Wiener osiguranje Vienna Insurance Group d.d.

Annual report
for 2024

Contents

Management Board report

The Management Board is submitting its Management Board report together with the audited financial statements for the year ended 31 December 2024.

Wiener osiguranje Vienna Insurance Group d.d. (the "Company") is a joint stock company offering life and non-life insurance products, with headquarters in Zagreb, Slovenska 24. The major shareholder of the Company and the parent company is Vienna Insurance Group AG Wiener Versicherung Gruppe ("VIG" or "the Group"). The ultimate parent company is Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group.

The Company's membership to the Group is not only demonstrated by using the „family-name" Vienna Insurance Group, but also by sharing strategic objectives.

Values of the Company are part of the strategic corporate governance based on the vision of a future, in which the Company has a key role in insuring every person, home and company in Croatia.

Part of Vienna Insurance Group

VIG: "We are the leading insurance group in Central and Eastern Europe with the claim to be a stable and reliable partner for our target groups."

VIG, headquartered in Vienna, is the leading insurance group throughout Central and Eastern Europe (CEE). Around 50 insurance companies in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. Around 29,000 employees in the VIG take care of the day-to-day needs of more than 28 million customers.

From first mover to market leader in CEE

VIG was one of the first European insurance groups to begin expanding 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 one in the region. Vienna Insurance Group places an emphasis on Central and Eastern Europe as its home market and pursues a long-term strategy in the markets where it is represented. More than half of the total business volume and profit is generated in this region.

VIG: "We pursue a long-term business strategy in our markets that is focused on sustainable profitability and continuous earnings growth."

Expertise with local responsibility

VIG is synonymous with stability and expertise in providing its customers with financial protection against risks. Great importance is attached to a local multi-brand policy with regionally established brands and local entrepreneurship. Ultimately, the Group's success and closeness to its customers is down to the individual strengths of each brand and local know-how.

Strong Finances and Credit Rating

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

Management Board report (continued)

The Company

Through 71 sales points located across the country, around 417 sales employees, strong external sales channels, web-sales, and support of the strategic partner Erste & Steiermärkische Bank d.d. (the "Bank"), the Company's goal is to constantly provide clients with complete insurance cover and to make claims handling faster and more efficient. With stability based on core competences, the Company is a conscious insurer. The Company always strives for reliability and trustworthiness in dealings with customers and business partners, employees, and shareholders.

The premium results for 2024 are indicator of further strengthening of the market position of the Company. As one of the top five leading insurers on Croatian insurance market, the Company is following its vision to be a Company, which has a key role in insuring every person, home and company in Croatia.

The Company's vision, mission, and values, which have been introduced in order to put focus on a common organizational culture harmonizing different cultures existing due to the mergers, have achieved their targets. Values promoted in daily business are result orientation, expertise, openness for change and positive attitude.

With over 600 motivated and educated employees living the Company's values in daily business, the Company demonstrates its readiness to achieve great performance also in the next years.

Business performance

In 2024, the Company reported net profit of EUR 3.8 million, which reflects stability in operations of the Company, strict cost management and conservative investment policy. Although implemented the growth strategy, the Company was following selective underwriting policy in order to be even more earning oriented, regardless of possible premium losses. This management principle has proved its effectiveness and success.

The Company wrote gross paid premiums (including premium written outside of the Croatian insurance market via freedom of service (further on FOS)) of EUR 144.8 million, representing an increase of 9% in comparison to 2023, which positioned the Company on fifth place among insurance companies in Croatia, with a total market share of 8%. In life insurances, the Company realized increase in premium by 2.5% and holds second place with market share of 13.7%, while the market records increase of 4.2%. In non-life insurances, the Company records growth in gross paid premiums of 12.4% with market share of 6.2%, while the market records growth by 11.2%. As in previous years, the largest share in the Company's total premium relates to life insurance (31.7%) and motor insurance (22.0%).

The Company is enforcing a careful monitoring of the market developments and reacting on market trends, strictly following the profitability strategy and will maintain these efforts in the future. The Company's clear focus is on the profitability of all lines of business.

In 2024, insured claims and directly attributable expenses amounted to EUR 67.7 million, which is, compared to the previous year, a increase of EUR 0.5 million or 1%. The Company continued with group-wide anti-fraud initiative and with structured fraud management process is expecting additional profit potentials. Total insurance acquisition cash-flow amortisation amounted to EUR 27.1 million, which is an increase of EUR 5.9 million or 28% compared to the previous year.

As of 31 December 2024, the Company's total assets amounted to EUR 534.4 million, which is, compared to the previous year, a decrease of EUR 18 million or 3.3%. Decrease is mainly due to maturities in life insurance portfolio.

The Company has strong capital base and was compliant with all regulatory capital requirements during 2024. Strong capital base provides security to our policyholders. In the course of 2024, the Company did not buy back any shares and had no subsidiaries.

Management Board report (continued)

Business performance (continued)

In order to achieve growth driven by the profitability strategy, a further development of the digitization process of sales and portfolio management is required. In 2024, the Company was also involved in IT projects in many segments of operations, in order to adapt to the global digital transformation and to optimize business processes in the field of Business Intelligence, Document Management System, Client Relation Management and Sales support. The Company’s business goals for 2024 were also a development and extension of supported functionalities in the IT systems with the aim to enable fast adoption to market changes, but also projects leading to a higher level of digitization as well as additional services and features on George (Erste bank digital platform).

In the course of 2024, the Management Board continued activities supporting the implemented Strategy and its main initiative related to profitable premium growth of non-life, increase of new regular premium in life portfolio, investments in the internal sales network, strict cost management, digitization, and strategic partnership with Erste bank. As a counter measure for the negative impact of the inflation, the Company was closely monitoring prices of the products and took corrective measures when necessary.

Strategic lines of business are regular life insurance, health insurance products, private property and motor business, as well as the further development of the bank assurance.

In order to maintain sustainable growth and financial stability, the Company is focused on the overall profitability and will continue with the optimisation of underwriting and claims processes. Further on, the Company puts strong emphasis on increase of productivity of sales forces.

The Company is continuously working on implementation of the Company's values, increasing key competencies and actively developing employer branding and HR strategy to attract new skilled and motivated employees and retain existing employees.

