



Financial Statements and Independent  
Auditor's report

EUROLINK Insurance Inc. Skopje

31 December 2024

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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 2024, 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 92.

#### *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 Macedonia<sup>1</sup>. 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 2024, 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.

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<sup>1</sup> 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 2024 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 2024, in accordance with auditing standards accepted in the Republic of North Macedonia<sup>2</sup>, 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 2024, 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 2024



Suzana Stavrikj  
Director  
Grant Thornton Doo, Skopje



Suzana Stavrikj  
Certified Auditor

Skopje, 18 March 2025

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<sup>2</sup> 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 2024

## Statement of financial position (Balance sheet)

As at 31.12.2024

In MKD

Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
<b>ASSETS</b>				
<b>A. INTANGIBLE ASSETS (002+003)</b>	<b>001</b>	<b>2.1</b>	<b>6.739.480</b>	<b>4.737.456</b>
1. Goodwill	002		-	-
2. Other intangible assets	003		6.739.480	4.737.456
<b>B. INVESTMENTS (005+013+021+041)</b>	<b>004</b>		<b>1.575.975.344</b>	<b>1.407.918.072</b>
<b>I. LAND, BUILDINGS AND OTHER TANGIBLE ASSETS (006+009)</b>	<b>005</b>	<b>2.2</b>	<b>-</b>	<b>-</b>
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		-	-
<b>II. FINANCIAL INVESTMENTS IN COMPANIES IN A GROUP – SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES (014+015+016+017+018+019+020)</b>	<b>013</b>	<b>2.3</b>	<b>14.283.117</b>	<b>14.644.777</b>
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		14.283.117	14.644.777
<b>III. OTHER FINANCIAL INVESTMENTS (022+025+030+035+040)</b>	<b>021</b>	<b>2.4</b>	<b>1.561.692.227</b>	<b>1.393.273.295</b>
<b>1. FINANCIAL INVESTMENTS HELD TO MATURITY (023+024)</b>	<b>022</b>	<b>2.4.1</b>	<b>852.487.292</b>	<b>664.702.702</b>
1.1 Debt securities with maturity up to one year	023		79.168.199	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 2024

Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3		
1.2 Debt securities with maturity over one year	024		773.319.093	525.841.420
<b>2. Financial investments available-for-sale (026+027+028+029)</b>	<b>025</b>	2.4.2	<b>203.106.101</b>	<b>229.528.888</b>
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		-	-
2.4 Shares and equity interests in investment funds	029		203.106.101	229.528.888
<b>3. Financial investments for trading (031+032+033+034)</b>	<b>030</b>	2.4.3	<b>70.732.698</b>	<b>62.797.162</b>
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		56.364.756	50.278.297
3.4 Shares and equity interests in investment funds	034		14.367.942	12.518.865
<b>4. Deposits, loans and other placements (036+037+038+039)</b>	<b>035</b>	2.4.4	<b>435.366.136</b>	<b>436.244.543</b>
4.1 Given deposits	036		435.366.136	436.244.543
4.2 Loans secured with mortgages	037		-	-
4.3 Other loans	038		-	-
4.4 Other placements	039		-	-
<b>5. Derivative financial instruments</b>	<b>040</b>		-	-
<b>IV. DEPOSITS OF REINSURANCE COMPANIES AT CEDENTS, BASED ON REINSURANCE CONTRACTS</b>	<b>041</b>		-	-
<b>C. PART FOR CO-INSURANCE AND REINSURANCE IN GROSS TECHNICAL PROVISIONS (043+044+045+046+047+048+049)</b>	<b>042</b>	2.5	<b>159.038.419</b>	<b>118.901.552</b>
1. Part for co-insurance and reinsurance in gross unearned premium reserve	043		113.146.895	64.515.498
2. Part for co-insurance and reinsurance in gross mathematical reserve	044		-	-
3. Part for co-insurance and reinsurance in gross claims reserve	045		45.891.524	54.386.054
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		-	-

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Financial Statements  
31 December 2024

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		-	-
<b>D. FINANCIAL INVESTMENTS WHERE THE INSURER TAKES OVER THE INVESTMENT RISK (INSURANCE CONTRACTS)</b>	<b>050</b>		-	-
<b>E. DEFERRRED AND CURRENT TAX ASSETS (052+053)</b>	<b>051</b>	2.6	432.010	2.191.353
1. Deferred tax assets	052		428.107	2.187.716
2. Current tax assets	053		3.903	3.637
<b>F. RECEIVABLES (055+059+063+067)</b>	<b>054</b>	2.7	396.109.694	324.701.277
<b>I. RECEIVABLES FROM DIRECT INSURANCE WORKS (056+057+058)</b>	<b>055</b>		368.165.323	303.285.394
1. Receivables from insurers	056		368.165.323	303.285.394
2. Receivables from agents	057		-	-
3. Other receivables from direct insurance works	058		-	-
<b>II. RECEIVABLES FROM DIRECT CO-INSURANCE AND REINSURANCE WORKS (060+061+062)</b>	<b>059</b>		-	-
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		-	-
<b>III. OTHER RECEIVABLES (064+065+066)</b>	<b>063</b>		27.944.371	21.415.883
1. Other receivables from direct insurance works	064		6.534.557	10.513.158
2. Receivables from financial investments	065		19.346.335	9.286.950
3. Other receivables	066		2.063.479	1.615.775
<b>IV. RECEIVABLES BASED ON SUBSCRIBED BUT NOT PAID CAPITAL</b>	<b>067</b>		-	-
<b>G. OTHER ASSETS (069+072+077)</b>	<b>068</b>		29.764.763	51.095.694
<b>I. TANGIBLE ASSETS USED FOR OPERATIONS (OTHER THAN LAND AND BUILDINGS) (070+071)</b>	<b>069</b>	2.8	15.677.116	13.644.967
1. Equipment	070		14.840.753	12.808.604
2. Other tangible assets	071		836.363	836.363

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Financial Statements  
31 December 2024

Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
<b>II. CASH AND OTHER CASH EQUIVALENTS (073+074+075+076)</b>	<b>072</b>	2.9	<b>14.087.647</b>	<b>37.450.727</b>
1. Cash in banks	073		13.897.202	37.090.453
2. Cash on hand	074		190.445	360.274
3. Restricted cash to cover mathematical reserves	075		-	-
4. Other cash and cash equivalents	076		-	-
<b>III. INVENTORIES AND SMALL INVENTORY</b>	<b>077</b>		-	-
<b>H. PREPAIDS (079+080+081)</b>	<b>078</b>	2.10	<b>129.136.741</b>	<b>108.624.263</b>
1. Accrued income based on interest and rents	079		-	-
2. Deferred acquisition costs	080		92.232.330	85.617.735
3. Other accrued income and deferred expenses	081		36.904.411	23.006.528
<b>I. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>082</b>		-	-
<b>J. TOTAL ASSETS (A+B+C+D+E+F+G+H+I)</b>	<b>083</b>		<b>2.297.196.451</b>	<b>2.018.169.667</b>
<b>K. OFF-BALANCE SHEET – ASSETS</b>	<b>084</b>	4	<b>411.575.339</b>	<b>369.798.491</b>
<b>LIABILITIES</b>				
<b>A. EQUITY AND RESERVES (086+090+091+095+101-102+103-104)</b>	<b>085</b>		<b>794.623.198</b>	<b>729.002.416</b>
<b>I. SUBSCRIBED CAPITAL (087+088+089)</b>	<b>086</b>	2.11	<b>195.326.080</b>	<b>195.326.080</b>
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		-	-
<b>II. PREMIUMS ON SHARES ISSUED</b>	<b>090</b>		-	-
<b>III. REVALUATION RESERVES (092+093+094)</b>	<b>091</b>	2.11	<b>(804.509)</b>	<b>1.375.999</b>
1. Tangible assets	092		-	-
2. Financial investments	093		(804.509)	1.375.999
3. Other revaluation reserves	094		-	-
<b>IV. RESERVES (096+097+098-099+100)</b>	<b>095</b>	2.11	<b>283.108.001</b>	<b>251.053.103</b>
1. Legal reserves	096		283.108.001	251.053.103
2. Statutory reserves	097		-	-
3. Reserves for treasury shares	098		-	-

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Financial Statements  
31 December 2024

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		-	-
<b>V. RETAINED EARNINGS, NET</b>	<b>101</b>		<b>219.192.336</b>	<b>185.082.540</b>
<b>VI. LOSSES CARRIED FORWARD</b>	<b>102</b>		-	-
<b>VII. PROFIT FOR THE CURRENT ACCOUNTING PERIOD</b>	<b>103</b>		<b>97.801.290</b>	<b>96.164.694</b>
<b>VIII. LOSS FOR THE CURRENT ACCOUNTING PERIOD</b>	<b>104</b>		-	-
<b>B. SUBORDINATED LIABILITIES</b>	<b>105</b>		-	-
<b>C. GROSS TECHNICAL PROVISIONS (107+108+109+110+111+112)</b>	<b>106</b>	2.12	<b>1.278.030.491</b>	<b>1.150.435.038</b>
I. Gross unearned premium reserves	107		645.185.684	554.889.224
II. Gross mathematical reserve	108		-	-
III. Gross claim s reserve	109		623.779.707	583.210.369
IV .Gross reserves for bonuses and discounts	110		9.065.101	3.735.445
V. Gross equalization reserve	111		-	-
VI. Gross other technical provisions	112		-	8.600.000
<b>D. GROSS TECHNICAL PROVISIONS RELATED TO CONTRACTS WHERE THE INSURER TAKES OVER THE INVESTMENT RISK</b>	<b>113</b>		-	-
<b>E. OTHER RESERVES (115+116)</b>	<b>114</b>		<b>14.273.194</b>	<b>4.773.701</b>
1. Reserves for employees	115	2.13	6.472.025	4.773.701
2. Other reserves	116		7.801.169	-
<b>F. DEFERRED AND CURRENT TAX LIABILITIES (118+119)</b>	<b>117</b>	2.14	<b>3.738.893</b>	<b>5.251.054</b>
1. Deferred tax liabilities	118		555.793	2.769.040
2. Current tax liabilities	119		3.183.100	2.482.014
<b>G. LIABILITIES ARAISING FROM DEPOSITS OF COMPANIES FOR REINSURANCE AT CEDENTS, BASED ON INSURANCE CONTRACTS</b>	<b>120</b>		-	-
<b>H. LIABILITIES (122+126+130)</b>	<b>121</b>	2.15	<b>29.595.903</b>	<b>46.337.538</b>
<b>I. LIABILITIES FROM DIRECT INSURANCE WORKS (123+124+125)</b>	<b>122</b>		-	<b>219.765</b>
1. Liabilities to insurers	123		-	162.429
2. Liabilities to agents	124		-	-

See accompanying notes to the financial statements


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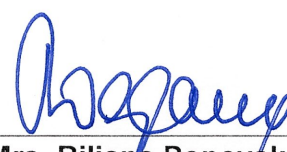
Statement of financial position (Balance sheet) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
3. Other liabilities from direct insurance works	125		0	57.336
<b>II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE WORKS (127+128+129)</b>	<b>126</b>		<b>4.977.660</b>	<b>11.955.391</b>
1. Liabilities based on co-insurance and reinsurance premiums	127		4.977.660	11.955.391
2. Liabilities based on participation in coverage of claims	128		-	-
3. Other liabilities from co-insurance and reinsurance works	129		-	-
<b>III. OTHER LIABILITIES (131+132+133)</b>	<b>130</b>		<b>24.618.243</b>	<b>34.162.382</b>
1. Other liabilities from direct insurance works	131		7.059.530	8.355.285
2. Liabilities from financial investments	132		-	-
3. Other liabilities	133		17.558.713	25.807.097
<b>I. ACCRUALS</b>	<b>134</b>	<b>2.16</b>	<b>176.934.772</b>	<b>82.369.920</b>
<b>J. NON-CURRENT LIABILITIES RELATED TO NON-CURRENT ASSETS HEL-FOR-SALE AND DISCONTINUED OPERATIONS</b>	<b>135</b>		-	-
<b>K. TOTAL EQUITY AND LIABILITIES A+B+C+D+E+F+G+H+I+J</b>	<b>136</b>	<b>4</b>	<b>2.297.196.451</b>	<b>2.018.169.667</b>
<b>L. OFF-BALANCE SHEET - LIABILITIES</b>	<b>137</b>	<b>4</b>	<b>411.575.339</b>	<b>369.798.491</b>

These financial statements have been approved by the Supervisory Board of the Company on 25 February 2025.

Signed on its behalf by:

  
**Mrs. Marija Tomeska**  
 President of Management Board

  
**Mrs. Maja Bogdanovska-Stojanoska**  
 Member of Management Board

  
**Mrs. Biljana Popovska**  
 Director of Accounting Department  
 licence no. 0111359

**Statement of Comprehensive Income (Income Statement)**

For the year then ended on 31.12.2024

In MKD

Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
<b>A. REVENUES FROM OPERATIONS (201+210+223a+224+225)</b>	<b>200</b>		<b>1.182.461.394</b>	<b>1.069.099.186</b>
<b>I. EARNED PREMIUM (NET PREMIUM INCOME) (202+203+204-205-206-207+208+209)</b>	<b>201</b>	<b>3.1</b>	<b>1.020.937.817</b>	<b>951.935.950</b>
1. Gross policy insurance premium	202		1.489.752.423	1.339.084.743
2. Gross policy co-insurance premium	203		2.372.697	-
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		429.522.241	344.845.558
6. Change in gross unearned premium reserves	207		90.296.459	15.786.909
7. Change in gross unearned premium reserves– part for co-insurance	208		-	-
8. Change in gross unearned premium reserves– part for reinsurance	209		48.631.397	-26.516.326
<b>II. INCOME FROM INVESTMENTS (211+212+216+217+218+219+223)</b>	<b>210</b>	<b>3.2</b>	<b>82.093.321</b>	<b>50.561.391</b>
<b>1. Income from subsidiaries, associates and joint controlled entities</b>	<b>211</b>		-	-
<b>2. Income from investments in land and buildings(213+214+215)</b>	<b>212</b>		-	-
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		-	-
<b>3. Interest income</b>	<b>216</b>		<b>41.569.607</b>	<b>27.328.415</b>
<b>4. Foreign exchange gains</b>	<b>217</b>		<b>3.677.993</b>	<b>2.860.862</b>
<b>5. Value adjustments (unrealized gains, reduction at fair value)</b>	<b>218</b>		<b>15.152.035</b>	<b>14.590.000</b>
<b>6. Realized gains from sale of financial assets-capital gains(220+221+222)</b>	<b>219</b>		<b>17.859.072</b>	<b>3.886.391</b>
6.1 Financial investments available-for-sale	220		17.859.072	3.886.391
6.2 Financial investments for trading (at fair value)	221		-	-
6.3 Other financial investments	222		-	-
<b>7. Other income from investments</b>	<b>223</b>		<b>3.834.614</b>	<b>1.895.723</b>

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Financial Statements  
31 December 2024

Statement of comprehensive income (Income statement) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
<b>III. INCOME FROM REINSURANCE PROVISIONS</b>	<b>223a</b>		<b>61.022.050</b>	<b>49.387.565</b>
<b>IV. OTHER INSURANCE TECHNICAL INCOME, LESS FOR REINSURANCE</b>	<b>224</b>	<b>3.3</b>	<b>7.780.375</b>	<b>6.671.894</b>
<b>V. OTHER INCOME</b>	<b>225</b>	<b>3.4</b>	<b>10.627.831</b>	<b>10.542.386</b>
<b>B. EXPENSES FROM OPERATIONS (227+235+245+248+251+261+271+274+275)</b>	<b>226</b>		<b>1.069.057.767</b>	<b>958.920.604</b>
<b>I. CLAIMS INCURRED (Claims expenses, net) (228-229-230-231+232-233-234)</b>	<b>227</b>	<b>3.5</b>	<b>555.033.697</b>	<b>479.718.071</b>
1. Gross paid claims	228		524.600.375	441.935.025
2. Income decrease from gross realized subrogation receivables	229		3.347.014	3.296.211
3. Gross paid claims – part for co-insurance	230		-	-
4. Gross paid claims – part for reinsurance/retrocession	231		15.283.533	416.261
5. Changes in gross claim s reserve	232		40.569.339	50.532.845
6. Changes in gross claim s reserve– part for co-insurance	233		-	-
7. Changes in gross claim s reserve– part for reinsurance	234		(8.494.530)	9.037.327
<b>II. CHANGES IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE (236+239+242)</b>	<b>235</b>	<b>3.6</b>	<b>(3.270.344)</b>	<b>449.472</b>
<b>1. Changes in mathematical reserve, net of reinsurance (237-238)</b>	<b>236</b>		-	-
1.1 Changes in gross mathematical reserve	237		-	-
1.2 Changes in gross mathematical reserve – part for co-insurance/reinsurance	238		-	-
<b>2. Changes in equalization reserve, net of reinsurance (240-241)</b>	<b>239</b>		-	-
2.1. Changes in gross equalization reserve	240		-	-
2.2 Changes in gross equalization reserve – part for co-insurance/ reinsurance	241		-	-
<b>3. Changes in other technical provisions, net of reinsurance (243-244)</b>	<b>242</b>		<b>(3.270.344)</b>	<b>449.472</b>
3.1 Changes in other gross technical provisions	243		(3.270.344)	449.472
3.2 Changes in other gross technical provisions – part for co-insurance and reinsurance	244		-	-
<b>III. CHANGES IN GROSS MATHEMATICAL RESERVE FOR LIFE INSURANCE WHERE THE INSURER TAKES OVER THE INVESTMENT RISK, NET OF REINSURANCE (246-247)</b>	<b>245</b>		-	-
1. 0Changes in gross mathematical reserve for life insurance where the insurer takes over the investment risk	246		-	-

See accompanying notes to the financial statements

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

Financial Statements  
31 December 2024

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		-	-
<b>IV. EXPENSES FOR BONUSES AND DISCOUNTS, NET OF REINSURANCE (249+250)</b>	<b>248</b>	<b>3.7</b>	<b>24.298.785</b>	<b>21.706.972</b>
1. Expenses for bonuses (related to result)	249		508.722	89.213
2. Expenses for discounts (not related to result)	250		23.790.063	21.617.759
<b>V. NET EXPENSES FOR INSURANCE IMPLEMENTATION (252+256)</b>	<b>251</b>		<b>438.447.715</b>	<b>393.990.752</b>
<b>1. Acquisition costs(253+253a+254+255)</b>	<b>252</b>	<b>3.8</b>	<b>217.783.705</b>	<b>199.544.441</b>
1.1 Fees	253		90.443.487	79.995.059
1.2 Gross salaries for employees in the internal sales network	253a		130.766.361	123.904.776
1.3 Other acquisition costs	254		3.188.452	2.618.986
1.4 Change in Deferred acquisition costs (+/-)	255		(6.614.595)	(6.974.380)
<b>2. Administration expenses (257+258+259+260)</b>	<b>256</b>	<b>3.9</b>	<b>220.664.010</b>	<b>194.446.311</b>
2.1 Depreciation of tangible and intangible assets that serve in ordinary course of operations	257		5.668.471	4.828.338
2.2 Costs for employees (258a+258б+258в+258г+258д)	258		72.827.717	64.603.627
2.2.1 Salaries and compensations	258a		41.776.282	37.864.193
2.2.2 Expenses for taxes on salaries and compensations	258б		3.907.559	3.540.349
2.2.3 Contributions for mandatory social insurance	258в		17.766.005	16.101.831
2.2.4 Costs for additional pension insurance for employees	258г		-	-
2.2.5 Other costs for employees	258д		9.377.871	7.097.254
2.3 Charges for services of individuals who perform no operations (contracts, copyright agreements and other legal relations) all fees included	259		21.150.948	19.586.921
2.4 Other administration expenses (260a+260б+260в)	260		121.016.874	105.427.425
2.4.1 Costs for services	260a		90.216.828	82.126.287
2.4.2 Operating costs	260б		5.909.591	7.503.883
2.4.3 Costs for reservations and other operating costs	260в		24.890.455	15.797.255
<b>VI. EXPENSES FROM INVESTMENTS (262+263+264+265+266+270)</b>	<b>261</b>		<b>10.901.410</b>	<b>14.160.785</b>
<b>1. Depreciation and value adjustments of tangible assets not used for operations</b>	<b>262</b>		-	-
<b>2. Interest expenses</b>	<b>263</b>		<b>4.290</b>	<b>16.553</b>

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 2024

Statement of comprehensive income (Income statement) (continued)			In MKD	
Description	No. of Item	Note	Amount	
			Current year	Previous year
1	2	3	4	5
<b>3. Foreign exchange losses</b>	<b>264</b>		<b>2.154.691</b>	<b>3.568.374</b>
<b>4. Impairment provision (unrealized losses, reduction at fair value)</b>	<b>265</b>		<b>8.742.429</b>	<b>9.493.461</b>
<b>5. Realized losses from sale of financial assets-capital loss (267+268+269)</b>	<b>266</b>		-	-
5.1 Financial investments available-for-sale	267		-	-
5.2 Financial investments for trading (at fair value)	268		-	-
5.3 Other financial investments	269		-	-
<b>6. Other expenses from investments</b>	<b>270</b>		-	<b>1.082.397</b>
<b>VII. OTHER INSURANCE TECHNICAL EXPENSES, LESS FOR REINSURANCE (272+273)</b>	<b>271</b>	<b>3.10</b>	<b>28.544.165</b>	<b>30.138.244</b>
1. Expenses for prevention	272		-	-
2. Other insurance technical expenses, less for reinsurance	273		28.544.165	30.138.244
<b>VIII. VALUE ADJUSTMENTS OF RECEIVABLES BASED ON PREMIUM</b>	<b>274</b>	<b>3.11</b>	<b>12.643.028</b>	<b>19.690.868</b>
<b>IX. OTHER EXPENSES, INCLUDING VALUE ADJUSTMENTS</b>	<b>275</b>	<b>3.12</b>	<b>2.459.311</b>	<b>(934.560)</b>
<b>X. PROFIT FOR THE YEAR BEFORE TAXATION (200-226)</b>	<b>276</b>		<b>113.403.627</b>	<b>110.178.582</b>
<b>XI. LOSS FOR THE YEAR BEFORE TAXATION (226-200)</b>	<b>277</b>		-	-
<b>XII. INCOME TAX (EXPENSE)</b>	<b>278</b>	<b>3.13</b>	<b>15.602.337</b>	<b>14.013.888</b>
<b>XIII. DEFERRED TAX</b>	<b>279</b>		-	-
<b>XIV. PROFIT FOR THE YEAR AFTER TAXATION (276-278-279)</b>	<b>280</b>		<b>97.801.290</b>	<b>96.164.694</b>
<b>XV. LOSS FOR THE YEAR AFTER TAXATION (277-278-279)</b>	<b>281</b>		-	-
<b>XVI. OTHER COMPREHENSIVE INCOME / (LOSS)</b>			<b>97.801.290</b>	<b>96.164.694</b>
Changes at fair value of financial assets available-for-sale			(2.180.508)	11.373.731
Income tax on components from other comprehensive income			-	-
<b>PROFIT / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS</b>			<b>95.620.782</b>	<b>107.538.425</b>

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 2024

## 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
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>I. CASH INFLOWS FROM OPERATING ACTIVITIES (301+302+303+304+305)</b>	<b>300</b>	<b>1.482.786.985</b>	<b>1.404.313.898</b>
1. Insurance and co-insurance premiums and advances received	301	1.467.503.452	1.398.637.991
2. Reinsurance and retrocession premium	302	-	-
3. Inflows from participation in coverage of claims	303	15.283.533	416.261
4. Interest received from insurance works	304	-	-
5. Other inflows from operating activities	305	-	5.259.646
<b>II. CASH OUTFLOWS FROM OPERATING ACTIVITIES (307+308+309+310+311+312+313+314)</b>	<b>306</b>	<b>1.355.461.495</b>	<b>1.240.566.434</b>
1. Paid claims, agreed insurance amounts, participation in coverage of claims from co-insurance and advances given	307	524.820.141	443.749.777
2. Paid claims and participation in coverage of claims from reinsurance and retrocession	308	-	-
3. Co-insurance, reinsurance and retrocession premiums	309	341.935.057	347.607.750
4. Fees and other personal expenses	310	203.594.078	187.326.349
5. Other expenses for insurance works	311	255.683.353	251.185.969
6. Interests paid	312	4.290	16.553
7. Income tax and other charges	313	14.993.495	10.680.036
8. Other outflows from regular activities	314	14.431.082	-
<b>III. CASH INFLOW FROM OPERATING ACTIVITIES, NET (300-306)</b>	<b>315</b>	<b>127.325.490</b>	<b>163.747.464</b>
<b>IV. CASH OUTFLOWS FROM OPERATING ACTIVITIES, NET (306-300)</b>	<b>316</b>	<b>-</b>	<b>-</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>I. CASH INFLOWS FROM INVESTING ACTIVITIES (318+319+320+321+322+323+324+325)</b>	<b>317</b>	<b>76.798.664</b>	<b>89.142.375</b>
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	41.453.828	61.960.551
7. Dividends received and other participation in income	324	3.834.614	1.895.723
8. Interest received	325	31.510.222	25.386.101

See accompanying notes to the financial statements

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



Financial Statements  
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Statement of cash flows (continued)		In MKD	
DESCRIPTION	No. of Item	Amount	
		Current year	Previous year
1	2	3	4
<b>II. CASH OUTFLOWS FROM INVESTING ACTIVITIES (327+328+329+330+331+332+333+334)</b>	<b>326</b>	<b>197.487.234</b>	<b>227.679.401</b>
1. Outflows from intangible assets	327	3.053.134	2.988.605
2. Outflows from tangible assets	328	6.649.510	9.784.307
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	187.784.590	214.906.489
6. Outflows from other financial placements	332	-	-
7. Outflows from dividends and other participation in income	333	-	-
8. Outflows from interests	334	-	-
<b>III. CASH INFLOW FROM INVESTING ACTIVITIES, NET (317-326)</b>	<b>335</b>	<b>-</b>	<b>-</b>
<b>IV. CASH OUTFLOWS FROM INVESTING ACTIVITIES, NET (326-317)</b>	<b>336</b>	<b>120.688.570</b>	<b>138.537.026</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>I. CASH INFLOWS FROM FINANCING ACTIVITIES (338+339+340)</b>	<b>337</b>	<b>-</b>	<b>-</b>
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	-	-
<b>II. CASH OUTFLOWS FROM FINANCING ACTIVITIES (342+343+344)</b>	<b>341</b>	<b>30.000.000</b>	<b>20.000.000</b>
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	30.000.000	20.000.000
<b>III. CASH INFLOWS FROM FINANCING ACTIVITIES, NET (337-341)</b>	<b>345</b>	<b>-</b>	<b>-</b>
<b>IV. CASH OUTFLOWS FROM FINANCING ACTIVITIES, NET (341-337)</b>	<b>346</b>	<b>30.000.000</b>	<b>20.000.000</b>
<b>D. TOTAL CASH INFLOWS (300+317+337)</b>	<b>347</b>	<b>1.559.585.649</b>	<b>1.493.456.273</b>
<b>E. TOTAL CASH OUTFLOWS (306+326+341)</b>	<b>348</b>	<b>1.582.948.729</b>	<b>1.488.245.835</b>
<b>F. CASH INFLOWS, NET (347-348)</b>	<b>349</b>	<b>-</b>	<b>5.210.438</b>
<b>G. CASH OUTFLOWS, NET (348-347)</b>	<b>350</b>	<b>23.363.080</b>	<b>-</b>
<b>H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	<b>351</b>	<b>37.450.727</b>	<b>32.240.289</b>
<b>I. EFFECT ROM CHANGE IN FOREIGN EHXCHANGE CURRENCY IN CASH AND CASH EQUIVALENTS</b>	<b>352</b>	<b>-</b>	<b>-</b>
<b>J. CASH AND CASH EQUIVALENTS AT THE END OF THE ACCOUNTING PERIOD (349-350+351+352)</b>	<b>353</b>	<b>14.087.647</b>	<b>37.450.727</b>

See accompanying notes to the financial statements

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



Financial Statements  
31 December 2024

## Statement of Changes in Equity

In MKD	Share capital	Premiums from issued shares	Legal reserves	Statutory reserves	Reserves of treasury shares	Other reserves	Total 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
<b>As at 01 January 2024</b>	<b>195.326.080</b>	-	<b>251.053.103</b>	-	-	-	<b>251.053.103</b>	-	<b>1.375.999</b>	<b>185.082.540</b>	<b>96.164.694</b>	<b>729.002.416</b>
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments in the previous period	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 01 January 2024 – adjusted</b>	<b>195.326.080</b>	-	<b>251.053.103</b>	-	-	-	<b>251.053.103</b>	-	<b>1.375.999</b>	<b>185.082.540</b>	<b>96.164.694</b>	<b>729.002.416</b>
<b>Profit or loss for 2024</b>	-	-	-	-	-	-	-	-	-	-	97.801.290	97.801.290
Profit or loss for 2024	-	-	-	-	-	-	-	-	-	-	97.801.290	97.801.290
<b>Non-owners' changes in equity</b>	-	-	-	-	-	-	-	-	(2.180.508)	-	-	(2.180.508)
Unrealized profit/loss from tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized profit/loss from financial investments available-for-sale	-	-	-	-	-	-	-	-	15.678.564	-	-	15.678.564
Realized profit/loss from financial investments available-for-sale	-	-	-	-	-	-	-	-	(17.859.072)	-	-	(17.859.072)
Other non-owners' changes in equity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>	-	-	32.054.898	-	-	-	32.054.898	-	-	34.109.796	(96.164.694)	162.329.388
Increase / Decrease of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Other payments made by owners	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(30.000.000)	-	(30.000.000)
Other allocation to owners	-	-	32.054.898	-	-	-	32.054.898	-	-	64.109.796	(96.164.694)	192.329.388
<b>As at 31.12.2024</b>	<b>195.326.080</b>	-	<b>283.108.001</b>	-	-	-	<b>283.108.001</b>	-	<b>(804.509)</b>	<b>219.192.336</b>	<b>97.801.290</b>	<b>794.623.198</b>

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

Financial Statements  
31 December 2024

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

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

## 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, 2024 employs 208 employees (2023: 200 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.

