



ANNUAL REPORT 2022

TABLE OF CONTENTS

1. Foreword by the General Director	5
2. About SiCRED sh.a.	6
3. Ownership and Management Bodies of SiCRED sh.a.	7
4. Main developments during 2022	10
5. The objectives of SiCRED sh.a. for 2023	21
6. SiCRED ASSISTANCE sh.p.k. in 2022	22
7. Progress of SiCRED Distribution company during 2022	23
8. CREDINS Invest progress during 2022	24
INTERNAL AUDIT REPORT	26

SICRED SH.A. STATISTICS

(FOR THE YEAR ENDED 31 DECEMBER 2022):

Financial year premium

318,393,211 ALL



Number of clients

31,905 Clients



Total paid claims

63,249,743 ALL



Number of paid claims

1026 Claims



Shareholders Capital

490,062,000 ALL



Number of staff

50 Employees



Number of branches

5 Branches



Capital adequacy

Sufficient (+61,345,562 ALL above the legal limit)



Liquidity ratio

6.37



Assets covering technical provisions

126.85%



1. FOREWORD BY THE GENERAL DIRECTOR



Dear shareholders, clients and associates,

It is with great pleasure that I share with you the SiCRED Annual Report, a comprehensive overview of our journey and milestones over the past year.

In a rapidly changing world, the importance of life, health and accidents insurance cannot be underestimated. It is not just about insurance products, but a promise to provide support and protection. These are essential elements that provide financial security during uncertain times and ensure the fulfilment of long-term goals for individuals, families and businesses.

The past year has presented numerous challenges, starting from global health crises to economic uncertainties. Nevertheless, despite these obstacles, SiCRED has continued to adapt to the changing environment, by achieving an increase in business volumes, exceeding the period prior to the pandemic. The premium of the financial year amounted to ALL 318 million.

We have focused on fostering a culture of trust and transparency as the foundation of our relationship with the clients. Our dedicated team of professionals works hard in order to build lasting relationships by providing customized solutions that respond to the unique needs of each individual, family and business.

In conclusion of this short message, I would like to express my gratitude to the shareholders, clients and associates for their support and trust over the years, as well as to the SiCRED staff, whose dedication made possible all this work and milestones.

I invite you to read the 2022 Annual Report and discover the summary of our achievements and goals for the future. Let's embrace together the challenges and opportunities that await us and let's create a safer future for everyone.

Sincerely,

Genc Koxhaj
General Director

2. ABOUT SiCRED SH.A.

SiCRED sh.a. was established on 7 October 2003, being the first and the sole private insurance company in Albania with a 100% local capital, and licensed to act in the Life Insurance market. The Company operates in accordance with the legal requirements and the regulatory framework, based on the Authorization to act as an Insurance Company No. 8, dated 19.07.2004 (replaced with Licence No. 8/2004, dated 22.06.2012), and also the License to Exercise the Insurance Activity, No. 8/1, dated 10.09.2004.

Aiming to provide a wider range of benefits to its clients, SiCRED sh.a. has invested in the below companies:

- **SiCRED ASSISTANCE sh.p.k.** which provides services in accordance with the legislation in force, for Safety and Health at work; Mediation in Employment and Mediation in Health Services. SiCRED sh.a. owns 100% of the capital of this company.
- **SiCRED Distribution sh.p.k.** which is focused on the business of handicrafts, clothing and traditional Albanian products. SiCRED sh.a. owns 100% of the capital of this company.
- **Credins Invest sh.a.** – Fund Management Company, which manages voluntary pension funds, investment funds and alternative investment funds. SiCRED sh.a. owns 12% of the shares of this company.

1.1 Our vision

The client is our focus. Our vision for the future is to become the main support and the unquestionable choice of our clients.

1.2 Our mission

We aim to operate in view of the highest standards of ethics, as the only acceptable way to establish a good reputation, which is supported by our promise to convey credibility, and to aim the best for our clients. With our products, we aim to establish a new insurance climate in the Albanian market. Our clients and our business partners should be thoroughly satisfied with their matter of choice and the trust they bestowed upon us by committing to SiCRED sh.a. for their insurance policies.

3. OWNERSHIP AND MANAGEMENT BODIES OF SiCRED SH.A.

The management bodies of the company are as follows¹:

- A. Shareholder's Assembly
- B. Supervisory Council
- C. General Directorate

A. Shareholder's Assembly of SiCRED sh.a. has the following members, listed as per their shareholder quota:

	Shares
1. Mr. Aleksandër PILO	46.39 %
2. Mr. Renis TËRSHANA	30.16 %
3. Mr. Maltin KORKUTI	4.75 %
4. Mrs. Monika MILO	4.75 %
5. Mr. Kristino KROMIDHA	4.05 %
6. Mr. Egi SANTO	2.37 %
7. Mrs. Emi SANTO	2.37 %
8. Mr. Arben TAIPI	2.06 %
9. Mr. Petraq SHOMO	2.06 %
10. Mr. Artan XHORI	1.03 %

B. The members of the Supervisory Council of SiCRED sh.a. are as follows:

- 1. Mr. Artan XHORI Member
- 2. Mr. Selman LAMAJ Member
- 3. Mr. Egi Santo Member

C. General Directorate:

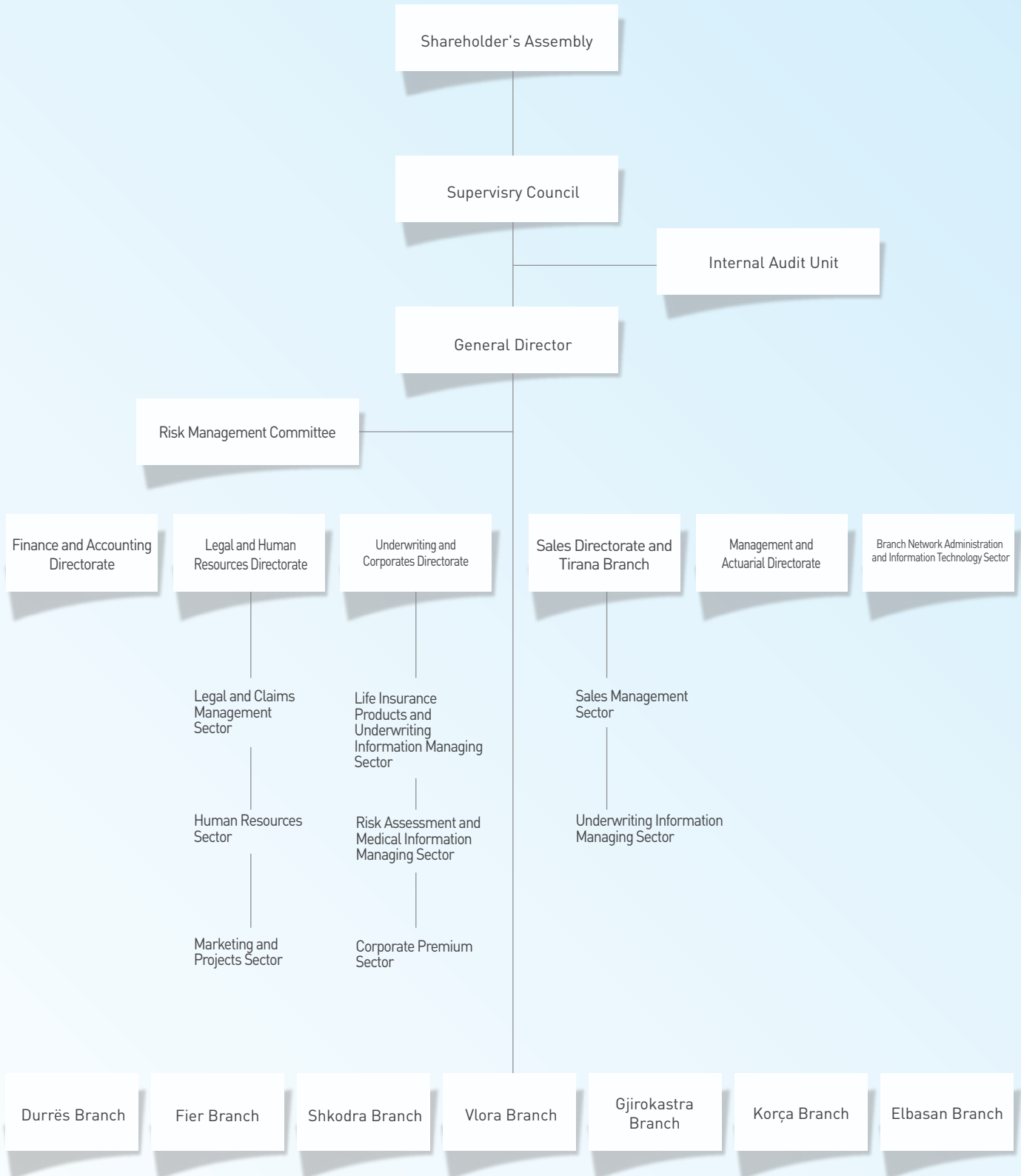
- 1. Mr. Genc KOXHAJ General Director

Committees and other relevant bodies of SiCRED sh.a.:

- 1. **Auditing Committee/Internal Audit Unit** is an independent and objective entity, which exercises audits in the internal company system, to ensure the compatibility of the company's activity with the legal framework and the internal acts of SiCRED sh.a., and also to provide its specialised opinion on the improvement of the overall activity of the insurance company.
- 2. **Risk Management Committee** deals with risk identification and control, and carries out periodic relevant monitoring and reporting on each incident or fluctuation.
- 3. **Committee on Health and Safety at Work** makes sure that the working environments are safe and comfortable and also implements the provisions of law no. 10237, dated 18.02.2010 "On Health and Safety at Work" and its related by laws.
- 4. **Unit for Prevention of Money Laundering** ensures the implementation of the provisions of Law no.9917, dated 19.5.2008 "On prevention of money laundering and financing of terrorism", by means of effective systems that supervise the compatibility with best practices and recommendations from AFSA and other organizations.

¹ Data available as of 31st December, 2020

SiCRED SH.A. ORGANIZATIONAL CHART



This Organigrama is endorsed with Decision No. 15, dated 30.11.2017, issued by the Supervisory Board of SiCRED sh.a..

BOARD OF DIRECTORS



Genc Koxhaj
General Director



Matilda Thoma
Internal Audit



Gladiola Jani
Director, Underwriting and
Corporates Directorate



Mirjeta Luca
Director, Sales Directorate
and Tirana Branch



Petrina Duka
Director, Administration and
Actuary Directorate



Teuta Locaj
Director, Finance and
Accounting Directorate



Vjosa Bodo
Director, Legal and Human
Resources Directorate

4. MAIN DEVELOPMENTS DURING 2022

4.1 Main financial indicators 2018-2022

4.2 SiCRED presents the newest product to the public, “Evolutive Life Insurance”

4.3 Cooperation with Credins Invest

4.4 Expansion of SiCRED Medical Network

4.5 SiCRED at the career fairs at the universities in Tirana

4.6 Ndërgjegjësime dhe solidarizim

4.7 Menaxhimi i Burimeve Njerëzore

4.8 Follow us on our newly launched website!

During 2022, the general situation of the insurance market appears improved, compared to the previous year. The Insurance Gross Written Premiums have increased in percentage terms for the entire market, with a change of 9.16%.

Meanwhile, the Gross Claims Paid have suffered a decrease in the activity of the Life insurance market, with a percentage of -13.74%, while they suffered an increase compared to the previous year, with 3.13%, in the activity of the Non-Life Insurance market.

Insurance gross written premiums 2021-2022*

Activity	Gross written premiums (in thousand ALL)		Difference in % 2022/2021
	2021	2022	
Life	1,430,262	1,685,474	17.84
Non-Life	17,810,270	19,297,768	8.35
Reinsurance	27,267	49,487	81.49
Total	19,267,798	21,032,729	9.16

*Source: Statistical Bulletin, Insurance Market, AFSA, Year 2022

Gross paid claims 2021-2022*

Activity	Gross paid claims (in thousand ALL)		Difference in % 2022/2021
	2021	2022	
Life	338,520	292,020	(13.74)
Non-Life	6,057,828	6,247,607	3.13
Paid Claims for Compensation Fund	269,234	259,264	(3.70)
Total	6,665,582	6,798,891	(14.31)

*Source: Statistical Bulletin, Insurance Market, AFSA, Year 2022

As of December 2022, SiCRED sh.a. provided a list of 14 products, licensed by AFSA, as follows:

1. **Credit Life Insurance** provides coverage in the event of loss of life of the insured due to natural or accidental causes. The insurance policy is a financial guarantee both for the credit institution as well as the creditor (the Insured person), as it releases the family of the creditor from paying the remaining credit amount.
2. **Life and Health Insurance (CASH PLAN)**, which besides the life insurance, provides a wide range of benefits such as the coverage of health expenditures in the event of illness or accidents, etc., that are completely personalized and in accordance with the insurance requests of the client.
3. **Life Insurance (with Survival Benefit)** is a long-term insurance and savings scheme. The Insured person pays the insurance premium every year, and a part of the premium is invested while the other part covers the life insurance. The insurance policy contains a pre-defined insurance amount that the person receives upon the insurance contract maturity, or which is obtained by his/her descendants should the Insured losses his/her life during the insurance period.
4. **Evolutive Life Insurance**, which insures the life of an individual interested in financially protecting the future of family members who are economically dependent on him.
5. **Life Insurance from Sudden Diseases and Accidents**, which is designed to provide financial protection for the descendants of the insured, if the latter loses his life unexpectedly from an illness or accident.
6. **Group Life and Health Insurance** provides financial support to the Insured in the event of accidents, coverage for medical expenditures, for temporary or permanent disability, etc.
7. **Pupils and Students Life Insurance** provides guarantee in the event of any accidental or unexpected health issue, risk coverage for critical illnesses, risk coverage for loss of life of the given person, etc.
8. **Travel Life and Health Insurance** provides coverage for a series of risks that may occur to persons travelling abroad.
9. **Students Life and Health Insurance** provides a financial guarantee for the health of students that choose to study abroad. The package covers expenditures for health issues due to illness or accidents, expenditures for emergency evacuation, repatriation, etc.
10. **Life Insurance with Savings** provides financial support to the Insured person that makes profits upon the contract maturity, or by granting profits to his/her descendants in the event of loss of life of the Insured.
11. **Combined Life Insurance** provides coverage to any sudden event, due to natural or accidental causes, due to manifestation of critical illnesses, etc.
12. **Depositor Life Insurance** represents a product that is subject to depositors in a second tier bank. The product is provided in partnership with the involved bank institution.
13. **Visitors Life and Health Insurance** is offered to foreigners visiting Albania or staying in Albania for up to one year.
14. **Sportsperson Life and Health Insurance** provides coverage for health expenditures in the event of an accident, the risk of loss of life of the Insured (sportsperson) due to natural or accidental causes, the risk of physical (body) damage caused by the accident, etc.