Risk management

The management of risks to which the Company is exposed in its ordinary business is conducted on regular basis. Risk management allows for identification, analysis, quantification and control of risks. The main risks to which the Company is exposed to are insurance risks, credit risk, market risks (price risk and interest rate risk), liquidity risk, operational risks, strategic risks and reputational risks. In each risk category, the Company undertakes measures for management and control of risks in order to limit the risks to acceptable level.

Further, the Company is aware of potential emerging risks for insurance industry (cyber risks, sustainability risks) and performs evaluation of those risks as part of its ORSA process.

Solvency II takes into consideration all risks to which the Company is exposed in its business activities. The most important role is given to the market and insurances risks. Exposure to these risks is shown in the notes to the financial statements. The Company will continue to pay particular attention to the assessment of all risks to which the balance sheet positions are exposed.

Management Board report (continued)

Risk management (continued)

The Company's objective is to maintain available capital at the level that is significantly above the minimum requirements indicated and consistent with the Company's risk profile, risk appetite and capital management strategy.

Solvency II regulatory capitalisation:

	31 December EUR'000	31 December EUR'000
Eligible own funds	**88,551**	80,431
Solvency capital requirement	**45,852**	43,908
Minimum capital requirement	**20,634**	19,759
Solvency ratio	**193.1%**	183.2%

Social responsibility

Corporate social responsibility (the "CSR") is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public. By practicing corporate social responsibility, companies can be conscious of the kind of impact they have on all aspects of society, including economic, social, and environmental. Actively engaging in CSR means that the Company is operating in ways that enhance society and the environment, instead of contributing negatively to them. As important as CSR is for the community, it is equally valuable for the Company. CSR activities can help forge a stronger bond between employees and organizations, boost morale, and help both employees and employers feel more connected with the world around them.

During 2024, Company's main CSR focus was still on helping children. The Social Active Day activity, continued providing support to Mali zmaj (transl. Little dragon), a humanitarian association dedicated to improving the life quality of poor and neglected children. Their activities include organizing workshops for children that include play, sports, entertainment and field trips, but also providing professional learning assistance, speech therapy exercises and psychotherapy. The Company has continued providing the Mali zmaj with a working area (former office space), which is now used for their activities, such as speech therapy exercises, conversations with a psychologist or professional learning assistance. Also, Company's employees volunteered and colleected Christmas and Easter gifts for the children of Mali zmaj and in addition they have packed and equipped big number of school bags for the children of Mali zmaj.

In order to create a framework for the involvement of our employees in our CSR activities, the Company continued with activities in Wiener volunteer club. Its aim is to bring the benefits of volunteering closer to everyone, and to remind us that each new day brings an opportunity to initiate positive changes in our communities and help those who need help the most. In total, 11 volunteer actions and 14 organizations supported through volunteering took place in 2024, with a record of 73% of Wiener employees participating in volunteer activities during the year. Wiener's employees continue to volunteer in their free time as well and these numbers only consider the activities that were carried out as part of our Wiener volunteer club.

In December 2024, we organized our second internal "Jingle & Mingle Christmas charity fair" where our employees sold crafts, Christmas decorations, cards, and homemade cookies in exchange for charity donations. 133 employees in 26 teams exhibited at the fair. Donations were paid to associations at the employees' choice: Mali zmaj, DEBRA, Krijesnica, Hrabri telefon, KroNland, Community Service Center "Mir" Kaštela, Klasje Osijek, "I am with you" Varaždin, Community Service Center Vladimir Nazor Karlovac, Children's home Karlovac, DEPAUL Rijeka.

To communicate our efforts and resources in best possible way while maintaining the direction of Company's socially responsible activities, in 2024 the target group for the main CSR project "Mentalna higijena" (transl. Mental Hygiene) were still children and youngsters battling with mental health issues. Hrabri telefon (Brave Phone) is a non-governmental, non-profit organization founded with the aim of providing direct help and support to abused and neglected children and their families, but also to work on the prevention of abuse and neglect of children and youth. 12% of children aged 10 to 19 in Croatia, that is, about 44,000 of them, have mental health problems, and numerous studies indicate to the almost doubled occurrence of mental health difficulties in children since the beginning of the pandemic.

Management Board report (continued)

Social responsibility (continued)

As part of our main CSR project, we have developed an educational platform called Mental Hygiene to emphasize the importance of caring for our mental well-being alongside physical health and cleanliness. In collaboration with Hrabri telefon, we have created over 70 educational videos and articles addressing issues commonly discussed by children through Brave Phone's helpline. Our communication style, choice of social media platforms and content formats were entirely tailored to our target audience.

Following the platform's launch, our goal was to delve deeper into the main topic and inspire our audience not only to consume educational content but also to actively engage and share their perspectives. In cooperation with Hrabri telefon, we upgraded the project with fresh educational content and activities, including workshops in elementary schools designed for children and teenagers. Alongside our partner, Go2Digital, we developed a digital interactive quiz about mental health placed at malls, schools, and other frequent locations throughout Croatia. Additionally, we hosted our second unique meet-up event where children, project ambassadors, experts, and media figures came together to discuss mental hygiene and the challenges within this domain.

The main activity of this year's project "Mental Hygiene" was the development of a mental health journal intended for individual use by children and application in educational institutions. The content of the journal was designed by experts from the Brave Phone, based on years of experience working with children and young people. The goal of the journal is to provide support and empower individuals on the path to better understanding themselves. The journal content is available for download on the website mentalnahigijena.hr, allowing children, parents, teachers, school psychologists, and others to use it. So far, the diary has been downloaded 1.500 times.

The primary goal of this project is still to provide help in the field of mental health of children and youngsters, who are proven the most sensitive to the consequences of traumatic experiences. We aim to help as many children as possible and eventually trough this sustainable project, help to lower negative national statistics regarding mental health problems among children. The long-term goal is for the platform to become a place of information not only for children but also for parents and public. Looking ahead, we aim to sustain the project with new activities and the creation of additional educational materials to effectively raise awareness about this issue in ways that deeply resonate with our audience.

