Annual Report 2024

CONTENT

STATEMENT BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and gentlemen,

let me begin the review of 2024 with word of sincere gratitude. I would like to thank all employees and management of KOMUNÁLNA poisťovňa for their hard work and performance, thanks to which we have moved closer to achieving our goals every day. My special thanks go to the implementation of changes related to the new European DORA regulation, which is essential for increasing our digital resilience.

KOMUNÁLNA poisťovňa successfully contributed to the positive group balance also in 2024. We achieved an economic result of EUR 5,4 million in profit before tax and written premiums of EUR 120 million. Of this, life insurance accounted for EUR 23.8 million and non-life insurance for EUR 96.2 million. We also achieved encouraging results in property insurance of legal entities and individuals, with the past year being particularly successful for the motor insurance segment. We are also managing to maintain the growth trend in the term life insurance segment, where we benefit from the constant expansion of the offer of riders. Our results prove that correctly chosen strategies and intensive work commitment bring success even in adverse times.

The VIG Group manages to cope with challenging geopolitical and macroeconomic framework conditions also thanks to the fact that we do not lose sight of the key factors of success, which are continuity, stability and diversity. Our “VIG 25 Program” is prove that sustainability is also an integral part of our strategy, which we do not see as an obligation, but above all as an opportunity to be leader of positive changes. I am proud that KOMUNÁLNA poisťovňa also contributes significantly to the achievement of goals of the “VIG 25 Program”, especially through activities focused on employee support, teamwork, diversity, life balance, or increased engagement in volunteer initiatives. In would especially like to highlight the communication activities associated with the risk literacy project, which KOMUNÁLNA poisťovňa has been implementing since 2023.

Ladies and gentlemen,

on behalf of the entire Supervisory Board, let me thank you for your trust and loyalty. I believe that 2025 will also be a year of further growth, innovation and success, which will benefit not only our group, but also our clients and partners.

Hartwig Löger

INTRODUCTION BY THE CHAIRWOMAN OF THE MANAGING BOARD AND CEO

Dear shareholders and clients, business partners, colleagues,

the stability of the domestic financial system has been exposed to several challenges in recent years. From the pandemic, problems in supply chains, high inflation and increased interest rates to the war in Ukraine. The overall outlook for the domestic economy began to improve in early 2024, which also influenced more dynamic GDP growth, price stabilization and growth in real household incomes in the first half of the year. The extent to which this is a long-term sustainable trend will be confirmed the earliest in year 2025, which in Slovakia will be primarily marked by the consolidation of public finances.

We responded to the challenges set for us in 2024 primarily by innovating our products and services. When it comes to streamlining operational and business processes, we focused on continuing digitalization and implementing new projects, the full impact of which will be felt in the coming years.

In the area of life insurance, we continue to modernize existing insurance products. We have expanded the range of rides, including the highly sought-after comprehensive disability rider with a decreasing sum insured. The life insurance sales process is now fully digitalized and thanks to increased market demand, term life insurance currently accounts for almost 70 per cent of total sales and its share is constantly increasing.

In 2024, total written premiums in non-life insurance also grew by more than eight per cent. New business opportunities and more than 11 per cent growth in written premiums were brought to us by product innovation in the area of property insurance for individuals, combined with an increase in limits and insurance coverage. Written premiums also grew by almost six per cent in the area of property insurance for legal entities.

We continue to consolidate our strong position in the motor insurance market, consistently applying the strategy of individual approach to our clients. Our new, extremely flexible product in the field of motor hull insurance opens the door for us to reach target groups that have not previously considered this type of insurance.

I am proud that our membership in the Vienna Insurance Group family positively influences our insurance company in other areas as well. Our joint strategy focuses on raising environmental, social and governance standards, which move us forward in our relationship with clients and within the corporate culture. We are making progress in issues of diversity, volunteer activities and in supporting cultural, sports and social events in cities and municipalities throughout Slovakia. We continue to cooperate with the Children´s Foundation of Slovakia and with our key partner – the Association of Cities and Municipalities of Slovakia, thereby maintaining a unique position in the long-term insurance market for cities and municipalities.

The expectations of our clients and partners as well as the need for reliable insurance coverage are naturally growing in these turbulent times. This is why I perceive the current challenges as an opportunity that constantly moves us closer to fulfilling our goals. I consider not only the sustainable growth to be the key to our success, but also a consistent focus on innovation and investments in improving the quality of our products, services and processes. KOMUNÁLNA poisťovňa is ready to continue this approach so that we can provide our clients and partners with everything they rightly expect from a modern family insurance company.

Ing. Slávka Miklošová

THE COMPANY

KOMUNÁLNA poist'ovňa, a.s. Vienna Insurance Group is a commercial insurance company with a universal licence. Over the course of three decades, it has evolved from an insurance company focused on subjects from the municipal area to a company with a broad portfolio of services that provides comprehensive insurance protection to citizens and business subjects in the area of life, accident, property and liability insurance as well as in the area of business and industrial insurance.

The company was incorporated on October 19, 1993 and officially commenced its operation on January 1, 1994. It provides its services through a developed sales network. Seven branches and 70 sales points are located in all regions of Slovakia and the availability of services is intensified by an external network of insurance intermediaries.

After the acquisition in 2001, KOMUNÁLNA poisťovňa became part of the strong international financial and insurance group Vienna Insurance Group, the leading company in the insurance sector in Central and Eastern Europe, as evidenced by the long term positive assessment of the internationally recognised rating agency Standard & Poor´s. It consists of more than 50 insurance and pension funds in 30 countries with strong brands and close customer relations. Approximately 30 thousand employees in the VIG provide services to about 32 million clients. The VIG Group cooperates closely with Erste Group, the largest retail bank in Central and Eastern Europe.

General information about the company is available on the company's website www.kpas.sk. Information on the availability of advice on selecting from the offer of personal, property, vehicle, business and industrial insurance and contacts for sale representatives are available to clients both at www.kpas.sk and via the customer line 0800 11 22 22.

Company information

Business name:	KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group
Registered address:	Štefánikova 17, 811 05 Bratislava
Registration:	Companies' register of City Court Bratislava III, Section: Sa, File no. 3345/B
Date of registration:	1. 1. 1994
Share capital:	EUR 18,532,240
Paid-up:	EUR 18,532,240
Number of shares:	5,582 ordinary, book-entry shares
Nominal value per share:	EUR 3,320
Shareholder structure:	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe 100%, 5,582 shares
Participations:	Slovexperta, s. r. o.: 15% GLOBAL ASSISTANCE SLOVAKIA, s.r.o.: 9%

Principal activities

The company's principal activities comprising insurance operations in the life and non-life insurance type, according to individual lines of business, in the scope of and numbering according to the commercial register, as follows:

Part A - Non-life insurance segment

1. Casualty insurance (including workplace injuries and occupational diseases)
    a) lump-sum claim pay-out,
    b) with claim pay-out having the nature of compensation,
    c) with combined claim pay-out,
    d) travellers,
    e) individual health insurance.

2. Illness insurance
    a) lump-sum claim pay-out,
    b) with claim pay-out having the nature of compensation,
    c) with combined claim pay-out,
    d) individual health insurance.

3. Damages insurance for road transport vehicles other than rail vehicles
    a) motor transport vehicles
    b) non-motor transport vehicles

7. Insurance of goods transportation in transit, including luggage and other property, irrespective of means of transport employed.

8. Damages insurance for other property than listed in items 3 through 7, resulting from
    a) fire,
    b) explosion,
    c) gale-force wind,
    d) natural elements other than gale wind,
    e) nuclear energy,
    f) landslide or land settlement.

9. Insurance of other damage to other property than stated in items 3 through 7, resulting from hail storm or frost, or other causes, e.g., theft, unless these causes are included in item 8.

10. Liability insurance
    a) for damages caused by operation of a motor vehicle,
    b) by a transport operator.

13. General liability insurance for other damages than those listed in items 10 through 12.

14. Loan insurance
    a) general insolvency,
    b) export loan,
    c) instalment loan,
    d) mortgage loan,
    e) agricultural loan.

15. Guarantee insurance
    a) direct warranties,
    b) indirect warranties.

16. Insurance of various financial losses resulting from
    a) carrying out occupation,
    b) insufficient income,
    c) inclement weather,
    d) loss of profits,
    e) fixed general expenses,
    f) unforeseen trading expenses
    g) loss of market value,
    h) loss of regular source of income,
    i) other indirect business financial loss,
    j) miscellaneous other than trading financial losses,
    k) miscellaneous financial losses.

18. Assistance services.

Part B - Life insurance segment

1. Insurance
    a) endowment, whole of life, whole of life or endowment, with the possibility of endowment with premium refund, insurance linked to capitalisation contracts,
    b) pension insurance,
    c) supplementary insurance taken out together with life insurance, in particular for personal injury cover, including inability to work, in the event of accidental death and against disability resulting from an accident or sickness.

2. Child birth insurance, child maintenance insurance and marriage insurance.

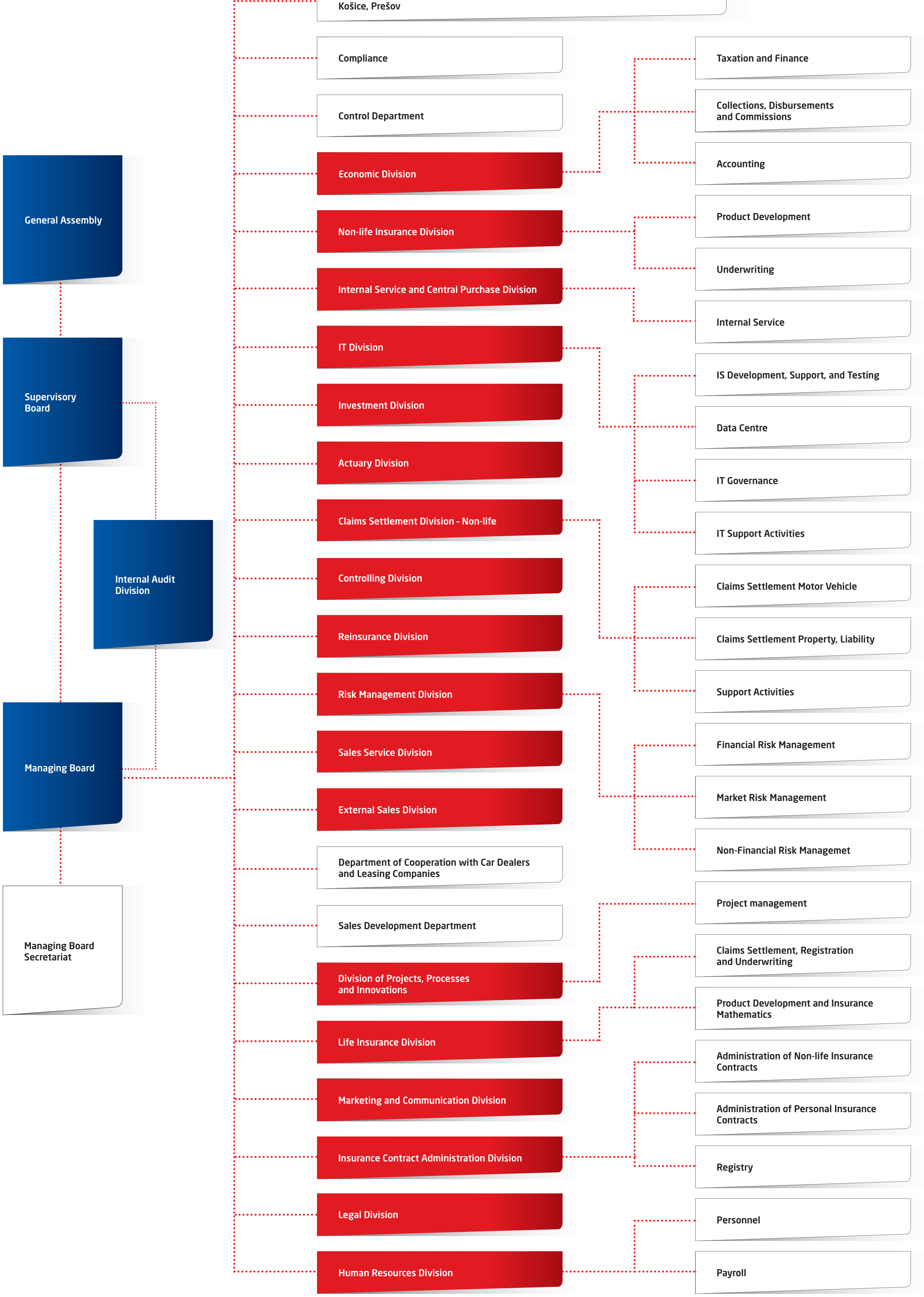
3. Insurance referred to in first paragraph, letters a) and b) and the second point is linked to investment funds.

6. Capitalisation operations based on actuarial calculations, where, in lieu of predetermined lump sum or periodic payments, obligations with specified duration and fixed amounts are taken over.

2. Performance of independent financial agent agenda in the following sectors:
    1. acceptance of deposits,
    2. provision of loans and consumer credits,
    3. old-age pension saving.

3. Conduct of reinsurance business for the non-life insurance segment.

Organisational structure



Supervisory Board

Hartwig Löger – Chairman of the Supervisory Board
Dr. Peter Thirring – Vice-Chairman of the Supervisory Board (until 25.3.2024), Member of the Supervisory Board (from 26.3.2024)
Gábor Lehel – Vice-Chairman of the Supervisory Board (from 26.3.2024)
Mag. Christian Brandstetter – Member of the Supervisory Board
Ing. Zuzana Špačeková – Member of the Supervisory Board
Mgr. Magdaléna Adamová – Member of the Supervisory Board
Ing. Jana Bibová – Member of the Supervisory Board
Jana Gregorová – Member of the Supervisory Board (from 18.6.2024)

Managing Board

Ing. Slávka Miklošová – Chairwoman of the Managing Board and CEO
JUDr. Zuzana Brožek Mihóková – Member of the Managing Board
RNDr. Milan Fleischhacker – Member of the Managing Board
Ing. Igor Saxa – Member of the Managing Board
Mag. Ulrich Prangl – Member of the Managing Board

Procurement

JUDr. Ľuboš Tóth, LL.M, MBA

PART OF VIENNA INSURANCE GROUP

We continue to strengthen our leading market position in Central and Eastern Europe, focusing on close collaboration and cooperation within the Group. At the same time, we are a reliable and resilient partner for our stakeholders.
Hartwig Löger, CEO of Vienna Insurance Group

Vienna Insurance Group (VIG), headquartered in Vienna, is the leading insurance group throughout Central and Eastern Europe (CEE). More than 50 insurance companies and pension funds in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. Around 30,000 employees in the VIG take care of the day-to-day needs of around 32 million customers.

From first mover to market leader in CEE
VIG was one of the first European insurance groups to expand into the markets of the CEE region after the fall of the Iron Curtain in 1989. Step by step, the Group established itself in new markets and has become the number 1 in the region. Vienna Insurance Group places an emphasis on Central and Eastern Europe as its home market and pursues a long-term business strategy in its markets that is focused on sustainable profitability and continuous earnings growth. More than half of the total business volume and profit is generated in this region.

Expertise with local responsibility
Vienna Insurance Group is synonymous with stability and offers a wide range of risk protection and pension solutions. Great importance is attached to a local multi-brand policy with regionally established brands and local entrepreneurship. Ultimately, it is the individual strengths of these brands and local expertise that enable customer proximity and make the Group successful.

Strong finances & credit rating
Vienna Insurance Group has been awarded an A+ rating with a stable outlook from the internationally recognised rating agency Standard & Poor’s. VIG shares are listed on the Vienna, Prague, and Budapest stock exchanges. Wiener Städtische Versicherungsverein – the stable main shareholder with a long-term focus – owns 72% of VIG’s shares. The remaining shares are in free float.

MANAGEMENT REPORT 2024

The environment in which the company operates has in recent years made all subjects involved face challenges that they have not had to face for years or decades, and in some cases, never before – whether it was a global pandemic, problems in supply chains, high inflation and increased interest rates, or even the war in neighbouring Ukraine, which also had a significant impact on the European market. From a financial stability perspective, the economic situation developed relatively favourably in 2024. Falling inflation in the Eurozone is approaching the target set by the European Central Bank, which has led to a decline in interest rates. Financial situation of households has also developed favourably, as real disposable incomes have grown after a temporary decline, leading to a recovery in the ability to create savings and an increase in household deposits. Looking at future risks, attention is shifting from inflation to the uncertain outlook of economic growth. The source of risk is mainly uncertain geopolitical developments and economic growth in selected major economies. The level of public sector debt in several countries of the Eurozone is also a risk on its own. In Slovakia, this risk is mitigated by the adopted consolidation package, which will also translate into higher costs for the financial sector. No significant negative impact on financial stability or the ability of household and businesses to repay their loans is expected.

Total insurance premiums written by KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group booked for 2024 amounted to EUR 120,4 million, comprising EUR 23,9 million of life insurance and EUR 96,5 million of non-life insurance premiums. In the highly competitive environment of the Slovak insurance market, the company was traditionally successful in the segment of motor insurance in term of production and recorded an growing trend in property insurance of individuals and legal subjects as well as in accident and travel insurance. The trend of increased sales of risk life insurance and riders continues.

The direction of business activities followed the activities of the sales network and the external sales department and focused on written premium growth in strategic profit-generating product groups. The highest share of the written premium was in motor insurance, while the share of other property insurance increased.

In term of strategic activities, the emphasis was placed on the professionalization of business activities with an emphasis on reflecting the needs of our clients. Support for the network of external partners continued, which was oriented towards maintaining stable partnerships and with the possibility of expanding to include further business opportunities with new partners. At the same time, cooperation with the municipal sphere continued through the strategic partnership with the Association of Towns and Municipalities of Slovakia.

In 2024, the company´s non-life product portfolio was updated with a focus on product innovations in property insurance for individuals and motor hull insurance. Within life insurance, attention was paid to the innovation of rides. The digitalization of sales processes continued, supported by the expansion of CRM functionalities in client portfolio management. Long-term projects were launched with a clear vision of the overall digitalization of the company. Last year, KOMUNÁLNA poisťovňa continued to communicate digitally with clients through tools such as a mobile application for reporting of car insurance claims, the e-KOMfort client portal and electronic communication played a significant role. During the year, the optimization of the network of points of sale also continued, while maintaining the accessibility for the insurance company´s clients.

Insurance and Reinsurance

In the area of life insurance, the company focused mainly on the development of the missing insurance risks in the portfolio, making the existing insurance risks more attractive and updating the vast majority of insurance conditions. An important step forward was the conclusion of single-payment life insurance products in digital form, which meant a faster process of concluding insurance contracts, transparency and a reduction of the environmental burden. Personal insurance products are suitable for a wide range of age groups and provide complex protection against possible adverse life situations also through supplementary insurance risks.

During the year, the intention to continuously expand the range of insurance risks was also transformed into the preparation of a new rider for the risk of mental illness and the launch of a new rider for the risk of disability due to illness or accident from 40 per cent with decreasing sum insured. The offer of riders is particularly attractive from the point of view of covering a wide range of critical illnesses and, statistically, the most common civilisation diseases in Slovakia, such as oncological disorders, circulatory and vascular diseases and chronical diseases of the internal organs. The company also addressed existing clients who had reached the end of the insurance contract with an attractive offer of appreciation of their deposits and a risk insurance offer.

The company also focused of legislative requirements, marketing communication and bringing life and accident insurance products closer to the wider public.

The main objective of KOMUNÁLNA poisťovňa in 2024 in the field of non-life insurance was to ensure profitability in motor vehicle insurance, stabilize the portfolio by using segmentation methods in individual motor vehicle insurance and growth in other non-life insurance products, especially in property and liability insurance. In individual compulsory insurance products, the company implemented a new risk model for calculating premium rates, which applied a change in risk rates of districts, adjustment of intervals and coefficients for engine power and age categories. Another significant event was the implementation of a legislative change regarding MTPL – the introduction of an automatic client creditworthiness system (taking into account their actual, several-year previous claim history).

In motor hull insurance, sales of the new ProAuto product were launched, which brings clients greater flexibility in setting the scope of insurance, innovated benefits and at the same time, a new pricing factor was introduced within the applied segmentation – engine volume. In addition to updating the segmentation in individual motor vehicle insurance, emphasis was placed on a special approach to underwriting fleet insurance and regular reviews of existing fleet insurance contracts in MTPL and motor hull insurance.

In the area of property insurance, a significant change was implemented in the ProDomo product (house, apartment, household insurance). The innovation was focused on defining new insurance objects, expending its scope, increasing the limits of insurance claim payments and creating new riders. In the area of property and liability insurance for entrepreneurs through the ProBiznis product, an individual approach was applied in processing insurance requests.

As part of strategic partnerships, the insurance company continuously focused on selling property and liability insurance to members of the Association of Towns and Municipalities of Slovakia, offering product benefits.

Reinsurance as a risk management tool represents an important stabilizing factor of the company and the same time protects the clients of KOMUNÁLNA poisťovňa, its shareholders, as well as the company itself from unexpected damage events of an individual or catastrophic nature. The reinsurance program of KOMUNÁLNA poisťovňa is based on a combination of reinsurance contracts within a group cooperation with VIG Re zajišťovna and Vienna Insurance Group AG (Wiener Versicherung Gruppe). Both companies have an „A+“rating with a stable outlook from the internationally recognised rating agency Standard & Poor’s. The most important external partners continue to include reinsurance companies Swiss Re (Germany), SCOR SE (France) and R+V VERSICHERUNG AG (Germany), whose financial strength and rating provide a sufficient guarantee of fulfilling obligations.

The effectiveness and scope of the reinsurance program coverage are analysed annually and reflect changes in the portfolio of life and non-life insurance products. They are supplemented by facultative reinsurance as required. As part of natural catastrophe insurance, KOMUNÁLNA poisťovňa benefits from the advantages on the group reinsurance program, which provides coverage of up to 250-year-record losses and meets all requirements arising from the Solvency II regulatory framework. Due to this fact, the scope, effectiveness and strategy of the reinsurance in 2024 did not change.

The parameters of the reinsurance program meet all internal requirements of Vienna Insurance Group as well as the requirements of insurance supervision.

Claim Settlement

In the area of life insurance, KOMUNÁLNA poisťovňa continued to place particular emphasis on the quality and speed of processing reported insurance claims during 2024. For selected products, there is a benefit of fast-track claim handling within 24 hours of reporting an insurance claim. Thanks to the possibility of reporting insurance claims contactless via the website or electronically by e-mail, the duration and quality of the claim handling process were significantly shortened and increased. The efficiency and safety of each part of the process and the detection of cases that showed signs of suspicious claims or unusual business operations were also ensured.

The year 2024 was accompanied by an increase in the number of reported claims in motor insurance. On the contrary, in property and general liability insurance, the company recorded a decrease, despite the fact that several natural disasters occurred in the given period with a higher frequency of reported claims, as well as a total amount of damage that exceeded one million euros. Positive development was recorded in the area of claims settled. Overall, more claims were processed than were reported during the monitored period. The increase in claim settled can be observed in all branches of non-life insurance.

