at the end of 2022 (27.415.000 MKD).

Decrease in receivables from subrogation was stated in MTPL claims (-2%), Credits (-8%) Casco (-1%) and subrogation from Accident (-100%).

As to structure, the most present still are MTPL claims (67%) at the same level as in 2022.

Receivables from subrogation (000 MKD)

| | | | | Structure % | |
|------------------------|--------|--------|-------------|-------------|------|
| | 2023 | 2022 | % of change | 2023 | 2022 |
| Subrogation - Accident | 0 | 4 | -100% | 0% | 0% |
| Subrogation – Hull | 6.721 | 6.795 | -1% | 25% | 25% |
| Subrogation - MTPL | 18.502 | 18.810 | -2% | 69% | 69% |
| Subrogation - Credits | 965 | 1.046 | -8% | 4% | 4% |

| | | | | | | |
|----------------------------|---------------|---------------|------------|-------------|-------------|--|
| Subrogation | - | | | | | |
| Unknown/uninsured vehicles | 760 | 760 | 0% | 3% | 3% | |
| Total | 26.948 | 27.415 | -2% | 100% | 100% | |

Pursuant to regulations, the Company made adjustment to the value/set aside a reserve to the total amount of 26.167.000 MKD, out of which 26.151.000 MKD were adjusted values of the uncollected receivables from subrogation due as at 31 December 2022, or arrears of more than 365 days with 100% adjusted value.

| Age structure | Total due non-collected premiums | | Adjusted value (reservation) | |
|--------------------|----------------------------------|-------------|------------------------------|-------------|
| | In 000 MKD | % | In 000 MKD | % |
| Undue subrogation | 0 | 0% | 0 | 0% |
| To 30 days | 759 | 3% | 0 | 0% |
| 31 -60 | 0 | 0% | 0 | 0% |
| 61 - 120 | 20 | 0% | 6 | 0% |
| 121 -270 | 18 | 0% | 9 | 0% |
| 271 -365 | 0 | 0% | 0 | 0% |
| More than 365 days | 26.151 | 97% | 26.151 | 100% |
| Total | 26.948 | 100% | 26.167 | 100% |

Pursuant to regulations the Company also had to make adjustment of values/ set aside provision for receivables arising from reinsurance commissions, cessions etc., in the reporting year.

At the end of 2023, uncollected receivables amount to 16.756.000 MKD, which is 18% higher than the amount realized in 2022.

The Company set aside provision to the amount of 7.878.000 MKD or 134.000 MKD less than the previous year.

| Other Receivables (in 000 MKD) | 2023 | | | 2022 | | | Structure of receivables in % | |
|--------------------------------|-------------------|-----------------|-------------------|----------------|-------------|-------------|-------------------------------|--|
| | Total receivables | Adjusted value/ | Total receivables | Adjusted value | % of change | 2022 | 2018 | |
| Reinsurance Commissions | 414 | 294 | 97 | 97 | 327% | 2% | 1% | |
| - Fire | 0 | 0 | 82 | 82 | | 0% | 1% | |
| - Aircraft Hull | 414 | 294 | 0 | 0 | | 2% | 0% | |
| - General Liability | 0 | 0 | 15 | 15 | | 0% | 0% | |
| Handling Claims | 5.306 | 610 | 4.509 | 1.456 | 18% | 32% | 32% | |
| Cessions | 4.217 | 3.998 | 3.927 | 3.927 | 7% | 25% | 28% | |
| Other | 6.639 | 2.976 | 5.488 | 2.532 | 21% | 40% | 39% | |
| Total | 16.576 | 7.878 | 14.021 | 8.012 | 18% | 100% | 100% | |

In the Q3 of 2020, a bankruptcy proceeding was opened over Eurostandard Bank, as a result of which Eurolink entered receivables amounting to 12.390.000 MKD. At the same time, the Company recorded 100% adjustment of those receivables in accordance with legal regulations.

As at 31 December 2021 this situation remained unchanged. In the course of 2022, receivables were collected amounting to 4.319.000 MKD, while in 2023 additional receivables were collected amounting to 2.939.000 MKD

| | 2023 | | 2022 | |
|--------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total receivables | Adjusted value | Total receivables | Adjusted value |
| Deposit | 5.132 | 5.132 | 8.058 | 8.058 |
| Cash and cash equivalents | 0 | 0 | 0 | 0 |
| Receivables from interest on deposit | 0 | 0 | 13 | 13 |
| Total | 5.132 | 5.132 | 8.071 | 8.071 |

The situation of these receivables as at 31 December 2023 is changed and is lowered, amounting to 5.132.000 MKD i.e., 50% of the total receivables from the bankruptcy estate of the Bank are collected.

Reinsurance

The Company remained its policy of obtaining a good quality reinsurance cover in the reporting year. Namely, all reinsurance treaties for basic classes of insurance – property, MTPL, Green card, Casco, Accident and Travel Insurance were renewed with renowned leading reinsurers.

Novelty in 2023 is that the Company for the first time signed a treaty for MTPL and Green Card reinsurance with Grazer Wechselseitige Versicherung. For the purpose of securing further stability of the insurance portfolio, the Company went on with renewing all other reinsurance treaties including facultative reinsurance treaties for certain risks.

In addition, in the course of reporting year, we had faced a further increase in the reinsurance premiums for almost all classes of reinsurance. Despite increasing reinsurance costs, the Company went on reinsuring the excess of loss i.e., the portion of underwritten risks higher than the maximum retained line with corresponding reinsurance treaties.

In the course of 2023, the Company also complied its reinsurance programme in accordance with recommendations given by Insurance Supervision Agency.

Claims

Rise in the number of claims compared to the previous year is 32% i.e., 33%. The increase, as expected is most obvious in class 02 – Health Insurance, including 53% of the reported claims and 55% increase in the number of settled claims.

All scheduled projects for digitalization, efficacious and effective approval of the processes of notification, assessment and settlement of claims were fully realized. Certainly, there is always space for additional improvement and development of the processes, with a tendency to introducing the cutting technology method of claim management – fully digitalized and paperless process.

By implementation of digital management of claims a detailed, automated and enhanced control of all processes and generation of alerts and panel information about all deadlines required for implementation of the processes in accordance with legal regulations and by-laws.

Digital performance of claim processes has made space for a greater commitment to out-of-court settlement of claims and a deeper analysis of complex claims (1.5% sued claims out of total number of reported ones).

Internal controls of the Controlling Teams, as well as trainings of the employees in the Claims Department were successfully conducted thus contributing to additional efficiency of the process itself.

Dynamics of notification and settlement of claims per classes of insurance in the course of 2023 is presented in the following table:

| 1 January – 31 December 2023 | Settled Claims | Refused Claims | Reserved as at 31 December 2022 | Reported Claims | Dynamics of Claim Settlement in % | |
|------------------------------|----------------|----------------|---------------------------------|-----------------|-----------------------------------|------|
| | 1 | 2 | 3 | 4 | $5 = \frac{(1+2)}{(3+4)} * 100$ | |
| Accident | 1 | 1.176 | 134 | 198 | 1.305 | 87% |
| Health | 2 | 12.730 | 1438 | 1062 | 14.051 | 94% |
| Motor hull | 3 | 627 | 123 | 292 | 833 | 67% |
| Rail hull | 4 | 0 | 0 | 0 | 0 | |
| Aircraft hull | 5 | 0 | 0 | 0 | 0 | |
| Vessel hull | 6 | 0 | 0 | 0 | 0 | |
| Cargo | 7 | 2 | 1 | 2 | 1 | 100% |

| | | | | | | |
|-----------------------------------|-----------|---------------|--------------|--------------|---------------|------------|
| Property – Fire and allied perils | 8 | 432 | 60 | 75 | 483 | 88% |
| Property - other | 9 | 338 | 113 | 114 | 381 | 91% |
| MTPL (total) | 10 | 2194 | 277 | 1303 | 2669 | 62% |
| Aircraft liability | 11 | 0 | 0 | 0 | 0 | |
| Vessel liability | 12 | 0 | 0 | 0 | 0 | |
| General liability | 13 | 38 | 15 | 19 | 63 | 65% |
| Credits | 14 | 0 | 0 | 0 | 0 | |
| Warranties | 15 | 0 | 0 | 0 | 0 | |
| Financial losses | 16 | 0 | 0 | 0 | 1 | 0% |
| Legal protection | 17 | 0 | 0 | 0 | 0 | |
| Travel Insurance | 18 | 658 | 132 | 185 | 869 | 75% |
| Total | | 18.195 | 2.293 | 3.250 | 20.656 | 86% |

* Table figures show data on movement of claims in classes of insurance where claims were reported, reserved and settled

Figures presented above show that the Company has adequate procedures for processing reported claims and excellent results of their implementation, which is confirmed by a result of 86% in the course of 2023, which is 4 percentage points higher than dynamics in 2022 (82%) despite the increasing number of reported claims (by 5.043).

Compared to 2022, the number of settled claims in the reporting year is 33% higher, owing mostly to the increase in the health insurance class (55% or 4.531 settled cases), which can also be seen in the structure of totally settled claims in 2023, where claims arising from health insurance policies account for 70% of the total settled claims (2022: 60%). The table below shows the number of settled claims per classes of insurance:

| | 2023 | 2022 | % of change | Structure in % | |
|---------------------------------------|---------------|---------------|-------------|----------------|-------------|
| | | | | 2023 | 2022 |
| Accident | 1.176 | 1.234 | -5% | 6% | 9% |
| Health | 12.730 | 8.199 | 55% | 70% | 60% |
| Casco Motor Hull | 627 | 549 | 14% | 3% | 4% |
| Cargo | 2 | 2 | 0% | 0% | 0% |
| Fire and Allied Perils | 432 | 459 | -6% | 2% | 3% |
| Property other | 338 | 504 | -33% | 2% | 4% |
| MTPL | 2.194 | 2.143 | 2% | 12% | 16% |
| GL | 38 | 32 | 19% | 0% | 0% |
| Travel Insurance | 658 | 586 | 12% | 4% | 4% |
| Total Number of settled Claims | 18.195 | 13.708 | 33% | 100% | 100% |

At the same time, efficiency in settling claims was followed by a prompt payment thereof, being possible due to the high liquidity position of the Company, as well as due to internal claim payment deadlines not later than 7 days (compared to 14 days, prescribed by law) . In addition, with respect to claims arising from health insurance policies an internal deadline is from 1 to 3 days. Accordingly, the Company has been recognized for the speed and efficiency in settling health insurance claims.

INFORMATION TECHNOLOGY UPGRADE

IT System Security

In the reporting year, as well as in the previous one, training on IT security was organized for all the employees. Such training is to be held each year for the purpose of raising awareness of the IT security, as well as acquiring detailed knowledge for coping with probable threats as the first defence line in the Company. Themes covered in the reporting year are as follows:

- Passwords
- Cookies
- Public wireless internet networks
- Spam
- Phishing
- Malware
- Ransomware
- E-trade
- Social networks and social engineering

Enhancement and Improvement of the IT System

In the course of reporting year, upgrading was made to communication lines in the branch offices thus accelerating the speed and the flow of data to the maximum in the most of the branch offices, i.e., where technical conditions allow such change.

As regards other relevant upgrading in the OSIS, the central IT system, the following should be mentioned:

- Changes in the mode of recognizing incomes from premiums by which incomes are recognized after policy commencement date unless previously signed.
- Integration of the claim reporting and settlement module with the Company's digital archives. When reported, the claim is automatically given a reference/archive number and from that moment on deadlines for recording and settling of claims are being monitored. In addition, when a claim is reported a case is being created where all input and output documents are recorded (photos, documents, mails).
- Optimization if the mode of calculation of the special reserve.