Sustainability Statement

The Company fully complies with the provisions of the Directive 2022/2464 regarding corporate sustainability reporting and the Accounting Act, which has transposed the provisions of the cited Directive.

In accordance with the provisions of cited regulations, the Company has utilized the prescribed exemption from obligation to prepare a stand-alone sustainability statement. Exemption is utilized as the parent company, Vienna Insurance Group AG Wiener Versicherung Gruppe, Schottenring 30, includes the consolidated Sustainability Statement in its Consolidated Annual Report which will be published online on client Group's website www.vig.com.

Such consolidated Sustainability Statement contains all the prescribed information related to environmental protection, social responsibility and treatment of employees, respect of human rights, anti-corruption and bribery and diversity of the Company and the Group.

Corporate Governance

The Company considers responsible Corporate Governance to be a prerequisite for the creation of sustainable values, growth and creation of values to shareholders, policyholders and other stakeholders.

The Company implements both external and internal regulations, as well as the regulations of its parent company, Vienna Insurance Group, provided these are not in conflict with the regulations in force in the Republic of Croatia and it also monitors the alignment of its organizational structure, to be able to modify and adjust promptly if needed.

The shareholders exercise their voting rights in the General Assembly, which is convened by the Management Board after the Supervisory Board approves the decisions that are to be adopted by the Assembly based on the Statute and law. The Assembly in particular decides on the appointment of the Supervisory Board members, the annual financial statements, profit distribution, appointment of the Company's auditor.

Management Board report (continued)

Corporate Governance (continued)

The Management Board is responsible for the management of the Company's activities and represents the Company toward third parties. It ensures that the Company operates in line with risk management regulations, that is secures and maintains an adequate level of capital, manages control functions, the performance of external and internal audit, draws up financial and other reports in line with accounting regulations and standards and reports to the Croatian Financial Services Supervisory Agency.

The Management Board, during the course of 2024 and up to the date of the signing of this report, comprised:

Tamara Rendić	Chairman
Božo Šaravanja	Member
Alan Jelovečki	Member (from 23 July 2024)

The Supervisory Board monitors the performance of the Company's activities, appoints and recalls members of the Management Board, participates in the development of annual financial reports, submits a written supervisory report to the General Assembly, represents the Company before the Management Board and grants prior approval to Management Board decisions when this is prescribed by law or the Statute of the Company.

The Supervisory Board set up from amongst its members an Audit Committee which fulfils statuary task, i.e. correct and transparent disclosure of information.

The Supervisory Board, during the course of 2024 and up to the date of the signing of this report, comprised:

Christoph Rath	Member from 16 September 2024; Chairman from 18 September 2024
Peter Franz Höfinger	Chairman until 17 September 2024; Deputy Chairman from 18 September 2024
Zoran Dimov	Member
Gerald Netal	Member
Hans Raumauf	Member
Pavel Andreev	Member
Anita Markota Štriga	Member from 13 December 2024
Gábor Lehel	Deputy Chairman until 17 September 2024; Member from 18 September 2024 until 1 November 2024
Katarina Kraljević	Member until 22 April 2024

Efficient cooperation has been established between the Company's Management Board and the Supervisory Board, as well as its committees. The Management Board reports regularly (through quarterly and annual reports) to the Supervisory Board about the Company's operations, performance, the risk management and control system, as well as financial plan realization.

3 April 2025

Tamara Rendić
President of the Management Board

Božo Šaravanja
Member of the Management Board

Alan Jelovečki
Member of the Management Board

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Responsibilities of the Management Board for the preparation and approval of the annual financial statements and the Management Board report

Pursuant to the Croatian Accounting Law, the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which give a true and fair view of the state of affairs and results of the Company for that period.

The Management Board is responsible for implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

After making enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and must also ensure that the financial statements comply with the Croatian Accounting Law. The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board of the Company is responsible for the preparation and fair presentation of Supplementary information prepared in accordance with the Ordinance on the form and content of financial statements and additional reports of insurance and reinsurance companies (Official Gazette 20/23), as well reconciliation between financial statements and Supplementary information. The Management Board is responsible for preparation and content of the annual financial statements and the Management Board report in accordance with the article 21 of the Accounting Act.

For and on behalf of Wiener osiguranje Vienna Insurance Group d.d., as at 3 April 2025:

Tamara Rendić
President of the Management Board

Božo Šaravanja
Member of the Management Board

Alan Jelovečki
Member of the Management Board

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Independent Auditors' Report to the shareholders of Wiener osiguranje d.d. Vienna Insurance Group

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wiener osiguranje d.d. Vienna Insurance Group ("the Company"), which comprise the statement of financial position of the Company as at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended 31 December 2024, and notes, comprising material accounting policies and other explanatory information (further referred to as "the financial statements").

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 year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2023 were audited by another auditor who issued an unmodified audit opinion on those financial statements on 15 March 2024.

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.

Key Audit Matters (continued)

Measurement of insurance contracts that are liabilities – liabilities for remaining coverage and liabilities for incurred claims measured under the *General Measurement Model ("GMM") or under the Variable Fee Approach ("VFA")*

The financial statements at 31 December 2024 include Insurance contracts liabilities of EUR 404,009 thousand (31 December 2023: 429,169 thousand), accounting for about 88% of total liabilities.

The caption includes, among other items, the liabilities for remaining coverage and the liabilities for incurred claims measured under GMM or VFA for EUR 309,607 thousand and EUR 10,188 thousand, respectively as at 31 December 2024 (EUR 346,067 thousand and EUR 8,056 thousand, respectively as at 31 December 2023).

Please refer to Note 3 of Material accounting policies, Note 4 Accounting estimates and judgements, Note 5 Insurance risk management and Note 21 Insurance contract liabilities.

