

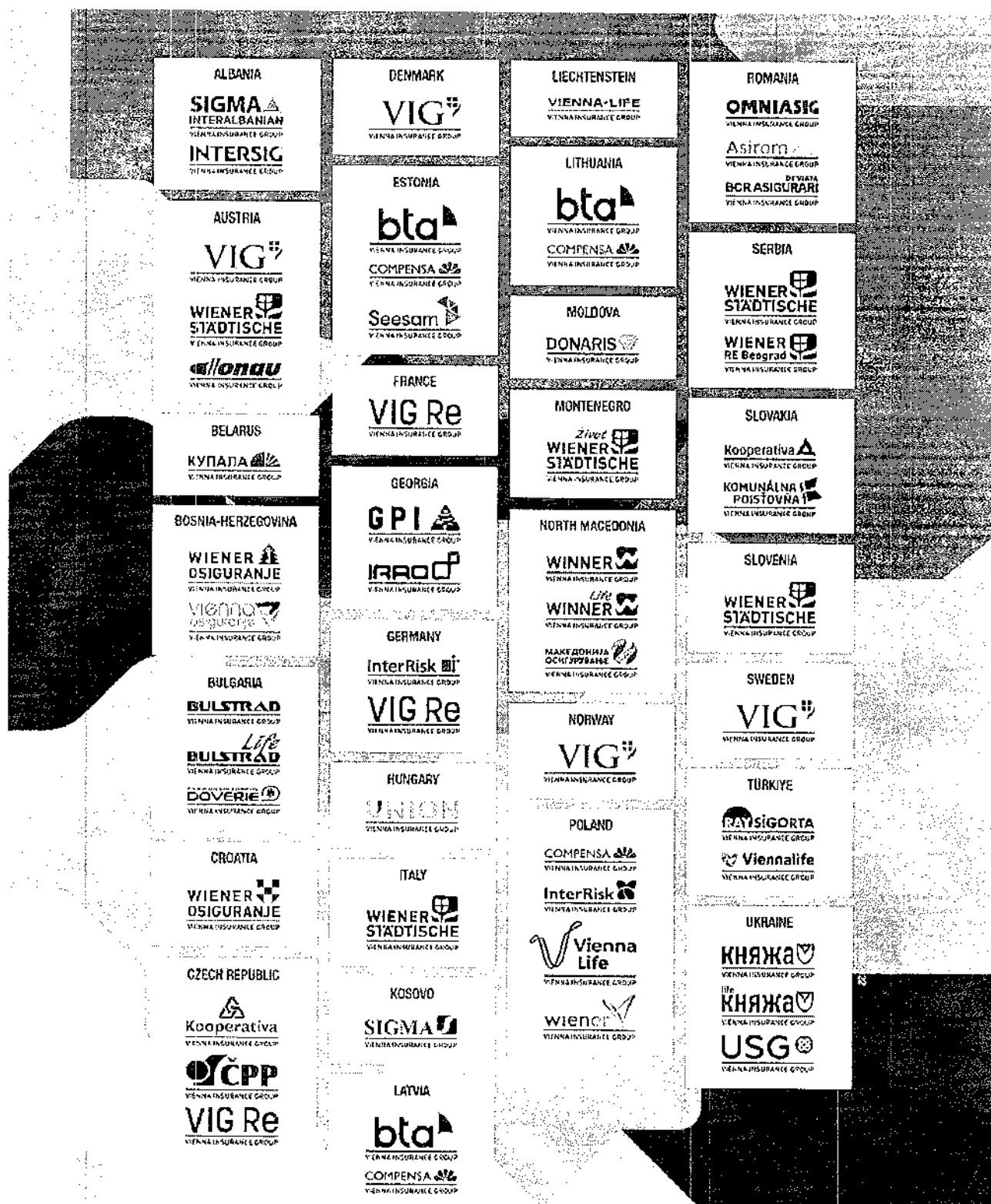
Акционерско друштво за осигурување
ВИНЕР - Висна Иншуренс Груп
Бр. 2935/0202/2/23
03.03.2023 година
Скопје

*JOINT STOCK INSURANCE COMPANY
WINNER - VIENNA INSURANCE GROUP SKOPJE*



**ANNUAL REPORT ON OPERATIONS
OF THE JOINT STOCK INSURANCE COMPANY WINNER – VIENNA INSURANCE GROUP
FOR THE BUSINESS YEAR 2022**

Skopje, March 2023



WE ARE **NUMBER 1**
IN CENTRAL AND EASTERN EUROPE.

VIG
VIENNA INSURANCE GROUP
Protecting what matters.

ANNUAL REPORT ON OPERATIONS OF THE JOINT STOCK INSURANCE COMPANY WINNER – VIENNA INSURANCE GROUP FOR THE BUSINESS YEAR 2022

1. Basic Company data

The Joint Stock Insurance Company WINNER – Vienna Insurance Group Skopje (hereinafter referred to as: the Company) is an insurance company incorporated in 2002, under the code of activity 65.12 - non-life insurance.

The headquarters of the Company is Zeleznichka str. no. 41, Skopje, UIN 5702470, tax number 4030002461200, www.winner.mk and e-mail address: winner@winner.mk

Name of the Company	Joint Stock Insurance Company WINNER -Vienna Insurance Group Skopje
Address	Zeleznicahka str. no. 41 Skopje-Centar
Phone	+389 2 3231 631
E-mail	www.winner.mk
Unique identifier number	5702470
Business activity	Non-life insurance
Established	2002
Authorized capital (MKD)	247.036.938.00
Registered share	403.400
General Manager / Director of the JSC	Klime Poposki

Joint Stock Insurance Company WINNER -Vienna Insurance Group Skopje
Zeleznichka str. no. 41 Skopje-Centar
+389 2 3231 631
www.winner.mk
5702470
Non-life insurance
2002
247.036.938.00
403.400
Klime Poposki

2. Social - economic environment and the insurance market

The unpredictable political and socio-economic conditions due to the prolonged impact of the Covid 19 pandemic, as well as the global energy and economic crisis in general and the conflict in Ukraine, brought uncertainty and challenges from an organizational and business perspective, both at micro level and at the level of the overall insurance industry market in 2022.

Even in such circumstances, in the course of 2022, the Company successfully managed its business processes to ensure satisfaction of its customers, business partners, employees and shareholders. In the conditions of a dynamic environment, the maintenance and strengthening of cooperation with business associates was of great importance. A significant priority was employees as the most important asset in the Company's operations. Another key element in achieving successful business results was the professional management of activities to ensure the complete and continuous availability of services.

The most important achievements for 2022: significant increase in the gross written premium, positive financial result, investment returns as well as high level of quality, reliable investments in financial instruments providing stable solvency margin. The fore stated contributed to high level of capital compliance and an adequate solvency margin. In addition, as a special achievement in 2022 is the commitment of the Company to be a socially responsible company, applying the ESG framework in daily activities.