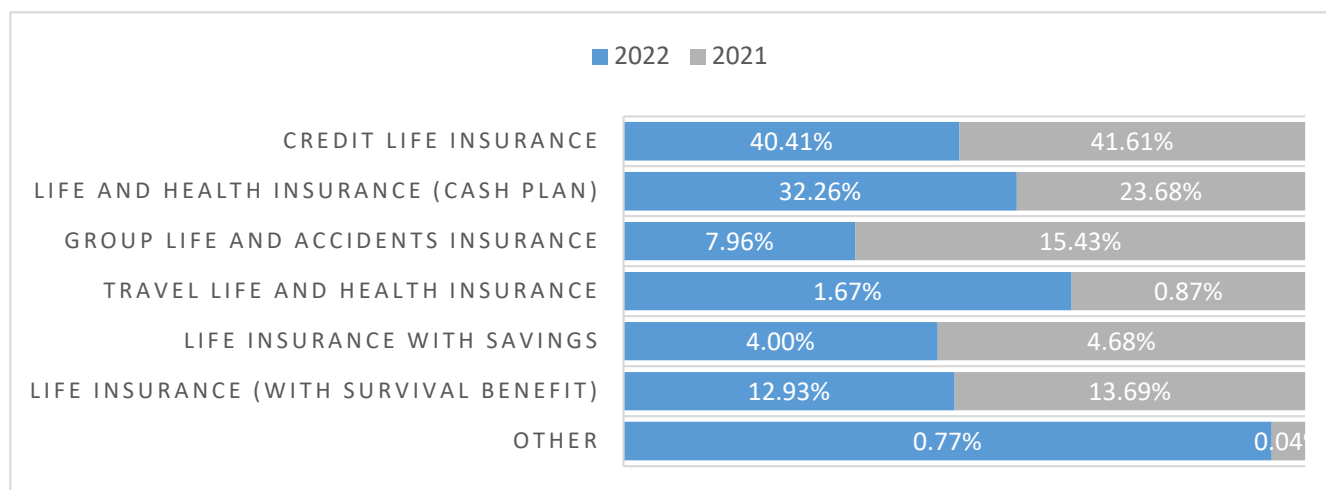
Sot, ti sfidon gjithçka!



 **SiCRED**
Shoqëri Sigurimi Jete

Ti mund të bësh gjithçka dhe ne jemi gjithmonë pranë teje me produktet më të plota të sigurimit të jetës dhe shëndetit, që ti të ndihesh në duar të sigurta. Sot dhe çdo ditë tjetër.

The division of Gross Written Premium as per main products during 2021-2022



4.1 Main Financial Indicators² of SiCRED sh.a. for the period 2018-2022



² In accordance with Separate Financial Sheets of SiCRED sh.a.

³ In accordance with Consolidated Financial Sheets of SiCRED sh.a.

4.2 SiCRED presents the newest product to the public, “Evolutive Life Insurance”

We worked really hard during the pandemic to enrich our range of insurance products and in 2022 we introduced the “Evolutive Life Insurance” product, a unique product in the Life insurance market which is designed to provide complete protection and peace of mind.

Evolutive Life Insurance is suitable for anyone who wants to financially protect the future of family members who are financially dependent on him.

Product features:

- Life Insurance up to EUR 10,000,000.
- Simplified insurance procedures.
- Insurance policy approval within a day.
- Freedom in selecting the sum insured and term of insurance.
- Fixed annual premium.

Protect your loved ones and secure their financial future with our newest life insurance product!



4.3 Cooperation with Credins Invest

Thanks to the multi-year cooperation between SiCRED sh.a. and Credins Invest sh.a., members of the “Credins Pension” Pension Fund, but now also investors with a periodic investment plan in the “Credins Premium” fund (new for 2022), benefited for free:

1. Life and Accident Insurance for one year!
2. The SiCRED Insurance Card.
3. Up to 50% discount at over 230 SiCRED medical network clinics and hospitals.

4.4 Expansion of SiCRED Medical Network

Being provided with the quality medical service at the right time represents our concern for every person insured at SiCRED. Therefore, as part of our strategy to develop health insurance products, we have expended the SiCRED Medical network, in order that every person insured, despite the location, gets medical access as close as possible to their presence. During 2022, we expanded the geography of collaborating hospitals and clinics, with over 30 new clinics and laboratories in Albania.

At the end of 2022, SiCRED medical network counted over 239 clinics and hospitals.

Within the territory of the Republic of Albania:

- 179 medical subjects (private hospitals, clinics and laboratories)

Outside the territory of the Republic of Albania:

- Kosovo – 8 clinics and hospitals
- Italy – 3 hospitals and a hospital group including 14 hospitals and medical centers
- Austria – 5 clinics
- Turkey – 27 clinics and hospitals
- Greece – 6 hospitals

All the insured that are provided with the insurance card can scan at any time the QR code located on the back of the card, in order to access the SiCRED Medical Network.

SiCRED
Shoqëri Sigurimi Jete

SKANO KODIN MBI KARTË

**DHE ZBULO RRJETIN
MJEKËSOR SiCRED**

www.sicred.com.al

4.5 SiCRED at the career fairs at the universities in Tirana

Career fairs are important events where students and graduates have the opportunity to connect with potential employers and explore career opportunities. SiCRED has had the pleasure of participating in several such events that were organized by the most well-known higher education institutions.

#epokauniversity

#unyt



4.6 Raising awareness and solidarity

We are always willing to give voice to awareness-raising initiatives with regards to causes related to health, safety, environment and beyond. During 2022, SiCRED staff has joined several important initiatives in order to promote them.

#tetoriroze

#biketowork



4.7 Human Resources Management

For us, the key to our success is our employees. The company's staff consists of individuals with a long successful experience in the insurance market and beyond, as well as educated and trained in the best local and foreign educational institutions. The successful teamwork, energy and relatively young age group, as well as the investment in human resources, are the key to the success of our achievements so far and the basis of sustainability for the future. The skills and dedication of this qualitative staff has created added value to our products and services, thus creating a good reputation in the market.

Main statistics on human resources for SiCRED sh.a. (December 2022):

Number of employees	50 employed
Average age of employees	36.74 years of age
Female employees	74%
Male employees	26%
Average work engagement	7.14 years

Continuous training of the SiCRED team

One of the main policies of the Human Resources is the continuous training and qualification of the staff in order to improve the performance and update with the new market. Depending on the overall result that is achieved in the training progress evaluation, measures are designed to improve the quality of staff work.

We have continued with the regular training of our staff, making sure that the company's team of experts is fully prepared to respond as best as possible to the demands and needs of the public.

Such trainings will continue to be the focus of our company.



Moments from the training of our marketing and sales staff

It is the duty of every company, which seeks to create value for the customer and improve its service as a whole, to invest in continuous training of the staff.





Together, a winning team!

Job longevity of a dedicated staff

A part of our staff successfully completed 7 years of work in our company. Over 7 more years that were filled with work, challenges, energy and happy moments, as a family, culminated in the symbolic ceremony of the distribution of the "Living with Savings" Trust Fund.

The employees job longevity is a truly important aspect. They become an indispensable asset for the company and difficult to replace. They are the company's memory, much better than its electronic archive itself, and they are able to address problems more efficiently every day. Therefore, it is essential how the company chooses to use its incentive techniques to encourage the employees to work for the company as long as possible.

One of the facilities, which we wanted and chose to use, is our staff insurance that is combined with a savings fund, which can only be obtained if the employees have worked for seven years for our company.

This is the fifth generation to receive this benefit and we are really proud of them and our joint work.

We invite any company that would like to have a satisfied and stable staff to embrace this reward method, which guarantees the job longevity of a dedicated staff.



Staff Retreats: Not only do we work together, but also have fun together!

We have the pleasure to organize activities during the year in order to spend time together, to strengthen the team spirit in environments outside the offices, exploring the nature, tradition and cuisine of our country.

In this way, we not only strengthen our ties for the purposes of the smooth running of the work, but also try to raise awareness to support local tourism and all its links, in order to promote the improvement of the services and infrastructure quality.

#berat

#petrelë



4.8 Follow us on our newly launched website!

During 2022, we introduced our public with our newly launched website aiming to facilitate navigation for users and provide a renewed image.

You will be able to find our latest news, blog articles, innovative solutions and all the topics that are interesting for you with regards to life, health, accident and long-term savings insurance.

Please don't forget to subscribe to our periodic newsletter to get our latest news and stay in touch with us. In addition, we would like to remind you that we are also present on social media platforms, so you can follow us to obtain interesting information.



5. THE OBJECTIVES OF SICRED S.H.A. FOR 2023

- **Risk management and underwriting:** Our goal and our daily work is the successful management of risk related to underwriting. We aim to work based on sound underwriting practices in order to accurately determine the risk of individuals/groups applying for insurance, by setting the appropriate premium based on factors such as age, health, lifestyle and occupation. Our objective is to balance the insured's portfolio.
- **Careful management of costs and increased profit:** We aim to maintain a stable ratio of administrative and underwriting expenses by increasing the efficiency of the products. These objectives include optimal determination of premiums and efficient management of claims payments.
- **Good customer service:** Another key objective for us is the customer retention and satisfaction. We are committed to provide the best service through prompt processing of claims, effective communication and customized products in order to meet the specific needs of our customers.
- **Expansion of the Medical Network:** We intend to continue to have the territorial extension of our medical network in and outside the country in order to offer the best quality service in all the specialities covered by insurance. The extension of the medical network aims to offer financial support to our insured, wherever they wish to receive medical services.
- **Innovation and technological progress:** We acknowledge the significance of innovation and technological progress to remain competitive and satisfy the changing customer demands. Hence, we intend to invest in new technological systems, to optimize work processes, to improve the customer experience and to develop innovative insurance products.
- **Employee development and training:** We give priority to the continuous development and training of our employees. Our internal objectives include developing a positive work culture, providing the professional development, offering competitive benefits, which serve as the foundation for the longevity of our work staff and for the company success.



6. SiCRED ASSISTANCE SH.P.K. IN 2022

This presentation summarizes our accomplishments during the year ended on December 2022.

As it is also indicated in our results, we as a team are committed to reaching our goals for the year, but keeping in view the fact to implement and improve the legal standard, occupational safety and health.

Our key investment in the last year has been the drafting of the legal standard as regards to occupational safety and health.

This goal indicated our role in this filed to provide not only the occupational safety and health, but also a sound foundation due to our concern regarding safety, fairness in implementing the occupational safety and health law, specifically, in an ever-changing dynamic work sphere.

The last year posed many challenges, and yet, in this annual report we hereby present some of our achievements comparing them with the milestones of the business plan of the beginning of 2022.

Our economic activity, including our contribution to improving the occupational safety and health standard, has been the focus and the main economic indicator achieved during the last year with a positive result in the company's balance sheet.

Considering also the international response to the COVID-19 pandemic, the demand for factoring our increasingly significant role in improving the occupational safety and health standard, we are assured that, throughout 2022, we have had a good performance.

Recruiting staff with the appropriate skills has been a challenge for the past year.

Based on this focus, we have improved the planning introduction, and the provision of our legal consult, pursuant to the regulatory approaches, and the approved financial forecasting of SiCRED ASSISTANCE sh.p.k. company;, according to law, to our shareholders.

While our approach to providing legal consult evolves, our commitment to the standard we share with the labour market industry shall remain the same, based on truth and fairness, committed to adapting to and responding to new challenges.

It is my honour to lead the team in fulfilling the future commitments, and I am proud of what we have done earlier and how we continue to adapt to the arising challenges.

Av. Vjosa Bodo Mujo

Administrator



7. PROGRESS OF SiCRED DISTRIBUTION COMPANY DURING 2022

Message from the administrator, Mrs. Onkita Kodra

SiCRED Distribution began as a significant project. What started as an initiative to attract a wide network of partners available to various institutions and individuals to promote the tradition, has now turned into a strong point of reference on which we continue to rely. Being a national value promoter provides us with gratification that goes beyond the daily routine.

SiCRED Distribution was founded at the beginning of 2021, becoming the third member company of the SiCRED family, and, in the relatively short period of time while we have maintained our dynamics, we have emphasized the standards and values that characterize us.

Performance during 2022

The main focus of SiCRED Distribution throughout 2022 was the expansion of the partner network. The number of partners, who have supported us and adapted to our specifications, has followed a progressive increase. The positive development of the domestic market, awareness to standards, and development of our practices, have been factors that influenced mutual relations.

In addition, throughout 2022, the company's aim was to diversify products. The typology of products, which SiCRED Distribution has included into its organization, has been part of additional values on which our activity has been supported.

During the first year, we shaped the company by promoting the values passed by traditional Albanian costumes; while 2022 was a challenging year in this context. We enriched the fund with handicraft products, silver filigree works, handicrafts, traditional paintings and products coming from Albanian wine cellars. Although the market-driven features have been different, we tried to take with us some selected products.

Furthermore, strengthening the top line has continued to be the entity focus. The strategic partnerships, which have been established during 2022 and the expanded range of products, have aimed at the further consolidation of SiCRED Distribution.

Continuity to new developments

E-commerce counterfeits are one of the main future goals of SiCRED Distribution. While the attention in general is towards increased technological dimensions, our entity shall also focus on this trend. This enhanced approach is expected to generate significant interest in the range of products we sell. The further exploration of these features will affect both international and local demand.

Onkita KODRA

Administrator of SiCRED Distribution sh.p.k.