Key audit matter	How our audit addressed the matter
Liability for remaining coverage – LRC for life insurance contracts not measured under PAA ('the liability") represents a significant element of insurance contract liabilities in the Company's statement of financial position. In measuring the liability, management was required to estimate the present value of future cash flows, risk adjustment for non-financial risk and contractual service margin (CSM). The measurement of the liabilities for remaining coverage and of the liabilities for incurred claims under GMM or VFA is carried out mainly through the application of actuarial valuation techniques which, in certain instances, entail a high level of complex and subjective judgement relating to past and future internal and external variables. Relatively insignificant changes in the key assumptions may have a material impact on the amount of the liability. The key assumptions include: — mortality, accident, and morbidity rates; — resignation/lapse ratios; — expenses; and — discount rates. For the above reasons, we considered the measurement of liabilities for remaining coverage under GMM or VFA and liabilities for incurred claims included in the caption "Insurance contracts that are liabilities" to be a key audit matter.	Our audit procedures, carried out with the assistance of our own actuarial specialists, included: • evaluating the Company's methods and models applied in estimating the liability (LIC, LRC, RA), for consistency of application and also against relevant legal, regulatory and financial reporting requirements; • testing the design and implementation of selected controls within the process of the liability measurement, including those over: — establishing and revising actuarial assumptions; — completeness and accuracy of underlying data; and — calculation of present value of future cash flows; • challenging the key actuarial assumptions used by the Company, as follows: — mortality, accident and morbidity rates, lapse ratios and expenses - by reference to the Company's historical studies or external market data, as considered appropriate; — discount rates – primarily by reference to rates obtained from publicly available external sources and internal data; • for selected groups of insurance contracts – examining present value of future cash flows and assumptions therein to ensure they are incorporated into measurement model of the Company at 31 December 2024; • assessing the overall calculation of liabilities for incurred claims, through the application of actuarial techniques, by identifying, where possible, a range of reasonable insurance liabilities for incurred claims values; • assessing the reasonableness of the criteria used in determining coverage units and the reasonableness of the movements of the CSM for the period. • assessing the appropriateness of the disclosures about "Insurance contracts liabilities".

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Independent Auditors' Report to the shareholders of Wiener osiguranje d.d. Vienna Insurance Group *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Key Audit Matters (continued)

Measurement of insurance contracts that are liabilities – Liabilities for incurred claims under the *Premium Allocation Approach ("PAA")*

The financial statements at 31 December 2024 include Insurance contracts liabilities of EUR 404,009 thousand (31 December 2023: 429,169 thousand), accounting for about 88% of total liabilities.

The caption includes, among others, liabilities for remaining coverage and liabilities for incurred claims measured under PAA for EUR 25,064 thousand and EUR 59,210 thousand, respectively as at 31 December 2024 (23,141 thousand and EUR 51,904 thousand, respectively as at 31 December 2023).

Please refer to Note 3 of Material accounting policies, Note 4 Accounting estimates and judgements, Note 5 Insurance risk and Note 21 Insurance contract liabilities.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td>Liability for incurred claims for 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, the Company was required to estimate the present value of future cashflows (PVFCF) for claims that occurred until 31 December 2024 and the risk adjustment for non-financial risk (RA) arising from the uncertainty in the said cashflows.

The estimation of PVFCF in part related to incurred but not reported claims (IBNR) requires the Company to apply professional judgment as well as complex and subjective assumptions, especially for lines of business that are considered longer tail such as Motor Third Party Liability (MTPL). Relatively insignificant changes in the key assumptions may have a material impact on the amount of the LIC. The key assumptions include mainly claims development ratios.

Estimating IBNR also requires applying complex formulas and calculation tools that may not work properly and / or rely on incorrect assumptions. In addition, a number of acceptable actuarial methods exist for determining the IBNR.

In the wake of the above factors, satisfying ourselves regarding measurement of the LIC, required our increased attention in the audit and as such was determined to be a key audit matter.</td><td>Our audit procedures, performed with the assistance of our actuarial specialists, included, among others:

• testing the design and implementation of selected controls within the process of estimating IBNR, including those over:
— completeness and accuracy of the underlying data; and
— output of the calculation of IBNR;

• for selected insurance contract groups - independent recalculation of the IBNR and investigating any material differences in comparison to the Company's estimate;

• performing a retrospective assessment of the Company's estimation of IBNR by comparing the prior year's estimate with the actual outcomes;

• assessing the key assumptions in the estimation of IBNR, by analysing changes over time in their value, as well as:
— for claim development ratios - by reference to the Company's historical data regarding reported and settled claims;

• examining whether the Company's disclosures in the financial statements relating to LIC under PAA appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.</td></tr>
</table>

Report on the Audit of the Financial Statements *(continued)*

Other Information

Management is responsible for the other information. The other information comprises the Management Report included in the Annual Report of the Company, 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 connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed procedures which include considering whether the Management Report has been prepared in accordance with applicable legal requirements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and procedures performed, we report that:

- the information given in the Management Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared, in all material respects, in accordance with applicable legal requirements.

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. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the 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 management 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.

Report on the Audit of the Financial Statements *(continued)*

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 skepticism 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.

- 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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Independent Auditors' Report to the shareholders of Wiener osiguranje d.d. Vienna Insurance Group *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 controls 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

We were appointed by those charged with governance on 27 June 2024 to audit the financial statements for the year ended 31 December 2024. Our total uninterrupted period of engagement is 1 year, covering the periods from 1 January 2024 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 2 April 2025;
- we have not provided any prohibited non-audit services (NASs) referred to in Article 44 of the Audit Act. We also remained independent of the audited entity in conducting the audit;

The engagement partner on the audit resulting in this independent auditors' report is Katarina Kecko.