In 2022, non-economic factors dictated the global economy resulting from in the bottlenecks in supply chains seen as a consequence of the pandemic, the war in Ukraine and the unfavourable conditions on the energy sector. All these factors contributed to a year with slowed down of global growth, while inflation has reached its peak over the last decade. What is perhaps the biggest challenge in this whole crisis is the uncertainty.

Macedonian economy was not immune to these global trends. As a small and open economy that is primarily connected to developments and tendencies in the EU, the effects of developments in these

economies and their markets were easily absorbed. Although the beginning of the year started relatively well, with growth of 3.2% in the first half, the slowdown in growth was observed in the third quarter, with 2% growth. In conclusion, the economic result for the domestic economy so far this year is 2.7% due to positive results in the service and agricultural sectors. After the end of the pandemic, trade, hospitality and transport are growing strongly. Looking at expenditures, domestic consumption has increased, as well as gross investments.

In 2022, the industry recorded a decline of 0.3%, which was due to reduced production in the manufacturing industry of 1.1%, and mining, 0.2%. The economic situation of business entities in 2022 is less favorable compared to 2021. The average capacity utilization of business entities is 67.2% of normal utilization and has decreased by 1.6 p.p. compared to the previous year. The following factors had the greatest impact on the limitation of the production volume: lack of skilled labor with 21.7%, insufficient foreign demand with 16.1%, uncertain economic environment with 16.0% and the insufficient domestic demand with 11.9%.

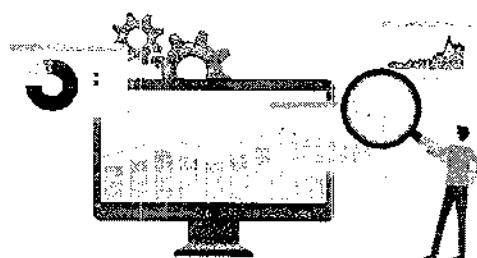
For the entire year 2022, the average annual inflation rate is in line with expectations and amounts to 14.2%. It results from factors on the supply side, i.e., the increase in the import prices of food and energy including the local price of electricity and heat, which are influenced by the trends on the global energy market and their transfer effect on the prices of other products and services.

The number of employed persons stagnated, while at the same time the number of unemployed persons decreased by 1.7%. The employment rate is at the level of 47.3%, with a further decrease in the unemployment rate, which was reduced to 14.3%. From the aspect of labor supply, a minimal decrease of the active population was observed, at the expense of a minimal increase of the inactive population. The average paid net and gross salaries in 2022 recorded growth. Thus, net and gross wages (third quarter) recorded an annual growth of 11.8% and 12%, respectively. The annual growth of wages is partly a result of the increase of the minimum wage of 18.5% in March 2022, the increase of part of the wages in the public sector in September 2022 also has an impact, as well as certain structural factors, such as the lack of manpower in certain segments of the labor market.

The financial system in the course of 2022 showed stability and alertness to respond to the challenges of the dynamic environment by successfully handling the risks. The foreign reserves are at a high level, which guarantees denar stability, while the domestic banking sector is safe, solvent and adequately capitalized, ready to deal with possible turbulent trends

The insurance market in 2022 increased by 9.71%. Furthermore, the non-life insurance sector marked a growth by 8.93%, with realized premium of MKD 10.508 billion. In the life insurance sector the growth was 13.49%, i.e. a premium of MKD 2.28 billion.

The insurance companies hold capital which is multiple times higher than the necessary amount of the solvency margin, which confirms high solvency of the market entities. The key factors of high solvency are the conservative policies, the regulation for assessing the technical reserves as well as the fund investment of instruments included in the calculation of the insurance companies' capital.



During the year, WINNER achieved gross policy premium in the amount of MKD 982.854.038,00, which is an increase of 15.86% compared to 2021. The net earned premium amounts to MKD 423.470.945,00, which compared to 2021 is an increase of 15.98%. During 2022, the company made a

profit before taxation in the amount of MKD 27.211.743,00, achieving a return on capital of 5.47% and a 9.67% return on shareholder capital.

During 2022, a constant analysis was carried out in order to identify, assess and document possible risks of incompliance with the regulation. The Company has established adequate mechanisms to control these risks. Appropriate reports for the identification of risks related to compliance with the regulation have been submitted to the Company's management body and the compliance organizational unit of the sole shareholder.

The subject of the analysis were the basic areas of inconsistencies determined in the Regulatory Compliance Plan: insurance; consumer protection; corporate governance; prevention of market abuse; protection of competition; financial crime: regulation related to bribery, embezzlement, fraud and the like; protection of personal data and privacy; labour relations; economic sanctions and embargoes; Code of Business Ethics of VIENNA INSURANCE GROUP; Policies/Rulebooks of VIENNA INSURANCE GROUP which are mandatory for all members of the group.

The employees were continuously informed about all changes, additions and adoption of new legal regulations and bylaws as well as internal i.e., Group level regulations that are of interest and have impact on their work.

In accordance with the changes in the regulation, in 2022 the existing acts were updated and internal acts of the Company were adopted in order to implement the legal obligations as well as the Group level obligations in the internal acts and regulations so that the Company's operation is fully in compliance with legislation.

In terms of legislation in 2022, which directly or indirectly affects the Company's operations, we would mention the following:

- Amendment and supplement of the Law on Trade Companies in relation to the changes in conditions, procedure, deadlines of loan transformation into a stake in the Company in a procedure of increasing the Company's capital base (monetary and non-monetary stakes), as well as mandatory data that the Annual Report of the Company should contain;
- Amendment and supplement of the Law on Minimum Wage in the Republic of North Macedonia, which regulates the amount of the minimum wage, its harmonization, inspection, misdemeanor provisions, etc.;
- The Law on Financial Stability resulting into the establishment of a Financial Stability Committee as an inter-institutional body responsible for monitoring the implementation of the macroprudential policy in the Republic of North Macedonia and coordinating activities enabling identification and monitoring of systemic risks in the individual segments of the financial system in which the insurance sector belongs.
- The beginning of the application of the Decision on defining standard contractual clauses between data controllers and processors and the Decision on defining standard contractual clauses for the transfer of personal data to third countries published in the Official Gazette of the RNM on 15.12.2021 adopted on the basis of the Law on the Personal Data Protection;
- Resolutions on the introduction of restrictive measures in accordance with the EU Council Resolutions adopted by the Government of Republic of North Macedonia pursuant to the Law on Restrictive Measures, as well as modifications and amendments to the already existing and adoption of new bylaws and circular letters by ISA with instructions provided in order to assume actions by the insurance companies.