Company's Financial Statements have been prepared on the basis of historical cost principle, except for financial assets, which have been prepared on the basis of fair value through profit and loss and financial assets available for sale validated according to fair value. Bases for measurement of each separate asset, obligation, revenues and expenses are described in details further in this Note.

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).

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

## 1.2 Applied accounting policies and valuation techniques (continued)

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

### Standards that have been published but are not yet in effect

On 3 April 2024, the Rulebook on Accounting was published in the Official Gazette No. 75, according to which accounting is conducted in accordance with the International Financial Reporting Standards and the International Financial Reporting Standards for Small and Medium-sized Entities. International Financial Reporting Standards comprise International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Interpretations of the Standing Interpretations Committee (SIC) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), established by the International Accounting Standards Board (IASB). This Rulebook will enter into force on 1 January 2025, whereby the Rulebook on Accounting ("Official Gazette of the Republic of Macedonia" No. 159/09, 164/10 and 107/11) ceases to be valid on the day of entry into force of this Rulebook.

In addition, International Financial Reporting Standard 17 Insurance Contracts as well as International Financial Reporting Standard 9 will be effective from 1 January 2028. With respect to the application of International Financial Reporting Standard 16 Leasing, the Company identified 42 leases with an estimated average lease duration of 25 years. Based on the Company's preliminary calculations, the amount of right-of-use assets and lease obligation are estimated to be 287,176,306 denars.

The remaining standards that are effective from 1 January 2025, will not have a significant impact on the financial statements.

### 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 can not 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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### 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:

	<b>2024</b>	<b>2023</b>
	MKD	MKD
1 EUR	61.4950	61.4950
1 USD	58.8807	55.6516
1 GBP	74.1350	70.7612
1 CHF	65.1775	66.4093

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### **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.

#### *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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### 1.2.4 Property and equipment (continued)

##### *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.

#### 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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### 1.2.6 Financial instruments

#### *Classification of financial assets*

Financial assets are classified into four categories, depending on the purpose for which 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 2024 and 2023 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 2024 and 2023, 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 2024 and 2023, 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.

*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 2024 and 2023, 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.



Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### 1.2.6 Financial instruments (continued)

#### *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 derecognises 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.

#### *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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### 1.2.6 Financial instruments (continued)

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%

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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### 1.2.7 Impairment of financial assets (continued)

#### *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 2024

### 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 Genal 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% (2023: 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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **1.2.10 Current and deferred tax (continued)**

##### *Minimum Global Income Tax*

As of 31 December 2024, the company recorded a minimum global income tax reserve in the amount of 7,801,169 denars, which refers to an additional income tax calculated by the application of a 15% tax rate. This tax has been calculated in accordance with the Law on Minimum Global Income Tax published in the General Gazette of RSM no. 3 of 03.01.2025, which provides a global minimum tax level for groups of multinational companies and large domestic groups. This tax will be declared to the Public Revenue Office at the latest 15 months after the expiration of the last day of the fiscal year.

#### **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.

#### **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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **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.

#### **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*

Costs for bonuses represent costs for accomplishing a good technical result in accordance with the conditions in the concluded insurance contracts.

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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **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.

#### **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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### **1.2.17 Insurance contracts (continued)**

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.

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.



Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **1.2.17 Insurance contracts (continued)**

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.

#### **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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

**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 materialy significant.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### 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 2024

### 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. Basic Chain Ladder based on paid claims,
2. Basic Chain Ladder based on reported claims,
3. Expected claim method (Expected claim technique) ,
4. Bornhuetter - Ferguson method 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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

### **1.3 Accounting estimates and judgments (continued)**

#### *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.

#### *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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **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.

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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### 1.4 Insurance and financial risk management (continued)

##### *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>	<b>2024</b>	<b>2023</b>
<b>Assets</b>	422.087.648	446.450.727
Bank deposits and cash equivalents	787.625.449	602.022.299
Bonds and other securities guaranteed by RNM	203.106.101	229.528.888
Securities available-for-sale	70.732.698	62.797.162
Financial Investments for Trading	<b>1.483.551.896</b>	<b>1.340.799.076</b>
<b>Liabilities (net technical reserves)</b>		
Reserves for transferred premiums, net of the reinsurers part	532.038.789	490.373.727
Reserves for bonuses and discounts	9.065.101	3.735.445
Other technical reserves	-	8.600.000
Reserves for claims, net of the reinsurers part	577.888.183	528.824.315
	<b>1.118.992.072</b>	<b>1.031.533.486</b>
<b>Asset / liability matching</b>	<b>312.757.761</b>	<b>309.265.590</b>

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.

##### *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).

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **1.4 Insurance and financial risk management (continued)**

##### **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 2024

#### 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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

## 1.4 Insurance and financial risk management (continued)

### *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.

#### **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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **1.4 Insurance and financial risk management (continued)**

##### *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.

##### *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.

##### *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.

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### **1.4 Insurance and financial risk management (continued)**

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 2024

**1.4 Insurance and financial risk management (continued)****Interest rate risk (continued)**

As at 31 December 2024

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	
<b>Assets</b>								
Debt securities held to maturity	852.487.292	-	-	-	-	164.046.466	688.440.826	-
Trading Securities	70.732.698	-	-	-	-	-	-	70.732.698
Securities available-for-sale	203.106.101	-	-	-	-	-	-	203.106.101
Time deposits	435.366.136	56.000.000	-	-	162.000.000	190.000.000	-	27.366.136
Investments in joint controlled entities	14.283.117	14.283.117	-	-	-	-	-	-
Insurance receivables and other receivables from direct works	396.109.694	-	-	-	-	-	-	396.109.694
Cash and cash equivalents	14.087.647	-	-	-	-	-	-	14.087.647
Reinsurance assets	159.038.419	-	-	-	-	-	-	159.038.419
<b>Liabilities</b>								
Liabilities	(29.595.903)	-	-	-	-	-	-	(29.595.903)
	<b>2.115.615.201</b>	<b>70.283.117</b>	-	-	<b>162.000.000</b>	<b>354.046.466</b>	<b>688.440.826</b>	<b>840.844.792</b>

As at 31 December 2023

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

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

## **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 2024, 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 2024 will be decreased/increased by approximately 31.519.507 MKD (2023: 28.158.361 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, securities held to maturity and term deposits**

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 2024

## 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	2024	2023
Financial investments available-for-sale	203.106.101	229.528.888
Debt securities held to maturity	852.487.292	664.702.702
Term deposits	435.366.136	436.244.543
Investments in jointly controlled entities	14.283.117	14.644.777
Reinsurance assets	159.038.419	118.901.552
Receivables from insureds and other receivables from direct operations	396.109.694	324.701.277
Cash and cash equivalents	14.087.647	37.450.727
	<u>2.074.478.406</u>	<u>1.826.174.466</u>

In terms of receivables from insureds and other receivables from direct operations the amount of 396.109.694 MKD (2023: 324.701.277 MKD) is included in undue receivables regarding which adjusted value is recorded amounting to 713.307 MKD (2023: 1.743.632 MKD) pursuant to requirements set in the Rulebook on the Method of Valuation of Balance Sheet. Remaining amount of 272.224.492 MKD (2023: 205.835.802 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 2024

## 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 2024	MKD	EUR	USD	CHF	Other currencie	in MKD Total
<b>Total assets</b>	<b>1.916.337.756</b>	<b>339.151.443</b>	<b>33.933.108</b>	<b>1.034.664</b>	-	<b>2.290.456.970</b>
Investments	1.360.894.547	180.113.024	33.933.108	1.034.664	-	<b>1.407.918.072</b>
Part of co-insurance and reinsurance in the gross technical reserves	-	159.038.419	-	-	-	<b>159.038.419</b>
Financial investments for which the insured assumes the investment risk (insurance contracts)	-	-	-	-	-	-
Current and deferred tax assets	432.010	-	-	-	-	<b>432.010</b>
Receivables	396.109.694	-	-	-	-	<b>396.109.694</b>
Other Assets	29.764.763	-	-	-	-	<b>29.764.763</b>
Prepaid Expenses	129.136.741	-	-	-	-	<b>129.136.741</b>
<b>Total liabilities</b>	<b>1.494.937.314</b>	<b>7.501.396</b>	<b>134.543</b>	-	-	<b>1.502.573.253</b>
Subordinated liabilities	-	-	-	-	-	-
Gross technical reserves	1.278.030.491	-	-	-	-	<b>1.278.030.491</b>
Gross technical reserves of contracts in which the insured assumes the investment risk	-	-	-	-	-	-
Other reserves	14.273.194	-	-	-	-	<b>14.273.194</b>
Current and deferred tax liabilities	3.738.893	-	-	-	-	<b>3.738.893</b>
Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts	-	-	-	-	-	-
Liabilities from direct insurance, co-insurance and reinsurance, and other payables	21.959.964	7.501.396	134.543	-	-	<b>29.595.903</b>
Accruals	176.934.772	-	-	-	-	<b>176.934.772</b>
<b>Difference – unreconciled currency structure</b>	<b>421.400.440</b>	<b>331.650.047</b>	<b>33.798.565</b>	<b>1.034.664</b>	-	<b>787.883.772</b>



Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

## 1.4 Insurance and financial risk management (continued)

31 December 2023						In MKD
	MKD	EUR	USD	CHF	Other currencie	Total
					-	
<b>Total assets</b>	<b>1.561.634.422</b>	<b>422.117.008</b>	<b>28.302.901</b>	<b>1.372.821</b>	<b>5.059</b>	<b>2.013.432.211</b>
Investments	1.087.440.558	291.049.497	28.055.196	1.372.821	-	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
<b>Total liabilities</b>	<b>1.277.211.860</b>	<b>11.744.741</b>	<b>210.650</b>	<b>-</b>	<b>-</b>	<b>1.289.167.251</b>
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
<b>Difference – unreconciled currency structure</b>	<b>284.422.562</b>	<b>410.372.267</b>	<b>28.092.251</b>	<b>1.372.821</b>	<b>5.059</b>	<b>724.264.960</b>

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### 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 2024

## 1.4 Insurance and financial risk management (continued)

### Liquidity risk (continued)

The analysis of the maturity of assets according to their remaining period until the date of their contractual maturity is as follows (In MKD):

31 December 2024	Up to 1 year	1-3 years	3-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total
<b>Total Assets</b>	<b>1.268.765.754</b>	<b>248.372.124</b>	<b>84.878.267</b>	<b>167.501.026</b>	<b>459.720.723</b>	<b>-</b>	<b>61.219.077</b>	<b>2.290.456.971</b>
Investments	554.284.127	248.372.124	84.878.267	167.501.026	459.720.723	-	61.219.077	1.575.975.344
Part of co-insurance and reinsurance in the gross technical reserves	159.038.419	-	-	-	-	-	-	159.038.419
Financial investments for which the insured assumes the investment risk (insurance contracts)	-	-	-	-	-	-	-	-
Current and deferred tax assets	432.010	-	-	-	-	-	-	432.010
Receivables	396.109.694	-	-	-	-	-	-	396.109.694
Other Assets	29.764.763	-	-	-	-	-	-	29.764.763
Prepaid Expenses	129.136.741	-	-	-	-	-	-	129.136.741
<b>Total Liabilities</b>	<b>1.502.573.253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.502.573.253</b>
Subordinated liabilities	-	-	-	-	-	-	-	-
Gross technical	1.278.030.491	-	-	-	-	-	-	1.278.030.491
Gross technical provisions of contracts in which the insured assumes the investment risk	-	-	-	-	-	-	-	-
Other reserves	14.273.194	-	-	-	-	-	-	14.273.194
Current and deferred tax liabilities	3.738.893	-	-	-	-	-	-	3.738.893
Liabilities arising from deposits of companies for reinsurance at cedents, from reinsurance contracts	-	-	-	-	-	-	-	-
Liabilities from direct insurance, co-insurance and reinsurance, and other payables	29.595.903	-	-	-	-	-	-	29.595.903
Accruals	176.934.772	-	-	-	-	-	-	176.934.772
<b>Difference – unreconciled age structure</b>	<b>(233.807.499)</b>	<b>248.372.124</b>	<b>84.878.267</b>	<b>167.501.026</b>	<b>459.720.723</b>	<b>-</b>	<b>61.219.077</b>	<b>787.883.718</b>

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

## 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
<b>Total Assets</b>	<b>1.408.560.584</b>	<b>88.934.012</b>	<b>62.680.403</b>	<b>63.856.393</b>	<b>328.181.388</b>	-	<b>61.219.431</b>	<b>2.013.432.211</b>
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
<b>Total Liabilities</b>	<b>1.289.167.251</b>	-	-	-	-	-	-	<b>1.289.167.251</b>
Subordinated liabilities	-	-	-	-	-	-	-	-
Gross technical provisions	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
<b>Difference – unreconciled age structure</b>	<b>119.393.333</b>	<b>88.934.012</b>	<b>62.680.403</b>	<b>63.856.393</b>	<b>328.181.388</b>	-	<b>61.219.431</b>	<b>724.264.960</b>

Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

#### 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 2024

#### **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 2024 and 2023 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 higher result.

The solvency margin for the year ended 31 December 2024 amounts to 243.499.156 MKD (2023: 225.786.985 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 in consideration the impact that the level of capital on the return to shareholders and the need to maintain a ratio between higher returns and security provided by 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 2024

**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	1.490.669.100	1.335.630.347				
Gross written premium < 10 mil Eur x 0.18	2	110.691.000	110.691.000				
Gross written premium > 10 mil Eur x 0.16	3	140.115.056	115.308.856				
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	250.806.056	225.999.856	0	0		
Gross paid claims	7	524.600.375	441.935.025			524.600.375	441.935.025
Net paid claims	8	509.316.842	441.518.764			509.316.842	441.518.764
Coefficient ((9)-[8]/[7] or 0.50, if smaller)	9	0,97	1,00	0,00	0,00	0,97	1,00
<b>Solvency margin - Premium rate method ((10)-[6]*[9])</b>	<b>10</b>	<b>243.499.156</b>	<b>225.786.985</b>	<b>0</b>	<b>0</b>		
Reference period (in years)	11	3	3			7	7
Gross paid claims in the reference period	12	1.339.801.460	1.177.248.906			0	0
Gross claim reserves at the end of the reference period	13	632.844.808	595.545.814			0	0
Gross claim reserves at the beginning of the reference period	14	595.545.814	510.490.101			0	0
Gross incurred claims ((15)-[12] + [13] - [14])/[11])	15	459.033.485	420.768.206	0	0	0	0
Gross incurred claims < 7 mil Eur x 0,26	16	111.920.900	109.399.734			0	0
Gross incurred claims > 7 mil Eur x 0,23	17	6.570.751	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	118.491.651	109.399.734	0	0	0	0
<b>Solvency margin - Claim rate method ((21)-[20]*[9])</b>	<b>21</b>	<b>115.039.555</b>	<b>109.296.689</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Required level of solvency margin ((22)=max([10],[21]))</b>	<b>22</b>	<b>243.499.156</b>	<b>225.786.985</b>	<b>0</b>	<b>0</b>		

Description	Item	Current year	Previous year
Final calculation of required level of solvency margin	1	243.499.156	225.786.985

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 2024

## 1.4 Insurance and financial risk management (continued)

### Capital management (continued)

#### Calculation of Capital

		<i>in</i>	<i>MKD</i>
Description	No of position	Amount	
<b>Basic capital, article 69 (I1+I2+I3+I4+I5-I6-I7-I8-I9-I10-I11-I12-I13)</b>	<b>I</b>	<b>694.234.129</b>	
Paid in share capital excluding the share capital of the cumulative priority stocks	I1	195.326.080	
Premiums from issuance of ordinary shares	I2	-	
Legal and statutory reserves	I3	283.108.001	
Accumulated undistributed profit	I4	219.192.336	
Undistributed profit from current year	I5	-	
Personal stocks owned by the insurance company (treasury shares)	I6	-	
Long term intangible assets	I7	2.101.315	
Accumulated uncovered losses and loss from current year	I8	-	
Unrealized losses from AFS equity investments measured at fair value	I9	1.290.973	
Unrealized losses from valuation of AFS financial instruments	I10	-	
Net negative revaluation reserves and other differences from valuation arising from investments in associated companies or joint ventures valued at equity valuation method	I11	-	
Other deductible items arising from incompliance with limits for investments of capital funds, as prescribed in article 73 from Law on insurance supervision	I12	-	
<b>Additional capital, article 71 (II1+II2+II3+II4+II5+II6), if not greater than 50% of basic capital</b>	<b>II</b>	<b>317.659</b>	
Paid in share capital from cumulative priority stocks	II1	-	
Premium from issues cumulative priority shares	II2	-	
Subordinated debt instruments	II3	-	
Securities with undefined maturity	II4	-	
Unrealized gains from revaluation of AFS equity instruments measured at fair value	II5	317.659	
Unrealized gains from revaluation of AFS debt instruments measured at fair value	II6	-	
<b>Total basic and additional capital I.+II.</b>	<b>III</b>	<b>694.551.788</b>	
<b>Deductible items , article 72 (IV1+IV2)</b>	<b>IV</b>	<b>-</b>	
Investments in shares in legal entities from article 72 of the Law	IV1	-	
Investments in subordinated debts and other investments in legal entities from article 72 of the Law for Insurance Supervision	IV2	-	
<b>EQUITY I + II - IV</b>	<b>V</b>	<b>694.551.788</b>	
Required level of solvency margin (non-life insurance companies)	VI1	243.499.156	
Required level of solvency margin (life insurance companies)	VI2	-	
Equity	VI3	694.551.788	
Guarantee fund*	VI4	184.485.000	
Surplus/deficit of Equity compared to Guarantee Fund (VI5 = VI3 -VI4)	VI5	510.066.788	
Surplus/deficit of Equity (for non-life) compared to required level of solvency margin (for non-life insurance companies)(VI6 = VI3 - VI1)	VI6	451.052.632	
Surplus/deficit of Equity (for life) compared to required level of solvency margin (for life insurance companies)(VI6 = VI3 - VI1)	VI7	-	

\*Guarantee Fund is defined in article 77 of the Law and represents 1/3 of required level of solvency margin, and can not be lower than the amount prescribed in article 77, paragraph (3) of the Law



Notes to the financial statements (continued)  
As at and for the year ended on 31 December 2024

## 1.4 Insurance and financial risk management (continued)

### Capital management (continued)

#### 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 2024 and 31 December 2023 is shown in the table below.

31 December 2024	Profit for the period	Equity and reserves	Required level of solvency margin	Coverage index	Change in coverage index.
<b>Current equity position</b>	<b>97.801.290</b>	<b>794.623.198</b>	<b>243.499.156</b>	<b>326%</b>	
Investment yield (+2%)	129.320.797	826.142.705	243.499.156	339%	13%
Investment yield (-2%)	66.281.783	763.103.691	243.499.156	313%	-26%
5% decrease in claims incurred	70.049.605	766.871.513	243.499.156	315%	2%
5% increase in claims incurred	125.552.975	822.374.883	243.499.156	338%	23%
2% decrease in admin. and insurance provision expenses	91.579.140	788.401.048	243.499.156	324%	-14%
2% increase in admin. and insurance provision expenses	104.023.440	800.845.348	243.499.156	329%	5%

31 December 2023	Profit for the period	Equity and reserves	Required level of solvency margin	Coverage index	Change in coverage index.
<b>Current equity position</b>	<b>96.164.694</b>	<b>729.002.416</b>	<b>225.786.985</b>	<b>323%</b>	
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%

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 2024

#### 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:

<b>2024</b>	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial investments available-for-sale	-	203.106.101	-	203.106.101
Financial investments for trading	70.732.698	-	-	70.732.698
<b>2023</b>	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial investments available-for-sale	-	229.528.888	-	229.528.888
Financial investments for trading	62.797.162	-	-	62.797.162

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 2024

## 1.4 Insurance and financial risk management (continued)

### Fair value (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:

	2024		2023	
	Total carrying value	Total fair value	Total carrying value	Total fair value
<b>Assets</b>				
Debt securities held to maturity	852.487.292	852.487.292	664.702.702	664.702.702
Time deposits	435.366.136	435.366.136	436.244.543	436.244.543
Investments in joint controlled entities	14.283.117	14.283.117	14.644.777	14.644.777
Reinsurance assets	159.038.419	159.038.419	118.901.552	118.901.552
Insurance receivables and other receivables from direct works	396.109.694	396.109.694	324.701.277	324.701.277
Cash and cash equivalents	14.087.647	14.087.647	37.450.727	37.450.727
<b>Total Assets</b>	<b>1.871.372.305</b>	<b>1.871.372.305</b>	<b>1.596.645.578</b>	<b>1.596.645.578</b>
Liabilities	29.595.903	29.595.903	46.337.538	46.337.538
<b>Total Liabilities</b>	<b>29.595.903</b>	<b>29.595.903</b>	<b>46.337.538</b>	<b>46.337.538</b>

#### *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 sellening financial assets and liabilities, as well as having mind that there are 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 2024

### 1.4 Insurance and financial risk management (continued)

#### Financial instruments by category

	Loans and receivables	Held to maturity	Available-for- sale	Trading investments	Total
<b>31 December 2024</b>					
<b>Assets according to the Statement of financial position</b>					
Financial investments available- for-sale	-	-	203.106.101	-	203.106.101
Debt securities held to maturity	-	852.487.292	-	-	852.487.292
Deposits, loans and other placements	435.366.136	-	-	-	435.366.136
Financial investments for trading	-	-	-	70.732.698	70.732.698
Investments in joint controlled entities	14.283.117	-	-	-	14.283.117
Reinsurance assets	159.038.419	-	-	-	159.038.419
Insurance receivables and other receivables from direct works	396.109.694	-	-	-	396.109.694
Cash and cash equivalents	14.087.647	-	-	-	14.087.647
	<b>1.018.885.013</b>	<b>852.487.292</b>	<b>203.106.101</b>	<b>70.732.698</b>	<b>2.145.211.104</b>

	Liabilities at fair value through profits and losses	Other financial liabilities	Total
<b>Liabilities according to the Statement of financial position</b>			
Liabilities	-	29.595.903	29.595.903
	-	<b>29.595.903</b>	<b>29.595.903</b>

	Loans and receivables	Held to maturity	Available- for-sale	Trading investments	Total
<b>31 December 2023</b>					
<b>Assets according to the Statement of financial position</b>					
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
	<b>931.942.876</b>	<b>664.702.702</b>	<b>229.528.888</b>	<b>62.797.162</b>	<b>1.888.971.628</b>

	Liabilities at fair value through profit and loss	Other financial liabilities	Total liabilities
<b>Liabilities according to the Statement of financial position</b>			
Liabilities	-	46.337.538	46.337.538
	-	<b>46.337.538</b>	<b>46.337.538</b>

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 2024

(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
<b>Costs</b>			
As at 01January 2024	24.925.122	-	24.925.122
Purchase/sell (net)	717.396	2.271.209	2.988.605
<b>As at 31 December 2024</b>	<b>25.642.518</b>	<b>2.271.209</b>	<b>27.913.727</b>
Purchase/sell (net)	686.178	2.366.956	3.053.134
<b>As at 31 December 204</b>	<b>26.328.696</b>	<b>4.638.165</b>	<b>30.966.861</b>
<b>Accumulated amortization</b>			
As at 01January 2023	22.045.236	-	22.045.236
Amortization for the year	1.131.035	-	1.131.035
<b>As at 31 December 2023</b>	<b>23.176.271</b>	<b>-</b>	<b>23.176.271</b>
Amortization for the year	1.051.110	-	1.051.110
<b>As at 31 December 2024</b>	<b>24.227.380</b>	<b>-</b>	<b>24.227.380</b>
<b>Net carrying value</b>			
As at 31 December 2023	2.466.248	2.271.209	4.737.457
<b>As at 31 December 2024</b>	<b>2.101.316</b>	<b>4.638.165</b>	<b>6.739.481</b>

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

As at 31 December 2024 and 2023, 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.3. Investments in jointly controlled entities**

As at 31 December 2024, investments in jointly controlled entities are to the amount of 14.238.117 MKD (2023: 14.644.777 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**

	<b>2024</b>	<b>2023</b>
Financial investments held to maturity (net value)	852.487.292	664.702.702
Financial investments available-for-sale - shares	-	-
Financial investments available-for-sale – stakes in investment funds	203.106.101	229.528.888
Deposits, loans and other placements, net	435.366.136	436.244.543
Financial investments for trading - shares, stakes and other equity instruments	56.364.756	50.278.297
Financial investments for trading - shares and stakes in investment funds	14.367.942	12.518.865
	<b>1.561.692.227</b>	<b>1.393.273.295</b>

**2.4.1 Debt securities held to maturity**

	<b>2024</b>	<b>2023</b>
Government bonds	852.487.292	664.702.702
	<b>852.487.292</b>	<b>664.702.702</b>
Quoted	852.487.292	664.702.702
Not quoted	-	-
	<b>852.487.292</b>	<b>664.702.702</b>
Government bonds with maturity within 1 year	79.168.199	-
Government bonds with maturity over 1 year	773.319.093	449.796.213
<b>Debt securities held to maturity</b>	<b>852.487.292</b>	<b>664.702.702</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

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

	2024	2023
Stakes in investment funds	203.106.101	229.528.888
	<b>203.106.101</b>	<b>229.528.888</b>
Quoted	-	-
Not quoted	203.106.101	229.528.888
	<b>203.106.101</b>	<b>229.528.888</b>

**Changes in fair value**

In the course of 2024 the Company recorded correction (increase) in the net amount of 15.678.564 MKD (note 2.11) (2023: increase amounting to 15.260.122 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. In addition in 2024, the Company recorded realized gain from selling of financial investments available for sale (shares in investment funds and stocks) amounting to 17.859.072 MKD (note 2.11) (2023: realized gain amounting to 3.886.391 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**

	2024	2023
Shares, stakes and other equity instruments	56.364.756	50.278.297
Stakes in investment funds	14.367.942	12.518.865
	<b>70.732.698</b>	<b>62.797.162</b>

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 is consist of shares, stakes in investment funds, and mostly consists of an ETF or index fund. As at 31 December 2024, the Company has 21 securities out of which 7 in different ETF's totaling 40.947.126 MKD, 13 ordinary shares to the portfolio amount of 15.417.628 MKD and stakes in one investment fund to the amount of 14.367.492 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 15.152.035 MKD (profit 2023: 14.590.000 MKD) (Note 3.2).

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.4 Other financial investments (continued)****2.4.4 Deposits, loans and other placements**

	<b>2024</b>	<b>2023</b>
Term deposits in domestic banks (with maturity to one year)	159.690.625	32.376.110
Term deposits in domestic banks (with maturity over one year)	279.257.124	409.000.000
Allowance for impairment on deposits	(3.581.613)	(5.131.567)
	<b>435.366.136</b>	<b>436.244.543</b>

Deposits maturing within a period not exceeding 12 months from the reporting date bear interest at rate of 3,04% to 3,9% annually (2023: 1,2% to 3,0% annually).