8. CREDINS INVEST PROGRESS DURING 2022

8.1 Progress of “Credins Pension” Voluntary Pension Fund during 2022

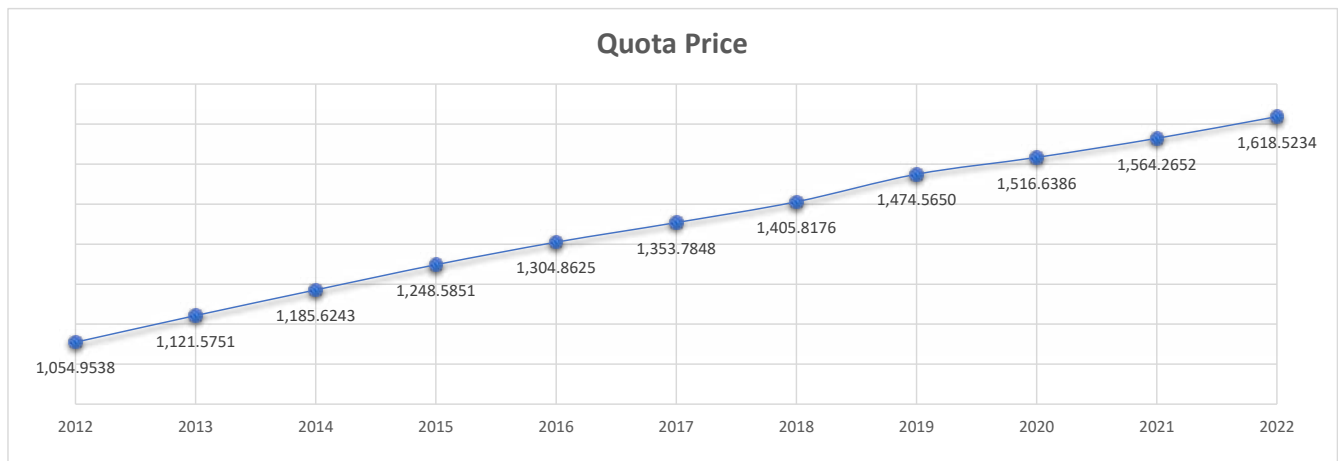
During 2022, “Credins Pension” Voluntary Pension Fund has continued its progress by reaching a number of 18,778 members, with an increase of 2.5% comparing to the previous year. According to the market share on December 31, 2022, Credins Pension ranked first in the Albanian private pension market, owning 51.42% of the market in terms of number of members.

Pension fund members belong to individual schemes or professional schemes. For years, the company Credins Invest sh.a. manages institutions with a significant number of employees, who are included in professional schemes of the voluntary pension fund, by joining their staff and contributing for them. Over 25% of pension fund members are part of professional schemes, which include state institutions, financial institutions and private companies.

The major part of the Fund portfolio is invested in bonds of the Government of the Republic of Albania.

The net asset value of the Fund as of 31 December 2022 reached 1,688,407,700.10 ALL, with an increase of 25% compared to the 31st December 2021. The net rate of return for the period 31 December 2021 – 31 December 2022 resulted in 3.47%.

The progress of the quota price through the years is presented as follows, up to 31 December 2022:



8.2 Progress of “Credins Premium” Investment Fund during 2022

Advantages of the Investment Fund:

- The Fund has a low risk profile as it is invested only in securities of the Albanian State.
- High liquidity: the opportunity to withdraw the amount any time within 7 days without penalty.
- The investment could be applied immediately or with a periodic investment plan, with a minimal investment amount of only 2,000 ALL.
- Opportunity for diversification of investments.
- Professional management of the fund.
- The account is accessible online at any given moment.

The net value of fund assets on 31 December 2022 was 880,087,329.09 ALL.

The Fund's assets are mainly invested in securities issued by the Government of the Republic of Albania, and therefore the performance of the Fund's rate of return is affected by the movement of interest rates in the auctions of the securities of the Albanian Government.

Faced with the situation of increasing interest rates of the Albanian state securities, the Administrative Company during 2022 undertook a tactical re-allocation process of assets by positioning itself in short-term instruments, in order to reduce the negative impacts from the results of the auctions. This process has been undertaken always considering the best interest of the investors and with the lowest possible effect for them. Following this process of tactical re-allocation of assets, the Fund has positioned more than 90% of its assets in short-term instruments and monetary means and their equivalents at the end of 2022.

Other Fund data:

● Quota price	1265.6788
● Investment return (31.12.2020–31.12.2021)*	-6.67 %
● Modified duration	0.06 years

*The administration tariff is deducted prior to the calculation of the return on investment.

Credins Invest has also two alternative investment funds under management, only for professional and qualified clients:

- Sea Land Alternative Investment Fund - Limited Partnership CIU, approved by Decision No. 57 dated 26.03.2021, by the Albanian Financial Supervisory Authority Board and
- Green View Alternative Investment Fund - Limited Partnership CIU, approved by Decision No. 241 dated 29.12.2021, by the Albanian Financial Supervisory Authority Board.

9. INTERNAL AUDIT REPORT

1 Legal basis

In the exercise of its activity and with the aim to meet its functional goals, the Internal Audit Unit is supported by the following laws and by-laws.

- Law No. 52, dated 22.05.2014, "On insurance and reinsurance activity".
- Regulation "On minimum procedures and principles related to internal control and other aspects of the information system of the insurance company" adopted by AFSA Board Decision no. 135, dated 31.10.2014.
- Regulation "On the activities of the Internal Audit Unit and the Audit Committee in the insurance company" approved by AFSA Board Decision no. 153, dated 23.12.2014.
- SiCRED sh.a. Instruction "On the activity of the Internal Audit Unit, Audit Committee" approved by decision of the Supervisory Council no. 12, dated 10.08.2015.
- Law No. 9901, dated 14.04.2008, "On traders and trade companies", as amended.

2 Organisation

● Mission of the Internal Audit

The mission of internal audit is to support senior management in carrying out their responsibilities. The Audit accomplishes this mission by:

- Performing independent audits based on adopted professional standards.
- Performing its functional duties according to its independent discretion.
- Assisting the management by providing analysis, recommendations, advice and information on the units audited.
- Supporting managers to meet their goals.

The Internal Audit Unit performs its functions independently and objectively, providing for specialized opinions to improve the activity of the company. By the end of the auditing process, recommendations and proposals are issued to improve the functioning where necessary.

● Objective of the Internal Audit

The objective of internal audit consists of in-depth and thematic controls at the relevant departments and branches, in a timely and effective manner, in order to perform risk assessment on time. Internal audit includes, but is not limited to, the establishment, implementation and maintenance of a risk-based audit plan to review and evaluate general or specific areas based on preventive measures.

● Composition of Human and Financial Resources of the Internal Audit

Internal audit operates in accordance with the laws and in the capacity of special structure. The Internal Audit is a company's employee appointed to the Internal Audit Unit. The Audit Unit exercises its competencies independently and in an integrated manner, by evaluating the governance and risk management processes within the company. The 2022 audits were conducted by an auditor appointed by the Supervisory Board. The internal auditor of the Company has a degree in economics and 20 years of work experience in the field of insurance. As regards auditing, internal audits were conducted in accordance with applicable laws and regulations as well as in support of the annual program approved by the Supervisory Council. The Internal Audit Unit is familiar with and adapts to the changing requirements of internal laws and regulations.

3 Analysis of the Internal Audit Activities

During 2022, the Internal Audit conducted its activity based on the annual plan approved by the Supervisory Council. All controls were conducted per topic, focusing on the analysis of processes, risks and data collected through the documentation that SiCRED sh.a. uses. A total of 10 auditing missions were conducted during 2022. The auditing was either full or partial, depending on the topic. All audits conducted mainly concentrated in the head offices, where SiCRED sh.a. carries out its activity, but also in several branches of the company. In terms of audits carried out, all high-risk indicators have been taken into account in order to anticipate problems that may occur in time. They were carried out in compliance with the recommendations issued, as well as the issues that may have arisen in the course of daily work.

Unplanned audits were also conducted, necessary to be performed during 2022. National and international standards have been applied during the drafting of the auditing documentation. During 2022 the company did not amend or change accounting policies. In 2022 the Company has applied IFRS 16 for the recognition, initial measurement, subsequent measurement, presentation and lease disclosures. Recommendations for improving the situation are issued at the end of each report. All recommendations issued by the auditor were accepted by the management.

4 Declaration of impartiality

The Internal Audit is performed pursuant to the legal and regulatory framework and is not subject to any other influence from individuals, including persons in leading position within the company. The work of the Internal Audit was conducted in accordance with the legal policy and the rules on legal compliance. The internal auditor observes all company's rules on ethics and conduct. The auditor maintains an impartial position and avoids conflicts of interest. The Internal Audit, as a basic function for the internal control system within SiCRED sh.a. has operated as an independent body since the Company's establishment. The internal audit unit has been set up in accordance with the adopted regulation. With reference to a methodological, chronological, comprehensive program, the audit has effectively reported in writing the work done without being influenced by the organization. The auditor has shown high level of professional judgement in collecting, evaluating and transmitting information on the processes that have been audited. The auditor has conducted all control without being influenced by personal interests.

5 Auditing Plan for 2023

The objectives of the audit plan for 2023 shall be achieved through the harmonization of in-depth and thematic controls and through conducting risk assessments in a timely and effective manner. In determining the risks that the company will face in 2023, it shall be based mainly on the risks encountered during the last year, as well as on the recommendations issued by the regulatory bodies. Auditing shall also include insurance and reinsurance risk management, financial and accounting risk, legal risk, and risk related to underwriting. In terms of risk management, SiCRED sh.a. has set up a Risk Management Committee. The Risk Management Committee acts in accordance with the laws and in the quality of special structure and operates as an independent and objective unit, releasing specialized opinion in order to improve the activity of the company. In the meeting of the Audit Committee, held on 30.12.2022, the 2023 audit programme was reviewed and adopted by the Supervisory Board Decision no. 6, dated 22.12.2022.

For 2023, audits are expected to include the following departments and branches:

1. Finance and Accounting Department.
2. Legal and Human Resources Department.
3. Underwriting and Corporations Department.
4. Administration and Actuarial Department.
5. Branch Network Administration and IT Sector.
6. Sales Directorate and Tirana Branch.
7. Regional branches.

The audit also includes the management of the following risks:

Insurance and reinsurance risk

Financial and accounting risk

Legal risk

Insurance event risk

High risk controls

- Analysis of the operating expenses and minimization of expenses, which have an impact on the outcomes of the company, taking into account the acceptable and comparable level of the market rate.
- Maintaining liquidity ratio at the required level.
- Solvency, technical provisions, assets covering provisions.
- Administration of sold insurance policies, coordination of premiums with the accounting department.
- Implementation of the integrated programme.

Medium risk controls

- Main indicators of financial statements, statistical and accounting reports, analysis of administrative and underwriting expenses, analysis of specific items of financial statements.
- Control of collection requests and debtors' obligations, time of their creation, payment deadlines and their timely collection.
- Administration of sold insurance policies, reconciliation of premiums with accounting, calculation of insurance acquisition costs, implementation of insurance acquisition instruction.
- Insurance events practices, law enforcement and internal instructions, their liquidation.
- Procurement procedures and related costs.
- The determined commissions (agent, insurance broker).
- Alignment and update of the relevant guidelines regarding insurance products as life insurance loans, life and health, living with savings, life and accident insurances.
- Underwriting, charging and administration of life insurance products, co-insurance contracts, optional contracts.
- Inventory of sold policies and those available both in the head office as well as in the branches whereby the activity of the company is carried out.
- Application of procedures for the storage and administration of insurance policies, as well as other monetary and material values, and their respective documentation.
- Prevention of money laundering and terrorist financing.
- Follow-up to recommendations.
- Low risk controls
- Procedures for recruiting new employees.
- Recruitment and dismissal decisions.
- Performance evaluation.
- Job payment, employee timer, staff bonuses.
- Branch inventory.
- Administration of cancelled policies.
- Follow-up to recommendations.

Risk identification

- Financial and accounting risk.
- Insurance and reinsurance risk.
- Legal risk.
- Insurance event risk

Audit and evaluation

- Risk management systems implemented by SiCRED sh.a.
- Compliance of the company with the laws and by-laws, company's internal procedures, implementation of policies and achievement of set objectives.
- Information and reporting system including data accuracy.

6 Internal Audit Unit Opinion

The Internal Audit Unit has performed the planned tasks based on the 2022 audit plan approved by the Supervisory Board. The Audit Unit, by performing the relevant procedures and verifications, has influenced the identification, control and management of risks covered by each department or branch. During the performance of the internal audit activity, no findings or errors with a high impact on the Company's activity were identified. Conclusions have been drawn for each audit carried out and whenever elements room for improvement has been identified, recommendations have been issued and accepted by the management. Regardless of the data on improvement, the controls were performed in a satisfactory level.



Internal Audit Unit
Matilda THOMA

SICRED sh.a.
Consolidated Financial Statements
as of and for the year ended 31 December 2022

TABLE OF CONTENTS

INDEPENDENT'S AUDITORS REPORT	32
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	35
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	36
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	37
CONSOLIDATED STATEMENT OF CASH FLOWS	38
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	39

INDEPENDENT AUDITORS' REPORT

To the shareholders of SICRED sha

Opinion

We have audited the consolidated financial statements of SICRED sha ("the Group"), which include the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in capital and consolidated statement of cash flows for the year then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements have been prepared in all material respects in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the International Accounting Standards Board (IASB) and the ethical requirements of the Authorized Accounting Experts Institute in Albania (IEKA) which are applicable for the profession in Albania, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 23 May 2022.

Other information

Management is responsible for the other information. The other information comprises the Annual Report, prepared by the Management, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact.

As of the date of this report, the Group did not yet publish the other information. We have nothing to report in this regard.