In terms of the bylaws in 2022, which directly or indirectly affect the Company's operations, we would mention the following:

1. Instruction for putting into use the Information System for data collection and processing ISA SIS 2.0 (for IC and IBC) of 25.02.2022;
2. Instruction for putting into use the Information System for the collection and processing of data ISA SIS 2.0 (for VHI and banks performing health insurance activities) of 25.02.2022;
3. Notice on distribution and dividend payment of 14.13.2022;
4. Rulebook for amending and supplementing the Rulebook on the method for calculating the liquidity ratio and the minimum liquidity ("Official Gazette of the Republic of North Macedonia" no. 118/2022 of 23.5.2022);
5. Rulebook for amending and supplementing the Rulebook on types and characteristics of assets covering technical reserves and assets covering mathematical reserves, as well as detailed placement and limitation of those investments and their valuation ("Official Gazette of the Republic of North Macedonia" no. 118/2022 of 23.5.2022);
6. Rulebook for amending and supplementing the Rulebook on the form and content of financial statements and detailed content of the Annual Report on the operations of insurance and/or reinsurance companies ("Official Gazette of the Republic of North Macedonia" no. 118/2022 of 23.5.2022);
7. Rulebook for amending and supplementing the Rulebook on statistical insurance standards of insurance and/or reinsurance companies ("Official Gazette of the Republic of North Macedonia" no. 118/2022 of 23.5.2022);
8. Rulebook correction on statistical standards of insurance and/or reinsurance companies (Off. Gazette No. 130/2022, June 7, 2022);
9. Statistical forms - 2022;
10. Rulebook for amending and supplementing the Rulebook on the content of the reports that insurance sales representative offices, insurance brokerage companies and banks submit to the Insurance Supervision Agency, deadlines and submitting manner ("Official Gazette of the Republic of North Macedonia" no. 118/2022 of 23.5.2022);
11. Rulebook for amending and supplementing the Rulebook on the form and content of additional financial statements of insurance and/or reinsurance companies ("Official Gazette of the Republic of North Macedonia" no. 118/2022 of 23.5.2022);
12. Circular letter - additional guidelines for report submission of 16.06.2022;
13. Rulebook on the form and content of the misdemeanor payment order (Off. Gazette no. 125 of 1.6.2022);
14. Opinion regarding investment of capital funds in Eurobonds issued by the Ministry of Finance of 02.09.2022; all activities for amendments and additions were assumed, as well as provision of additional acts necessary for the compliance required by law and bylaws, in relation to certain aspects of insurance;
15. Tariffbook on amending the tariff for the content and amount of fees and charges of the Insurance Supervision Agency and payment deadlines (Off. Gazette no. 263 of 07.12.2022).

The above Rulebooks have been adopted by the Insurance Supervision Agency and are respected by the competent departments in the Company, each in their own area of work.

In accordance with the obligations established in the legal regulations and bylaws from 2022, all activities were undertaken for amendments and additions to the already existing acts of the Company. Additionally, new acts were adopted and implemented in the working processes of the Company, with the aim to operate in line with the existing regulations in all segments of the Company's activities.

1. During 2022, in accordance with the Regulation on minimum standards of the information systems of insurance companies, the following procedures were adopted by the Insurance Supervision Agency:
 - WINNER Operational procedure (mandatory) for transferring a backup link to OM;
 - WINNER Operating procedure (mandatory) for managing users Report Server;
 - WINNER Operating procedure (mandatory) for service access for branches;
 - WINNER Operating procedure (mandatory) for Cobian Backup of data;
 - WINNER Operating procedure (mandatory) for a new PC and replacement of an existing PC.
2. New version of WINNER Policy on privacy of personal data when visiting or logging in the website of the Joint Stock Insurance Company WINNER - Vienna Insurance Group Skopje in accordance with the Law on the Personal Data Protection and the bylaws of the Agency for Personal Data Protection,

3. According to the Insurance Supervision Law and the International Standards for Professional Internal Audit Operation, the following have been adopted:
 - WINNER_Rules for Internal Audit Function;
 - WINNER_Policy - Assessment of Internal Audit Operation;
 - WINNER_Policy on Internal Audit Principles;
 - WINNER_Methodology internal audit, WINNER_Decree internal audit.
4. New version of WINNER Guidelines for preparation, validity and control of generated reports. The company has the obligation to regularly submit reports to the Insurance Supervision Agency in accordance with the applicable legal regulations and bylaws in the Republic of North Macedonia and in accordance with the introduced new system for electronic data collection by the Insurance Supervision Agency through which the entities on the insurance market will submit reports electronically.
5. New version of the WINNER Rulebook on the method of recognition, measurement, disclosure and evidencing acquisition costs and deferred acquisition costs in accordance with the Rulebook for amending and supplementing the Rulebook on the Chart of Accounts of Insurance and Reinsurance Companies, the Rulebook on the Form and Content of Financial Statements of the Insurance Supervision Agency.
6. New version of WINNER Operating procedure (mandatory) for the method of calculating the liquidity ratio and minimum liquidity in accordance with Article 103 of the Insurance Supervision Law and the bylaws of ISA.
7. New version of WINNER Guidelines for claims reservation in accordance with the Rulebook on minimum requirements for reporting, processing, reservation and payment of claims and/or the insured amount passed by the Insurance Supervision Agency

The macedonian insurance sector is supervised by the Insurance Supervision Agency which is regulatory body of the insurance sector with powers to supervise entities, licensing and granting consents, as well as prescribing by-laws. Key regulations governing the work of the insurance companies are the following: Law on Insurance Supervision, Law on Mandatory Insurance in Traffic, Law on Trade Companies, Law on Obligations, Law on Voluntary Health Insurance and other secondary regulation prescribed by ISA.

In 2022 the insurance market was operated by 11 non-life and 5 life insurance companies. Most insurance companies are mainly owned by foreign insurance investors, insurance companies and groups. Concerning the insurance intermediation, there are 39 insurance brokerage companies, 11 insurance agencies and 7 banks performing insurance selling activities.

3. Business policy

The Joint Stock Insurance Company WINNER - Vienna Insurance Group Skopje planned its business policy for 2022 on the basis of the Company's acts, the Law on Insurance Supervision and other laws and bylaws regulating the insurance business in the Republic of North Macedonia.



The goal of the Company's business policy was to maintain and improve the position of a modern and market-oriented Company that offers insurance services with highest standards and content, and for the purpose of meeting the needs of the insured and beneficiaries (natural persons, legal entities, state institutions and institutions of the local self-government units) of Republic of North Macedonia. Provision of high-quality, efficient and timely service to the natural persons and the legal entities contributed to increased trust and large interest in insurance products of the Company.

The clients recognized the advantages of the cooperation with WINNER and trusted the immense care providing safety and security in their everyday life and work. Dedicated work on the part of management and employees led to improved Company's results in all aspects, thus ensuring satisfactory contribution to the invested capital by the shareholders.