Deposits maturing within a period exceeding more than 12 months from the reporting date bear interest at rate of 1,7% to 3,9% annually (2023: 1,7% to 3,04% annually).

Out of the total deposits, deposits to the amount of 408.000.000 MKD are investments of funds that cover technical reserves, while six deposits to the amount of 27.366.136 MKD are investments of capital funds in specific purpose deposits given as collateral for approved bank guarantees by Komercijalna Banka AD Skopje.

In 2024, 1.549.954 MKD were paid in (2023: 2.926.315 MKD) based on distribution of bankruptcy estate of Eurostandard Bank to trustees, ie., 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.

The movement in the allowance for impairment for 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
At 1 January	5.131.567	8.057.882
Impairment release/expense for the year	(1.549.954)	(2.926.315)
<b>At 31 December</b>	<b>3.581.613</b>	<b>5.131.567</b>

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

	<b>2024</b>	<b>2023</b>
<b>Gross provision for unearned premiums</b>		
As at 01 January	64.515.498	91.031.824
Movement for the period (Note 3.1)	48.631.397	(26.516.326)
<b>As at 31 December</b>	<b>113.146.895</b>	<b>64.515.498</b>
<b>Gross provision for claims</b>		
As at 01 January	54.386.054	45.348.727
Movement for the period (Note 3.5)	(8.494.530)	9.037.327
<b>As at 31 December</b>	<b>45.891.524</b>	<b>54.386.054</b>
<b>Part for reinsurance in gross technical provisions</b>	<b>159.038.419</b>	<b>118.901.552</b>



## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.6. Deferred and current tax assets**

	<b>2024</b>	<b>2023</b>
Deferred tax assets	428.107	2.187.716
Personal income tax receivables	3.903	3.637
Income tax receivables	-	-
Current tax assets	3.903	3.637
	<b>432.010</b>	<b>2.191.353</b>

As at 31 December 2024, the Company records deferred tax assets amounting to 428.107 MKD (2023: 2.187.716 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 713.307 MKD (2023: 1.743.632 MKD).

Analysis of the age structure of receivables from Insureds as at 31 December 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
Receivables form insurers	491.167.586	415.100.650
Impairment provision of receivables from insurance contracts	(123.002.264)	(111.815.256)
	<b>368.165.322</b>	<b>303.285.394</b>
Other receivables from insurance direct operations	39.754.504	42.928.997
Impairment provision of other receivables from insurance direct operations	(33.219.947)	(32.415.839)
	<b>6.534.557</b>	<b>10.513.158</b>
Receivables for financial investments (Interest on deposits and government bonds, Dividends, NBIs etc.)	19.346.335	9.286.950
Impairment of the receivables for financial investments	-	-
	19.346.335	9.286.950
Receivables from the employees	3.781.829	3.244.604
Impairment provision of other receivables	(1.718.350)	(1.628.829)
	<b>2.063.479</b>	<b>1.615.775</b>
	<b>396.109.623</b>	<b>324.701.277</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.7 Receivables (receivables)**

Analysis of the age structure of receivables from the insureds as at 31 December 2024 and 2023:

	<b>2024</b>				<b>2023</b>		
	Receivables	Impairment provision	Present value of receivables		Receivables	Impairment provision	Present value of receivables
to 30 days	31.937.650	-	31.937.650	to 30 days	39.166.238	-	39.166.238
31-60 days	21.402.010	(2.140.201)	19.261.809	31-60 days	18.987.456	(1.897.878)	17.089.578
61-120 days	33.511.473	(10.388.556)	23.122.917	61-120 days	25.437.279	(7.884.938)	17.552.341
121-270 days	36.924.676	(18.831.584)	18.093.092	121-270 days	41.678.365	(21.255.861)	20.422.504
271 - 365 days	12.156.421	(7.917.752)	4.238.669	271 - 365 days	11.099.504	(7.880.643)	3.218.861
over 366 days	83.010.864	(83.010.864)	-	over 366 days	71.152.304	(71.152.304)	-
Matured receivables	218.943.094	(122.288.957)	96.654.137	Matured receivables	207.521.146	(110.071.624)	97.449.522
Not matured receivables	272.224.492	(713.307)	271.511.185	Not matured receivables	207.579.504	(1.743.632)	205.835.872
	<b>491.167.586</b>	<b>(123.002.264)</b>	<b>368.165.322</b>		<b>415.100.650</b>	<b>(111.815.256)</b>	<b>303.285.394</b>

The analysis of movement of the total impairment provision for 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
As at 01 January	145.859.924	130.040.969
Expense for the year (Note 3.11 and 3.12)	22.728.363	30.155.119
Release for the year (Note 3.11 and 3.12)	(9.093.909)	(10.841.864)
Write-off of previously fully impaired receivables	(1.553.817)	(3.494.300)
<b>As at 31 December</b>	<b>157.940.561</b>	<b>145.859.924</b>

On 31 December 2024, 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 1.553.817 MKD (2023: 3.494.300 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.

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.7 Receivables (receivables)****2.7.1 Other receivables from insurance direct operations**

As at December 31, 2024, the Company recognizes impairment on all other receivables for insurance direct operations (note 2.7). Their structure is as follows:

	2024	2023
Recourse receivables	26.111.479	26.948.464
Impairment of recourse receivables	(25.697.966)	(26.166.605)
	<b>413.513</b>	<b>781.859</b>
Receivables UG claims	4.372.931	5.305.624
Impairment of receivables of UG claims	(1.509.658)	(609.802)
	<b>2.863.273</b>	<b>4.695.822</b>
Reinsurance fee receivables	-	414.310
Impairment provision of reinsurance fee receivables	-	-
	<b>-</b>	<b>414.310</b>
Receivables due to cession and other receivables	7.047.532	8.462.630
Impairment of insurance direct operations	(6.012.323)	(5.639.432)
	<b>1.035.209</b>	<b>2.823.198</b>
Other receivables from GF	2.222.562	1.797.969
Impairment of other receivables from GF	-	-
	<b>2.222.562</b>	<b>1.797.969</b>
Total Other receivables from insurance direct operations	39.754.504	42.928.997
Total Impairment provision of other receivables from insurance direct operations	(33.219.947)	(32.415.839)
	<b>6.534.557</b>	<b>10.513.158</b>

The analysis of the age structure of other receivables from direct insurance operations at 31 December 2024 and 2023 is as follows:

	2024				2023		
	Receivables	Impairment provision	Present value of receivables		Receivables	Impairment provision	Present value of receivables
to 30 days	3.384.981	-	3.384.981	to 30 days	5.624.593	-	5.624.593
31-60 days	349.854	(34.985)	314.869	31-60 days	1.065.546	(106.555)	958.991
61-120 days	287.068	(88.991)	198.077	61-120 days	536.555	(166.332)	370.223
121-270 days	927.587	(473.069)	454.518	121-270 days	956.344	(487.735)	468.609
271 - 365 days	416.371	(273.474)	142.897	271 - 365 days	443.867	(315.146)	128.721
over 366 days	32.349.428	(32.349.428)	-	over 366 days	31.340.071	(31.340.071)	-
Matured receivables	37.715.289	(33.219.947)	4.495.342	Matured receivables	39.966.976	(32.415.839)	7.551.137
Not matured receivables	2.039.215	-	2.039.215	Not matured receivables	2.962.021	-	2.962.021
	<b>39.754.504</b>	<b>(33.219.947)</b>	<b>6.534.557</b>		<b>42.928.997</b>	<b>(32.415.839)</b>	<b>10.513.158</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.8 Tangible assets used for operations****2024**

	Computers and telecom equipment	Furniture and office equipment	Motor vehicles	Other assets	Assets under preparation	Total
As at 01 January 2024 Net	6.248.783	941.413	3.788.978	2.665.793	-	13.644.967
Purchase	2.555.340	506.907	152.940	154.116	3.280.207	6.649.510
Aktiviranje na osnovno sredstvo	440.986	-	-	-	(440.986)	-
Sale	-	-	(132.900)	-	-	(132.900)
Write-off	(1.417.347)	(108.046)		(334.404)	-	(1.859.797)
Accumulated amortization	(2.702.721)	(349.495)	(1.107.767)	(457.379)	-	(4.617.362)
Depreciation write- off	1.417.347	108.046	132.900	334.404	-	1.992.697
As at 31 December 2024 Net	<b>6.542.388</b>	<b>1.098.825</b>	<b>2.834.151</b>	<b>2.362.531</b>	<b>2.839.221</b>	<b>15.677.116</b>
<b>As at January 2024</b>						
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)	(3.501.6890)	-	(36.259.179)
Net carrying value	<b>6.248.783</b>	<b>941.413</b>	<b>3.788.978</b>	<b>2.665.793</b>	<b>-</b>	<b>13.644.967</b>
<b>As at 31 December 2024</b>						
Purchase	28.653.507	9.396.754	7.684.284	5.987.194	2.839.221	54.560.960
Accumulated depreciation	(22.111.119)	(8.297.929)	(4.850.134)	(3.624.662)		(38.883.844)
Net carrying value	<b>6.542.388</b>	<b>1.098.825</b>	<b>2.834.151</b>	<b>2.362.532</b>	<b>2.839.221</b>	<b>15.677.116</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.8 Tangible assets used for operations (continued)****2023**

	<b>Computers and telecom equipment</b>	<b>Furniture and office equipment</b>	<b>Motor Vehicles</b>	<b>Other assets</b>	<b>Total</b>
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)
Reconciliation	1.118.836	126.319	5.996.229	50.228	7.291.612
<b>As at 31 December 2023 Net</b>	<b>6.248.783</b>	<b>941.413</b>	<b>3.788.978</b>	<b>2.665.793</b>	<b>13.644.967</b>
<b>As at 1 January 2023</b>					
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)
<b>Net carrying value</b>	<b>3.805.861</b>	<b>777.168</b>	<b>41.239</b>	<b>2.933.695</b>	<b>7.557.963</b>
<b>As at 31 December 2023</b>					
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)
<b>Net carrying value</b>	<b>6.248.783</b>	<b>941.413</b>	<b>3.788.978</b>	<b>2.665.793</b>	<b>13.644.967</b>

**Pledge over equipment**

As at 31 December 2024 and 2023 the Company has no equipment under pledge.

**2.9 Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
Cash in bank	13.897.202	37.090.453
Cash on hand	190.446	360.274
	<b>14.087.648</b>	<b>37.450.727</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.10 Prepaid**

As at 31 December 2024 prepayments to the amount of 129.136.741 MKD consist of deferred acquisition costs amounting to 92.232.330 MKD and other accrued income amounting to 36.904.411 MKD (2023: 108.624.263 MKD out of which the amount of 85.617.735 MKD refers to deferred acquisition costs and the amount of 23.006.528 MKD refers to other accrued income).

**Deferred acquisition cost**

	<b>2024</b>	<b>2023</b>
Deferred premiums costs – acquisition (balance)	49.224.579	50.562.154
Deferred premiums costs – brokers (balance)	43.007.751	35.055.581
<b>As at 31 December</b>	<b>92.232.330</b>	<b>85.617.735</b>

**Other accrued income and prepaid**

	<b>2024</b>	<b>2023</b>
Accrued income for commission from reinsurance	26.895.136	13.294.940
Deferred Expenses - Invoices	889.402	345.778
Deferred Expense for discounts – policy commitment agreements (2-3 years)	7.850.253	7.170.948
Other deferred expenses	1.269.620	2.194.862
	<b>36.904.411</b>	<b>23.006.528</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.11 Equity and reserves**

On December 2024 shareholders' capital consists of 3.200 (2023: 3.200) ordinary shares with nominal value of EUR 1.000 per share, respectively to 195.326.080 MKD. As at 31 December 2024 shareholders of ordinary shares are entitled to receive dividends as follows:  
As at 31 December 2024 the Company's shareholders structure is:

	% of shares with voting right
Grazer Wechselseitige Versicherung Aktiengesellschaft	100%
	<b>100%</b>

In March 2020 a change in the Company's ownership structure was made. Namely, Grazer Wechselseitige Versicherung Aktiengesellschaft with a head office at Herrengasse No.18-20, 8010 Graz, Republic of Austria became the owner of 100% of the Company's shares, thus becoming the new sole shareholder. 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 2024 the total statutory reserve amounts to 283.108.001 MKD (2023: 251.053.103).

**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 2024 revaluation reserve decreases the Company's capital amounting to 804.509 MKD (2023: Increase of 1.375.999 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.11 Equity and reserves (continued)**

	<b>2024</b>	<b>2023</b>
Opening balance	1.375.999	(9.997.732)
Decrease of revaluation reserve for realized losses from financial investments available for sale (Note 2.4.2 и 3.2)	(17.859.072)	(3.886.391)
Increase of revaluation reserve for unrealized gains from financial investments available for sale, net (Note 2.4.2)	15.678.564	15.260.122
	<b>(804.509)</b>	<b>1.375.999</b>

**Net retained earnings**

As at 31 December 2024, the Company has retained earnings to the amount of 219.192.336 MKD (2023: 185.082.540 MKD).

During 2024, the Company paid dividends to the amount of 30 million MKD (2023: 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 2024  
(All amounts expressed in Denar, unless otherwise stated)

## 2.12 Gross technical reserves

As at 31 December 2024 and 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.

	2024			2023		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
As at 01 January	1.150.435.039	(118.901.552)	1.031.533.487	1.083.665.813	(136.380.551)	947.285.262
Movement on gross provisions for claims	40.569.339	8.494.530	49.063.869	50.532.845	(9.037.327)	41.495.518
Movement on unearned premium	84.942.266	(48.631.397)	36.310.869	10.940.909	26.516.326	37.457.235
Unexpected risk reserve	5.354.193	-	5.354.193	4.846.000	-	4.846.000
Provisions for bonuses and discounts	5.329.656	-	5.329.656	(8.150.528)	-	(8.150.528)
Other technical reserves	(8.600.000)	-	(8.600.000)	8.600.000	-	8.600.000
<b>As at 31 December</b>	<b>1.278.030.493</b>	<b>(159.038.419)</b>	<b>1.118.992.074</b>	<b>1.150.435.039</b>	<b>(118.901.552)</b>	<b>1.031.533.487</b>
<b>Provisions for claims and provisions</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
As at 01 January	595.545.813	(54.386.054)	541.159.759	544.563.496	(45.348.727)	499.214.769
Movement on provisions for incurred, reported claims	993.031	8.708.646	9.701.677	40.757.561	(9.039.440)	31.718.121
Movement on provisions for indirect costs	380.618	-	380.618	833.908	-	833.908
Movement on provisions for incurred, but not reported claims	39.195.690	(214.116)	38.981.574	8.941.376	2.113	8.943.489
Provisions for bonuses and discounts	5.329.656	-	5.329.656	(8.150.528)	-	(8.150.528)
Other technical reserves	(8.600.000)	-	(8.600.000)	8.600.000	-	8.600.000
<b>As at 31 December</b>	<b>632.844.808</b>	<b>(45.891.524)</b>	<b>586.953.284</b>	<b>595.545.813</b>	<b>(54.386.054)</b>	<b>541.159.759</b>
<b>Unearned premium</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
As at 01 January	554.889.226	(64.515.498)	490.373.728	539.102.317	(91.031.824)	448.070.493
Policy premium for the current year	1.489.752.423	(429.522.241)	1.060.230.182	1.339.084.743	(344.845.558)	994.239.185
Costs for bonuses and discounts	(24.298.785)	-	(24.298.785)	(21.706.972)	-	(21.706.972)
Earned premiums in the current year	(1.375.157.179)	380.890.844	(994.266.335)	(1.301.590.862)	371.361.884	(930.228.978)
<b>As at 31 December</b>	<b>645.185.685</b>	<b>(113.146.895)</b>	<b>532.038.790</b>	<b>554.889.226</b>	<b>(64.515.498)</b>	<b>490.373.728</b>

Notes to the financial statements (continued)  
Information and Disclosures to the Statement of Financial Position (Balance Sheet) (continued)  
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## 2.12 Gross technical reserve (continued)

Movement in unearned premium, provision for claims and provisions for bonuses and discounts in 2024

	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 insuranc e	Vessels liability insuranc e	General liability insurance	Guarantee	Fin. losses	Tourist assistance	Total
Provisions for unearned premiums	40.838.182	107.400.159	70.561.250	207.797	15.833	399.420	99.701.954	45.486.651	214.612.035	33.796	376.484	40.266.271	18.808	290.281	12.776.570	<b>632.985.491</b>
Reinsurance unearned premiums	(5.692)	(4.897.265)	(970.613)	(207.797)	-	-	(66.908.487)	(21.351.561)	-	(22.367)	-	(18.783.113)	-	-	-	<b>(113.146.895)</b>
Unexpired risk reserve	-	6.140.889	3.660.794	-	-	-	-	-	-	-	-	-	-	-	2.398.510	<b>12.200.193</b>
<b>Net unearned premiums (less reinsurance unearned premiums)</b>	<b>40.832.490</b>	<b>108.643.783</b>	<b>73.251.431</b>	<b>-</b>	<b>15.833</b>	<b>399.420</b>	<b>32.793.467</b>	<b>24.135.090</b>	<b>214.612.035</b>	<b>11.429</b>	<b>376.484</b>	<b>21.483.158</b>	<b>18.808</b>	<b>290.281</b>	<b>15.175.080</b>	<b>532.038.789</b>
Provision for claims	28.980.813	25.914.596	39.089.756	-	-	37.587	45.303.372	5.946.149	460.239.851	-	-	10.296.444	-	-	7.971.139	623.779.707
Provision for bonuses and discounts	8.576.353	-	5.192	-	-	-	264.536	178.329	-	-	-	35.973	-	4.718	-	9.065.101
Other technical reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in provisions for claims –IBNR – part for reinsurance	(420.489)	-	-	-	-	-	(7.182.154)	-	-	-	-	-	-	-	-	(7.602.643)
Change in provisions for claims –RBNS– part for reinsurance	(105.000)	(180.178)	-	-	-	-	(20.040.500)	-	(17.963.203)	-	-	-	-	-	-	(38.288.881)
<b>Net provisions for claims (less reinsurance transferable part)</b>	<b>37.031.677</b>	<b>25.734.418</b>	<b>39.094.948</b>	<b>-</b>	<b>-</b>	<b>37.587</b>	<b>18.345.254</b>	<b>6.124.478</b>	<b>442.276.648</b>	<b>-</b>	<b>-</b>	<b>10.332.417</b>	<b>-</b>	<b>4.718</b>	<b>7.971.139</b>	<b>586.953.284</b>
	<b>77.864.167</b>	<b>134.378.200</b>	<b>112.346.379</b>	<b>-</b>	<b>15.833</b>	<b>437.007</b>	<b>51.138.721</b>	<b>30.259.568</b>	<b>656.888.683</b>	<b>11.429</b>	<b>376.484</b>	<b>31.815.575</b>	<b>18.808</b>	<b>294.999</b>	<b>23.146.219</b>	<b>1.118.992.072</b>

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

Notes to the financial statements (continued)  
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## 2.12 Gross technical reserve (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
<b>Net unearned premiums (less reinsurance unearned premiums)</b>	<b>44.233.438</b>	<b>94.867.692</b>	<b>54.087.816</b>	<b>-</b>	<b>51.622</b>	<b>189.064</b>	<b>28.782.347</b>	<b>24.223.773</b>	<b>213.391.575</b>	<b>11.356</b>	<b>288.454</b>	<b>17.148.755</b>	<b>2.042</b>	<b>332.117</b>	<b>12.763.676</b>	<b>490.373.728</b>
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
Provisions 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)
<b>Net provisions for claims (less reinsurance transferable part)</b>	<b>31.851.299</b>	<b>35.931.123</b>	<b>42.749.064</b>	<b>-</b>	<b>-</b>	<b>4.685</b>	<b>15.848.529</b>	<b>5.979.134</b>	<b>384.745.163</b>	<b>-</b>	<b>-</b>	<b>14.709.009</b>	<b>-</b>	<b>20.000</b>	<b>9.321.754</b>	<b>541.159.760</b>
	<b>76.084.737</b>	<b>130.798.815</b>	<b>96.836.880</b>	<b>-</b>	<b>51.622</b>	<b>193.749</b>	<b>44.630.876</b>	<b>30.202.907</b>	<b>598.136.738</b>	<b>11.356</b>	<b>288.454</b>	<b>31.857.764</b>	<b>2.042</b>	<b>352.117</b>	<b>22.085.430</b>	<b>1.031.533.487</b>

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)  
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### 2.13 Other reserves

	2024	2023
Reserves for employee severance pay	1.948.278	1.198.204
Reserves for employee jubilee rewards	4.523.747	3.575.497
Other reserve (Minimum Global Income Tax) (note 3.9)	7.801.169	-
	<b>14.273.194</b>	<b>4.773.701</b>

In 2024, the Company estimated expenses for employee reserves to the total amount of 6.472.025 MKD (2023: 4.773.701 MKD), out of which reserves for severance pays to the employees amounting to 1.948.278 MKD (2023: 1.198.204 MKD) and for jubilee rewards amounting to 4.523.747 MKD (2023: 3.575.497 MKD).

### 2.14 Deferred and current tax liabilities

	2024	2023
Deferred tax liabilities	555.793	2.769.040
Current tax liabilities	2.533.767	1.920.163
Other current tax liabilities	649.333	561.851
	<b>3.738.893</b>	<b>5.251.054</b>

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 2024, the Company recorded deferred tax liabilities in amount of 555.793 MKD, out of which 338.717 MKD are liabilities from calculated non-realized profit represented in revaluation reserve from the adjustment of the value of financial assets available-for-sale.

### 2.15 Liabilities

The Company has recorded liabilities from immediate insurance business

	2024	2023
Liabilities based on coinsurance and reinsurance premiums	4.977.660	11.955.391
Co-insurers payables	-	162.429
Direct liabilities in insurance	-	57.336
Net wage obligations, wage contributions and other employee liabilities	6.322.526	15.439.381
Obligations towards suppliers	7.521.923	5.412.363
Other liabilities from direct insurance business		
- liabilities to GF	558.358	962.648
- Commitment Fees Obligations	3.295.048	1.831.430
- fire contribution obligations, etc. legal obligations	2.149.727	4.868.409
- liabilities based on bonuses and discounts that depend on and are not dependent on the result	-	-
- other liabilities	1.056.397	692.798
Other liabilities	3.714.265	1.853.237
	<b>29.595.904</b>	<b>43.235.422</b>

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 2024

(All amounts expressed in Denar, unless otherwise stated)

**2.16 Accruals**

	<b>2024</b>	<b>2023</b>
Accruals for reinsurance	138.542.822	47.827.674
Accruals for brokers	32.476.924	22.945.305
Deferred income	2.070.436	8.972.239
Other accruals	3.844.590	2.624.702
	<b>176.934.772</b>	<b>82.369.920</b>

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 2024

(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 2024

	Gross policy insurance premiums	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	97.531.253	1.151.169	3.588.685	-	(6.455.996)	(187.738)	95.627.373
Health insurance	233.860.541	814.705	(9.906.746)	(580.889)	(11.888.728)	(3.288.456)	209.010.427
Insurance of motor vehicles	136.791.771	406.823	(15.614.840)	(3.660.794)	(1.951.952)	112.019	116.083.027
Insurance of aircrafts	76.325.685	-	6.176	-	(76.325.740)	(6.176)	(55)
Insurance of vessels	47.513	-	35.788	-	-	-	83.301
Insurance of goods in transport	5.704.325	-	(210.355)	-	(121.104)	-	5.372.866
Insurance of property against fire	239.622.556	-	(36.542.222)	-	(181.869.996)	32.531.102	53.741.440
Other insurance of property	102.863.083	-	(14.552.809)	-	(62.886.785)	14.641.492	40.064.981
Third party liability insurance	439.624.488	-	(1.220.460)	-	(21.131.338)	-	417.272.690
Aircraft liability insurance	8.720.241	-	(5.176)	-	(8.704.739)	5.103	15.429
Vessels liability insurance	715.000	-	(88.030)	-	-	-	626.970
General liability insurance	99.394.238	-	(9.158.454)	-	(58.185.863)	4.824.051	36.873.972
guarantees	28.800	-	(16.765)	-	-	-	12.035
Financial losses	537.438	-	(16.164)	58.000	-	-	579.274
Insurance for tourist assistance	47.985.491	-	(1.240.894)	(1.170.510)	-	-	45.574.087
<b>Total</b>	<b>1.489.752.423</b>	<b>2.372.697</b>	<b>(84.942.266)</b>	<b>(5.354.193)</b>	<b>(429.522.241)</b>	<b>48.631.397</b>	<b>1.020.937.817</b>

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 2024

(All amounts expressed in Denar, unless otherwise stated)

**3.1 Earned premium (continued)**

Earned premiums as at 31 December 2023

	<b>Gross policy insurance premiums</b>	<b>Change in gross provisions for unearned premiums</b>	<b>Change in gross unexpired</b>	<b>Gross reinsurance policy premiums</b>	<b>Change in gross provisions for unearned premiums – Part for reinsurance (Note 2.5)</b>	<b>Net income from insurance premiums</b>
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
<b>Total</b>	<b>1.339.084.743</b>	<b>(10.940.909)</b>	<b>(4.846.000)</b>	<b>(344.845.558)</b>	<b>(26.516.326)</b>	<b>951.935.950</b>

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 2024

(All amounts expressed in Denar, unless otherwise stated)

**3.2 Investment income**

	<b>2024</b>	<b>2023</b>
<b>Investment income</b>		
Interest income from government bonds and government bills	31.042.297	17.044.019
Interest income from term deposits in banks	9.911.516	9.878.255
Interest income from current accounts in banks	163.782	71.822
Interest income from GF	452.012	334.319
Interest income	<b>41.569.607</b>	<b>27.328.415</b>
Foreign exchange gains		
Other investment income	<b>3.677.993</b>	<b>2.860.862</b>
Unrealized gains on the fair value of trading investments	<b>15.152.035</b>	<b>14.590.000</b>
Realized gains from investments sold (investment funds) available for sale	<b>17.859.072</b>	<b>3.886.391</b>
Realized gains from sale of trading investments	-	-
Dividends	3.834.614	1.895.723
Other investment income	<b>3.834.614</b>	<b>1.895.723</b>
<b>Total investment income</b>	<b>82.093.321</b>	<b>50.561.391</b>

**3.3 Other insurance technical income, less reinsurance**

	<b>2024</b>	<b>2023</b>
Income from Guarantee Fund from realized subrogation receivables and fee for processing claims	3.698.144	3.323.585
Income from companies for processing claims – service claims	1.658.763	1.778.790
Other	2.423.468	1.569.519
	<b>7.780.375</b>	<b>6.671.894</b>

**3.4 Other income**

	<b>2024</b>	<b>2023</b>
Capital income from tangible assets sale	20.000	1.814.350
Interest income and income from court collected receivables	3.994.522	3.305.052
Income from foreign exchange gains	1.939.946	2.144.901
Other income	4.673.363	3.274.823
	<b>10.627.831</b>	<b>10.539.126</b>



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 2024

(All amounts expressed in Denar, unless otherwise stated)

**3.5 Incurred claims**

	<b>2024</b>	<b>Gross 2023</b>	<b>2024</b>	<b>Reinsurance 2023</b>	<b>2024</b>	<b>Net 2023</b>
Incurred, paid claims in the current year	524.600.375	441.935.025	15.283.533	416.261	509.316.842	441.518.764
Changes in provisions of incurred, reported claims	1.373.649	41.591.469	(8.708.646)	9.039.440	10.082.295	32.552.029
Changes in provisions of incurred, but not reported claims	39.195.690	8.941.376	214.116	(2.113)	38.981.574	8.943.489
Income from subrogation receivables	(3.347.014)	(3.296.211)	-	-	(3.347.014)	(3.296.211)
<b>Incurred claims (expenses for claims, net)</b>	<b>561.822.700</b>	<b>489.171.659</b>	<b>6.789.003</b>	<b>9.453.588</b>	<b>555.033.697</b>	<b>479.718.071</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**3.5 Incurred claims (continued)**

## Analysis of incurred claims as at 31 December 2024

	Total paid claims	Changes in gross provisions for claims	Participatio n 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	52.570.260	(63.242)	(1.877.379)	160.184	-	50.789.823
Health insurance	164.504.870	(1.435.527)	(4.820.078)	(1.002.140)	-	157.247.125
Insurance of motor vehicles	67.862.229	(3.659.308)	-	-	(198.242)	64.004.679
Insurance of aircrafts	-	-	-	-	-	-
Insurance of vessels	-	-	-	-	-	-
Insurance of goods in transport	33.039	32.902	-	-	-	65.941
Insurance of property against fire	35.365.819	(6.336.498)	(6.149.000)	9.000.000	-	31.880.321
Other insurance of property	5.974.333	152.530	-	-	-	6.126.863
Third party liability insurance	166.737.864	58.261.661	(2.437.076)	(263.514)	(3.009.031)	219.289.904
Aircraft liability insurance	-	-	-	-	-	-
Vessels liability insurance	-	-	-	-	-	-
General liability insurance	8.334.414	(5.012.565)	-	600.000	-	3.921.849
Loan insurance	-	-	-	-	(139.741)	(139.741)
Financial losses insurance	15.345	(20.000)	-	-	-	(4.655)
Insurance for tourist assistance	23.202.202	(1.350.614)	-	-	-	21.851.588
<b>Total</b>	<b>524.600.375</b>	<b>40.569.339</b>	<b>(15.283.533)</b>	<b>8.494.530</b>	<b>(3.347.014)</b>	<b>555.033.697</b>

## Analysis of incurred claims as at 31 December 2023

	Total paid claims	Changes in gross provisions for claims	Participatio n 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	-	-	(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
<b>Total</b>	<b>441.935.025</b>	<b>50.532.845</b>	<b>(416.261)</b>	<b>(9.037.327)</b>	<b>(3.296.211)</b>	<b>479.718.071</b>

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 2024

(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. As at 2024 a decrease in the changes in gross technical provisions of 3.270.344 MKD was recorded (2023: Increase of 449.472).