- Harmonization with the amendments to the rulebook on claims in the segment of setting aside provisions for settled but not paid claims.

Online Services for Clients

In the course of the reporting year, the second phase of the digital health card project was realized. The Insured person loads the digital health card as a mobile application and may use it as identification card in front of health institutions and to get basic information about the insurance cover covered under health insurance policy. In this phase an access to the records is being allowed to companies that have signed group health insurance policies for their employees and their family members. In addition to improvement of the process of updating the insured persons' records, this module will also enable faster and efficient check of the insured persons' records in the process of claim settlement in the Claim Department.

Towards the end of the year preparations started regarding unifying of all online services for the clients on the uniform digital platform. This platform will unify on one place all online services for clients offered so far and will include a possibility for monitoring the status of reported claim as also the possibility for reporting the claim. Unifying these eservices on one platform is also triggered by the need for a technological advancement and upgrade of the level of security and protection of clients' data and their greater trust in using online services.

Harmonization with Group Standards and Integration

In the second half of the last year activities started related to integration of the Company's IS with the information system of the GRAWE Group and harmonization with the Group standards. Activities on setting up a new computer network and necessary infrastructure for that network were carried so that future linking with the local network can be made.

New servers according to Group standards were purchased in the last quarter of the reporting year.

FINANCIAL RESULT ANALYSIS

Net Income from Premiums

In 2023 the Company realized gross written premiums to the amount 1.339.085.000 MKD or 112.167.000 MKD higher amount than the gross premiums written in 2022, thus realizing 19% increase.

Under circumstances of ceded premiums to an approximate amount of 344.846.000 MKD (increased by 110.437.000 MKD compared to 2022, which is 47% rise) and decreased earnings from changes

in the unearned premiums reserve in the net amount of 42.303.000 MKD (change in reserve based on unearned premiums amounting to 15.787.000 MKD and in the portion of reinsurance amounting to 26.516.000 MKD), the net earned premiums amount to 951.936.000 MKD, which is 13% higher than the one realized in 2022 (839.769.000 MKD).

| In 000 MKD | 2023 | 2022 | % of growth |
|--|----------------|----------------|-------------|
| Gross Written Premiums | 1.339.085 | 1.125.323 | 19% |
| Gross Written Premiums ceded | | | |
| Change in unearned insurance premium reserve | -15.787 | -15.701 | 1% |
| Premiums ceded to reinsurers | -344.846 | -234.409 | 47% |
| Change in unearned reinsurance premium reserve | -26.516 | -35.444 | -25% |
| Net Revenues from Premiums | 951.936 | 839.769 | 13% |

Investment Income

In the reporting year the Company made income based on investment income to the amount of 50.561.000 MKD, which is 18% higher than the one realized in 2022 (2022: 42.782.000 MKD). In the same period total expenses from investments amounted to 14.161.000 MKD (2022: 24.485.000 MKD). Accordingly, net income from investments amounts to 36.400.000 MKD, which is 99% higher realization than the previous year (2022: 18.297.000 MKD).

In terms of investment portfolio, higher revenues compared to previous year were realized in the segment of interests on government bonds (to the amount of 17.044.000 MKD or 27% higher than those in 2022: 13.468.000 MKD) while revenues from interests on time deposits in banks amounted to 9.950.000 MKD or 24% higher than the amount realized in 2022 (2022: 8.006.000 MKD). This is primarily due to the change in the investment portfolio structure with a view to increasing investment in government bonds and bills, as a result of the need for realizing higher yields from investments, having in mind the more favourable yield from those compared to bank deposits.

Weighted interest on deposits in MKD currency placed in banks without currency clause (at the same time applied for determining the National Referential Interest Rate) that amounted to the level of 1.96% in December 2018 (end of 2022: 1.06%), was at the level of 2.04% as at December 2023. At the same time, the National Bank of the Republic of North Macedonia decreased the interest rate on Central Bank bills, which was recorded at the level of 2.5% on annual basis in December 2018, to the level of 1.25% (or by 1.25 percentage points lower, with three successive downward corrections by December 2022). As of April 2023, having in mind the strong inflation pressure, the NBRNM started to increase the interest rate on the central bank bills in several turns thus increasing the interest rate to 6.3% at the end of 2023. Fiscal authorities followed that impulse and began a trend of

increasing interest rates of the state securities in the 2/2 half of 2023, while the banks, as always made upward corrections rather slowly.

Hence, in line with these movements, the average weighted interest rate at which the Company's assets were placed in bank deposits, amounting 4.85% at the end of 2014, was gradually being reduced (3.34% at the end of 2015; 3.15% at the end of 2016; 2.77% at the end of 2017; 2.74% at the end of 2018; 2.68% at the end of 2019; 2.56% at the end of 2020; 1.76% at the end of 2021; the increasing trend starting towards the end of 2022 with a slight and gradual increase in line with macroeconomic movements, to amount to 1.97% at the end of 2022 and 1.89% at the end of 2023. Decrease in the weighted interest rate is due to the fact that, despite upward movements in the interest rates of bank deposits, the Company has not got enough "elasticity" to adjust to new conditions on the bank deposit market, owing to maturity of deposits in the current portfolio (which are long-term 3 to 5 years) and predominantly with a fixed interest rate, selection of which results from the security of placements and protection against volatility.

It is the reason why the Company decided towards the end of the year to additionally decrease investments in bank deposits with early ending of three fixed-term deposits (which were the "youngest" investments, invested on a fixed term less than a year) and to invest its assets in a more favourable instrument, such is the state bond – Macedonian Eurobond 2028, with expected yield of 5.6%, amounting to 62 million MKD, at a discounted prices, with bonds bought in the nominal amount of 73.7 million MKD (or 1.2 million euro), at a 83% discount.

| Investment Income | % of change | | |
|--|-------------|---------|-----------|
| (in 000 MKD) | 2023 | 2022 | 2023/2022 |
| Revenues from interest on treasury notes and government bonds | 17.044 | 13.468 | 27% |
| Revenues from interest on fixed term deposits in banks | 9.950 | 8.006 | 24% |
| Revenues from interest on guarantee fund | 334 | 296 | 13% |
| Revenues from dividends | 1.170 | 1152 | 2% |
| Revenues from amortization of government bond discounts | 726 | 0 | |
| <i>Foreign exchange net effect</i> | -707 | 1.691 | -142% |
| Revenues from exchange rate differences of held-to-maturity securities | 2.861 | 4.717 | -39% |
| Expenditure from exchange rate differences of held-to-maturity securities | -3.568 | -3.026 | 18% |
| <i>Net effect of decreasing securities at fair value (held-for-trading securities)</i> | 5.096 | -7.462 | -168% |
| Unrealized gains from decreasing securities at fair value | 14.590 | 13.935 | 5% |
| Unrealized losses from decreasing securities at fair value | -9.494 | -21.397 | -56% |
| <i>Net effect of realized gains from sold securities</i> | 3.886 | 1.149 | 238% |
| Realized gains from sold investment (investment funds) and other revenues | 3.886 | 1.208 | 222% |
| Realized losses from selling a financial property – capital loss | 0 | -59 | -100% |
| Other investment expenditure (interest expenses etc.) | -1099 | -3 | 36533% |

| | | | |
|-------------------------------------|----------------|----------------|-------------|
| Total Investment Income | 50.561 | 42.782 | 18% |
| Total Investment Expenditure | -14.161 | -24.485 | -42% |
| Total Investment Net Income | 36.400 | 18.297 | 99% |

In the reporting period, net revenues realized as a result of reducing held-for trading securities at fair value, shown through the income statement, amounted to 5.096.000 MKD or 168% higher than the previous year (2022: -7.462.000 MKD). Namely, starting as of 2020, as a result of the health crisis this portfolio manifested the greatest volatility of yields due to global stock markets oscillations and crash in the peak of the crisis, starting by the end of March until the beginning of June, when a gradual stabilization of the stock markets began, until repeated shock caused by the war in Ukraine and the energy crisis, when financial markets once more suffered significant losses in the course of 2022. In By stabilization of markets and upward prices movement of stock exchange indexes in 2023, the portfolio realized a net profit, which remained net unrealized gain, due to the fact that the Company did not trade with this portfolio. The Company decided to “keep its positions”, until returning of the investments close to their purchase value (as in 2019).

At the same time, the investment portfolio available for sale realized net gains from selling securities to the amount of 3.886.000 MKD or 238% higher than the amount realized in 2022 (2022: 1.149.000 MKD), as a result only from selling of the investment units in domestic investment funds, as well as remaining stocks of domestic entities in the Company’s portfolio (Macedonian Stock Exchange).

Other insurance technical income

In 2023, the volume of commissions and fees amounted to 56.059.000 MKD, which is 35% higher than the amount realized in 2022 (41.509.000 MKD).

Increase in the volume of other insurance technical income is mostly due to increasing reinsurance commissions (39% increase or by 13.772.000 MKD). Revenues realized through subrogated claims from Guarantee Fund were 11% higher than the previous year (increased by 307.000 MKD). Reimbursement from Guarantee Fund for claim handling services is decreased by 52.000 MKD

in 000 MKD

| | 2023 | 2022 | % change |
|------------------------------|-------------|-------------|-----------------|
| Commissions from reinsurance | 49.388 | 35.616 | 39% |

| | | | |
|---|---------------|---------------|------------|
| Fees from GF for handling claims | 295 | 347 | -15% |
| Income from GF for realized subrogation | 3.028 | 2.721 | 11% |
| Fees from companies for handling claims | 1.779 | 932 | 91% |
| Other | 1.570 | 1.893 | -17% |
| Net income from fees and commissions | 56.059 | 41.509 | 35% |

Other revenues

In 2023, other revenues amount to 10.539.000 MKD, which is 19% lower than the one in 2022. In this framework, revenues from taxes and court expenses show increase (50% or change by 1.103.000 MKD) while revenues from positive exchange rates and revenues from previous years are 33% lower than the previous year.

In 000 MKD

| Other income | 2023 | 2022 | % of change |
|--|---------------|---------------|--------------------|
| Income from interest and legal expenses arising from collected receivable by legal actions | 3.305 | 2.202 | 50% |
| Other income – positive exchange rate differences, etc. | 7.234 | 10.791 | -33% |
| Total other income | 10.539 | 12.993 | -19% |

Claims

In 2023, settled claims amounted to 441.935.000 MKD, which is 18% more than the ones realized in the previous year (2022: 373.266.000 MKD). At the same time, they participate in gross written premiums with approximate 33%, which is at the same level as in 2022 (33%).

The Company had increasing expenses regarding gross provision for claims to the amount of 50.533.000 MKD (2022: 32.431.000 MKD). In respect of IBNR claims, the Company increased the provision by the amount of 8.941.000 MKD, while the provision for RBNS claims was increased by the amount of 41.592.000 MKD.

As regards revenues from subrogation claims, they amounted to 3.296.000 MKD which is 23% lower than in 2022 (2022: 4.271.000 MKD).

Having in mind reinsurers' participation in settled and reserved claims, net incurred claims amount to 479.718.000 MKD or 26% higher than the ones realized in 2022 (380.401.000 MKD).