KPMG Croatia d.o.o. za reviziju
Croatian Certified Auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

3 April 2025

KPMG Croatia
d.o.o. za reviziju
Eurotower, 17. kat
Ivana Lučića 2a, 10000 Zagreb
5

Katarina Kecko
Member of the Board, Croatian Certified Auditor

This version of Auditors' report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the Auditors' report takes precedence over translation

Statement of financial position

as at

	Note	**31 December 2024 EUR'000**	31 December 2023 EUR'000
Assets			
Property and equipment	10	**11,927**	12,215
Right-of-use asset	11a)	**2,329**	2,867
Investment property	12	**22,149**	22,028
Intangible assets	13	**8,987**	9,873
Financial assets at amortised cost	14	**12,802**	11,290
Financial assets at fair value through OCI	14	**400,325**	429,172
Financial assets at fair value through profit or loss	14	**14,950**	7,751
Insurance contract assets		**205**	248
Reinsurance contract assets	15	**25,467**	22,007
Deferred tax asset	16	**9,828**	13,114
Inventories		**2**	3
Other receivables	17	**13,724**	11,095
Current income tax prepayment	31c)	**461**	1,337
Cash and cash equivalents	18	**11,223**	9,348
Total assets		**534,379**	552,348
Shareholders' equity			
Share capital	19a)	**31,439**	31,439
Capital reserves	19b)	**6,696**	6,696
Legal and statutory reserve	19c)	**559**	559
Other reserves	19d)	**32,791**	32,791
Fair value reserve	19f)	**(25,295)**	(36,541)
Financial reserve from insurance contracts	19g)	**18,296**	28,423
Retained earnings		**8,340**	4,490
Total equity		**72,826**	67,857
Liabilities			
Insurance contract liabilities	21	**404,009**	429,169
Reinsurance contract liabilities	15	**1,202**	1,363
Subordinated loans	22	**24,947**	24,947
Provisions for liabilities and charges	23	**1,626**	1,283
Deferred tax liability	16	**4,076**	6,239
Lease liabilities	11b)	**2,352**	2,912
Other payables	24	**23,341**	18,578
Total liabilities		**461,553**	484,491
Total liabilities and equity		**534,379**	552,348

The accounting policies and other explanatory notes on pages 18 to 134 form an integral part of these financial statements.

Statement of comprehensive income

for the year ended 31 December

	Note	**2024 EUR'000**	2023 EUR'000
Insurance revenue	25	**108,025**	97,656
Insurance service expenses	25,29	**(92,820)**	(86,996)
Net result from reinsurance contracts held	25	**(9,140)**	(3,498)
Insurance service result		**6,065**	7,162
Net result from investment property	26a)	**978**	755
Interest revenue from financial assets	26b)	**8,350**	8,837
Net gains on FVTPL investments	26c)	**1,043**	1,100
Net gains/(losses) on investment in debt securities measured at FVOCI reclassified to profit or loss on disposal	26d)	**388**	(500)
Other investment income	26e)	**702**	773
Other investment expenses	26f)	**(156)**	(347)
Net investment income		**11,305**	10,618
Finance expenses from insurance contracts issued	27	**(4,472)**	(2,801)
Finance income from reinsurance contracts held	27	**908**	293
Net insurance finance expenses		**(3,564)**	(2,508)
Other income	28	**890**	586
Other operating expenses	29	**(7,142)**	(8,766)
Other financial expenses	30	**(1,915)**	(1,859)
Profit before income tax		**5,639**	5,233
Income tax expense	31a)	**(1,789)**	(1,626)
Profit for the year		**3,850**	3,607
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss		***1,167***	*(1,323)*
Change in fair value of financial assets at fair value through OCI, net of amounts realised		**13,517**	21,860
Net financial expense from insurance contracts		**(12,350)**	(23,183)
Items that will not be reclassified subsequently to profit or loss		***162***	*369*
Net change of fair value of equities at fair value through OCI		**162**	369
Change in deferred tax on fair value of financial assets and insurance contracts liabilities	*31b)*	***(210)***	*247*
Total comprehensive income for the year		**4,969**	2,900
Earnings per share		**EUR**	EUR
Basic and diluted earnings per share	20	**10**	10

The accounting policies and other explanatory notes on pages 18 to 134 form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Capital reserves	Legal and statutory reserve	Other reserves	Fair value reserve	Financial reserve from insurance contracts	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
At 1 January 2023	**31,295**	**6,696**	**559**	**32,935**	**(54,793)**	**47,433**	**832**	**64,957**
Total comprehensive income/(loss) for the year								
Profit for the year	-	-	-	-	-	-	*3,607*	*3,607*
Other comprehensive income/(loss)								
Change in financial assets and insurance contract liabilities at fair value through OCI, net of amounts realised and impairment (Note 19 f) and g))	-	-	-	-	22,229	(23,183)	-	(954)
Transfer from retained earnings	-	-	-	-	(51)	-	51	-
Deferred tax on change in fair value of financial assets and insurance contract liabilities at fair value through OCI, net of amounts realised and impairment (Note 19 f) and g))	-	-	-	-	(3,926)	4,173	-	247
Total other comprehensive income/(loss)	-	-	-	-	*18,252*	*(19,010)*	51	*(707)*
Total comprehensive income/(loss) for the year	-	-	-	-	**18,252**	**(19,010)**	**3,658**	**2,900**
Transactions with owners recognised directly in equity								
Increase in Share capital from Other reserves (Note 19a)	144	-	-	(144)	-	-	-	-
At 31 December 2023	**31,439**	**6,696**	**559**	**32,791**	**(36,541)**	**28,423**	**4,490**	**67,857**
At 1 January 2024	**31,439**	**6,696**	**559**	**32,791**	**(36,541)**	**28,423**	**4,490**	**67,857**
Total comprehensive income/(loss) for the year								
Profit for the year	-	-	-	-	-	-	*3,850*	*3,850*
Other comprehensive income/(loss)								
Change in financial assets and insurance contract liabilities at fair value through OCI, net of amounts realised and impairment (Note 19 f) and g))	-	-	-	-	13,679	(12,350)	-	1,329
Deferred tax on change in fair value of financial assets and insurance contract liabilities at fair value through OCI, net of amounts realised and impairment (Note 19 f) and g))	-	-	-	-	(2,433)	2,223	-	(210)
Total other comprehensive income/(loss)	-	-	-	-	*11,246*	*(10,127)*	-	*1,119*
Total comprehensive income/(loss) for the year	-	-	-	-	**11,246**	**(10,127)**	**3,850**	**4,969**
At 31 December 2024	**31,439**	**6,696**	**559**	**32,791**	**(25,295)**	**18,296**	**8,340**	**72,826**

The accounting policies and other explanatory notes on pages 18 to 134 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December