**3.7 Costs for bonuses and discounts, net reinsurance**

In the course of 2024 total costs for bonuses and discounts amounted to 24.298.785 MKD (2023: 21.706.972 MKD) out of which the amount of 508.722 MKD refers to costs for bonuses (good business collaboration; 2023: 89.213 MKD) and costs for discounts to the amount of 23.790.063 MKD (timely payment of premium) (2023: 21.617.759 MKD).

**3.8 Insurance acquisition costs, net****Acquisition costs**

	2024	2023
Salaries for employees – sale	130.766.361	123.904.776
Commission	90.443.487	79.330.067
Printed policies	3.188.452	2.618.986
Change in deferred acquisition costs	(6.614.595)	(6.974.380)
	<b>217.783.705</b>	<b>198.879.449</b>

In 2019 the Company calculated deferred acquisition costs on 31.12.2019 and assessed the effects of full application of the requirements of the Rulebook regarding the recognition of deferred acquisition costs. As at 31 December 2020, the Company made a complete harmonization with the Guidelines for application of the chart of accounts for insurance and reinsurance companies (Official Gazette of RSM 170/2020) regarding the calculation of deferred acquisition costs.

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.

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**3.8 Insurance acquisition costs, net (continued)**

The table below shows the change in deferred acquisition costs for the years ended 31 December 2024 and 2023:

	2024	2023
Deferred costs for premiums – acquisition (movement)	1.337.575	(6.085.075)
Deferred costs for premiums – brokers (movement)	(7.952.170)	(889.305)
<b>Movement of deferred acquisition costs for policy premiums</b>	<b>(6.614.595)</b>	<b>(6.974.380)</b>

**3.9 Administrative costs**

	2024	2023
Employees costs	72.827.717	64.603.627
-administration salaries	63.449.846	57.506.373
-other employee's costs	9.377.871	7.097.254
Reserved expenses for severance payments and jubilee rewards	1.698.324	632.945
Rent	18.861.570	18.749.409
Rent of assets for operations	1.911.160	1.222.657
Costs of telecommunications and transport services	7.540.507	7.125.983
Sponsorship and representation (Advertisement)	23.696.083	21.060.599
Depreciation of tangible and intangibles assets	5.668.471	4.828.338
Services to individuals	21.150.948	19.586.921
Fee for use of own vehicle	9.332.910	8.858.411
Utilities	3.505.599	4.419.923
Bank charges	5.745.074	4.989.069
Office materials and consumables	1.346.341	1.540.996
Insurance premium costs (managerial insurance, health insurance for LU, MA etc.)	9.041.363	8.787.387
Maintenance costs	13.085.223	12.348.907
Costs for lawyers, notary services and enforcement agents	2.603.398	1.993.429
Shipping costs and business trips	2.981.107	3.515.411
Minimum Global Income Tax Reserve (note 2.13)*	7.801.169	-
Other administrative costs	11.867.046	10.025.878
<b>Administrative costs</b>	<b>220.664.010</b>	<b>194.446.311</b>

\* Reservation for a minimum global income tax refers to an additional income tax set by the application of a 15% tax rate. This tax was calculated for the first time in 2024, and in accordance with the Law on Minimum Global Tax for Profit published in the General Gazette of RSM no. 3 of 03.01.2025, which provides a global minimum tax level for groups of multinational companies and large domestic groups. This tax will apply to the Public Revenue Office at the latest 15 months after the expiration of the last day of the fiscal year

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**3.9 Administrative costs (continued)****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.

	2024	2023
Net salaries	128.125.431	119.692.106
Contributions	66.090.776	61.719.043
	<b>194.216.207</b>	<b>181.411.149</b>

**3.10 Other insurance technical expenses, less reinsurance**

	2024	2023
Expenses for claims paid to GF for NN vehicles	6.297.665	8.195.208
Fire fight contribution	4.950.717	4.748.766
Health insurance contribution	4.376.250	4.303.511
Insurance Supervision agency contribution	9.002.584	8.994.383
Expenses for National Insurance Bureau	3.149.668	2.986.390
Subrogation costs from NIB	585.950	785.258
Other expenses	181.331	124.728
	<b>28.544.165</b>	<b>30.138.244</b>

**3.11 Impairment provision of receivables based on premium**

	2024	2023
Impairment provision of receivables from insureds (Note 2.7)	19.568.600	23.297.480
Release of impairment provision of receivables from insureds (Note 2.7)	(8.381.592)	(7.061.008)
Complete write-off	1.499.264	3.479.405
Collected written-off receivables	(43.244)	(25.009)
	<b>12.643.028</b>	<b>19.690.868</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**3.12 Other expenses, including value adjustments**

	<b>2024</b>	<b>2023</b>
Impairment provision of insurance direct operations (Note 2.7)	1.605.946	3.363.339
Release of impairment provision of insurance direct operations (Note 2.7)	(712.317)	(3.780.856)
Write-off (Note 2.7)	54.553	14.895
Release of impairment provision of deposits (note 2.4.4)	(1.549.954)	(2.926.315)
Release of impairment provision of cash and cash equivalents (Note 2.9)	-	-
Foreign exchange loss	3.021.043	2.032.578
Other financial expenses	40.040	358.539
	<b>2.459.311</b>	<b>(937.820)</b>

**3.13 Tax expense**

	<b>2024</b>	<b>2023</b>
Current tax expenses (income tax)	15.602.337	14.013.888
Deferred income tax	-	-
	<b>15.602.337</b>	<b>14.013.888</b>

The reconciliation of the total tax expense in the Income Statement for the years ended 31 December 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
Profit before tax	113.403.627	110.178.582
Deductible expenses for tax purposes	43.305.924	30.294.526
Tax base	156.709.552	140.473.108
Decrease of tax base		
- Dividends	-	75.924
- Amount of paid portion of loan regarding which tax base was increased in the previous period	-	-
- Amount of carried investments out of profit (reinvested)	686.178	258.300
Tax after deductions	156.023.374	140.138.884
Calculated income tax 10%	15.602.337	14.013.888
Calculated income tax 10%	<b>15.602.337</b>	<b>14.013.888</b>
Effective tax rate	<b>13,76%</b>	<b>12,72%</b>

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 2024

(All amounts expressed in Denar, unless otherwise stated)

**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:

	<b>2024</b>	<b>2023</b>
Earning attributable to shareholders	97.801.290	96.164.694
Less: dividends for preference shares	-	-
Net earnings attributable to holders of ordinary shares	97.801.290	96.164.694
Weighted average number of ordinary shares	3.200	3.200
<b>Basic earnings per share (MKD per share)</b>	<b>30.563</b>	<b>30.051</b>

## 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 2024

(All amounts expressed in Denar, unless otherwise stated)

**4. Off- balance sheet items**

As at 31 December 2024 and 2023 the structure of off-balance sheet items is as follows:

	<b>2024</b>	<b>2023</b>
Unrealized recourse receivables	102.568.172	90.527.006
Bank guaranties	14.778.623	27.244.543
Reserves for claims-GF	29.506.174	33.701.576
Reserve for income- policy commitment agreements (2-3 years) and discount for policy commitment agreements (2-3 years)	264.722.370	218.325.366
	<b>411.575.339</b>	<b>369.798.491</b>

Reserve for income- policy commitment agreements and discount for policy agreement amounting to 264.722.370 MKD (2023: 218.325.366 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 2024

(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 AG is also a shareholder in other legal entities, including companies and financial institutions, which jointly comprise "GRAWE Group".

As at 31 December 2024 and transactions with related parties in the course of reporting year were as follows:

### Transactions with related parties

	Key management personnel	Parent company	Other related parties	Total
<b>Total Assets</b>	<b>519.295</b>	-	<b>230.389</b>	<b>749.684</b>
<b>Receivables</b>	<b>519.295</b>	-	<b>230.389</b>	<b>749.684</b>
Receivables from insurers based on insurance premiums	454.926	-	-	454.926
Other receivables	64.369	-	-	64.369
<b>Investments</b>	-	-	-	-
Deposits	-	-	-	-
<b>Off-balance sheet records</b>	-	-	-	-
Subrogation receivables	-	-	230.389	<b>230.389</b>
<b>Total Liabilities</b>	-	-	<b>23.504.418</b>	<b>23.504.418</b>
<b>Liabilities</b>	-	-	<b>23.504.418</b>	<b>23.504.418</b>
Liabilities towards insurers for claims, insurance amounts and other agreed amounts	-	-	-	-
Other liabilities	-	23.201.774	72.255	<b>23.274.029</b>
<b>Off-balance sheet records</b>	-	-	-	-
- Subrogation receivables	-	-	230.389	<b>230.389</b>
<b>Total Revenues</b>	<b>671.168</b>	<b>1.367.842</b>	<b>1.440.890</b>	<b>3.479.900</b>
<b>Total Expenses</b>	-	<b>14.655.726</b>	<b>21.441.245</b>	<b>36.096.971</b>
<b>Short-term benefits for key management personnel</b>	<b>40.721.181</b>	-	-	<b>40.721.181</b>

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 2024

(All amounts expressed in Denar, unless otherwise stated)

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

	Key management personnel	Parent Company	Other related parties	Total
<b>Total Assets</b>	<b>453.578</b>	<b>1.537.375</b>	<b>-</b>	<b>1.990.953</b>
<b>Receivables</b>	<b>453.578</b>	<b>1.537.375</b>	<b>-</b>	<b>1.990.953</b>
Receivables from insurers based on insurance premiums	370.582	-	-	370.582
Other receivables	82.996	1.537.375	-	1.620.371
<b>Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deposits	-	-	-	-
<b>Off-balance sheet records</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Subrogation receivables	-	-	-	-
<b>Total Liabilities</b>	<b>2.434.356</b>	<b>20.071.968</b>	<b>3.028.848</b>	<b>25.535.172</b>
<b>Liabilities</b>	<b>2.434.356</b>	<b>20.071.968</b>	<b>3.028.848</b>	<b>25.535.172</b>
Liabilities towards insurers for claims, insurance amounts and other agreed amounts	-	-	-	-
Other liabilities	2.434.356	20.071.968	3.028.848	25.535.172
<b>Off-balance sheet records</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Subrogation receivables	-	-	-	-
<b>Total Revenues</b>	<b>663.479</b>	<b>1.725.598</b>	<b>41.645</b>	<b>2.430.722</b>
<b>Total Expenses</b>	<b>-</b>	<b>-</b>	<b>35.865.544</b>	<b>35.865.544</b>
<b>Short-term benefits for key management personnel</b>	<b>37.783.014</b>	<b>-</b>	<b>-</b>	<b>37.783.014</b>

### Transactions with the National Insurance Bureau

	2024	2023
Investments in joint controlled entities	14.223.117	14.644.777
Receivables from the National Insurance Bureau	2.222.562	1.534.987
Liabilities to the National Insurance Bureau	-	202.487
Income from investments	452.012	334.319
Income from gain	-	161.934
Income from claims proceedings	359.775	295.200
Income from realized subrogation receivables	3.338.369	3.028.385
Expenses	10.033.283	11.971.656

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 2024

(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 2024	Index of claims, gross	Index of expenses, gross	Combined Index, gross
<b>Total</b>	<b>40,31%</b>	<b>35,02%</b>	<b>75,33%</b>
accident	56,95%	35,85%	92,81%
health	69,23%	33,33%	102,56%
motor vehicles (Casco)	56,01%	51,15%	107,16%
railways vehicles (Casco)	0,00%	0,00%	0,00%
aircrafts (Casco)	0,00%	0,00%	0,00%
vessels (Casco)	0,00%	31,59%	31,59%
goods in transport (Cargo)	1,18%	69,07%	70,25%
property against fire and other dangers	14,32%	17,13%	31,45%
property other	6,87%	35,93%	42,80%
AO (total)	51,04%	44,85%	95,89%
aircraft liability	0,00%	0,10%	0,10%
vessel liability	0,00%	71,27%	71,27%
general liability	1,42%	28,29%	29,71%
loans	0,00%	0,00%	0,00%
guarantees	0,00%	100,91%	100,91%
financial losses	-6,25%	49,04%	42,79%
legal protection	0,00%	0,00%	0,00%
tourist assistance	49,25%	53,59%	102,85%

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 2024

(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, gross	Index of expenses, gross	Combined Index, gross
<b>Total</b>	<b>36,48%</b>	<b>34,30%</b>	<b>70,78%</b>
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%

**Combined Index, net**

31 December 2024	Index of claims, net	Index of expenses, net	Combined Index, net
<b>Total</b>	<b>54,61%</b>	<b>42,07%</b>	<b>96,68%</b>
accident	59,14%	36,67%	95,81%
health	71,88%	35,02%	106,90%
motor vehicles (Casco)	56,87%	51,94%	108,81%
railways vehicles (Casco)	0,00%	0,00%	0,00%
aircrafts (Casco)	0,00%	0,00%	0,00%
vessels (Casco)	0,00%	31,59%	31,59%
goods in transport (Cargo)	1,21%	69,89%	71,10%
property against fire and other dangers	57,77%	41,03%	98,80%
property other	14,97%	66,09%	81,06%
AO (total)	52,83%	47,08%	99,92%
aircraft liability	0,00%	-22814,65%	-22814,65%
vessel liability	0,00%	71,27%	71,27%
general liability	5,93%	55,74%	61,67%
loans	0,00%	0,00%	0,00%
guarantees	0,00%	100,91%	100,91%
financial losses	-6,25%	49,04%	42,79%
legal protection	0,00%	0,00%	0,00%
tourist assistance	49,25%	53,59%	102,85%

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 2024

(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
<b>Total</b>	<b>49,65%</b>	<b>42,45%</b>	<b>92,11%</b>
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	31,14%	56,87%	88,00%

## 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 2024. The Management believes that such proceedings including litigations will not have material effect on the Company's results at 31 December 2024.

### *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.

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 2024

(All amounts expressed in Denar, unless otherwise stated)

## **7. Commitments and contingences (continued)**

### *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 2024, the Company has estimated expenses for employee reserves amounting to 6.472.025 MKD (2023: 4.773.701 MKD) out of which severance pay reserves to the amount of 1.948.278 MKD (2023: 1.198.204 MKD) and jubilee rewards reserves to the amount of 5.523.747 MKD (2023: 3.575.497 MKD).

## **8. Events after the reporting period**

After 31 December 2024 – 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.



## ANNUAL REPORT

**On the Operations of EUROLINK Insurance Inc. Skopje, 2024**

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Skopje, February 2025

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

The 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 from 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.

Grazer Wechselseitige Versicherung Aktiengesellschaft was established in 1828. The Group with its nearly 200-year tradition has now become an international company encompassing insurance companies, banks and real estates under its umbrella, all of which being developed from the initial fire insurance company. Subsidiaries in thirteen countries from Central, East and Southeast Europe reflect the international orientation of the company. The Group, having over 12 billions of euros of total assets and 1,7 billions of euros of total equity has now been employing more than 5,000 people and servicing more 2,6 million clients in 13 countries from Central, East and Southeast Europe.

## **CORPORATE MANAGEMENT**

In 2024 the Company kept on following its already established good practices of corporate management as an inseparable part of the business strategy for the Company's operations.

One of the key elements of the corporate management is a clearly defined organizational structure founding its 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 2024, the Company kept on maintaining its established corporate culture, hence, in the spirit of a good corporate governance, in the course of 2024 the Company passed new internal documents with a view to legally complying with regulations governing the insurance (insurance and reinsurance), as well as in other segments (such as professional communication) and amendments to its internal acts in the various segment of its operations, resulting from business processes carried out in the Company.

In the course of year 2024, 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 course of 2024. Thus, the meeting held on 13 March 2024 was the Annual Meeting at which the sole Shareholder reviewed and adopted consolidated Financial Statements and Annual Account for 2023, 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 2023, a decision on payment of dividend from the profit realized in 2023, a decision on reallocation of the reinvested profit in 2018 into retained earnings for 2018, decision on reallocation of unused reinvested profit in 2022 into retained earnings for 2022, reviewed and adopted the Internal Auditor's Annual Report on 2023, 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 for the business year of 2023.

**Supervisory Board** held seven meetings in the course of 2024. 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 change of the Internal Auditor. This activity was carried out at the 73<sup>rd</sup> meeting of the Supervisory Board held on 18 November 2024.

The Supervisory Board consists of 3 (three) members as follows:

- Mag. Klaus Scheitegel – President of the Supervisory Board
- Mag. Dr. Othmar Ederer - Independent Member of the Supervisory Board
- Mag. Georg Schneider - Member of the Supervisory Board

**Management Board** continually carried out its activities in the course of 2024 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 19 meetings in the reporting period, making decisions related to the Company's operations and following the results of the company as well as market developments.

Decisions were made with respect to several segments of the Company's operations, such as various strategies, policies, rulebooks, guidelines for work, rule, procedures, programs – 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.

The Management Board has 5 members, with special authorizations. The President of the Management Board oversees and manages all areas of operations while the other four members are employed as heads of departments. The composition of the Management Board is as follows:

- Marija Tomeska, MSc, MBA, President of the Management Board
- Herman Zip, Deputy President of the Management Board
- Irena Velkoska Spirovska, Member of the Management Board
- Maja Bogdanovska Stojanovska, PhD - Member of the Management Board
- Cvetko Delev, MSc - Member of the Management Board

## **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

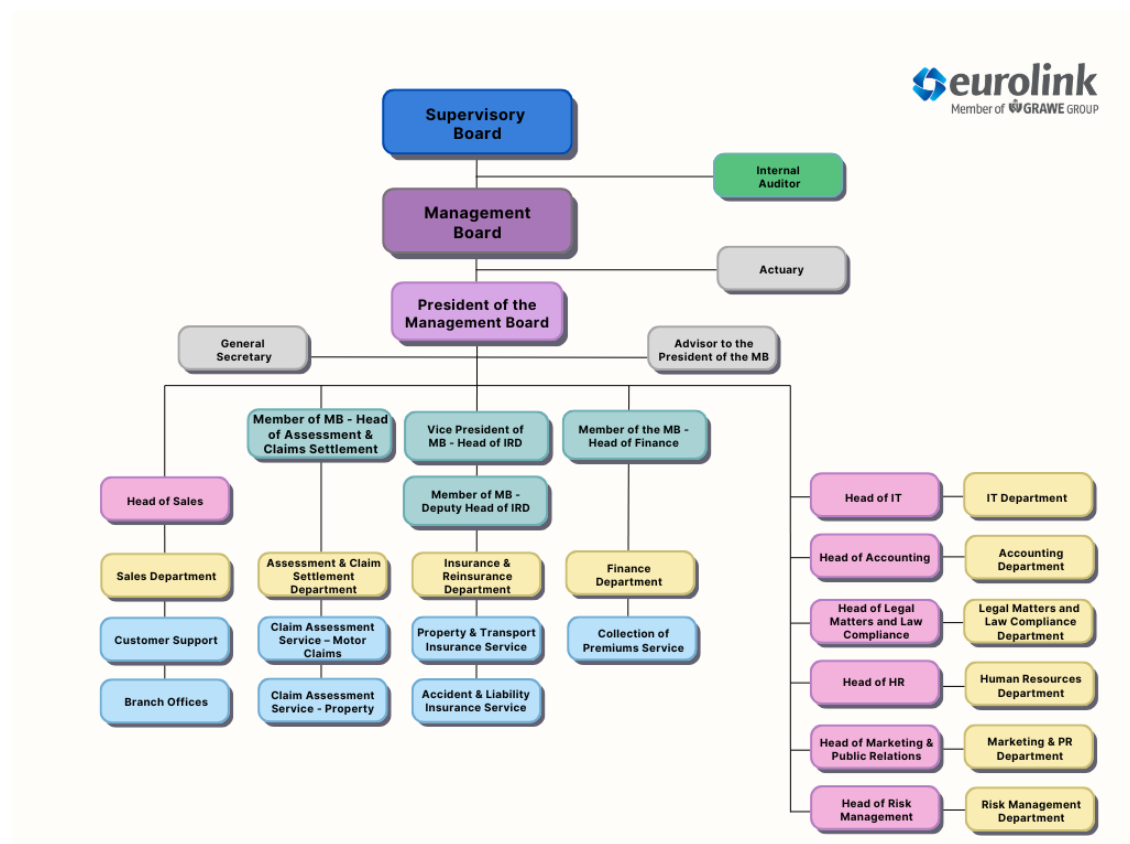
- Marketing and PR Department
- IT Department
- Insurance & Reinsurance Department
- Sales Department
- Claims Assessment & Settlement Department
- Certified Actuary
- Certified Internal Auditor
- Claims Supervisor and
- Risk Management Sector

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 2024, the Company was registered with 41 branches.



## **EMPLOYEES AND HUMAN RESOURCES DEVELOPMENT**

In the course of 2024, 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 2024 amounted to 208 full-time employees. With respect to qualifications, 109 employees have a higher education degree, 1 employee holds PhD, 9 hold MS degree, 84 with secondary school degree and 3 with primary school.

### ***RECRUITMENT AND SELECTION***

Human resources recruitment in the Company kept on making a combination of internal resources and usage of outsourcing platforms for recruitment of candidates. Selection is being made in cooperation with managers in charge and the HR Department.

Job vacancies are being distribute to the employees, too, so that they can suggest the most adequate candidates and be rewarded if offering a good recommendation provided such candidate would work for Eurolink at least 6 months.

HR Department reviews applications received, creates an initial list of candidates to be interviewed and starts the selection process together with the director in charge of each respective department.

Selection process is being made internally 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 ACIVITIES FOR NEWLY EMPLOYED***

##### ***SALES DEPARTMENT – CONSULTANT TRAINEES***

In the course of 2024, 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, as well as skills for communication with clients.

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 2024, Eurolink engaged new employees in the administrative departments, 1 out of whom being the Internal Auditor, 2 in Claims Department, 2 in Finance Department, 1 in Accounting Department, 1 Human Resources Department and 2 new employees in “Eurolink 24” - the Client Support Centre.

##### ***CAREER ON-LINE CENTRE***

The Career On-Line Centre page is active and all job vacancies have been posted there. In addition, announcement have been posted on social media connected to this page. Accordingly, there is a transparent process of communicating the selection, corporate values, benefits and atmosphere in

the company, which enables interested candidates to be better informed about employment opportunities.

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.

#### ***PERSONALIZED MANUAL FOR NEWLY EMPLOYED***

The manual for new employees is a part of an onboarding process and initial step for the new colleagues to get acquainted with the rules, benefits and organizational culture in Eurolink. The manual is posted on the Intranet page and distributed to each new employee in Eurolink on the very first day of the employment

#### ***EVALUATION – A KEY TOOL FOR ADVANCEMENT OF EMPLOYEES***

##### ***EVALUATION OF BRANCH MANAGERS***

In 2024, a semi-annual evaluation of branch managers was launched. The Form has been revised including 5 key components of their activities: work plan, property plan, renewal, sales realized from opportunities in the CRM system, profitability. New key indicators of performance are the property plan as an accentuation of the importance of the managers' role in a successful realization of the Property Strategy in practise, sales realized from opportunities in the CRM system, by means of which their contribution to motivating the teams to realize such opportunities, both assigned and individually found is evaluated, as well profitability arising therefrom, in order to develop awareness for the activities contributing to a better profitability of their respective sales teams.

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.

In addition, evaluation also includes the following competencies:

- Development of team members
- Managing of the sales team
- Organizational skills
- Building relations with clients
- Sales techniques

2 semi-annual evaluations were made in 2024.



### ***EVALUATION OF CONSULTANTS/EXPERTS***

In 2024, 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.

Selection includes:

- Consultant and Expert of the month
- Branch Manager at the half a year
- Consultant and Expert of the year
- Branch Manager of the year
- Branch office of the year in selling property insurances

As every year, in the reporting year a poll was also made for selection of the best colleague and all the employees voted for a colleague from administrative departments and the administrative employees in the sales department who was giving the greatest support in 2024. 8 such colleagues were voted out of all administrative departments.

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 2024 were awarded at the sales conference held in January 2025.

#### ***COMPETE AND TRAVEL PROGRAMME***

“Learning from the Best” Programme puts its focus on new insurances and schedules 2 semi-annual competitions 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 2024, a team building trip was organized to Venice in December where 10 colleagues enjoyed the beauties of Venice and surrounding islands and had an opportunity to share their selling practices.

## ***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

Sales network, management team and great number of representatives of the administrative departments attended the conference on 11 January 2024.

### ***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 to Legal Entities
- Plan of Activities for selling Life Insurance
- Plan of Activities Plan for working with Legal Entities
- Agenda for a Morning Briefing and Daily Activities for Branch Office Managers
- Controlling Team Visit Agenda
- Agenda and Report on the Controlling Visit by the Controlling Team
- Evaluation Forms
- Controlling Visit Plan
- Communication Plan – sale, competitions, property

## EMPLOYEES TRAINING

### OUTSOURCING TRAININGS

#### ***TRAINING FOR PREPARATION OF A NEW SELLING APPROACH***

2day trainings were organized for the employees in the Sales Department in July and September:

- 2day workshop for branch office managers
- 2day workshop for consultants and sales experts

Contents treated on the first training day were the same for both groups. The following topics were reviewed:

- Characteristics of personality types
- Mastering and a practical application of preferential type
- Cognitive functions and work styles
- Development of a personality type over the years

On the second training day branch managers were dealing with a preparation of a new selling approach:

- Identification of and communication with various types
- Teams and team work
- Preparation of a new approach model and motivation strategy of consultants

On the second training day the consultants and sales experts worked on mastering the selling approach, including:

- Temperaments and shared values
- Effective sales with questioning
- Decision making in the selling process
- Refinement of the selling approach

Trainings were conducted for a part of the management team on the topic of emotional intelligence and internal workshop for leadership and self-reflection.

A part of the colleagues from administrative sectors attended the SorS Academy for Insurance in Belgrade, while others attended a summer school in Ohrid as well as expert trainings organized by the Chamber of Commerce.

### INTERNAL TRAININGS

#### ***WEBEX TRAININGS***

In 2024, webex trainings for the sales network were organized on the following topics:

- Webexes for changes in key products in 2024
- Webexes for training on property insurance
- Webexes for efficacious communications on social networks
- Webexes for a successful management of a sales team
- Webexes and quizzes on property insurance knowledge
- Webexes for presentation of corporate materials to clients
- Webexes for the new Eurolink 360 platform
- Webexes for claim indemnity process
- Webexes for claim indemnity process regarding natural disasters
- Webexes for announcement of weekly sales activities
- Webex for a new form for evaluation of branch office managers
- Webex for sales – novelties communicating

### ***WORKSHOPS FOR BRANCH MANAGERS***

In the course of 2024 several workshops for branch office managers were held in the framework of jour-fixe day:

- In April, a workshop on the topic: Development of property insurance, MTPL, Travel Insurance via Travel Agencies, development of sales in rural areas
- In July, a workshop on the topic: Branch office profitability
- In October the topic was improvement of the process of issuing insurance offers, greater efficiency and responsibility and role of the managers in the process.

### ***IT SYSTEM SECURITY TRAINING***

In 2024, all employees attended and successfully completed the training on protection of IT system, 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, which is at a higher level of knowledge compared to 2023 and is intended for the managerial staff.