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

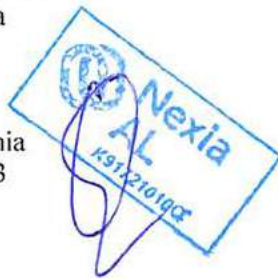
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Nexia AL

Statutory Auditor
Orjana Kalaja

Tirana, Albania
24 April 2023



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 December 2022

		31 December 2022	31 December 2021
	Notes	in LEK	in LEK
ASSETS			
Cash and cash equivalents	6	29,845,259	27,980,688
Restricted cash	7	100,000	4,474,574
Term deposits in banks	8	475,937,419	446,041,518
Investments in securities	9	159,085,007	158,010,238
Due from insurance and reinsurance, net	10	40,836,301	38,178,864
Reinsurance assets	11	10,946,800	13,229,921
Deferred acquisition costs	12	20,889,662	19,218,276
Prepaid income tax	13	-	191,019
Other assets	14	14,175,382	15,501,736
Investments in subsidiaries and associates	15	11,460,633	10,379,118
Property, plant and equipment	15	40,437,032	32,318,213
Right of use assets	16	44,751,486	55,270,391
Intangible assets		7,152,700	7,433,399
Total Assets		855,617,681	828,227,955
LIABILITIES			
Unearned premium reserves	17	23,054,770	17,165,906
Reserve for losses and loss adjustment expense	18	153,185,286	134,841,600
Mathematical reserve	19	32,084,475	32,411,014
Due to insurance and reinsurance	20	84,147,653	68,479,131
Lease liabilities	21	16,927,042	15,109,792
Income tax payable	33	46,746,434	59,022,774
Deferred tax liability	34	361,219	-
Due to financial institutions	22	144,599	235,570
Other liabilities	23	9,999,124	1,211,794
Total Liabilities		10,147,020	23,054,770
		353,742,852	334,366,445
EQUITY			
Share capital	24		
Retained earnings		490,062,000	490,062,000
Profit of the year		3,799,510	(2,265,517)
Total Equity		8,013,319	6,065,027
Total Liabilities and Equity		501,874,829	493,861,510

The notes on pages 39-71 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2022

	Notes	For the year ended 31 December 2022 in LEK	For the year ended 31 December 2021 in LEK
Gross written premiums	25	318,393,211	279,740,523
Premium ceded to reinsurance	26	(14,890,685)	(17,780,969)
Gross income from written premium		303,502,526	261,959,554
Change in unearned premiums reserves	17	(18,343,686)	(2,173,853)
Change in mathematical reserves	19	(15,668,522)	(22,870,580)
Change in the reinsurer's premium reserve	11	(2,283,121)	(6,178,635)
Change in deferred acquisition costs	12	1,671,386	5,705,083
Net income from written premiums		268,878,583	236,441,569
Interest income	27	14,998,902	14,196,076
Profit from investments in subsidiaries and associates		1,608,606	2,635,453
Interest expenses		(3,098,680)	(2,885,527)
Foreign exchange gain/(loss)		(6,733,600)	(1,804,252)
Other income	32	18,619,657	25,328,493
Total other income		25,394,885	37,470,243
Net income		294,273,468	273,911,812
Paid insurance claims	28	(62,923,204)	(68,278,404)
Net insurance claims		(62,923,204)	(68,278,404)
Acquisition expenses	29	(93,290,626)	(80,569,516)
Personnel expenses	30	(72,072,478)	(65,297,198)
Administrative expenses	31	(37,364,610)	(34,194,002)
Depreciation expense	15,16	(18,864,016)	(18,267,420)
Total operating expenses		(284,514,934)	(266,606,540)
Profit before tax		9,758,534	7,305,272
Income tax expense	33	(1,654,244)	(1,285,437)
Income tax (expense)/benefit from deferred tax liability	34	(90,971)	45,192
Total income tax expense for the year		(1,745,215)	(1,240,245)
Profit for the year		8,013,319	6,065,027
Other comprehensive income		-	-
Total comprehensive income for the year		8,013,319	6,065,027

The notes on pages 39-71 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of 31 December 2022

	Share capital	Retained earnings	Profit of the year	Total
Balance as of 31 December 2020	490,062,000	3,781,604	5,750,114	499,593,718
Profit of the year	-	-	6,065,027	6,065,027
Total accumulated profits/(losses) for the period	-	-	-	-
Transferred from profit of the year to retained earnings	-	5,750,114	(5,750,114)	-
Dividends declared	-	(11,797,235)	-	(11,797,235)
Balance as of 31 December 2021	490,062,000	(2,265,517)	6,065,027	493,861,510
Profit of the year	-	-	8,013,319	8,013,319
Total accumulated profits/(losses) for the period	-	-	-	-
Transferred from profit of the year to retained earnings	-	6,065,027	(6,065,027)	-
Dividends declared	-	-	-	-
Balance as of 31 December 2022	490,062,000	3,799,510	8,013,319	501,874,829

The notes on pages 35-71 form an integral part of these consolidated financial statements. The consolidated financial statements were approved by the management of SiCRED sh.a. Group, on 14 April 2023, and were signed on their behalf as follows:

Z. Genc Koxhaj

General Director



Znj. Teuta Locaj

Director of Finance and Accounting Directorate

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	31 December 2022 in LEK	31 December 2021 in LEK
Cash flows from operating activities		
Profit after tax	8,013,319	6,065,027
Adjustments for:		
Depreciation expense for property, plant and equipment	8,345,111	7,339,353
Depreciation expenses for right of use assets	10,518,905	10,852,217
Depreciation expense for intangible assets	-	75,850
Unearned premium reserves	18,343,686	2,173,854
Reserve for losses and loss adjustment expense	(326,539)	(15,253,272)
Mathematical reserves	15,668,522	22,870,580
Interest expenses	3,098,680	2,885,527
Interest income	(14,998,902)	(14,196,076)
Cash flow before changes in assets and liabilities	48,662,782	22,813,060
Changes in operating assets and liabilities:		
Restricted cash	4,374,574	(34,675)
Term deposits in banks	(29,895,901)	(35,126,605)
Assets held for sale	(0)	8,357,438
Due from insurance and reinsurance, net	(2,657,437)	(1,057,149)
Reinsurance assets	2,283,121	6,178,635
Deferred acquisition costs	(1,671,386)	(5,705,083)
Prepaid income tax	191,019	(191,019)
Deferred tax asset	-	479,497
Other assets	1,326,354	(2,932,773)
Investments in associates	(1,081,515)	(2,209,716)
Interest paid	(3,098,680)	(2,885,527)
Due to insurance and reinsurance	1,817,250	(5,160,643)
Income tax payable	361,219	(169,430)
Deferred tax liability	(90,971)	45,194
Other liabilities	(12,907,750)	5,888,564
Cash flows from operating activities	7,612,679	(11,710,232)
Cash flows from investing activities		
Interest received	14,998,902	14,196,076
Property, plant and equipment additions	(16,522,956)	(3,349,703)
Right of use assets additions	-	(4,932,216)
Intangible assets additions	(240,000)	(596,549)
Disposals of PPE and right of use	59,026	3,302,569
Disposals in intangible assets	520,699	-
Investments in securities	(1,074,769)	784,283
Net cash used in investing activities	(2,259,098)	9,404,460
Cash flows from financing activities		
Lease liabilities	(12,276,340)	(8,779,254)
Due to financial institutions	8,787,330	(1,473,846)
Dividends	-	(11,797,235)
Net cash from financing activities	(3,489,010)	(22,050,335)
Net increase in cash and cash equivalents	1,864,571	(24,356,107)
Cash and cash equivalents at 1 January	27,980,688	52,336,795
Cash and cash equivalents at 31 December	29,845,259	27,980,688

The notes on pages 39-71 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

SiCRED sh.a. (hereinafter referred to as “the Group”) was founded on 7.10.2003, and was registered on 30.9.2004 as a life insurance company with headquarters in Tirana at the address Rruga Brigada VIII, No. 3/1.

The Company is a joint stock company with joint capital, registered according to law no. 7638, dated November 19, 1992 “On Commercial Companies” and registered in the Commercial Register of Albania by decision of the District Court of Tirana, No. 30417, dated October 22 .2003, and registered with the National Business Center with unique identification number K42201801Q.

The Company operates according to the license issued by the Financial Supervision Authority (hereinafter referred to it as “FSA”), to carry out life insurance activities in accordance with law no. 52/2014, dated 22.5.2014 “On the Insurance and Reinsurance activity.”, as well as other legal acts and by-laws in the life insurance. The authorization to undertake life insurance activities was obtained from FSA through Decision No. 9, dated 26.7.2004.

The company has branches in the cities: Tirana, Durrës, Shkodër, Fier, Korçë.

The members of the Supervisory Council of the Company during 2022 up to the signing of these standalone financial statements are:

- Mr. Artan Xhori - Chairman
- Mr. Selman Lamaj - Member
- Mr. Egi Santo - Member

The Company’s share capital on 31 December 2022 and 2021 amounts to Lek 490,062,000 and consists of 490,062 shares with a nominal value of 1,000 Lek per share and is owned by the following shareholders:

	31 December 2022		31 December 2021	
	in %	Number of shares	in %	Number of shares
Aleksandër Pilo	46.39%	227,333	46.39%	227,333
Renis Tërshana	30.16%	147,791	30.16%	147,791
Monika Milo	4.75%	23,273	4.75%	23,273
Maltin Korkuti	4.75%	23,273	4.75%	23,273
Kristino Kromidha	4.05%	19,865	4.05%	19,865
Egi Santo	2.37%	11,637	2.37%	11,637
Emi Santo	2.37%	11,637	2.37%	11,637
Arben Taipi	2.06%	10,101	2.06%	10,101
Petraq Shomo	2.06%	10,101	2.06%	10,101
Artan Xhori	1.03%	5,051	1.03%	5,051
	100.00%	490,062	100.00%	490,062

The Company owns the following investments in other companies:

- Credins Invest sh.a. Shoqëri Administruese e Fondeve where SiCRED sh.a. owns 12% of the shares;
- SiCRED Assistance, established on June 29, 2012, where SiCRED sh.a. owns 100% of the shares;
- SiCRED Distribution, established on February 18, 2021, where SiCRED sh.a. owns 100% of the shares.

The Company’s Central Office is located in Tirana at Brigada VIII Street, Villa no. 3/1. On 31 December 2022, the Company had 50 employees and senior managers (2021: 48).

The company owns the following investments in subsidiaries and associates on 31 December 2022 and 2021:

	December 31, 2022		December 31, 2021	
	in %	Investment Book Value	in %	Investment Book Value
Credins Invest sh.a. Fund Management Company	12.00%	13,927,834	12.00%	13,927,834
SiCRED Assistance	100.00%	1,801,945	100.00%	1,801,945
SiCRED Distribution	100.00%	100,000	100.00%	100,000
		15,829,779		15,829,779

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The company prepares standalone and consolidated financial statements. The company has investments in other companies as presented in Note 1 and prepares consolidated financial statements according to the requirements of IFRS 10 and IAS 28. The consolidated financial statements were approved by the management of SiCRED sh.a Company on 14 April 2023, and were authorized for approval by its Supervisory Council.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Albanian Lek, which is the Company's functional and presentation currency, and all amounts are expressed in Lek unless otherwise stated.

2.4 Going Concern

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amount and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis were not appropriate.

The management of the Company believes that it has sufficient assets and that it has taken all the necessary measures to ensure sustainability and development of the business in the current conditions.

2.5 Accounting judgments and estimates

The preparation of standalone financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying value of assets and liabilities, as well as income and expenses. Actual results may differ from those estimated. Estimates and related assumptions are constantly reviewed. Revisions to accounting estimates are recognized in the period at which these estimates are reviewed and in future periods if they are affected.

3. SIGNIFICANT ACCOUNTING POLICIES

New and amended standards effective for annual periods beginning on or after 1 January 2022 and that do not have any material effect on the Company's financial statements:

- Classification of Liabilities as current or non-current (Amendments to IAS 1), effective date 1 January 2022;
- Annual Improvements in IFRS Standards 2018–2020, effective date 1 January 2022;
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16), effective date 1 January 2022;
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective date 1 January 2022.

New standards available for early adoption:

- Classification of Liabilities as current and non-current (Amendments to IAS 1), effective date 1 January 2023;
- IFRS 17 Insurance Contracts and amendments to IFRS 17, effective date 1 January 2023;
- Disclosures of Accounting Policies (Amendments in IAS 1 and IFRS Practice Statement 2), effective date 1 January 2023;
- Definition of Accounting Estimates (Amendments to IAS 8), effective date 1 January 2023;
- Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), effective date 1 January 2023.

IFRS 17 “Insurance Contracts” (effective on or after 1 January 2023)

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and reinsurance), regardless the type of the entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation characteristics. IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (variable fee approach)
- A simplified approach (premium allocation approach) mainly for short duration contracts.

The measurement of the present value of future cash flows, including a clear adjustment for risk, is remeasured in each reporting period (fulfilment of cash flows). A Contractual Service Margin (CSM) that is equal and opposite to each day's profit in meeting the cash flows of a group of contracts, representing the unearned profit of insurance contracts that will be recognized in profit or loss during period of service (i.e. period of coverage). Certain changes in the expected present value of future cash flows are adjusted against the CSM and thus recognized in profit or loss over the remaining contractual service period.

New standards ready for optional adoption / effective date postponed indefinitely:

- Sale or Contribution of assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

a) Subsidiaries and consolidation

Subsidiaries are legal entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity in order to benefit from their activities. When assessing control, exercisable or convertible voting rights are considered.

3. Significant accounting policies (continued)

a) Subsidiaries and consolidation (continued)

The Company SiCRED sh.a, prepares consolidated and standalone financial statements for public use in accordance with International Financial Reporting Standards (“IFRS”).

Investment in subsidiaries in these standalone financial statements are measured at amortized cost. More details on investment in subsidiaries are given in Note 14.

As at 31 December 2022 and 31 December 2021, the Company controls SiCRED Assistance and SiCRED Distribution, where it owns 100% of their shares.

Investments are tested for impairment whenever there is an indication that the carrying value of the investment might not be recoverable. If the recoverable amount of the investment (the higher of fair value less costs to sell and value in use) is less than its carrying value, the net book value is reduced to the recoverable amount.

The carrying amount of an investment is derecognized when it is disposed. The difference between fair value from the sale of investment and its net carrying amount is recognized in profit and loss as a gain or loss on sale. The same applies if the disposal results in the transition from the subsidiary to the joint venture or to an associate measured by cost.

b) Foreign currency transactions

Foreign currency transactions are converted into Lek using the exchange rates on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued at the year-end and are measured at their historical cost (converted to the functional currency using the rate of the transaction date) except for non-monetary assets and liabilities measured at market value which are converted into the functional currency using the exchange rate at the date when their market value was determined.

Foreign currency differences arising on translation such as translation of monetary assets and liabilities denominated in foreign currency are generally recognised in profit or loss, except for the financial instruments at FVTPL, which are recognized as a component of net income from financial instruments at FVTPL.

The main exchange rates in Albanian Lek for 1 unit of foreign currency at the reporting date are as follows:

	31 December 2022	31 December 2021
EURO	114.23	120.76
USD	107.05	106.54

c) Classification of insurance contracts

Contracts under which the Company accepts a significant insurance risk from a counterparty (the policyholder) by agreeing to compensate the policyholder or other beneficiaries for a specific uncertain event (the insured event) which has adverse effects and affects the policyholder or other beneficiaries, it is classified as an insurance contract.

Insurance risk differs from the financial risk. Financial risk is the risk of possible future changes in one or more of specific interest rates, security prices, commodity prices, exchange rates, price or rate indexes, credit rating or credit indexes or other variables, provided in the case of non-financial variables when the variable is not specific to a party in the contract.

Subsequent to classification as an insurance contract, it remains an insurance contract for the remaining life time of the contract, even when the insurance risk is reduced significantly during the period, unless all the rights and obligations related to the contract expire.

3. Significant accounting policies (continued)

d) Recognition and measurement of insurance contracts

i. Premiums

Life insurance premiums - short term

Gross written premiums include amounts obtained from insurance policies or insurance contracts entered into during the financial year related to the direct insurance, although that such amounts may be related in whole or partially to a later accounting period. Premiums are presented in gross without including broker fees and premium-based taxes. The earned premiums portion is recognized as income. Premiums are earned from the risk-taking date, over the insurance period, based on the signed risk model.