The development in the area of claims in 2024 was also largely influenced by the increase of the prices of work and materials, the increase in the value of the point for compensating for health damage (which was reflected in increased costs for insurance claims), as well as the growth in the amount of the average damage. The key activities of the insurance company were focused on continued digitalization, partial automatization, as well as streamlining these processes. The main emphasis was placed on the speed and quality of handling insurance claims. Clients predominantly used electronic and telephone forms of communication, reporting claims via the website and mobile application for reporting claims from car insurance. Clients continued to use the professional services of the network of contractual services and the speed of the service provided.

Human Resources

The key to the company´s success are satisfied and motivated employees and this also represents the basic approach of KOMUNÁLNA poisťovňa within the framework of human resources management processes, which is based on creating a quality working environment and adequate conditions for employees.

The effectiveness of the HR policy is regularly assessed through employee satisfaction surveys. It is determined what is important to employees, how satisfied they are, what they need most and what would help to positively influence their work results. Based on these analyses, decisions are made to adjust benefits, including financial ones, improve working conditions, support open communication and also in the area of digitalization.

The company supports flexible work and places great emphasis on creating an environment that allows employees to maintain balance in their lives. The company pays special attention to the area of mental health. Employees have the opportunity to use the Employee Counselling program, which provides professional counselling and consultations of a psychological, legal and financial nature. The company also continues to offer webinars dedicated to the aforementioned topics of maintaining balance in life, supporting mental health and applying principles of diversity, which it also perceives as a part of personal development.

One of the topics that Vienna Insurance Group considers important is diversity. KOMUNÁLNA poisťovňa has long maintained a high proportion of women among employees, including in management positions, where 45 per cent of women work at the board of directors and B-1 management level.

In accordance with the personnel strategy, the company supports the development and education of employees by participating in various training courses and seminars, continuing the company's management and employee training project with a focus on topics supporting the development of leadership and managements skills, supporting communication, solving problems of accepting changes and engagement.

Corporate Social Responsibility

The position of a strong company brings with it a commitment in the form of responsibility towards the environment in which it operates and the people who live in it. The company´s CSR activities are based on the basic value setting of KOMUNÁLNA poisťovňa and the Vienna Insurance Group, which are respect in relation to employees, co-workers and clients as well as the determination to support projects that help the community.

In 2024, KOMUNÁLNA poisťovňa supported the Young Community Leaders project for the Foundation of the Children of Slovakia. It follows on from the Let´s Connect Our Heads! Program, which has been running for several years and its goal is to support projects in which young people aged 16-26 are actively involved in the preparation and implementation. They focus primarily on the engagement of young people in community life and the acquisition of skills necessary for the implementation of related activities, whether in the field of environmental protection, education, culture or community education.

For five years, KOMUNÁLNA poisťovňa has been cooperating with the non-profit organization Dom Svitania, where people with disabilities work in a sheltered workshop. Their products are traditionally part of the company's merchandise, but the cooperation also extends to personal interactions, when company employees also participate in activities directly in the headquarters of the non-profit organisation.

KOMUNÁLNA poisťovňa is a traditional partner of cities and municipalities not only in the field of insurance, but also in supporting life in the regions. Last year, it supported almost 170 sports, cultural and social events organized by city and municipal councils for their communities.
One example of direct volunteer involvement of the company´s employees is the internal volunteer project Social Active Day, which helped to improve the appearance and the premises of kindergartens, villages, foundations and social facilities.

Also in 2024, the concept of social responsibility included a project to support financial literacy, the aim of which was to explain the importance of insurance based on specific life situations and at the same time remind people of the necessity to follow specific procedures when insurance events occur. The format was chosen so that it would not only list what a specific type of insurance covers, but also show what steps the client should take at such a moment. KOMUNÁLNA poisťovňa thus continues its strategy of non-discriminatory communication, where information is provided in a away that every client ca understand, regardless of their type of education and previous experience.

An important part of the agenda in the area of social responsibility is also the topic of the environment and its sustainability for future generations. In case of energy management, KOMUNÁLNA poisťovňa tries to promote changes that have a positive impact on the environment and contribute to reducing the carbon footprint. When purchasing electricity , the insurance company prefers to cooperate with energy providers who provide supplies of „green energy“ produced primarily from renewable sources. As in the previous year, in 2024, the emphasis was placed on energy efficiency in our own buildings and methods such as adjusting the setback operation of heating and cooling systems, as well as reducing the heating and cooling temperature itself, were applied. At the end of the year, a test run of building setbacks was carried out outside of standard practice, which resulted in a further reduction in total energy consumption. In parallel, investments related to increasing the energy efficiency of our own buildings continued. Waste sorting is also part of our environmental measures and therefore we continue to consistently separate waste in all our buildings.

Information Technologies and Digitization

In the area of information technology, the company continued to fulfil its strategic goals, which primarily meant intensive support of business activities and internal processes with a focus on improving the quality of services provided and customer comfort. The functional joint back-office of the companies KOOPERATIVA poisťovňa and KOMUNÁLNA poisťovňa also continued. The use of services of joint data centres and a centrally maintained insurance-technical system has brought synergistic effects when implementing new functionalities.

The digitalization of business processes also included sales support in the form of online product calculators and automatic import into the insurance technical system. The preference of paperless sales and service contributed to the reduction of manual activities and increased efficiency of client business processes. The modernization of the main insurance-technical system, automation of data processing and a smooth transition of automation of data preparation and data processing for IFRS17 financial statements were also progressed.

As part of the IT infrastructure lifecycle strategy, the company invested in the renewal of servers, storage capacities, network devices and continued to renew user hardware. The measures taken allowed to optimize energy consumption and contributed to reducing overall operating costs. An unified OpenAPI technology platform was introduced to simplify integrations with partners, which provided space for more efficient data exchange, improved access to interfaces and accelerated the deployment of digital solutions for existing and new products. It also enabled a smooth data exchanged and reduced manual work in the data processing process.

One of the most sensitive areas today is cyber security. Given the requirements for data protection, the ability to detect and respond to threats was strengthened by introducing centralized monitoring and a new endpoint protection system, which increased an overall level of protection and incident prevention. Regular security audits, including internal and external assessments, contributed to the identification and elimination of vulnerabilities. Penetration tests and application testing ensure the robustness of systems against potential threats.

To increase development flexibility, tools were implemented to automate the deployment processes of software solutions. Solution were introduced for effective application and microservice lifecycle management, which set the trend for rapid deployment of new features and enhanced transparency of deployment and management.

Key business applications and database systems were updated and migrated to ensure their reliability and performance. Changes were introduced to increase the automation of administrative processes and improve user support by modernizing internal request management solutions. The company implemented new advanced monitoring tools that enabled proactive anomaly detection and predictive system maintenance, thereby reducing the number of incidents and unplanned outages. At the same time, activities aimed at expanding the cloud infrastructure were intensified to increase the flexibility and scalability of IT services.

The deployed solutions enable more effective data management and faster response to changes in business requirements. Modern tools for project and requirement management and tracking of their progress were introduced, which supported better coordination of teams and increased task transparency. The new solutions cover the entire software development life cycle, from planning and requirements entry to deployment, which made collaboration more efficient and accelerated the implementation of projects and requirements.

Given the company´ s emphasis on project investment management, a project portfolio committee was established. Management of strategic back-office innovation activities continued and necessary processes were continuously mapped.

Continued digitalisation has resulted in improved and faster internal processes and services for both individuals and legal persons. Clients of KOMUNÁLNA poisťovňa respond extremely positively to the providing of electronic services via the e-KOMfort client portal, which allows them to submit their requests with fast feedback in the form of paperless communication – for example, in the MTPL sector, automatic processing of requests for the termination of the subject of insurance sent via the e-KOMfort portal was implemented. Digitalization has also had a positive impact on cost savings and the affordability of insurance premiums. In 2024, the company also analysed and reassessed the needs of some interventions sent to sales representatives, which made the conclusion of insurance contracts more efficient and reduced bureaucracy towards clients. Another significant change was the decentralization of the insurance contract administration department, which led to an increase in the quality of services provided to clients.

Risk Management

Risk management is an integral part of the company´s operative business. Risk management processes are directed towards assuring its financial strength and promoting its sustainable growth. They consist of identifying and quantifying risks, designing and possibly implementing mitigation measures. The company´s risk management system is in accordance with the policy of the VIG Group and with current legislation under Solvency II.

Based on its insurance activities, KOMUNÁLNA poisťovňa is naturally exposed to various types of risks, mainly insurance and financial risks, as well as non-financial risks arising from business activities, such as operational, reputation and strategic risk. To assess individual risks, the company uses quantitative and qualitative assessment. A risk that may have a material adverse effect on the financial position of the company and its results is considered material.

The company has implemented a comprehensive risk management process, known as risk inventory, which provides information on the setting and development of the company´s overall risk profile. This process consists of identifying and regularly reviewing of all risks using quantitative and qualitative methods. The identified risks are classified into 10 basic risk categories. The company approaches the management of all risks responsibly and prudently with the aim of reducing or completely eliminating them.

To assess quantitative risks, the company uses the statutory standard formula (SF), with the exception of the main categories of non-life underwriting risk, which is assessed using the partial internal model (PIM). This model also adequately reflects credit spread risk after applying appropriate hedge modelling. Qualitative risks / non-financial risks are reassessed using the expert assessment method within the internal control system.

Life underwriting risk

Life underwriting risk is defined by the company as the risk of loss or adverse change in the value of insurance liabilities due to inappropriate assumptions and methods used in determining prices, reserves and the company´s profit reported under IFRS 17. The subcategories of life underwriting risk are mortality risk, longevity risk, morbidity risk, laps risk, expense risk, revision risk and life catastrophe risk. With regard to the structure of the life insurance portfolio, the standard formula used for the life underwriting risk is considered appropriate to reflect the underwriting activity, while providing a conservative risk assessment.

Health underwriting risk

Health underwriting risk is defined as a risk of an adverse change in the value of insurance liabilities due to inappropriate assumptions regarding pricing and reserves and the company´s profit reported under IFRS 17 for health risk products. The main health underwriting risks include similar to life techniques (SLT) health underwriting risk, not similar to life techniques (NSLT) health underwriting risk and catastrophe risk of health insurance. The solvency capital requirement for health underwriting risk is calculated using the standard formula. Based on the exposure of the health insurance portfolio, the standard formula is considered to be appropriate.

Non-life underwriting risk

Non-life underwriting risk is the risk of an adverse change in the value of existing insurance liabilities due to insufficient premiums or insufficient technical reserves as well as the risk of future liabilities arising from the expected portfolio in the time horizon of one year. In case of anticipated future liabilities, the most significant risk is the frequency and severity of insurance events.

The company assesses non-life underwriting risk using the partial internal model that was approved on December 23, 2015 with effect from January 1, 2016. The reasons for implementing PIM are mainly that the standard formula for the premium risk and reserve risk is based on average data at European level and therefore it does not adequately reflect the risks of non-life insurance in the company´s portfolio. On the other hand, PIM enables cash flow projection based on the relevant history of the company, thus providing a direct link to the business activity.

Operational risk

Operational risk is the risk of loss resulting from deficiencies or failures of internal processes, personnel, systems or from external events. The value of the operational risk is determined by SF based on the volume of insurance premiums and the value of the best estimates of technical provisions. The qualitative operational risk assessment provides an assessment of the company's operational risks based on an assessment of the potential risk exposure (priority) determined based on the expected operational loss (severity) and the frequency of occurrence after considering existing controls. Regular reassessment of these risks as well as control mechanisms is carried out within the framework of the established internal control system. The results are aggregated for each of the 12 operational risk categories.

Insurance risk management as well as financial risk management, which includes, in particular, market risk, credit spread risk and liquidity risk, is described in more detail in a separate chapter in Note 4 to the financial statements.

In the reporting as of December 31, 2021, KOMUNÁLNA poisťovňa applied for the first time the temporary reduction of technical reserves (TM), referred to in Article 308d of Directive 2009/138/EC in relation to obligations arising from insurance contracts, which are classified under the group of activities marked „30. Profit-sharing insurance" according to Annex I letter D. „Liabilities arising from life insurance" of the delegated EU regulation supplementing Directive 2009/138/EC and originated before January 1, 2016 and were valid on the date of application, i.e., as of July 23, 2021, including pure endowment life insurance, whole life insurance, whole life, endowment insurance with premium refund, pension insurance and have a technical interest rate guarantee from 1.9 per cent to 6.0 per cent.

Financial Investments

In 2024, investments reached a value of EUR 249.11 million. The insurance company repaid a reinsurance deposit in the amount of EUR 17.7 million. This is mainly why the value of investments decreased year-on-year. Debt securities traditionally have the highest share of financial assets. At the end of the year, the company optimized its bond portfolio aimed at reducing portfolio risk. As part of the optimization, it increased the share of government bonds, slightly increased the yield of bonds and increased the duration of the portfolio. In 2024, the company continued to invest in alternative investments through a mutual fund created for the VIG Group. Further details are provided in the notes to the financial statements (notes 5, 9, 10, 23).

Income from Financial Assets and Assets Covering Reserves

In 2024, the company generated earnings from financial assets and assets covering reserves at the level of EUR 4,1 million, mainly from debt securities and investments on behalf of the insured. Further details are provided in the notes to the financial statements (Note 18).

Profit Distribution Proposal

KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group posted a profit after tax of EUR 4.079 million in 2024. The Managing Board proposes to the General Assembly to distribute the profit as follows:

Profit after tax	4 078 573,57 euros
Dividends	3 100 000,00 euros
Retained earnings	978 573,57 euros

The profit distribution will be submitted to the General Assembly for approval on April 1, 2025.

Other Important Information

No events occurred after the balance sheet date that could have a material effect on the presentation of events in the financial statements and annual report.

The company did not expend any finances on research and development.
During the accounting period 2024, the company did not acquire its own shares, temporary certificates, business shareholdings and shares, or temporary certificates and shares in the parent company to its own portfolio.
The company does not have any organisational units abroad.

The company used the exception from the obligation to individually report sustainability information under sec. 20c par. 16 of the Accounting Act and does not report sustainability information as of

December 31, 2024. The consolidated annual report containing consolidated sustainability information and the assurance report on sustainability reporting for the period ending December 31, 2024, in accordance with Directive 2022/2464 of the European Parliament and the Council of December 14, 2022 (the „CSRD Directive“), is prepared by Vienna Insurance Group AG Wiener Versicherung Gruppe, Schottenring 30, 1010 Vienna, Austria (registered court address: Handelsgericht Wien, 1030 Wien, Marxergasse 1a, DVR: 0000550922) and will be available on the website: https://group.vig/en/sustainability/ under the title 2024-sustainability-report.pdf

Estimated Development of the Entity

Long-term objective of KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group is to be a modern and stable company. It values the trust of its clients and business partners, which is something the company plans to reinforce again in 2025, by providing quality products and services. In order to ensure a high level of customer satisfaction, the company plans to continue to improve its co-operation with external partners.

The company´s business strategy monitors the achievement of set quantitative and qualitative targets, through these key tools:

Short-Term Objectives

- increase in new production in current paid life insurance (especially in the risk life insurance segment) and at the same time achieving the planned CSM sustainability index (ratio of new business creation to dissolution of Contractual Service Margin)
- continued growth in property insurance of individuals and legal entities
- stabilisation of the mandatory contractual insurance portfolio with the intention of moderate growth
- increase of profitability of motor hull insurance
- application of a structured business interview in the form of a Comprehensive Client Service, as a tool for identifying the client´s needs and concluding insurance according to the identified requirements

Medium-Term Objectives

- product innovation with emphasis on comprehensive solutions for clients
- digitization and computerisation of sales and services
- implementation of the CRM system in the cloud with the possibility of extending the application to the KONTINUITA network, using an innovative system of recruitment, selection and adaptation of new salespeople in the sales service
- promotion of the principles of societal, environmental and social management of the company
- strengthening and expanding co-operation with Association of Towns and Municipalities of Slovakia within the framework of the Exclusive Cooperation Agreement

Long-Term Objectives

- stable company growth in the area of expanding the number of clients, premium revenues and economic result
- continuation of digital transformation and cooperation of projects of VIG Slovakia companies
- activity and performance management in the sales network aimed in particular at increasing new production in retail products segment and increasing the number of concluded insurance contracts per salesperson
- personal development plans and a dedicated hard and soft skills training program, especially for agents and middle management
- education and developing the skills of back-office employees through organized training events, participation in specialist trainings, seminars and conferences on current topics

KOMUNÁLNA poisťovňa has been offering its services to clients for more than three decades and in 2001 strengthened its position by becoming part of the Vienna Insurance Group. In addition to improving the quality of the product portfolio and the efficiency of processes, the common strategy also focuses on increasing environmental, social and management standards. This is also reflected in the areas of diversity, volunteer activities, or support for cultural, sports and social events in cities and villages throughout Slovakia. The company´s strength is the consistent application of the strategy of an individual approach to each client, which was also reflected in the assessment of the quality of the services offered, when KOMUNÁLNA poisťovňa was awarded for its compulsory contractual and motor hull insurance.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board received from the Managing Board the annual financial statements as of 31.12.2024 including the 2024 economic result distribution proposal, Report of the Managing Board on economic results, business activities and assets of the company as of 31.12.2024, as well as the 2024 annual report, which the Supervisory Board studied and thoroughly reviewed.

As a result of this review, the Supervisory Board adopted unanimous resolution, approving the regular individual financial statement prepared by the Managing Board as of 31.12.2024, including the Annex, the economic result distribution proposal for the 2024 financial year, the report of the Managing Board on economic results, business activities and assets of the company at 31.12.2024, as well as the 2024 annual report.

The Supervisory Board concludes that it has exercised the opportunity, either in whole or in part, through its Chairman and Deputy-Chairman of the Supervisory Board to continuously, throughout the year, review the operations of the company's Managing Board. Consultations were held with individual Members of the Managing Board, who on the basis of accounting records and documents provided answers and explanations regarding the conduct of the company's business affairs.

In 2024, the company held one ordinary General Assembly Meeting, one extraordinary General Assembly Meeting and five meetings of the Supervisory Board.

The Supervisory Board announces to the General Assembly, that the annual financial statements as of 31.12.2024 were audited by auditors KPMG Slovakia, s.r.o., that the Supervisory Board received the auditors' report, which it studied and reviewed and notes that this audit does not ultimately gives reason for objections.

The Supervisory Board hereby declares that it has nothing further to add to the auditors' report.

The Supervisory Board further informs that pursuant to § 18, par. 3) letter m) of the Articles of Association the General Assembly is authorized to approve contracts as per § 196a of the Commercial Code. In order to provide practical approach, the General Assembly authorises the Supervisory Board to enter into contracts as per § 196a of the Commercial Code.

In 2024 fiscal year, the company's Supervisory Board did not grant any permission to enter into contracts according to § 196a of the Commercial Code.

Bratislava, April 2025

Hartwig Löger
Chairman of the Supervisory Board

AUDITOR'S REPORT

KPMG Slovensko spol. s r. o.
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811 02 Bratislava
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Translation of the Independent Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Shareholder, Supervisory Board and Board of Directors of KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group (the "Company"), which comprise:

- the statement of financial position as at 31 December 2024;

and, for the period then ended:

- the statement of other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;

and

- notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. 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 Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following key audit matters:

Measurement of liability for remaining coverage for life insurance contracts not measured under the premium allocation approach (PAA)

The net carrying amount of liability for remaining coverage for life insurance contracts not measured under the PAA: credit balance EUR 118 587 thousand as at 31 December 2024 and EUR 133 422 thousand as at 31 December 2023.

Refer to note 3. "Significant accounting policies and note 13. "Insurance and reinsurance contracts" of the financial statements.

Key audit matter	Our response
The outstanding balance (debit or credit) of liability for remaining coverage for life insurance contracts not measured under PAA (LRC) represents a significant element of, respectively, insurance contract assets and liabilities in the Company's statement of financial position. In measuring the LRC, management is required to estimate the present value of future cash flows (PVFCFs), risk adjustment for non-financial risk (RA) and contractual service margin (CSM). Measurement of the PVFCFs requires the management of the Company to apply professional judgment, as well as complex and subjective assumptions, including those with a long-time horizon. Those assumptions are treated as inputs into the cash flow models using actuarial methods. PVFCFs and further data and assumptions are then used to calculate the RA and CSM. Relatively insignificant changes in the key assumptions may have a material impact on the amount of the LRC. The key assumptions include: • mortality and morbidity rates, • lapse ratios, • cost per policy, • coverage units, and • discount rates.	Our audit procedures, performed with the assistance of our own IT audit and actuarial specialists, included, among others: • evaluating the Company's methods and models applied in estimating the LRC, for consistency of application and also against relevant legal, regulatory and financial reporting requirements; • testing the design, implementation and operating effectiveness of selected IT-based and manual controls within the process of measuring the LRC, including those over: o creating and updating actuarial assumptions; o quality of underlying data, including completeness of the insurance policy portfolio data used; and o integrity of the actuarial model for PVFCFs; • performing a retrospective assessment of the Company's cash flow model estimates by comparing the prior year's cash flow predictions to the actual outcomes; • testing, on a sample basis, the relevance and reliability of the key data elements used in the cash flow projections by reference to underlying insurance policies; • challenging the key actuarial assumptions used by the Company, as follows:

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Complex models using forward-looking assumptions tend to be prone to greater risk of management bias, error and inconsistent application. These conditions necessitate our additional attention in the audit, in particular to address the relevance and reliability of data sources used for the assumptions, and their consistent application. For the above reasons, the audit team considered the liability for remaining coverage for life insurance contracts not measured under PAA to be a key audit matter.	○ mortality and morbidity rates, lapse ratios and cost per policy - by reference to Company's historical studies or external market data; ○ coverage units – by independent recalculation for a sample of contracts using underlying insurance policy data; ○ discount rates – primarily by reference to risk free rates obtained from publicly available external sources; • based on the outcome from the preceding procedures, independently estimating the CSM as at 31 December 2024 for the entire insurance portfolio; • Examining whether the LRC-related disclosures in the financial statements appropriately address the qualitative and quantitative requirements of the relevant financial reporting standards.

Measurement of liability for incurred claims (LIC) for non-life insurance contracts under the premium allocation approach (PAA)

The carrying amount of LIC for non-life insurance contracts under PAA: EUR 57 505 thousand as at 31 December 2024 and EUR 60 764 thousand as at 31 December 2023.

Refer to note 3. "Significant accounting policies and note 13. "Insurance and reinsurance contracts" of the financial statements.