### ***ANNUAL SEMINAR***

The annual seminar for all the employees was held in Negorski Banji in May 2024, under the moto: Different. United. Strong.

The colleagues were listening to the following themes:

- Actual themes, plans and results
- Strategy – Property is worth more with Eurolink – results and plans
- New online platform
- New coaching program
- New promotional videos
- Types of person and team cohesion

Team building activities and entertainment were also realized.

#### ***TEAM BUILDING – DAY FOR ENJOYMENT***

One-day team building was held at Romantic Hotel by the Veles Lake in October and it was dedicated to a healthy life style and bonding. Activities were organized with a view to increasing the value of good health through expert lectures, team Olympics, massages and exercising.

#### ***INTERNAL AND EXTERNAL COMMUNICATION***

##### ***MONTHLY BRIEF***

A new practice was introduced in September 2024 intended to increase transparency by holding monthly hybrid meetings for all employees. Employees at the head office and Skopje branches are present in live while employees in the branches throughout the country join via webex connection.

Meetings include announcing the company's results and plans, novelties in the industry and in our company, recognition to rewarded colleagues in the sales network. After-work event is organized following the meeting.

3 meetings were organized in 2024.

##### ***INTERNAL COMMUNICATION FOR PROPERTY INSURANCE***

Communication plan with an accent on property insurance and B2B sales was realized in 2024.

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.

##### ***INTERNAL COMMUNICATION FOR EUROLINK 360 PLATFORM***

By launching the new, unique insurance platform EUROLINK360, a plan for internal communication to the employees was established regarding the manner of usage, functionality and benefits for our clients.

By using webex and texts we raised the awareness of our clients for the importance of this platform and educated our employees to be promoters and support to the clients when using the one. Webex training, texts and a survey among the employees were conducted.

All produced materials were loaded on the Intranet page.

#### ***INTRANET PAGE***

This intranet page is regularly updated with ongoing activities concerning the employees, novelties, interview, 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 2024, testimonial texts of the jubilee employees, working 10 and/or 20 years for the Company were published.

In addition, all job vacancies, shared information on events for the employees, workshops, team building, sales conference etc., 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***

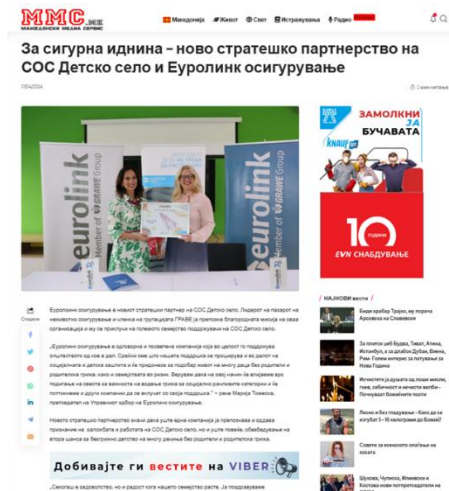
The marketing activities during 2024 were extremely dynamic and focused primarily on developing an integrated communication strategy for the new digital platform Eurolink360, as well as on promoting our insurance products and boosting sales.

**The first quarter** was dedicated to updating all promotional materials (flyers, posters, brochures, corporate presentation) and increased promotion of the travel insurance on social media.

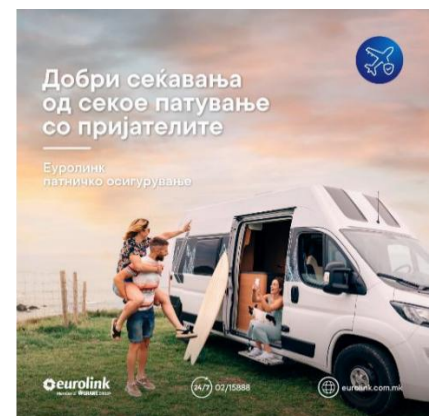
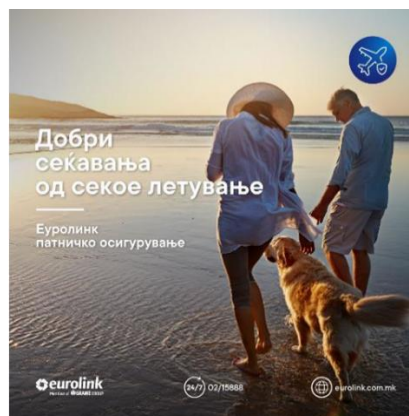
- Travel insurance was communicated through the completion of the campaign that began the previous year, which aimed to highlight the small dilemmas associated with traveling. For the winter months, the creatives were related to typical winter dilemmas, such as "Weekend skiing or sledding?" highlighting the carefree nature of our insured clients who, with our travel insurance, are free from all major worries.

**The second quarter** was particularly dynamic, with the implementation of activities in several fields. These activities included:

- Announcement of a new collaboration with SOS Children's Village, communicated through a press release and social media posts with excellent reception from internal and external audiences.



- A new travel insurance campaign under the slogan "Good memories from every trip", which is in line with the long-term communication strategy for the product, designed around creative and unusual campaigns aimed at highlighting the benefits of quality insurance for each travel.



- Finalizing the communication strategy and creative elements used for the launch and initial communication of the new Eurolink360 platform for both the internal and external public. We are developing a brand around the new service, applying an umbrella branding strategy, and enhancing the corporate logo with a 360-degree element, as a symbol of a fully rounded experience.



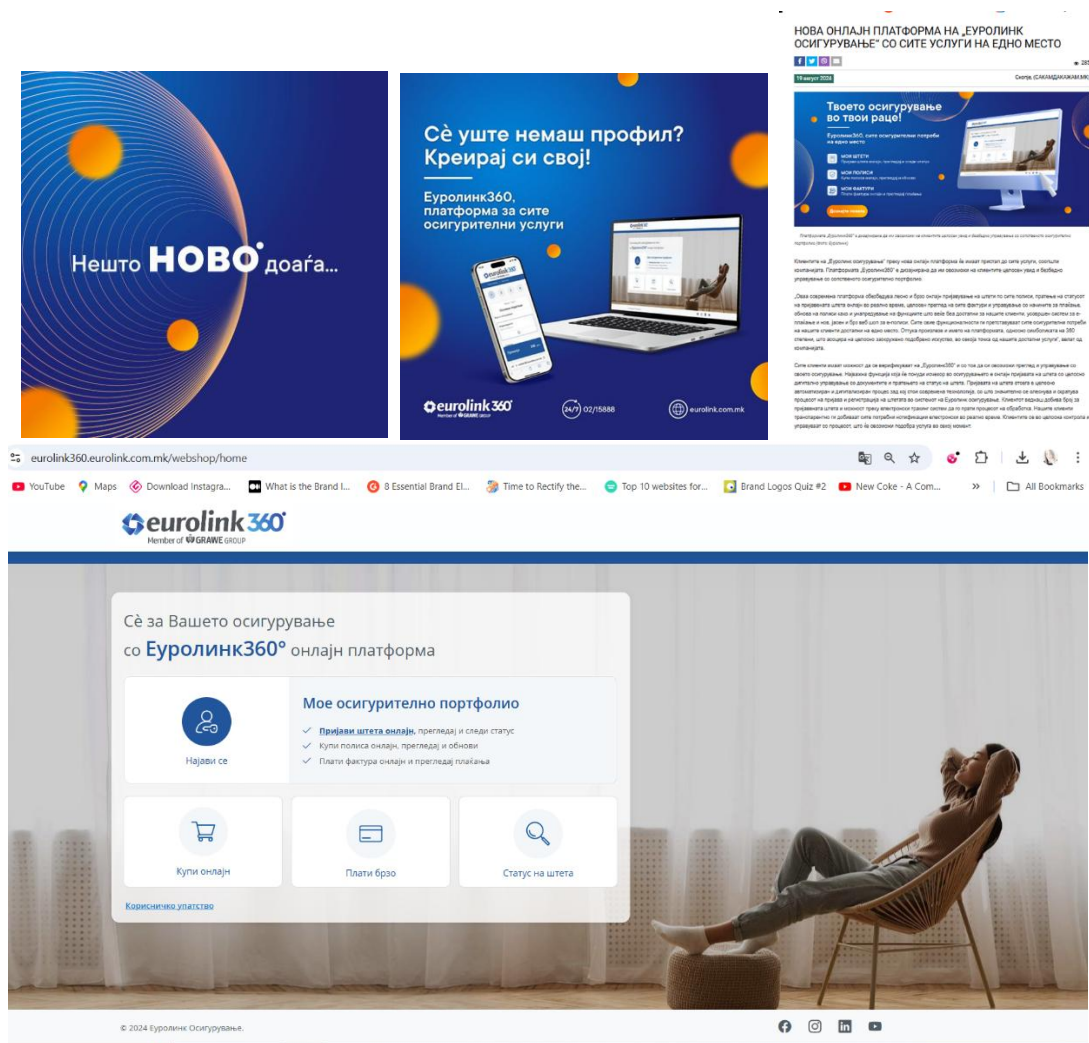
In the **third quarter**, we continued with dynamic promotion that included:

- A campaign with new TV and radio commercials for all products resulting from the adaptation of spots received through the GRAWE network.
- Promotions for travel insurance through giveaways in cooperation with web portals and media with a wide audience, as well as a sales promotion to celebrate the milestone of more than 500.000 travel policies sold.



- For the first time, we started a collaboration with influencers to promote the travel insurance, which brought excellent feedback.
- The launch of Eurolink360, which included a short teaser campaign, communication through a press release, a campaign on digital media and web portals, updating the website and direct communication with clients.





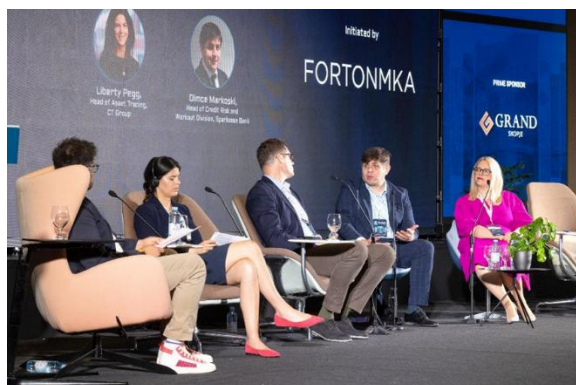
The fourth quarter was a period of strengthened activities around the promotion of Eurolink360, but also intensified PR activities, participation in important events etc.

- The EL360 promotion campaign continued with an ongoing presence on social media and placement of web banners through web portals, as well as a mega interview with the President of the Management Board in the business magazine "Ekonomija I biznis" related to Eurolink360 and the details of the new service.

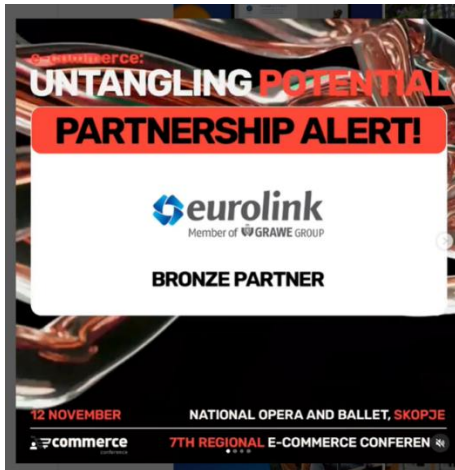


Other activities during the year that included the presence of Eurolink Insurance as a supporter or sponsor, as well as the presence of the top management in the public were:

- Participation of the President of the Management Board in an **expert panel within the Real Estate Conference**, the first and only conference of this kind in our country, with a focus on project financing and the role of insurance in providing support for them.
- Participation of the President of the Management Board in an **expert debate organized by Bloomberg Adria**, where the main topic was the economic development of the country, emphasizing the key role of quality insurance in enabling sustainable economic growth.



- Sponsorship of the **7th E-Commerce Conference** held in November, the largest of its kind in the entire region.
- Announcement of Eurolink's support for the startup community in Macedonia through cooperation with **the organization Startup Macedonia**.



During the year, the Eurolink team participated in several local and national sporting events, supported several educational local initiatives and other activities in line with the Corporate Social Responsibility strategy.

#### **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 2024.

#### **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**

According to IMF projections from October 2024, the global economy growth rate is expected to remain stable at a level of 3.2% in 2024 and in 2025 respectively. Global economic activity and world trade became stronger at the end of 2023, the trade being stimulated by an extensive export from Asia, particularly in technology domain. The growth in the developed countries is expected to stagnate at 1.8% in both respective years, owing to big developed countries (G7) where stagnation is expected to be at 1.7% in both respective years. The growth in the developing countries is also expected to stagnate at 4.2 in both respective years. Economic activity in the EU in 2024 is expected to show 0.5% growth (it was 0.6% in 2023, expecting to grow to 1.1% in 2024), while projected at 1.6% in 2025 and 1.7% growth in 2026, as a result of increasing consumption, which will be stimulated by a real increase in salaries, as well as by higher investments under circumstances of a gradual monetary easing in 2024. Continuing weaknesses in the processing industry have an impact on the growth in Germany, which is additionally limited by a fiscal consolidation and drop in real estate prices. Hence, the economic activity in 2024 is expected to remain unchanged (0.0% growth) while expected to recover at 0.8% in 2025.

In the USA, projected growth for 2024 was revised upward at 2.8%, which is 0.2% higher than the projection made in July, due to higher results in the consumption and non-residential investments. Increasing consumption to a great extent is a result of big increases in salaries (especially at low-income households). This growth is expected to slow down at 2.2% in 2025, due to gradually

restricting fiscal policies, which will affect the market and slow down the consumption. By GDP growth lower than the potential one, the exit gap is expected to close in 2025.

Developing countries are expected to have decreasing projection under circumstances of disturbances in manufacturing and distribution of primary produces (oil first of all), geopolitical conflicts and unfavourable weather conditions.

In China, slowing down is expected to be gradual. Despite existing weakness in the domain of real estate and low consumption, the growth is projected to slow down only marginally at 4.8% in 2024, mostly owing to net export, which is bigger than the expected one.

Domestic economy has a 1.8% growth in the first half of 2024. 2.1% annual growth is expected until the end of 2024. In these terms, the growth is owing to increased demand, under circumstances of increasing gross investments (9.2% real semi-annual growth) and consumption, while the net export have a negative contribution to the growth. The main engines of growth in the first half of the year are services sector and building industry.

Overviewed by sectors, the main driver of growth in the first half of 2024 was the service sector, supported by the construction sector. Activity in the service sector is increased by 3.8%, with the largest contribution to growth coming from trade, transport and accommodation and food service activities (increase of 6.3%). Significant growth was also recorded in the Arts, Entertainment and Recreation sectors by 14.4% and in the Professional, Scientific and Technical activities by 8.1%. Construction activity recorded a real increase of 1.4%. The industrial and agricultural sectors recorded a decrease of 1.7% and 10.7% respectively. According to high-frequency data, industrial production in the first ten months of 2024 decrease by 3.8%, amid a decrease in all components, i.e. electricity production, mining, and manufacturing industry. Retail trade recorded a real increase of 2.4% in the first nine months of 2024. The number of issued Construction permits, as well as the total estimated value of construction works in the period January-September 2024 decreased compared to the same period last year.

Inflation rate in the course of 2024 is expected to be stabilized and is projected at 3.5% under circumstances of a stable level of energy and food prices on the international markets as well as a further slowing the basic inflation at 2.0%. Further stabilization of the price level and an inflation rate of 2.2% are expected in 2025. The expectation of lower inflation is supported by the projected stabilization of prices of basic food products and energy on the international market, the slowdown in foreign effective inflation, as well as the more moderate pressure from core inflation.

In accordance with State Statistical Office data, the labour market shows further decreasing unemployment i.e., increasing employment. The total number of unemployed persons in the Q3 of 2024 is 98.416 persons and/or it show 5.3% decrease (5.472 persons). Employment rate in the

category 15-89 in Q2 in 2024 is 45.6% and it is 0.2% higher than the same period last year. The total number of employed persons at the age of 15-89 years is 691,736, which is 0.6% increase (4,385 persons) compared to Q1. The total active population at the age from 15 to 89 years is 52.1% out of the total population able to work. The average net salary in the period from January to August 2024 is 14.5% higher compared to the same period last year. Increasing net salaries are evident in all sectors, predominantly in public administration and defence, education and art, entertainment and recreation.

Positive labour market trends are expected to continue in 2025, as a result of increasing investments and demand for labour force, active employment measures and programmes and support of the domestic and foreign companies to opening new jobs. In 2024, under steady economic growth, the number of employments in 2024 is expected to show 1.0% increase, while 1.8% average annual increase for the period 2025-2029. Such movements in the labour market are predicted to contribute to a gradual decrease in unemployment, to reach 7.3% until 2029. At the same time employment rate is projected to have a gradual increase and to reach 51.6% in 2029. The average net salary in the period 2025-2029 is expected to raise by an average rate of 5.6% backed by productivity growth.

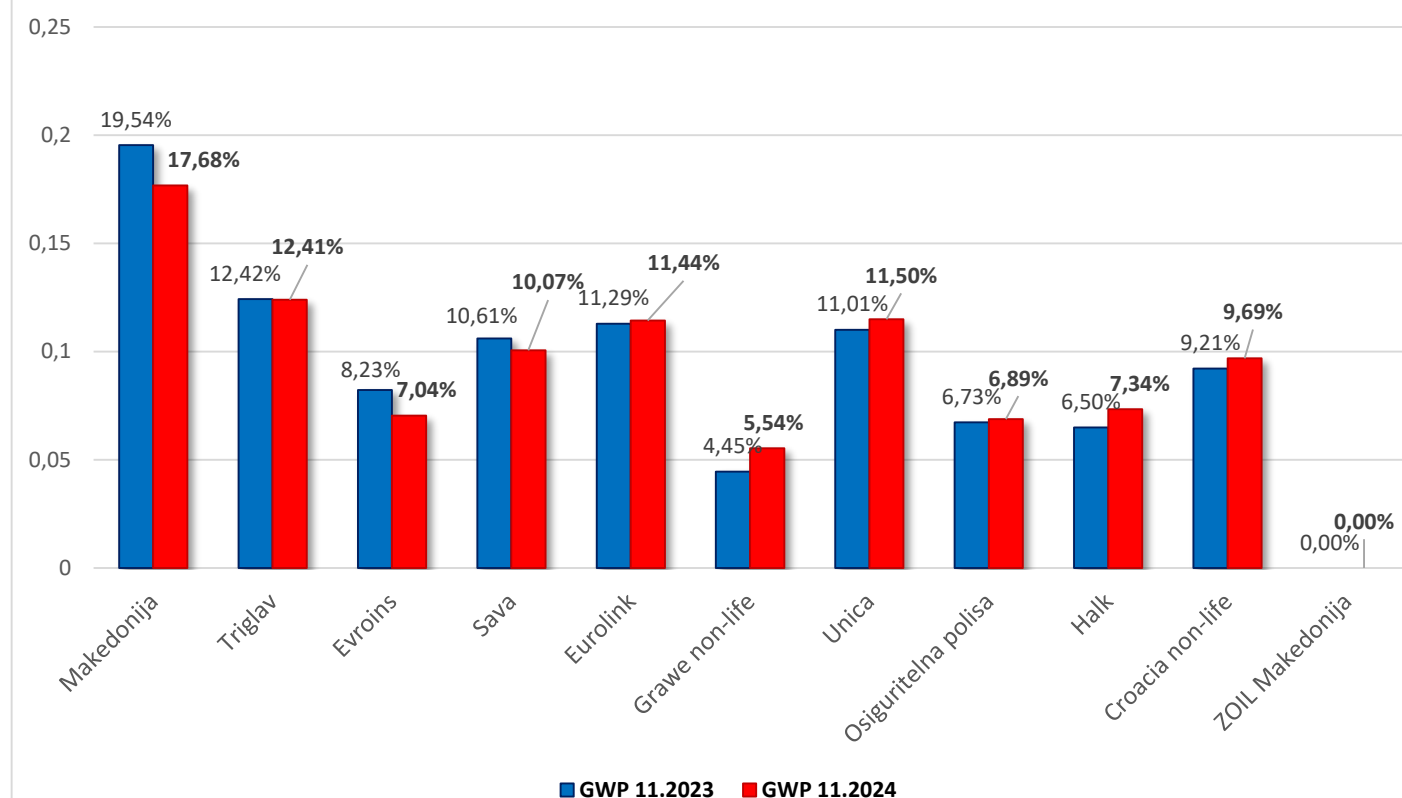
### ***NON-LIFE INSURANCE MARKET***

In accordance with the initially consolidated data for 2024 received from NIB, the total non-life insurance market wrote premiums in the approximate amount of MKD 13.04 billion of MKD thus showing a 10% increase compared to 2023 (2023: 11.86 billion of MKD) or by 1.19 billion of MKD in the absolute amount.

In 2024, 11 non-life insurance companies were present in the market, 5 of them exceeding the threshold of participation of more than 10% of the gross written premiums (Makedonija, Triglav, Uniq, Eurolink and Sava), Wiener Insurance merged with Makedonija now having 17.7% of the market, while having 19.54% participation when merged in 2023. Evroins had the biggest movement in the insurance market in 2023, showing 1.19% and or from 8.23% in 2023, dropping to 7.04% and Grave with increase of 1%.

Eurolink realized 11.44% of the market share (2023:11.29%) a 0.15 p.p. increase being ranked the 4<sup>th</sup> position in the domestic insurance market. Makedonija is the market leader in 2024 due to merging of the insurance companies.

## GWP - The Insurance Market 2024 and 2023



From the overview of the overall non-life insurance market in relation to 2024, it can be noted that seven companies recorded an increase in gross written premiums. The most notable is the increase of 37% at Grawe (which also achieved a 1% shift in the market position), while two companies recorded a decline, the highest at Euroins (-6%), while Macedonia (when, for the adequate comparison for 2023, the gross written premiums figures are merged with those of Winner) ends almost at the same level or with only 11 million denars lower premium.

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 319 million MKD (or 6% increase), while relatively, the biggest increase is shown in the class of Credit Insurance, with 74% increase and/or approximately 45 million MKD increase. In addition, substantial positive movements are present in the following classes: Health Insurance (304 million MKD or 30%), Motor Vehicles – Casco (158 million MKD or 13%), Other Property Insurances (127 million MKD or 9%), Fire and Allied Perils (179 million MKD or 21%).

Negative tendencies are only present in Aircraft Liability amounting to 14 million MKD or drop by 48%.

As a comparison, our Company has an absolute increase in Fire and Allied Perils, approximately by 63 million MKD or 35% (21% increase at the total market level), then in Casco with approximate 30



million MKD or 28% (13%increase at the total market level) and other Property insurances with approximate 20 million MKD or 23% (11%increase at the total market level).

Increase is also present in the following classes: Health Insurance by 7% (30% increase at the total market level), GL by 21% (16% increase in the total market), Aircraft Liability by 35% (48% decrease at the total market level) as well as Travel insurance by 3 % (6% increase at the total market level).

**Gross Written Premiums in 2024 and 2023 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			
		2024	2023	% of change	absolute change	2024	2023	% of change	absolute change
1	Accident	97.531	96.746	1%	785	843.377	758.692	11%	84.685
2	Health Insurance	233.861	217.603	7%	16.258	1.307.699	1.004.049	30%	303.650
3	Motor Vehicles - Hull	136.792	106.495	28%	30.297	1.339.510	1.181.114	13%	158.397
4	Rail Vehicles- Hull	0	0		0	91	0		91
5	Aircrafts - Hull	76.326	78.100	-2%	-1.774	98.552	92.253	7%	6.299
6	Vessel - Hull	48	118	-59%	-70	2.015	1.762	14%	253
7	Goods-in-Transit -Cargo	5.704	7.786	-27%	-2.082	119.595	118.919	1%	676
8	Property from Fire and Allied Perils	240.774	177.708	35%	63.066	1.015.235	835.740	21%	179.495
9	Other Property Insurances	103.678	83.970	23%	19.708	1.520.206	1.498.215	1%	21.991
10	MTPL (total)	446.750	440.671	1%	6.079	5.914.375	5.595.487	6%	318.888
11	Aircraft Liability	8.720	6.447	35%	2.273	15.091	28.792	-48%	-13.701
12	Vessel Liability	715	537	33%	178	4.802	4.379	10%	423
13	General Liability	92.268	75.984	21%	16.284	366.322	316.420	16%	49.902
14	Credit Insurance	0	0		0	104.726	60.331		44.395
15	Warranty Insurance	29	7	314%	22	193	397	-52%	-205
16	Financial Loss Insurance	944	484	95%	460	98.197	82.350	19%	15.847
17	Legal Protection Insurance	0	0		0	3	2		1
18	Travel Insurance	47.985	46.429	3%	1.556	293.602	277.561	6%	16.041
	<b>Total</b>	<b>1.492.125</b>	<b>1.339.085</b>	<b>11%</b>	<b>153.040</b>	<b>13.043.592</b>	<b>11.856.463</b>	<b>10%</b>	<b>1.187.130</b>

With respect to market share in various classes of insurance, the Company remained its primacy (16<sup>th</sup> year in a row) in the volume of written premiums in General Liability Insurance with 25% share out of the total written premiums in this class (in front of Makedonija with 17%), as well as in Aircraft Casco with 77% market share. In addition, in 2024 the Company was ranked the first in the class of Aircraft Liability having 58%, in front of Croatia with 18% under the circumstances of a 48% drop at the total market level and in Fire Insurance with 24% in front of Makedonija with 23%



Source: Insurance Supervision Agency of the Republic of North Macedonia

Gross Written Premiums 1 January 2024 31 December 2024

In 000 mkd

Class of Insurance	Non-Life											Total
	Makedonija	Triglav	Evroins	Sava	Eurolink	Grawe Non-life	Uniqua	Os. Polisa	Halk	Croatia	ZOIL Makedonija	
Accident	119.383	130.796	51.562	80.923	97.531	30.509	60.758	50.808	70.056	149.331	1.720	843.377
Health Insurance	250.866	220.790	31.630	107.806	233.861	0	122.149	0	118.365	222.232	0	1.307.699
Motor Vehicles - Hull	187.582	177.590	83.844	228.004	136.792	28.807	109.978	125.895	146.353	108.364	6.302	1.339.510
Rail Vehicles- Hull	0	0	0	91	0	0	0	0	0	0	0	91
Aircrafts - Hull	165,57	907	0	0	76.326	0	0	562	0	20592	0	98.552
Vessel - Hull	180,952	160,986	0	965,468	48	0	23	449	187,67	0	0	2.015
Goods-in-Transit -Cargo	23.015	35.197	22.123	3.618	5.704	0	14.939	3.706	5.536	5.757	0	119.595
Property from Fire and Allied Perils	234.802	107.055	59.170	93.427	240.774	4.306	58.918	65.756	80.467	70.158	401	1.015.235
Other Property Insurances	443.833	251.276	170.333	166.575	103.678	2.084	210.016	32.167	62.722	77.386	136	1.520.206
MTPL (total)	930.717	482.449	465.814	532.202	446.750	650.490	840.561	562.219	394.258	563.128	45.786	5.914.375
Aircraft Liability	673,976	1.100	0	0	8.720	0	0	1878	0	2720	0	15.091
Vessel Liability	733,931	364,83	79	1.178	715	0	524	711	356,87	140	0	4.802
General Liability	61.092	50.798	18.457	16.618	92.268	599	50.450	28.436	33.694	13.851	58	366.322
Credit Insurance	17.927	36.138	2.783	18.973	0	0	0	0	26230,95	2675	0	104.726
Warranty Insurance	0	0	0	0	29	0	0	7	156,6	0	0	192,6
Financial Loss Insurance	10.497	62.550	193	9.655	944	0	9.655	0	3.913	790	0	98.197
Legal Protection Insurance	0	0	0	0	0	0	0	0	0	3	0	3
Travel Insurance	24.511	60.938	12.011	53.127	47.985	5.619	21.884	25.609	15.139	26.765	14	293.602
<b>Total</b>	<b>2.305.980</b>	<b>1.618.108</b>	<b>917.999</b>	<b>1.313.163</b>	<b>1.492.125</b>	<b>722.414</b>	<b>1.499.855</b>	<b>898.203</b>	<b>957.436</b>	<b>1.263.892</b>	<b>54.417</b>	<b>13.043.592</b>

% per Non-life Insurance Company	17,68%	12,41%	7,04%	10,07%	11,44%	5,54%	11,50%	6,89%	7,34%	9,69%	0,42%	100%
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Structure (market share) of Gross Written Premiums in 2024 per Classes and per Insurance Companies

	Class of Insurance	Non-Life										
		Makedonija	Triglav	Evroins	Sava	Eurolink	Grawe Non-life	Uniqua	Os. Polisa	Halk	Croatia	ZOIL Makedonija
1	Accident	14%	16%	6%	10%	12%	4%	7%	6%	8%	18%	0%
2	Health Insurance	19%	17%	2%	8%	18%	0%	9%	0%	9%	17%	0%
3	Motor Vehicles - Hull	14%	13%	6%	17%	10%	2%	8%	9%	11%	8%	0%
4	Rail Vehicles- Hull	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%
5	Aircrafts - Hull	0%	1%	0%	0%	77%	0%	0%	1%	0%	21%	0%
6	Vessel - Hull	9%	8%	0%	48%	2%	0%	1%	22%	9%	0%	0%
7	Goods-in-Transit -Cargo	19%	29%	18%	3%	5%	0%	12%	3%	5%	5%	0%
8	Property from Fire and Allied Perils	23%	11%	6%	9%	24%	0%	6%	6%	8%	7%	0%
9	Other Property Insurances	29%	17%	11%	11%	7%	0%	14%	2%	4%	5%	0%
10	MTPL (total)	16%	8%	8%	9%	8%	11%	14%	10%	7%	10%	1%
11	Aircraft Liability	4%	7%	0%	0%	58%	0%	0%	12%	0%	18%	0%
12	Vessel Liability	15%	8%	2%	25%	15%	0%	11%	15%	7%	3%	0%
13	General Liability	17%	14%	5%	5%	25%	0%	14%	8%	9%	4%	0%
14	Credit Insurance	17%	35%	3%	18%	0%	0%	0%	0%	25%	3%	0%
15	Warranty Insurance	0%	0%	0%	0%	15%	0%	0%	4%	81%	0%	0%
16	Financial Loss Insurance	11%	64%	0%	10%	1%	0%	10%	0%	4%	1%	0%
17	Legal Protection Insurance	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%
18	Travel Insurance	8%	21%	4%	18%	16%	2%	7%	9%	5%	9%	0%
	<b>Total</b>	18%	12%	7%	10%	11%	6%	11%	7%	7%	10%	0%

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In 2024, the Company faced the following concrete challenges:

- Inability to increase the MTPL premium despite the rapidly increasing claims costs and huge inflation on spare parts and cars
- Growing power of brokers based at technical check-ups, who demand commissions above the company's threshold
- Increasing expenses for medical services rendered by private healthcare facilities, thus causing a rise of the expenses for handling claims arising from health insurance policies
- 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
- Increasing frequency of severe weather conditions
- Non-realization of planned foreign investments and big infrastructural projects
- Lack of human resources and reduction in the available work-force for new recruitment
- 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

## **BUSINESS POLICY**

Business policy in 2024 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 2024 incorporates the following values the Company's operations were based on:

- Professional relations and communications with all stakeholders;
- 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;
- Development of the underdeveloped classes and reducing the protection gap
- Teamwork and support;
- Human resource development; operations improvement and
- Cost efficiency
- Building business relations with domestic and foreign professional affiliations;

## COMPANY'S OPERATIONS ANALYSIS

### Company's Activities

The Company's activities in 2024 were focused on improving the company results, employee satisfaction and strengthening the market position. All this was done with the main purpose of protecting the interest of the clients and all other stakeholders in the long-term.