	Note	**2024**	2023
		EUR'000	EUR'000
Cash flows from operating activities			
Profit before income tax		**5,639**	5,233
Adjustments for:			
Depreciation, impairment and reversal of impairment losses on investment property and property and equipment	10,12	**1,027**	1,362
Amortisation of intangible assets	13	**2,015**	2,160
Depreciation of rights-of-use assets	11	**1,158**	1,140
Depreciation of small inventory		**3**	4
Reversal of net impairment losses on other receivables	17 b)	**(45)**	(336)
Net fair value gains on financial assets	26 c), d)	**(1,431)**	(600)
Net foreign exchange losses/(gains)	26 f)	**-**	41
Dividend income	26 e)	**(291)**	(292)
Interest income	26 b)	**(8,350)**	(8,837)
Net (income)/expense from financial insurance liabilities	27	**3,564**	2,508
Interest expense	30	**1,915**	1,859
Profit on disposal of property and equipment	28	**(1)**	(75)
Profit on disposal of investment property	26 a)	**(70)**	(69)
Net change in provisions for liabilities and charges	23	**764**	148
Changes in operating assets and liabilities			
Net decrease in financial assets at amortised cost		**(1,513)**	(7)
Net increase in financial assets at fair value through OCI		**37,585**	(26,567)
Net decrease in financial assets at fair value through profit or loss		**(6,155)**	29,148
Net increase in investment property		**139**	463
Net increase/decrease in insurance contract liabilities		**(38,808)**	(9,976)
Net increase/decrease in reinsurance contract assets/liabilities		**(3,620)**	(6,533)
Net increase in other receivables and other assets		**(214)**	48
Net increase in other payables		**2,581**	(634)
Interest received		**9,578**	8,756
Interest paid		**(1,830)**	(478)
Dividend received		**291**	292
Income tax paid		**-**	(1,626)
Net cash from operations		**3,931**	(2,868)
Cash flow from investing activities			
Purchases of property and equipment		**(928)**	(215)
Purchases of intangible assets		**(1,129)**	(1,625)
Proceeds from sale of property and equipment		**1**	370
Net cash used in investing activities		**(2,056)**	(1,470)
Net increase/(decrease) in cash and cash equivalents		**1,875**	(4,338)
Cash and cash equivalents at 1 January		**9,348**	13,686
Cash and cash equivalents at 31 December	18	**11,223**	9,348

The accounting policies and other explanatory notes on pages 18 to 134 form an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

Wiener osiguranje Vienna Insurance Group d.d. (the “Company”) whose registered address is at Slovenska ulica 24, Zagreb is a joint stock company incorporated and domiciled in Croatia.

The Company is a composite insurer offering life and non-life insurance products in Croatia, regulated by the Croatian Financial Services Supervision Agency (“HANFA” or “the Agency”).

The Company’s major shareholder (97.82% of voting rights) is Vienna Insurance Group AG Wiener Versicherung Gruppe, which is a joint stock company, incorporated and domiciled in Austria, Vienna and ultimate parent company is Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, mutual insurance association, founded and domiciled in Vienna, Austria.

2 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS” as adopted by EU).

The financial statements were authorised for issue by the Management Board on 3 April 2025 for approval by the Supervisory Board.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on the following alternative basis.

Item	**Measurement basis**
Financial assets at fair value through profit or loss	Fair value
Financial assets at fair value through OCI	Fair value
Insurance and reinsurance contract assets	Fulfilment cash flows and, if any, the CSM

(c) Functional and presentation currency

The financial statements are presented in euro (“EUR”) which is the Company's functional and presentational currency. Amounts are rounded to the nearest thousand, unless indicated otherwise.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and information available at the date of preparation of the financial statements, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected. Information about judgments made by management in the application of IFRS as adopted by EU that have significant effect on the financial statements and information about estimates that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 4.

2 Basis of preparation (continued)

(e) New standards and interpretations

/i/ Application of new and revised International Financial Reporting Standards

Except for the changes below, the Company has consistently applied the accounting policies as set out in the Notes below to all periods presented in these financial statements.

I. Effective standards, amendments to standards and implementations – adopted in 2024

In 2024 the following standards, amendments or interpretations came into force:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date, and Non-current Liabilities with Covenants (issued on 23 January 2020, 15 July 2020, 31 October 2022 respectively);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023);

Adoption of these standards and amendments has not determined substantial effects on the amounts recognized in balance sheet or income statement or impact on disclosure of accounting policies.

II. Standards, amendments to standards and interpretations issued but not yet effective

The standards, amendments to standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Until 31 December 2024, the European Commission did not endorse any changes to the Accounting principles applicable to reporting, which were not effective for the preparation of 2024 financial statements. As at 31 December 2024 the IASB issued the following standards, amendments, interpretations or revisions, whose application is subject to completion of the endorsement process by the competent bodies of the European Commission, which is still ongoing:

- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024),
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024),
- Annual Improvements Volume 11 (issued on 18 July 2024),
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024),
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023).

These standards are not expected to significantly affect the Company’s financial statements.

(f) Changes in the presentation of the financial statements

In 2024, the Company reviewed presentation of certain items in the statement of financial position. The result of the review led to a change in the presentation of pre-recognition liability which is now presented as Other payables. Previously it was reported as part of the Provisions for liabilities and changes. The previous reporting period was adjusted by EUR -4,423 thousand in the position Provision for liabilities and charges and consequently by EUR +4,423 thousand in the position Other payables. As a result from the change in the presentation, the financial statements provide a more relevant information about the level of uncertainty of the reclassified position.

3 Material accounting policies

(a) Property and equipment

Property and equipment are held for use in the provision of services or for administrative purposes.

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the related asset and are included in profit or loss.

Reclassification to investment property

When the use of property changes from owner-occupied to investment property, the property is reclassified as investment property with unchanged carrying amount.

Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Land and assets acquired but not brought into use are not depreciated. The estimated useful lives of significant items of property and equipment are as follows:

	2024	2023
Buildings	50 years	50 years
Equipment and furniture	4 -10 years	4 -10 years
Motor vehicles	5 years	5 years
Leasehold improvements	over the period of the lease	over the period of the lease

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(b) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in supply of services or for administrative purposes. The Company also holds some investment property acquired through the enforcement of security over mortgage loans to policyholders.

Investment property is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Once per year investment property is tested for impairment. Fair value of property for Impairment testing is determined by independent surveyors. If an investment property becomes owner-occupied because its use has changed, it is reclassified as property and equipment, with no change in carrying amount.