Key audit matter	Our response
Liability for incurred claims for non-life insurance contracts under PAA (LIC) constitutes a significant element of insurance contract liabilities in the Company's statement of financial position. In measuring the liability, management was required to establish: • present value of future cashflows for claims that occurred until 31 December 2024; and • risk adjustment for non-financial risk arising from uncertainty in the said cashflows. Measurement of the liability requires the Company to apply significant judgment as well as complex and subjective assumptions. Management estimates LIC using a complex model, with key assumptions including those in respect of the claims development factors and discount rate. The relevance and reliability of the data underlying the actuarial projections is also an area of our audit focus.	Our audit procedures, performed with the assistance of our own actuarial specialists, included, among others: • Testing of the design, implementation and operating effectiveness of selected controls within the actuarial process, including those over management's determination and approval of actuarial assumptions and LIC measurement model's output; • Performing a retrospective assessment of the LIC estimation by comparing the prior year's estimate with the actual outcomes; • Evaluating the methods and models used in the measurement of LIC against the relevant financial reporting requirements and market practice; • Assessing whether the claims development factors assumptions used by the Company was properly extracted from its experience studies;

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In addition, a number of acceptable actuarial methods exist for determining the liability for incurred claims, including methods for estimation of the present value of future cashflows and of the risk adjustment for non-financial risk. In the wake of the above factors, satisfying ourselves regarding measurement of LIC for non-life insurance contracts under PAA required our increased attention in the audit and as such was determined to be a key audit matter	• Assessing the discount rate primarily by reference to risk free rates obtained from publicly available external sources; • Tracing the claims data underlying the actuarial projections to source systems and, on a sample basis, to the underlying policy and claims documentation; • Using the Company's historical claims data and assumed discount rate and our own assumptions as to the future claims development, independently estimating LIC for selected groups of insurance contracts; • Examining whether the Company's disclosures in the financial statements relating to LIC for non-life insurance contracts under PAA appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.

Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body 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, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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;

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body;
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Reporting on other information in the Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting") but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the other information in the Annual Report that we have obtained prior to the date of the auditors' report on the audit of the financial statements, and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With respect to the Annual Report, we are required by the Act on Accounting to express an opinion on whether the other information given in the Annual Report is consistent with the financial statements prepared for the same financial year, and whether it contains information required by the Act on Accounting.

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Based on the work undertaken in the course of the audit of the financial statements, in our opinion, in all material respects:

- the other information given in the Annual Report for the year ended 31 December 2024 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of the audit of the financial statements, we are required by the Act on Accounting to report if we have identified material misstatements in the other information in the Annual Report. We have nothing to report in this respect.

Additional requirements on the content of the auditors' report in accordance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and in accordance with Code of Ethics for an Auditor

Appointment and approval of an auditor

We have been appointed as a statutory auditor by the statutory body of the Company on the basis of approval by the General Meeting of the Company held on 30 March 2022. The period of our total uninterrupted engagement, including previous renewals (extensions of the period for which we were originally appointed) and reappointments as statutory auditors, is 7 years.

Consistency with the additional report to the audit committee

Our audit opinion as expressed in this report is consistent with the additional report to the audit committee of the Company, which was issued on the same date as the date of this report.

Non-audit services

No prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities were provided and we remained independent of the Company in conducting the audit.

For the period to which our statutory audit relates, we have not provided any other services to the Company which are not disclosed in the Annual Report or the financial statements of the Company.

Audit firm:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Slovenská komora audítorov SKAU Č.licencie 96 KPMG Slovensko spol. s r.o.

Responsible auditor:
Ing. Štefan Karšay
License UDVA No. 1210

Bratislava, 13 March 2025

KOMUNÁLNA poisťovňa, a.s.
Vienna Insurance Group

Independent Auditors' Report
and Financial Statements as at
31 December 2024 prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union

ANNUAL FINANCIAL STATEMENTS AND COMMENTS

Individual statement of financial position

(All amounts are in thousands of EUR, unless otherwise noted)

ASSETS	Note	2024	2023
Property, plant and equipment	5	11 266	10 538
Investment property	8	1 320	1 161
Intangible assets	6	5 345	5 570
Right-of-use assets	7	2 117	2 680
Financial investments:			
- measured at amortised cost	9	20 746	17 297
- measured at FVOCI	9	158 691	188 823
- measured at FVTPL	9	53 612	55 854
Other receivables		1 181	1 008
Insurance contract assets	13	4 861	2 417
Reinsurance contracts assets	13	24 893	8 580
Deferred tax asset	15	3 319	5 248
Other assets		307	62
Cash and cash equivalents	10	5 003	3 952
Income tax receivables		-	1 455
Total assets		**292 661**	**304 645**
EQUITY			
Share capital	11	18 532	18 532
Share premium		15 326	15 326
Legal reserve fund and other reserves	12	12 490	11 029
Retained earnings		14 361	12 912
Equity Total		**60 709**	**57 799**
LIABILITIES			
Insurance contracts liabilities	13	217 269	230 895
Reinsurance contract liabilities	13	488	1 691
Non-technical provisions	16	82	67
Trade and other liabilities	14	14 109	14 193
Income tax liability		4	-
Total liabilities		**231 952**	**246 846**
Total equity and liabilities		**292 661**	**304 645**

The Board of Directors approved these financial statements for publication on 12 March 2025.

Ing. Slávka Miklošová
Chairman of the Board of Directors
General Director

Mag. Ulrich Prangl
Member of the Board of Directors

Statement of comprehensive income

(All amounts are in thousands of EUR, unless otherwise noted)

	Note	2024	2023
Insurance revenue	17	103 492	94 649
Insurance service expenses	19	-90 596	-87 035
Net expenses from reinsurance contracts	13	-6 603	-6 791
Insurance service result		**6 294**	**823**
Net financial and insurance result	18	**2 307**	**7 017**
Interest revenue calculated using the effective interest method	18	5 668	6 224
Other investment revenue	18	-1 470	3 711
Net impairment loss on financial assets	18	40	1 555
Investment return		**4 238**	**11 490**
Net finance expenses or income from insurance contracts	18	-2 437	-4 827
Net finance expenses or income from reinsurance contracts	18	505	354
Insurance finance result		**-1 931**	**-4 473**
Other income		279	649
Oher operating expenses	19	-3 451	-2 567
Profit before tax		**5 429**	**5 922**
Income tax	21	-1 350	-2 138
Profit after tax		**4 079**	**3 784**
Items that will not be reclassified to profit or loss (equity investments at FVOCI)		*19*	*31*
Other comprehensive income and losses (items which may be reclassified to profit or loss)		*1 442*	*1 266*
Net finance expense or income of insurance contracts	13, 18	-2 106	-6 649
Net finance expense or income of reinsurance contracts	13, 18	466	1 336
Debt investments at FVOCI			
Net change in fair value	12,18	3 830	7 300
Net amount reclassified to PL	12,18	184	184
Deferred tax		-913	-905
Other comprehensive income and losses, net of tax	12	**1 461**	**1 297**
Total comprehensive income for the period		**5 541**	**5 081**

Statement of changes in equity

(All amounts are in thousands of EUR, unless otherwise noted)

	Share capital	Share premium	Legal reserve fund and other funds	Revaluation differences from FVOCI	Revaluation differences from insurance contracts	Retained earnings and current year profit or loss	Total equity
Balance as at 1 January 2023	**18 532**	**15 326**	**3 431**	**-9 263**	**15 288**	**9 404**	**52 718**
Profit after tax	-	-	-	-	-	3 784	3 784
Reserve fund	-	-	276	-	-	-276	-
Other comprehensive loss for 2023	-	-	-	5 311	-4 014	-	1 297
Total comprehensive income and loss	-	-	276	5 311	-4 014	3 508	5 081
Transactions with shareholders							
Dividends paid (Note 12)	-	-	-	-	-	-	-
Restated balance as at 31 December 2023	**18 532**	**15 326**	**3 707**	**-3 952**	**11 274**	**12 912**	**57 799**
Profit after tax	-	-	-	-	-	4 079	4 079
Reserve fund	-	-	-	-	-	-	-
Other comprehensive loss for 2024	-	-	-	3 081	-1 620	-	1 461
Total comprehensive income and loss	-	-	-	3 081	-1 620	4 079	5 540
Transactions with shareholders							
Dividends paid (Note 12)	-	-	-	-	-	- 2 630	-2 630
Balance as at 31 December 2024	**18 532**	**15 326**	**3 707**	**-871**	**9 654**	**14 361**	**60 709**

Statement of cash flows

(All amounts are in thousands of EUR, unless otherwise noted)

	2024	2023
Cash flow from operating activities		
Profit after tax	4 079	3 784
Adjustments for:	-	
Depreciation and amortisation	2 591	2 599
Impairment and reversal of impairment of current and non-current assets	-	-
Profit/Loss on disposal of PPE, intangible assets and investment property	-	-
Profit/Loss on sale and revaluation of financial assets	-40	-1 555
Gains/losses on disposal of subsidiaries and associated companies	-	-
Dividends income	-80	-80
Interest expense	-	-
Interest income	-5 668	-6 224
Other income/expenses not involving movements of cash	1 015	1 881
Change in receivables	-173	-83
Change in insurance contract assets and liabilities	-18 177	-10 022
Change in reinsurance contract assets and liabilities	-17 049	2 967
Change in other assets, prepayments and accrued income	-245	42
Change in payables	-84	-98
Change in liabilities to banks	-	-
Change in liabilities to non-banks	-	-
Change in other liabilities, accruals and deferred income	-	-
Change in other provisions	15	-30
Interest on securities received	-	-
Dividends received	-	-
Purchase of financial assets at AC	-2 781	-11 833
Purchase of financial assets at FVTPL	3 394	23 650
Purchase of financial assets at FVOCI	36 565	-2 216
Interest received on loans granted	-	-
Loans granted, loans repaid	-	-
Proceeds from financial assets at AC	-158	-202
Proceeds from financial assets at FVTPL	-1 152	-5 170
Proceeds from financial assets at FVOCI	2 860	1 741
Income taxes paid	1 459	-2 053
Other	-	-
Net cash flow used in / from operating activities	**6 371**	**-2 902**
Cash flow from investing activities		
Purchase of tangible assets and intangible assets	-2 569	-2 353
Purchase of investment property	-204	-82
Acquisition of subsidiaries and associated companies	-	-
Proceeds from disposals of tangible and intangible assets	83	59
Proceeds from sale of investment property	-	-
Proceeds from disposal of subsidiaries and associated companies and other proceeds from subsidiaries	-	-
Net cash flow used in investing activities	**-2 690**	**-2 376**
Cash flow from financing activities		
Payment of lease liability	-	-
Interest paid	-	-
Dividends paid to shareholders	-2 630	-
Net cash flow from financing activities	**-2 630**	-
Net decrease/increase in cash and cash equivalents	**1 051**	**-5 278**
Cash and cash equivalents as at 1 January	**3 952**	**9 230**
Cash and cash equivalents as at 31 December	**5 003**	**3 952**

The Company classifies cash flows from purchases and sales of financial assets as operating cash flows, as purchases are financed from cash flows from insurance contracts issued.

(All amounts are in thousands of EUR, unless otherwise noted)

1 General information

KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group ("the Company") was established on 19 October 1993 and incorporated in the Commercial Register on 1 January 1994. The Company obtained a license to perform insurance activities on 12 November 1993.

The Company has been in the insurance business since 1993. It specialises in insurance of all categories of properties, third party liabilities and other interests, plus insurance of individuals and foreign interests.

The structure of the Company's shareholders as at 31 December 2024 is as follows:

31 December 2024	**Share in the registered capital**		**Voting rights**
	ths.	**%**	**%**
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	18 532	100	100

The structure of the Company's shareholders as at 31 December 2023 is as follows:

31 December 2023	**Share in the registered capital**		**Voting rights**
	ths.	**%**	**%**
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	18 532	100	100

The ultimate parent and controlling company is Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung, Schottenring 30, 1010 Vienna, Austria.

In 2024, the average number of employees is 377, of which 5 are in managing positions (in 2023: 375, 5 were in managing positions).

The Company's statutory representatives are as follows:

Board of Directors:	**as at 31 December 2024**	**as at 31 December 2023**
Chairman:	Ing. Slávka Miklošová	Ing. Slávka Miklošová
Members:	JUDr. Zuzana Brožek Mihóková	Mgr. Blanka Hatalová (until 30 April 2023)
	RNDr. Milan Fleischhacker	JUDr. Zuzana Brožek Mihóková
	Ing. Igor Saxa	RNDr. Milan Fleischhacker
		Ing. Igor Saxa
	Mag. Ulrich Prangl	Mag. Ulrich Prangl (from 1 May 2023)

Supervisory Board:	**as at 31 December 2024**	**as at 31 December 2023**
Chairman:	Hartwig Loger (from 1.1.2024)	Dr. Peter Thirring (until 31.12.2023)
Vice-chairman:	Dr. Peter Thirring (from 1.1.2024 until 26.3.2024) Gábor Lehel (from 26.3.2024 until 31.12.2024)	Hartwig Löger
Members:	Ing. Jana Bibová	Ing. Jana Bibová
	Mag. Christian Brandstetter	Mag. Christian Brandstetter
	Mgr. Magdaléna Adamová	Mgr. Magdaléna Adamová
	Jana Gregorová	PhDr. Michal Kaliňák, Phd. (until 12 May 2023)
	Ing. Zuzana Špačeková	Ing. Zuzana Špačeková (from 7 June 2023)

The Company's address

KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group
Štefánikova 17,
811 05 Bratislava, Slovak Republic

Identification number: 0031595545
Tax identification number: 2021097089

These financial statements have been prepared in accordance with Article 17a), paragraph 1, of Accounting Act 431/2002, as amended, and in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") on the going concern assumption. These financial statements were approved by the Board of Directors on 12 March 2025.

The Company is part of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Group). Consolidated financial statements will be prepared in accordance with IFRS by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Schottenring 30, 1010 Vienna, Austria (Address of the register court: Handelsgericht Wien, 1030 Vienna, Marxergasse 1a, DVR: 0000550922).

These financial statements have been prepared under the historical cost convention, except for the financial assets measured at fair value through other comprehensive income, and financial assets at fair value through profit or loss and insurance contracts and reinsurance contracts held at present value and contractual service margin.

The preparation of financial statements in accordance with IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are:

- classification of securities (Note 3)
- classification of insurance and reinsurance contracts (Note 3)
- measurement of the fair value of instruments (Note 9)
- measurement of insurance and reinsurance contracts (Note 13)
- impairment of securities (Note 9)

All figures in the Notes are shown in thousands of EUR, unless stated otherwise.

The accounting policies described below have been applied consistently in all periods shown in these financial statements.

These financial statements have been prepared using the going concern assumption.

2 Adoption of new or revised standards and interpretations

2.1 Standards and interpretations not applied

The following new and amended standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Company has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on the Company’s financial statements when become effective, except for IFRS 18.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability Disclosures
- Annual Improvements to IFRS Standards – Volume 11

3 Significant accounting policies

3.1 Foreign currency translation

(i) Functional and presentation currencies of the financial statements

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

(ii) Transactions and balances

Foreign currency transactions are converted into functional currency using the exchange rates issued by the National Bank of Slovakia/ European Central Bank, effective as at the transaction day, or the reporting date of the financial statements. Foreign exchange gains and losses from the settlement of such transactions, and from the conversion of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.
Differences from the translation of non-monetary financial assets and liabilities are recognised as part of the gain and loss from changes in fair value. Differences from the translation of non-monetary financial assets, such as equity securities classified as fair value through other comprehensive income (FVOCI), are included in equity as part of the revaluation reserve of such securities.

3.2 Property, plant and equipment

(i) Acquisition cost

Property, plant and equipment represent immovable property and equipment. Each item of premises and equipment is recognised at cost, less accumulated depreciation and any recognised impairment losses. Acquisition costs include all expenditures that are directly attributable to the acquisition of the respective asset. Subsequent expenditure is included in the carrying amount of the asset or recognised as a separate asset only if it is probable that future economic benefits associated with the asset will flow to the Company, and the amount of expenditure can be measured reliably. Expenses for all other repairs and maintenance are charged to profit or loss in the period in which they are incurred.

(ii) Depreciation

Land is not depreciated. Depreciation of other assets is calculated on a straight-line basis, to allocate the difference between their acquisition cost and residual values over their estimated useful lives.

The estimated useful lives of individual asset groups are as follows:

Buildings	50 years
Motor vehicles and computers	4 years
Office equipment and furniture	6 years
Other premises and equipment	4 – 12 years

The residual values and useful lives of assets are reviewed and adjusted at each balance sheet date, if necessary. Gains or losses from the disposal of assets are calculated as the difference between proceeds and the carrying amount of assets and are included in profit or loss.

3.3 Investment property

Investment property includes administrative buildings owned but not used by the Company, held to earn long-term rental income. Investment property is recognised at cost, less accumulated depreciation and any impairment losses. The cost includes all expenses directly attributable to the acquisition of the assets. Immovable property is depreciated as described in Note 3.2. ii). In case a part of the property is held for own use, the property is also recognised in Property, plant and equipment based on the area used by the Company.

3.4 Intangible assets

Costs related to acquired computer software licence and putting software into use are capitalised. The software is amortised on a straight-line basis over the asset's estimated useful life, which is 4 or 10 years.

Costs related to the maintenance of software are recognised as expense when incurred. Development costs directly associated with identifiable and unique software controlled by the Company, with probable economic benefits higher than cost for a period longer than one year, are capitalised as intangible assets. Acquisition costs include software development labour costs and the related portion of relevant overheads.

3.5 Financial investments

Financial investments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. For regular purchases and sales of financial assets, the Company's policy is to recognize them using settlement date accounting. Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted for in the same way as if the Company used trade date accounting.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Company classifies its financial assets into the following measurement categories:

Type of financial investments	Classification	Reason
Financial investments		
Government bonds	AC	SPPI, hold to collect business model
	FVOCI	SPPI, hold to collect and sell business model
Corporate bonds	FVOCI	SPPI, hold to collect and sell business model
	FVTPL	Mandatory
	FVTPL	Designated
Equity instruments	FVOCI	Designated
	FVTPL	Mandatory
Investment funds	FVTPL	Mandatory
Loans	AC	SPPI, hold to collect business model
Term deposits	AC	SPPI, hold to collect business model
Cash and cash equivalents	AC	SPPI, hold to collect business model
Other financial liabilities other than lease liabilities	AC	Mandatory

A financial asset is measured at amortised cost if the following two conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset is measured at FVOCI if the following two conditions are met:

- the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

In addition, for a non-trading equity instrument, a company elected to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances. No impairment losses will be recognized in profit or loss.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses for instruments measured at FVOCI are recognised in OCI and are reclassified to profit or loss on derecognition.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

In both the current and prior period, financial liabilities are classified and subsequently measured at AC.

Business model assessment

The business model reflects how the Company manages assets to generate cash flows and reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. Factors considered by the Company in determining the business model for a group of assets include

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity;
- how the asset's performance is evaluated and reported to key management personnel;
- the risks that affect the performance of the financial assets held within the business model and how those risks are managed; and

For most debt investments, the objective of the Company's business model is to fund insurance contract liabilities. To ensure that the contractual cash flows from the financial assets are sufficient to settle the insurance contract liabilities, the Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise.

The Company determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Certain debt securities are held in separate portfolios for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Company considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Portfolios of financial assets that are managed and whose performance is evaluated on a fair value basis and portfolios of financial assets that are held for trading are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI (the SPPI test).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement).

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Subsequent measurement and gains and losses

Financial assets at amortised costs	Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.
Debt instruments at FVOCI	Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	Measured at fair value. Dividends are recognised as income in profit or loss when the Company's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss.
Financial liabilities at amortised cost	Measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Amortised costs (AC) and effective interest rate
AC is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original EIR. Any changes are recognised in profit or loss.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

Fair value measurement

The fair value of listed financial assets is based on their current bid prices at the balance sheet date of financial statements. If the market for a specific financial asset is not active, the Company establishes a fair value by using valuation techniques. These valuation techniques include, for example, the use of recent arm's length transactions, reference to other financial instruments that are substantially the same, discounted cash flow analysis, and option pricing models, with the maximum use of market inputs and minimum inputs specific to the Company.

IFRS 13 requires disclosure of a three-level fair value hierarchy that reflects the significance of the observable inputs used in the measurement. The hierarchy levels are:
Level 1 - quoted prices (unadjusted) in active markets for identical financial asset,
Level 2 - inputs other than quoted prices included in level 1, that are observable for financial assets either directly (i.e., as prices) or indirectly (i.e., derived from prices),
Level 3 - inputs for financial assets that are not based on observable market data (unobservable inputs).
Fair value is defined as the price that would be received for the sale of an asset, or paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date.

3.6 Impairment of financial assets

The ECL model applies to the Company's debt instruments (such as bank deposits, loans, debt securities and trade receivables) recorded at amortised cost (AC) or at fair value through other comprehensive income (FVOCI), plus lease receivables (in scope of IFRS 16).

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECL or lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument; 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Stage 1	Stage 2	Stage 3
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The standard refers to significant increases in credit risk since initial recognition as the main trigger of how the ECLs must be calculated. For those assets that do not show significant increase in credit risk since initial recognition, the loss allowance shall be calculated for a timespan of one year, resulting in a 12-month ECL. Those assets are being referred to as stage 1 assets.

The IFRS 9 standard states that for those assets that show a significant increase in credit risk though (referred to as stage 2 assets), the loss allowance must be calculated on a timespan covering the remaining lifetime of the asset.

Moreover, the standard introduces a third stage, including assets that also show significantly increased credit risk and where a default event has occurred. For such assets, the standard also requires the calculation of a lifetime ECL.

Stage 1 assets contain:
- assets that fall within the scope of the low credit risk exemption, as well as
- assets that are not defaulted, not eligible for stage 2 triggers and show no significant change in ratings.

Stage 2 covers assets that:
- are past due for at least 30 days or
- respond to one of the predefined forward-looking indicators.

Stage 3 only contains assets fulfilling the default definition of the Company. Within this stage credit losses have already incurred, or assets have been actually credit-impaired. Due to that fact, the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate should be considered. As a result of fulfilling Company's default criterion, the Probability of Default must be set equal to 1 and the Loss Given Default should be assessed on individual basis. The definition of default covers at least two dimensions, namely one rating-based dimension and second one based on days past due (90 days past due). The calculation is based on a lifetime expected credit losses (EIR on amortised costs).

The Company uses the simplified approach for the eligible financial assets (Trade and other receivables) where loss allowance is recognised based on lifetime ECLs at each reporting date.

Significant increase in credit risk and default

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:
- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due, is applied.

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

Credit risk grades

The Company uses external credit risk ratings to assess credit risk as for all debt instruments held external credit risk ratings are available. The credit ratings are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating is lower than the difference in the PD between a B and B- rating.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The key inputs into the measurement of ECL are the following:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information, such as GDP growth and Central Bank base rates.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

ECL for financial assets for which credit risk has not significantly increased are calculated by multiplying the 12-month PD by the respective LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by the respective LGD and EAD.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

3.7 Offsetting financial instruments

Financial assets and financial liabilities are offset and recognised net in the balance sheet only if there is a legal enforceability of the offsetting, and it is probable that settlement of the transaction will also be carried out on a net basis, or the asset and liability will be settled simultaneously.

3.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, other highly liquid investments with original maturity of three months, and overdraft bank accounts.

3.9 Share capital

Ordinary shares are classified as share capital. Additional costs directly attributable to the issue of new shares are recognised net of income tax in equity, as decrease in income from issue of shares.

3.10 Insurance and reinsurance contracts

Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.
The Company also accept insurance risk from other insurers. Such contracts are classified, measured and presented as part of insurance contracts issued.
Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Insurance contracts are classified as direct participating contracts (VFA measurement model) or contracts without direct participation features (GMM measurement model). Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

VFA measurement model is applied only on pure unit-link and index linked contracts.
All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features measured mainly by GMM model. Some of these contracts are measured under the PAA.

Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial investments (see 3.5):

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and

- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component. Current insurance contract portfolio does not comprise component, which, according to the above definition, would need to be separated.

Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts
Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into min. three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;

- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company´s practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts issued in Europe that are required by regulation to be priced on a gender-neutral basis.

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts
Groups of reinsurance contracts are established such that for some reinsurance contracts a group may comprise a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract’s legal form of a single contract reflects the substance of the Company’s contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date.

- *Reinsurance contracts initiated by the Company that provide proportionate coverage:* The date on which any underlying insurance contract is initially recognised. This applies to the Company’s quota share reinsurance contracts.
- *Other reinsurance contracts initiated by the Company:* The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see ‘Reinsurance of onerous underlying insurance contracts’ below). This applies to the Company’s excess of loss and stop loss reinsurance contracts.
- *Reinsurance contracts acquired:* The date of acquisition.

Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. nonrefundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated.

The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

a. recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

b. if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance contracts	Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services). A substantive obligation to provide services ends when: • the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or • the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date. The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.
Reinsurance contracts	Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer: • has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or • has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

Measurement – Insurance contracts not measured under the PAA

Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money ("PVFCF") and the associated financial risks, and a risk adjustment for non-financial risk (RA); and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses or in OCI, except for direct participating contracts, where such effects adjust CSM.

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the beginning of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
    - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
    - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM (if any); and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any non-distinct investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

The Company does disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. Entity makes such a disaggregation by adjusting the CSM for the change related to non-financial risk, measured at the discount rates determined on initial recognition, and recognises the effect of the time value of money and changes therein as insurance finance income or expenses.

Direct participating contracts

Direct participating contracts are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
    - a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
    - an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

Reinsurance contracts

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see *'Reinsurance of onerous underlying insurance contracts'* below).

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component (see *'Net expenses from reinsurance contracts'*) to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous

underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;

- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid (see *'Net expenses from reinsurance contracts'*).

Insurance contracts measured under the PAA

In the non-life segment and for group term product in life segment, the Company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- *Insurance contracts:* The coverage period of each contract in the group is one year or less. The same applies if a group contains multi-year contracts with no significant materiality. The Company reasonably expects that the resulting measurement of the liability for remaining coverage would not differ materially from the result of applying the GMM.
- *Loss-occurring reinsurance contracts:* The coverage period of each contract in the group is one year or less.
- *Risk-attaching reinsurance contracts:* The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the GMM. When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows). The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year and the materiality of multi-year contracts is not significant. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) from the date the claims are incurred.

Reinsurance contracts measured under PAA

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component (see *'Reinsurance of onerous underlying insurance contracts'*) is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

Derecognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as ‘net expenses from reinsurance contracts’ in the insurance service result.

The interest accretion of PVFCF at locked-in rates is presented in the finance result as financial expense. The impact of a change in discounting between locked-in rates and current rates is presented in OCI.

The Company does disaggregate changes in the life risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result. For non-life risk adjustment, the Company disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. The changes in the risk adjustment for non-financial risk arising from the interest accretion of the period and currency translation differences are included in the finance result.

Insurance revenue and insurance service expenses exclude any non-distinct investment components and are recognised as follows.

Insurance revenue – Contracts not measured under the PAA

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see *‘Release of the CSM’* below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years (at discounted basis), and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life savings contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- a non-distinct investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder’s right to receive a surrender value on cancellation of a contract);
- the non-distinct investment component or withdrawal amount is expected to include an investment return; and
- the Company expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the passage of time, or based on the passage of risk (if not linear).

Loss components

For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of the Company's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of non-distinct investment components and comprise the following items.

- *Incurred claims and other insurance service expenses*
- *Amortisation of insurance acquisition cash flows:* For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts. The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of

reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For life risk and life savings contracts, the Company has chosen to disaggregate insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

- *life risk contracts:* the discount rates determined on initial recognition of the group of contracts; and
- *life savings contracts:* for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

Amounts presented in OCI are accumulated in the insurance finance reserve. If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment**.**

For directly participating and non-life contracts, the Company presents insurance finance income or expenses in profit or loss.

The Company distributes financial expenses or insurance income for non-life insurance contracts between operating income and other comprehensive income (OCI).

Insurance tax

Insurance tax, introduced on 1 January 2019 by the Act no. 213/2018 Coll. on insurance tax and on the amendment of certain laws, is an indirect tax and applies to non-life insurance products, except for compulsory motor third party liability. The tax rate is at 8 %, the tax base is the amount of premiums received net of tax. The insurance tax is due by the end of the calendar month following the end of the tax period, which is the calendar quartal. Insurance tax is not part of the insurance revenue but represents a liability to the tax authority.

3.11 Deferred income tax

Deferred income tax is recognised in the financial statements using the balance sheet method, on the basis of temporary differences between the tax bases of assets and liabilities, and their carrying amounts. Deferred tax is calculated using the rate and applicable tax laws or laws that are deemed to be in force at the balance sheet date and are expected to apply at the time the temporary differences are realised.

Deferred tax assets are recognised to the extent of recoverability, under the assumption that temporary differences will be applied against the achieved taxable profit.

3.12 Employee benefits

The Company pays its employees benefits in accordance with the Labour Code and the employee benefit program. The Company contributes to state and private pension funds.

During the year, the Company pays contributions to compulsory health, sickness, pension, accident insurance, insurance to the solidarity reserve fund, as well as contributions to the guarantee fund and unemployment insurance in the level of 36.2% (2023: 35.2%) of gross wages, up to the amount of the monthly wage stipulated by the relevant legislation, while the employee contributes with further 13.4% to the relevant insurance (2023: 13.4%). The cost of these contributions is charged to the statement of profit or loss in the same period as the related labour costs.

3.13 Non-technical provisions

Provisions for legal claims are recognised when: the Company has a present legal or other obligation as a result of past events; an outflow of resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated. Disputes arising from the settlement of insurance claims, which are part of the provision for claims, are not included in the provisions for legal disputes.

Due to the application of the insurance tax, the Company recognises the balance of the insurance tax relating to written premiums that have not been paid under non-technical reserves (Note 3.10).

3.14 Revenue recognition

(i) Interest income and dividend income

Interest income from financial assets is recognised using the effective interest rate method. Interest income is recognised in profit or loss as net income from financial investments, excluding interest income from financial investments at fair value through profit or loss, which is recognised in Other investment revenue.
Dividend income is recognised when the Company acquires a right to receive dividends, and their payment is probable.

3.15 Leasing

The Company applies IFRS 16, which eliminates the distinction between operating leases and finance leases. Under IFRS 16, a contract is a lease or includes a lease if it conveys the right to control the use of the identified asset for a specified period of consideration. In such contracts, the new model requires the lessee to recognise the right-of-use assets, and at the same time the lease liability. A right-of-use asset is recognised at the commencement of the lease, and its initial value is determined as the sum of the initial value of the lease liability and the rent payments, made before or on the commencement date of the lease. The lease term is based on the agreed lease term, as well as the possibility of its early termination or extension of the contract. Assets are depreciated on a straight-line basis over the lease term, from the commencement date to termination of the lease term. Depreciation begins on the commencement date of the lease. The lease liability is initially measured at the present value of the lease payments over the lease term, using an incremental borrowing rate based on available financial information. The Company applied an interest rate of 0.0 – 1.2%. Subsequent remeasurement of the liability is performed when contractual terms change. The Company applies practical expedients in accordance with IFRS 16 and does not include leases with less than 12 months lease term without a call option or low-value leases (not more than EUR 5 ths.).

3.16 Dividends

Dividends to the Company's shareholders are recognised as a liability in the financial statements, in the period in which the Company's shareholders approve the profit distribution and the dividend amount.

4 Insurance and financial risks management

The Company concludes contracts that transfer insurance risk or financial risk, or both. This section summarises these risks as well as methods for how the Company manages them.

4.1 Insurance risk

The risk of insurance contracts is related to the fact that it is not clear if or when the insured event will occur, or in what amount the insurance claim will be. The nature of insurance contracts implies that this risk is accidental, and therefore unpredictable.

In insurance measured using probability theory, the main risk the Company is exposed to, is the possibility that the value of claims paid will be greater than the value of the corresponding insurance reserves. This could occur if the amount or severity of the claims (in terms of claimed amount) actually incurred is greater than originally anticipated. The claims are incidental and the actual number and amount of damages and claims will vary from year to year depending on the statistically determined level.

Experience demonstrates the larger the portfolio of similar insurance contracts, the lower the relative variability of the expected outcome. In addition, a diverse portfolio will less probably be affected globally by a change in any portfolio subgroup. The Company has developed its own underwriting strategy to differentiate the type of insurance risks received, and to achieve a sufficiently large set of risks to reduce the variability of expected outcomes within each category.

Factors increasing insurance risk include a lack of risk diversity in terms of type and size of risk, geographical location and type of industry.

4.1.1 Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- Insurance risk: the risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- Policyholder behaviour risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits or annuitize a contract earlier or later than expected.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

Management of underwriting risk

The board of directors sets the Company's strategy for accepting and managing underwriting risk. The board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

Life risk and savings contracts

A key aspect of the underwriting process for life risk and life savings products is pricing contracts with regard to the insurance risks assumed. Prices charged for the cost of insurance risk are set at local entity level through a process of financial analysis, including comparisons of the Company's experience with industry experience and benchmarking of prices against other product providers in the same markets, and the use of advanced analytics, including identification of emerging trends in insurance risk factors and assessment of policyholders' lifestyles. Pricing is performed by sophisticated solutions and reviewed by underwriting staff to assess whether the premiums charged and the annuitisation rates applied reflect the health condition and family medical history of the applicants.

Mortality, morbidity and longevity risks are mitigated by the use of reinsurance. The Group allows local management to select reinsurers from a list of reinsurers approved by the Group. The aggregation of risk ceded to individual reinsurers is monitored at both country and Group levels.

Policyholder behaviour risk is considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition cash flows. Persistency is monitored at local entity level and experience is benchmarked against local market information. From time to time, local management may implement specific initiatives to improve retention.
Expense risk is managed at local entity level through the annual budgeting process and regular expense analyses.

Non-life contracts

A key component of the management of underwriting risk for the Company's non-life products is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Company's total exposure to specific risks, together with limits on geographic and industry exposures. The aim is to ensure that a diversified book is maintained, with no over-exposure in any one geographic region.

Non-life contracts are renewable annually. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigation to pricing risk.

The Company uses machine-learning algorithms to assess risk exposure and endeavour to optimise the pricing of non-life contracts. The possibility of weather-related calamities is built into pricing, considering trends in historical data and leading indicators of climate risk. In retail and commercial property, the Company leverages advanced analytics (e.g. flood mapping) for identifying properties most at risk and improving risk selection.

The Company uses reinsurance to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. Certain non-life businesses are required to protect against catastrophe events in accordance with local regulatory requirements. Where an individual exposure exceeds the Company's risk appetite, additional facultative reinsurance is also purchased.

(All amounts are in thousands of EUR, unless otherwise noted)

Sensitivity analysis

The table below analyses how the CSM, profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Before reinsurance				After reinsurance			
31. December 2024	**CSM/Loss component**	**PVFCF + RA**	**Profit/ Loss**	**OCI**	**CSM**	**PVFCF + RA**	**Profit/ Loss**	**OCI**
Life risk and life savings contracts								
Mortality rates (10% increase)	-204	229	9	-34	-204	228	10	-35
Mortality rates (10% decrease)	210	-235	-11	36	210	-234	-12	36
Morbidity rates (10% increase)	-782	817	-108	73	-782	817	-108	73
Morbidity rates (10% decrease)	782	-817	108	-73	782	-817	108	-73
Expenses (10% increase)	-1 010	1 049	-163	123	-1 010	1 049	-163	123
Expenses (10% decrease)	1 010	-1 049	163	-123	1 010	-1 049	163	-123
Lapse rates (25% increase)	-1 619	2 438	-59	-760	-1 616	2 437	-61	-760
Lapse rates (25% decrease)	2 207	-2 814	-484	1 091	2 203	-2 813	-482	1 092
Participating								
Mortality rates (10% increase)	-103	130	-27	-	-103	130	-27	-
Mortality rates (10% decrease)	107	-134	28	-	107	-134	28	-
Morbidity rates (10% increase)	-125	278	-153	-	-125	278	-153	-
Morbidity rates (10% decrease)	144	-278	134	-	144	-278	134	-
Expenses (10% increase)	-324	587	-263	-	-324	587	-263	-
Expenses (10% decrease)	352	-587	235	-	352	-587	235	-
Lapse rates (25% increase)	-615	1 068	-453	-	-615	1 068	-453	-
Lapse rates (25% decrease)	963	-1 375	412	-	963	-1 375	412	-
Non-life								-
Ultimate claims (5% increase)	535	3 424	-3 958	-	462	2 675	-3 137	-
Ultimate claims (5% decrease)	-525	-3 413	3 938	-	-455	-2 657	3 113	-

(All amounts are in thousands of EUR, unless otherwise noted)

31. December 2023	Before reinsurance				After reinsurance			
	CSM/Loss component	PVFCF + RA	Profit/ Loss	OCI	CSM	PVFCF + RA	Profit/ Loss	OCI
Life risk and life savings contracts								
Mortality rates (10% increase)	220	-291	30	41	216	-288	30	42
Mortality rates (10% decrease)	-224	297	-31	-43	-220	294	-31	-44
Morbidity rates (10% increase)	764	-757	91	-99	764	-757	91	-99
Morbidity rates (10% decrease)	-764	757	-91	99	-764	757	-91	99
Expenses (10% increase)	1 113	-1 092	140	-161	1 113	-1 092	140	-161
Expenses (10% decrease)	-1 114	1 092	-139	161	-1 114	1 092	-139	161
Lapse rates (25% increase)	836	-1 800	-2	966	820	-1 797	10	967
Lapse rates (25% decrease)	-1 108	2 298	-12	-1 178	-1 092	2 295	-25	-1 179
Participating								
Mortality rates (10% increase)	166	-215	48	-	166	-215	48	-
Mortality rates (10% decrease)	-172	222	-50	-	-172	222	-50	-
Morbidity rates (10% increase)	142	-289	147	-	142	-289	147	-
Morbidity rates (10% decrease)	-142	289	-147	-	-142	289	-147	-
Expenses (10% increase)	366	-632	267	-	366	-632	267	-
Expenses (10% decrease)	-366	632	-267	-	-366	632	-267	-
Lapse rates (25% increase)	579	-924	344	-	579	-924	344	-
Lapse rates (25% decrease)	-685	1 150	-465	-	-685	1 150	-465	-
Non-life								-
Ultimate claims (5% increase)	451	4 292	-4 743	-	402	3 350	-3 752	-
Ultimate claims (5% decrease)	-447	-3 511	3 958	-	-399	-2 566	2 965	-

Changes in underwriting risk variables mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented gross of the related income tax.

a. CSM	- Changes in fulfilment cash flows for future services, that do not relate to any loss components, other than those recognised as insurance finance income or expenses.
b. PVFCF + RA	- Changes in the present value of cash flows
c. Profit or loss	- Changes in fulfilment cash flows relating to current or past period and loss components. - Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
d. OCI	- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI. - The effect on profit or loss under (b).

(All amounts are in thousands of EUR, unless otherwise noted)

4.1.2 Concentration of insurance risk

Concentration of insurance risk (Life)

Amount of cover per insurance contract before reinsurance	Total amount of insurance coverage in particular group 2024	2023
up to 10 000 EUR	780 351	801 267
10 000 – 15 000 EUR	168 272	159 711
15 000 – 30 000 EUR	250 340	221 639
30 000 – 300 000 EUR	263 987	254 610
Over 300 000 EUR	767	1 570
Total	**1 463 717**	**1 438 797**

Amount of cover per insurance contract after reinsurance	Total amount of insurance coverage in particular group 2024	2023
up to 10 000 EUR	769 166	790 082
10 000 – 15 000 EUR	163 951	155 390
15 000 – 30 000 EUR	243 422	214 721
30 000 – 300 000 EUR	253 309	243 932
Over 300 000 EUR	366	1 169
Total	**1 430 213**	**1 405 294**

Concentration of insurance risk (Non life)

Total amount of insurance coverage in particular group before reinsurance 2024

Insurance	up to 300 ths. of EUR	300 – 600 ths. of EUR	600 – 1 000 ths. of EUR	1 000 – 1 500 ths. of EUR	over 1 500 ths. of EUR	Total
Property	5 404 359	1 210 529	857 273	847 291	12 102 168	20 421 620
Liability	425 988	87 204	67 237	9 350	69 936	659 715
CASCO	2 617 680	11 738	616	-	90 300	2 720 334
MTPL	-	-	-	-	1 727 912 590	1 727 912 590
Other	69 344	-	-	-	-	69 344
Total	**8 517 371**	**1 309 472**	**925 126**	**856 641**	**1 740 174 994**	**1 751 783 603**

Total amount of insurance coverage in particular group after reinsurance 2024

Insurance	up to 300 ths. of EUR	300 – 600 ths. of EUR	600 – 1 000 ths. of EUR	1 000 – 1 500 ths. of EUR	over 1 500 ths. of EUR	Total
Property	5 404 259	1 210 029	835 273	847 291	2 501 424	10 798 277
Liability	212 994	43 602	33 618	4 675	34 968	329 857
CASCO	2 617 680	11 738	616	-	90 300	2 720 334
MTPL	-	-	-	-	863 956 295	863 956 295
Other	69 344	-	-	-	-	69 344
Total	**8 304 277**	**1 265 370**	**869 507**	**851 966**	**866 582 987**	**877 874 107**

(All amounts are in thousands of EUR, unless otherwise noted)

Total amount of insurance coverage in particular group before reinsurance 2023

Insurance	up to 300 ths. of EUR	300 – 600 ths. of EUR	600 – 1 000 ths. of EUR	1 000 – 1 500 ths. of EUR	over 1 500 ths. of EUR	Total
Property	4 299 492	911 219	818 306	827 351	12 059 952	18 916 320
Liability	347 458	78 172	65 148	7 810	73 736	572 324
CASCO	2 527 350	12 757	-	-	1 672	2 541 779
MTPL	-	-	-	-	1 298 245 800	1 298 245 800
Other	220 792	3 002	46 000	-	49 000	318 794
Total	**7 395 092**	**1 005 150**	**929 454**	**835 161**	**1 310 430 160**	**1 320 595 017**

Total amount of insurance coverage in particular group after reinsurance 2023

Insurance	up to 300 ths. of EUR	300 – 600 ths. of EUR	600 – 1 000 ths. of EUR	1 000 – 1 500 ths. of EUR	over 1 500 ths. of EUR	Total
Property	4 299 492	911 219	818 306	827 351	-	6 856 368
Liability	173 729	39 086	32 574	3 905	36 868	286 162
CASCO	2 527 350	12 757	-	-	1 672	2 541 779
MTPL	-	-	-	-	649 122 900	649 122 900
Other	220 592	1 002	-	-	2 000	223 594
Total	**7 221 163**	**964 064**	**850 880**	**831 256**	**649 163 440**	**659 030 803**

ii) Estimates of future claim payments

The Company is responsible for the payment of claims incurred during the term of the contract, even if the insured event was discovered after the contract termination. For this reason, claims are paid over a longer period. Estimated claim costs include all costs necessary to settle the liability for the insured event (Note 13).

4.2 Financial risk

As a result of its activities, the Company is exposed to financial risk through its financial assets and liabilities, insurance receivables and liabilities, and reinsurance receivables and liabilities. The key financial risk is that the income from the Company's financial assets will not be sufficient to cover the Company's financial liabilities under insurance and investment contracts with DPF. The most important components of financial risk are market risk, credit risk and liquidity risk. The most important components of market risk are currency risk, price risk and interest rate risk.

In general, the risk management programme focuses on the unpredictability of situations in the financial markets and seeks to minimise any potential adverse effects on the Company's financial position.

4.2.1 Liquidity risk

The basic principle for managing assets and liabilities is to invest into securities that correspond by their nature to the nature of insurance contracts to which they relate. The Company treats insurance contracts of life and non-life insurance differently.

In non-life insurance, the Company invests into short-term and medium-term debt securities mainly with fixed interest rates, considering that insurance contracts in non-life insurance are considered short-term, with a maturity within one year. Therefore, the Company manages the security portfolio in a manner ensuring the cash flows arising from it at any time cover claims arising from insurance contractual obligations.

In life insurance, the Company matches cash flows from financial assets, insurance contracts and investment contracts with DPF in individual years, so that the present value of cash flows from financial assets is at least equal to the present value of future liabilities under these insurance contracts by individual years. The

(All amounts are in thousands of EUR, unless otherwise noted)

Company's management assesses cash flow coverage on a monthly basis and decides on the allocation of assets with respect to the matching results.
The Company is exposed to the risk of daily requirements for free cash resources, mainly from insurance activities (claims). Liquidity risk is the risk that cash is not available to pay liabilities at maturity date and at reasonable costs. The Company has set limits for sufficient free funds to cover its liabilities.

The table below summarises the expected undiscounted contractual cash flows of financial and insurance assets and liabilities in 2024 and 2023:

31 December 2024	Net book value	0 – 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	Total
Assets								
Bonds at FVOCI	152 512	16 621	26 747	15 714	13 392	20 819	94 417	187 710
Bonds at fair value through profit or loss	13 945	5 846	4 234	3 134	-	-	2 561	15 775
Loans and receivables at AC*	5 113	429	1 699	164	153	175	3 246	5 866
Term deposits	15 599	15 663	-	-	-	-	-	15 663
Equity securities at FVOCI and FVTPL**	43 052	-	-	-	-	-	43 052	43 052
Reinsurance contracts assets	24 893	6 383	3 087	3 088	1 745	2 017	11 938	28 258
Insurance contracts assets	4 861	1 337	959	951	723	666	9 370	14 007
Cash and cash equivalents	5 003	5 003						5 003
Total assets	**264 978**	**51 282**	**36 726**	**23 051**	**16 013**	**23 677**	**164 584**	**315 334**

* Category Loans and receivables does not include non-financial assets which comprise mainly of advances provided
** Equity securities at FVOCI and FVTPL have undetermined maturity.

Liabilities								
Insurance contracts liabilities	217 269	-73 660	-21 022	-15 156	-12 742	-9 861	-118 131	-250 571
Reinsurance contract liabilities	488	-488	-	-	-	-	-	-488
Other (note 14)	6 847	4 671	553	-	-	1 600	23	6 847
Total liabilities	**224 604**	**-69 477**	**-20 469**	**-15 156**	**-12 742**	**-8 261**	**-118 108**	**-244 212**

31 December 2023	Net book value	0 – 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	Total
Assets								
Bonds at FVOCI	185 372	25 095	22 425	27 062	15 728	16 802	117 324	224 436
Bonds at fair value through profit or loss	17 498	5 947	5 846	4 234	3 134	-	-	19 161
Loans and receivables at AC*	5 244	272	416	1 699	164	153	3 421	6 125
Equity securities at FVOCI and FVTPL**	12 053	12 122	-	-	-	-	-	12 122
Term deposits	38 356	38 356	-	-	-	-	-	38 356
Reinsurance contracts assets	8 580	284	1 067	799	943	589	4 714	8 396
Insurance contract assets	2 417	1 153	819	743	697	522	6 924	10 858
Cash and cash equivalents	3 952	3 952	-	-	-	-	-	3 952
Total assets	**273 472**	**87 181**	**30 573**	**34 537**	**20 666**	**18 066**	**132 383**	**323 406**

* Category Loans and receivables does not include non-financial assets which comprise mainly of advances provided
** Equity securities at FVOCI and FVTPL have undetermined maturity.