The company put extensive efforts in 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. As a support to these activities and an investment in the future, the Company underwent a complete digitalization of all processes that the client needs (new policy issuance, renewal, payment and claims settlement) by introducing a fully digital customer portal EuroLink 360. With this transformation the company set a new standard and client expectations in the overall insurance market.

In the reporting period, in addition to maintaining the current portfolio, the Company was focused on expanding the property portfolio, mainly through acquisition of new small property insurances. The key clients approach was also a priority, by means of an active on-site sales initiative conducted by the management and regarding all classes of insurance. Another key area the company continued to pursue is the insurance of the fast growing renewable capacities. The Company kept its primacy in this area and got profiled as the first and the only insurance company to provide an efficient insurance protection for wind parks. All coordinated efforts also had in consideration and managed to keep the company's well distributed/diversified portfolio structure- which is set as a company strategy. Additionally, the company continued the activities for maintaining long-term profitability per insurance class. This implied a revision of the Company's price policy with a view to adjusting to the new trends in expenses for handling indemnity claims. Adaptations of the tariffs were needed and conducted for health, casco, property and travel insurance, all driven by rapidly growing claims costs. In 2024, the Company moved for one market position, from third to fourth market position, measured by the share in gross written premium at the level of the overall non-life insurance market (with a market share of 11.44%, 2023: 11.3%), with a significant increase of 11% in total gross written premium, while the increase in total market premium is 10%.

In addition, the Company makes a special contribution at the market level in the class aircrafts hull insurance, where it maintains the leading position acquired in 2022, with a market share of 77% (2023: 85%) within the class. Also, the Company has had absolute primacy in the general liability insurance class for the sixteenth year in a row with a market share of 25% (2023: 24%), with a realized increase of 21%. Also, in 2024, the Company ascent to first position in the aircraft liability class with a share of 58%, as well as in property from fire and allied perils with 24%. Health insurance participation in the market is 18%, which gives the company the second market position in this class.

## Sales

In 2024, the Company wrote gross insurance premiums to the amount of 1.492.125.752.000 MKD, which is 153.040.000 MKD (11%) higher amount than the one realized in 2023 (2023: 1.339.085.000 MKD). According to initially consolidated data on 2024 received from NIB, our Company has the fourth ranking in the domestic non-life insurance market, having approximately 11.44% market share increasing at the same time its market share by 0.15 percentage points compared to previous year when the share was 11.29% when the Company was the second ranked (which would now be considered as third place if the data for Wiener and Makedonija are consolidated), for the sake of comparison.

As regards structure of gross written premiums, MTPL insurance participated with the biggest portion of 30% (33% in 2023). 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 45% in 2024 while 47% in 2023).

Fire and other Property Insurances participated with 23% (19% in 2023), Health Insurance with 16% (16% in 2023), Accident Insurance with 7% (7% in 2023), Motor Hull (Casco) with 9% (8% in 2023), GL with 6% (6% in 2023), Air Hull (Casco with 5% (6% in 2023) and Travel Assistance with 3% (3% in 2023).

### Gross Written Premiums per classes, realisation in 2024 and 2023

		Realization 2024	Realization 2023	Change in % 2024/2023	Structure 2024	Structure 2023
1	Accident	97.531	96.746	1%	7%	7%
2	Health Insurance	233.861	217.603	7%	16%	16%
3	Hull – Motor Vehicle	136.792	106.495	28%	9%	8%
5	Hull - Aircrafts	76.326	78.100	-2%	5%	6%
6	Hull - Vessels	48	118	-59%	0%	0%
7	Cargo	5.704	7.786	-27%	0%	1%
8	Fire	240.774	177.708	35%	16%	13%
9	Other Property	103.678	83.970	23%	7%	6%
10	MTPL	446.750	440.671	1%	30%	33%
11	Aircraft Liability	8.720	6.447	35%	1%	0%
12	Vessel Liability	715	537	33%	0%	0%
13	General Liability	92.268	75.984	21%	6%	6%
15	Warranty	29	7	314%	0%	0%
16	Financial Losses	944	484	95%	0%	0%
18	Travel Assistance	47.985	46.429	3%	3%	3%
<b>Total Written Premiums</b>		<b>1.492.125</b>	<b>1.339.085</b>	<b>11%</b>	<b>100%</b>	<b>100%</b>

As regards total sales figures, Insurance&Reinsurance\_Department participated with 52% of gross written premiums in the reporting period (2023: 50%) or 18% higher than the previous year.

Sales Department realised 48% of gross written premiums (2023: 50%) or 5% higher than the previous year.

Within the Sales Department, the accent was put mostly on return of the selling of Casco (with noted increases in the total Motor Insurance class of 22%), Property, class 8 (17% increase), GL with 17% increase and Health Insurance with 8% increase.

Activities in the Insurance & Reinsurance Department in the course of 2024 continued to be focused on the most significant projects being realized in our country. The focus was especially put on infrastructure projects for construction of motorways as well as renewable energy sources related projects.

Realization of the biggest civil engineering project that started to be realized in 2023 and will last in the course of following years has started. It is a construction of motorways on several corridors in the territory of Northern Macedonia, the main contractor being Bechtel and Enka Consortium.

Continuous pressure of the growing medical inflation and ever greater usage of health insurance products caused the Company to maintain its policy of increasing prices of the private health insurance. Such measures are minimum ones so as the Company to be able to make conditions for sustainability of these products on the long run.

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

## Gross Written Premiums per Quarters 2024/2023 per Departments

(in 000 MKD)

Quarter	2023	2023 cumulative	2024	2024 cumulative	2024 plan	2024 plan cumulative	% 2024/2023	2024 cumulative 2023 cumulative
Q1	440.332	440.332	448.552	448.552	1.194.309	1.194.309	2%	2%
Q2	371.852	812.184	369.212	817.764	370.005	1.564.314	-1%	1%
Q3	257.333	1.069.517	369.810	1.187.574	262.346	1.826.660	44%	11%
Q4	269.567	1.339.085	304.551	1.492.125	241.718	2.068.379	13%	11%
	1.339.085		1.492.125		2.068.379		11%	
		100%						

### Insurance & Reinsurance Department

Quarter	2023	2023 cumulative	2024	2024 cumulative	2024 plan	2024 plan cumulative	% 2024/2023	2024 cumulative 2023 cumulative
Q1	267.634	267.634	268.114	268.114	1.014.950	1.014.950	0%	0%
Q2	189.651	457.285	184.298	452.411	181.021	1.195.971	-3%	-1%
Q3	86.871	544.156	185.673	638.084	86.275	1.282.246	114%	17%
Q4	118.838	662.994	145.037	783.121	102.785	1.385.031	22%	18%
	662.994		783.121		1.385.031		18%	
		52%						

### Sales Department

Quarter	2023	2023 cumulative	2024	2024 cumulative	2024 plan	2024 plan cumulative	% 2024/2023	2024 cumulative 2023 cumulative
Q1	172.698	172.698	180.439	180.439	179.359	179.359	4%	4%
Q2	182.201	354.899	184.914	365.353	188.984	368.343	1%	3%
Q3	170.463	525.361	184.138	549.490	176.071	544.414	8%	5%
Q4	150.730	676.091	159.514	709.004	138.933	683.348	6%	5%
	676.091		709.004		683.348		5%	
		48%						



As regards distribution channels, 76.9% out of total premiums in 2024 was realised by direct sale or 0.2 percentage points higher than the previous year (2023: 76.7%), 19% through brokers or 1.1 percentage points higher than the previous year (2023: 18%), and the rest was realized via other distribution channels (travel agencies, agents etc.) making 3.9% or 1.4 percentage points lower than the last year (2022: 5.3%).

#### Written Premiums per Distribution Channels

<i>in 000 MKD</i>			% of change	Structure of Premiums	
Distribution Channels	2024	2023		2024	2023
	1	2	3=1/2	4	5
Direct Sales	1.147.024	1.026.368	12%	76,87%	76,65%
Insurance Brokers	286.180	241.161	19%	19,18%	18,01%
Travel Agencies	13.104	13.059	0%	0,88%	0,98%
Banks	0	0	0%	0,00%	0,00%
Insurance Representatives	45.150	56.136	-20%	3,03%	4,19%
Other Distribution Channels (Telekom etc.)	667	2.361	-72%	0,04%	0,18%
<b>Total</b>	<b>1.492.125</b>	<b>1.339.085</b>	<b>11%</b>	<b>100,00%</b>	<b>100,00%</b>

#### 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.

A part of this process, for clients - physical persons, is 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 7<sup>th</sup> 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 15 days, each client receives and “escalating” SMS message on the 20<sup>th</sup> 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.

Novelties in the process introduced in 2024 included shortening of the deadline for “escalation” of the debt in arrear of more than 120 days to 90 days for natural persons i.e., LAST Reminders to clients as natural persons are being sent for debts older than 61 days, thus procedures for enforced collection of the debt starting after 30 days of the last reminder. It would mean that the enforced collection process starts for debts that are older than 91 days.

In addition, in the course of 2024, this process was automatized in the OSIS, by introducing a panel list of clients to be SUEDE (against which enforced collection debt to be started), implemented by the Legal Department, the list being added up after sending SMSs to clients with notification “Advice of enforced collection”.

The same panel is being used and consequently added up with suggestions given by the Financial Department – Receivables Collection Service to the Legal Department to start enforced collection procedure for clients as legal entities.

### ***Receivables from Insurance Premiums***

Total due, uncollected premiums as at 31 December 2024 are to the amount of 491.168.000 MKD and are 18% higher than the amount as at 31 December 2023 (2023: 415.101.000 MKD).

Their current value, (corrected by the state of the adjusted value of the receivable) amounts to 368.165.000 MKD, which is 21% increase compared to the current value of the receivables at the end of 2023 (2023: 303.285.000 MKD). Compared to 2023, the biggest changes refer to the current value of undue receivables and they show 32% increase, while the current value of due receivables shows 2% decrease. As to age category, there is movement in the receivables under category “up to 30 days” and “from 31 to 60 days”, (18% decrease and 13% increase, respectively), while other categories are positive, category “from 61 to 120” showing 32% increase and the category “from 121 to 270 day” (11% decrease).

In the framework of all receivables from premiums, receivables amounting to 272.224.000 MKD or 55% are undue (2023: 207.580.000 MKD or 50%), while 218.943.000 MKD or 45% are due receivables (2023: 207.521.000 MKD or 50%).

The amount of due receivables from premiums is by 11.4 million MKD higher than the one realized as at 31 December 2023, which is 5.5% increase, while undue receivables are by 64.6 million MKD higher, which is 31% increase.

Adjusted value as at 31 December 2024 (following the write offs of the part of receivables totalling 1.499.000 MKD (2023: 3.479.000 MKD) of the receivables based on premiums amounted to 123.002.000 MKD, which is 10% higher than the adjusted value stated as at 31 December 2023 (111.815.000 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 2024 amounted to 713.000 MKD and is lower than the adjusted value stated for such receivables in 2023 (1.744.000 MKD).

#### Receivables from premiums

2024				2023			
Age structure	Receivables	Adjusted Value	Current Value of the Receivable	Receivables	Adjusted Value	Current Value of the Receivable	% Change in the Current Value of Receivables 2024/2022
to 30 days	31.937.650	0	31.937.650	39.166.238	0	39.166.238	-18%
31-60 days	21.402.010	-2.140.201	19.261.809	18.987.456	-1.897.878	17.089.578	13%
61-120 days	33.511.473	-10.388.556	23.122.917	25.437.279	-7.884.938	17.552.341	32%
121-270 days	36.924.676	-18.831.584	18.093.092	41.678.365	-21.255.861	20.422.504	-11%
271-365 days	12.156.421	-8.631.059	3.525.362	11.099.504	-7.880.643	3.218.861	10%
More than 365	83.010.864	-83.010.864	0	71.152.304	-71.152.304	0	
Due receivables	218.943.094	-122.288.957	96.654.137	207.521.146	-110.071.624	97.449.522	-1%
Undue receivables	272.224.492	-713.307	271.511.185	207.579.504	-1.743.632	205.835.872	32%
	<b>491.167.586</b>	<b>-123.002.264</b>	<b>368.165.322</b>	<b>415.100.650</b>	<b>-111.815.256</b>	<b>303.285.394</b>	<b>21%</b>

In 2024, 2.091 new cases were prepared for enforced collection or 54 cases more than in 2023 (2023: 2.034).

2.091 recorded case for enforced collection amounted to 25.740.752 MKD.

Out of the abovementioned cases, a procedure for enforced collection was closed for 1.237 cases totaling 12.124.365 MKD, while other 772 are still active cases totaling 13.012.000 MKD, as well as

82 cases totaling 605.000 MKD, which were archived as litigious – whether withdrawn complaint, or wrongly recorded, or deceased etc.).

	Total		Active		Archived	
	No.	MKD	No.	MKD	No.	MKD
2023	2.034	30.793.411	974	17.780.869	1.060	13.012.542
2024	2.091	25.740.752	772	13.011.731	1.237	12.124.365

Statistically, more cases for enforced collection were made in 2024 compared to 2023, yet less cases for legal entities in terms of percentage of debt per premium over 100.000 MKD than in 2023.

At the end of 2024, the Company has a procedure for enforced collection instigated for 16.684 cases regarding collection of receivables from premiums, to the total amount of 302.499.079 MKD, out of which 3.710 are active cases totalling 55.913.000 MKD, while 12.974 cases are archived cases totalling 246.586.438 MKD.

year	Total		Active		Archived	
	No.	MKD	No.	MKD	No.	MKD
2004-2024	16.684	302.499.080	12.974	246.586.439	3710	55.912.641

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 2024, 5 active cases were recorded – receivables from premiums, with submitted “Request for Receivables from Bankruptcy Estate” totalling 950.162 MKD and 1 active case - with submitted “Request for Receivables from Winding-Up” totalling 7.592 MKD.

### ***Receivables from Subrogated Claims***

Total receivables from subrogated claims as at 31 December 2024 amount to 26.111.000 MKD or 3% lower than the ones realized at the end of 2023 (26.948.000 MKD).

Decrease in receivables from subrogation was stated in MTPL claims (-3%) and Credits (-2%), and most of all in MTPL claims from an unknown/uninsured vehicle (-46%).

As to structure, the most present still are MTPL claims 69%) at the same level as in 2023.

**Receivables from subrogation (000 MKD)**

				Structure %	
	2024	2023	% of change	2024	2023
Subrogation - Accident	0	0	0%	0%	0%
Subrogation – Hull	6.721	6.721	0%	26%	25%
Subrogation - MTPL	18.034	18.502	-3%	69%	69%
Subrogation - Credits	948	965	-2%	4%	4%
Subrogation – Unknown/uninsured vehicles	408	760	-46%	2%	3%
<b>Total</b>	<b>26.111</b>	<b>26.948</b>	<b>-3%</b>	<b>100%</b>	<b>100%</b>

Pursuant to regulations, the Company made adjustment to the value/set aside a provision to the total amount of 25.698.000 MKD, out of which 25.697.000 MKD were adjusted values of the uncollected receivables from subrogation due as at 31 December 2023, 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	4	3%	0	0%
31 -60	0	0%	0	0%
61 - 120	3	0%	0.9	0%
121 -270	0	0%	0	0%
271 -365	0	0%	0	0%
More than 365 days	25.697	100%	25.697	100%
<b>Total</b>	<b>25.704</b>	<b>100%</b>	<b>25.698</b>	<b>100%</b>

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.

On this basis, at the end of 2024, uncollected receivables are to the amount of amount to 13.374.000 MKD, which is 21% higher than the amount realized in 2023. The Company set aside provision for due receivables amounting to 9.127.000 MKD, or 955.000 MKD less than the previous year.

Other Receivables (in 000 MKD)	2024		2023		% of change	Structure of receivables in %	
	Total receivables	Adjusted value/	Total receivables	Adjusted value		2024	2023
Reinsurance Commissions	0	0	414	294	-100%	0%	0%
- Fire	0	0	0	0		0%	0%
- Aircraft Hull	0	0	414	294	-100%	0%	0%

- General Liability	0	0	0	0	0%	0%	0%
Handling Claims	3.897	1.397	5.306	610	-27%	29%	15%
Cessions	4.216	4.083	4.217	3.998	0%	32%	45%
Other	5.261	3.647	6.639	2.976	-21%	39%	40%
<b>Total</b>	<b>13.374</b>	<b>9.127</b>	<b>16.990</b>	<b>8.172</b>	<b>-21%</b>	<b>100%</b>	<b>100%</b>

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 and 1.550.000 MKD in 2024.

	2024		2023	
	Total receivables	Adjusted value	Total receivables	Adjusted value
Deposit	3.582	3.582	5.132	5.132
Cash and cash equivalents	0	0	0	0
Receivables from interest on deposit	0	0	0	0
<b>Total</b>	<b>3.582</b>	<b>3.582</b>	<b>5.132</b>	<b>5.132</b>

The situation of these receivables as at 31 December 2024 is lowered, amounting to 3.582.000 MKD i.e., 71% of the total receivables from the bankruptcy estate of the Bank are collected.

### Reinsurance

The Company maintained its policy of obtaining a good quality reinsurance cover in the reporting year. In accordance with its reinsurance policy and reinsurance programme, the Company prolonged the key reinsurance treaties for basic classes of insurance – property, MTPL, Green card, Casco, Accident and Travel Insurance with renowned leading reinsurers.

In addition, with a view to underwriting risks above the maximum retained line and cover and 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 the course of reporting year, the Company also passed new documents arising from the Rulebook on adequacy of reinsurance cover, method of calculation of the maximum cover if the insurance

companies in the retained line table and method of calculation of a maximum probable loss. Namely, the Company passed the following new documents so as to be complied with the Rulebook:

- Reinsurance Strategy
- Procedure on Establishing Reinsurance Internal Control System

Reinsurance markets got stabilized in 2024 yet resulting in a slight increase in reinsurance premiums at almost all reinsurance classes. 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.

## Claims

Rise in the number of claims compared to the previous year is 5% (plus 969 cases) or 9% (or plus 1,700 settled claims) The increase, as expected is most obvious in class 02 – Health Insurance, including 4% increase in the reported claims (or plus 618 reported claims), as well as 10% increase in the number of settled claims (or plus 1,238 settled claims). At the same time, the share of rejected claims in 2024 is 9%, compared to 11% in 2023.

- Digital management of claims resulted in increasing dynamics of claim settling process and a control of all processes by introducing information panels for reporting, monitoring of deadlines and alert generating.
- Digital performance of claim processes has made more space for following new trends in the claim eco system. It resulted in even better reputation of the Company and increasing number of clients.
- Digital advancement also has an impact on and “facilitated” operating costs. Technical improvement enabled bigger usage of analytics of data on identification and analysis of inflation trends in indemnity claims.
- 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 2024 is presented in the following table:

1 January – 31 December 2024		Settled Claims	Refused Claims	Reserved as at 31 December 2023	Reported Claims	Dynamics of Claim Settlement in %
		1	2	3	4	$5 = \frac{(1+2)}{(3+4)} \times 100$
Accident	1	1.224	166	193	1.428	86%
Health	2	13.968	888	945	14.669	95%

Motor hull	3	766	142	375	900	71%
Rail hull	4	0	0	0	0	
Aircraft hull	5	0	0	0	0	
Vessel hull	6	0	0	0	0	
Cargo	7	1	0	0	1	100%
Property – Fire and allied perils	8	463	50	66	535	85%
Property - other	9	182	30	44	220	80%
MTPL (total)	10	2.419	497	1.505	2.901	66%
Aircraft liability	11	0	0	0	0	
Vessel liability	12	0	0	0	0	
General liability	13	46	38	25	88	74%
Credits	14	0	0	0	0	
Warranties	15	0	0	0	0	
Financial losses	16	1	0	1	0	100%
Legal protection	17	0	0	0	0	
Travel Insurance	18	825	171	264	883	87%
<b>Total</b>		<b>19.895</b>	<b>1.982</b>	<b>3.418</b>	<b>21.625</b>	<b>87%</b>

\* 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 87% in the course of 2024, which is 1 percentage point higher than dynamics in 2023 (86%) despite the increasing number of reported claims (by 969 or 9%).

Compared to 2023, the number of settled claims in the reporting year is 9% higher, owing mostly to the increase in the health insurance class (10% or 1.238 settled cases), which can also be seen in the structure of totally settled claims in 2024, where claims arising from health insurance policies account for 70% of the total settled claims (identical with 2023: 70%).

The table below shows the number of settled claims per classes of insurance:

	2024	2023	% of change	Structure in %	
				2024	2023
Accident	1.224	1.176	4%	6%	6%
Health	13.968	12.730	10%	70%	70%
Casco Motor Hull	766	627	22%	4%	3%
Cargo	1	2	-50%	0%	0%
Fire and Allied Perils	463	432	7%	2%	2%
Property other	182	338	-46%	1%	2%



MTPL	2.419	2.194	10%	12%	12%
GL	46	38	21%	0%	0%
Financial losses	1	0	0%	0%	0%
Travel Insurance	825	658	25%	4%	4%
<b>Total Number of settled Claims</b>	<b>19.895</b>	<b>18.195</b>	<b>9%</b>	<b>100%</b>	<b>100%</b>

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

### Online Services for Clients

In the course of the reporting year, a new digital platform named Eurolink360 was launched, encompassing all services for clients as natural persons. This platform includes in 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.

### Enhancement and Improvement of the IT System

In the course of reporting year, Insurance Supervision Agency conducted field supervision with respect to compliance of the Company with the rulebook on minimum standards for information system of insurance companies, article 9 and 10 more precisely, as well as compliance with the rulebook on minimum requirements for receipt, processing, reservation and payment of indemnity claims.

In accordance with findings and recommendation of the filed supervision, the Company upgraded its IT system in the following segments:

- Preparation and implementation of a user Module for recording and presenting logs that enables showing of any activity log for the employees who made a certain action in the system,
- Closer integration with OSIS application and electronic archive of claim documents thus enabling all output documents to be automatically saved in the electronic archive for any respective claim and to be given output archive number, as well as

- Enabling a link form OSIS application to electronic archive thus facilitating the usage of archive and access to claim related documentation,
- Generation of all set of reports delivered to ISA in export and xml form.

Other significant improvements in the central OSIS IT system in the course of 2024 were connection with Eurolink360 platform with a view to integrating these two systems and enabling exchange of information in real time.

#### 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.

This includes: Migration of all virtual servers from the old equipment to the newly purchased server, purchase of 65 personal computers in order to replace old computers on which the operating system cannot be upgraded, inclusion of users (employees) from Eurolink in the central employee records (IDM), setting up a test server with an Informix database on the new infrastructure and testing the functioning of the core applications on that database.

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

## **FINANCIAL RESULT ANALYSIS**

### ***Net Income from Premiums***

In 2024, the Company achieved a gross written premium of 1.492.125 MKD, which is 153.040.000 MKD higher than the volume achieved in 2023 (2023: 1.339.085.000 MKD), thus realizing an increase of 11%.

Under circumstances of ceded premiums to an approximate amount of 429.522.000 MKD (increased by 84.676.000 MKD compared to 2023, which is 25% rise) and decreased earnings from changes in the unearned premiums reserve in the net amount of 138.928.000 MKD (change in reserve based on unearned premiums amounting to 90.296.000 MKD and in the portion of reinsurance amounting to 48.631000 MKD), the net earned premiums amount to 1.020.938.000 MKD, which is 7% higher than the one realized in 2023 (951.936.000 MKD).

In 000 MKD	2024	2023	% of growth
Gross Written Premiums	1.489.752	1.339.085	11%
Gross Written Premiums co-insurance	2.373	0	
Change in unearned insurance premium reserve	90.296	-15.787	%
Premiums ceded to reinsurers	429.522	344.846	25%

Change in unearned reinsurance premium reserve	48.631	-26.516	-83%
<b>Net Revenues from Premiums</b>	<b>1.020.938</b>	<b>951.936</b>	<b>7%</b>

### ***Investment Income***

In the reporting year the Company made income based on investment income to the amount of 82.093.000 MKD, which is 62% higher than the one realized in 2023 (2023: 50.561.000 MKD). In the same period total expenses from investments amounted to 10.897.000 MKD (2023: 14.161.000 MKD). Accordingly, net income from investments amounts to 71.196.000 MKD, which is 96% higher realization than the previous year (2023: 36.400.000 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 31.042.000 MKD or 82% higher than those in 2023: 17.044.000 MKD) while revenues from interests on time deposits in banks amounted to 9.911.000 MKD or similar to the amount realized in 2023 (2023: 9.950.000 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 2.70% as at December 2024. 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 2022, 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, yet falling down to 5.55% after that period. 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. During 2024, the fiscal authorities set up a mild and slow reduction of the interest rates on government securities.

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 2019; 2.68% at the end of 2020; 2.56% at the end of 2021; 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

macro-economic movements, to amount to 1.97% at the end of 2022. It fell down to 1.89% at the end of 2023 and went upward to 3.15% at the end of 2024. Increase in the weighted interest rate is due to upward movements in the interest rates of bank deposits. Accordingly, the Company decided to re-invest the funds from matured deposits during the course of 2024 in new deposits exclusively with fixed interest rate, taking into account that a period of reduction in interest rates on bank deposits can be expected.