Life insurance premiums – long term

For insurance contracts that are contracted with debtors of commercial banks in Albania, and that have a duration of several years, to cover the loan during its repayment period, the Company recognizes in income the gross annual written premium at the time of issuing the insurance contract. For long-term contracts for which the Company collects the premium in total for the entire duration of the contract, the remaining part of the long-term insurance contract with the debtors, which is not recognized in the reporting period is reflected as the Company's commitment for future years.

Unearned premium reserves

Unearned premiums include that portion of gross written premiums, with risk periods after the reporting date. The unearned premium is calculated from gross written premiums, and is deferred to be recognized in subsequent periods as a reserve for unearned premiums. For the calculation of the unearned premium reserve are considered contracts sold in all life insurance business lines. In calculating the unearned premium reserve, is used the method of exact days on the gross insurance premium and the returned or canceled policies were not considered in the calculations for the unearned premium reserve.

In regard to Debtors' life insurance, the premium reserve is calculated using actuarial methods for provisions, taking into account the amount of the debtor's life insurance as well as the mortality tables for each age and gender.

Reinsurance premiums

Reinsurance premiums are recognized as an expense in accordance with the model of service received from the reinsurer. If an insurance policy is canceled, the remaining premium payable is included in the premium income. The movement of insurance liabilities, if any, is recognized as the net income of the reinsurer. The Company has reinsurance arrangements for the Debtor's Life insurance exposures.

Income from investments

Interest income on securities and deposits is recognized in the statement of profit or loss, in the proportional amount that belongs to the reporting period and is calculated using the Effective Interest Rate (EIR) method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the NEI of the instrument. The company has investments in deposits and investment securities.

Deferred acquisition costs

Deferred acquisition costs for insurance are calculated based on life insurance with savings benefits premiums, regular terms and special terms. Deferred acquisition costs are deferred for the duration of the respective insurance policies. Acquisition costs are defined as costs arising from the purchase of new insurance contracts, including direct costs such as purchase commissions and the cost of preparing the insurance documents, and the administrative costs breakdown related to the processing of proposals and the issuance of insurance policies.

3. Significant accounting policies (continued)

d) Recognition and measurement of insurance contracts (continued)

ii. Claims

Claims arising from life insurance contracts

Claims consist of payments made during the financial year and the change in the claims reserve. Gross paid claims include all expenses incurred for these claims. Advance recoveries from reinsurance are presented separately as assets.

Claims reserve

The claims reserve (RBNS) are all amount of claims incurred during the current and previous financial years that were not paid at the end of the fiscal year, based on the amount of the reserve calculated by the claims specialist. The reserve also includes claims incurred but not reported (IBNR) at that date, of which are calculated using triangulation methods.

Mathematical reserves

Mathematical reserves are related to the Life with Savings benefits insurance product and are measured as the full amount of the accumulated fund at the reporting date, including Life with Survival benefits insurance product.

Reinsurance

The company cedes reinsurance in the normal course of business in order to limit the net loss through risk diversification. Reinsurance agreements do not relieve the Company from its obligations to the policyholders. Ceded premiums and refund benefits are presented in the statement of comprehensive income and statement of financial position on gross basis. Contracts from which an insurance risk transfer arises are accounted as insurance. Amounts recovered from these contracts are recognized in the same year as the claim.

Reinsured assets include liability balances from the reinsurance company for ceded premium liabilities as well as recoverable amounts from paid claims. These amounts, if any, are classified as receivables and are disclosed in the financial statements. Due from reinsurance contracts include reinsurance commissions from ceded reinsurer premiums and receivables from the reinsurance company in accordance with the paid claims. These are classified as accounts receivable and are disclosed separately. Reinsurance assets are assessed for impairment at each reporting date. These assets are impaired if there is objective evidence that an event arising after the initial recognition, for which the Company is unable to recover all amounts due, and for an event that has a reliably measured impact on the amounts which the Company will receive from the reinsurer.

iii. Testi i mjaftueshmërisë së detyrimeve

At each reporting date the Company performs a reserve adequacy test, which provides the Company with an assessment of whether the recognized insurance liabilities are sufficient. Also, the tests performed include the Claims Report Analysis and the Claims Development Analysis. The claims report analysis is performed annually and individually for all the main business lines. The calculation is made only for claims, and claims including acquisition costs and any other external costs such as maintenance costs.

To perform this analysis, the Company takes into consideration cash flow forecasts. The Company does not discount these projected cash flows because most claims are expected to be settled within the year.

Additionally, the Company conducts an annual analysis of the claims provision development to assess its reserves provisioning methodology. This analysis on RBNS (reported but not settled) and IBNR (incurred but not reported) is performed on an individual and combined basis. In cases that the analysis shows large discrepancies, appropriate corrections are made in the provisioning methodology. If an insufficiency of reserves is identified, it will be immediately charged to the expenses, by recognizing a reserve for unaddressed risk by the losses resulting from the Reserve Adequacy Test.

3. Significant accounting policies (continued)

e) Financial instruments

(i) Recognition

The company initially recognizes investments and deposits on the date when the relevant rights and obligations arise. All financial liabilities and financial assets are recognized at the date of the transaction under which the Company becomes a party to the contractual obligations of the instrument.

(ii) Deregistration

The Company derecognizes a financial asset if it loses control of the future cash flows or transfers rights to receive contractual cash flows from the financial assets to transactions in which all risk and rewards of the financial assets is transferred. Any interest on a transferred financial asset that is recognized or accounted by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when the contractual liabilities are disposed, canceled or matured.

(iii) Off-setting

Financial assets and liabilities are offset and the net amount are disclosed in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented offsetted when permitted by the Accounting Standards, or for gains and losses arising from transactions of a similar nature of the Company's activity.

(iv) Measurement at amortized cost

Amortized cost of a financial asset is the value at which the financial asset or financial liability is measured on initial recognition, less the installments paid, plus or minus the cumulative depreciation resulting from the use of the effective interest method including any difference in initially recognized value and value at maturity in impairment losses.

(v) Fair value measurement

The determination of the fair value of financial assets and liabilities is based on published market prices and indicators of financial instruments in active markets. For all other financial instruments, the fair value was determined using valuation techniques. Valuation techniques include techniques such as net realizable value, the present value of cash flows method, comparison with other similar securities for which prices are determined in active markets, and other valuation models.

(vi) Identification and measurement of impairment

At the financial statements preparation date, the Company assesses whether there is an objective evidence of impairment of financial assets. Financial assets are impaired when objective evidence indicates that an event with a consequential loss has occurred after the previous valuation of the asset, and that this event affects the cash flows that can be measured reliably.

The Company takes into consideration evidences of impairment for specific financial assets or groups of assets. All individually significant assets are tested separately for potential impairment, but that has not yet been identified. All assets that are not considered individually significant are grouped together and assessed for impairment together with assets with similar characteristics (held at amortized cost).

Objective evidence of a possible impairment of assets in the financial statements may be the non-timely payment or breach of terms by a debtor, the restructuring of a loan/advance provided by the Company on terms which otherwise would not be considered, indicators of possible bankruptcy of a debtor or other apparent data relating to a group of assets such as a deteriorating change in the receivable status of a debtor or creditor, or economic conditions affecting the deterioration of the group of assets.

3. Significant accounting policies (continued)

f) Cash and cash equivalents

Cash and cash equivalents include cash balances, bank deposits in commercial banks and highly liquid short-term investments with maturities of up to three months or less from the purchase.

g) Term deposits

Term deposits are presented in the statement of financial position by their principal amount and are classified according to their maturity. Term deposits with a maturity of less than three months are classified as cash equivalents, those with a maturity between three and twelve months are classified as investments in term deposits.

h) Investments in securities

Investment in securities are debt investments that the Company intends and has the ability to hold to maturity and that are classified as held-to-maturity assets. Investments which have fixed or determinable payments and which are intended to be held to maturity are therefore measured at amortized cost less any impairment. Depreciation cost is calculated by including any discounts or premiums on the purchase. Premiums and discounts on investments to be held to maturity are systematically amortized at maturity using the effective interest rate method and are recorded in interest income.

i) Due from insurance and others receivables

Loans and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less allowance for impairment. Allowance for impairment of loans and other receivables are recognised when there is objective evidence that the Company will not be able to collect all amounts under the original terms. Account receivables from insurance arising from insurance policyholders are also classified in this category and assessed for impairment as part of the review for impairment of loans and other receivables.

j) Revenue recognition

i. Gross written premiums

Gross written premiums are recognized as explained in Note 3.d.

ii. Interest income

Interest income on financial assets is recognized using the effective interest method.

k) Personnel expenses

The Company pays only the mandatory social security contributions which provide employees with pension benefits after leaving the job. Local authorities are responsible for setting the minimum pension limit in the respective countries according to a defined pension contribution plan. The Company's contributions to the pension plan are presented in the standalone statement of comprehensive income when incurred.

Paid annual leave

The Company recognizes as a liability the undiscounted amount of costs foreseen in relation to the annual leave that is expected to be paid in exchange for employee services for the period. For 2022 the employees of the Company have received their annual leave.

3. Significant accounting policies (continued)

l) Administrative expenses

Administrative expenses are recognized when incurred.

m) Other obligations

Other liabilities are recognized at cost.

n) Property, plant and equipment

Recognition and measurement

Property, plant and equipment items are measured at cost less accumulated depreciation and impairment losses if any, except construction in progress which are measured at revalued amount. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs associated with making the ready for use, and the costs of arranging the site in which the asset will be located. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Gains and losses from the sale are determined by comparing the amounts received with the residual value, and including the difference in the statement of comprehensive income under the "Other gains/(losses)".

Subsequent costs

Subsequent costs are included in the value of the asset or recognized as a separate asset only when it is probable that future benefits will flow from this asset and the cost can be reliably measured. The carrying amount of the replaced item is not recognized. All repairs and maintenance are charged to the profit and loss of the financial period in which they are carried out.

Depreciation

Depreciation of the buildings and infrastructure improvements category is performed on a straight-line basis over the estimated life of the assets, while the depreciation of other units of property, plant and equipment is calculated using the declining balance method calculated on the net book value of the asset. Land and assets under construction are not depreciated. The estimated depreciation rates are as follows:

Building (Kiosk)	5%
Furniture and office equipment	20%
Computers and IT equipment	25%
Intangible assets	25%
Vehicles	20%
Leasehold Improvements	(according to the term of the lease contract)

o) Intangible assets

Intangible assets of the company, other than goodwill, have definite useful lives and mainly include capitalized softwares, patents, trademarks and licenses. Software licenses, patents and trademarks are capitalized based on the costs incurred to acquire and put them to use. Developments costs directly related to identifiable and unique programs controlled by the Company are recorded as intangible assets if the cash flow of incremental economic benefits exceeds the costs.

Amortization

Amortization is recognized in the statement of comprehensive income based on the net book value using the tax rates for amortization of intangible assets, one month after the acquisition of the asset. The useful life of the assets is reviewed, and the necessary adjustments are made, at each reporting date. The amortization rate is 15% based on the residual value of the asset. Gains or losses on sales are determined by comparing sales to net book value and the differences are included in the statement of comprehensive income.

3. Significant accounting policies (continued)

p) Impairment

The carrying amount of non-financial assets is reviewed at each reporting date to see if there is any indicator of impairment. If such indicator exists, management estimates the recoverable amount, which is defined as the higher between the fair value of the asset less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year.

An impairment loss recognized for an asset in previous years is reversed when appropriate if there has been a change in the accounting estimates used to determine the asset's value in use or fair value less costs to sell.

q) Insurance acquisition costs

Insurance acquisition costs are defined as costs arising from the purchase of new insurance contracts, including direct costs, such as purchase commissions and insurance document preparation costs and the part of administrative costs associated with the proposal process and issuance of policies. Insurance acquisition costs are recognized as expenses when incurred.

r) Equity

Equity shares are classified as equity. The Company's equity is held with the equivalent value in Lek of the contribution received in foreign currency using the exchange rate on the date of the transaction. The shareholder capital of the Company is recognized at its nominal value.

s) Provisions

A provision is recognized when the Company has a current or constructive legal obligation as a result of past events and it is possible that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting future cash flows at the pre-tax rate. Provisions reflect current market assessments of the time value of money and, where appropriate, the specific risks for the liability.

t) Taxation

Income tax is recognized in the standalone statement of profit and loss and represents the amount of current and deferred tax.

(i) Current Income Tax

Current income tax is the tax payable on taxable profit for the year, which is calculated using the tax rates in force at the reporting date and any adjustments to tax payables in respect of previous years. Fiscal profit differs from net profit reported in the standalone income statements because it excludes items of revenue and expenses that are taxable or deductible in other periods and also excludes items of revenue and expenses that are never considered taxable or deductible.

(ii) Deferred tax

Deferred tax is accounted using the liability method and is calculated as the tax expected to be paid or collected from temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for fiscal purposes. The allowed amount of deferred tax is based on the expected realization or payment of the carrying amounts of the assets and liabilities, using the fiscal rates adopted or expected to be adopted with certainty at the reporting date.

(iii) Deferred tax assets and liabilities

Deferred tax liabilities are recognized for all temporary differences and deferred tax assets are recognized only if it is probable that future tax benefits will be available against which the temporary differences can be utilized. Deferred tax assets are reduced when it is not probable that the related tax benefits will be realized. Deferred tax is calculated at the tax rate that is expected to be applied in the period when the liability is paid or the asset is realized and charged to the standalone statement of profit and loss, except when it is related to the items charged directly to equity. In such cases the deferred tax is also part of the equity.

3. Significant accounting policies (continued)

u) Related party transactions

Transactions with related parties include the shareholders and the directors of the Company, together with the entities they control, which may exert considerable influence on the operations and management of the Company. Considering each potential third party attention is given to the essence of the relationship and not just the legal form.

v) Subsequent events

Subsequent events provide additional information about the position of the company at the date of the statement of financial position (adjusting events) and they are disclosed in the financial statements. Subsequent events related to events that do not requires adjustments are disclosed in the notes when they are material.

w) Commitments and contingent liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes of the financial statements if the possibility of using resources with economic benefits is low. Contingent assets are not recognized in the financial statements but are disclosed in the notes when the possibility of economic benefits is possible.