Depreciation is provided on all investment property, except for investment property not yet brought into use, on a straight-line basis at prescribed rates designed to write off the cost over the estimated useful life of the asset as follows:

	2024	2023
Investment property	50 years	50 years

3 Material accounting policies (continued)

(c) Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Company's share of the underlying net identifiable assets acquired, including intangible assets, at the date of acquisition. Bargain purchase gain arising on an acquisition is recognised directly in profit or loss.

Goodwill represents amounts arising on acquisition of subsidiaries and is included in intangible assets.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is not amortised but is tested annually for impairment (Note 4.2). Impairment losses on goodwill are not reversed.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. Development expenditure is not capitalised but recognised in profit or loss when incurred. The Company recognises as assets only separately acquired intangible assets hence capitalises only purchase price, including import duties and non-refundable purchase taxes and after deducting trade discounts and rebates and directly attributable cost to preparing the asset for its intended use with such as professional fees.

Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Assets acquired but not brought into use are not depreciated. The estimated useful lives are as follows:

	2024	2023
Software	4-10 years	4-10 years

Amortisation methods and useful lives are reassessed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software is separately acquired.

3 Material accounting policies (continued)

(d) Financial instruments

Classification and recognition

The Company classifies its financial instruments in the following categories: financial assets at fair value through other comprehensive income, financial assets at amortized cost and financial assets at fair value through profit or loss. There are two classification criteria for financial assets: business model of the Company for the management of financial assets and contractual characteristics of cash flows of financial assets. Financial assets are measured at amortized cost only if both of the following criteria are met: assets are held for the purpose of collecting cash flows and cash flows of financial assets are on specific dates that only include the payment of principal and interest on the outstanding principal amount.

The Company classifies all liabilities at amortized cost, except for: financial liabilities determined at fair value through profit or loss, including liabilities that are derivative instruments, financial liabilities that are result of a transfer that does not meet the conditions for derecognition or the continuing participation approach is applied, contract on financial guarantee, the obligation to provide a loan with interest rates lower than market interest rates and unforeseen sums recognized by the buyer in the context of a business combination for which IFRS 3 applies.

At the initial recognition of a financial liability, the Company may decide to record financial liabilities at fair value if the contract contains one or more embedded derivative instruments, and the underlying contract is not an asset to which IFRS 9 applies. Such assessment can be performed if the embedded derivative instrument or more don't change the cash flows that would otherwise require it.

Reclassification

Reclassification is only possible if the Company changes its business model for managing financial assets. It will reclassify all affected assets. The Company may not reclassify any of its financial liabilities.

Financial assets at fair value through profit or loss

Financial assets at fair value through the profit or loss represent a residual category of financial assets. Financial assets are classified in this category if they do not meet the criteria for classification in the category of financial assets that are measured at amortized cost or at fair value through other comprehensive income and if they do not meet the SPPI test or are held within other business models. Financial assets at fair value through profit or loss are expected to be sold before maturity or are managed and evaluated on a fair value basis. Furthermore, financial assets whose contractual cash flows do not meet the SPPI test are automatically measured at fair value through profit and loss.

The Company designates financial assets and financial liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Financial assets at fair value through profit or loss include investments in internal fund and investments in investment fund units, both for the Company's own account and for the account of policyholders.

The Company does not have financial liabilities designated at fair value through profit or loss.

3 Material accounting policies (continued)

(d) Financial instruments (continued)

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets that meet the following two conditions: Financial assets are held in order to collect contractual cash flows and cash flows of financial assets are on specific dates that only include the payment of principal and interest on the outstanding principal amount.

Debt securities, deposits and loans that meet the above criteria are within this category along with receivables from customers and other receivables, receivables based on financial leases, and cash and cash equivalents.

Gains or losses arising from the subsequent measurement of financial assets within this category are recognized as follows:

- Interest income is recognized in the profit and loss using the effective interest rate method, in the period to which they relate
- Provisions for impairment (gains and losses) are recognized in the profit and loss
- Gains or losses resulting from exchange rate changes are recognized in the profit and loss.

When financial assets are derecognised, gains or losses are recognized in the profit or loss and are shown in the position Other realized gains/losses (net)" in the profit or loss statement.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are non-derivative financial assets that meet the following two conditions: Financial assets are held in order to collect contractual cash flows and selling financial assets and cash flows of financial assets are on specific dates that only include the payment of principal and interest on the outstanding principal amount.

The purpose of the debt instruments classified in this category is, in addition to generating interest income, managing internal liquidity needs, effectively placing excess liquidity or realizing fair value. Accordingly, within the business model of this measurement category, sales are not limited and are one of the ways to achieve goals.

For investments in equity instruments, which are not held for trading, the Company has chosen the option of measuring them at fair value through other comprehensive income. This option applies to equity investments which the Company intends to keep for longer than five years. Dividends from equity securities are recognized in the income statement.

Other financial liabilities

Other financial liabilities comprise all financial liabilities which are not designated at fair value through profit or loss.

Other financial liabilities are disclosed in the statement of financial position under line item "*Other payables*".

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are recognised on the settlement date which is the date that the Company pays or receives payment for the contractual provisions of the investment. Loans to customers and deposits and other financial liabilities carried at amortised cost are recognised when paid to borrowers or received from lenders.

The Company derecognises financial assets (in full or part) when the contractual rights to receive cash flows from the financial assets have expired or when it loses control over the contractual rights on those financial assets. This occurs when the Company transfers substantially all the risks and rewards of ownership to another business entity and loses control over these assets or when the rights are realised, surrendered or have expired.

The Company derecognises financial liabilities only when the financial liability ceases to exist, i.e. when it is discharged, cancelled or has expired. If the terms of a financial liability substantially change, the Company will cease recognising that liability and will instantaneously recognise a new financial liability, with new terms and conditions.

3 Material accounting policies (continued)

(d) Financial instruments (continued)

Initial and subsequent measurement

Financial assets and liabilities are recognised initially at their fair value, with increase or decrease for transaction costs that are directly attributable to the acquisition (except for financial assets and liabilities at fair value through profit or loss).