<b>Investment Income</b>	<b>% of change</b>		
(in 000 MKD)	<b>2024</b>	<b>2023</b>	<b>2024/2023</b>
Revenues from interest on treasury notes and government bonds	31.042	17.044	82%
Revenues from interest on fixed term deposits in banks	9.911	9.950	0%
Revenues from interest on guarantee fund	616	334	84%
Revenues from dividends	3.835	1.170	228%
Revenues from amortization of government bond discounts		726	-100%
Foreign exchange net effect	1.523	-707	-315%
<i>Revenues from exchange rate differences of held-to-maturity securities</i>	3.678	2.861	29%
<i>Expenditure from exchange rate differences of held-to-maturity securities</i>	-	-	-40%
Net effect of decreasing securities at fair value (held-for-trading securities)	6.410	5.096	26%
<i>Unrealized gains from decreasing securities at fair value</i>	15.152	14.590	4%
<i>Unrealized losses from decreasing securities at fair value</i>	-8.742	-9.494	-8%
Net effect of realized gains from sold securities	17.859	3.886	360%
<i>Realized gains from sold investment (investment funds) and other revenues</i>	17.859	3.886	360%
<i>Realized losses from selling a financial property – capital loss</i>	0	0	
Other investment expenditure (interest expenses etc.)	0	-1.082	-100%
<b>Total Investment Income</b>	<b>82.093</b>	<b>50.561</b>	<b>62%</b>
<b>Total Investment Expenditure</b>	<b>-10.897</b>	<b>-14.161</b>	<b>-23%</b>
<b>Total Investment Net Income</b>	<b>71.196</b>	<b>36.400</b>	<b>96%</b>

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 6.410.000 MKD or 26% higher than the previous year (2023: 5.096.000 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 2024, 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 17.859.000 MKD or 360% higher than the amount realized in 2023 (2023: 3.886.000 MKD), as a result only from selling of the investment units in domestic investment funds.

### ***Other insurance technical income***

In 2024, the volume of commissions and fees amounted to 68.802.000 MKD, which is 23% higher than the amount realized in 2023 (56.059.000 MKD).

Increase in the volume of other insurance technical income is mostly due to increasing reinsurance commissions (24% increase or by 11.634.000 MKD). Revenues realized through subrogated claims from Guarantee Fund were 10% higher than the previous year (increased by 310.000 MKD). Reimbursement from Guarantee Fund for claim handling services is decreased by 65.000 MKD.

in 000 MKD

	2024	2023	% change
Commissions from reinsurance	61.022	49.388	24%
Fees from GF for handling claims	350	295	22%
Income from GF for realized subrogation	3.338	3.028	10%
Fees from companies for handling claims	1.659	1.779	-7%
Other	2.423	1.570	54%
<b>Net income from fees and commissions</b>	<b>68.802</b>	<b>56.059</b>	<b>23%</b>

### ***Other revenues***

In 2024, other revenues amount to 10.628.000 MKD, which is 18% higher than the one in 2023. In this framework, revenues from taxes and court expenses show increase (21% or change by 689.000 MKD), mostly due to increased number of sued receivables in the course of 2023 and 2024. Revenues from positive exchange rates and revenues from previous years are 8% lower than the previous year.

In 000 MKD

<b>Other income</b>	2024	2023	% of change
Income from interest and legal expenses arising from collected receivable by legal actions	3.994	3.305	21%
Other income – positive exchange rate differences, etc.	6634	7.234	-8%

Total other income

10.628	12.993	-18%
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### Claims

In 2024, settled claims amounted to 524.600.000 MKD, which is 19% more than the ones realized in the previous year (2023: 441.935.000 MKD). At the same time, they participate in gross written premiums with approximate 35%, which is 2% higher compared to 2023 (33%).

The Company had decreasing expenses regarding gross provision for claims to the amount of 40.569.000 MKD (2023: 50.533.000 MKD). In respect of IBNR claims, the Company increased the provision by the amount of 39.196.000 MKD, while the provision for RBNS claims was increased by the amount of 1.374.000 MKD.

As regards revenues from subrogation claims, they amounted to 3.347.000 MKD which is 2% lower than in 2023 (2023: 3.296.000 MKD).

Having in mind reinsurers' participation in settled and reserved claims, net incurred claims amount to 555.034.000 MKD or 16% higher than the ones realized in 2023 (479.718.000 MKD).

In total, net incurred claims in 2024 participate with 37% in the gross written premiums (2023: 36%), while 54% in earned premiums (2023: 50%)

### Incurred Claims and Benefits

- In 000 MKD

	Gross			Reinsurer's Share			Net		
	2024	2023	% of change	2024	2023	% of change	2024	2023	% of change
Incurred claims paid in the current year	524.600	441.935	19%	15.284	416	3574%	509.316	441.519	15%
Changes in reserves RBNS	1.374	41.592	97%	-8.709	9.039	-196%	10.083	32.552	-69%
Changes in reserves IBNR	39.195	8.941	338%	214	-2	-10.800%	38.982	8.943	436%
Income from subrogation	-3.347	-3.296	-2%				-3.347	-3.296	2%
<b>Total</b>	<b>561.823</b>	<b>489.172</b>	<b>15%</b>	<b>6.789</b>	<b>9.453</b>	<b>-28%</b>	<b>555.034</b>	<b>479.718</b>	<b>16%</b>

### ***Bonuses and Discounts Expenses***

Total expenses for bonuses and discounts in the reporting period amounted to 24.299.000 MKD or they are 2.592.000 MKD or 12% higher than the ones realized in 2023.

Bonus expenses are 5 times higher while discount expenses 10% higher compared to the previous year.

In 000 MKD	2024	2023	% of change
<i>Expenses for bonuses</i>	<b>509</b>	<b>89</b>	<b>572%</b>
<i>Expenses for discounts</i>	<b>23.790</b>	<b>21.618</b>	<b>10%</b>
- accident	973	1.255	-22%
- health insurance	6.486	656	989%
- Casco	8.850	7.371	20%
- property insurances	3.676	8.797	-58%
- general liability	3.618	3.382	7%
- other	187	157	19%
<b>Expenses for bonuses and discounts</b>	<b>24.299</b>	<b>21.707</b>	<b>12%</b>

### ***Insurance Management Expenses***

Total insurance management expenses in 2024 amounted to 438.448.000 MKD and they are 11% higher than the ones realized in the previous year (2023: 393.991.000 MKD).

In 000 MKD	2024	% structure	2023	% of change
Acquisition Expenses	217.784	50%	199.545	9%
Overheads	220.664	50%	194.446	13%
<b>Net Insurance Management Expenses</b>	<b>438.447</b>		<b>393.991</b>	<b>11%</b>

Approximate 50% or 220.664.000 MKD of the insurance management expenses are overheads (2023: 194.446.000 MKD or 49 % of the net insurance management expenses). At the same time, they are 13% higher than the previous year.

(in 000 MKD)	2024	2023	% of change
Employees expenses	72.828	64.604	13%

- salaries - administration and claims	63.450	57.506	10%
- other expenses for employees	9.378	7.097	32%
Rent	18.862	18.749	1%
Rented assets	1.911	1.223	56%
Management Bodies expenses	0	0	0%
Telephone expenses	7.541	7.126	6%
Sponsoring and entertainment costs	23.696	21.061	13%
Depreciation of tangible assets	5.668	4.828	17%
Expenses for services from natural persons	21.151	19.587	8%
Reimbursement for using private cars	9.333	8.858	5%
Utility fees	3.506	4.420	-21%
Banking services	5.745	4.989	15%
Office supplies	1.346	1.541	-13%
Expenses for reserving severance pays and jubilee awards	1.698	633	168%
Provision for minimal global Tax*	7.801	0	
Other expenses	39.578	36.827	7%
<b>Administrative expenses</b>	<b>220.664</b>	<b>194.446</b>	<b>13%</b>

*\*As of December 31, 2024, the Company recorded a Provision for minimum global profit tax in the amount of 7,801,000 MKD, which refers to an additional profit tax determined by applying a tax rate of 15%. This tax is calculated in accordance with the Law on Minimum Global Tax published in the Official Gazette of the RNM no. 3 as of 03.01.2025, which provides a global minimum level of taxation for groups of multinational companies and large domestic groups. This tax will be reported to the Public Revenue Office not later than 15 months after the last day of the fiscal year.*

Acquisition costs in 2024 amounted to 217.784.000 MKD (2023:199.545.000 MKD). They accounted for 50% of the total net insurance management expenses (2023: 50%) and were 9% higher than the ones realized in 2023.

In this context, external distribution channel commission amount to 42% of the total acquisition costs (2023:40%) or 21% of the net insurance management expenses. They amount to 90.443.000 MKD or are 13% higher than in 2023 (2023: 79.995.000 MKD).

In 000 MKD	2024	2023	% of change	structure 2024	structure 2023
Commission	90.443	79.995	13%	42%	40%
Gross salaries of the inner sales network	130.766	123.905	6%	60%	62%
Other acquisition costs	3.188	2.619	22%	1%	1%
Changes in acquisition costs	-6.615	-6.974	-5%	-3%	-3%
<b>Net acquisition costs</b>	<b>217.782</b>	<b>199.544</b>	<b>9%</b>	<b>100%</b>	<b>100%</b>



Other acquisition costs (sales network salaries, insurance policies printing expenses, publicity etc.) amount to 130.766.000 MKD on a net basis (2023: 126.905.000 MKD), which is 6% increase compared to the previous year.

As to the change in the deferred acquisition costs, the Company in 2024 recorded an income to the amount of 6.615.000 MKD. In 2023 this income amounted to 6.974.000 MKD.

### **Management Bodies Expenses**

In the framework of administrative expenses, the Company in 2024 recorded expenses for the management bodies totalling 27.767.000 MKD (2023: 23.669.000 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 per types of expense.

	(In MKD)	
	2024	2023
<b>Supervisory Board Members</b>	<b>0</b>	<b>0</b>
- 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
<b>Management Board Members</b>	<b>27.767.255</b>	<b>23.669.115</b>
- Salaries and reimbursements	20.687.640	17.562.924
- Other reimbursements	6.112.270	5.072.728
Health insurance	463.174	427.711
Life insurance	273.555	273.778
Manager insurance	5.375.541	4.371.239
- Other expenses (entertainment allowance included)	967.345	1.033.463
<b>Total</b>	<b>27.767.255</b>	<b>23.669.115</b>

### **Other Insurance Technical Expenses**

In 2024, the Company allocated an amount of 28.544.000 MKD for other insurance technical costs, which represents a decrease of 1.594.000 MKD, or -5% compared to last year. The decrease is largely due to the costs of paying claims from the Guarantee Fund for unknown vehicles in the amount of 6.298.000 MKD, or a -23% decrease compared to the amounts realized in the previous year.

<b>(In MKD)</b>	<b>2024</b>	<b>2023</b>	<b>% of change</b>
GF claims – payment (unknown vehicles)	6.298	8.195	-23%
Fire protection contribution	4.951	4.749	4%
Health care fee	4.376	4.304	2%
Insurance Supervision Agency	9.003	8.994	0%
National Insurance Bureau	3.150	2.986	5%
Subrogation to NIB – court expenses	586	785	-25%
Other expenses	181	125	45%
<b>Total</b>	<b>28.544</b>	<b>30.634</b>	<b>-5%</b>

#### *Value Adjustment of Receivables from Insurance Premiums*

Total adjustment of the value of uncollected receivables from premiums in 2024 is an expense amounting to 12.643.000 MKD or 36% lower than in 2023 (2023: 19.691.000 MKD).

#### **Value Adjustment of Receivables from Insurance Premiums**

	<b>2024</b>	<b>2023</b>	<b>% of change</b>
Adjusted value of receivables from insured persons	11.187	16.236	-31%
Collected, written-off receivable	-43	-25	72%
Permanent write-off of receivables	1.499	3.479	-57%
<b>Total</b>	<b>12.643</b>	<b>19.691</b>	<b>-36%</b>

At the end of the business year, the write-off of all receivables was made to the amount of 1.554.000 MKD (2023: 3.494.000 MKD). Most of the write-offs (1.499.000 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 (55.000 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 -656.000 MKD refers to release of adjusted value of other receivables from direct operations (2023: -3.341.000 MKD exemption), while for other financial expenditures, expenses are reported to the amount 3.061.000 MKD (2023: 2.926.000 MKD). Permanent write-off of these receivables for 2024 amounts to 54.000 MKD (2023: 15.000 MKD).

## Other expenditures, including value adjustments

<i>In 000 MKD</i>	2024	2023	% of change
Adjusted valued of other receivables from direct operations	-656	-3.341	-80%
- out of which adjusted value of deposits and cash and cash equivalents *	-1.550	-2.926	
Permanent write-off of receivables from direct operations	54	15	-260%
Other financial expenditures	3.061	2.391	28%
	<b>2.459</b>	<b>-935</b>	<b>-363%</b>

\* 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 113.404.000 MKD for 2024 (2023: 110.179.000 MKD), i.e., 97.801.000 MKD after taxation (2023: 96.165.000 MKD).

Total profit resulting from adding/reducing the profit from the re-measurement of the financial assets available for sale to the amount of -2.180.000 MKD (2023: 11.374.000 MKD) is to the amount of 95.621.000 MKD for 2024 (2023: 107.538.000 MKD).

## FINANCIAL SITUATION ANALYSIS

Company's total assets as at 31 December 2024 amounted to 2.297.316 MKD, showing approximate increase of 14% compared to the previous year (2023: 2.018.170.000 MKD) (Annex 2).

### Investments

Company's total investments as at 31 December 2024 amount to 1.575.975 MKD and are 12% higher than the previous year (2023: 1.407.918.000 MKD.) Investments included 14.283.000 MKD (2023: 14.645.000 MKD) in the National Insurance Bureau's Guarantee Fund, while other financial investments are to the amount of 1.561.692.000 MKD (2023: 1.393.273.000 MKD). ). Of the

total investments of the Company, funds in the amount of 1.483.561.000 MKD are investments of funds to cover net technical reserves, which as of 31.12.2024 amount to 1.118.992.000 MKD, whereby the Company has realized a surplus of investments above the level of net technical reserves in the amount of 364.560.000 MKD (Appendix 5).

In 2024, the Company increased its investment portfolio by 12% (or by 168.419.000 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 435.366.000 MKD was placed in bank deposits (0.2% lower compared to 2023: 436.245.000 MKD, 773.319.000 MKD in debtor's long-term securities held to maturity (47% increase compared to 2023: 525.841.000 MKD), 79.168.000 MKD in debtor's securities held to one year (2023: 138.861.000) and 203.106.000 in financial investments available for sale (12% decrease compared to 2023: 229.529.000 MKD), as well as 70.733.000 in financial investments held to trading (13% higher compared to 2023: 62.797.000 MKD).

	In 000 MKD				
	2024	2023	% of change	Structure in % 2024	2023
<b>Financial investment kept at maturity</b>	<b>852.487</b>	<b>664.703</b>	<b>28%</b>	<b>55%</b>	<b>48%</b>
- Debtors securities with 1-year maturity	79.168	138.861	-43%		
- Debtors securities over 1-year maturity	773.319	525.841	47%		
<b>Financial investment available for sale</b>	<b>203.106</b>	<b>229.529</b>	<b>-12%</b>	<b>13%</b>	<b>16%</b>
- Stocks, shares and other instruments	0	0			
- Stocks and shares in investment funds	203.106	229.529	-12%		
<b>Financial Investments for Trading</b>	<b>70.733</b>	<b>62.797</b>	<b>13%</b>	<b>5%</b>	<b>5%</b>
<b>Deposits, loans and other placements</b>	<b>435.366</b>	<b>436.245</b>	<b>-0.2%</b>	<b>28%</b>	<b>31%</b>
<b>Total Financial Investment</b>	<b>1.561.692</b>	<b>1.393.273</b>	<b>12%</b>	<b>100%</b>	<b>100%</b>

At the end of 2024, 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 maintaining the structure of investments compared to 2023. 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 55.315.000 MKD, which represents 3.5% of the total investment

portfolio, while 1% amounting to 15.418.000 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 2024. 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 decided to keep positions gained already with a view to returning the values close to the purchase values until the end of 2023. In 2024, the foreign portfolio is solidly above the purchase price.

As regards domestic investment portfolio, the Company's investment policy was focused on increasing investment in state securities (28% realized increase i.e., 7 percentage points in the structure. At the same time, maturity structure of the state securities changed in favour of long-term instruments due to more favourable interest rates compared to the ones of the short-term instruments, as well as due to availability with sufficient amount of liquid assets, keeping an adequately balanced domestic portfolio with respect to yield, risk and liquidity

Bank deposits were predominantly replaced, maintaining favourable conditions on a long run (fixed interest rates) and interest rate close to short-term interest rates of state securities.

As for the investment portfolio of stakes in domestic open investment funds, the Company decreased its share in the cash investment funds (by 70%), 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 22 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 2024 compared to 31 December 2023 is as follows:

<i>(In 000 MKD)</i>	Allowed % of Invested Technical Provision Covering Assets	As at 31 December 2023	% Structure	As at 31 December 2024	% Structure	Absolute Difference 2024- 2023	% Difference 2024/2023
<b>Total Investment Portfolio (RNM)</b>		<b>1.330.477</b>	<b>95%</b>	<b>1.490.960</b>	<b>95%</b>	<b>168.483</b>	<b>12%</b>
Deposits in banks that have a licence issued by NBRM	60%	436.245	31%	435.366	28%	-879	0%
Bonds and other securities issued or guaranteed by the RNM on the domestic market	80%	664.703	48%	852.487	55%	187.784	28%
Shares traded on a regulated securities market in the RNM	25%	0	0%	0	0%	0	0%
Stakes and shares of investment funds registered in the RNM	20%	229.529	17%	203.106	13%	-26.423	-12%
<i>Stakes in non-monetary IF</i>		<i>163.500</i>	<i>12%</i>	<i>183.084</i>	<i>12%</i>	<i>19.584</i>	<i>12%</i>
<i>Stakes in Cash IF</i>		<i>66.029</i>	<i>5%</i>	<i>20.022</i>	<i>1%</i>	<i>-46.007</i>	<i>-70%</i>

Types of Investment Portfolio (EU+OECD)		62.797	5%	70.733	5%	7.936	13%
Long-term bonds and other long-term debt securities issued by a member state of the EU or a member state of the OECD	20%	0	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		14.067	1%	15.418	1%	1351	10%
Shares (stakes) in investment funds traded on regulated securities market in a member state of the EU or a member state of the OECD		48.730	4%	55.315	4%	6.585	14%
<b>TOTAL INVESTMENT PORTFOLIO (RNM + abroad (EU+OECD))</b>		<b>1.393.274</b>	<b>100%</b>	<b>1.561.692</b>	<b>100%</b>	<b>168.418</b>	<b>12%</b>

Investment policy, and 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 2024, the reinsurance portion in gross technical provisions is in the amount of 159.038.000 MKD or 34% above the level in the previous year. Out of that amount, 113.147.000 MKD is for gross provision for unearned reinsurance premium (2023: 64.516.000 MKD), while 45.892.000 MKD is reinsurer's portion in gross provision for claims (2023: 54.386.000 MKD).

#### **Reinsurance portion in gross technical provision**

In 000 MKD

	2024	2023	% of change
<b>Gross provision for unearned premiums</b>			
As at 1 January	64.516	91.032	-29%
Unearned premium movement	48.631	-26.516	
<b>As at 31 December</b>	<b>113.147</b>	<b>64.516</b>	<b>75%</b>
<b>Gross provision for claims</b>			
As at 1 January	54.386	45.349	20%
Movement in the gross provision for claims	-8498	9.037	
<b>As at 31 December</b>	<b>45.892</b>	<b>54.386</b>	<b>-16%</b>

<b>Reinsurance portion in gross technical provisions</b>	<b>159.038</b>	<b>118.902</b>	<b>34%</b>
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### **Receivables**

Company's total receivables as at 31 December 2024 amount to 396.110.000 MKD and are 71.408.000 MKD higher than those realized in 2023 or increase for 22%. Out of that amount, 93% are receivables from the insured persons amounting to 368.165.000 MKD or 21% higher than the amount realized in 2023. Receivables from direct insurance operations are 3.979.000 MKD or 38% lower while receivables from financial investments are increased by 10.059.000 MKD or show 108% compared to the previous year.

(in 000 MKD)	2024	2023	% of change	% structure	
				2024	2023
Receivables from the Insured	491.168	415.101	18%	124%	128%
Adjusted value of receivables from the Insured	-123.003	-111.815	10%	-31%	-34%
	<b>368.165</b>	<b>303.285</b>	<b>21%</b>	<b>93%</b>	<b>93%</b>
Other receivables from direct insurance operations	39.755	42.929	-7%	10%	13%
Adjusted value of receivables from direct insurance operations	-33.220	-32.416	2%	-8%	-10%
	<b>6.535</b>	<b>10.513</b>	<b>-38%</b>	<b>2%</b>	<b>3%</b>
Receivables from financial investments	19.346	9.287	108%	5%	3%
Other receivables	3.782	3.245	17%	1%	1%
Adjusted value of other receivables	-1.718	-1.629	5%	0%	-1%
	<b>21.410</b>	<b>10.903</b>	<b>96%</b>	<b>5%</b>	<b>3%</b>
<b>Total Receivables</b>	<b>396.110</b>	<b>324.701</b>	<b>22%</b>	<b>100%</b>	<b>100%</b>

### **Other Assets**

On 31 December 2024, the Company had other assets available in the amount of 29.765.000 MKD, or 42% lower than in 2023. Out of this amount, 15.677.000 MKD is capital goods, while 14.088 MKD cash and cash equivalents.

Capital goods included equipment to the amount of 14.841.000 MKD (or 95%) while the amount of 836.000 MKD (5%) included other tangible assets.

Cash and cash equivalents at the year's end amounted to 13.897.000 MKD or they are 23.193.000 MKD lower than the situation as at 31 December 2023.

(In 000 MKD)

**Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
Cash with banks	13.897	37.090
Cash on hand	190	360
Other cash	0	0
<b>As at 31 December</b>	<b>14.088</b>	<b>37.451</b>

*Prepayments and accrued income*

As at 31 December 2024, prepayments and accrued incomes amount to 129.137.000 MKD, which is 19% higher than the previous year.

In total prepayments and accrues incomes, the biggest portion (71%) refers to *deferred acquisition costs* to the amount of 92.232.000 MKD. They are 8% higher than the level in 2023 or higher by the amount of 6.615.000 MKD.

**Deferred Acquisition Costs**

In 000 MKD	<b>2024</b>	<b>2023</b>	<b>change</b>	<b>% of change</b>
Deferred acquisition costs	49.225	50.562	-1.337	-3%
Deferred costs - brokers	43.008	35.056	7.952	23%
<b>As at 31 December</b>	<b>92.232</b>	<b>85.618</b>	<b>6.614</b>	<b>8%</b>

*Other estimated revenues and deferred costs* amount to 36.904.000 MKD (29% of the total prepayments and accrued income) and have 60% increase compared to 2023, mostly due to the increase in the other calculated earnings (102%).

In 000 MKD	<b>2024</b>	<b>2023</b>	<b>% of change</b>
Estimated income from reinsurance commissions	10.009	9.712	3%
Other estimated income	26.895	13.295	102%
<b>Other estimated income and expenses</b>	<b>36.904</b>	<b>23.007</b>	<b>60%</b>



### ***Capital and Reserves***

In 2024, the Company maintained the value of subscribed capital amounting to 195.326.000 MKD and showed legally prescribed reserves amounting to 283.108.000 MKD. Undistributed net profit on 31 December 2024 amounted to 219.192.000 MKD or is 18% higher amount than the one realized in 2023 (2023: 185.083.000 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 -805.000 MKD, or 2.181.000 MKD less than the realized one in 2023 (2023: 1.376.000 MKD), which is mostly due to realization of the earnings from stakes in domestic non-monetary investment funds and their replacement in 2024.

The Company recorded a net profit after taxation for 2024 amounting to 97.801.000 MKD (2023: 96.165.000 MKD).

As at 31 December 2024, total capital standing of the Company is at the level of 794.623.000 MKD or is by 65.621.000 MKD (9%) higher than the one realized in 2023 (2023: 729.002.000 MKD).

### ***Gross Technical Provisions***

As at 31 December 2024, the Company set aside gross technical provisions to the gross amount of 1.278.030 MKD, which is 11 % higher than the level in 2023 (2023: 1.150.435 MKD).

In the framework of total gross technical provisions, gross provision for unearned premiums amounts to 645.186.000 MKD (2023: 554.889.000 MKD) or 16% higher than the amount in 2023.

Gross provision for claims, including direct and indirect claims, amounts to 623.780.000 MKD or 7% higher than in 2023 (2023: 583.210.000 MKD).

Provision for bonuses and discounts amounts to 9.065.000 MKD or 27% lower than amount realized in 2023. (2023: 12.350.000 MKD)

(In 000 MKD)	2024	2023	% of change
Gross reserves for unearned premiums	645.186	554.889	16%
Gross reserve for claims	623.780	583.210	7%
Gross reserve for bonuses/discounts	9.065	12.335	-27%
<b>Gross Technical Reserve</b>	<b>1.278.030</b>	<b>1.150.435</b>	<b>11%</b>

Including the participation of the reinsurers in the Company's gross technical provision amounting to 159.038.000 MKD (113.147.000 MKD based on unearned premiums and 45.892.000 MKD based on total provision for claims) the net technical provision as at 31 December 2024 amounts to 1.118.992.000 MKD (2023: 1.031.533.000 MKD). Reported but not paid claims are calculated as a part of the technical provision (RBNS) and not as expenses, effective as of 1 January 2024 in accordance with the amended Rulebook issued by the ISA, and they amount to 2.047.000 MKD in 2024.

	2024			2023		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Gross Technical Provision</b> (In 000 MKD)						
RBNS – Gross provision for reported but not settled claims	352.758	-38.289	314.469	351.765	-46.998	304.767
Provision for direct expenses	0	0	0	0	0	0
Provision for indirect expenses	6.005	0	6.005	5.625	0	5.625
IBNR – Gross provision for incurred but not reported claims	265.016	-7.603	257.414	225.821	-7.389	218.432
Provision for bonuses and discounts	9.065	0	9.065	3.735	0	3.735
Provision for unearned premiums	0	0	0	8.600	0	8.600
<b>As at 31 December</b>	645.186	-113.147	532.039	554.889	-64.515	490.374
	<b>1.278.030</b>	<b>-159.039</b>	<b>1.118.992</b>	<b>1.150.435</b>	<b>-118.902</b>	<b>1.031.533</b>

### *Deferred and current tax liabilities*

As at 31 December 2024, the Company has total tax liability to the amount of 3.739.000 MKD (2023: 5.251.000 MKD) out of which deferred tax obligations amounting to 556.000 MKD and current tax obligations amounting to 3.183.000 MKD.

(in 000 MKD)	2024	2023
Deferred tax liabilities	556	2.769
Current tax liabilities	3.183	2.482
<b>Total</b>	<b>3.739</b>	<b>5.251</b>

### *Liabilities*

The Company's total liabilities amount to 29.596.000 MKD, or 36% lower than the level of those realized in the previous year.

(In 000 MKD)	2024	2023	% of change
Other liabilities from direct insurance operations	0	220	-100%
Liabilities arising from reinsurance	4.978	11.955	-58%
Other liabilities	24.618	34.162	-28%
<b>Total Liabilities</b>	<b>29.596</b>	<b>46.338</b>	<b>-36%</b>

*Total liabilities from direct insurance operations in 2024 were settled.* In this framework, liabilities to insureds in 2023 amounted to 162.000 MKD,

*Liabilities from co-insurance and reinsurance* amount to 4.978.000 MKD or 58% 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

	2024	2023	% change
Liabilities to Insured persons	0	162	-100%
Other liabilities	0	57	-100%
<b>As at 31 December</b>	<b>220</b>	<b>220</b>	<b>-89%</b>

*Other liabilities* are to the amount of 24.618.000 MKD showing 28% decrease compared to 2023.