In total, net incurred claims in 2023 participate with 36% in the gross written premiums (2022: 34%), while 50% in earned premiums (2022: 45%)

Incurred Claims and Benefits

- In 000 MKD

| | Gross | | | Reinsurer's Share | | | Net | | |
|--|----------------|----------------|-------------|-------------------|---------------|--------------|----------------|----------------|-------------|
| | 2023 | 2022 | % of change | 2023 | 2022 | % of change | 2023 | 2022 | % of change |
| Incurred claims paid in the current year | 441.935 | 373.266 | 18% | 416 | 7.403 | -94% | 441.519 | 365.863 | 21% |
| Changes in reserves RBNS | | | | | | | | | |
| Changes in reserves IBNR | 41.592 | 16.374 | 154% | 9.039 | 15.549 | -42% | 32.552 | 825 | 3.847% |
| Income from subrogation | | | | | | | | | |
| Total | 8.941 | 16.057 | -44% | -2 | -1.927 | -100% | 8.943 | 17.984 | 50% |
| | -3.296 | -4.271 | -23% | | | | -3.296 | -4.271 | -23% |
| | 489.172 | 401.426 | 22% | 9.454 | 21.025 | -55% | 479.718 | 380.401 | 26% |

Bonuses and Discounts Expenses

Total expenses for bonuses and discounts in the reporting period amounted to 21.707.000 MKD or they are 4.280.000 MKD or 16% lower than the ones realized in 2022.

Bonus expenses are -95% lower while discount expenses -10% lower compared to the previous year.

| In 000 MKD | 2023 | 2022 | % of change |
|-------------------------------|---------------|---------------|-------------|
| <i>Expenses for bonuses</i> | 89 | 1.914 | -95% |
| <i>Expenses for discounts</i> | 21.618 | 24.073 | -10% |
| - accident | 1.255 | 1.512 | -17% |
| - health insurance | 656 | 1333 | -51% |
| - Casco | 7.371 | 6.637 | 11% |
| - property insurances | 8.797 | 9.085 | -3% |

| | | | |
|---|---------------|---------------|-------------|
| - general liability | 3.382 | 5.022 | -33% |
| - other | 157 | 484 | -68% |
| Expenses for bonuses and discounts | 21.707 | 25.987 | -16% |

Insurance Management Expenses

Total insurance management expenses in 2023 amounted to 393.991.000 MKD and they are 9% higher than the ones realized in the previous year.

| In 000 MKD | 2023 | % structure | 2022 | % of change |
|--|----------------|----------------|----------------|----------------|
| Acquisition Expenses | 199.545 | 51% | 172.847 | 15 |
| Overheads | 194.446 | 49% | 188.249 | 3 |
| Net Insurance Management Expenses | 393.991 | | 361.096 | 9% |

Approximate 49% or 194.446.000 MKD of the insurance management expenses are overheads (2022: 188.249.000 MKD or 52% % of the net insurance management expenses). At the same time, they are 3% higher than the previous year, while the acquisition costs amount to 199.545.000 MKD or 15% higher with respect to those realized in 2022 (2022:172.847.000 MKD).

| (in 000 MKD) | 2023 | 2022 | % of change |
|--|--------|--------|-------------|
| Employees expenses | 64.604 | 62.228 | 4% |
| - salaries - administration and claims | 57.506 | 55.849 | 3% |
| - other expenses for employees | 7.097 | 6.379 | 11% |
| Tenancy | 18.820 | 18.819 | 0% |
| Rented assets | 1.152 | 958 | 20% |
| Management Bodies expenses | 0 | 0 | |
| Telephone expenses | 7.126 | 7.125 | 0% |
| Sponsoring and entertainment costs | 21.107 | 26.354 | -20% |
| Depreciation f tangible assets | 4.828 | 3.882 | 24% |
| Expenses for services from natural persons | 19.587 | 16.292 | 20% |
| Reimbursement for using private cars | 8.858 | 7.836 | 13% |
| Utility fees | 4.420 | 5.425 | -19% |
| Security | 110 | 21 | 417% |
| Banking services | 4.989 | 4.001 | 25% |
| Office supplies | 1.541 | 1.469 | 5% |

| | | | |
|--|----------------|----------------|-----------|
| Expenses for reserving severance pays and jubilee awards | 633 | 635 | 0% |
| Other overheads | 36.671 | 33.201 | 10% |
| Administrative expenses | 194.446 | 188.249 | 3% |

In 2021 the Company started with estimation of reserves for severance pays and jubilee awards for the employees and recorded an expense amounting to 3.505.000 MKD, out of which the amount of 1.048.000 MKD for severance pays and 2.457.000 MKD for jubilee awards, in accordance with IAS 19 standard. In 2023, these expenses amount to 633.000 while 635.000 in 2022.

Acquisition costs in 2023 amount to 199.545.000 MKD (2022:172.847.000 MKD). They account for 51% of the total net insurance management expenses (2022: 48%) and are 15% higher than the ones realized in 2022.

| In 000 MKD | 2023 | 2022 | % of change | structure 2023 | structure 2022 |
|---|----------------|----------------|-------------|----------------|----------------|
| Commission | 79.995 | 70.654 | 13% | 40% | 41% |
| Gross salaries of the inner sales network | 123.905 | 109.443 | 13% | 62% | 63% |
| Other acquisition costs | 2.619 | 1.912 | 37% | 1% | 1% |
| Changes in acquisition costs | -6.974 | -9.162 | -24% | -3% | -5% |
| Net acquisition costs | 199.544 | 172.847 | 15% | 100% | 100% |

In this context, external distribution channel commission amount to 40% of the total acquisition costs or 20% of the net insurance management expenses. They amount to 79.995.000 MKD or are 13% higher than in 2022 (2022: 70.654.000 MKD).

Other acquisition costs (sales network salaries, insurance policies printing expenses, publicity etc.) amount to 126.524.000 MKD on a net basis (2022: 111.355.000 MKD), which is 14% increase compared to the previous year.

As to the change in the deferred acquisition costs, the Company in 2023 recorded an income to the amount of 6.974.000 MKD. In 2022 this income amounted to 9.162.000 MKD.

Management Bodies Expenses

In the framework of administrative expenses, the Company in 2023 recorded expenses for the management bodies totalling 23.669.000 MKD (2022: 22.773.000 MKD). In these terms, the

Company did not report expenses for Supervisory Board, i.e., the expenses for the Management Board are recorded only. They are presented in the table par types of expense.

| | (In MKD) | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| Supervisory Board Members | 0 | 0 |
| - Reimbursement for SB meetings | 0 | 0 |
| - Other reimbursements | 0 | 0 |
| Health insurance | 0 | 0 |
| Life insurance | 0 | 0 |
| Managerial insurance | 0 | 0 |
| - Other expenses (including entertainment allowance) | 0 | 0 |
| Management Board Members | 23.669.115 | 22.773.124 |
| - Salaries and reimbursements | 17.562.924 | 16.664.296 |
| - Other reimbursements | 5.072.728 | 5.295.792 |
| Health insurance | 427.711 | 415.753 |
| Life insurance | 273.778 | 263.665 |
| Manager insurance | 4.371.239 | 4.616.374 |
| - Other expenses (entertainment allowance included) | 1.033.463 | 813.036 |
| Total | 23.669.115 | 22.773.124 |

Other Insurance Technical Expenses

In 2023, the Company set aside 30.138.000 MKD for other insurance technical expenses, which a drop amounting to 496.000 MKD or -2% compared to the previous year. Decrease is mostly due to payment of expenses for paying GF claims for unknown vehicles amounting to 1.760.000 MKD or -18% drop compared to the ones realized in the previous year

| (In MKD) | 2023 | 2022 | % of change |
|--|---------------|---------------|-------------|
| GF claims – payment (unknown vehicles) | 8.195 | 9.955 | -18% |
| Fire protection contribution | 4.749 | 4.698 | 1% |
| Health care fee | 4.304 | 4.172 | 3% |
| Insurance Supervision Agency | 8.994 | 7.709 | 17% |
| National Insurance Bureau | 2.986 | 2.898 | 3% |
| Subrogation to NIB – court expenses | 785 | 990 | -21% |
| Other expenses | 125 | 212,535 | -41% |
| Total | 30.138 | 30.634 | -2% |

Value Adjustment of Receivables from Insurance Premiums

Total adjustment of the value of uncollected receivables from premiums in 2023 is an expense amounting to 19.691.000 MKD or 30% higher than in 2022 (2022: 15.145.000 MKD).

| Value Adjustment of Receivables from Insurance Premiums | 2023 | 2022 | % of change |
|--|---------------|---------------|--------------------|
| Adjusted value of receivables from insured persons | 16.236 | 10.111 | 61% |
| Collected, written-off receivable | -25 | -33 | -24% |
| Permanent write-off of receivables | 3.479 | 5.067 | -31% |
| Total | 19.691 | 15.145 | 30% |

At the end of the business year, the write-off of all receivables was made to the amount of 3.494.000 MKD (2022: 5.249.000 MKD). Most of the write-offs (3.479.000 MKD) resulted from closing down of legal entities, our debtors, and deletion of inactive legal entities in the Central Register of Macedonia. The rest of the amount (15.000 MKD) resulted from another receivable (subrogation etc.).

Other Expenditure including Value Adjustment

In terms of category of other expenditure including adjusted values, the amount of -3.344.000 MKD refers to release of adjusted value of other receivables from direct operations (2022: -6.057.000 MKD exemption), while for other financial expenditures, expenses are reported to the amount 2.391.000 MKD (2022: 6.114.000 MKD). Permanent write-off of these receivables for 2023 amounts to 15.000 MKD for 2023 (2022: 182.000MKD).

Other expenditures, including value adjustments

| <i>In 000 MKD</i> | 2023 | 2022 | % OF CHANGE |
|---|-------------|-------------|--------------------|
| Adjusted valued of other receivables from direct operations | -3.344 | -6.057 | -45% |
| - out of which adjusted value of deposits and cash and cash equivalents * | -2.926 | -4.319 | |
| Permanent write-off of receivables from direct operations | 15 | 182 | -92% |
| Other financial expenditures | 2.391 | 6.114 | -61% |
| | -938 | 238 | -492% |

* Collected receivables from the Eurostandard's bankruptcy mass

Profit

Company's clearly defined strategic goals, continuous monitoring and analysis of the situation in the market and corresponding reaction to changes through updating our offer and established procedures as well as competent management of risks and investments resulted in profit before taxation to the amount of 110.179.000 MKD for 2023 (2022: 97.424.000 MKD), i.e., 96.165.000 MKD after taxation (2022: 85.015.000 MKD).

Total profit resulting from adding/reducing the profit from the re-measurement of the financial assets available for sale to the amount of 11.374.000 MKD (2022: -9.582.000 MKD) is to the amount of 107.538.000 MKD for 2023 (2022: 75.432.000 MKD).

FINANCIAL SITUATION ANALYSIS

Company's total assets as at 31 December 2023 amounted to 2.018.170.000 MKD, showing approximate increase of 8.5% compared to the previous year (2022: 1.860.368.000 MKD) (Annex 2).

Investments

Company's total investments as at 31 December 2023 amount to 1.407.918 MKD and are 14% higher than the previous year (2022: 1.235.051.000 MKD.) Investments included 14.645.000 MKD (2022: 15.180.000 MKD) in the National Insurance Bureau's Guarantee Fund, while other financial investments are to the amount of 1.393.273.000 MKD (2022: 1.219.871.000 MKD).

In 2023, the Company increased its investment portfolio by 14% (or by 173.403.000 MKD in the absolute amount) mostly due to the Company's commitment to increasing collection of the insurance of premiums and decreasing the amount of due, uncollected receivables, as well as to efficient investment policies.