The amount of the contingent loss is recognized as a provision if it is probable that future events will confirm the provision, a liability is recognized at the date of the statement of financial position when an acceptable estimate of the loss can be made reliably.

x) IFRS 16 Leases

IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019. IFRS 16 introduces a single accounting model for the presentation of leases on the balance sheet by lessees. A lessee recognizes a right-of-use asset that represents its right to use the underlying asset and a lease liability that represents its obligation to make lease payments. There are exceptions applied to recognize short-term leases and leases of low value assets. Accounting for the lessor will remain mainly unchanged and the distinction between operating and finance leases will be maintained.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and related assumptions are based on historical experience and other factors believed to be reasonable under the circumstances and information available at the date of preparation of the financial statements, the results of which form the basis for making judgments about the performance and assess those and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

Underlying estimates and assumptions are reviewed on an ongoing basis. Revision of accounting estimates is recognized in the period in which the estimate is revised if the change affects only that period or in the period of the revision and future periods if the change affects current and future periods.

Judgments made by management in applying IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Impairment loss on receivables

The Company reviews insurance and other accounts receivable to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgments about whether there is any apparent evidence that there is a measurable decrease in the estimated future cash flows from a group of accounts receivable before the decrease that may have been identified with an individual debtor in that portfolio. This evidence may include data showing that there has been a negative change in the debtor's payment status related to shortfalls in group assets. Management uses estimates based on historical experience of losses for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when determining future cash flows.

Judgments and assessments on the effects of the pandemic on the principle of continuity

At the financial statements date, the company is operating, continues to fulfill its obligations on time and therefore continues to apply the going concern principle in the preparation of financial statements.

5. RISK MANAGEMENT

a) Insurance risk

The Company is exposed to actuarial risk and acquisition costs arising from a wide range of life products offered to consumers. Insurance risk is related to the uncertainty of the insurance business. The most important components of insurance risk are premium risk and reserve risk. This relates to the concern regarding the adequacy of the level of the insurance premium rate and the adequacy of provisions for insurance liabilities and the capital base.

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

The risk components of life insurance business also include biometric risk (including mortality, longevity, morbidity and disability) and error risk. Risk of error relates to the higher unanticipated rate or lower rate of policy errors, cancellations, changes in payment status (cease of premium payment) and terminations.

Reinsurance is purchased by the Company to mitigate the potential risk of losses due to large individual events or catastrophes and also to enable risk specialists the access and assistance in capital management. Reinsurance policies are underwritten with approved reinsurers on a proportional basis or on a per loss basis.

Insurance events are random and the actual number of claims and benefits may vary from year to year from the level determined by statistical techniques. Experience shows that the larger the portfolio of identical insurance contracts, the smaller the relative variance of the results will be. Also, a more diversified portfolio is less likely to be affected by changes in the portfolio.

5. Risk management (continued)

a) Insurance risk (continued)

Reinsurance is used to manage insurance risk. However, this does not limit the responsibility of the Company as the main insurer. If the reinsurer does not pay a claim for various reasons, the Company is obliged to pay the policyholder for the liability. The solvency of the reinsurer is analyzed annually by reviewing their financial position before signing the contract. The company has ceded the insurance risk to limit exposure from losses from underwritten contracts and to minimize the effect of loss from life insurance, by signing reinsurance contracts.

b) Reinsurance risk

The company cedes the insurance risk to limit the exposure of losses under separate agreements for each type of insurance. These reinsurance arrangements spread the risk and minimize the effect of the loss. The amount of each residual risk depends on the Company's assessment of specific risks, which, in some circumstances, is subject to maximum limits based on the characteristics of the coverage. Under the terms of the reinsurance agreement, the reinsurer agrees to reimburse the ceded amount in the event of claims paid.

However, the Company remains liable to its policyholders in respect of the ceded insurance if the reinsurer defaults on its obligations.

c) Interest rate risk

Interest rate risk is influenced by the risk of fluctuations in the values of financial instruments as a result of changes in the market interest rates and the risk that interest maturities related to assets differ from interest maturities related to liabilities used for these assets. The duration for which the interest rate is fixed on a financial instrument indicates to what level of interest rate risk it is exposed. The company's assets and liabilities have market interest rates.

The company holds a non-significant amount of interest-bearing liabilities and the risk of incurring significant costs due to an increase in interest rates is not significant. However, interest-bearing assets have a fixed interest rate.

d) Risk of capital management

The capital structure of the Company consists of the share capital of the company, which consists of share capital, reserves and retained earnings. The primary objectives of the Company regarding capital management are as follows:

- compliance with the requirements of the insurance market regulatory ("FSA") by keeping capital above the required limit;
- provide the means to going concern of the Company's activity so that it can generate profits for shareholders and benefits for other stakeholders.

In accordance with Albanian law no. 52/2014 "On insurance and reinsurance activity"; dated 4 July 2014, the Insurance Company is obliged to meet the requirements of Articles 80 and 81. According to these requirements, the total equity of the Company must be at least the amount of the calculated solvency (i.e. higher guarantee fund and 150% of solvency calculated under the same law). The capital adequacy ratio of the Company is 116.6% in 2022 (2021: 117.1%).

The company manages capital to ensure an appropriate level of capital to be able to continue and meet regulatory capital requirements, while maximizing returns to shareholders through optimization of liabilities and equity.

5. Risk management (continued)

e) Exchange rate risk

Premiums are issued in three main currencies (Lek, USD and Euro). The following table presents a quantitative analysis of the company's currency risk on 31 December 2022 and 2021 for possible fluctuations in exchange rates.

	Impact	2022 in Lek	2021 in Lek
EUR increases by 10% against Lek	Profit	10,466,418	8,609,701
EUR decreases by 10% against Lek	Loss	(10,466,418)	(8,609,701)
USD increases by 10% against Lek	Profit	2,135,859	2,131,709
USD decreases by 10% against Lek	Loss	(2,135,859)	(2,131,709)

The following table presents a quantitative analysis of the Company's currency risk as of 31 December 2022:

Financial Assets	LEK	EUR	USD	Total
Cash and cash equivalents	7,390,878	22,237,763	216,618	29,845,259
Term deposits in banks	273,366,982	180,933,403	21,637,034	475,937,419
Investments in securities	159,085,007	-	-	159,085,007
Due from insurance and reinsurance, net	32,961,311	7,874,990	-	40,836,301
Other assets	6,708,236	3,671,890	-	10,380,126
Total financial assets	479,512,414	214,718,046	21,853,652	716,084,112
Financial obligations	LEK	EUR	USD	Total
Reserve for losses and loss adjustment expense	23,900,809	7,688,627	495,039	32,084,475
Mathematical reserve	-	84,147,653	-	84,147,653
Due to insurance and reinsurance	11,994,482	4,932,560	-	16,927,042
Income tax payable	361,219	-	-	361,219
Due to financial institutions	-	9,999,124	-	9,999,124
Other Liabilities	6,861,097	3,285,904	19	10,147,020
Total financial liabilities	43,117,607	110,053,868	495,058	153,666,533
Net position	436,394,807	104,664,178	21,358,594	562,417,579

The following table presents a quantitative analysis of the Company's currency risk as of 31 December 2021:

Financial Assets	LEK	EUR	USD	Total
Cash and cash equivalents, restricted cash	20,238,394	12,036,799	180,069	32,455,262
Term deposits in banks	267,813,168	156,712,905	21,515,445	446,041,518
Investments in securities	158,010,238	-	-	158,010,238
Due from insurance and reinsurance, net	29,684,967	8,480,312	13,585	38,178,864
Other assets	8,130,523	4,086,722	-	12,217,245
Total financial assets	483,877,290	181,316,738	21,709,099	686,903,127

5. Risk management (continued)
e) Exchange rate risk (continued)

Financial obligations	LEK	EUR	USD	Total
Reserve for losses and loss adjustment expense	18,123,556	13,895,452	392,006	32,411,014
Mathematical reserve	-	68,479,131	-	68,479,131
Due to insurance and reinsurance	8,146,289	6,963,503	-	15,109,792
Income tax payable	-	-	-	-
Due to financial institutions	-	1,211,794	-	1,211,794
Other Liabilities	18,384,924	4,669,846	-	23,054,770
Total financial liabilities	44,654,769	95,219,726	392,006	140,266,501
Net position	439,222,521	86,097,012	21,317,093	546,636,626

f) Liquidity risk

Liquidity risk is present in the Company's business as the assets purchased and liabilities sold have specific liquidity characteristics. However, if the Company needed large liquidity within a short time, it would not be difficult to secure them. Starting from the way of organizing the investment in diversified maturity periods, based on this analysis the management believes that it will not encounter difficulties in paying off the financial obligations.

In addition, the Company monitors its liquidity situation every day, in order to fulfill its obligations at the right time.

5. Risk management (continued)
f) Liquidity risk (continued)

Ekspozimi ndaj rrezikut të likuiditetit më 31 dhjetor 2022 është si më poshtë:

31 December 2022	Less than 1 month	1 – 3 months	3 months up to 1 year	1 – 5 years	More than 5 years	Total
Financial Assets						
Cash and cash equivalent	29,845,259	-	-	-	-	29,845,259
Term deposits in banks	127,128,000	30,816,989	200,655,511	23,704,030	93,632,889	475,937,419
Investments in securities	30,000,000	15,000,000	25,085,007	65,000,000	24,000,000	159,085,007
Due from insurance and reinsurance, net	19,773,554	19,687,076	1,375,671	-	-	40,836,301
Other assets	8,083,816	358,015	1,604,959	333,336	-	10,380,126
Total financial assets	214,830,629	65,862,080	228,721,148	89,037,366	117,632,889	716,084,112
Financial Liabilities						
Reserve for losses and loss adjustment expense	2,163,318	246,686	17,975,451	-	11,699,020	32,084,475
Mathematical reserve	9,807,902	-	9,671,592	20,970,270	43,697,889	84,147,653
Due to insurance and reinsurance	9,372,519	1,761,166	5,793,357	-	-	16,927,042
Income tax payable	-	361,219	-	-	-	361,219
Due to financial institutions	645,041	459,794	1,806,198	7,088,091	-	9,999,124
Other Liabilities	7,659,300	1,026,524	-	1,461,196	-	10,147,020
Total financial liabilities	29,648,080	3,855,389	35,246,598	29,519,557	55,396,909	153,666,533
The maturity gap	185,182,549	62,006,691	193,474,550	59,517,809	62,235,980	562,417,579

5. Risk management (continued)
f) Liquidity risk (continued)

The liquidity risk exposure on December 31, 2021 is as follows:

31 December 2021	Less than 1 month	1 – 3 months	3 months up to 1 year	1 – 5 years	More than 5 years	Total
Financial Assets						
Cash and cash equivalents and restricted cash	28,080,688	4,374,574	-	-	-	32,455,262
Term deposits with banks	130,483,053	29,080,560	134,234,581	88,359,463	63,883,861	446,041,518
Investments in securities	31,810,238	-	36,200,000	80,000,000	10,000,000	158,010,238
Due from insurance and reinsurance, net	19,172,888	4,586,946	14,419,030	-	-	38,178,864
Other assets	10,560,269	290,235	1,077,568	289,173	-	12,217,245
Total financial assets	220,107,136	38,332,315	185,931,179	168,648,636	73,883,861	686,903,127
Financial Liabilities						
Reserve for losses and loss adjustment expense	516,098	246,159	16,033,888	3,433,640	12,181,229	32,411,014
Mathematical reserve	7,003,814	-	8,390,581	22,674,644	30,410,092	68,479,131
Due to insurance and reinsurance	7,845,951	4,909,840	2,354,001	-	-	15,109,792
Income tax payable	-	-	-	-	-	-
Due to financial institutions	272,587	236,437	557,463	145,307	-	1,211,794
Other Liabilities	10,417,707	322,411	10,853,456	1,461,196	-	23,054,770
Total financial liabilities	26,056,157	5,714,847	38,189,389	27,714,787	42,591,321	140,266,501
The maturity gap	194,050,979	32,617,468	147,741,790	140,933,849	31,292,540	546,636,626

5. Risk management (continued)

f) Liquidity risk (continued)

The Company manages credit risk exposure on an ongoing basis by monitoring continuously receivables from insurance and reinsurance. The Company has established an internal rule where all unpaid insurance premiums under the terms of the relevant contracts are cancelled, unless there is certainty that the receivables will be cashed in.

The Company is exposed to credit risk on time deposits and receivables from the other party's insurance and reinsurance. Management believes that the credit risk associated with time deposits is not significant.

The Company manages its credit risk exposure by monitoring exposures to debt instruments and deposits. The company has not identified based indications for impairment of other financial assets on the reporting date; therefore management considers other financial assets such as cash equivalents, term deposits and other assets as neither past nor depreciated.

Due from insurance and reinsurance, net as of 31 December 2022 and 31 December 2021 based on their aging is as follows:

	31 December 2022		31 December 2021	
	in Lek	in %	in Lek	in %
1 - 90 days	33,152,169	81.18%	35,227,957	92.27%
91 - 365 days	7,684,132	18.82%	2,106,433	5.52%
> 365 days	-	0.00%	844,474	2.21%
Total	40,836,301	100%	38,178,864	100%

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2022 and 31 December 2021 include current accounts in banks as follows:

	31 December 2022	31 December 2021
Cash on hand	66,183	30,853
Cash at banks	29,779,076	27,949,835
Cash at banks in foreign currency	22,445,088	12,208,372
Cash at banks in local currency	7,333,988	15,741,463
	29,845,259	27,980,688

7. RESTRICTED CASH

Restricted cash at 31 December 2022 amounts 100,000 (2021: 4,474,574 Lek) and was comprised of the bank guarantee placed by the SiCRED sh.a for Bank of Albania employees Life Insurance contract, signed in cooperation with the INSIG sh.a. This guarantee will be released after the maturity of the insurance contract, 12 April 2022.

8. TERM DEPOSITS IN BANKS

Term deposits in banks at 31 December 2022 and 31 December 2021 are detailed as follows:

	31 December 2022	31 December 2021
Guarantee fund deposit	335,813,500	338,650,000
Savings deposit	129,878,534	102,079,915
Other deposits	7,148,549	2,558,549
Accrued interest	3,096,836	2,753,054
	475,937,419	446,041,518

In accordance with the requirements of article 81 of Law no. 52/2014 "On Insurance and Reinsurance activity", the Company keeps restricted the guarantee fund, amounting to the highest between at least one third of the payment capacity or 370,000 thousand Lek. The guarantee fund should be invested in treasury bills or term deposits, with maturity not less than one year. Saving deposits are long-term deposits related to the investment of the insurance with survival benefits premiums "Life Insurance with Saving plan" and "Life Insurance with Survival benefits".