The core principles that laid the foundation of the business policy are the following:

- Continuous monitoring and implementation of legal norms and regulations;
- Full responsibility and fulfilment of the obligations to policyholders;
- Efficient operation and prompt claim settlement;
- Maximum commitment to urgent and full response to the needs of the customers;
- Investment in long-term relationships with the clients through committed accomplishment of their needs;
- Transparent and honest work;
- Regular collection of receivables;
- Development, expansion and investment in human resources;
- Informing the public about the products of the Company and their continuous improvement and adjustment to client's requirements and the insurance market;
- Creating public awareness of insurance through responsible, safe and fair work.

These business principles are part of the Operational Plan for 2022 of the Company, and the same were fully adhered to and applied during the operation, which contributed to achieving excellent results in all operational aspects.

4. Analysis of operation, financial results and financial status

Throughout the year, the Company reached gross written premium in the amount of MKD 982.854.038,00 distributed by insurance classes, as indicated in the table:

Gross written premium, 31.12.2022

Class of insurance	Gross written premium (in MKD)
Accident insurance	45.737.529
Health Insurance	8.243.085
Motor vehicle insurance (Casco)	78.618.433
Insurance of railway vehicles (casco)	0
Aircraft insurance (Casco)	9.547.518
Marine, lake and river navigation insurance (Casco)	142.968
Goods transport insurance (Cargo)	1.543.634
Property insurance, fire and natural hazard	16.502.341
Other property insurance	125.809.959
Motor vehicle liability insurance	657.601.376
Aircraft liability insurance	12.231.932
Marine, lake and river navigation liability insurance	309.635
General liability insurance	16.367.816
Credit insurance	0
Guarantee insurance	0
Legal protection insurance	0
Assistance travel insurance	10.197.812
Total	982.854.038

The gross written premium in 2022 in the amount of MKD 982.854.038,00 is increased by 15.86% compared to 2021. The Company operated in all insurance classes for which there was interest on the market. All available sales channels including own sales employees, insurance agents, insurance brokerage companies, insurance agencies, banks, web (online) sales. However, as in past years, the employees and insurance agents are the key sale drivers. The net earned premium equals MKD 443.246.072,00 (MKD 423.470.945,00 according to the Accounting Standards accepted in RNM) which, compared to 2021 is an increase by 16.45% (or 15.98% according to the Accounting Standards accepted in RNM). The Company investments were fully in compliance with the limitations in the laws and bylaws, as well as the Company's internal acts. The main goal of the Investment Strategy was to ensure

stable income from investments with a minimum risk, making sure at the same time that the Company will meet its liabilities whenever necessary.

The Company expenditures for 2022 as expected, are at its peak in reference to claims settlement. The Company has gross claims paid in the amount of MKD 370.175.276,00 (MKD 364.464.455,00 according to the Accounting Standards accepted in RNM). The Claims Department was fully dedicated to prompt, efficient and fair claim processing. The process of claim settlement is performed by the employees and external associates (assessors, experts and health professional/medical experts), whereas excellent cooperation was established with a number of services, medical institutions and other specialized institutions in order to facilitate the process of settling claims and addressing the needs of policyholders.

Throughout 2022, the Company generated profit before taxation in the amount of MKD 27.250.507,00 (MKD 27.211.743,00 according to the Accounting Standards accepted in RNM), while the net profit is in the amount of MKD 23.919.712,00 (MKD 23.884.819,00 according to the Accounting Standards accepted in RNM). In line with the generated profit after taxation according to the Accounting Standards accepted in RNM, the Company has 5.47% yield on capital for 2022, and 9.67% yield on share capital.

Income statement for 2022 compared to 2021

Entry description	2022	2021	2022-2021
Total Income	670.429.229	577.900.505	92.528.724
PREMIUM EARNED	423.470.945	365.125.736	58.345.209
INVESTMENT INCOME	25.832.621	248.884.59	944.162
Commission income from reinsurance	193.284.222	164.428.989	28.855.233
OTHER INSURANCE TECHNICAL INCOME	13.525.772	6.784.153	6.741.619
OTHER INCOME	14.315.669	16.673.168	-2.357.499
EXPENDITURES	643.217.486	555.867.030	87.350.456
NET COSTS FOR CLAIMS	201.272.400	174.852.875	26.419.525
Changes in other technical reserves	0	-31.421	31.421
COSTS FOR BONUSES AND REBATES	5.794.714	1.174.837	4.619.877
NET COSTS FOR INSURANCE IMPEMENTATION	376.487.034	323.544.276	52.942.758
COSTS FROM INVESTMENTS	1.428.981	974.389	454.592
OTHER INSURANCE TECHNICAL EXPENDITURES	48.434.406	49.094.139	-659.733
PREMIUM -BASED IMPAIRMENT OF RECEIVABLES	9.884.657	8.678.235	1.206.422
OTHER EXPENDITURES INCLUDING IMPAIRMENT	-84.706	-2.420.300	2.335.594
PROFIT/LOSS FOR THE BUSINESS YEAR BEFORE TAXATION	27.211.743	22.033.475	5.178.268
INCOME TAX I.E. LOSS	3.326.924	2.651.187	675.737
PROFIT/LOSS FOR THE BUSINESS YEAR AFTER TAXATION	23.884.819	19.382.288	4.502.531

A detailed review of Profit and Loss Account is presented in the financial statement of the Company attached to the Annual Report of the Company.

In 2022, the Company met all required criteria for capital and solvency margin, and at no point was the solvency jeopardized. What is more important, throughout the entire year, the Company had appropriately designated technical reserves.

In 2022, the receivables of the Company were regularly classified in accordance with all accounting standards, and the Company paid great attention to collection of all due debts.

Income statement for 2022 compared to 2021

Entry description	31.12.2022	31.12.2021	2022-2021
ASSET	1.996.884.452	1.817.211.052	179.673.400
INTANGIBLE ASSET	3.984.281	7.228.107	-3.243.826
INVESTMENTS	1.042.435.159	980.089.665	62.345.494
PART OF REINSURANCE IN GROSS TECHNICAL RESERVES	466.812.863	408.948.000	57.864.863
DEFERRED AND CURRENT TAX ASSETS	92.506	2.740.379	-2.647.873
RECEIVABLES	299.653.121	250.112.878	49.540.243
OTHER ASSETS	77.522.668	81.483.295	-3.960.627
OFF-BALANCE RECORDS-ASSETS	106.383.854	86.608.728	19.775.126
LIABILITIES	1.996.884.452	1.817.211.052	179.673.400
CAPITAL AND RESERVES	436.420.204	459.780.012	-23.359.808
GROSS TECHNICAL RESERVES	1.006.453.481	879.625.957	126.827.524
OTHER RESERVES	5.664.280	5.186.587	477.693
DEFERRED AND CURRENT TAX LIABILITIES	790.566	640.919	149.647
LIABILITIES	489.559.052	424.464.091	65.094.961
OFF-BALANCE RECORDS-LIABILITIES	57.996.869	47.513.486	10.483.383

A detailed review of the assets and liabilities is presented in the financial statement of the Company for 2022 attached to this Annual Report for Company's Operations for 2022.