Liabilities								
Insurance contracts liabilities	230 895	-77 819	-21 036	-16 610	-17 095	-12 010	-117 156	-261 726
Reinsurance contract liabilities	1 691	-4 070	1 059	667	805	509	1 747	717

(All amounts are in thousands of EUR, unless otherwise noted)

Other (note 14)	7 611	4 920	624			2 038	29	7 611
Total liabilities	**240 197**	**-76 969**	**-19 353**	**-15 943**	**-16 290**	**-9 463**	**-115 380**	**-253 398**

4.2.2 Market risk

Market risks are monitored through changes in market prices of financial assets, by Value at Risk calculations, sensitivity analysis and stress-tests. The objective of risk management is to minimise the negative impact of market risks on the profit of the Company.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows from financial instruments will fluctuate due to changes in market interest rates. Insurance and investment contracts with guaranteed and fixed contractual conditions result in insurance benefits that are fixed and guaranteed at the contract conclusion. The financial component of these claims is usually a fixed interest rate and, therefore, the Company's main financial risk in respect of these contracts is the risk that interest and capital income on financial assets, that cover insurance and investment contracts, will be insufficient to pay premiums liability. Financial assets covering short-term, non-life reserves have a predominantly fixed interest rate. Most financial assets covering life reserves also have a fixed interest rate, as well as related insurance liabilities. The Company guarantees a technical interest rate in life insurance from 0 % to 6 %.

Sensitivity analysis

The results of sensitivity analysis of the fair value of securities to interest rate changes show an impact on the profit or loss and equity of the Company when the interest rate changes by 50 basis points (Bp), bond convexity is not included.

	Change of + 50 Bp	
31 December 2024	**Impact on profit or loss**	**Impact on revaluation reserve**
Bonds at fair value through other comprehensive income	-	- 3 962
Bonds at fair value through profit or loss	- 162	-
Insurance contracts liabilities	685	2 212
Insurance contracts assets	15	-346
Reinsurance contracts liabilities	-3	1
Reinsurance contracts assets	-	-567

	Change of - 50 Bp	
31 December 2024	**Impact on profit or loss**	**Impact on revaluation reserve**
Bonds at fair value through other comprehensive income	-	3 962
Bonds at fair value through profit or loss	162	-
Insurance contracts liabilities	-798	-2 424
Insurance contracts assets	-15	375
Reinsurance contracts liabilities	3	-1
Reinsurance contracts assets	-	596

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	Change of + 50 Bp Impact on profit or loss	Impact on revaluation reserve
Bonds at fair value through other comprehensive income	-	- 4 627
Bonds at fair value through profit or loss	- 159	-
Insurance contracts liabilities	752	2 300
Insurance contracts assets	17	-266
Reinsurance contracts liabilities	-7	-411
Reinsurance contracts assets	-	-240

31 December 2023	Change of - 50 Bp Impact on profit or loss	Impact on revaluation reserve
Bonds at fair value through other comprehensive income	-	4 627
Bonds at fair value through profit or loss	159	-
Insurance contracts liabilities	-797	-2 525
Insurance contracts assets	-17	288
Reinsurance contracts liabilities	7	432
Reinsurance contracts assets	-	252

(ii) Currency risk

The Company generally invests in assets denominated in currencies in which liabilities are also denominated, thereby mitigating any currency risk arising from the nature of its business and managing it by monitoring the profit sensitivity to that risk. As at 31 December 2024, foreign currency assets were in the amount of EUR 17 894 ths. (2023: EUR: 17 774 ths.). The Company recorded no foreign currency liabilities (2023: no foreign currency liabilities), so the currency risk was assessed by the management as insignificant.

(iii) Equity risk

Equity risk is a risk that the fair value of a financial asset will change for reasons other than changes in interest or foreign exchange rates. The Company is exposed to equity risk due to investment into equity securities, with the risk being affected mainly by stock market developments. The Company manages equity risk by monitoring profit sensitivity to this risk. Equity risk has no material impact on the Company's equity as most investments subject to this risk cover insurance contract liabilities and a change in the value of these investments would be substantially reflected in the value of the insurance contract liabilities.

4.2.3 Credit risk

Credit risk is the risk of loss, or of adverse change in financial position, resulting from fluctuations in the credit quality of issuers of securities and subsequent changes in the market price of the asset, counterparty and any obligors to which the Company is exposed, such as counterparty default or credit spread risk.

Exposures to credit risk shall relate in particular to:

- reinsurance contracts,
- bank cash,
- receivables from intermediaries (included in insurance contracts assets and liabilities),
- debts of policyholders (included in insurance contracts assets and liabilities),
- other receivables bearing the risk of counterparty default,
- debt securities.

Reinsurance is used to manage the insurance risk. In the end, this does not reduce the Company's liability as the primary insurer. If a reinsurer fails to settle its liabilities for whatever reason, the Company remains liable for the liabilities from insurance to the policyholder. The Company reviews the credit risk of reinsurers in co-operation with its shareholder.

(All amounts are in thousands of EUR, unless otherwise noted)

The credit risk of debt securities is defined by the Company in its investment and risk strategy for rating, type of investment, concentration risk and issuer domicile risk. These are regularly reassessed in cooperation with the Company's main shareholder.

The Company uses several tools to manage receivables from intermediaries, one of them being the reminder process for overdue receivables that is carried out at regular intervals. If unsuccessful, the Company takes other measures, using a multi-stage collection process (intervention activities, judicial and execution enforcement, extrajudicial enforcement through external companies). In addition, the Company monitors receivables on a monthly basis by checking their payment status and ageing structure. Accordingly, it ascertains the risk of default and reduces the value of such claims through creation of impairment allowance.

The table below summarises credit risk exposure, using Standard & Poor's rating scale. In case of debt financial assets, ratings by Moody's and Fitch agency are also used. All available ratings are ranked from the highest to the lowest, subsequently the second highest is assigned to the financial asset. The date of rating assignment is also considered in this approach. There is an exception for mortgage bonds issued by Slovak banks. Based on detailed analysis of the legislative environment, which is regulating the mortgage banking area, and considering a lower amount of risk related to mortgage bonds compared to bonds issued by the banks, the parent company has decided to recognise an internally assigned rating at AA- level for such mortgage bonds, in case no external rating is available.

2024

	Bonds					
Credit risk	**At fair value through profit or loss**	**At fair value through other comprehensive income**	**Loans**	**Other receivables***	**Deposits**	**Cash and cash equivalents**
AAA	-	7 659	-	-	-	-
AA+	-	11 775	-	-	-	-
AA	-	-	-	-	-	-
AA-	8 987	9 005	-	-	-	-
A+	-	4 262	169	-	-	-
A	1 701	7 399	-	-	9 233	1 315
A-	-	91 738	-	-	-	3 170
BB+	-	-	-	-	-	-
BB	-	-	-	-	-	-
BB-	-	-	1 766	-	-	-
BBB+	-	10 800	-	-	2 000	129
BBB	3 298	8 084	1 573	-	4 400	106
BBB-	-	2 030	-	-	-	279
CCC	-	-	-	-	-	-
No rating	-	2 468	1 774	-	-	5
Total	**13 986**	**155 221**	**5 282**	**-**	**15 633**	**5 003**

2023

	Bonds					
Credit risk	**At fair value through profit or loss**	**At fair value through other comprehensive income**	**Loans**	**Other receivables***	**Deposits**	**Cash and cash equivalents**
AAA	-	11 387	-	-	-	-
AA+	-	11 750	-	-	-	-
AA	-	14 789	-	-	-	-
AA-	-	9 646	-	-	-	-
A+	14 278	3 769	-	-	-	-
A	-	76 062	-	-	11 153	1 381
A-	-	19 551	-	-	900	475
BB+	-	-	-	-	-	1 482
BB	-	-	-	-	-	-
BB-	-	-	1 817	-	-	-

(All amounts are in thousands of EUR, unless otherwise noted)

BBB+	-	14 719	-	-	-	-
BBB	3 220	17 836	-	-	-	-
BBB-	-	3 474	1 629	-	-	612
CCC	-	-	-	-	-	-
No rating	-	2 390	1 798	1 008	-	2
Total	**17 498**	**185 373**	**5 244**	**1 008**	**12 053**	**3 953**

At 31 December 2024, the maximum exposure to credit risk from insurance contracts is EUR 7 186 (2023: EUR 7 045), which primarily relates to premiums receivable for services that the Company has already provided, and the maximum exposure to credit risk from reinsurance contracts is EUR 23 258 (2023: EUR 9 494).

Loss allowance

The following tables show reconciliations from the opening balance to the closing balance of the loss allowance.

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January (gross of DT)	118	137	-	**255**
Deferred tax	-29	-29	-	-58
Netto as at 1 January	**89**	**108**	**-**	**197**
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net remeasurement of loss allowance	5	15	--	**20**
New financial assets acquired	6	-	-	**6**
Financial assets derecognised	-27	-	-	**-27**
Write-offs				
Effect of movements in exchange rates				
Effects of deferred tax				
Balance at 31 December (gross of DT)	102	152	-	**254**
Deferred tax	-22	-36	-	-58
Netto closing balance as at 31 December	**80**	**116**	**-**	**196**

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January (gross of DT)	137	140	1 532	**1 809**
Deferred tax	-34	-30	-	-64
Netto as at 1 January	**103**	**110**	**1 532**	**1 745**
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3				
Net remeasurement of loss allowance	3	-1	157	**159**
New financial assets acquired	9	-	-	**9**
Financial assets derecognised	-32	-2	-1 689	**-1 723**
Write-offs				
Effect of movements in exchange rates				
Effects of deferred tax				
Balance at 31 December (gross of DT)	118	137	-	**255**
Deferred tax	-29	-29	-	-58
Netto closing balance as at 31 December	**89**	**108**	**-**	**197**

4.3 Capital management

The Company uses capital management to ensure it provides sufficient resources to perform its business, maximise return on shareholder investment, and create financial stability for the Company. Capital controlled by the Company is the Company's total equity of EUR 60 709 ths. (31 December 2023: EUR 57 799 ths.).

The equity of the Company is stable. In managing capital to achieve this objective, the distribution of profits is approved by the General Meeting, ensuring that all legislative and solvency requirements are maintained.

The Company's active capital management also ensures that the capitalisation of the Company is adequate at all times and that the Company's own funds are sufficient to meet the solvency capital requirement. As at 31 December 2024, the Company met the Solvency II capital adequacy requirements. More detailed information about the Company's solvency will be disclosed in the Solvency and financial condition report for the year 2024 in accordance with the Act on Insurance No. 39/2015 as amended on 3 February 2015 effective on 1 January 2016.

(All amounts are in thousands of EUR, unless otherwise noted)

5 Property, plant and equipment

	Land and buildings	Equipment motor vehicles and other assets	Total Property, plant and equipment
Balance as at 1 January 2023			
Acquisition cost	13 315	3 790	17 105
Accumulated depreciation and impairment allowances	-4 031	-2 318	-6 349
Net book value	**9 285**	**1 472**	**10 757**
Year ended 31 December 2023			
Balance as at the beginning of the period	9 285	1 472	10 757
Additions	293	318	611
Disposals	-469	-95	-564
Disposals of accumulated depreciation and impairment allowances	425	78	503
Charge for the year (Note 19)	-248	-521	-769
Net book value at the end of the period	**9 286**	**1 252**	**10 538**
Balance as at 31 December 2023			
Acquisition cost	13 136	4 014	17 150
Accumulated depreciation and impairment allowances	-3 850	-2 763	-6 613
Net book value	**9 286**	**1 252**	**10 538**
Year ended 31 December 2024			
Balance as at the beginning of the period	9 286	1 252	10 538
Additions	709	517	1226
Disposals	-	-3	-3
Disposals of accumulated depreciation and impairment allowances	-	219	219
Charge for the year (Note 19)	-257	-457	-713
Net book value at the end of the period	**9 738**	**1 528**	**11 266**
Balance as at 31 December 2024			
Acquisition cost	13 845	4 528	18 373
Accumulated depreciation and impairment allowances	-4 107	-3 000	-7 107
Net book value	**9 738**	**1 528**	**11 266**

Property, plant and equipment are insured against standard risks in the sum insured of EUR 23 975 ths. (31 December 2024: EUR 23 975 ths.).

(All amounts are in thousands of EUR, unless otherwise noted)

6 Intangible assets

	Acquired computer software and other assets	Total
As at 1 January 2023		
Acquisition cost	13 446	13 446
Accumulated amortisation and impairment allowances	-8 330	-8 330
Net book value	**5 116**	**5 116**
Year ended 31 December 2023		
Balance as at the beginning of the period	5 116	5 116
Additions	1 579	1 579
Amortisation(Note 19)	-1 125	-1 125
Net book value at the end of the period	**5 570**	**5 570**
As at 31 December 2023		
Acquisition cost	15 025	15 025
Accumulated amortisation and impairment allowances	-9 455	-9 455
Net book value	**5 570**	**5 570**
Year ended 31 December 2024		
Balance as at the beginning of the period	5 570	5 570
Additions	1 275	1 275
Disposals	-642	-642
Accumulated amortisation and impairment allowances	344	344
Amortisation(Note 19)	-1 202	-1 202
Net book value at the end of the period	**5 345**	**5 345**
As at 31 December 2024		
Acquisition cost	15 658	15 658
Accumulated amortisation and impairment allowances	-10 313	-10 313
Net book value	**5 345**	**5 345**

(All amounts are in thousands of EUR, unless otherwise noted)

7 Right-of-use assets

	Office premises	Total
As at 1 January 2023		
Acquisition cost	5 477	5 477
Accumulated depreciation and impairment allowances	-2 298	-2 298
Net book value	**3 179**	**3 179**
Year ended 31 December 2023		
Balance as at the beginning of the period	3 179	3 179
Additions	163	163
Disposals	-266	-266
Accumulated depreciation and impairment allowances	266	266
Charge for the year (Note 19)	-663	-663
Net book value at the end of the period	**2 679**	**2 679**
As at 31 December 2023		
Acquisition cost	5 374	5 374
Accumulated depreciation and impairment allowances	-2 695	-2 695
Net book value	**2 679**	**2 679**
Year ended 31 December 2024		
Balance as at the beginning of the period	2 679	2 679
Additions	68	68
Disposals	-158	-158
Accumulated depreciation and impairment allowances	159	159
Charge for the year (Note 19)	-631	-631
Net book value at the end of the period	**2 117**	**2 117**
As at 31 December 2024		
Acquisition cost	5 285	5 285
Accumulated depreciation and impairment allowances	-3 168	-3 168
Net book value	**2 117**	**2 117**

8 Investment property

The fair value of the property, plant and equipment was determined by an expert opinion, which is considered to be close to the real (market) value. The fair value of property, plant and equipment by expert opinion is EUR 16 737 ths. (31 December 2023: EUR 15 558 ths.).

Investment property are held for long-term appreciation or for rental income generation. The Company achieved rental income of EUR 158 ths. (31 December 2023: EUR 202 ths.).

(All amounts are in thousands of EUR, unless otherwise noted)

	Investment property	Total investment property
Balance as at 1 January 2023		
Acquisition cost	2 207	2 207
Accumulated depreciation and impairment allowances	-1 046	-1 046
Net book value	**1 161**	**1 161**
Year ended 31 December 2023		
Balance as at the beginning of the period	1 161	1 161
Additions	43	43
Disposals		
Disposals of accumulated depreciation and impairment allowances	8	8
Charge for the year (Note 19)	-50	-50
Net book value at the end of the period	**1 161**	**1 161**
Balance as at 31 December 2023		
Acquisition cost	2 207	2 207
Accumulated depreciation and impairment allowances	-1 046	-1 046
Net book value	**1 161**	**1 161**
Year ended 31 December 2024		
Balance as at the beginning of the period	1 161	1 161
Additions	204	204
Disposals	-	-
Disposals of accumulated depreciation and impairment allowances	-	-
Charge for the year (Note 19)	-45	-45
Net book value at the end of the period	**1 320**	**1 320**
Balance as at 31 December 2024		
Acquisition cost	2 411	2 411
Accumulated depreciation and impairment allowances	-1 091	-1 091
Net book value	**1 320**	**1 320**

(All amounts are in thousands of EUR, unless otherwise noted)

9 Financial investments

31 December 2024	measured at amortised cost	measured at fair value through other comprehensive income (FVOCI)	Measured at fair value through profit and loss (FVTPL)	Total
Financial investments:				
- Government bonds	-	98 706	-	98 706
- Corporate bonds	-	56 515	13 986	70 501
- Equity instruments	-	3 470	-	3 470
- Investment funds	-	-	39 626	39 626
- Loans	5 113	-	-	5 113
- Term deposits	15 633	-	-	15 633
Total	**20 746**	**158 691**	**53 612**	**233 049**

31 December 2023	measured at amortised cost	measured at fair value through other comprehensive income (FVOCI)	Measured at fair value through profit and loss (FVTPL)	Total
Financial investments:				
- Government bonds	-	113 946	-	113 946
- Corporate bonds	-	71 426	17 498	88 924
- Equity instruments	-	3 451	-	3 451
- Investment funds	-	-	38 356	38 356
- Loans	5 244	-	-	5 244
- Term deposits	12 053	-	-	12 053
Total	**17 297**	**188 823**	**55 854**	**261 974**

Equity investments designated as at FVOCI

The Company has designated the following equity investment as at FVOCI because it intends to hold it for the long term for strategic purposes:

Equity investments designated as at FVOCI	**Fair value at 31 December**	
	2024	**2023**
GLOBAL ASSISTANCE SLOVAKIA, s.r.o.	43	11
Slovexperta, s.r.o.	1	1
VIG Fund CZ a.s.	3 427	3 439
Total	**3 471**	**3 451**

No strategic investments were disposed of during 2024 and 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(All amounts are in thousands of EUR, unless otherwise noted)

Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value. It does not include fair value information for cash and cash equivalents, receivables and payables, whose carrying amounts are a reasonable approximation of fair value:

Fair value of Financial assets and liabilities measured at AC	2024 Carrying amount	2024 Fair value	2023 Carrying amount	2023 Fair value
Financial assets at amortised costs				
- Loans	5 282	5 001	5 244	4 803
- Term deposits	15 633	15 634	12 053	12 054
Financial assets measured at amortised costs	**20 915**	**20 635**	**17 297**	**16 857**

Fair value measurement

For the description of the fair value hierarchy categories, the valuation technique(s) and the inputs used in the fair value measurement see Note 3.5.

Fair value hierarchies

The following table analyses financial instruments measured at fair value and financial instruments not measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised:

	2024			
Fair value hierarchy levels	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial investments at FVTPL				
- Corporate bonds	-	4 998	8 987	13 985
- Equity instruments	-	-	-	-
- Investment funds	36 418	1 464	1 745	39 627
Financial investments at FVOCI				
- Government bonds	84 036	14 670	-	98 706
- Corporate bonds	20 107	36 408	-	56 515
- Equity instruments	-	-	3 470	3 470
Total financial investments at FV	**140 561**	**57 540**	**14 202**	**212 303**
Financial investments at AC				
- Loans	-	5 001	-	5 001
- Term deposits	-	15 634	-	15 634
Financial assets	**140 561**	**78 175**	**14 202**	**232 938**

(All amounts are in thousands of EUR, unless otherwise noted)

Fair value hierarchy levels	2023 (restated) Level 1	Level 2	Level 3	Total
Financial investments at FVTPL				
- Corporate bonds	-	3 220	14 278	17 498
- Equity instruments	-	-	-	-
- Investment funds	31 052	6 661	643	38 356
Financial investments at FVOCI				
- Government bonds	99 259	14 687	-	113 946
- Corporate bonds	29 884	41 543	-	71 427
- Equity instruments	-	-	3 451	3 451
Total financial investments at FV	**160 195**	**66 111**	**18 372**	**244 678**
Financial investments at AC				
- Loans	-	4 803	-	4 803
- Term deposits	-	12 054	-	12 054
Financial assets	**160 195**	**82 968**	**18 372**	**261 535**

The following table shows a reconciliation from the opening balances to the closing balances for recurring fair value measurements in Level 3 of the fair value hierarchy and analyses the total gains and losses recognised in profit or loss and OCI during the year:

Reconciliation of Level 3 movements	2024 FVOCI	2024 FVTPL	2024 Total	2023 FVOCI	2023 FVTPL	2023 Total
Carrying amount as at 1 January	**3 451**	**14 921**	**18 372**	**4 920**	**16 578**	**21 498**
Transfers from Level 1 and Level 2			**-**			-
Gains (losses) recognised in profit or loss	-	565	**565**	945	711	**1 656**
- Interest revenue calculated using the effective interest method	-	-	**-**	208	-	**208**
- Impairment loss and reversal of impairment loss	-	-	**-**	1 532	-	**1 532**
- Net realised and non-realised gains (losses) from financial instruments	-	565	**565**	-795	711	**-84**
- Other investment result			**-**			
Gains (losses) recognised in OCI	19	-	**19**	31	-	**31**
Redemptions	-	-5 799	**-5 799**	-	-3 000	**-3 000**
Purchases	-	1 045	**1 045**	-	633	**633**
Sales	-	-	**-**	-2 445	-	**-2 445**
Carrying amount as at 31 December	**3 470**	**10 732**	**14 202**	**3 451**	**14 922**	**18 373**

The following table shows for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy:

Transfers between Level 1 and Level 2	2024	2023
Transfers from Level 1 to Level 2	607	304
Transfers from Level 2 to Level 1	4 764	-
Total	**5 371**	**304**

In 2024 and 2023, the transfer from Level 1 to Level 2 represents investments, which were in the past priced in active markets and their valuation was acquired from Bloomberg (Level 1) are currently measured by VIG model (Level 2), because the investment is no longer liquid. The transfer from Level 2 to Level 1 represents investments, which were in the past measured by VIG model (Level 2) and illiquid, now priced in active markets and their valuation was acquired from Bloomberg

(All amounts are in thousands of EUR, unless otherwise noted)

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level of the fair value hierarchy into which each fair value measurement is categorised.

The description of valuation technique and input parameters for level 3 measurements as at 31 December 2024 is as follows:

Assets at fair value in Level 3:	**Fair value**	**Valuation technique**	**Input parameters – description**	**Input parameters (weighted average)**	**Possible change of parameter**	**Fair value sensitivity**
Debt securities:						
- at fair value through profit or loss	8 987	Discounted cash flows	Yield curve of government bonds, spread	2.54 % - 4.60 % (3.51 %)	± 50 bps	± 52

The description of valuation technique and input parameters for level 3 measurements as at 31 December 2023 is as follows:

Assets at fair value in Level 3:	**Fair value**	**Valuation technique**	Input parameters – description	**Input parameters (weighted average)**	**Possible change of parameter**	**Fair value sensitivity**
Debt securities:						
- at fair value through profit or loss	14 278	Discounted cash flows	Yield curve of government bonds, spread	1.25 % - 4.24 % (3.66 %)	± 50 bps	± 111

There were no changes in valuation techniques used to measure securities falling into level 3 fair value measurements during the year (2023: no changes).