Other deposits are comprised of unrestricted deposits with a duration of 5 years, which are considered as bank guarantees for the overdraft accounts. Other deposits are comprised of two deposits with a duration of 3 years, which are placed as bank guarantees:

- 2,558,549 Lek for overdraft account, and
- 4,590,000 Lek for the insurance of the Bank of Albania employees life insurance contract, which will be released 30 days after the termination of the insurance contract, 14 May 2025.

9. INVESTMENTS IN SECURITIES

During 2022 and 2021, the Company has not changed the policy for investments in securities, treasury bills and bonds, detailed as follows:

	31 December 2022	31 December 2021
Treasury bills (Guarantee Fund)	43,000,000	43,000,000
Discount to be amortized	(594,239)	(199,247)
Treasury bills, net	42,405,761	42,800,753
Bonds	114,000,000	113,200,000
Accrued interest	2,679,246	2,009,485
Bonds, net	116,679,246	115,209,485
	159,085,007	158,010,238

9. Investments in securities (continued)

The table below presents the minimum and maximum interest rates that have been applied to securities held to maturity during 2022 and 2021, according to maturity.

Maturity	31 December 2022		31 December 2021	
	Minimal interest rate	Maximal interest rate	Minimal interest rate	Maximal interest rate
Treasury bill (Lek)				
12 months	1.57%	5.70%	1.75%	1.75%
Government bonds (Lek)				
5 years	3.70%	5.45%	3.70%	5.45%
7 years	4.08%	4.90%	4.08%	7.80%
10 years	6.25%	7.90%	7.90%	7.90%
15 years	8.39%	8.39%	-	-

10. DUE FROM INSURANCE AND REINSURANCE, NET

Due from insurance and reinsurance, net, based on the products as of 31 December 2022 and 31 December 2021 consist as follows:

	31 December 2022	31 December 2021
Group Life & Accidents	18,331,438	27,617,637
Cash Plan	9,213,226	3,596,847
Debtor's Life (for loans)	9,932,824	9,531,837
Life & Health in Travel	601,831	493,667
Life with survival benefits	2,080,962	2,313,176
Students and pupils life	1,529,000	-
Due from insurance, gross	41,689,281	43,553,164
Provision for receivables	(852,980)	(5,374,300)
Due from insurance, net	40,836,301	38,178,864

Movements in the insurance and reinsurance provision are presented below:

	31 December 2022	31 December 2021
Balance at the beginning of the year	5,374,300	9,238,073
Reverse of provision	(4,521,320)	(3,863,773)
Balance at the end of the year	852,980	5,374,300
	29,845,259	27,980,688

11. REINSURANCE ASSETS

Movements in reinsurance assets at 31 December 2022 and 31 December 2021 are presented as follows:

	31 December 2022	31 December 2021
Unearned premium reserve at the beginning of the year	13,229,921	10,972,339
Change for the year	(2,283,121)	2,257,582
Unearned premium reserve at the end of the year	10,946,800	13,229,921
Claims reserve at the beginning of the year	-	8,436,217
Change for the year	-	(8,436,217)
Claims reserve at the end of the year	-	-
Total reinsurance assets	10,946,800	13,229,921

11. Reinsurance assets (continued)

The company cedes insurance premiums and risk in the normal course of life insurance business in order to limit the losses potential arising from long-term and more severe exposures claims. These reinsurances include the basis of agreements, excess of losses and part of the shares. The company cedes insurance to other companies and these reinsurance contracts do not exempt the company from its liability to the policyholders. Therefore, there is a credit exposure related to the ceded reinsurance to the extent that a reinsurer is unable to fulfill its obligations under the reinsurance agreement. The Company doesn't hold collateral under reinsurance agreements. As at 31 December 2022, the amount of 10,946,800 Lek (2021: 13,229,921 Lek) represents the reinsurer's share of the liabilities for the unearned premium of debtor's life, life and health in travel, life and group accidents and life with survival benefits.

12. DEFERRED ACQUISITION COSTS

Deferred acquisition costs by products as at 31 December 2022 and 31 December 2021 are as follows:

	31.12.2022	Change for the year	31.12.2021	Change for the year
Life and health in travel	254,121	88,810	165,311	116,022
Abroad students' life and travel	-	(2,319)	2,319	1,334
Life and Health (Cash Plan)	20,624,986	1,575,678	19,049,308	5,586,389
Visitors life	10,555	9,217	1,338	1,338
	20,889,662	1,671,386	19,218,276	5,705,083

13. OTHER ASSETS

Other accounts receivable as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Prepaid expenses	1,459,731	1,289,891
Insurance policies inventory	2,036,185	1,913,610
Other materials inventory	299,340	80,990
Advances to employees	864,504	874,173
Rimbursements receivable	7,053,197	7,199,151
Other assets	2,462,425	7,763,016
Total, gross	14,175,382	19,120,831
Impairment of other assets	-	(3,619,095)
Total, net	14,175,382	15,501,736

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investment of the Company in Credins Invest is disclosed in the consolidated financial statements and accounted for using the net equity method. Below is presented the financial information of the investment as at 31 December 2022 and 31 December 2021:

Credins Invest	31 December 2022	31 December 2021
Short-term assets	30,027,118	49,631,644
Long-term assets	73,430,594	45,161,903
Short-term liabilities	(3,891,660)	(4,068,986)
Long-term liabilities	(4,060,775)	(4,231,913)
Capital	95,505,277	86,492,648
% of control	12%	12%
Accounting value of investment	11,460,633	10,379,118

Credins Invest	31 December 2022	31 December 2021
Income	69,557,105	78,393,585
Administrative expenses	(54,353,347)	(52,567,725)
Financial expenses	628,577	71,199
Corporate Income tax	(2,427,285)	(3,934,952)
Capital	13,405,050	21,962,107
% of control	12%	12%
Income/(loss) of the period from investment	1,608,606	2,635,453

The movement in accounting value of the investment is shown as follows:

Credins Invest	31 December 2022	31 December 2021
Investment at the beginning of the period	10,379,118	8,169,402
Investment at the end of the period	11,460,633	10,379,118
Change	1,081,515	2,209,716
Income/(loss) of the period from investment	1,608,606	2,635,453
From dividend distribution	(527,091)	(425,737)

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2022 and 2021 are presented as follows:

	Office and IT equipments	Furniture and other equipment	Vehicles	Temporary Constructions (Kiosk)	Artwork	General installations	Leasehold improvements	Right of use assets	Total
Historical cost									
Balance as at 01 /01/ 2021	21,760,099	21,038,567	15,985,182	428,496	302,668	574,380	52,770,522	86,370,687	199,230,601
Additions	2,525,937	564,546	-	-	-	-	259,220	4,932,216	8,281,919
Disposals	(2,193,553)	(1,116,126)	-	-	-	-	-	(6,071,501)	(9,381,180)
Balance as at 31 /12/ 2021	22,092,483	20,486,987	15,985,182	428,496	302,668	574,380	53,029,742	85,231,402	198,131,340
Additions	982,325	997,240	13,862,383	-	161,000	-	-	-	16,002,948
Disposals	(87,515)	-	-	-	-	-	-	-	(87,515)
Reclassifications	596,549	-	-	-	-	-	-	-	596,549
Balance as at 31 /12/ 2022	23,583,842	21,484,227	29,847,565	428,496	463,668	574,380	53,029,742	85,231,402	214,643,322
Accumulated depreciation									
Balance as at 01 /01/ 2021	(16,560,218)	(15,942,916)	(10,021,436)	(172,535)	-	(490,577)	(33,119,818)	(22,122,277)	(98,429,777)
Depreciation for the year	(1,588,137)	(1,099,367)	(1,192,747)	(12,798)	-	(16,761)	(3,429,543)	(10,852,217)	(18,191,570)
Disposals	2,030,448	1,034,680	-	-	-	-	-	3,013,483	6,078,611
Balance as at 31 /12/ 2021	(16,117,907)	(16,007,603)	(11,214,183)	(185,333)	-	(507,338)	(36,549,361)	(29,961,011)	(110,542,736)
Depreciation for the year	(1,743,724)	(994,716)	(2,282,720)	(12,158)	-	(13,408)	(3,298,385)	(10,518,905)	(18,864,016)
Disposals	28,489	-	-	-	-	-	-	-	28,489
Reclassifications	(75,850)	(691)	-	-	-	-	-	-	(76,541)
Balance as at 31 /12/ 2022	(17,908,992)	(17,003,010)	(13,496,903)	(197,491)	-	(520,746)	(39,847,746)	(40,479,916)	(129,454,804)
Net book value	5,199,881	5,095,651	5,963,746	255,961	302,668	83,803	19,650,704	64,248,410	100,800,824
Balance as at 01 /01/ 2021	5,974,576	4,479,384	4,770,999	243,163	302,668	67,042	16,480,381	55,270,391	87,588,604
Balance as at 31 /12/ 2021	5,674,850	4,481,217	16,350,662	231,005	463,668	53,634	13,181,996	44,751,486	85,188,518
Balance as at 31 /12/ 2022									

There is no pledge or guarantee placed on the property, plants and equipment of the Company.

15. Property, plant and equipment (continued)

Right of use assets

Starting from 1 January 2019, the Company applied IFRS 16 Leases by recognizing a right-of-use asset and a liability for the leases previously classified as operating leases for premises in use. The initial measurement is made by present value of lease payments that have not been paid to date, using a discount rate of 5% for all leases. During the year, the Company has calculated and recognized in the Statement of Profit and Loss the amount of the calculated interest and the amount of depreciation for the right-of-use asset. Accordingly, the value of the right-of-use asset and the lease liability has been adjusted for contracts modifications in the payment of leases.

	31 December 2022	31 December 2021
Right-of-use assets (rent premises)	85,231,402	85,231,402
Accumulated depreciation	(40,479,916)	(29,961,011)
	44,751,486	55,270,391

16. INTANGIBLE ASSETS

Intangible assets include computer programs detailed as follows:

	Computer programs	Intangible Assets in process	Total
Historical Cost			
Balance as at 1 January 2021	-	6,912,700	6,912,700
Additions	596,549	-	596,549
Disposals	-	-	-
Balance as at 31 December 2021	596,549	6,912,700	7,509,249
Additions	-	240,000	240,000
Reclassification	(596,549)	-	(596,549)
Balance as at 31 December 2022	-	7,152,700	7,152,700
Accumulated amortization			
Balance as at 1 January 2021	-	-	-
Amortization of the year	(75,850)	-	(75,850)
Disposals	-	-	-
Balance as at 31 December 2021	(75,850)	-	(75,850)
Amortization of the year	-	-	-
Reclassification	75,850	-	75,850
Balance as at 31 December 2022	-	-	-
Net book value			
Balance as at 31 December 2021	520,699	6,912,700	7,433,399
Balance as at 31 December 2022	-	7,152,700	7,152,700

The company has signed a contract for an integrated computer software with the "Infosoft SD" shpk. During the years 2019-2022, the contract was amended for additional services. The amount of the Intangible Assets in process amounts to 7,152,700 Lek (2021: 6,912,700 Lek).

17. UNEARNED PREMIUMS RESERVES

The unearned premiums reserves as at 31 December 2022 and 31 December 2021 consists of the following:

	31.12.2022	Change for year 2022	31.12.2021	Change for year 2021
Debtors' life insurance	70,552,734	(769,045)	71,321,779	(3,036,763)
Group Life & Accidents	3,082,755	(5,362,380)	8,445,135	1,747,999
Life & Health in Travel	540,682	196,285	344,397	207,484
Pupils & Students Life	789,048	787,445	1,603	(167,018)
Abroad Student's travel life & health	-	(46,371)	46,371	(52,217)
Life & Health ("Cash Plan")	71,120,644	26,819,944	44,300,700	2,227,588
Endowment	6,973,543	(3,277,774)	10,251,317	1,329,369
Visitor's life	18,847	14,501	4,346	(54,907)
Life with saving benefits	94,239	(31,713)	125,952	(27,682)
Evolutionary life	12,794	12,794	-	-
	153,185,286	18,343,686	134,841,600	2,173,853

18. RESERVE FOR LOSSES AND LOSS ADJUSTMENT EXPENSE

Reserve for losses and loss adjustment expense as at 31 December 2022 and 31 December 2021 consists of the following:

	31 December 2022	31 December 2021
Gross insurance liabilities for losses and loss adjustment expense	32,411,014	47,664,286
Net loss insurance liabilities and loss adjustment expense January 1	32,411,014	47,664,286
Losses and loss adjustment expense paid	(63,249,743)	(83,531,676)
Losses and loss adjustment expense incurred	62,923,204	68,278,404
Net loss insurance liabilities and loss adjustment expense at December 31	32,084,475	32,411,014
Gross insurance liabilities for losses and loss adjustment expense	32,084,475	32,411,014

Significant delays occur in reporting claims and a significant amount of experience and judgment is involved in estimating outstanding insurance liabilities, the ultimate costs of which cannot be estimated with certainty at the reporting date. Loss insurance liabilities and loss adjustment expenses are determined based on available information; however, due to the normal business activity that ultimate liabilities may vary as a result of subsequent developments. As at 31 December 2022 the Company has 463 outstanding claims (2021: 377) most of which relate to Cash Plan Life Insurance (402) and Travel Life and Health (30), which require more time for investigation.

Pending claims	31 December 2022	31 December 2021
Debtor's life insurance (loan)	2	4
Travel life and health insurance	30	24
Group's life and accidents insurance	18	15
"Cash Plan" insurance	402	328
Life insurance with saving benefits	11	6
Other insurances	0	0
Total	463	377

18. Reserve for losses and loss adjustment expense (continued)

Reserve for losses and loss adjustment expense according to the type of claim on 31 December 2022 and 31 December 2021 consists of the following:

	31 December 2022	31 December 2021
Reserves for pending claims of Debtor's life (loans)	15,761,342	16,281,058
Reserves for Life and Health in Travel Claims	518,504	1,034,123
Reserves for Group life and accidents claims	1,084,982	1,096,025
Claims reserves for Cash Plan	14,414,048	13,869,092
Claims Reserves for Life with savings benefits	305,599	130,716
	32,084,475	32,411,014

	31 December 2022	31 December 2021
Reported but not paid (RBNS)	15,761,342	15,484,153
Incurred but not reported (IBNR)	15,238,151	15,133,743
Claims reserves	1,084,982	1,793,118
	32,084,475	32,411,014

19. MATHEMATICAL RESERVES

	31 December 2022	31 December 2021
Life insurance with savings benefits	37,433,866	39,153,531
Life insurance with survivorship	46,713,787	29,325,600
	84,147,653	68,479,131

20. DUE TO INSURANCE AND REINSURANCE

Due to insurance and reinsurance as at 31 December 2022 and 31 December 2021 are presented as follows:

	31 December 2022	31 December 2021
Due to insurance activity	11,768,532	8,378,284
Due to reinsurance activity	5,158,510	6,731,508
	16,927,042	15,109,792

21. LEASE LIABILITIES

	31 December 2022	31 December 2021
Lease liabilities (for premises)	59,022,774	67,802,028
Accrued interest	2,707,468	3,090,368
Lease payments	(12,262,374)	(12,050,919)
Effect of the exchange rate	(2,721,434)	181,297
	46,746,434	59,022,774

22. DUE TO FINANCIAL INSTITUTIONS

	31 December 2022	31 December 2021
Account payable for leases	9,583,980	1,075,900
Opened Bank Accounts (Overdraft)	415,144	135,894
	9,999,124	1,211,794

In 2019, the Company purchased two vehicles by financial lease from Credins Bank according to the Agreements no. 938 dated 14.04.2020, maturity 14.04.2023, interest rate 12M Euribor +5%, min 6% and agreement no.1486 date 01.07.2022 with a duration 60 months and interest rate 12M Euribor +4%, max 6%.