5. Risk management

On 24.12.2021, the Management Board of the Company adopted the Rules for Risk Management for 2022 covering the possible risks for 2022. In addition, the Company implemented Investment and Risk Strategy for 2022, which was adopted by the Management Board on 15.11.2021, and approved by the Supervisory Board. The Management Board fully implemented the planned risk management activities and all risks were duly anticipated and met. In that regard, the Company regularly controlled the implementation of Company's acts and legal norms, and paid special attention to the implementation of the reinsurance rules, underwriting, investment of assets, personal data protection and reliability of the Company's information systems. The Risk Information System Committee met regularly and according to the set priorities it proposed appropriate solutions for the information systems.

The person responsible for risk management (Risk Officer), in cooperation with the responsible persons of the organizational units who bear the risk, during 2022 coordinated the risk management process, while the person responsible for compliance with the regulations (Compliance Officer), in cooperation with the responsible persons in the organizational units coordinates the compliance process in order to reach full compliance of the Company with the legal regulations and bylaws. In the course of 2022, the Regulation Compliance Committee, led by the Compliance Officer and consisting of the responsible persons of the organizational units, held two formal online sessions as well as several informal meetings.

The Risk Officer and the Compliance Officer regularly report to the Management Board of their activities, and afterwards the sole shareholder is also informed, i.e., VIENNA INSURANCE GROUP.



6. Share capital and shareholders

The Company holds a total of 403.400 shares with a nominal value of EUR 10 per share and total share capital in the amount of EUR 4.034.000,00 in MKD coutervalue.

The sole shareholder in the Company is VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE (VIG) located at Schottenring 30, Vienna, Austria. The Group operates in

Central and Eastern Europe for more than 25 years and is one of the leading insurance groups in the region. VIG has about 25,000 employees in more than 50 companies in 25 different countries.

7. Company development

In the course of 2022, the Company had the highest amount of the gross premium at the same time exceeding the planned gross written premium of MKD 775.000.000,00.

Efficient and fair resolution of claims was and will remain a top priority of the Company.

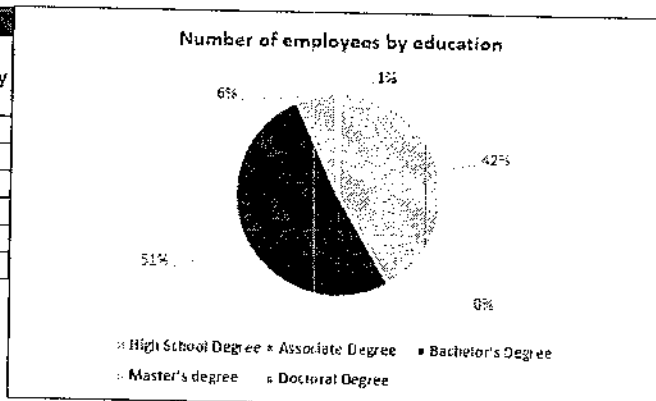
On 15.12.2021, the Operational Plan for 2022 was approved by the Supervisory Board that envisaged maintaining balanced development in all business segments and improving the success and work performance of the Company. As in the past years, development will progress gradually without taking risks that may impair the operation in any aspect, and improvement of staff competences will be positioned as a key priority in the forthcoming period. And again, the principal goal of the operation will be the needs and services to policyholders as well as profitability and operation according to regulations in force.

8. Branch network, branch offices and employees

In the course of 2022, the Company operated on the entire territory of the Republic of North Macedonia through its own network of 69 branch offices and the headquarter, and employees distributed in 28 cities, and also through 115 insurance agents, 35 brokerage companies, 2 insurance agencies and 1 bank. The company ended 2022 with 173 employees, of which 117 are in sales, and 56 in administration. The headcount corresponds to the needs of the Company, and each employee is provided with suitable professional development in order to improve their performance, as well as the performance of the Company as a whole.

- Number of Company employees on 31.12.2022 based on human resources structure.

Number of employees by education		
Education	Number of employees	Percentage representation by education
High School Degree	72	42%
Associate Degree	0	0%
Bachelor's Degree	89	51%
Master's degree	11	6%
Doctoral Degree	1	1%
Total	173	100%



- Structure of employees in the Company on 31.12.2022 by gender and age groups

Number of employees by age and gender		
Age	male	female
< 20	0	1
20 - 30	8	22
31 - 40	23	36
41 - 50	20	36
51 - 60	11	12
> 60	4	0



Organizational structure of the Company on 31.12.2022

- Supervisory Board
 - Internal auditor
 - Certified actuary
- Management Board
- General Manager
- Headquarters
 - Accounting and Finance Department
 - Claims and Regressions Department
 - Customer Service Area

■ Sales network/ Branch offices.

No.	Branch office	Address
1	Berovo	Str. Marshal Tito no. 22
2	Bitola	Str. Dimitar Mievski Murato no. 10 lokal 7
3	Bitola 1	Str. Kliment Ohridski no. 34/lamela 5 lokal 3
4	Bitola 4	Str. Kliment Ohridski no. 66
5	Bitola 5	Str. Solunska no. 151
6	Bitola 6	Str. Jorgo Osmano no. 10 v
7	Bitola 7	Str. Nikola Tesla no. 34, 1/2 ground floor -2
8	Veles	Str. ASNOM no. 7
9	Veles 2	Str. Aleksa Demnjevski-Bauman no. 3/1
10	Veleshta	Str. Naseleno mesto bez ulichen sistem no. 1/A
11	Vinica	Str. Marshal Tito no. 53
12	Gevgelija	Str. Marshal Tito no. 101/8
13	Gostivar	Str. Ilindenska no. 193
14	Gostivar 3	Str. Goce Delchevno. 3
15	Gostivar 4	Str. Belchica no. 6
16	Debar	Str. Atanasie Iljk no. 88 - TC Mimoza
17	Demir Hisar	Str. Bitolska no. 88
18	Kavadarci	Str. 4-ti Juli no. 14
19	Kavadarci 2	Str. 29-ti Noemvri no. 36
20	Kicevo	Blv. Oslobođuvanje no. 44
21	Kicevo 1	Str. 11-ti Septemvri 88 lokal 5
22	Kocani 1	Str. Nikola Karev no. 1/1-3
23	Kocani 2	Str. Marshal Tito no. Shopping/Centar-D
24	Kocani 3	Str. 29 Noemvri no. 1/1-3, ground floor
25	Kriva Palanka	Str. Cv. Joakim Osogovski no. 45
26	Krushevo	Str. Nikola Gjurovikj no. 1
27	Kumanovo	Str. Lipkovska Reka Bedinje
28	Kumanovo 2	Str. JNA no. 6
29	Makedonski Brod	Str. Marshal Tito no. 49
30	Negotino 2	Str. Jane Sandanski no. 1
31	Ohrid	Str. Bulevar Turistichka-88
32	Ohrid 1	Str. 7-Mi NOEMVRI no. 256
33	Prilep 2	Str. 11-ti Oktomvri no. 2/1 ground floor no. 8
34	Prilep	Str. Jane Sandanski no. 1/1 floor 1
35	Probishtip	Str. Joakim Stojkovski no. 7 A