Sensitivity of fair value in the above table represents the change in fair value due to increase or decrease of the relevant input parameter. A positive shift in debt securities yield curve and/or an increase in the spread would result in a decrease in fair value of debt securities.

10 Cash and cash equivalents

Year ended 31 December	**2024**	**2023**
Cash at bank and cash on hand*	5 003	3 952
Total	**5 003**	**3 952**

The fair value of term deposits, cash in bank and cash accounts does not differ from their carrying amount and is classified at level 2 according to the hierarchy of values set out in IFRS 13. The term deposits included in this category are held for the purpose of meeting short-term cash liabilities. Other term deposits are recognised in financial investments in Note 9 due to the investment purpose for which they are held.

(All amounts are in thousands of EUR, unless otherwise noted)

11 Share capital

	No. of ordinary shares	Ordinary shares (in ths. EUR)
As at 31 December 2023	5 582	18 532
As at 31 December 2024	5 582	18 532

As at 31 December 2024, the share capital consists of 5 582 ordinary shares (31 December 2023: 5 582 ordinary shares) which are all issued, authorised and paid up. The nominal value of one share is in the amount of EUR 3 320. Shareholders of all ordinary shares have the right to vote and receive dividends in proportion to the amount of their own shares, to the total amount of shares of the Company (Note 1).

12 Legal reserve fund and other reserves

The Legal reserve fund may be used to cover losses to the Company and may not be distributed. As at 31 December 2024 the legal reserve fund amounted to EUR 3 707 ths. (2023: EUR 3 707 ths.).

Profit distribution for 2023, approved by the General Assembly on 29 March 2024 is as follows:

Profit for the year	**3 784**
Legal reserve	2 630
Retained earnings	1 154

Profit distribution proposal for 2024 is as follows:

Profit for the year	**4 079**
Dividends	3 100
Retained earnings	979

Movements in the revaluation reserve for securities available for sale are disclosed in the following table:

As at 1 January 2023	6 024
Net finance expense or income of insurance contracts	-6 649
Net finance expense or income of reinsurance contracts	1 336
Debt investments at FVOCI	
Net change in fair value	7 331
Net amount reclassified to PL	184
Deferred tax	-905
As at 31 December 2023	7 321
Net finance expense or income of insurance contracts	-2 106
Net finance expense or income of reinsurance contracts	466
Debt investments at FVOCI	
Net change in fair value	3 830
Net amount reclassified to PL	184
Deferred tax	-913
As at 31 December 2024	**8 783**

(All amounts are in thousands of EUR, unless otherwise noted)

13 Insurance and reinsurance contracts

The following table provides an overview of the product groups with the assignment of valuation models:

GMM - insurance	Life portfolio except policy types that belongs to VFA or PAA
VFA - insurance	Unit linked and index linked type of contracts
PAA - insurance	Non-life business; group life insurance
GMM - reinsurance	Life reinsurance contracts on death risk coverage
PAA - reinsurance	Non-Life reinsurance contracts and reinsurance of accident insurance and riders

31 December 2024	**(GMM) Life risk and savings**	**(VFA) Participating**	**(PAA*) Non-life**	**Total**
Insurance contracts				
Insurance contract liabilities	**82 080**	**48 353**	**86 836**	**217 269**
- Insurance contract balances	82 080	48 353	86 836	217 269
- Assets for insurance acquisition cash flows				
Insurance contract assets	**4 783**	**-**	**78**	**4 861**
- Insurance contract balances	4 783	-	78	4 861
- Assets for insurance acquisition cash flows				
Reinsurance contracts	**37**	**-**	**24 368**	**24 405**
Reinsurance contract assets	37	-	24 856	24 893
Reinsurance contract liabilities	-	-	488	488

*whole non-life portfolio is PAA and non-material portion of PAA is group life insurance in primary and reinsurance of accident insurance and riders

31 December 2023	**(GMM) Life risk and savings**	**(VFA) Participating**	**(PAA*) Non-life**	**Total**
Insurance contracts				
Insurance contract liabilities	**89 046**	**54 253**	**87 596**	**230 895**
- Insurance contract balances	89 046	54 253	87 596	230 895
- Assets for insurance acquisition cash flows	-	-	-	-
Insurance contract assets	**2 414**	**-**	**3**	**2 417**
- Insurance contract balances	2 414	-	3	2 417
- Assets for insurance acquisition cash flows	-	-	-	-
Reinsurance contracts				
Reinsurance contract assets	995	-	7 585	8 580
Reinsurance contract liabilities	-	-	1 691	1 691

*whole non-life portfolio is PAA and non-material portion of PAA is group life insurance in primary and reinsurance of accident insurance and riders

(All amounts are in thousands of EUR, unless otherwise noted)

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered) settled more than 12 months after the reporting date. The higher than total value for insured contract assets and reinsurance contract liabilities is due to the timing of cash flows and the expected release of RA and CSM, respectively.

	2024	2023
Insurance contract assets	4 518	2 262
Insurance contract liabilities	-152 811	-161 248
Reinsurance contract assets	19 222	8 278
Reinsurance contract liabilities	-	3 327

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI.

For each presentation portfolio, the Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

(All amounts are in thousands of EUR, unless otherwise noted)

Life risk and saving (GMM)

Insurance contracts
Analysis by remaining coverage and incurred claims

31. December 2024	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	-3 228	-	814	-2 414
Opening liabilities	86 571	77	2 398	89 046
Net opening balance	**83 343**	**77**	**3 212**	**86 632**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-6 117**	**-**	**-**	**-6 117**
Contracts under the modified retrospective transition approach	--	-	-	-
Contracts under the fair value transition approach	-3 509	-	-	-3 509
Other contracts	-2 608	-	-	-2 608
Insurance service expenses	**760**	**156**	**3 196**	**4 112**
Incurred claims and other insurance service expenses	-	-	2 571	2 571
Amortisation of insurance acquisition cash flows	-	156	-	156
Losses and reversals of losses on onerous contracts	-	-	625	625
Adjustments to liabilities for incurred claims	760	-	-	760
Investment components and premium refunds	-18 394	-	18 394	-
Insurance service result	**-23 752**	**156**	**21 590**	**-2 005**
Net finance expenses from insurance contracts	1 468	2	3	1 472
OCI				-
Effect of movements in exchange rates				
Total changes in the statement of profit or loss and OCI	**-22 284**	**158**	**21 593**	**-533**
Cash flows				
Premiums received	15 441	-	-	15 441
Claims and other insurance service expenses paid, including investment components	-	-	-21 312	-21 312
Insurance acquisition cash flows	-2 931	-	-	-2 931
Total cash flows	**12 510**	**-**	**-21 312**	**-8 802**
Transfer to other items in the statement of financial position	-	-	-	-
Net closing balance				
Closing assets	-5 684	-	901	-4 783
Closing liabilities	79 254	235	2 591	82 080
Net closing balance	**73 570**	**235**	**3 492**	**77 297**

(All amounts are in thousands of EUR, unless otherwise noted)

31. December 2023	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	-1 206	-	507	-698
Opening liabilities	92 360	32	2 508	94 900
Net opening balance	**91 155**	**32**	**3 015**	**94 202**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-6 357**	**-**	**-**	**-6 357**
Contracts under the modified retrospective transition approach	-	-	-	-
Contracts under the fair value transition approach	-4 467	-	-	-4 467
Other contracts	-1 890	-	-	-1 890
Insurance service expenses	**455**	**45**	**3 461**	**3 961**
Incurred claims and other insurance service expenses	-	-	2 603	2 603
Amortisation of insurance acquisition cash flows	455	-	-	455
Losses and reversals of losses on onerous contracts	-	45	-	45
Adjustments to liabilities for incurred claims	-	-	859	859
Investment components and premium refunds	-23 383	-	23 383	-
Insurance service result	**-29 284**	**45**	**26 844**	**-2 396**
Net finance expenses from insurance contracts	-179	-	-1	-180
OCI	4 924	-	-14	4 910
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and OCI	**-24 540**	**45**	**26 830**	**2 335**
Cash flows				
Premiums received	18 907	-	-	18 907
Claims and other insurance service expenses paid, including investment components	-	-	-26 633	-26 633
Insurance acquisition cash flows	-2 179	-	-	-2 179
Total cash flows	**16 728**	**-**	**-26 633**	**-9 905**
Transfer to other items in the statement of financial position	-	-	-	-
Net closing balance				
Closing assets	-3 228	-	814	-2 414
Closing liabilities	86 571	77	2 398	89 046
Net closing balance	**83 343**	**77**	**3 212**	**86 632**

(All amounts are in thousands of EUR, unless otherwise noted)

Insurance contracts

Analysis by measurement component – Contracts not measured under the PAA

31 December 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Con-tracts under fair value transition approach	Other contracts	Subtotal	
Opening assets	-8 415	2 029		1 387	2 585	3 972	-2 414
Opening liabilities	**77 933**	**1 687**		**9 079**	**346**	**9 425**	**89 046**
Net opening balance	**69 518**	**3 717**		**10 466**	**2 931**	**13 397**	**86 632**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	-632	-654		-1 102	-398	-1 501	-2 787
CSM recognised for services provided	-	-		-1 102	-398	-1 501	-1 501
Change in risk adjustment for non-financial risk for risk expired	-	-654		-	-	-	-654
Experience adjustments	-632	-		-	-	-	-632
Changes that relate to future services	**1 216**	**517**		**-1 862**	**285**	**-1 577**	**156**
Contracts initially recognised in the year	-3 562	1 090		-	2 472	2 472	-
Changes from reclassification to loss component	-	-		-	-	-	-
Changes in estimates that adjust the CSM	4 631	-583		-1 862	-2 187	-4 048	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	147	10		-	-	-	156
Changes that relate to past services	581	44		-	-	-	625
Adjustments to liabilities for incurred claims	581	44		-	-	-	625
Insurance service result	1 165	-93		-2 964	-113	-3 077	-2 005
Net finance expenses from insurance contracts	212	38		14	98	112	362
Effect of movements in exchange rates							
OCI	981	129	-	-	-	-	1 110
Total changes in the statement of profit or loss and OCI	**2 358**	**74**		**-2 950**	**-15**	**-2 965**	**-533**
Cash flows	**-8 802**	**-**	**-**	**-**	**-**	**-**	**-8 802**
Transfer to other items in the statement of financial position	**-**	**-**		**-**	**-**	**-**	**-**
Net closing balance							
Closing assets	-10 883	2 358		1 172	2 570	3 742	-4 783
Closing liabilities	73 957	1 432		6 344	346	6 690	82 080
Net closing balance	**63 074**	**3 791**		**7 516**	**2 916**	**10 432**	**77 297**

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Con-tracts under fair value transition approach	Other contracts	Subtotal	
Opening assets	-5 579	1 376		1 590	1 915	3 505	-698
Opening liabilities	82 714	2 265		9 516	405	9 921	94 900
Net opening balance	**77 135**	**3 641**		**11 106**	**2 320**	**13 426**	**94 202**
<u>Changes in the statement of profit or loss and OCI</u>							
Changes that relate to current services	**-831**	**-615**		**-1 561**	**-364**	**-1 925**	**-3 371**
CSM recognised for services provided	-	-		-1 561	-364	-1 925	-1 925
Change in risk adjustment for non-financial risk for risk expired	-	-615		-	-	-	-615
Experience adjustments	-831	-		-	-	-	-831
Changes that relate to future services	**-2 425**	**678**		**935**	**930**	**1 865**	**117**
Contracts initially recognised in the year	-2 364	520		-	1 843	1 843	-
Changes from reclassification to loss component	-	-		-	72	72	72
Changes in estimates that adjust the CSM	-79	130		935	-986	-51	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	17	28		-	-	-	45
Changes that relate to past services	**795**	**64**		**-**	**-**	**-**	**859**
Adjustments to liabilities for incurred claims	795	64		-	-	-	859
Insurance service result	**-2 462**	**127**		**-626**	**566**	**-61**	**-2 396**
Net finance expenses from insurance contracts	108	-320		-14	46	32	-180
Effect of movements in exchan-ge rates							
OCI	4 641	269		-	-	-	4 910
Total changes in the statement of profit or loss and OCI	**2 288**	**76**		**-640**	**611**	**-29**	**2 335**
Cash flows	**-9 904**	**-**		**-**	**-**	**-**	**-9 904**
Transfer to other items in the statement of financial position	-	-		-	-	-	-
Net closing balance							
Closing assets	-8 415	2 029		1 387	2 585	3 972	-2 414
Closing liabilities	77 933	1 687		9 079	346	9 425	89 046
Net closing balance	**69 518**	**3 717**		**10 466**	**2 931**	**13 397**	**86 632**

(All amounts are in thousands of EUR, unless otherwise noted)

Reinsurance contracts

Analysis by remaining coverage and incurred claims– Contracts not measured under the PAA

31 December 2024	Assets for remaining coverage		Assets for incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
Opening assets	**-950**	**-**	**-45**	**-995**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	**978**	**-**	**-**	**978**
Amounts recoverable from reinsurers	-	-	-	-
Recoveries of incurred claims and other insurance service expenses	-	-	-28	**-28**
LoReCo adjustment	-	-	-	**-**
Adjustments to assets for incurred claims	-	-	-	**-**
Effect of changes in non-performance risk of rein-surers	-	-	-	**-**
Investment components	10	-	-10	**-**
Net expenses from reinsurance contracts	**988**	**-**	**-38**	**950**
Net finance income from reinsurance contracts	1	-	-	**1**
Changes in other comprehensive income	-	-	-	**-**
Effect of movements in exchange rates				
Total changes in the statement of profit or loss and OCI	**989**	**-**	**-38**	**950**
Cash flows	-116	-	123	6
Premiums paid	-116	-	-	**-116**
Amounts received	-	-	123	**123**
Total cash flows	**-116**	**-**	**-**	**-116**
Closing assets	**-77**	**-**	**40**	**-37**

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	Assets for remaining coverage			
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
Opening assets	**-1 032**	**-**	**-131**	**-1 163**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	**268**	**-**	**-**	**268**
Amounts recoverable from reinsurers	-	-	-55	-55
Recoveries of incurred claims and other insurance service expenses	-	-	-30	**-30**
LoReCo adjustment	-	-	-	**-**
Adjustments to assets for incurred claims	-	-	-25	**-25**
Effect of changes in non-performance risk of reinsurers	-	-	-	**-**
Investment components	-	-	-	**-**
Net expenses from reinsurance contracts	**268**	**-**	**-55**	**213**
Net finance income from reinsurance contracts	1	-	-	**1**
Changes in other comprehensive income	1	-	-	**1**
Effect of movements in exchange rates				
Total changes in the statement of profit or loss and OCI	**271**	**-**	**-55**	**215**
Cash flows				
Premiums paid	-188	-	-	**-188**
Amounts received	-	-	141	**141**
Total cash flows	**-188**	**-**	**141**	**-47**
Closing assets	**-950**	**-**	**-45**	**-995**

(All amounts are in thousands of EUR, unless otherwise noted)

Reinsurance contracts

Analysis by measurement component – Contracts not measured under the PAA

31. december 2024	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**		**CSM**		**Total**
			Contracts under modified retrospective transition approach	**Contracts under fair value transition approach**	**Other con-tracts**	**Subtotal**	
Opening assets	22	-3		-1 008	-6	-1 014	-995
Opening liabilities	-	-		-	-	-	-
Net opening balance	**22**	**-3**		**-1 008**	**-6**	**-1 014**	**-995**
<u>Changes in the statement of profit or loss and OCI</u>							
Changes that relate to current services	**-12**	**1**		**961**	**1**	**962**	**950**
CSM recognised for services received	-	-		961	1	962	962
Change in risk adjustment for non-financial risk for risk expired	-	1		-	-	-	1
Experience adjustments	-12	-		-	-	-	-12
Changes that relate to future services	**21**	**-2**		**-22**	**2**	**-19**	**-1**
Contracts initially recognised in the year	1	-1		-	-1	-1	-1
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-		-	-	-	-
Changes in estimates that adjust the CSM	20	-1		-22	3	-18	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-		-	-	-	-
Changes that relate to past services	**-**	**-**		**-**	**-**	**-**	**-**
Adjustments to assets for incurred claims	-	-		-	-	-	-
Effect of changes in non-perfor-mance risk of reinsurers	-	-		-	-	-	-
Net expenses from reinsurance contracts	**9**	**-2**		**939**	**3**	**942**	**949**
Net finance income from rein-surance contracts	-	-		-1	-	-1	-1
OCI	2	-		-	-	-	2
Effect of movements in exchange rates							
Total changes in the statement of profit or loss and OCI	**11**	**-2**		**938**	**3**	**941**	**950**
Cash flows	**6**	**-**		**-**	**-**	**-**	**6**
Net closing balance							
Closing assets	39	-4		-70	-2	-73	-37
Closing liabilities	-	-		-	-	-	-
Net closing balance	**39**	**-4**		**-70**	**-2**	**-73**	**-37**

(All amounts are in thousands of EUR, unless otherwise noted)

31 december 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other con-tracts	Subtotal	
Opening assets	40	-3	-	-1 197	-4	-1 201	-1 163
Opening liabilities	-	-	-	-	-	-	-
Net opening balance	**40**	**-3**	**-**	**-1 197**	**-4**	**-1 201**	**-1 163**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**-20**	**-**	**-**	**255**	**2**	**257**	**238**
CSM recognised for services received	-	-	-	255	2	257	257
Change in risk adjustment for non-financial risk for risk expired	-	-	-	-	-	-	-
Experience adjustments	-20	-	-	-	-	-	-20
Changes that relate to future services	**72**	**-1**	**-**	**-68**	**-4**	**-71**	**-**
Contracts initially recognised in the year	3	-	-	-	-3	-3	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	-	-	-	-
Changes in estimates that adjust the CSM	69	-1	-	-68	-1	-69	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	-	-	-	-	-
Changes that relate to past services	-25	-	-	-	-	-	-25
Adjustments to assets for incur-red claims	-25	-	-	-	-	-	-25
Effect of changes in non-per-formance risk of reinsurers	-	-	-	-	-	-	-
Net expenses from reinsuran-ce contracts	**27**	**-**	**-**	**188**	**-2**	**186**	**213**
Net finance income from rein-surance contracts	-	-	-	2	-	1	1
OCI	1	-	-	-	-	-	1
Effect of movements in exchan-ge rates							
Total changes in the statement of profit or loss and OCI	**29**	**-**	**-**	**189**	**-2**	**187**	**215**
Cash flows	-47	-	-	-	-	-	-47
Net closing balance							
Closing assets	22	-3	-	-1 008	-6	-1 014	-995
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	**22**	**-3**	**-**	**-1 008**	**-6**	**-1 014**	**-995**

(All amounts are in thousands of EUR, unless otherwise noted)

Participating Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2024	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	-	-	-	-
Opening liabilities	49 052	950	3 036	53 038
Net opening balance	49 052	950	3 036	53 038
Changes in the statement of profit or loss and OCI				
Insurance revenue	-2 853	-	-	-2 853
Contracts under the modified retrospective transition approach	-	-	-	-
Contracts under the fair value transition approach	-1 543	-	-	-1 543
Other contracts	-1 310	-	-	-1 310
Insurance service expenses	**526**	**-501**	**1 525**	**1 550**
Incurred claims and other insurance service expenses	-	-	1 215	1 215
Amortisation of insurance acquisition cash flows	-	-501	-	-501
Losses and reversals of losses on onerous contracts	-	-	310	310
Adjustments to liabilities for incurred claims	526	-	-	526
Investment components and premium refunds	**-10 561**	**-**	**10 561**	**-**
Insurance service result	-12 888	-501	12 086	-1 303
Net finance expenses from insurance contracts	601	-	-	601
Effect of movements in exchange rates				
Total changes in the statement of profit or loss and OCI	-12 287	-501	12 086	-702
Cash flows				
Premiums received	8 408	-	-	8 408
Claims and other insurance service expenses paid, including investment components	-	-	-11 552	-11 552
Insurance acquisition cash flows	**-838**	**-**	**-**	**-838**
Total cash flows	7 570	-	-11 552	-3 982
Transfer to other items in the statement of financial position	**-**	**-**	**-**	**-**
Net closing balance				
Closing assets	-	-	-	-
Closing liabilities	**44 334**	**448**	**3 570**	**48 352**
Net closing balance	**44 334**	**448**	**3 570**	**48 352**

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	-	-	-	-
Opening liabilities	51 982	802	2 128	54 912
Net opening balance	51 982	802	2 128	54 912
Changes in the statement of profit or loss and OCI				
Insurance revenue	-2 950	-	-	-2 950
Contracts under the modified retrospective transition approach	-	-	-	-
Contracts under the fair value transition approach	-1 750	-	-	-1 750
Other contracts	-1 200	-	-	-1 200
Insurance service expenses	**484**	**148**	**2 376**	**3 008**
Incurred claims and other insurance service expenses	-	-	1 173	1 173
Amortisation of insurance acquisition cash flows	484	-	-	484
Losses and reversals of losses on onerous contracts	-	148	-	148
Adjustments to liabilities for incurred claims	-	-	1 203	1 203
Investment components and premium refunds	-10 125	-	10 125	-
Insurance service result	**-12 591**	**148**	**12 501**	**58**
Net finance expenses from insurance contracts	3 659	-	233	3 892
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and OCI	**-8 932**	**148**	**12 734**	**3 950**
Cash flows				
Premiums received	7 013	-	-	7 013
Claims and other insurance service expenses paid, including investment components	-	-	-11 257	-11 257
Insurance acquisition cash flows	-1 011	-	-	-1 011
Total cash flows	6 002	-	-11 257	-5 254
Transfer to other items in the statement of financial position	-	-	**646**	**646**
Net closing balance				
Closing assets	-	-	-	-
Closing liabilities	49 052	950	4 251	54 253
Net closing balance	**49 052**	**950**	**4 251**	**54 253***

* the liability in the table comprises EUR 1 215 ths. of dividends received from the underlying assets, which were processed only in 2024

(All amounts are in thousands of EUR, unless otherwise noted)