The balance as at 31 December 2022 of 415,144 lek (31 December 2021: 135,894 lek) represents the available amount of the credit card account "Mastercard Business" according to the overdraft contract no. 809 date 18.03.2020, duration of 12 months, limit of 15,000 Euros and an annual interest rate on the used funds of debtor's 12M Euribor + 4.87%.

23. OTHER LIABILITIES

Other liabilities as at 31 December 2022 and 31 December 2021 are detailed as follows:

	31 December 2022	31 December 2021
Suppliers	4,520,842	6,394,056
Personnel, social and health insurance, income tax payable	2,300,890	1,700,826
Other taxes	150,168	54,101
Prepayments from individuals in risk assessment	591,711	1,889,116
Dividend payable	-	10,853,456
Other creditors	2,583,409	2,163,215
Total	10,147,020	23,054,770

24. SHARE CAPITAL

The Company's share capital as at 31 December 2022 and 2021 is in the amount of ALL 490,062,000 and consists of 490,062 shares with a nominal value of ALL 1,000 per share and is owned by the following shareholders:

	31 December 2022		31 December 2021	
	in %	Share value	in %	Share value
Aleksandër Pilo	46.39%	227,333	46.39%	227,333
Renis Tërshana	30.16%	147,791	30.16%	147,791
Monika Milo	4.75%	23,273	4.75%	23,273
Maltin Korkuti	4.75%	23,273	4.75%	23,273
Kristino Kromidha	4.05%	19,865	4.05%	19,865
Egi Santo	2.37%	11,637	2.37%	11,637
Emi Santo	2.37%	11,637	2.37%	11,637
Arben Taipi	2.06%	10,101	2.06%	10,101
Petraç Shomo	2.06%	10,101	2.06%	10,101
Artan Xhori	1.03%	5,051	1.03%	5,051
	100.00%	490,062	100.00%	490,062

24. Share capital (continued)

According to the decision no. 06 dated 24.06.2020, the Shareholders' Assembly approved dividends distribution in the amount of Lek 11,797,234.

Based on the decision no. 7, dated 25 June 2021, the Shareholders' Assembly approved the capital increase from the profits of the year 2020 for the amount of 3,675,905 Lek, thus reaching the amount of 493,737,905 Lek without changing the capital structure. Based on decision no. 7 dated 25 June 2021, after the certification of the financial statements by the external auditor in the role of the authorized accounting expert, and after the approval by FSA, the approval is subject to registration according to the requirements of the commercial law at the National Business Center.

Based on the decision no. 5, dated 24 June 2022, the Shareholders' Assembly approved the capital increase from the profits of the year 2021 for the amount of 4,556,022 Lek, thus reaching the amount 498,293,927 Lek without changing the capital structure. Based on decision no. 5 dated 24 June 2022, after the certification of the financial statements by the external auditor in the role of the authorized accounting expert, and after the approval by FSA, the approval is subject to registration according to the requirements of the commercial law at the National Business Center.

25. GROSS WRITTEN PREMIUMS

Gross written premium for the period ended 31 December 2022 and 31 December 2021 is detailed as follows, based on product category:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Premiums from Debtor's Life Insurance (loans)	128,672,282	116,405,506
Premium from Life and Health Insurance (Cash plan)	102,714,645	66,231,595
Premiums from Group Life and Accident Insurance	25,313,311	43,166,580
Premiums from Life insurance with survival benefits (endowment)	41,179,636	38,319,056
Premium from Life Insurance with Savings plan (Fund)	11,256,352	11,567,324
Premiums from Travel Life and Health Insurance	5,318,998	2,435,241
Premiums from Debtor's Life Insurance with savings benefits	1,491,926	1,500,595
Premium from Visitor's Life Insurance	37,534	57,681
Premiums from Abroad Students Travel Health and Life Insurance	29,630	41,345
Premiums from Pupil and Student Life Insurance	1,536,200	15,600
Premiums from Evolutionary Life Insurance	842,697	-
	318,393,211	279,740,523

26. PREMIUMS CEDED TO REINSURANCE

	For the year ended 31 December 2022	For the year ended 31 December 2021
Debtor's life insurance (loan)	14,877,655	14,269,182
Evolutionary Life Insurance	13,030	-
Group's Life and Accidents insurance	-	3,511,787
	14,890,685	17,780,969

27. INTEREST INCOME

Interest income is presented as following:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Term deposits interests	7,784,266	6,661,078
Bonds interest	6,500,622	6,455,479
Treasury bills interests	712,913	734,856
Current accounts interests	1,101	35,702
Investment Fund's quotas income	-	308,961
	14,998,902	14,196,076

28. PAID INSURANCE CLAIMS

Paid insurance claims as at 31 December 2022 amount to 62,923,204 Lek (31 December 2021: 68,278,404 Lek).

	For the year ended 31 December 2022	For the year ended 31 December 2021
Claims expenses	52,542,557	76,948,931
Life insurance with saving benefits scheme exit expenses	10,707,186	6,582,745
Technical reserve	(326,539)	(15,253,272)
	62,923,204	68,278,404

29. ACQUISITION COSTS

Acquisition costs are detailed as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Commissions	53,829,970	50,951,282
Advertising expenses	21,627,905	15,730,139
Examinations expenses	17,209,725	13,489,455
Insurance policies expenses	623,026	398,640
	93,290,626	80,569,516

Acquisition costs for each product line are detailed as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Cash plan Life and Health insurance	30,286,858	28,853,831
Debtor's life insurance (loan)	41,044,935	31,360,388
Life insurance with survival benefits	12,592,758	13,377,333
Group's life and accidents insurance	5,856,090	5,767,995
Life and Travel insurance	2,463,085	1,156,914
Life insurance with saving plan	875,424	32,088
Abroad students life and health insurance	2,068	2,079
Students and pupils life insurance	128,964	1,256
Other life insurances	40,444	17,632
	93,290,626	80,569,516

30. PERSONNEL EXPENSES

	For the year ended 31 December 2022	For the year ended 31 December 2021
Salaries	56,870,231	53,669,261
Social and health insurance	7,862,356	7,326,393
Life insurance and pension contribution	2,906,336	2,875,365
Personnel bonuses	4,433,555	1,426,179
	72,072,478	65,297,198

31. ADMINISTRATIVE EXPENSES

Administrative expenses are detailed as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Bank commissions	6,765,686	7,927,941
Other administrative expenses	7,398,409	6,041,889
External services	2,627,860	2,961,843
Fees, taxes and penalties	4,789,389	4,660,054
Publicity and advertising	3,911,996	4,335,008
Utilities and communication	3,235,898	3,691,216
Representations expenses and gifts	3,033,713	2,685,616
Security services	1,737,252	1,729,252
Transfers, travels and per diems	233,139	91,312
Rent expenses	67,260	69,871
Loss from provision of receivables	3,564,008	-
	37,364,610	34,194,002

32. OTHER INCOME

Other income is detailed as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Commission income from reinsurance	2,269,449	3,260,189
Other income from insurance activity	762,147	2,314,204
Reimbursable Claims Proceeds	8,062,107	12,743,177
Other income	7,525,954	7,010,923
	18,619,657	25,328,493

33. CURRENT INCOME TAX EXPENSE

A reconciliation of current income tax expense is as follows:

	31 December 2022	31 December 2021
Profit before tax	9,758,534	7,305,272
Non-deductible expenses for tax purposes	4,833,770	1,264,313
Adjustment related to investment in subsidiaries	(132,650)	(1,509,003)
Undeductible invoices	284,652	192,725
Representation expenses	2,078,533	1,846,392
Provision for bad debt	116,216	169,345
Undeductible part of per diems	12,060	32,480
Fines, penalties, compensations	10,730	39,947
Personnel undeductible expenses	433,680	35,500
Other undeductible expenses	132,943	-
Depreciation of reconstructed assets IFRS	3,298,384	-
Allowed depreciation based on tax law with 5%	(824,019)	-
Deferred tax	(606,474)	301,292
Loss from disposal of property, plant and equipment	29,715	155,635
Taxable income	14,592,304	8,569,585
Non-taxable income	(3,564,008)	-
Taxable income for the year	11,028,296	8,569,585
Income tax expense	1,654,244	1,285,437
Deferred tax expense/(benefit)	90,971	(45,192)
Income tax expense for the current year	1,745,215	1,240,245

Income tax in Albania in 2022 is calculated by applying the rate of 15% (2021: 15%) on the profit before tax. Non-deductible expenses are all expenses not accompanied by supporting documents, as required by Albanian law, all expenses that are accompanied by supporting documents but un-deductible by the tax authorities and fines received for delays in declarations to the Tax Directorate. These expenses are recorded as such but are un-deductible for income tax purposes.

A reconciliation of current income tax expense as per tax law is presented as follows:

	31 December 2022	31 December 2021
Profit before tax	9,758,534	7,305,272
Non-deductible expenses for tax purposes	5,440,244	963,027
Adjustment related to income/loss from investment in subsidiaries	(132,650)	(1,509,003)
Undeductible invoices	284,652	192,731
Representation expenses	2,078,533	1,846,392
Provision for bad debt	116,216	169,345
Undeductible part of per diems	12,060	32,480
Fines, penalties, compensations	10,730	39,947
Personnel undeductible expenses	433,680	35,500
Other undeductible expenses	132,943	-
Depreciation of reconstructed assets as per IFRS	3,298,384	-
Allowed depreciation based on tax law with 5%	(824,019)	-
Loss from disposal of property, plant and equipment	29,715	155,635
Taxable income	15,198,778	8,268,299
Non-taxable income	(3,564,008)	-
Taxable income for the year	11,634,770	8,268,299
Income tax expense for the current year 15%	1,745,215	1,240,245

33. Current income tax expense (continued)

Income taxpayable for the year 2022 and 2021 is presented as follows:

	31 December 2022	31 December 2021
Payable as at 1 January	191,019	(169,430)
Payments for the period	1,192,977	1,600,694
Income tax expense for the year	(1,745,215)	(1,240,245)
Receivables/(Payables) net as at 31 December	(361,219)	191,019

34. DEFERRED TAX LIABILITY

The analysis of the “Deferred tax liability” account for the year 2022 and 2021 is presented as follows:

	31 December 2022	31 December 2021
Depreciation and interest expense according to IFRS 16	13,226,369	13,621,392
Rent expense (operating)	12,262,374	12,050,923
The difference	963,995	1,570,469
Tax %	15%	15%
Deferred tax liability	144,599	235,570

Change in deferred tax liability is as follows:

	31 December 2022	31 December 2021
Deferred tax liability as at 1 January	235,570	190,378
Change for the period	(90,971)	45,192
Deferred tax liability as at 31 December	144,599	235,570

35. RELATED PARTY TRANSACTIONS

Related parties are related if one party has the ability to control or have significant influence over the other party in taking financial or operational decisions, or the parties are under common control of the Company. The company has related party transactions with its shareholders and companies:

- Credins INVEST sh.a – Pension Fund Management Company and Collective Investment Enterprise (12%)
- SiCRED Assistance- Subsidiary (100%)
- SiCRED Distribution - Subsidiary (100%)

An entity that uses a management company (an entity that provides significant personnel management services) is required to report expenses incurred for management services. The company has not received any management services from other entities.

A number of transactions are carried out with related parties in the normal course of business. These transactions were carried out on commercial terms and under the market conditions.

35. Related party transactions (continued)

The volume of these transactions and the balances at the end of the respective periods are as follows:

	31 December 2022	31 December 2021
Receivables	2,542,816	1,820,426
SiCRED Assistance	-	-
SiCRED Distribution	2,542,816	1,820,426
Gross written premiums	3,405,419	3,349,217
Life insurance	3,405,419	3,349,217
Acquisition costs	607,125	9,234,326
Paid Claims	607,125	9,234,326
Dividends paid to shareholders	10,853,456	-
Dividends paid to shareholders	10,853,456	-
Other income	1,140,263	653,662
From SA dividend and services to related parties	1,140,263	653,662
Payable for Voluntary contribution	1,504,984	1,843,820
From the Employer	769,996	852,496
From the Employee	734,988	991,324
Administrative expenses	4,956,386	4,443,725
Services from SiCRED Assistance	462,000	462,000
Services from SiCRED Distribution	1,557,150	1,027,200
Expenses for rental premises	2,937,236	2,954,525

The total compensation for the main managers of the Company, included in the administrative expenses as salary expenses for the end of the year 31 December 2022 is 8,450,000 Lek (2021: 7,995,000 Lek).

36. COMMITMENTS AND CONTINGENT LIABILITIES

Litigations

During its normal business activity, the Company is involved in litigations. The management of the Company, based on the lawyer's opinion, believes that there are no claims, which need additional disclosure or adjustment in these financial statements in accordance with IFRS. The Company does not have significant commitments as of the reporting date..

37. SUBSEQUENT EVENTS

There are no events after the reporting date that may require adjustments or presentation of information in the Company's consolidated financial statements.

NETWORK OF BRANCHES

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e-mail: korce@sicred.com.al

¹ Shkodra Branch office covers the cities of Shkodër, Malësi e Madhe, Tropojë, Has, Pukë, Kukës, Lezhë, Mirditë, Dibër, Bulqizë, Kurbin, Mat.

² Durrës Branch office covers the cities of Durrës, Kavajë, Peqin, Elbasan, Librazhd, Gramsh.

³ Fier Branch office covers the cities of Fier, Lushnjë, Kuçovë, Berat, Skrapar, Vlorë, Mallakastër, Tepelenë, Gjirokastër, Përmet, Delvinë, Sarandë.

⁴ Korça Branch office covers the cities of Korçë, Pogradec, Devoll and Kolonjë.