In terms of investment portfolio, the amount of 436.245.000 MKD was placed in bank deposits (16% lower compared to 2022), 525.841.000 MKD in debtor's long-term securities held to maturity (17% increase compared to 2022), 138.861.000 MKD in debtor's securities held to one year and 229.529.000 in financial investments available for sale (20% increase compared to 2022), as well as 62.797.000 in financial investments held to trading (8% higher compared to 2022).

| | In 000 MKD | | | | |
|--|------------------|------------------|----------------|----------------|-------------|
| | 2023 | 2020 | % of change | Structure in % | |
| | | | | 2023 | 2022 |
| Financial investment kept at maturity | 664.703 | 449.796 | 48% | 48% | 37% |
| - Debtors securities with 1-year maturity | 138.861 | 0 | - | | |
| - Debtors securities over 1-year maturity | 525.841 | 449.796 | 17% | | |
| Financial investment available for sale | 229.529 | 192.927 | 19% | 16% | 16% |
| - Stocks, shares and other instruments | 0 | 2.100 | | | |
| - Stocks and shares in investment funds | 229.529 | 190.827 | 20% | | |
| Financial Investments for Trading | 62.797 | 58.398 | 8% | 5% | 5% |
| Deposits, loans and other placements | 436.245 | 518.749 | -16% | 31% | 43% |
| Total Financial Investment | 1.393.273 | 1.219.871 | 14% | 100% | 100% |

At the end of 2023, 95% of the investment portfolio structure included investments in instruments in the Republic of North Macedonia while 5% in investments abroad (in EU and OECD member states), thus additionally exposing itself to impacts of the global financial market (2022: 94% in domestic investments and 6% in foreign portfolios. Foreign portfolio structure mainly included units bought in index funds (7 different ETFs) which together with the units in one open-end fund amounted to 48.730.000 MKD, which represents 4% of the total investment portfolio, while 1% amounting to 14.067.000 MKD was invested in shares of business entities coming from those countries. Notwithstanding the whole foreign portfolio was categorized as available to trade, neither selling nor new buying was realized in the course of 2023. This is mainly due to the fact that from the onset of the pandemic on, global stock markets had enormous fall, followed by a slow and gradual recovery, thus causing the Company in 2021 to decide to keep positions gained already with a view to returning the values close to the purchase values until the end of 2023.

As regards domestic investment portfolio, the Company's investment policy was focused on increasing investment in state securities (34% realized increase i.e., 9 percentage points in the structure) while deposits in banks had 20% decrease i.e., 11 percentage points in the structure). It is for the first time after a longer period of time that the Company invested in short-term securities – 12month treasury bills (total of 90 million MKD), due to increase in their interest rates (moving from 3.7 to 4.25%) and their attractiveness compared to the interest rates on long-term bank deposits. Additionally, it's the first time that the Company invested assets in the Macedonian Eurobond with 5 year maturity from the assets covering the capital (2028).

As for the investment portfolio of stakes in domestic open investment funds, the Company decreased its share in the cash investment funds (by 35%), while the increase recorded in non-monetary investment funds (mostly shares and/or bonds) is a result of buying shares in a new fund

(Grawe Flex Bond EUR totalling 50 million MKD) as well as of the rise in the cost of shares in these funds.

The state of the company's investment portfolio as at 31 December 2023 compared to 31 December 2022 is as follows:

| <i>(In 000 MKD)</i> | Allowed % of Invested Technical Provision Covering Assets | As at 31 December 2022 | % Structure | As at 31 December 2023 | % Structure | Absolute Difference 2023-2022 | % Difference 2023/2022 |
|--|---|------------------------|-------------|------------------------|-------------|-------------------------------|------------------------|
| Total Investment Portfolio (RNM) | | 1.156.723 | 95% | 1.240.551 | 95% | 83.828 | 7% |
| Deposits in banks that have a licence issued by NBRM | 60% | 514.000 | 42% | 409.000 | 31% | -105.000 | -20% |
| Bonds and other securities issued or guaranteed by the RNM on the domestic market | 80% | 449.796 | 37% | 602.022 | 46% | 152.226 | 34% |
| Shares traded on a regulated securities market in the RNM | 25% | 2.100 | 0% | 0 | 0% | -2100 | -100% |
| Stakes and shares of investment funds registered in the RNM | 20% | 190.827 | 16% | 229.529 | 18% | 38.702 | 20% |
| <i>Stakes in non-monetary IF</i> | | <i>90.009</i> | <i>7%</i> | <i>163.500</i> | <i>13%</i> | <i>73.491</i> | <i>82%</i> |
| <i>Stakes in Cash IF</i> | | <i>100.818</i> | <i>8%</i> | <i>66.029</i> | <i>5%</i> | <i>-34.789</i> | <i>-35%</i> |
| Types of Investment Portfolio (EU+OECD) | | 58.399 | 5% | 62.797 | 5% | 4.398 | 8% |
| Long-term bonds and other long-term debt securities issued by a member state of the EU or a member state of the OECD | | 0 | 0% | 0 | 0% | 0 | |
| Shares issued by a foreign joint stock company, traded on a regulated securities market in the member states of the EU or in the member states of the OECD | 20% | 13.565 | 1% | 14.067 | 1% | 502,364 | 4% |
| Shares (stakes) in investment funds traded on regulated securities market in a member state of the EU or a member state of the OECD | | 44.834 | 4% | 48.730 | 4% | 3.896 | 9% |
| TOTAL INVESTMENT PORTFOLIO (RNM + abroad (EU+OECD)) | | 1.215.122 | 100% | 1.303.348 | 100% | 88.226 | 7% |

Investment policy, an in this framework a selection of placements per types and volume, is fully complied with legal provisions on types of investment of technical provisions covering assets and related restrictions. At the same time, investment portfolio provides protection from exposure to currency and interest risk, while allocation by maturity enables the maximum possible protection against liquidity risk.

Gross Technical Provisions Based on Reinsurance

As at 31 December 2023, the reinsurance portion in gross technical provisions is in the amount of 118.902.000 MKD or 13% below the level in the previous year. Out of that amount, 64.516.000 MKD is for gross provision for unearned reinsurance premium, while 54.386.000 MKD is reinsurer's portion in gross provision for claims.

Reinsurance portion in gross technical provision

| In 000 MKD | 2023 | 2022 | % of change |
|--|----------------|----------------|-------------|
| Gross provision for unearned premiums | | | |
| As at 1 January | 91.032 | 126.476 | -28% |
| Unearned premium movement | -26.516 | -35.444 | -25% |
| As at 31 December | 64.516 | 91.032 | -29% |
| Gross provision for claims | | | |
| As at 1 January | 45.349 | 31.727 | 43% |
| Movement in the gross provision for claims | 9.037 | 13.622 | -34% |
| As at 31 December | 54.386 | 45.349 | 20% |
| Reinsurance portion in gross technical provisions | 118.902 | 136.381 | -13% |

Receivables

Company's total receivables as at 31 December 2023 amount to 324.701.000 MKD and are 20.457.000 MKD lower than those realized in 2022. Out of that amount, 93% are receivables from the insured persons amounting to 303.285.000 MKD or 7% lower than the amount realized in 2022. Receivables from direct insurance operations are 2.954.000 MKD or 39% lower while receivables from financial investments are increased by 847.000 MKD or show 10% increase compared to the previous year.

| (in 000 MKD) | 2023 | 2022 | % of change | % structure | |
|--|----------------|----------------|-------------|-------------|------------|
| | | | | 2023 | 2022 |
| Receivables from the Insured | 415.101 | 422.049 | -2% | 128% | 122% |
| Adjusted value of receivables from the Insured | -111.815 | -95.579 | 17% | -34% | -28% |
| | 303.285 | 326.470 | -7% | 93% | 95% |
| Other receivables from direct insurance operations | 42.929 | 40.430 | 6% | 13% | 12% |
| Adjusted value of receivables from direct insurance operations | -32.416 | -32.870 | -1% | -10% | -10% |
| | 10.513 | 7.560 | 39% | 3% | 2% |

| | | | | | |
|--|----------------|----------------|------------|-------------|-------------|
| Receivables from financial investments | 9.287 | 8.440 | 10% | 3% | 2% |
| Other receivables | 3.245 | 4.280 | -24% | 1% | 1% |
| Adjusted value of other receivables | -1.629 | -1.592 | 2% | -1% | 0% |
| | 10.903 | 11.128 | -2% | 3% | 3% |
| Total Receivables | 324.701 | 345.158 | -6% | 100% | 100% |

Other Assets

On 31 December 2023, the Company had other assets available in the amount of 51.096.000 MKD, or 28% higher than in 2022. Out of this amount, 13.645.000 MKD is capital goods and 37.451.000 MKD cash assets and cash equivalents.

Capital goods included equipment to the amount of 12.808.000 MKD (or 94%) while the amount of 836.000 MKD (6%) included other tangible assets.

Cash and cash equivalents at the year's end amounted to 37.451.000 MKD or they are 5.211.000 higher than the situation as at 31 December 2022.

(In 000 MKD)

Cash and cash equivalents

| | 2023 | 2022 |
|--------------------------|---------------|---------------|
| Cash with banks | 37.090 | 31.904 |
| Cash on hand | 360 | 336 |
| Other cash | 0 | 0 |
| As at 31 December | 37.451 | 32.240 |

Prepayments and accrued income

As at 31 December 2023, prepayments and accrued incomes amount to 108.624.000 MKD, which is 11% higher than the previous year.

In total prepayments and accrues incomes, the biggest portion (79%) refers to *deferred acquisition costs* to the amount of 85.618.000 MKD. They are 9% higher than the level in 2022 or higher by the amount of 6.974.000 MKD.

Deferred Acquisition Costs

| In 000 MKD | 2023 | 2022 | change | % of change |
|----------------------------|---------------|---------------|---------------|--------------------|
| Deferred acquisition costs | 50.562 | 52.920 | -2.358 | -4% |
| Deferred costs - brokers | 35.056 | 25.723 | 9.333 | 36% |
| As at 31 December | 85.618 | 78.643 | 6.974 | 9% |

Other estimated revenues and deferred costs amount to 23.007.000 MKD (21% of the total prepayments and accrued income) and have 18% increase compared to 2022, mostly due to the increase in the other calculated earnings (69%).

| In 000 MKD | 2023 | 2022 | % of change |
|---|---------------|---------------|-------------|
| Estimated income from reinsurance commissions | 9.928 | 11.758 | -16% |
| Other estimated income | 13.078 | 7.717 | 69% |
| Other estimated income and expenses | 23.007 | 19.474 | 18% |

Capital and Reserves

In 2023, the Company maintained the value of subscribed capital amounting to 195.326.000 MKD and showed legally prescribed reserves amounting to 251.053.000 MKD. Undistributed net profit on 31 December 2023 amounted to 185.083.000 MKD or is 25% higher amount than the one realized in 2022 (2022: 148.406.000 MKD).

Adjustment of the value of financial assets available for sale (shares and stakes in investment funds) was also made, including the net effect of the changes in their current market value on the basis of which a revaluation reserve amounted to 1.376.000 MKD, or 11.374.000 MKD more than the realized in 2022 (2022: -9.998.000 MKD), which is mostly due to the increase in the values of stakes in domestic non-monetary investment funds.

The Company recorded a net profit after taxation for 2023 amounting to 96.165.000 MKD (2022: 85.015.000 MKD).

As at 31 December 2023, total capital standing of the Company is at the level of 729.002.000 MKD or is by 87.538.000 MKD (13.6%%) higher than the one realized in 2022 (2022: 641.464.000 MKD).

Gross Technical Provisions

As at 31 December 2023, the Company set aside gross technical provisions to the gross amount of 1.150.435.000 MKD, which is 6 % higher than the level in 2022 (2022: 1.083.666 MKD).

In the framework of total gross technical provisions, gross provision for unearned premiums is to the amount of 554.889.000 MKD (2022: 539.102.000 MKD) or 3% higher than the amount in 2022.

Gross provision for claims, including direct and indirect claims, amounts to 583.210.000 MKD or 9% higher than in 2022 (2022: 532.678.000 MKD).