Insurance contracts

Analysis by measurement component – Contracts not measured under the PAA

31 december 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other con-tracts	Subtotal	
Opening assets	-	-	-	-	-	-	-
Opening liabilities	47 894	1 812	-	2 332	1 001	3 332	53 038
Net opening balance	47 894	1 812	-	2 332	1 001	3 332	53 038
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**72**	**-284**		**-364**	**-163**	**-527**	**-740**
CSM recognised for services provided	-	-		-364	-163	-527	-527
Change in risk adjustment for non-financial risk for risk expired	-	-284		-	-	-	-284
Experience adjustments	72	-		-	-	-	72
Changes that relate to future services	**-1 128**	**130**		**-3**	**127**	**124**	**-874**
Contracts initially recognised in the year	-505	242		-	265	265	2
Changes from Reclassification to LC	-	-		-	-265	-265	-265
Changes in estimates that adjust the CSM	-124	-		-3	127	124	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-499	-112		-	-	-	-611
Changes that relate to past services	**299**	**11**		**-**	**-**	**-**	**310**
Adjustments to liabilities for incurred claims	299	11		-	-	-	310
Insurance service result	**-757**	**-144**		**-367**	**-36**	**-403**	**-1 304**
Net finance expenses from insurance contracts	630	-29		-	-	-	601
Effect of movements in ex-change rates							
Total changes in the statement of profit or loss and OCI	**-127**	**-173**		**-367**	**-36**	**-403**	**-703**
Cash flows	**-3 982**	**-**		**-**	**-**	**-**	**-3 982**
Transfer to other items in the statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net closing balance							
Closing assets	-	-		-	-	-	-
Closing liabilities	43 784	1 639		1 965	965	2 930	48 353
Net closing balance	**43 784**	**1 639**		**1 965**	**965**	**2 930**	**48 353**

(All amounts are in thousands of EUR, unless otherwise noted)

31 december 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other con-tracts	Subtotal	
Opening assets	-	-	-	-	-	-	-
Opening liabilities	50 626	1 477	-	1 668	1 141	2 809	54 912
Net opening balance	50 626	1 477	-	1 668	1 141	2 809	54 912
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**60**	**-258**	**-**	**-461**	**-189**	**-650**	**-848**
CSM recognised for services provided	-	-	-	-461	-189	-650	-650
Change in risk adjustment for non-financial risk for risk expired	-	-258	-	-	-	-	-258
Experience adjustments	60	-	-	-	-	-	60
Changes that relate to future services	**-1 808**	**336**	**-**	**1 125**	**49**	**1 174**	**-298**
Contracts initially recognised in the year	-387	688	-	-	-	-	301
Changes from Reclassification to LC	-	-	-	-	17	17	17
Changes in estimates that adjust the CSM	-1 157	-	-	1 125	32	1 157	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-263	-352	-	-	-	-	-615
Changes that relate to past services	**1 179**	**24**	**-**	**-**	**-**	**-**	**1 203**
Adjustments to liabilities for incurred claims	1 179	24	-	-	-	-	1 203
Insurance service result	-569	102	-	664	-140	524	57
Net finance expenses from insurance contracts	3 660	232	-	-	-	-	3 892
Effect of movements in exchan-ge rates							
Total changes in the statement of profit or loss and OCI	**3 091**	**334**	**-**	**664**	**-140**	**524**	**3 949**
Cash flows	**-5 254**	**-**	**-**	**-**	**-**	**-**	**-5 254**
Transfer to other items in the statement of financial position	**646**	**-**	**-**	**-**	**-**	**-**	**646**
Net closing balance							
Closing assets	-	-	-	-	-	-	-
Closing liabilities	49 109	1 812	-	2 332	1 001	3 332	54 253
Net closing balance	**49 109**	**1 812**	**-**	**2 332**	**1 001**	**3 332**	**54 253***

* the liability in the table comprises EUR 1 215 ths. of dividends received from the underlying assets, which were processed only in 2024

(All amounts are in thousands of EUR, unless otherwise noted)

Non-Life

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2024	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	-3	-	-	-	-3
Opening liabilities	25 730	1 103	60 043	720	87 596
Net opening balance	25 727	1 103	60 043	720	87 593
Changes in the statement of profit or loss and OCI					
Insurance revenue	**-94 522**	**-**	**-**	**-**	**-94 522**
Insurance service expenses	22 013	758	63 353	27	86 151
Incurred claims and other insurance service expenses	-	-	69 364	-	69 364
Amortisation of insurance acquisition cash flows	-	757	-	-	757
Losses and reversals of losses on onerous contracts	-	1	-6 011	26	-5 984
Adjustments to liabilities for incurred claims	22 013	-	-	1	22 014
Insurance service result	**-72 509**	**758**	**63 353**	**27**	**-8 371**
Net finance expenses from insurance contracts	-	-	2 447	22	2 469
OCI	-	-	-	-	-
Effect of movements in exchange rates					
Total changes in the statement of profit or loss and OCI	**-72 509**	**758**	**65 800**	**49**	**-5 902**
Cash flows					
Premiums received	**95 223**	**-**	**-**	**-**	**95 223**
Claims and other insurance service expenses paid	-	-	-69 108	-	-69 108
Insurance acquisition cash flows	-22 161	-	-	-	-22 161
Total cash flows	73 062	-	-69 108	-	3 954
Transfer to other items in the statement of financial position	1 113	-	-	-	1 113
Net closing balance					
Closing assets	-78	-	-	-	-78
Closing liabilities	27 471	1 860	56 737	768	86 836
Net closing balance	**27 393**	**1 860**	**56 737**	**768**	**86 758**

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	-33	-	-	-	-33
Opening liabilities	24 358	1 686	55 690	1 036	82 770
Net opening balance	24 325	1 686	55 690	1 036	82 737
Changes in the statement of profit or loss and OCI					
Insurance revenue	**-85 414**	**-**	**-**	**-**	**-85 414**
Insurance service expenses	**19 718**	**-584**	**60 757**	**-385**	**79 506**
Incurred claims and other insurance service expenses	-	-	59 227	-	59 227
Amortisation of insurance acquisition cash flows	19 718	-	-	-	19 718
Losses and reversals of losses on onerous contracts	-	-583	-	-	-583
Adjustments to liabilities for incurred claims	-	-	1 529	-385	1 144
Insurance service result	**-65 696**	**-583**	**60 757**	**-385**	**-5 908**
Net finance expenses from insurance contracts	-	-	1 099	16	1 115
OCI	-	-	1 672	53	1 725
Effect of movements in exchange rates					
Total changes in the statement of profit or loss and OCI	**-65 696**	**-583**	**63 527**	**-316**	**-3 068**
Cash flows					
Premiums received	87 354	-	-	-	87 354
Claims and other insurance service expenses paid	-	-	-59 174	-	-59 174
Insurance acquisition cash flows	-20 136	-	-	-	-20 136
Total cash flows	67 218	-	-59 174	-	8 044
Transfer to other items in the statement of financial position	**-120**	**-**	**-**	**-**	**-120**
Net closing balance					
Closing assets	-3	-	-	-	-3
Closing liabilities	25 730	1 103	60 043	720	87 596
Net closing balance	**25 727**	**1 103**	**60 043**	**720**	**87 593**

(All amounts are in thousands of EUR, unless otherwise noted)

Reinsurance contracts

Analysis by remaining coverage and incurred claims

31. december 2024	Assets for remaining coverage	Loss-recovery component	Assets for incurred claims		Total
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	**6 325**	**-130**	**-11 072**	**-1 017**	**-5 894**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	**14 601**	**-**	**-**	**-**	**14 601**
Amounts recoverable from reinsurers	-	-208	-9 591	850	-8 949
Recoveries of incurred claims and other insurance service expenses	-	-	-12 363	-	-12 363
Changes in loss-recovery component	-	-208	-	-	-208
Adjustments to assets for incurred claims	-	-	2 778	850	3 628
Effect of changes in non-performance risk of reinsurers	-	-	-6	-	-6
Investment components	4 181	-	-4 181	-	-
Net expenses from reinsurance contracts	**18 783**	**-208**	**-13 772**	**850**	**5 653**
Net finance income from reinsurance contracts	-	-	-911	-61	-972
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	18 783	-208	-14 683	789	4 680
Cash flows					
Premiums paid	-25 840	-	-	-	-25 840
Amounts received	-	-	2 687	-	2 687
Total cash flows	-25 840	-	2 687	-	-23 153
Closing assets	**-733**	**-338**	**-23 069**	**-228**	**-24 367**

(All amounts are in thousands of EUR, unless otherwise noted)

31. december 2023	Assets for remaining coverage	Loss-recovery component	Assets for incurred claims		Total
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	**4 353**	**-177**	**-10 315**	**-1 219**	**-7 358**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	**14 039**	**-**	**-**	**-**	**14 039**
Amounts recoverable from reinsurers	-	47	-7 807	299	-7 461
Recoveries of incurred claims and other insurance service expenses	-	-	-8 724	-	-8 724
Changes in loss-recovery component	-	47	-	-	47
Adjustments to assets for incurred claims	-	-	915	299	1 214
Effect of changes in non-performance risk of reinsurers	-	-	2	-	2
Investment components	3 947	-	-3 947	-	-
Net expenses from reinsurance contracts	**17 986**	**47**	**-11 754**	**299**	**6 578**
Net finance income from reinsurance contracts	-	-	-346	-10	-356
OCI	-	-	-1 250	-87	-1 337
Effect of movements in exchange rates					
Total changes in the statement of profit or loss and OCI	**17 986**	**47**	**-13 350**	**202**	**4 885**
Cash flows					
Premiums paid	-16 014	-	-	-	-16 014
Amounts received	-	-	12 593	-	12 593
Total cash flows	**-16 014**	**-**	**12 593**	**-**	**-3 421**
Closing assets	**6 325**	**-130**	**-11 072**	**-1 017**	**-5 894**

(All amounts are in thousands of EUR, unless otherwise noted)

Life risk and savings

Insurance contracts

	Profitable contracts issued	Onerous contracts issued	Total
31 December 2024			
Claims and other insurance service expenses payable			
Insurance acquisition cash flows	2 136	-	2 136
Estimates of present value of cash outflows	6 807	-	6 807
Estimates of present value of cash inflows	-12 504	-	-12 504
Risk adjustment for non-financial risk	1 090	-	1 090
CSM	2 472	-	2 472
Losses recognised on initial recognition	-	-	-
31 December 2023			
Insurance acquisition cash flows	1 387	-	1 387
Estimates of present value of cash outflows	6 845	-	6 845
Estimates of present value of cash inflows	-10 596	-	-10 596
Risk adjustment for non-financial risk	520	-	520
CSM	1 843	-	1 843
Losses recognised on initial recognition	-	-	-

Participating

Insurance contracts

	Profitable contracts issued	Onerous contracts issued	Total
31 December 2024			
Insurance acquisition cash flows	594	2	596
Estimates of present value of cash outflows	4 317	41	4 358
Estimates of present value of cash inflows	-5 418	-41	-5 459
Risk adjustment for non-financial risk	242	-	242
CSM	265	-	265
Losses recognised on initial recognition		2	2
31 December 2023			
Insurance acquisition cash flows	-	611	611
Estimates of present value of cash outflows	-	2 742	2 742
Estimates of present value of cash inflows	-	-3 740	-3 740
Risk adjustment for non-financial risk	-	688	688
CSM	-	-	-
Losses recognised on initial recognition	-	301	301

(All amounts are in thousands of EUR, unless otherwise noted)

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

31 December 2024	1 year or less	1–2 years	2–3 years	3–4 years	4–10 years	More than 10 years	Total
Insurance contracts							
Life risk and savings	-1 335	-1 152	-991	-855	-3 353	-2 746	-10 432
Participating	-452	-388	-333	-284	-983	-490	-2 930
Reinsurance contracts							
Life	10	8	6	5	19	24	73

31 December 2023	1 year or less	1–2 years	2–3 years	3–4 years	4–10 years	More than 10 years	Total
Insurance contracts							
Life risk and savings	-1 674	-1 440	-1 255	-1 093	-4 368	-3 566	-13 396
Participating	-516	-441	-378	-323	-1 124	-552	-3 334
Reinsurance contracts							
Life	194	129	99	78	249	266	1 015

(All amounts are in thousands of EUR, unless otherwise noted)

Non-life claims development

The table below illustrates how estimates of cumulative claims for the Company's non-life segment have developed over time on a gross and net of reinsurance basis. Each table shows how the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

31 December 2024	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Gross of reinsurance											
Estimates of undiscounted gross cumulative claims											
At end of accident year	47 910	52 624	56 100	53 573	54 335	38 532	39 228	45 337	51 488	58 397	
One year later	46 994	51 792	55 733	53 730	53 854	35 977	36 889	44 810	51 826		
Two years later	44 192	51 510	55 787	54 748	56 091	35 300	37 043	44 456			
Three years later	44 863	51 756	57 839	55 438	57 208	34 994	36 908				
Four years later	44 139	52 315	58 291	55 729	56 096	34 115					
Five years later	44 810	53 040	58 339	56 154	54 030						
Six years later	44 703	53 735	58 425	54 675							
Seven years later	45 090	53 462	57 301								
Eight years later	45 105	53 173									
Nine years later	44 704										
Cumulative gross claims paid	43 651	50 101	53 720	51 193	46 931	32 547	33 326	40 294	45 012	39 969	**436 745**
Gross liabilities – accident years from 2015 to 2024	1 053	3 072	3 581	3 481	7 099	1 568	3 581	4 162	6 814	18 428	**52 839**
Gross liabilities – accident years before 2015											**10 093**
Risk adjustment											**885**
Effect of discounting											**-6 044**
Receivables and payables included in LIC											**-267**
Gross liabilities for incurred claims included in the statement of financial position											**57 505**

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2024	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Net of reinsurance											
Estimates of undiscounted net cumulative claims											
At end of accident year	38 053	40 866	46 363	46 029	45 351	33 201	25 988	31 930	42 600	48 363	
One year later	28 411	30 661	37 353	38 318	37 426	26 238	17 000	26 218	37 952		
Two years later	25 895	30 572	37 871	38 838	40 972	27 669	17 966	26 125			
Three years later	26 615	29 164	38 184	38 420	40 451	27 625	17 827				
Four years later	25 993	30 503	39 228	37 705	41 972	27 064					
Five years later	26 781	31 069	39 381	35 414	36 870						
Six years later	26 215	31 480	39 233	38 259							
Seven years later	26 934	30 859	38 509								
Eight years later	26 883	31 072									
Nine years later	27 175										
Cumulative net claims paid	26 647	29 550	37 560	36 545	35 002	26 186	15 870	23 756	33 686	35 907	300 708
Net liabilities – accident years from 2015 to 2024	528	1 522	949	1 714	1 868	878	1 957	2 369	4 266	12 456	**28 508**
Net liabilities – accident years before 2015											**6 748**
Risk adjustment											**626**
Effect of discounting											**-2 336**
Receivables and payables included in LIC											**750**
Net liabilities for incurred claims included in the statement of financial position											**34 297**

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Gross of reinsurance											
Estimates of undiscounted net cumulative claims											
At end of accident year	40 164	47 910	52 624	56 100	53 573	54 335	38 532	39 228	45 337	51 488	
One year later	36 455	46 994	51 792	55 733	53 730	53 854	35 977	36 889	44 810		
Two years later	36 120	44 192	51 510	55 787	54 748	56 091	35 300	37 043			
Three years later	37 083	44 863	51 756	57 839	55 438	57 208	34 994				
Four years later	37 153	44 139	52 315	58 291	55 729	56 096					
Five years later	37 025	44 810	53 040	58 339	56 154						
Six years later	37 496	44 703	53 735	58 425							
Seven years later	38 222	45 090	53 462								
Eight years later	38 487	45 105									
Nine years later	37 898										
Cumulative net claims paid	36 360	43 379	49 428	53 414	50 984	46 495	32 389	33 038	38 807	33 379	**417 673**
Net liabilities – accident years from 2015 to 2024	1 538	1 726	4 034	5 011	5 170	9 601	2 605	4 005	6 003	18 109	**57 802**
Net liabilities – accident years before 2015											**8 729**
Risk adjustment											**822**
Effect of discounting											**-6 064**
Receivables and payables included in LIC											**-525**
Net liabilities for incurred claims included in the statement of financial position											**60 764**

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Net of reinsurance											
Estimates of undiscounted net cumulative claims											
At end of accident year	31 620	38 053	40 866	46 363	46 029	45 351	33 201	25 988	31 930	42 600	
One year later	21 059	28 411	30 661	37 353	38 318	37 426	26 238	17 000	26 218		
Two years later	20 903	25 895	30 572	37 871	38 838	40 972	27 669	17 966			
Three years later	21 717	26 615	29 164	38 184	38 420	40 451	27 625				
Four years later	21 585	25 993	30 503	39 228	37 705	41 972					
Five years later	21 310	26 781	31 069	39 381	35 414						
Six years later	21 885	26 215	31 480	39 233							
Seven years later	22 064	26 934	30 859								
Eight years later	22 502	26 883									
Nine years later	22 176										
Cumulative net claims paid	21 332	26 380	28 950	37 431	36 478	34 796	26 180	15 992	23 966	28 334	**279 840**
Net liabilities – accident years from 2015 to 2024	844	503	1 909	1 802	-1 064	7 175	1 445	1 974	2 252	14 266	**31 106**
Net liabilities – accident years before 2015											**5 292**
Risk adjustment											**-340**
Effect of discounting											**-1 650**
Receivables and payables included in LIC											**14 356**
Net liabilities for incurred claims included in the statement of financial position											**48 764**

Significant judgements and estimates

Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Company will incur in providing investment services;
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

(All amounts are in thousands of EUR, unless otherwise noted)

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract.

Insurance contracts

Some life savings contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. The Company has assessed the contract boundary for the entire contract, including the option, and concluded that the cash flows related to the guaranteed annuity option fall within the boundary of the contract. This is because the Company does not have the practical ability to reprice the contract on maturity of the stated term.

Reinsurance contracts

Each of the Company's quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Company and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

Each of the Company's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss- occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Life risk, life savings and participating contracts

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

The Company applies Slovak mortality tables provided by Demographic Research centrum Infostat SR. The rates are adjusted by selection factors that represent the own company experience.
Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience. The following table sets out the assumptions about surrender rates (expressed as weighted averages) by policy anniversary for main life savings and participating contracts.

	2024				**2023**			
	1 year	**5 years**	**10 years**	**20 years**	**1 year**	**5 years**	**10 years**	**20 years**
Live savings								
Endowment regular	9.4%	5.9%	7.1%	4.3%	10.0%	8.3%	6.1%	3.0%
Term life regular	19.9%	14.7%	5.8%	1.2%	19.1%	10.6%	5.5%	1.5%
Whole life regular	27.9%	4.0%	2.1%	1.0%	20.0%	3.3%	2.5%	1.5%
Participating								
Unit-linked regular	18.9%	12.3%	12.0%	11.5%	17.6%	12.8%	14.3%	14.3%

(All amounts are in thousands of EUR, unless otherwise noted)

For life saving and participating contracts, crediting rates and discount rates and for participating contracts, the extent to which participation percentages exceed minimum participation percentages are key assumptions in measuring those contracts. The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. In the current economic environment, the amounts credited are often determined by interest rate guarantees. The participation percentages applied in both 2024 and 2023 were the minimum participation rates.

To determine how to identify changes in discretionary cash flows for these contracts, the Company generally regards its commitment to be the return implicit in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions.

Non-life contracts

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the chain-ladder and Bornhuetter-Ferguson and Cap Code as peer methods. For motor class business (MTPL & Casco) we assume future inflation as well. These techniques assume that the Company's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately from other claims.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company generally determines the risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields are used. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer.

The tables below set out the forward yield curves p.a. used to discount the cash flows of insurance contracts for Euro.

	2024					**2023**				
	1 year	**5 years**	**10 years**	**15 years**	**20 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
Life risk and saving products and direct participating										
EUR	2.76%	2.75%	3.01%	2.82%	2.60%	3.76%	2.61%	3.01%	2.91%	2.64%
Expense inflation										
EUR	2.19%	0.93%	0.81%	0.66%	0.56%	2.39%	2.16%	2.18%	1.57%	0.92%
Level of allocation of shares of surplus										
EUR	1.21%	0.94%	0.00%	0.00%	0.00%	1.21%	0.00%	0.00%	0.00%	0.92%

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using the following techniques:

- non-life contracts: a cost of capital technique.;
- life and participating contracts: a cost of capital technique.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a cost of capital technique, the Company determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital is determined by estimating the probability distribution of the present value of future cash flows from insurance contracts at each future reporting date and calculating the capital that the Company would require to meet its contractual obligations to pay claims and expenses arising every year at a 99.5% confidence level (SII capital). The cost-of-capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Company's weighted-average cost-of-capital rate is 6% (2023: 6%).

Determination of the reliability interval for RA is performed with the application of a normal probability distribution where based on the parameterization, 1 000 000 samples are selected leading to the derivation of the reliability quantile. The quantile is determined in a total cash flows (ultimate cash flows) manner so as to maintain a 99,5 % confidence level over a one-year horizon in the Solvency II sense.

The risk adjustments for non-financial risk for the whole insurance company portfolio, after considering reinsurance, corresponds to the following confidence levels.

	2024	**2023**
	Net after reinsurance	**Net after reinsurance**
Confidence level	69.73 %	69.81 %

Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Company determines the quantity of the benefits provided under each contract as follows.

Product	Basis for determining quantity of benefits provided
• Temporary assurance • Non-participating whole-life	• Sum assured payable on death
• Critical illness	• Maximum amount payable (including any premiums waived) on detection of illness (sum assured)
• Immediate fixed annuity	• Annuity amount payable in each period
• Traditional participating • Unit-linked and other investment-linked	• Insurance coverage: Net amount at risk (i.e. guaranteed minimum benefits less account value), if any • Investment services: Account value
• Quota share reinsurance	• The same basis as the underlying contracts, including expected new business within the reinsurance contract boundary
• Excess of loss and stop loss reinsurance	• Expected amount of underlying claims to be covered in each period

For insurance contracts/coverage that provide insurance coverage in a form of daily payment, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of mentioned benefits provided by insurance services, the Company generally considers the selling prices for the services, that would had been offered on a stand-alone basis and adjusts the quantity of benefits for each service in proportion to those stand-alone selling prices. The stand-alone selling price for a service may be evidenced by observable prices when the Company sells that service separately to policyholders with similar characteristics.

(All amounts are in thousands of EUR, unless otherwise noted)

Investment components

The Company identifies the non-distinct investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

The investment component excluded from insurance revenue and insurance service expenses is determined as minimum of payment if insured event occurs and payment if insured event does not occur (surrender value). Surrender value for pure risk products equals to zero, thus these kinds of product do not contain investment component.

Fair value of insurance contracts

When transitioning to IFRS 17, the Company applied the fair value approach and measured life insurance policies created in 2019 and earlier at fair value. The fair value of the insurance contracts was determined as the sum of (a) the present value of the net the future contractual cash flows, determined using the discounted cash flow method; and (b) an additional margin determined by confidence intervals.

The cash flows considered in the fair value measurement were consistent with those within the contract boundaries. Therefore, when determining the fair value of these contracts, the future contractual cash flows of the renewed insurance contracts were not considered.

Differences in the Company's approach on fair value measurement from the requirements of IFRS 17 to measure the present value of contractual cash flows resulted in CSM at the transition date. When measuring at fair value, the Company primarily:

- considered the cash flows included in the measurement of the present value of the contractual cash flows adjusted to reflect the perspective of market participants. For example, cost cash flows were increased to cover a reasonable level of general overheads not directly attributable to the performance of the insurance contracts, which the market participant would expect to incur by the contract acquisition;
- used the discount rates used in measuring the present value of contract cash flows, but increased the rates to reflect the impact of the Company's non-performance risk; a
- included a risk premium margin that reflected what market participants would demand as compensation for the uncertainty inherent in cash flows and a profit margin that reflected what market participants would demand to assume liabilities arising from insurance contracts. When determining the risk premium, the Company considered certain risks that were not reflected in the present value of contractual cash flows, but market participants would take them into account - e.g. general operational risk.