**Other Liabilities**

In 000 MKD

	2024	2023	% of change
Liabilities to suppliers	7.060	8.355	-15%
Liabilities to employees	6.323	15.439	-59%
Other	11.236	10.368	8%
<b>As at 31 December</b>	<b>24.618</b>	<b>34.162</b>	<b>-28%</b>

*Accruals and deferred Income*

As at 31 December 2024, the Company has preestimated expenses amounting to 176.935.000 MKD falling under the period, mostly with respect to estimated reinsurance expenses (or 78% of the total accruals and deferred income; 2023: 66%; which is increase of 157%) 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

	2024	2023	% of change
Pre-estimated reinsurance expenses	138.543	53.977	157%
Pre-estimated brokerage expenses	32.477	22.945	42%
Other pre-estimated expenses per invoices	5.915	5.448	9%
	<b>176.935</b>	<b>82.370</b>	<b>115%</b>

## **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 2024 amounting to 243.499.156 MKD as per premium rate method or 115.039.555 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 2024 amounts to 243.499.156 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 451.052.632 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 2024 are estimated to the amount of 1.118.992.073 MKD (Annex 5)

### **Investment of Technical Provision Covering Assets**

The Company set aside technical provision covering assets to the amount of 1.483.551.895.076 MKD as at 31 December 2024, thus showing an excess of investment above the required amount of technical provision covering assets totalling 364.559.822 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 2024 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 2024, 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 2024

In MKD

Item	No.	Amount	
		Current Business Year	Previous Business Year
1	2	4	5
<b>A. OPERATIONS REVENUES (201+210+224+225)</b>	<b>200</b>	<b>1.182.461.394</b>	<b>1.069.099.186</b>
<b>I. EARNED PREMIUMS NET REVENUES FROM PREMIUMS (202+203+204-205-206-207+208+209)</b>	<b>201</b>	<b>1.020.937.817</b>	<b>951.935.950</b>
1. Gross Written Insurance Premiums	202	1.489.752.423	1.339.084.743
2. Gross Written Co-insurance Premiums	203	2.372.697	0
3. Gross Written Re-insurance Premiums/retrocession	204		0
4. Gross Written Premiums ceded to Co-insurance	205		0
5. Gross Written Premiums ceded to Re-insurance/retrocession	206	429.522.241	344.845.558
6. Change in gross reserve for unearned premiums	207	90.296.459	15.786.909
7. Change in gross reserve for unearned premiums – ceded for co-insurance	208		0
8. Change in gross reserve for unearned premiums – ceded for re-insurance	209	48.631.397	-26.516.326
<b>II. INVESTMENT INCOME (211+212+216+217+218+219+223)</b>	<b>210</b>	<b>82.093.321</b>	<b>50.561.391</b>
<b>1. Revenues from branches, affiliations and jointly controlled entities</b>	<b>211</b>		<b>0</b>
<b>2. Investment Revenues from land and buildings (213+214+215)</b>	<b>212</b>	<b>0</b>	<b>0</b>
2.1 Rental revenues	213		0
2.2 Revenues from increased value of land and buildings	214		0
2.3 Income from sold land and buildings	215		0
<b>3. Interests</b>	<b>216</b>	<b>41.569.607</b>	<b>27.328.415</b>
<b>4. Positive exchange rate differences</b>	<b>217</b>	<b>3.677.993</b>	<b>2.860.862</b>
<b>5. Adjustment of value of receivables from premiums (unrealized profits, reduction to objective value)</b>	<b>218</b>	<b>15.152.035</b>	<b>14.590.000</b>
<b>6. Realized profits from selling financial property – capital profit (220+221+222)</b>	<b>219</b>	<b>17.859.072</b>	<b>3.886.391</b>
6.1 Financial investment available for sale	220	17.859.072	3.886.391
6.2 Financial investment for trading (at objective value)	221	0	0
6.3 Other financial investment	222		0
<b>7. Other investment Revenues</b>	<b>223</b>	<b>3.834.614</b>	<b>1.895.723</b>
<b>III. REINSURANCE COMMISSION</b>	<b>223a</b>	<b>61.022.050</b>	<b>49.387.565</b>
<b>IV. OTHER INSURANCE TECHNICAL REVENUES, DEDUCED FOR CEDED PREMIUMS</b>	<b>224</b>	<b>7.780.375</b>	<b>6.671.894</b>

<b>V. OTHER REVENUES</b>	<b>225</b>	<b>10.627.831</b>	<b>10.542.386</b>
<b>B. OPERATIONS EXPENSES (227+235+245+248+251+261+271+274+275)</b>	<b>226</b>	<b>1.069.057.767</b>	<b>958.920.604</b>
<b>I. INCURRED CLAIMS (NET EXPENSES FOR CLAIMS) (228-229-230-231+232-233-234)</b>	<b>227</b>	<b>555.033.697</b>	<b>479.718.071</b>
1. Gross paid claims	228	524.600.375	441.935.025
2. Reduction in income for gross realized subrogation claims	229	3.347.014	3.296.211
3. Gross paid claims – portion for co-insurance	230		0
4. Gross paid claims – portion for re-insurance	231	15.283.533	416.261
5. Changes in gross provision for claims	232	40.569.339	50.532.845
6. Changes in gross provision for claims - portion for co-insurance	233		0
7. portion for co-insurance - portion for re-insurance	234	-8.494.530	9.037.327
<b>II. CHANGES IN OTHER TECHNICAL RESERVES, NET FROM REINSURANCE (236+239+242)</b>	<b>235</b>	<b>-3.270.344</b>	<b>449.472</b>
<b>1. Changes in mathematical reserve, net from reinsurance (237-238)</b>	<b>236</b>	<b>0</b>	<b>0</b>
1.1 Changes in gross mathematical reserve	237		0
1.2 Changes in gross mathematical reserve – co-insurance/re-insurance portion	238		0
<b>2. Changes in equalization reserve, net from reinsurance (240-241)</b>	<b>239</b>	<b>0</b>	<b>0</b>
2.1. Changes in gross equalization reserve	240		0
2.2 Changes in gross equalization reserve - co-insurance/re-insurance portion	241		0
<b>3. Changes in other technical provisions, net from reinsurance (243-244)</b>	<b>242</b>	<b>-3.270.344</b>	<b>449.472</b>
3.1 Changes in other technical provisions	243	-3.270.344	449.472
3.2 Changes in other technical provisions- co-insurance/re-insurance portion	244		0
<b>III. CHANGES IN GROSS MATHEMATICAL RESERVE FOR LIFE INSURANCE WHERE INVESTMENT RISK IS DEBITED TO THE INSURED, NET FROM REINSURANCE (246-247)</b>	<b>245</b>	<b>0</b>	<b>0</b>
1. Changes in gross mathematical reserve for life insurance where investment risk is debited to the insured	246		0
2. Changes in gross mathematical reserve for life insurance where investment risk is debited to the insured– co-insurance/re-insurance portion	247		0
<b>IV. Expenses for bonuses and discounts, net from reinsurance (249+250)</b>	<b>248</b>	<b>24.298.785</b>	<b>21.706.972</b>
1. Bonus expenses (depending on the reinsurance technical result)	249	508.722	89.213
2. Discount expenses (not depending on the reinsurance technical result)	250	23.790.063	21.617.759

<b>V. NET INSURANCE MANAGEMENT EXPENSES (252+256)</b>	<b>251</b>	<b>438.447.715</b>	<b>393.990.752</b>
<b>1. Acquisition Costs (253+254+255)</b>	<b>252</b>	<b>217.783.705</b>	<b>199.544.441</b>
1.1 Commission	253	90.443.487	79.995.059
1.2 Gross salary for sales network	253a	130.766.361	123.904.776
1.3 Other acquisition costs	254	3.188.452	2.618.986
1.4 Change in differed acquisition costs (+/-)	255	-6.614.595	-6.974.380
<b>2. Overheads (257+258+259+260)</b>	<b>256</b>	<b>220.664.010</b>	<b>194.446.311</b>
2.1 Depreciation of tangible assets serving for carrying out activities	257	5.668.471	4.828.338
2.2 Employees expenses	258	72.827.717	64.603.627
2.2.1 Salaries and reimbursements	258a	41.776.282	37.864.193
2.2.2 Taxes on salaries	258b	3.907.559	3.540.349
2.2.3 Obligatory social insurance	258 c	17.766.005	16.101.831
2.2.4 Additional pension insurance for employees	258d		0
2.2.5 Other expenses for employees	258e	9.377.871	7.097.254
2.3 Expenses resulting from services rendered by physical persons (car repair shops, etc.) with all taxes	259	21.150.948	19.586.921
2.4 Other overheads (260a+260b+260c)	260	121.016.874	105.427.425
2.4.1 Expenses for services	260a	90.216.828	82.126.287
2.4.2 Material expenses	260b	5.909.591	7.503.883
2.4.3 Reservation expenses and other operational expenses	260c	24.890.455	15.797.255
<b>VI. INVESTMENT EXPENSES (262+263+264+265+266+270)</b>	<b>261</b>	<b>10.901.410</b>	<b>14.160.785</b>
<b>1. Depreciation and adjustment of tangible assets not serving for carrying out activities</b>	<b>262</b>		<b>0</b>
<b>2. Interests expenses</b>	<b>263</b>	<b>4.290</b>	<b>16.553</b>
<b>3. Negative exchange rates differences</b>	<b>264</b>	<b>2.154.691</b>	<b>3.568.374</b>
<b>4. Adjustment of values (unrealized losses, reduction to objective value)</b>	<b>265</b>	<b>8.742.429</b>	<b>9.493.461</b>
<b>5. Realized losses from selling financial property – capital loss (267+268+269)</b>	<b>266</b>	<b>0</b>	<b>0</b>
5.1 Financial investment available for sale	267	0	0
5.2 Financial investment for trading (at objective value)	268	0	0
5.3 Other financial investment	269		0
<b>6. Other investment expenses</b>	<b>270</b>	<b>0</b>	<b>1.082.397</b>
<b>VII. OTHER INSURANCE TECHNICAL EXPENSES, REDUCED FOR REINSURANCE (272+273)</b>	<b>271</b>	<b>28.544.165</b>	<b>30.138.244</b>
1. Prevention expenses	272		0
2. Other insurance technical expenses, reduced for reinsurance	273	28.544.165	30.138.244

<b>VIII. ADJUSTED VALUE OF RECIEVABLES FROM PREMIUMS</b>	<b>274</b>	<b>12.643.028</b>	<b>19.690.868</b>
<b>IX. OTHER EXPENDITURES, INCLUDING ADJUSTED VALUES</b>	<b>275</b>	<b>2.459.311</b>	<b>-934.560</b>
<b>X. BUSINESS YEAR PROFIT BEFORE TAX (200-226)</b>	<b>276</b>	<b>113.403.627</b>	<b>110.178.582</b>
<b>XI. BUSINESS YEAR LOSS BEFORE TAX (226-200)</b>	<b>277</b>	<b>0</b>	<b>0</b>
<b>XII. PROFIT/LOSS TAX</b>	<b>278</b>	<b>15.602.337</b>	<b>14.013.888</b>
<b>XIII. DEFFERED TAX</b>	<b>279</b>		<b>0</b>
<b>XIV. BUSINESS YEAR PROFIT AFTER TAXATION (276-278-279)</b>	<b>280</b>	<b>97.801.290</b>	<b>96.164.694</b>
<b>XV. BUSINESS YEAR LOSS AFTER TAXATION (277-278-279)</b>	<b>281</b>	<b>0</b>	<b>0</b>
<b>XVI. OTHER COMPREHENSIVE PROFIT/(LOSS)</b>		<b>97.801.290</b>	<b>96.164.694</b>
Profit/loss from repeated measurement of funds available for sale		(2.180.508)	11.373.731
Profit tax on components of comprehensive profit			-
<b>PROFIT/(LOSS) BELONGING TO SHAREHOLDERS</b>		<b>95.620.782</b>	<b>107.538.425</b>

## Annex 2 – BALANCE SHEET

As at 31 December 2024

In MKD

Item	No.		
		Current Business Year	Previous Business Year
1	2	4	5
<b>ASSETS</b>			
<b>A. INTANGIBLE ASSETS</b>	<b>001</b>	<b>6.739.480</b>	<b>4.737.456</b>
1. Goodwill	002		
2. Other intangible assets	003	6.739.480	4.737.456
<b>B. INVESTMENT</b>	<b>004</b>	<b>1.575.975.344</b>	<b>1.407.918.072</b>
<b>I. LAND, BUILDINGS AND OTHER TANGIBLE ASSETS</b>	<b>005</b>	<b>0</b>	<b>0</b>
<b>1. Land and building for carrying out activities</b>	<b>006</b>	<b>0</b>	<b>0</b>
1.1 Land	007		
1.2 Buildings	008		
<b>2. Land and building not serving for carrying out activities</b>	<b>009</b>	<b>0</b>	<b>0</b>
2.1 Land	010		
2.2 Buildings	011		
2.3 Other tangible assets	012		
<b>II. FINANCIAL INVESTMENT IN A GROUP – BRANCHES, AFFILIATIONS AND JOINTLY CONTROLLED ENTITIES</b>	<b>013</b>	<b>14.283.117</b>	<b>14.644.777</b>
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	14.283.117	14.644.777
<b>III. OTHER FINANCIAL INVESTMENT</b>	<b>021</b>	<b>1.561.692.227</b>	<b>1.393.273.295</b>
<b>1. Financial investment kept to maturity</b>	<b>022</b>	<b>852.487.292</b>	<b>664.702.702</b>
1.1 Debtors securities – one year maturity	023	79.168.199	138.861.282
1.2 Debtors securities – over one year maturity	024	773.319.093	525.841.420
<b>2. Financial investment available for sale</b>	<b>025</b>	<b>203.106.101</b>	<b>229.528.888</b>
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	0	0
2.4 Shares and shares in investment fund	029	203.106.101	229.528.888
<b>3. Financial investment for trading</b>	<b>030</b>	<b>70.732.698</b>	<b>62.797.162</b>
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	56.364.756	50.278.297
3.4 Shares and shares in investment fund	034	14.367.942	12.518.865
<b>4. Deposits, loans and other placements</b>	<b>035</b>	<b>435.366.136</b>	<b>436.244.543</b>
4.1 Give deposits	036	435.366.136	436.244.543
4.2 Mortgage secured loans	037		
4.3 Other loans	038		
4.4 Other placements	039		
<b>5. Derivative financial instruments</b>	<b>040</b>		
<b>IV. DEPOSITIS OF REINSURANCE COMPANIES WITH CESSORS, BASED ON REINSURANCE TREATIES</b>	<b>041</b>		
<b>C. PORTION FOR COINSURANCE, REINSURANCE IN GROSS TECHNICAL RESERVES</b>	<b>042</b>	<b>159.038.419</b>	<b>118.901.552</b>
1. Portion for coinsurance/reinsurance in unearned premium gross reserve	043	113.146.895	64.515.498
2. Portion for coinsurance/reinsurance in gross mathematical reserve	044	0	0
3. Portion for coinsurance/reinsurance in gross claim reserve	045	45.891.524	54.386.054
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		
<b>D. FINANCIAL INVESTMENT WHERE THE INSURED UNDERTAKES THE INVESTMENT RISK (INSURANCE CONTRACTS)</b>	<b>050</b>		
<b>E. DEFERRED AND CURRENT TAX ASSETS</b>	<b>051</b>	<b>432.010</b>	<b>2.191.353</b>
1. Deferred tax assets	052	428.107,00	2.187.716
2. Current tax assets	053	3.903	3.637
<b>F. RECEIVABLES</b>	<b>054</b>	<b>396.109.694</b>	<b>324.701.277</b>
<b>I. RECEIVABLES FROM DIRECT INSURANCE OPERATIONS</b>	<b>055</b>	<b>368.165.323</b>	<b>303.285.394</b>
1. Receivables from insured	056	368.165.323	303.285.394
2. Receivables from intermediaries	057		
3. Other receivables from direct insurance operations	058		
<b>II. RECEIVABLES FROM COINSURANCE/REINSURANCE</b>	<b>059</b>	<b>0</b>	<b>0</b>

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		
<b>III. OTHER RECEIVABLES</b>	<b>063</b>	<b>27.944.371</b>	<b>21.415.883</b>
1. Other receivables from direct insurance operations	064	6.534.557	10.513.158
2. Receivables from financial investment	065	19.346.335	9.286.950
3. Other receivables	066	2.063.479	1.615.775
<b>IV. RECEIVABLES FROM SUBSCRIBED YET NOT PAID UP CAPITAL</b>	<b>067</b>		<b>0</b>
<b>G. OTHER ASSETS</b>	<b>068</b>	<b>29.764.763</b>	<b>51.095.694</b>
<b>I. TANGIBLE ASSETS FOR CARRYING OUT ACTIVITIES (EXCEPT LAND AND BUILDINGS (070+071))</b>	<b>069</b>	<b>15.677.116</b>	<b>13.644.967</b>
1. Equipment	070	14.840.753	12.808.604
2. Other tangible assets	071	836.363	836.363
<b>II. CASH AND CASH EQUIVALENTS</b>	<b>072</b>	<b>14.087.647</b>	<b>37.450.727</b>
1. Cash in bank	073	13.897.202	37.090.453
2. Cash at cashier	074	190.445	360.274
3. Funds set aside for covering mathematical reserve	075		0
4. Other cash and cash equivalents	076		0
<b>III. STOCK AND PETTY INVENTORY</b>	<b>077</b>		<b>0</b>
<b>H. ACTIVE TIME APPORTIONMENTS</b>	<b>078</b>	<b>129.136.741</b>	<b>108.624.263</b>
1. Previously estimated revenues from interest and rents	079		0
2. Deferred acquisition costs	080	92.232.330	85.617.735
3. Other estimated revenues and deferred costs	081	36.904.411	23.006.528
<b>3. NON-CURRENT ASSETS KEPT FOR SALE AND INTERRUPTED OPERATIONS</b>	<b>082</b>		<b>0</b>
<b>I. TOTAL ASSETS</b>	<b>083</b>	<b>2.297.196.451</b>	<b>2.018.169.667</b>
<b>J. OUT-OF-BALANCE RECORDS - ASSETS</b>	<b>084</b>	<b>411.575.339</b>	<b>369.798.491</b>
<b>LIABILITIES</b>			
<b>A. CAPITAL AND RESERVES</b>	<b>085</b>	<b>794.623.198</b>	<b>729.002.416</b>
<b>I. SUBSCRIBED CAPITAL</b>	<b>086</b>	<b>195.326.080</b>	<b>195.326.080</b>
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		
<b>II. PREMIUMS FOR ISSUED SHARES</b>	<b>090</b>		
<b>III. REVALUATION RESERVE</b>	<b>091</b>	<b>-804.509</b>	<b>1.375.999</b>
1. Tangible assets	092		
2. Financial investment	093	-804.509	1.375.999

3. Other revaluation reserves	094		
<b>IV. RESERVES</b>	<b>095</b>	<b>283.108.001</b>	<b>251.053.103</b>
1. Legal reserves	096	283.108.001	251.053.103
2. Statutory reserves	097		0
3. Own shares reserves	098		0
4. Owen shares redeemed	099		0
5 Other reserves	100		0
<b>V. UNDISTRIBUTED NET PROFIT</b>	<b>101</b>	<b>219.192.336</b>	<b>185.082.540</b>
<b>VI. LOSS CARRIED FORWARD</b>	<b>102</b>		<b>0</b>
<b>VII. PROFIT IN THE CURRENT ACCOUNTING PERIOD</b>	<b>103</b>	<b>97.801.290</b>	<b>96.164.694</b>
<b>VIII. LOSS IN THE CURRENT ACCOUNTING PERIOD</b>	<b>104</b>		<b>0</b>
<b>B. SUBORDINATED RESERVES</b>	<b>105</b>		<b>0</b>
<b>C. GROS TECHNICAL PROVISIONS</b>	<b>106</b>	<b>1.278.030.491</b>	<b>1.150.435.038</b>
I. Unearned premiums gross provision	107	645.185.684	554.889.224
II. Gross mathematical reserve	108		0
III. Claims gross provisions	109	623.779.707	583.210.369
IV. Bonus/discount gross provision	110	9.065.101	3.735.445
V. Equalization gross provision	111		0
VI. Other technical gross provisions	112	0	8.600.000
<b>D. GROSS TECHNICAL PROVISIONS AS TO INSURANCE CONTRACTS WHERE THE INSURED UNDERTAKES THE INVESTMENT RISK</b>	<b>113</b>		<b>0</b>
<b>E. OTHER RESERVES</b>	<b>114</b>	<b>14.273.194</b>	<b>4.773.701</b>
1. Employees reserve	115	6.472.025	4.773.701
2. Other reserves	116	7.801.169	
<b>F.DEFERRED AND CURRENT TAX LIABILITIES</b>	<b>117</b>	<b>3.738.893</b>	<b>5.251.054</b>
1. Deferred tax liabilities	118	555.793	2.769.040
2. Current tax liabilities	119	3.183.100	2.482.014
<b>G. LIABILITIES ARISING FROM DEPOSITS OF THE REINSURANCE COMPANIES WITH CESSORS, BASED ON REINSURANCE TREATIES</b>	<b>120</b>		<b>0</b>
<b>H. LIABILITIES</b>	<b>121</b>	<b>29.595.903</b>	<b>46.337.538</b>
<b>I. LIABILITIES ARISING FROM DIRECT INSURANCE OPERATIONS</b>	<b>122</b>	<b>0</b>	<b>219.765</b>
1. Liabilities to the insured	123	0	162.429
2. Liabilities to agents and intermediaries	124		0
3. Other liabilities arising from direct insurance operations	125	0	57.336
<b>II. LIABILITIES FROM COINSURANCE/REINSURANCE</b>	<b>126</b>	<b>4.977.660</b>	<b>11.955.391</b>
1. Liabilities from coinsurance/reinsurance premiums	127	4.977.660	11.955.391
2. Liabilities from participation in claim indemnity	128		
3. Other liabilities from coinsurance/reinsurance	129		

<b>III. OTHER LIABILITIES</b>	<b>130</b>	<b>24.618.243</b>	<b>34.162.382</b>
1. Other liabilities from direct insurance operations	131	7.059.530	8.355.285
2. Liabilities from financial investment	132	0	0
3. Other liabilities	133	17.558.713	25.807.097
<b>3. PASSIVE TIME APPORTIONMENTS</b>	<b>134</b>	<b>176.934.772</b>	<b>82.369.920</b>
<b>I. NON-CURRENT LIABILITIES RELATED TO NON-CURRENT ASSETS KEPT FOR SALE AND INTERRUPTED OPERATIONS</b>	<b>135</b>		<b>0</b>
<b>J. TOTAL LIABILITIES</b>	<b>136</b>	<b>2.297.196.451</b>	<b>2.018.169.667</b>
<b>K. OUT-OF-BALANCE RECORDS - LIABILITIES</b>	<b>137</b>	<b>411.575.339</b>	<b>369.798.491</b>

### Appendix 3- Required level 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	1.490.669.100	1.335.630.347				
Gross written premium < 10 mil Eur x 0.18	2	110.691.000	110.691.000				
Gross written premium > 10 mil Eur x 0.16	3	140.115.056	115.308.856				
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	250.806.056	225.999.856	0	0		
Gross paid claims	7	524.600.375	441.935.025			524.600.375	441.935.025
Net paid claims	8	509.316.842	441.518.764			509.316.842	441.518.764
Coefficient ([9]=[8]/[7] or 0.50, if smaller)	9	0,97	1,00	0,00	0,00	0,97	1,00
<b>Solvency margin - Premium rate method ([10]=[6]*[9])</b>	<b>10</b>	<b>243.499.156</b>	<b>225.786.985</b>	<b>0</b>	<b>0</b>		
Reference period (in years)	11	3	3			7	7
Gross paid claims in the reference period	12	1.339.801.460	1.177.248.906			0	0
Gross claim reserves at the end of the reference period	13	632.844.808	595.545.814			0	0
Gross claim reserves at the beginning of the reference period	14	595.545.814	510.490.101			0	0
Gross incurred claims ([15]=[12] + [13] - [14])/[11])	15	459.033.485	420.768.206	0	0	0	0
Gross incurred claims < 7 mil Eur x 0,26	16	111.920.900	109.399.734			0	0
Gross incurred claims > 7 mil Eur x 0,23	17	6.570.751	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	118.491.651	109.399.734	0	0	0	0
<b>Solvency margin - Claim rate method ([21]=[20]*[9])</b>	<b>21</b>	<b>115.039.555</b>	<b>109.296.689</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Required level of solvency margin ([22]=max([10],[21]))</b>	<b>22</b>	<b>243.499.156</b>	<b>225.786.985</b>	<b>0</b>	<b>0</b>		

Description	Item	Current year	Previous year
Final calculation of required level of solvency margin	1	243.499.156	225.786.985

#### Appendix 4- Calculation of equity

<i>in MKD</i>		
Description	No of position	Amount
<b>Basic capital, article 69 (I1+I2+I3+I4+I5-I6-I7-I8-I9-I10-I11-I12-I13)</b>	<b>I</b>	<b>694.234.129</b>
Paid in share capital excluding the share capital of the cumulative priority stocks	I1	195.326.080
Premiums from issuance of ordinary shares	I2	-
Legal and statutory reserves	I3	283.108.001
Accumulated undistributed profit	I4	219.192.336
Undistributed profit from current year	I5	-
Personal stocks owned by the insurance company (treasury shares)	I6	-
Long term intangible assets	I7	2.101.315
Accumulated uncovered losses and loss from current year	I8	-
Unrealized losses from AFS equity investments measured at fair value	I9	1.290.973
Unrealized losses from valuation of AFS financial instruments	I10	-
Net negative revaluation reserves and other differences from valuation arising from investments in associated companies or joint ventures valued at equity valuation method	I11	-
Other deductible items arising from incompliance with limits for investments of capital funds, as prescribed in article 73 from Law on insurance supervision	I12	-
<b>Additional capital, article 71 (II1+II2+II3+II4+II5+II6), if not greater than 50% of basic capital</b>	<b>II</b>	<b>317.659</b>
Paid in share capital from cumulative priority stocks	II1	-
Premium from issues cumulative priority shares	II2	-
Subordinated debt instruments	II3	-
Securities with undefined maturity	II4	-
Unrealized gains from revaluation of AFS equity instruments measured at fair value	II5	317.659
Unrealized gains from revaluation of AFS debt instruments measured at fair value	II6	-
<b>Total basic and additional capital I.+II.</b>	<b>III</b>	<b>694.551.788</b>
<b>Deductible items , article 72 (IV1+IV2)</b>	<b>IV</b>	<b>-</b>
Investments in shares in legal entities from article 72 of the Law	IV1	-
Investments in subordinated debts and other investments in legal entities from article 72 of the Law for Insurance Supervision	IV2	-
<b>EQUITY I + II - IV</b>	<b>V</b>	<b>694.551.788</b>

Required level of solvency margin (non-life insurance companies)	VI1	243.499.156
Required level of solvency margin (life insurance companies)	VI2	-
Equity	VI3	694.551.788
Guarantee fund*	VI4	184.485.000
Surplus/deficit of Equity compared to Guarantee Fund (VI5 = VI3 -VI4)	VI5	510.066.788
Surplus/deficit of Equity (for non-life) compared to required level of solvency margin (for non-life insurance companies)(VI6 = VI3 - VI1)	VI6	451.052.632
Surplus/deficit of Equity (for life) compared to required level of solvency margin (for life insurance companies)(VI6 = VI3 - VI1)	VI7	-

\*Guarantee Fund is defined in article 77 of the Law and represents 1/3 of required level of solvency margin, and can not be lower than the amount prescribed in article 77, paragraph (3) of the Law

## Appendix 5 – Investments in funds that cover technical reserves

<i>in MKD</i>				
Description	Position	amount) 1	Amount realized 2	Realized % 3
Types of allowed investments	I			
Cash on hand and cash in banks	I1	3%	14.087.647	0,9%
Deposits with banks holding valid licence from NBRNM	I2	60%	408.000.000	27,5%
Securities issued by RNM or NBRNM	I3	80%		0,0%
Debt securities and other securities guaranteed by the RNM	I4	80%	787.625.449	53,1%
Debt securities and other securities guaranteed by local self-government units of RNM	I5	10%		0,0%
Debt securities and other securities traded on regulated securities market in the RNM	I6	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	I7	5%		0,0%
Shares traded on regulated securities market in the RNM	I8	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	I9	5%		0,0%
Equity interests in trading companies in the RNM	I10	5%		0,0%
Equity interests and shares in investment funds registered in the RNM	I11	20%	203.106.101	13,7%
Long term debt securities and other long term securities issued by an EU member state or a member of the OECD	I12	20%		0,0%
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	I13			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	I14		15.417.629	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	I15		55.315.069	3,7%
Other investments according to the rules ISA, provided that it is not contrary to paragraph (2) of Article 89 of the Law on supervision	I16	10% from UPR	0	
<b>Investments not provided for in the Rulebook</b>	<b>II</b>			<b>0,0%</b>

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	1.483.551.895
Total net technical reserves	IV	1.118.992.073
Reserves for unearned premium	IV1	532.038.789
Reserves for bonuses and discounts	IV2	9.065.101
Claim reserves	IV3	577.888.183
Other technical reserves	IV4	-
Equalisation reserve	IV5	
Difference (III-IV)	V	364.559.822