Provision for bonuses and discounts amounts to 12.335.000 MKD or 4% higher than amount realized in 2022.

| (In 000 MKD) | 2023 | 2022 | % of change |
|--------------------------------------|------------------|------------------|-------------|
| Gross reserves for unearned premiums | 554.889 | 539.102 | 3% |
| Gross reserve for claims | 583.210 | 532.678 | 9% |
| Gross reserve for bonuses/discounts | 12.335 | 11.886 | 4% |
| Gross Technical Reserve | 1.150.435 | 1.083.666 | 6% |

Including the participation of the reinsurers in the Company's gross technical provision amounting to 118.902.000 MKD (64.515.000 MKD based on unearned premiums and 54.387.000 MKD based on total provision for claims) the net technical provision as at 31 December 2023 is in the amount of 1.031.533.000 MKD (2022: 947.285.000 MKD).

| | 2023 | | | 2022 | | |
|---|------------------|-----------------|------------------|------------------|-----------------|----------------|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| Gross Technical Provision (In 000 MKD) | | | | | | |
| RBNS – Gross provision for reported but not settled claims | 351.765 | -46.998 | 304.767 | 310.980 | -37.958 | 274.136 |
| Provision for direct expenses | 0 | 0 | 0 | 26 | 0 | 26 |
| Provision for indirect expenses | 5.625 | 0 | 5.625 | 4.792 | 0 | 2.854 |
| IBNR – Gross provision for incurred but not reported claims | 225.821 | -7.389 | 218.432 | 216.879 | -7.390 | 191.504 |
| Provision for bonuses and discounts | 3.735 | 0 | 3.735 | 11.886 | 0 | 10.243 |
| Provision for unearned premiums | 8.600 | 0 | 8.600 | 0 | 0 | 0 |
| As at 31 December | 554.889 | -64.515 | 490.374 | 539.102 | -91.032 | 396.925 |
| | 1.150.435 | -118.902 | 1.031.533 | 1.083.666 | -136.380 | 947.285 |

Deferred and current tax liabilities

As at 31 December 2023, the Company has total tax liability in the amount of 5.251.000 MKD (2022: 3.244.000 MKD) out of which deferred tax obligations amounting to 2.769.000 MKD and current tax obligations amounting to 2.482.000 MKD.

| (in 000 MKD) | 2023 | 2022 |
|--------------------------|--------------|--------------|
| Deferred tax liabilities | 2.769 | 1.745 |
| Current tax liabilities | 2.482 | 1.499 |
| Total | 5.251 | 3.244 |

Namely, it should be noted here that is for the time that in 2021 and with regard to the financial investments classified as available for sale in compliance with MAS 39, the Company has started with implementation of the MAS 12 for the purpose of financial reporting, i.e., recording of deferred tax assets and deferred tax liabilities arising from deductible or taxable temporary differences between accounting value of a given asset /liability and its tax basis. Accordingly, as at 31 December 2023, the Company records deferred tax liabilities amounting to 2.769.000 MKD, out of which 2.341.000 MKD are liabilities from non-realized profit represented in revaluation reserve from the adjustment of the value of financial assets available for sale. The other 428.000 MKD are other deferred tax liabilities.

Liabilities

The Company's total liabilities amount to 46.338.000 MKD, or 7% lower than the level of those realized in the previous year.

| (In 000 MKD) | 2023 | 2022 | % of change |
|--|---------------|---------------|-------------|
| Other liabilities from direct insurance operations | 220 | 2.035 | -89% |
| Liabilities arising from reinsurance | 11.955 | 19.308 | -38% |
| Other liabilities | 34.162 | 28.732 | 19% |
| Total Liabilities | 46.338 | 50.074 | -7% |

Total liabilities from direct insurance operations amount to 220.000, showing 89% drop compared to 2022, referring to liabilities to insureds arising from claims.

In this sense, liabilities to insureds amount to 162.000 MKD, which 92% drop compared to the level in 2022

Liabilities from co-insurance and reinsurance amount to 11.955.000 MKD or 38% lower than the previous year, most of which undue, according to reinsurance treaties having in mind their fixed maturity.

Liabilities from direct insurance operations

In 000 MKD

| | 2023 | 2022 | % change |
|--------------------------------|------------|--------------|-------------|
| Liabilities to Insured persons | 162 | 2.010 | -92% |
| Other liabilities | 57 | 24 | 137% |
| As at 31 December | 220 | 2.035 | -89% |

Other liabilities are to the amount of 34.162.000 MKD showing 19% increase compared to 2022.

Other Liabilities

In 000 MKD

| | 2023 | 2022 | % of change |
|--------------------------|---------------|---------------|--------------------|
| Liabilities to suppliers | 8.355 | 8.670 | -4% |
| Liabilities to employees | 15.439 | 14.257 | 8% |
| Other | 10.368 | 5.805 | 79% |
| As at 31 December | 34.162 | 28.732 | 19% |

Accruals and deferred income

As at 31 December 2023, the Company has preestimated expenses amounting to 82.370.000 MKD falling under the period, mostly with respect to estimated reinsurance expenses (or 66% of the total accruals and deferred income) and in respect of which no debit note has been received until the closure of the financial report for the business year.

- In 000 MKD

| | 2023 | 2022 | % of change |
|---|---------------|---------------|--------------------|
| Pre-estimated reinsurance expenses | 53.977 | 55.589 | -3% |
| Pre-estimated brokerage expenses | 22.945 | 20.457 | 12% |
| Other pre-estimated expenses per invoices | 5.448 | 1.734 | 214% |
| | 82.370 | 77.780 | 6% |

RISK MANAGEMENT

The Company permanently carried out activities in order to consistently manage and control insurance risks providing at the same time an adequate capital for covering technical reserves arising from the Company's insurance portfolio and solvency margin.

Capital Management and Solvency Margin

Insurance Supervision Agency is the main regulator monitoring the adequacy of the Company's capital on the whole.

The Company's management policy is to maintain stability of the Company's capital with a view to preserving confidence of the investors and the market, thus supporting future development of the business. The Company's management monitors the return on equity through the profit from daily operations. In addition, the Company also takes into consideration the influence of the level of capital on the shareholder's return as well as the advantage and safety secured by the strong position of the capital.

The calculation made in accordance with Article 75 of the Law on Insurance Supervision, shows the solvency margin required level in 2023 amounting to 225.786.985 MKD as per premium rate method or 109.296.689 MKD as per damage rate method. (Annex 3).

Considering the provision of the Law stipulating the higher result (amount) be defined as the solvency margin required level, the solvency margin in 2023 amounts to 225.786.985 MKD. Such defined solvency margin level at the same time enables compliance with the Law provision stipulating that "the capital of the insurance undertaking must be at any time at least equal to the required level of margin of solvency".

At the end of the reporting period, the Company's capital is in excess of 629.819.663 MKD in respect of the required solvency margin level. (Annex 4).

Company's Reserves

In view of providing for a permanent and unfailing fulfilment of obligations arising from the insurance contracts, the Company has set aside technical and other provisions by applying insurance and technical principles and accounting standards. These provisions have been set aside in a manner and to the amount ensuring safety of operations, liquidity and profitability.

Pursuant to the Law, and Company's business acts as well as insurance contracts and insurance risks underwritten thereof, the following types of technical provisions have been set aside:

1. Provisions for unearned premiums;

2. Provisions for unexpired risks;
3. Provisions for RBNS claims;
4. Provisions for IBNR claims;
5. Provisions for indirect claim costs and
6. Provisions for bonuses and discounts.

Technical provisions as at 31 December 2023 are estimated to the amount of 1.031.533.487 MKD.

Investment of Technical Provision Covering Assets

The Company set aside technical provision covering assets to the amount of 1.340.799.076 MKD as at 31 December 2023, thus showing an excess of investment above the required amount of technical provision covering assets totalling 309.265.589 MKD (Annex 5).

When investing funds covering the technical reserves the Company took into consideration its classes of insurance offered, based on the principles of safety, profitability, and solvency.

Technical provision covering assets in 2023 were diversified so as to ensure not relying on a single category of assets, market or investment.

The Company adjusted investment of technical provision assets, which are exposed to probable losses arising from changes in interest rates, foreign exchange fluctuations, credit risks and from other market risks, to its obligations arising from insurance contracts affected by such changes.

When investing technical reserve assets, the Company considered maturity of its obligations under insurance contracts. When investing such assets, the Company had in mind limitations to Individual Investments defined under the Law on Insurance Supervision and the Rulebook on Types and Nature of Technical Reserve and Mathematical Reserve Covering Assets as well as on Detailed Placement and Limitation of these Investments and their Evaluation (Annex 5).

Insurance and Financial Risk Management

Risk management objectives and policies for mitigating insurance risk

The Company's management of insurance and financial risk is a critical aspect of the business. For general insurance contracts, the objective is to select assets with a duration and maturity value which match the expected cash flows from the claims on those portfolios.

The primary insurance activity carried out by the Company assumes the risk of loss from persons or legal entities that are directly subject to the risk. Such risks may relate to property, liability, accident, health, or other perils that may arise from an insurable event.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, strict procedures for notification, assessment and settlement of claims and centralized management of reinsurance.

Underwriting Strategy

The Company's underwriting policy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, reduces the variability of the outcome.

The underwriting policy is set out in the annual plan of operations that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. All general insurance contracts are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

Reinsurance strategy

The Company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources.

The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. The majority of the reinsurance business ceded is placed on a quota share basis with retention limits varying by product line. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances. All purchases of facultative reinsurance are subject to pre-approval and the total expenditure on facultative reinsurance is regularly monitored.

The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company's management sets the minimum-security criteria for acceptable reinsurance and monitors the purchase of reinsurance against those criteria. The Company's management also monitors erosion of the reinsurance programme and its ongoing adequacy. Reinsurance treaties are signed with unrelated entities with a view to controlling exposure to loss resulting from one occurrence.

Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, its reinsurance assets, insurance liabilities and reinsurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, currency risk, liquidity risk and credit risk.

The Company's objective is to match insurance contract liabilities with assets subject to identical or similar risks. This policy ensures that the Company is able to meet its obligations under its contractual liabilities as they fall due.

Interest Rate Risk

The Company's exposure in interest rates is concentrated in the investment portfolio.

In management's view the insurance contracts concluded by the Company are mainly short term insurance contracts and the interest risk is mitigated by matching the insurance liabilities with a portfolio of debt securities. The non-equity portion of the financial assets in this portfolio is characterized by interest rate risk, though most of them are fixed interest-bearing instruments (government bonds and government bills).

Short-term insurance and reinsurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest-bearing.

Liquidity Risk

The biggest liquidity risk the Company faces are daily needs for assets available regarding obligations arising from insurance contracts and from claims.

The Company constantly maintains cash at bank and other highly liquid assets in order to prevent undue risk concentrations and to be able to meet payment obligations and potential payment obligations as and when they fall due.

Foreign Exchange Risk

The Company is exposed to currency risk through transactions in foreign currencies and through its assets and liabilities denominated in foreign currencies.

For avoiding the losses from movements with negative impact from the exchange rate, the Company applies a policy of predominant EUR exposure. The MKD currency is pegged to the Euro and the monetary projections envisage stability of the exchange rate of the MKD currency against Euro.

Credit Risk

Credit risk represents the accounting loss that would be recognized if counterparties failed to perform as contracted. To control exposure to credit risk, the Company performs ongoing credit evaluations of the financial condition of these counterparties.

- *Insurance receivables*

The Company is exposed to credit risk in the event where its customers from the provision of insurance services fail to meet their payment obligations. The Company's exposure to credit risk is limited to the carrying value of premium and other receivables. The premium receivables are owed by a large number of customers on normal credit terms and therefore there is minimal concentration of credit risk. The Company monitors premium receivables on an ongoing basis with the result that the Company's exposure to bad debts is controlled.