No.	Branch office	Address
36	Probishtip 1	Str. Miro Baraga no. 7
37	Radovish 1	Str. Partizanska no. 32/2, ground floor
38	Radovish	Blv. Aleksandar Makedonski no. 19A/1-3
39	Radovish 2	Blv. Aleksandar Makedonski no. 9V
40	Radovish 3	Str. 22-ti OKTOMVRI no. 1/3 ground floor
41	Radovish 4	Str. 22-ti Oktomvri no. 1-4
42	Resen	Str. 29-ti Noemvri no. 1/1 ground floor no. 1
43	Sveti Nikole 1	Str. Marshal Tito no. 100
44	Skopje 2	Str. Bojmija no. 11 lokal 19 Aerodrom
45	Skopje	Str. PANDIL ShishKOV no. 4/1 ground floor -7
46	Skopje 4	Str. Franklin Ruzvelt no. 34-1
47	Skopje 5	Str. Bihajka no. 3/lok 15
48	Skopje 7	Str. Vitora Makedonska brigada no. 2/5 ground floor
49	Skopje 11	Str. Balakova no. 32, no. 1/1-4
50	Skopje 12	Str. Luka Gerov no. 7
51	Skopje 13	Str. 20 no. 78A, Saraž
52	Skopje 17	Str. Naum Naumovski Borche 40/1-2
53	Skopje 18	Blv. Vidoe Smilevski BATO no. 51/2, ground floor -15
54	Skopje 20	Str. Dimitrie Chupovski no. 68, 1/1-1
55	Skopje 21	Str. Butelska no. 17A
56	Skopje 23	Str. 3-ta Makedonska Brigada 31 no. 1/1, floor
57	Skopje 26	Str. Rudno. 33
58	Skopje 29	Blv. Partizanski Odredi no. 17
59	Skopje 32	Str. Aleksandar Makedonski no. 9 lok 40
60	Struga	Str. J. Sandanski no. 1/1, ground floor, Misteshevo
61	Struga 2	Str. Partizanski Brigadi no. 1
62	Strumica	Str. Leninova no. 74
63	Strumica 1	Str. Kliment Ohridski no. 62
64	Strumica 2	Str. BRATSTVO EDINSTVO no. 51
65	Tetovo 2	Str. Vidoe Smilevski Bato no. 1
66	Tetovo 3	Str. Marshal Tito no. 58
67	Tetovo 4	Str. Ilindenska no. 88
68	Tetovo 6	Str. Boris Kidrich no. 91
69	Ship	Str. Vancho Prkije no. 1/1, ground floor, no. 1

9. Relations with the parent company

As stated in item 5 of this Report, the sole owner of the Joint Stock Insurance Company WINNER - Vienna Insurance Group Skopje is VIENNA INSURANCE GROUP AG WIENNER VERSICHERUNG GRUPPE (VIG). The Company cooperated with its sole shareholder, as well as with VIG RE, a reinsurance company owned by the sole shareholder, which holds an A+ rating. During the cooperation, the law and by-law norms for reinsurance, as well as the Company's Reinsurance Program, are fully respected.

Transactions with VIG and VIG RE fall under transactions with the stakeholders; however, the same do not require an approval procedure in line with the provisions for agreements with stakeholders from the Law on Trade Companies, since the condition referred to in Article 457, paragraph 3, item 2 of the Law on Trade Companies has been met i.e., all shareholders have an interest in the deal.

10. Corporate Management

Management bodies are established in line with the Law on Trade Companies, the Law on Insurance Supervision and the Company's Statute.

The Company applies a two-tier management system, i.e., it is comprised of Management Board and Supervisory Board.

During 2022, the Management Board of the Joint Stock Company for Insurance WINNER – Vienna Insurance Group Skopje fully performed its duties in compliance with all applicable laws, bylaws, internal and Group regulations. During 2022, there was a change in the personnel composition of the Management Board, which, as of July 25, 2022, included the following individuals:

- PhD. Zoran Narashanov, - President of the Management Board;
- Ana Serafimova - Member of the Management Board and
- Naser Zenku - Member of the Management Board.

Due to the death of the member and President of the Management Board of the Company, PhD. Zoran Narashanov on 25.07.2022, the Supervisory Board of the Company confirms the termination of his position.

On 15.09.2022, the Supervisory Board of the Company appoints: Kline Poposki as a member and President of the Management Board of the Company.

The President of the Management Board of the Company simultaneously bears the title of General Manager of the Company and is a person with unlimited powers in internal and external sales, in accordance with the Company's Statute, with a mandate ending on December 31, 2024.

By Decision, the Insurance Supervision Agency issued a consent for Kline Poposki to perform the function of a member of the management body of an insurance company for the period from 15.11.2022 to 31.12.2024.

In the period from 15.11.2022 until 31.12.2022 inclusive, the Management Board operated as follows:

- Kline Poposki - President of the Management Board
- Ana Serafimova - Member of the Management Board
- Naser Zenku - Member of the Management Board.

All the members of the Management Board before officially starting their newly assigned positions, had received appropriate decisions by means of which a consent is provided for a member of a management body in an insurance company.

On 14.12.2022, the Supervisory Board of the Company passed a Resolution on the appointment (re-election) of a member of the Management Board of the Joint-Stock Insurance Company WINNER - Vienna Insurance Group Skopje. Thus, the current member Ana Serafimova was re-elected for a period ending on 31.12.2024. In addition, there was a Resolution on the appointment (re-election) of a member of the Management Board of the Joint Stock Insurance Company WINNER-Vienna Insurance Group Skopje for the current member Naser Zenku who was re-elected for a period ending on 31.12.2024.

In accordance with the legal regulations and bylaws, all documents for the re-elected members of the Management Board have been submitted to the Insurance Supervision Agency for obtaining a Decision to issue a consent for the function of a management body member in an insurance company.

A Resolution enacted by the Shareholders' Assembly anticipates that the Supervisory Board members shall receive no remuneration, while data referring to remuneration of the Management Board members are a part of the financial statements which constitute an integral part of this Annual Report. Gross annual amount based on salary and other rights as of 31.12.2022 was paid to the members of the Management Board of the Company in total amount of 10.426.095,00 MKD.