14 Trade and other liabilities

Year ended 31 December	2024	2023
Financial liabilities:		
Liabilities to related parties	668	149
Trade liabilities	3 996	4 731
Lease liabilities	2 183	2 731
Financial liabilities Total (note 4.2.1)	**6 847**	**7 611**
Non-financial liabilities:		
Social security and other tax liabilities	1 874	1 593
Liabilities to employees	2 343	2 244
Liabilities to sovereign	3 045	2 745
Total non-financial liabilities	**7 262**	**6 582**
Total	**14 109**	**14 193**

(All amounts are in thousands of EUR, unless otherwise noted)

Of which long-term liabilities amount to EUR 2 176 ths. (2023: EUR 2 691 ths).

As at 31 December 2024 and as at 31 December 2023, the fair value of the financial liabilities equals approximately their carrying value due to their short maturity. According to the value stipulated in IFRS 13, it is included in level 2.

The liability to sovereign includes an obligation arising from § 68 of the Insurance Act No. 39/2015 Coll., as amended, requiring the Company to transfer a part of its insurance premium in the amount of EUR 3 045 ths. as at 31 December 2024 (31 December 2023: EUR 2 745 ths.), to fire-fighters and emergency medical units.

15 Deferred income tax

Deferred income tax assets and liabilities are offset when the Company has a legally enforceable right to offset tax assets against tax liabilities, and when the deferred income taxes relate to the same tax authority.

The offset amounts are as follows:

Year ended 31 December	**2024**	**2023**
Deferred tax assets		
to be recovered after more than 12 months	4 812	7 851
- to be recovered within 12 months	3 377	2 289
Deferred tax liabilities		
- to be recovered after more than 12 months	-4 870	-4 892
- to be recovered within 12 months	-	-
Total deferred tax (+) asset / (-) liability	**3 319**	**5 248**

The movement of net deferred tax asset (+)/liability (-) is as follows:

Year ended 31 December	**2024**	**2023**
Balance at the beginning of the year	5 248	8 033
Expense (-) / income (+) recognised in profit or loss (Note 21)	-1 016	-1 880
Tax recognised in other comprehensive income and losses (Note 12)	-913	-905
Balance at the end of the year	**3 319**	**5 248**

Changes in deferred tax assets during the year, before offsetting balances within the same tax jurisdiction, are as follows:

Deferred tax asset:

	As at 1 January 2024	**Charged to profit or loss**	**Charged to other comprehensive income or loss (Note 12)**	**As at 31 December 2024**
Liabilities from commissions	459	113	-	**572**
Fair value revaluation difference	1 450	5	-936	**519**
Impairment allowances	-	-	-	**-**
Other liabilities and provisions	2 414	1 351	-	**3 765**
Transition IFRS9 RE	-			
Transition IFRS17 RE	5 478	-2 396	-	**3 082**
Insurance OCI	-			
Reinsurance OCI	339	-	-88	**251**
Total	**10 140**	**-927**	**-1 024**	**8 189**

(All amounts are in thousands of EUR, unless otherwise noted)

	As at 1 January 2023	Charged to profit or loss	Charged to other comprehensive income or loss (Note 12)	As at 31 December 2023
Liabilities from commissions	414	45	-	**459**
Fair value revaluation difference	3 660	-6	-2 204	**1 450**
Impairment allowances	315	-315	-	**-**
Other liabilities and provisions	3 261	-847	-	**2 414**
Transition IFRS9 RE	-	-	-	**-**
Transition IFRS17 RE	6 330	-852	-	**5 478**
Insurance OCI	-	-	-	**-**
Reinsurance OCI	665	-	-326	**339**
Total	**14 645**	**-1 975**	**-2 530**	**10 140**

Deferred tax liability:

	As at 1 January 2024	Charged to profit or loss	Charged to other comprehensive income or loss (Note 12)	As at 31 December 2024
Tangible assets	706	152	-	**858**
Other items	-			
Transition IFRS9 RE	201	-67	-	**134**
Transition IFRS17 RE	-			
Insurance OCI	3 985		-107	**3 878**
Total	**4 892**	**85**	**-107**	**4 870**

	As at 1 January 2023	Charged to profit or loss	Charged to other comprehensive income or loss (Note 12)	As at 31 December 2023
Tangible assets	701	5	-	**706**
Other items	-	-	-	**-**
Transition IFRS9 RE	301	-100	-	**201**
Transition IFRS17 RE	-	-	-	**-**
Insurance OCI	5 610	-	-1 625	**3 985**
Total	**6 612**	**-95**	**-1 625**	**4 892**

(All amounts are in thousands of EUR, unless otherwise noted)

16 Non-technical provisions

The provision for litigation includes the estimated costs of litigation arising from non-insurance relationships. The amount of the provision is determined according to the development of the litigation, the evidence submitted and the expected outcome of the proceedings. The subjects of legal disputes are claims for commissions, payments for services, or labour disputes.

Legal disputes	2024	2023
Balance as at 1 January	**67**	**97**
Charged to profit or loss:		
- Creation of provisions	52	1
- drawing during the year	37	31
As at 31 December	**82**	**67**
Non-current provisions	**82**	**67**

(All amounts are in thousands of EUR, unless otherwise noted)

17 Insurance services revenue

31 December 2024	Life risk and savings	Participating	Non-life	Total
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage	6 118	2 853	-	8 971
– CSM recognised for services provided	1 501	527	-	2 028
– Change in risk adjustment for non-financial risk for risk expired	654	281	-	935
– Expected incurred claims and other insurance service expenses	3 112	1 559	-	4 671
– Other	91	-40	-	51
Recovery of insurance acquisition cash flows	760	526	-	1 286
Contracts measured under the PAA	**-**	**-**	**94 522**	**94 522**
Total insurance revenue	**6 118**	**2 853**	**94 522**	**103 493**

31 December 2023	Life risk and savings	Participating	Non-life	Total
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage	6 357	2 879	-	9 236
– CSM recognised for services provided	1 925	650	-	2 575
– Change in risk adjustment for non-financial risk for risk expired	615	258	-	873
– Expected incurred claims and other insurance service expenses	3 091	1 472	-	4 563
– Other	271	15	-	286
Recovery of insurance acquisition cash flows	455	484	-	939
Contracts measured under the PAA	**-**	**-**	**85 413**	**85 413**
Total insurance revenue	**6 357**	**2 879**	**85 413**	**94 649**

(All amounts are in thousands of EUR, unless otherwise noted)

18 Net financial result

The following table analyses the Company's net financial result in profit or loss and OCI.

31 December 2024	Life risk and savings	Participating	Non-life	Other	Total
Investment return					
Interest revenue calculated using the effective interest method	3 538	-	2 130	-	5 668
Other investment revenue	-2 023	579	-50	24	-1 470
Net impairment loss on financial assets	26	-	14	-	40
Amounts recognised in OCI	2 548	-	1 466	-	4 014
Total investment return	**4 089**	**579**	**3 560**	**24**	**8 252**
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	-601	-	-	-601
Effects of risk mitigation option	-	-	-	-	-
Interest accreted	-361	-	-1 474	-	-1 835
Effect of changes in interest rates and other financial assumptions	-1 110	-	-996	-	-2 106
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	-	-	-	-
Net foreign exchange loss	-	-	-	-	-
Total net finance expenses from insurance contracts	**-1 472**	**-601**	**-2 470**	**-**	**-4 542**
Net finance income from reinsurance contracts					
Interest accreted	1	-	504	-	505
Other	-2	-	468	-	466
Total net finance income from reinsurance contracts	**-1**	**-**	**972**	**-**	**971**
Movement in investment contract liabilities					
Movement in third party interests in consolidated funds					
Represented by:					
Amounts recognised in profit or loss	1 180	-22	1 124	24	2 306
Amounts recognised in OCI	1 436	-	938	-	2 374
A. **Insurance finance income and expenses**					
Net finance expenses from insurance contracts					
Recognised in profit or loss	-362	-601	-1 474	-	-2 437
Recognised in OCI	-1 110	-	-996	-	-2 106
Net finance income from reinsurance contracts					
Recognised in profit or loss	1	-	504	-	505
Recognised in OCI	-2	-	468	-	466

(All amounts are in thousands of EUR, unless otherwise noted)

31 December 2023	Life risk and savings	Participating	Non-life	Other	Total
Investment return					
Interest revenue calculated using the effective interest method	3 743	-	2 481	-	6 224
Other investment revenue	-110	4 583	-772	10	3 711
Net impairment loss on financial assets	2	-	1 553	-	1 555
Amounts recognised in OCI	3 514	-	4 001	-	7 515
Total investment return	7 149	4 583	7 263	10	19 005
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	-3 892	-	-	-3 892
Effects of risk mitigation option	-	-	-	-	-
Interest accreted	180	-	-1 115	-	-936
Effect of changes in interest rates and other financial assumptions	-4 924	-	-1 725	-	-6 649
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	-	-	-	-
Net foreign exchange loss	-	-	-	-	-
Total net finance expenses from insurance contracts	-4 744	-3 892	-2 841	-	-11 476
Net finance income from reinsurance contracts					
Interest accreted	-1	-	356	-	354
Other	-1	-	1 337	-	1 336
Total net finance income from reinsurance contracts	-3	-	1 693	-	1 690
Movement in investment contract liabilities					
Movement in third party interests in consolidated funds					
Represented by:					
Amounts recognised in profit or loss	3 813	691	2 502	10	7 017
Amounts recognised in OCI	-1 411	-	3 613	-	2 202
A. Insurance finance income and expenses					
Net finance expenses from insurance contracts					
Recognised in profit or loss	180	-3 892	-1 115	-	-4 827
Recognised in OCI	-4 966	-	-1 725	-	-6 691
Net finance income from reinsurance contracts					
Recognised in profit or loss	-1	-	356	-	355
Recognised in OCI	-1	-	1 337	-	1 336

(All amounts are in thousands of EUR, unless otherwise noted)

B. Interest revenue calculated using the effective interest method

	2024	2023
Debt investments measured at FVOCI		
Government bonds	2 864	2 842
Other debt securities	2 258	2 946
Financial assets measured at amortised cost		
Cash and cash equivalents	-	-
Deposits with financial institutions	418	308
Other debt securities	128	128
Total	5 668	6 224

C. Other investment revenue

	2024	2023
Underlying items		
Net gains on financial instruments mandatorily measured at FVTPL		
Deposits with financial institutions	-	-
Equity investments	-	-
Investments in collective investment schemes	579	4 583
Net gains on Company's own shares measured at FVTPL	-	-
Lease income from investment property	158	202
Net change in fair value of investment property	-	-
Net change in fair value of owner-occupied property at fair value	-	-
Not underlying items		
Net gains on financial instruments mandatorily measured at FVTPL		
Equity investments	-	-
Net gains on financial assets designated as at FVTPL		
Government bonds	1	-
Other debt securities	572	587
Net gains on derecognition of debt investments at FVOCI	-2 860	-1 741
Dividends on equity investments at FVOCI	-	-
Net gains on derecognition	80	80
Dividends	-	-
Net foreign exchange gain on debt investments not measured at FVTPL		

(All amounts are in thousands of EUR, unless otherwise noted)

19 Expenses by categories

	2024	2023
Claims and benefits	54 377	50 880
Fees and commissions	23 682	21 089
Losses on onerous insurance contracts	412	-391
Expenses for employee remuneration (see Note 20)	12 300	11 467
Depreciation and amortisation	2 591	2 599
Impairment loss on intangible assets and goodwill	-	-
Amortisation and impairment loss on contract costs	-	-
Leases	153	107
Advertising	696	1 019
Professional and consultancy	93	83
Other*	2 477	5 749
Subtotal	**96 781**	**92 602**
Amounts attributed to insurance acquisition cash flows incurred during the year	-26 033	-23 656
Amortisation of insurance acquisition cash flows	23 299	20 656
Net impairment loss on assets for insurance acquisition cash flows	-	-
Total expenses	**94 047**	**89 602**
Represented by:		
Insurance service expenses	90 596	87 035
Other operating expenses	3 451	2 567

* audit of statutory financial statements and group reporting package in the amount of EUR 140 ths. and other assurance services in the amount of EUR 61 ths

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20 Expenses for employee remuneration

	2024	2023
Wages and salaries and termination benefits	9 192	8 605
Pension costs - defined contributions schemes	1 644	1 482
Social and health insurance costs	1 464	1 380
Total	**12 300**	**11 467**

21 Income tax

	2024	2023
Current tax	109	10
Deferred tax (Note 15)	1 016	1 880
Special levy charged on entities operating in regulated industries	225	248
Total	**1 350**	**2 138**

In 2024, the applicable income tax rate was 21 % (year 2023: 21 %). The special levy rate in regulated industries was 4.36 % (year 2023: 4.36 %) of the Company's profits. The levy arises when profit is higher than EUR 3 million. In the calculation of income tax, it is deductible from the tax base.

	2024	2023
Income tax rate	21.0 %	21.0 %
The share of special levy chargeable to regulated businesses in profit before tax Special levy	4.36 %	4.36 %

(All amounts are in thousands of EUR, unless otherwise noted)

Total tax rate	**25.36 %**	**25.36 %**
Effective tax rate	**24.88 %**	**24.38 %**

The Company's pre-tax profit tax differs from the theoretical amount that arises from applying the tax rate applicable to the Company's profits as follows:

	2024	2023
Profit before tax	5 429	5 922
Income tax calculated at the rate of corporate tax and special levy on businesses in regulated sectors 2024: 25.36%, 2023: 25.36%)	1 377	1 502
Tax non-deductible expenses	829	531
Non-taxable dividends	-20	-20
Other non-taxable income	-189	-118
Impact of items excluded from the tax base of the special levy on businesses in regulated industries	-741	-
Income tax expense	**1 350**	**2 138**

22 Contingent liabilities

The Company does not have any significant contingent liabilities.

23 Related party transactions

Significant transactions were undertaken with the following related parties:

Parent company:
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Equity investments
GLOBAL ASSISTANCE SLOVAKIA, s.r.o., Slovexperta, s.r.o., VIG Fund, a.s.

Companies under common control (members of VIG):
KKB Real Estate SIA, KOOPERATIVA POISŤOVŇA, a.s., NNC Real Estate sp. z o.o., VIG Re a.s.

Members of the statutory bodies of the Company

The most significant related party transactions arise from reinsurance contracts. The reinsurance program for proportional reinsurance includes quota reinsurance and compulsory contractual insurance, as well as property reinsurance. As part of life reinsurance, the reinsurance contracts are subject to risks of death and permanent disability. Natural disasters are covered by catastrophic excess of loss, and other non-proportional reinsurance relates to property insurance, liability, accident, and MTPL. Facultative reinsurance and fronting are also included in reinsurance transactions with the related parties.

(All amounts are in thousands of EUR, unless otherwise noted)

a) Receivables from and liabilities to related parties

Receivables and liabilities from related party transactions as at as at 31 December 2024 and 2023 are disclosed in the following table:

31 December 2024	Parent company	Subsidiaries	Other companies under joint control
Insurance contract assets			
Reinsurance contract assets			8 585
Other receivables	-	-	29
Loans provided and purchased securities	-	1 573	4 374
Total receivables	**-**	**1 573**	**12 988**
Insurance contracts liabilities			
Reinsurance contract liabilities	488	-	3 019
Other liabilities	304	362	19
Total liabilities	**792**	**362**	**3 037**

31 December 2023 restated	Parent company	Subsidiaries	Other companies under joint control
Insurance contract assets	-	-	-
Reinsurance contract assets			6 474
Other receivables	-	-	34
Loans provided and purchased securities	-	1 629	4 561
Total receivables	**-**	**1 629**	**11 069**
Insurance contracts liabilities			
Reinsurance contract liabilities	2 027	-	2 578
Other liabilities	114	-	35
Total liabilities	**2 141**	**-**	**2 613**

b) Related party transactions

Income and expenses from transactions. with related parties in 2024 were as follows:

	Parent company	Subsidiaries	Other companies under joint control
Insurance revenue			
Interest income and dividends	-	38	141
Other operating income	-	-	-
Total income	**-**	**38**	**141**
Insurance service expenses			
Net expenses from reinsurance contracts	2 089	-	3 979
Other operating expenses	-	-	1
Total expenses	**2 089**	**-**	**3 980**

(All amounts are in thousands of EUR, unless otherwise noted)

Income and expenses from transactions. with related parties in 2023 were as follows:

	Parent company	Subsidiaries	Other companies under joint control
Insurance revenue			
Interest income and dividends	-	39	148
Other operating income	-	-	-
Total income	**-**	**39**	**148**
Insurance service expenses			
Net expenses from reinsurance contracts	2 452	-	3 135
Other operating expenses	-	-	1
Total expenses	**2 452**	**-**	**3 136**

c) Remuneration to members of statutory bodies of the Company

The structure of the remuneration received by members of the Board of Directors in 2024 and 2023:

	2024	2023
Wages and other short-term employee benefits	1 267	1 226
Pension expenses	76	75
Social and health insurance costs	171	153
Total	1 514	1 454

The structure of the remuneration received by members of the Supervisory board in 2024 and 2023:

	2024	2023
Wages and other short-term employee benefits	72	59
Pension expenses	5	4
Social and health insurance costs	5	4
Total	82	67

d) Loans provided to and debt securities held of related parties

				value amount as at	
Loans provided to	**Total amount of provided loan**	**interest rate p.a.**	**due date**	**2024**	**2023**
KKB Real Estate SIA[1]	2 000	2.55 %	2030	1 774	1 824
VIG FUND, a.s.	2 000	2.30 %	2026	1 574	1 630
VIG FUND, a.s.	3 000	3.95 %	2034	1 730	1 843
NNC Real Estate sp. [2]	950	2.35 %	2031	883	906

1	The company is 100 % owned by VIG Fund, a. s
2	The company is 70 % owned by BTA Baltic Insurance Company, a subsidiary of VIG, and 30 % owned by YIT

During 2024, the Company repaid a reinsurance deposit to the parent company in the amount of EUR 17 744 ths.

24 Events after the balance sheet date

There were no other events that would significantly affect the Company's financial position after the reporting period.

COMPANY DIRECTORY

CITY	ADDRESS	PHONE NUMBER
Bánovce nad Bebravou	Moyzesova 6A	038/760 59 66
Banská Bystrica	Horná 25	048/415 39 54, 431 54 50
Banská Štiavnica	Dolná 6	045/692 15 50
Bardejov	Dlhý rad 30	054/472 84 69, 474 44 80, 321 44 16
Bratislava	Štefánikova 17	02/482 105 44
Bratislava	Košická 40	02/501 009 53-55
Bratislava	Znievska 1/A	02/536 312 24, 482 105 09
Brezno	Námestie gen. M. R. Štefánika 21	048/611 11 17
Bytča	1. mája 1/A	041/541 08 56, 553 26 38
Čadca	Kukučínova 3223/1D	041/432 76 00
Detva	M. R. Štefánika 61	045/693 13 70
Dolný Kubín	Na Sihoti 2225	043/552 65 61-2
Dunajská Streda	Hlavná 28	031/551 66 14
Dunajská Streda	Kukučínova 5791/47	031/321 44 52
Humenné	Námestie slobody 4	057/775 61 98
Kežmarok	Hviezdoslavova 15	052/321 44 41
Komárno	Tržničné námestie 3	035/773 23 01
Košice	Hlavná 62	055/682 25 61-62, 682 25 51-52
Košice	Moyzesova 38 (areál GLASIC)	055/720 27 10-2
Kráľovský Chlmec	Hlavná 2818	056/321 44 22
Krupina	Československej armády 484	045/693 13 69
Levice	Pionierska 1	036/631 37 65, 631 67 65
Levice	Kalvínske námestie 2	036/622 30 37
Levoča	Námestie Majstra Pavla 38	053/489 74 57
Liptovský Hrádok	SNP 582	044/522 31 33, 563 08 69
Liptovský Mikuláš	Belopotockého 2	044/551 43 09, 522 11 03, 439 40 04
Lučenec	Tomáša Garrigue Masaryka 8	047/433 36 55
Malacky	Záhorácka 100	0948/238 991, 0902 315 139
Martin	Francisciho 6	043/423 93 00, 413 50 69, 423 78 35
Michalovce	Štefánikova 2A	056/642 62 16
Námestovo	Hviezdoslavovo námestie 213	043/552 30 25
Námestovo	Hviezdoslavova 15/9	0911 012 457
Nitra	Kupecká 7	037/651 58 81-2
Nové Mesto nad Váhom	Hurbanova 772/29	032/771 04 15
Nové Zámky	M. R. Štefánika 45	035/640 11 92, 642 09 61
Partizánske	Nitrianska 2014	038/321 44 25
Pezinok	Kollárova 11	033/321 99 46
Piešťany	Teplická 63	033/774 03 58
Poprad	Námestie svätého Egídia 7	052/772 36 28
Považská Bystrica	Centrum 2304 (Polyf. objekt Tri veže)	042/432 78 19
Prešov	Hlavná 45	051/772 16 20, 758 17 44
Prievidza	M. Mišíka 20D (súp. č. 2671)	046/543 01 81, 0905 968 844
Púchov	Moravská 3/682	042/321 44 37, 0907/240 791
Revúca	Muránska 1331/4	058/326 01 00
Rimavská Sobota	Svätoplukova 24	047/563 14 18
Rožňava	Štítnická 7	058/733 14 12, 732 55 22
Ružomberok	Dončova 27	044/432 54 79
Sečovce	Obchodná 21	0940/754 942
Senec	Námestie 1. mája 27	02/442 504 16, 442 504 24
Senica	Námestie Oslobodenia 9/21	034/651 04 93
Sereď	Námestie Slobody 1193	031/789 63 52
Skalica	Potočná 284/14	034/664 69 27
Snina	Strojárska 4023 – OC PSO	057/321 44 13
Sobrance	Štefánikova 31/2	056/321 44 29
Spišská Nová Ves	Ing. Kožucha 8	053/442 87 35
Stará Ľubovňa	Námestie svätého Mikuláša 15	052/482 21 75, 321 44 53
Stropkov	Hlavná 60	054/326 01 04
Svidník	Stropkovská 568 (OC Austin Park)	054/321 44 18
Šaľa	Hlavná 56	031/321 44 54
Topoľčany	Sv. Cyrila a Metoda 18	038/532 04 46
Trebišov	M. R. Štefánika 3866	056/672 35 14
Trenčín	Palackého 11	02/743 11 65, 744 20 13
Trnava	Hornopotočná 1	033/551 28 23-4
Tvrdošín	Trojičné námestie 188/5	0911 012 457
Veľký Krtíš	Banícka 16	047/483 16 70

Vráble	Levická 174	037/783 37 40
Vranov nad Topľou	Janka Kráľa 140	057/442 37 28
Zvolen	T.G. Masaryka 955/8	045/532 30 97
Žiar nad Hronom	Štefana Moysesa 70	045/326 01 02
Žilina	Jána Milca 807/1	041/562 41 33, 562 56 10, 562 32 91