- *Reinsurance assets*

The Company has exposure to credit risk in relation to its reinsurance assets. Reinsurance is placed with high rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. The management performs assessment of the creditworthiness of reinsurers to update reinsurance purchase strategy.

- *Financial instruments*

The Company is exposed to credit risk from financial instruments with respect to the possible default of counterparties.

However, considering the fact that the Company invests in government bills and bonds and term deposits with domestic banks, no counterparty default is expected.

Operational Risk

The Company is exposed to operational risk connected with all relevant products, activities, processes and systems of work. Sources of the operational risk are present at all levels of decision making and business process performing, at each performer and at each segment of the business operations. Operational risks cannot be completely avoided, yet regular internal controls may prevent their expansion. Accordingly, the Company gives a special importance to the internal control system as well as to an adequate education of the employees. Good business continuity management decreases the level of operational risks and holds their influence at the lowest levels possible.

IT System Risk Management

Assessment of the risk arising from the IT system security includes identification of the IT system assets and their classification, analysis of probability of occurrence of threats and weaknesses of the IT system and monitoring new weaknesses in the system.

Legal Risk Management

The Company is exposed to a legal risk related to a risk of loss caused by any incompliance and/or non-observance of legislation, regulations, prescribed practices or ethical standards or by misinterpretation of legal documents.

Strategic and Reputation Risk

The Company identifies any possible sources of strategic risks. The Company decreases exposure to strategic risks by setting adequate long-term goals, selection of employees with adequate qualifications and knowledge and their permanent training, efficient risk management system, adequate access to information, proper application of ethical principles and good governance principles. In addition, the Company is exposed to a risk of tarnished reputation. The Company has established strict and clear procedures for good governance and has been constantly measuring the satisfaction of its clients and making analyses of the insurance market and its trends.

Capital Management

Insurance Supervision Agency is the Company's main regulator that monitors capital requirements for the Company as a whole. The Company is directly supervised by the regulator.

The policy of the Company's Management is to strengthen the Company's capital from its own sources, certainly with undoubted support by the shareholders who continually decide the greatest portion of the Company's yearly Profit to be allocated for increase in the Company's reserves, i.e., to remain in the balances as retained earnings for strengthening of the capital. This is for the purpose of keeping the investors' confidence and of the market, with a view to supporting the future development of the business.

In 2023, the Company continued to monitor the return on equity through the profit from regular operation. The Company also takes into account the influence of the level of capital has on the shareholders' return, as well as advantages and security afforded by a sound capital position.

In the course of the year the Company did not have any material changes in its approach to managing the capital.

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ANNEXES

Annex 1–INCOME STATEMENT

As at 31 December 2023

In MKD

| Item | No. | Amount | |
|--|------------|-----------------------|------------------------|
| | | Current Business Year | Previous Business Year |
| 1 | 2 | 4 | 5 |
| A. OPERATIONS REVENUES (201+210+224+225) | 200 | 1.069.095.926 | 937.052.903 |
| I. EARNED PREMIUMS NET REVENUES FROM PREMIUMS (202+203+204-205-206-207+208+209) | 201 | 951.935.950 | 839.768.920 |
| 1. Gross Written Insurance Premiums | 202 | 1.339.084.743 | 1.125.322.945 |
| 2. Gross Written Co-insurance Premiums | 203 | - | - |
| 3. Gross Written Re-insurance Premiums/retrocession | 204 | - | - |
| 4. Gross Written Premiums ceded to Co-insurance | 205 | - | - |
| 5. Gross Written Premiums ceded to Re-insurance/retrocession | 206 | 344.845.558 | 234.408.788 |
| 6. Change in gross reserve for unearned premiums | 207 | 15.786.909 | 15.701.086 |
| 7. Change in gross reserve for unearned premiums – ceded for co-insurance | 208 | - | - |
| 8. Change in gross reserve for unearned premiums – ceded for re-insurance | 209 | (26.516.326) | (35.444.151) |
| II. INVESTMENT INCOME (211+212+216+217+218+219+223) | 210 | 50.561.391 | 42.781.764 |
| 1. Revenues from branches, affiliations and jointly controlled entities | 211 | - | - |
| 2. Investment Revenues from land and buildings (213+214+215) | 212 | - | - |
| 2.1 Rental revenues | 213 | - | - |
| 2.2 Revenues from increased value of land and buildings | 214 | - | - |
| 2.3 Income form sold land and buildings | 215 | - | - |
| 3. Interests | 216 | 27.328.415 | 21.769.776 |
| 4. Positive exchange rate differences | 217 | 2.860.862 | 4.716.837 |
| 5. Adjustment of value of receivables from premiums (unrealized profits, reduction to objective value) | 218 | 14.590.000 | 13.935.093 |
| 6. Realized profits from selling financial property – capital profit (220+221+222) | 219 | 3.886.391 | 1.207.759 |
| 6.1 Financial investment available for sale | 220 | 3.886.391 | 1.207.759 |
| 6.2 Financial investment for trading (at objective value) | 221 | - | - |
| 6.3 Other financial investment | 222 | - | - |
| 7. Other investment Revenues | 223 | 1.895.723 | 1.152.299 |

| | | | |
|--|-------------|--------------------|--------------------|
| III. REINSURANCE COMMISSION | 223a | 49,387,565 | 35,615,874 |
| IV. OTHER INSURANCE TECHNICAL REVENUES, DEDUCED FOR CEDED PREMIUMS | 224 | 6,671,894 | 5,893,356 |
| V. OTHER REVENUES | 225 | 10,539,126 | 12,992,989 |
| B. OPERATIONS EXPENSES (227+235+245+248+251+261+271+274+275) | 226 | 958,917,344 | 839,628,486 |
| I. INCURRED CLAIMS (NET EXPENSES FOR CLAIMS) (228-229-230-231+232-233-234) | 227 | 479,718,071 | 380,400,746 |
| 1. Gross paid claims | 228 | 441,935,025 | 373,266,060 |
| 2. Reduction in income for gross realized subrogation claims | 229 | 3,296,211 | 4,271,129 |
| 3. Gross paid claims – portion for co-insurance | 230 | - | - |
| 4. Gross paid claims – portion for re-insurance | 231 | 416,261 | 7,403,186 |
| 5. Changes in gross provision for claims | 232 | 50,532,845 | 32,430,864 |
| 6. Changes in gross provision for claims - portion for co-insurance | 233 | - | - |
| 7. portion for co-insurance - portion for re-insurance | 234 | 9,037,327 | 13,621,863 |
| II. CHANGES IN OTHER TECHNICAL RESERVES, NET FROM REINSURANCE (236+239+242) | 235 | 449,472 | 1,642,532 |
| 1. Changes in mathematical reserve, net from reinsurance (237-238) | 236 | - | - |
| 1.1 Changes in gross mathematical reserve | 237 | - | - |
| 1.2 Changes in gross mathematical reserve – co-insurance/re-insurance portion | 238 | - | - |
| 2. Changes in equalization reserve, net from reinsurance (240-241) | 239 | - | - |
| 2.1. Changes in gross equalization reserve | 240 | - | - |
| 2.2 Changes in gross equalization reserve - co-insurance/re-insurance portion | 241 | - | - |
| 3. Changes in other technical provisions, net from reinsurance (243-244) | 242 | 449,472 | 1,642,532 |
| 3.1 Changes in other technical provisions | 243 | 449,472 | 1,642,532 |
| 3.2 Changes in other technical provisions- co-insurance/re-insurance portion | 244 | - | - |
| III. CHANGES IN GROSS MATHEMATICAL RESERVE FOR LIFE INSURANCE WHERE INVESTMENT RISK IS DEBITED TO THE INSURED, NET FROM REINSURANCE (246-247) | 245 | - | - |
| 1. Changes in gross mathematical reserve for life insurance where investment risk is debited to the insured | 246 | - | - |
| 2. Changes in gross mathematical reserve for life insurance where investment risk is debited to the insured– co-insurance/re-insurance portion | 247 | - | - |

| | | | |
|---|------------|--------------------|--------------------|
| IV. Expenses for bonuses and discounts, net from reinsurance (249+250) | 248 | 21.706.972 | 25.987.188 |
| 1. Bonus expenses (depending on the reinsurance technical result) | 249 | 89.213 | 1.913.428 |
| 2. Discount expenses (not depending on the reinsurance technical result) | 250 | 21.617.759 | 24.073.760 |
| V. NET INSURANCE MANAGEMENT EXPENSES (252+256) | 251 | 393.990.752 | 361.095.948 |
| 1. Acquisition Costs (253+254+255) | 252 | 199.544.441 | 172.847.131 |
| 1.1 Commission | 253 | 79.995.059 | 70.654.058 |
| 1.2 Gross salary for sales network | 253a | 123.904.776 | 109.443.367 |
| 1.3 Other acquisition costs | 254 | 2.618.986 | 1.911.855 |
| 1.4 Change in differed acquisition costs (+/-) | 255 | (6.974.380) | (9.162.149) |
| 2. Overheads (257+258+259+260) | 256 | 194.446.311 | 188.248.817 |
| 2.1 Depreciation of tangible assets serving for carrying out activities | 257 | 4.828.338 | 3.882.332 |
| 2.2 Employees expenses | 258 | 64.603.627 | 62.227.733 |
| 2.2.1 Salaries and reimbursements | 258a | 37.864.193 | 36.794.902 |
| 2.2.2 Taxes on salaries | 258b | 3.540.349 | 3.436.548 |
| 2.2.3 Obligatory social insurance | 258 c | 16.101.831 | 15.617.347 |
| 2.2.4 Additional pension insurance for employees | 258d | - | - |
| 2.2.5 Other expenses for employees | 258e | 7.097.254 | 6.378.936 |
| 2.3 Expenses resulting from services rendered by physical persons (car repair shops, etc.) with all taxes | 259 | 19.586.921 | 16.292.214 |
| 2.4 Other overheads (260a+260b+260c) | 260 | 105.427.425 | 105.846.538 |
| 2.4.1 Expenses for services | 260a | 82.126.287 | 83.245.930 |
| 2.4.2 Material expenses | 260b | 7.503.883 | 8.154.246 |
| 2.4.3 Reservation expenses and other operational expenses | 260c | 15.797.255 | 14.446.362 |
| VI. INVESTMENT EXPENSES (262+263+264+265+266+270) | 261 | 14.160.785 | 24.484.971 |
| 1. Depreciation and adjustment of tangible assets not serving for carrying out activities | 262 | - | - |
| 2. Interests expenses | 263 | 16.553 | 3.279 |
| 3. Negative exchange rates differences | 264 | 3.568.374 | 3.025.941 |
| 4. Adjustment of values (unrealized losses, reduction to objective value) | 265 | 9.493.461 | 21.397.049 |
| 5. Realized losses from selling financial property – capital loss (267+268+269) | 266 | - | 58.702 |
| 5.1 Financial investment available for sale | 267 | - | - |
| 5.2 Financial investment for trading (at objective value) | 268 | - | 58.702 |

| | | | |
|---|------------|--------------------|-------------------|
| 5.3 Other financial investment | 269 | - | - |
| 6. Other investment expenses | 270 | 1.082.397 | - |
| VII. OTHER INSURANCE TECHNICAL EXPENSES, REDUCED FOR REINSURANCE (272+273) | 271 | 30.138.244 | 30.634.158 |
| 1. Prevention expenses | 272 | - | - |
| 2. Other insurance technical expenses, reduced for reinsurance | 273 | 30.138.244 | 30.634.158 |
| VIII. ADJUSTED VALUE OF RECIEVABLES FROM PREMIUMS | 274 | 19.690.868 | 15.144.840 |
| IX. OTHER EXPENDITURES, INCLUDING ADJUSTED VALUES | 275 | (937.820) | 238.103 |
| X. BUSINESS YEAR PROFIT BEFORE TAX (200-226) | 276 | 110.178.582 | 97.424.417 |
| XI. BUSINESS YEAR LOSS BEFORER TAX (226-200) | 277 | - | - |
| XII. PROFIT/LOSS TAX | 278 | 14.013.888- | 12.409.886 |
| XIII. DEFFERED TAX | 279 | - | - |
| XIV. BUSINESS YEAR PROFIT AFTER TAXATION (276-278-279) | 280 | 96.164.694 | 85.014.531 |
| XV. BUSINESS YEAR LOSS AFTER TAXATION (277-278-279) | 281 | - | - |
| XVI. OTHER COMPREHENSIVE PROFIT/(LOSS) | | 96.164.694 | 85.014.531 |
| Profit/loss from repeated measurement of funds available for sale | | 11.373.731 | (9.582.430) |
| Profit tax on components of comprehensive profit | | - | - |
| PROFIT/(LOSS) BELONGING TO SHAREHOLDERS | | 107.538.425 | 75.432.101 |