Throughout 2022 the Supervisory Board operated comprised of 3 (three) members:

1. Gabor Lehel – President of the Supervisory Board;
2. Philipp Bardas – Member of the Supervisory Board;
3. Zoran Dimov – Independent Member of the Supervisory Board; and

All members of the Supervisory Board fulfill the necessary requirements to carry out their capacities in accordance with the Law on Trade Companies and the Law on Insurance Supervision, and all necessary notices and relevant evidence for each of them in particular are submitted to the Insurance Supervision Agency for meeting the fit and proper criteria.

A regular session of the Annual Shareholders' Assembly was held on 06.05.2022. At the Annual Meeting, all annual reports were approved as well as the work of all members of the Management and Supervisory Board for 2021.

According to the notice by the Insurance Supervision Agency regarding the issue of dividend payment, the Assembly passed the Resolution on the use of accumulated (undistributed) profit of the Company for the business year 2019 and the business year 2020 and distribution of the achieved net profit of the Company for the business year 2021. With the Resolution, it was determined that 85% of the accumulated (undistributed) profit of the Company from the business year 2019 and the business year 2020 should be used for the payment of dividends, and the total net profit realized in the business year 2021 was allocated to a legal portion for security reserves, and the remainder of the profit was carried forward as retained earnings for the following year.

On 06.07.2022, an extraordinary meeting of Shareholders was held, at which a Resolution was made to change the Company's headquarters to a new address at 41 Zeleznicka Str., Skopje, Centar municipality, and a Resolution to amend the Company's Statute in the section of changing the headquarters location of the Company.

11. Policies and Internal Acts

In the course of 2022, the Company adopted a new i.e., revised a part of the existing internal acts and policies in order to improve the corporate governance of the Company, and meanwhile worked on the harmonization of internal acts with the new legislation and with the regulation in force for the VIG Group.

Regarding the internal acts, among others, defined in more detail in point 2 of this report, the following were reviewed: the Code of Business Ethics, the internal and VIG Group acts for document management, reinsurance, monitoring and acting in case of international sanctions, preventing market abuse, outsourcing, compliance with regulation, information technology, reinsurance, personal data protection, regulation on human resources - evaluation of the qualification and eligibility of key individuals, remuneration, regulation on the work of internal audit and others. Among other acts, the following were adopted as new internal acts of the Company: Rulebook on document signing, Rulebook on determining the duration of the company's employees' annual leave, Guidelines for monitoring and acting in case of international sanctions, Privacy Policy for personal data when visiting or logging in the website of the Joint Stock Insurance Company WINNER - Vienna Insurance Group Skopje.

Information technology support

Information technology is a key factor for increasing performance and for modern work and improving the effects in work. The Company continuously monitors novelties in information technology and implements them accordingly.

The past year 2022 was quite active from an IT point of view, and as a critical project, we can point out the relocation of the Company's Headquarters to another location. This activity was successfully completed, ensuring full operational capacity of all critical IT systems and links within a week. Completion of this activity continued in the following period of several months until the full establishment of all additional systems.

In 2022, significant personnel changes were implemented in the IT sector. In the second half of 2022, the anticipated positions were filled by hiring new professional staff, which consolidated the IT team and made it possible to implement appropriate segregation of duties and redundancy in operations.

During 2022, in addition to current activities to support all sectors in the Company, a new sales channel was implemented for online sale of credit insurance policies through the branches of Sparkase banka AD Skopje. The implementation of this module enabled the direct sale of credit insurance policies by the employees themselves in the bank's branches, which significantly improved the efficiency of operations and significantly shortened the time required for the preparation of the policies. Sales began in 2023.

From the perspective of future development of software solutions, critical decisions were made to change the main information system and consolidate all online sales channels into one integrated system. The full implementation of these projects is expected to be completed by the end of 2023.

12. Name, address and date of appointment of authorized auditor

The authorized external auditor of the Company for 2021, in accordance with the resolution of the Shareholders's Assembly of 2021, is PricewaterhouseCoopers AUDIT DOO Skopje (PWC). The designated certified auditor is based at Blvd. 8 Septemvri No. 16, Hiperium Business Center, 2nd floor, Skopje, and their website is www.pwc.com.mk

Pursuant to the Law on Insurance Supervision, the Company also hired internal auditor with a licence for authorized auditor.

The internal auditor of the Company for 2022 is Mr. Darko Kalin with a license for an authorized auditor. The internal audit of the Company, in accordance with the Annual Program and work plan of the Internal Audit, during 2022 performed 7 audits in separate areas of operation of the Company, as set out below:

1. Claim Department Audit;
2. Finance and Accounting Department Audit;
3. Information Technology Department Audit;
4. Customer Service and Administration Department Audit;
5. Outsourcing and Service Providers Audit;
6. Legal Regulation Compliance Audit;
7. Audit during unannounced control of branch offices.

All key functions in the Company's operations were covered by the performed audits.

The individual reports on the performed audits for 2022 have been submitted and reviewed by the sector managers and the Management Board of the Company. A total of 11 recommendations are given, of which 6 are of medium risk level and 5 are of low risk level.

The agreed and due activities with the management to eliminate the obtained findings were completed in the anticipated manner and within the planned deadlines. As of December 31, 2022, a total of 9 recommendations remain for implementation, whose implementation deadline is in 2023. Of these, 4 are low level risk, and 5 is a medium level risk.

13. Classes of insurance and types of insurance contracts

Pursuant to the Law on Insurance Supervision, the insurance companies can only work in the classes of insurance for which they have approval by the Insurance Supervision Agency. The company with Decision of the Ministry of Finance no. 18-24809/2 of 24.10.2002 and no. 12-9216/2 dated 13.04.2009 has a work permit in 17 insurance classes:

1. Accident Insurance - Class 1
2. Health Insurance - Class 2
3. Motor vehicle insurance (Casco) - Class 3
4. Rail vehicle insurance (Casco) - Class 4
5. Aircraft insurance (Casco) - Class 5
6. Marine, lake and river navigation insurance (Casco) - Class 6
7. Transport Insurance (cargo) - Class 7
8. Fire and Natural Hazards Insurance - Class 8
9. Other property insurance - Class 9
10. Liability Insurance of motor vehicles (MTPL) - Class 10
11. Aircraft liability insurance - Class 11
12. Liability insurance for marine, lake and river navigation - Class 12
13. General liability insurance - Class 13
14. Credit Insurance - Class 14
15. Guarantee Insurance - Class 15
16. Legal Protection Insurance - Class 17
17. Travel Assistance Insurance - Class 18