Annex 2 – BALANCE SHEET

As at 31 December 2023

In MKD

| Item | No. | | |
|---|------------|-----------------------|------------------------|
| | | Current Business Year | Previous Business Year |
| 1 | 2 | 4 | 5 |
| ASSETS | | | |
| A. INTANGIBLE ASSETS | 001 | 4.737.456 | 2.879.886 |
| 1. Goodwill | 002 | - | - |
| 2. Other intangible assets | 003 | 4.737.456 | 2.879.886 |
| B. INVESTMENT | 004 | 1.407.918.072 | 1.235.051.133 |
| I. LAND, BUILDINGS AND OTHER TANGIBLE ASSETS | 005 | - | - |
| 1. Land and building for carrying out activities | 006 | - | - |
| 1.1 Land | 007 | - | - |
| 1.2 Buildings | 008 | - | - |
| 2. Land and building not serving for carrying out activities | 009 | - | - |
| 2.1 Land | 010 | - | - |
| 2.2 Buildings | 011 | - | - |
| 2.3 Other tangible assets | 012 | - | - |
| II. FINANCIAL INVESTMENT IN A GROUP – BRANCHES, AFFILIATIONS AND JOINTLY CONTROLLED ENTITIES | 013 | 14.644.777 | 15.180.437 |
| 1. Shares, shares and other ownership securities in group companies - branches | 014 | - | - |
| 2. Debtors securities issued by group companies | 015 | - | - |
| 3. Shares, shares and other ownership securities in affiliations | 016 | - | - |
| 4. Debtors securities issued by affiliations | 017 | - | - |
| 5. Other financial investment in group companies - branches | 018 | - | - |
| 6. Other financial investment in affiliations | 019 | - | - |
| 7. Investment in jointly controlled entities | 020 | 14.644.777 | 15.180.437 |
| III. OTHER FINANCIAL INVESTMENT | 021 | 1.393.273.295 | 1.219.870.696 |
| 1. Financial investment kept to maturity | 022 | 664.702.702 | 449.796.213 |
| 1.1 Debtors securities – one year maturity | 023 | 138.861.282 | - |
| 1.2 Debtors securities – over one year maturity | 024 | 525.841.420 | 449.796.213 |
| 2. Financial investment available le for sale | 025 | 229.528.888 | 192.927.352 |

| | | | |
|--|------------|--------------------|--------------------|
| 2.1 Debtors securities – one year maturity | 026 | - | - |
| 2.2 Debtors securities – over one year maturity | 027 | - | - |
| 2.3 Shares, shares and other securities | 028 | - | 2.100.000 |
| 2.4 Shares and shares in investment fund | 029 | 229.528.888 | 190.827.352 |
| 3. Financial investment for trading | 030 | 62.797.162 | 58.398.417 |
| 3.1 Debtors securities – one year maturity | 031 | - | - |
| 3.2 Debtors securities – over one year maturity | 032 | - | - |
| 3.3 Shares, shares and other securities | 033 | 50.278.297 | 45.914.060 |
| 3.4 Shares and shares in investment fund | 034 | 12.518.865 | 12.484.357 |
| 4. Deposits, loans and other placements | 035 | 436.244.543 | 518.748.714 |
| 4.1 Give deposits | 036 | 436.244.543 | 518.748.714 |
| 4.2 Mortgage secured loans | 037 | - | - |
| 4.3 Other loans | 038 | - | - |
| 4.4 Other placements | 039 | - | - |
| 5. Derivative financial instruments | 040 | - | - |
| IV. DEPOSITIS OF REINSURANCE COMPANIES WITH CESSORS, BASED ON REINSURANCE TREATIES | 041 | - | - |
| C. PORTION FOR COINSURANCE, REINSURANCE IN GROSS TECHNICAL RESERVES | 042 | 118.901.552 | 136.380.551 |
| 1. Portion for coinsurance/reinsurance in unearned premium gross reserve | 043 | 64.515.498 | 91.031.824 |
| 2. Portion for coinsurance/reinsurance in gross mathematical reserve | 044 | - | - |
| 3. Portion for coinsurance/reinsurance in gross claim reserve | 045 | 54.386.054 | 45.348.727 |
| 4. Portion for coinsurance/reinsurance in bonus/discounts gross reserve | 046 | - | - |
| 5. Portion for coinsurance/reinsurance in gross equalization reserve | 047 | - | - |
| 6. Co-insurance and reinsurance portion in gross other technical reserve | 048 | - | - |
| 7. Portion for coinsurance/reinsurance in gross technical reserves for life insurance where investment risk is debited to the insured, | 049 | - | - |
| D. FINANCIAL INVESTMENT WHERE THE INSURED UNDERTAKES THE INVESTMENT RISK (INSURANCE CONTRACTS) | 050 | - | - |
| E. DEFERRED AND CURRENT TAX ASSETS | 051 | 2.191.353 | 2.982.315 |
| 1. Deferred tax assets | 052 | 2.187.716 | 2.678.813 |
| 2. Current tax assets | 053 | 3.637 | 303.502 |

| | | | |
|--|------------|----------------------|----------------------|
| F. RECEIVABLES | 054 | 324.701.277 | 345.158.058 |
| I. RECEIVABLES FROM DIRECT INSURANCE OPERATIONS | 055 | 303.285.394 | 326.470.052 |
| 1. Receivables from insured | 056 | 303.285.394 | 326.470.052 |
| 2. Receivables from intermediaries | 057 | - | - |
| 3. Other receivables from direct insurance operations | 058 | - | - |
| II. RECEIVABLES FROM COINSURANCE/REINSURANCE | 059 | - | - |
| 1. Receivables from coinsurance/reinsurance premiums | 060 | - | - |
| 2. Receivables from participation in claim payments arising from coinsurance/reinsurance | 061 | - | - |
| 3. Other receivables from coinsurance/reinsurance | 062 | - | - |
| III. OTHER RECEIVABLES | 063 | 21.415.883 | 18.688.006 |
| 1. Other receivables from direct insurance operations | 064 | 10.513.158 | 7.559.590 |
| 2. Receivables from financial investment | 065 | 9.286.950 | 8.427.033 |
| 3. Other receivables | 066 | 1.615.775 | 2.701.383 |
| IV. RECEIVABLES FROM SUBSCRIBED YET NOT PAID UP CAPITAL | 067 | - | - |
| G. OTHER ASSETS | 068 | 51.095.694 | 39.798.252 |
| I. TANGIBALE ASSTES FOR CARRYING OUT ACTIVITIES (EXCEPT LAND AND BUILDINGS (070+071)) | 069 | 13.644.967 | 7.557.963 |
| 1. Equipment | 070 | 12.808.604 | 6.721.600 |
| 2. Other tangible assets | 071 | 836.363 | 836.363 |
| II. CASH AND CASH EQUIVALENTS | 072 | 37.450.727 | 32.240.289 |
| 1. Cash in bank | 073 | 37.090.453 | 31.903.870 |
| 2. Cash at cashier | 074 | 360.274 | 336.419 |
| 3. Funds set aside for covering mathematical reserve | 075 | - | - |
| 4. Other cash and cash equivalents | 076 | - | - |
| III. STOSK AND PETTY INVENTORY | 077 | - | - |
| H. ACTIVE TIME APPORTIONMENTS | 078 | 108.624.263 | 98.117.850 |
| 1. Previously estimated revenues from interest and rents | 079 | - | - |
| 2. Deferred acquisition costs | 080 | 85.617.735 | 78.643.355 |
| 3. Other estimated revenues and deferred costs | 081 | 23.006.528 | 19.474.495 |
| 3. NON-CURRENT ASSETS KEPT FOR SSALE AND INTERUPTED OERATIONS | 082 | - | - |
| I. TOTAL ASSETS | 083 | 2.018.169.667 | 1.860.368.045 |
| J. OUT-OF-BALANCE RECORDS - ASSETS | 084 | 369.798.491 | 309.296.258 |
| LIABILITIES | | | |
| A. CAPITAL AND RESERVES | 085 | 729.002.416 | 641.463.991 |
| I. SUBSCRIBED CAPITAL | 086 | 195.326.080 | 195.326.080 |
| 1. Subscribed capital from ordinary shares | 087 | 195.326.080 | 195.326.080 |

| | | | |
|--|------------|----------------------|----------------------|
| 2. Subscribed capital from preferred shares | 088 | - | - |
| 3. Subscribed not paid up capital | 089 | - | - |
| II. PREMIUMS FOR ISSUED SHARES | 090 | - | - |
| III. REVALUATION RESERVE | 091 | 1.375.999 | (9.997.732) |
| 1. Tangible assets | 092 | - | - |
| 2. Financial investment | 093 | 1.375.999 | (9.997.732) |
| 3. Other revaluation reserves | 094 | - | - |
| IV. RESERVES | 095 | 251.053.103 | 222.714.926 |
| 1. Legal reserves | 096 | 251.053.103 | 222.714.926 |
| 2. Statutory reserves | 097 | - | - |
| 3. Own shares reserves | 098 | - | - |
| 4. Owen shares redeemed | 099 | - | - |
| 5 Other reserves | 100 | - | - |
| V. UNDISTRIBUTED NET PROFIT | 101 | 185.082.540 | 148.406.186 |
| VI. LOSS CARRIED FORWARD | 102 | - | - |
| VII. PROFIT IN THE CURRENT ACCOUNTING PERIOD | 103 | 96.164.694 | 85.014.531 |
| VIII. LOSS IN THE CURRENT ACCOUNTING PERIOD | 104 | - | - |
| B. SUBORDINATED RESERVES | 105 | - | - |
| C. GROS TECHNICAL PROVISIONS | 106 | 1.150.435.038 | 1.083.665.813 |
| I. Unearned premiums gross provision | 107 | 554.889.224 | 539.102.316 |
| II. Gross mathematical reserve | 108 | - | - |
| III. Claims gross provisions | 109 | 583.210.369 | 532.677.524 |
| IV. Bonus/discount gross provision | 110 | 3.735.445 | 11.885.973 |
| V. Equalization gross provision | 111 | - | - |
| VI. Other technical gross provisions | 112 | 8.600.000 | - |
| D. GROSS TECHNICAL PROVISIONS AS TO INSURANCE CONTRACTS WHERE THE INSURED UNDERTAKES THE INVESTMENT RISK | 113 | - | - |
| E. OTHER RESERVES | 114 | 4.773.701 | 4.140.756 |
| 1. Employees reserve | 115 | 4.773.701 | 4.140.756 |
| 2. Other reserves | 116 | - | - |
| F. DEFERRED AND CURRENT TAX LIABILITIES | 117 | 5.251.054 | 3.243.824 |
| 1. Deferred tax liabilities | 118 | 2.769.040 | 1.744.663 |
| 2. Current tax liabilities | 119 | 2.482.014 | 1.499.161 |
| G. LIABILITIES ARISING FROM DEPOSITS OF THE REINSURANCE COMPANIES WITH CESSORS, BASED ON REINSURANCE TREATIES | 120 | - | - |
| H. LIABILITIES | 121 | 46.337.538 | 50.073.737 |