Within these classes of insurance, the Company concluded the following types of insurance contracts: Green card; Travel Insurance; Transport - international land; Group Travel Insurance; Accident Insurance; Health Insurance for Foreigners in the Republic of Macedonia; Industrial Fire Insurance; Civilian Fire Insurance; Public Transport Passenger Insurance; Transport - local land; Breaking Machines; Cross Border Insurance; Compulsory Maritime Insurance; Burglary and Theft Insurance; CMR; Transport - international, aerial; Breaking Glass; Insurance of Buildings under Construction; Electricity Providers - Breaking Machines; Electronic Computers and Processors; Managerial Insurance; Household Insurance; Maritime Vessels Insurance; Breaking Glass Insurance; Additional Health Insurance for Persons in the event of Serious Illnesses and Operations; PC Equipment Insurance; Movie Company Insurance; TIR Guaranties; Aircraft Mandatory Insurance; Electricity Providers; Casco Insurance of Ships and Boats; Insurance of Goods in Refrigerators; Aircraft Casco Insurance; Additional Health Insurance; Health Workers Liability Insurance; Notary Liability Insurance; Travel Agency Liability Insurance; Liability Insurance of Lawyers; General Liability Insurance; Insurance Brokers' Liability; Product Usage Liability Insurance; Liability Insurance of Accountants; Liability Insurance of Execution Officers; Liability Insurance of Bodyguards, Detectives and Security Agencies; Liability Insurance of Court Experts and Appraisers; Liability Insurance of Trustees; Liability Insurance of Designers; Liability Insurance of Employer; Auditor's Liability Insurance; Forwarders' Liability Insurance; Motor Vehicles Casco Insurance; Combined Insurance - Travel and Accident; Combined Insurance of Health Facilities; Mortgage Insurance of Loans; Individual Property Insurance; Small and Medium Sized Enterprises' Insurance; Insurance of Crops and Fruits; Fire Caused by Civilians Insurance; Combined Insurance of Shops and Service Providers; MTPL.

14. Corporate Social Responsibility (CSR)

As part of the Vienna Insurance Group, which is a signatory to the non-binding United Nations Global Compact aimed at encouraging businesses and firms around the world to adopt sustainable and socially responsible policies and report on their implementation, the Company reaffirmed its commitment in 2022 to corporate social responsibility and sustainable development in all its business segments.

The company has adopted a Code of Business Ethics, in accordance with the principles of business ethics of the entire VIG Group. Violation of the Code is a violation of work order and discipline and entails appropriate sanctions.

With its operations, as a member of the VIG Group, the Company applies the internationally accepted principles of corporate social responsibility, namely: promotion of social responsibility, transparency, ethical behavior, prevention of conflict of interest, prevention of corruption and bribery, prevention of market abuse, prevention of money laundering and financing of terrorism and violation of international sanctions, professional relationship with clients and confidential communication, dialogue with all stakeholders, as well as promotion of human rights and protection of the environment.

As an obligation and contribution to the protection of the environment, the Company actively undertakes a series of measures for the rational and efficient use of natural resources and the reduction of the emission of greenhouse gases by reducing the consumption of electricity by using energy-efficient business spaces with sensor led lighting, reducing of fuel consumption for service vehicles, increased use of electric scooters. In the future, it is planned to renew the vehicle fleet with the purchase of new hybrid and electric vehicles.

As measures to reduce waste, the Company has entered into an agreement with an authorized waste management company. There is a continuous selection of waste material, encouragement of online communication and work without printing documents. During the move to the new location of the Headquarters, all the furniture and basic equipment for furnishing the premises was moved and reused. Also, the Company joined a campaign under the motto "Donate old paper - for a new Braille book" together with the State School for the Rehabilitation of Children and Youth with Visual Impairment "Dimitar Vlahov" - Skopje.

The purpose of the action is to collect old and unusable paper in order to recycle it and obtain new paper that will be used to prepare Braille textbooks.

The Company, as part of the responsible management strategy, takes special care of employees, customers and the community as a whole.

For employees who during 2022 have made a special contribution to the success and development of the Company, various incentives in the form of awards and recognitions were awarded.

Team building was successfully implemented with different types of activities in order to strengthen teamwork and improve the relevant skills of employees in a relaxed environment, in order to establish closer friendships.

Within the framework of the Team building, the Company showed its humane side and concern for the community through the engagement and participation of the Company's employees in the activities of renovation and reconstruction of the premises of the Association for educational and psycho-social support B.O.P.S support- Ohrid, as well as a donation of funds to the Association.

As benefits for employees during 2022, we can also mention the payment of increased amounts for annual leave over the legal minimum, as well as the provision of a funds for jubilee awards, pre-New Year's celebration with a suitable program and gifts for the employees' children of the Company.

Customer care is a constant focus of the Company and therefore maximum availability is ensured (through the contact center, official websites and social networks) for any kind of information or assistance, especially when unexpected events occur. Long-term relationships with customers are built through continuous monitoring of their demands and needs, while on the other hand, customers recognize this and reward such a relationship with their loyalty and trust. The company regularly monitors customer satisfaction and analyzes feedback in order to improve the quality of services and products.

The company carries out permanent activities in support of the local and wider social community. The commitment to social responsibility is outlined in our mission, purpose and strategy. In this field, the Company is particularly oriented towards the Sustainable Development Goals (SDG) no. 17 - "Partnership to the Goals". The Sustainable Development Goals emphasize the interrelated environmental, social and economic aspects of sustainable development, placing sustainability in the limelight.

During 2022, the Company created partnerships through collaboration with the local community, non-governmental organizations, educational institutions, families in need of assistance, talented individuals and

others. The right to privacy and protection of personal data of customers are a high priority of the Company. The Company pays particular attention to the protection of personal data in each segment of the business processes in accordance with the legal provisions and by laws as well as in accordance with the standards established within the Vienna Insurance Group, of which the Company is a member.

15. Concluding remarks

Despite the health crisis, the organizational and structural changes, the Company still managed to achieve the plan for 2022 in terms of gross written premium and generate the planned profit. The Company had a successful 2022, we are proud of the achieved results, and above all we are proud of all our policyholders who, due to our commitment to their needs in managing risks, decided to reward us with their trust.

At the end of the year, the Company reached total gross written premium of MKD 982,854,038,00. These results only show the correct approach to the Company's own performance, which is focused on providing impeccable service to our clients.

At the same time, the Management Board has been fully dedicated to achieving the set goals, whereby income after taxation was achieved in the amount of MKD 23,884,819,00, which denotes 9.67% return of the share capital. These positive results present an excellent introduction to the new 2023, when the Company expects to continue its development and meet all goals set in the Operational Plan for 2023.

The Annual Financial Statements and the Certificate from an authorized actuary with an opinion in accordance with the Insurance Supervision Law are the integral part of this Report presented as Annexes herein.

**Joint Stock Insurance Company
WINNER – Vienna Insurance Group Skopje**

**President of the Management Board
Klime Poposki**

**Member of the Management Board
Ana Serafimova**

**Member of the Management Board
Naser Zenku**