| | | | |
|--|------------|----------------------|----------------------|
| I. LIABILITIES ARISING FROM DIRECT INSURANCE OPERATIONS | 122 | 219.765 | 2.034.517 |
| 1. <i>Liabilities to the insured</i> | 123 | 162.429 | 2.010.327 |
| 2. <i>Liabilities to agents and intermediaries</i> | 124 | - | - |
| 3. <i>Other liabilities arising from direct insurance operations</i> | 125 | 57.336 | 24.190 |
| II. LIABILITIES FROM COINSURANCE/REINSURANCE | 126 | 11.955.391 | 19.307.579 |
| 1. <i>Liabilities from coinsurance/reinsurance premiums</i> | 127 | 11.955.391 | 19.307.579 |
| 2. <i>Liabilities from participation in claim indemnity</i> | 128 | - | - |
| 3. <i>Other liabilities from coinsurance/reinsurance</i> | 129 | - | - |
| III. OTHER LIABILITIES | 130 | 34.162.382 | 28.731.641 |
| 1. <i>Other liabilities from direct insurance operations</i> | 131 | 8.355.285 | 8.669.590 |
| 2. <i>Liabilities from financial investment</i> | 132 | - | - |
| 3. <i>Other liabilities</i> | 133 | 25.807.097 | 20.062.051 |
| 3. PASSIVE TIME APPORTIONMENTS | 134 | 82.369.920 | 77.779.924 |
| I. NON-CURRENT LIABILITIES RELATED TO NON-CURRENT ASSETS KEPT FOR SALE AND INTERRUPTED OPERATIONS | 135 | - | - |
| J. TOTAL LIABILITIES | 136 | 2.018.169.667 | 1.860.368.045 |
| K. OUT-OF-BALANCE RECORDS - LIABILITIES | 137 | 369.798.491 | 309.296.258 |

Annex 3 - Calculation of solvency margin

in MKD

| Description | Item | Non-life insurance except health | | Health insurance to which the | | Non-life insurance except health | |
|--|-----------|----------------------------------|--------------------|-------------------------------|---------------|----------------------------------|---------------|
| | | Current year | Previous year | Current year | Previous year | Current year | Previous year |
| Gross written premium | 1 | 1.335.630.347 | 1.120.289.082 | | | | |
| Gross written premium < 10 mil Eur x 0.18 | 2 | 110.691.000 | 110.687.760 | | | | |
| Gross written premium > 10 mil Eur x 0.16 | 3 | 115.308.856 | 80.857.133 | | | | |
| Gross written premium < 10 mil Eur x 18/300 | 4 | | | 0 | 0 | | |
| Gross written premium > 10 mil Eur x 16/300 | 5 | | | 0 | 0 | | |
| Total amount of Gross written premium ((6)=[2] + [3] or [6]=[4] + [5]) | 6 | 225.999.856 | 191.544.893 | 0 | 0 | | |
| Gross paid claims | 7 | 441.935.025 | 373.266.060 | | | 441.935.025 | 373.266.060 |
| Net paid claims | 8 | 441.518.764 | 365.862.874 | | | 441.518.764 | 365.862.874 |
| Coefficient ((9)=[8]/[7] or 0.50, if smaller) | 9 | 1,00 | 0,98 | 0,00 | 0,00 | 1,00 | 0,98 |
| Solvency margin - Premium rate method ((10)= [6]*[9]) | 10 | 225.786.985 | 187.745.881 | 0 | 0 | | |
| Reference period (in years) | 11 | 3 | 3 | | | 7 | 7 |
| Gross paid claims in the reference period | 12 | 1.177.248.906 | 1.108.614.910 | | | 0 | 0 |
| Gross claim reserves at the end of the reference period | 13 | 595.545.814 | 544.563.497 | | | 0 | 0 |
| Gross claim reserves at the beginning of the reference period | 14 | 510.490.101 | 478.577.434 | | | | 0 |
| Gross incurred claims ((15)=[12] + [13] - [14])/[11]) | 15 | 420.768.206 | 391.533.658 | 0 | 0 | 0 | 0 |
| Gross incurred claims < 7 mil Eur x 0,26 | 16 | 109.399.734 | 101.798.751 | | | 0 | 0 |
| Gross incurred claims > 7 mil Eur x 0,23 | 17 | 0 | 0 | | | 0 | 0 |
| Gross incurred claims < 7 mil Eur x 26/300 | 18 | | | 0 | 0 | | |
| Gross incurred claims > 7 mil Eur x 23/300 | 19 | | | 0 | 0 | | |
| Total amount of Gross incurred claims ((20)=[16] + [17] or [20]=[18] + [19]) | 20 | 109.399.734 | 101.798.751 | 0 | 0 | 0 | 0 |
| Solvency margin - Claim rate method ((21)= [20]*[9]) | 21 | 109.296.689 | 99.779.722 | 0 | 0 | 0 | 0 |
| Required level of solvency margin ((22)=max([10],[21])) | 22 | 225.786.985 | 187.745.881 | 0 | 0 | | |

| Description | Item | Current year | Previous year |
|--|------|--------------|---------------|
| Final calculation of required level of solvency margin | 1 | 225.786.985 | 187.745.881 |

Appendix 4 - Calculation of equity

| | No. of position | Amount |
|---|-----------------|--------------------|
| | | 100 |
| Basic capital, article 69 (I1+I2+I3+I4+I5-I6-I7-I8-I9-I10-I11-I12-I13) | I | 627.000.855 |
| Paid in share capital excluding the share capital of the cumulative priority stocks | I1 | 195.326.080 |
| Premiums from issuance of ordinary shares | I2 | 0 |
| Legal and statutory reserves | I3 | 251.053.103 |
| Accumulated undistributed profit | I4 | 185.082.540 |
| Undistributed profit from current year | I5 | 0 |
| Personal stocks owned by the insurance company (treasury shares) | I6 | 0 |
| Long term intangible assets | I7 | 2.466.247 |
| Accumulated uncovered losses and loss from current year | I8 | 0 |
| Unrealized losses from AFS equity investments measured at fair value | I9 | 1.994.621 |
| Unrealized losses from valuation of AFS financial instruments | I10 | 0 |
| Net negative revaluation reserves and other differences from valuation arising from investments in associated companies or joint ventures valued at equity valuation method | I11 | 0 |
| Other deductible items arising from non-compliance with limits for investments of capital funds, as prescribed in article 73 from Law on insurance supervision | I12 | 0 |
| Additional capital, article 71 (II1+II2+II3+II4+II5+II6), if not greater than 50% of basic capital | II | 2.818.807 |
| Paid in share capital from cumulative priority stocks | II1 | 0 |
| Premium from issues cumulative priority shares | II2 | 0 |
| Subordinated debt instruments | II3 | 0 |
| Securities with undefined maturity | II4 | 0 |
| Unrealized gains from revaluation of AFS equity instruments measured at fair value | II5 | 2.818.807 |
| Unrealized gains from revaluation of AFS debt instruments measured at fair value | II6 | 0 |
| Total basic and additional capital I.+II. | III | 629.819.662 |
| Deductible items , article 72 (IV1+IV2) | IV | 0 |
| Investments in shares in legal entities from article 72 of the Law | IV1 | 0 |
| Investments in subordinated debts and other investments in legal entities from article 72 of the Law for Insurance Supervision | IV2 | 0 |
| EQUITY I + II - IV | V | 629.819.662 |
| | | |
| Required level of solvency margin (non-life insurance companies) | V1 | 225.786.985 |
| Required level of solvency margin (life insurance companies) | V2 | 0 |
| Equity | V3 | 629.819.662 |
| Guarantee fund | V4 | 184.485.000 |
| Surplus/deficit of Equity compared to Guarantee Fund (V5 = V3 -V4) | V5 | 445.334.662 |
| Surplus/deficit of Equity (for non-life) compared to required level of solvency margin (for non-life insurance companies)(V6 = V3 - V1) | V6 | 404.032.677 |
| Surplus/deficit of Equity (for life) compared to required level of solvency margin (for life insurance companies)(V6 = V3 - V1) | V7 | 0 |

Appendix 5 – Investments in funds that cover technical reserves

in MKD

| Description | Position | Allowed % (or amount) | Amount realized | Realized % | |
|---|-----------|-----------------------|-----------------|-------------|------|
| | | 1 | 2 | 3 | |
| Types of allowed investments | I | | | | |
| Cash on hand and cash in banks | 11 | 3% | 37.450.727 | 2,8% | |
| Deposits with banks holding valid licence from NBRNM | 12 | 60% | 409.000.000 | 30,5% | |
| Securities issued by RNM or NBRNM | 13 | 80% | | 0,0% | |
| Debt securities and other securities guaranteed by the RNM | 14 | 80% | 602.022.299 | 44,9% | |
| Debt securities and other securities guaranteed by local self-government units of RNM | 15 | 10% | | 0,0% | |
| Debt securities and other securities traded on regulated securities market in the RNM | 16 | 35% | | 0,0% | |
| Debt securities and other securities which are not traded on regulated securities market in the RNM, if the issuer is legal entity domiciled in the RNM | 17 | 5% | | 0,0% | |
| Shares traded on regulated securities market in the RNM | 18 | 25% | 0 | 0,0% | |
| Shares which are not traded on regulated securities market in the RNM, if the issuer is legal entity domiciled in the RNM | 19 | 5% | | 0,0% | |
| Equity interests in trading companies in the RNM | 110 | 5% | | 0,0% | |
| Equity interests and shares in investment funds registered in the RNM | 111 | 20% | 229.528.888 | 17,1% | |
| Long term debt securities and other long term securities issued by an EU member state or a member of the OECD | 112 | | | 0,0% | 4,7% |
| Long term debt securities and other long term securities issued by foreign legal entity from an EU member state or from a member of the OECD | 113 | 20% | | 0,0% | |
| Shares issued by foreign joint venture company which are traded on regulated securities market in the EU member states or states members of the OECD | 114 | | 14.067.364 | 1,0% | |
| Equity interests in investment funds which are traded on regulated securities market in the EU member states or states members of the OECD | 115 | | 48.729.798 | 3,6% | |
| Other investments according to the rules ISA, provided that it is not contrary to paragraph (2) of Article 89 of the Law on supervision | 116 | 10% from UPR | 0 | 0,0% | |
| Investments not provided for in the Rulebook | II | | | 0,0% | |

NOTE: Investments from item 5 and item 8 of this table can not exceed 5% for the same issuer and investments from item 7 and item 9 of this table can not exceed 1% for the same issuer.

| Description | Item | Amount |
|------------------------------------|------|---------------|
| Total allowed investments | III | 1.340.799.076 |
| Total net technical reserves | IV | 1.031.533.487 |
| Reserves for unearned premium | IV1 | 490.373.727 |
| Reserves for bonuses and discounts | IV2 | 3.735.445 |
| Claim reserves | IV3 | 528.824.315 |
| Other technical reserves | IV4 | 8.600.000 |
| Equalisation reserve | IV5 | |
| Difference (III-IV) | V | 309.265.589 |