If the fair value at initial recognition differs from the transaction price, then the difference between the fair value at initial recognition and the transaction price must be recognized as a gain or loss. The Company recognizes financial assets on the settlement date.

Financial assets and liabilities are subsequently measured according to: amortized cost, according to fair value through other comprehensive income or according to fair value through the profit and loss. Losses from the subsequent measurement of financial assets and liabilities that are classified according to fair value through the profit and loss account are reported as income or expense in the profit or loss.

Financial assets, the effects of which are recorded through other comprehensive income, are recorded through capital as increase/decrease (shown through the Statement of other comprehensive income). Financial assets and liabilities measured at amortized cost are subsequently measured using the effective interest rate method. Impairment is applied to assets held at amortized cost and fair value through other comprehensive income.

After initial recognition, the Company measures financial assets at fair value through profit or loss or fair value through other comprehensive income without any deduction for selling costs. If the market for a financial asset is not active (and for unlisted securities), or if, for any other reasons, the fair value cannot be reliably measured by market price, the Company establishes fair value by using valuation techniques. These include the use of prices achieved in recent arm’s length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis.

Loans to customers and deposits are measured at amortised cost less impairment losses. Other financial liabilities are measured at amortised cost. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Gains and losses

Gains and losses arising from a change in the fair value of financial assets at fair value through profit or loss are recognised in the profit or loss.

If the Company invests in equity securities that are not intended for trading, then subsequent changes in the value of these financial assets are presented in other comprehensive income. Dividends are recognized in the profit or loss only if the right to dividend payment is established, if it is probable that the dividend will be collected and if the amount of the dividend can be reliably determined.

Gains and losses on financial instruments carried at amortised cost are recognised in profit or loss, when a financial instrument is derecognised, reclassified, through amortisation (premium or discount) and in case of impairment loss. According to IFRS 9, interest income is determined according to the effective interest rate method, starting from the gross book value of financial assets. Such assets are valued at the effective interest rate adjusted for credit risk. The effective interest rate includes directly attributable fees, such as issuance fees received by the entity in connection with the creation or acquisition of financial assets; payments for activities, such as evaluating the borrower's financial condition; evaluation and recording of guarantees, payment insurance and other guarantees, negotiation of the terms of the instrument, preparation and processing of documentation and conclusion of the transaction.

Gains or losses arising from a change in the fair value through other comprehensive income are recognised directly in other comprehensive income except for impairment losses and foreign exchange. Upon sale or other de-recognition of financial assets at fair value through other comprehensive income, any cumulative gains or losses on the instrument are transferred from other comprehensive income to profit or loss.

Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at the date. The fair value of liability reflects its non-performance risk. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

3 Material accounting policies (continued)

(d) Financial instruments (continued)

Fair value measurement principles (continued)

The following prices are used: closing bid prices for domestic and foreign debt and equity securities and prices quoted per unit by investment management companies for units in investment funds.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of directly and indirectly observable inputs and minimise the use of derived inputs.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate and the discount rate is a market rate applicable at the reporting date for a financial instrument with similar terms and conditions.

Impairment of financial assets

In accordance with IFRS 9, the impairment model required the recognition of impairment provisions based on expected credit losses and applies to financial assets classified at amortised cost and debt instruments measured in other comprehensive income.

The general model of expected credit loss defines the classification of financial instruments, based on their credit quality at initial recognition and subsequent changes in credit quality reporting periods, in three stages of impairment. The impairment phase in which the financial instrument is assigned determines the amount of impairment or provision that will be recognized in the business books as well as the amount of interest income that will be recognized in the reporting period.

Stage 1

- There was no change in the credit risk or there was an insignificant increase in the credit risk of the financial instrument compared to the initial recognition
- Amount of impairment or provision is the amount of expected credit losses for a twelve-month period
- Basis for interest revenue calculation is gross book value.

Stage 2

- There was a significant increase in the credit risk of the financial instrument compared to the initial recognition
- Amount of impairment or provision is the amount of expected credit losses over the lifetime
- Basis for interest revenue calculation is gross book value.

Stage 3

- Default status has occurred and there is objective evidence of impairment of the financial instrument compared to initial recognition
- Amount of impairment or provision is the amount of expected credit losses over the lifetime
- Basis for interest revenue calculation is net book value.

3 Material accounting policies (continued)

(d) Financial instruments (continued)

Impairment of financial assets (continued)

If, in a subsequent period, the fair value of a debt instrument classified as fair value through other comprehensive income increases and the increase can be objectively attributed to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss. Changes in impairment provisions attributable to the time value of money are reflected as a component of interest income.

Specific instruments

Debt securities

Debt securities are classified as financial assets at fair value through other comprehensive income.

Deposits with banks

Deposits with banks are carried at amortised cost less any expected credit losses.

Loans to customers

Loans to customers are classified and subsequently measured at amortised cost and presented net of impairment allowances to reflect the estimated recoverable amounts.

Equity securities

Equity securities are classified as financial assets at fair value through other comprehensive income

Investments in investment funds

Investments in investment funds are classified as financial assets at fair value through profit or loss.

Investments held on account and at risk of life assurance policyholders

Investments held on account and at the risk of life insurance policyholders comprise policyholders' investments in unit-linked products and index-linked products and are classified as financial assets at fair value through profit or loss.

Other receivables

Other receivables are stated at their amortised cost less impairment losses. Other receivables are classified and subsequently measured at amortised cost.

Loans, borrowings and subordinated debt

Interest-bearing loans, borrowings and subordinated debt are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between proceeds (less attributable transaction costs) and redemption value being recognised in profit or loss over the term of the borrowings on an effective interest basis.

Other payables

Other payables are initially recognised at fair value and then subsequently at amortised cost.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, including gains and losses arising from a group of similar transactions.

3 Material accounting policies (continued)

(e) Leases

The Company leases various offices, vehicles and IT equipment. Rental contracts are typically made for indefinite time with termination option for lessee and lessor. When entering into a contract, the Company assesses whether the contract is a lease, and does it contain a lease. Under IFRS 16, a contract is a lease agreement or it is a contract containing lease if it transfers the right to exercise control over the use of an identified asset for a specified period in exchange for a fee. The Company does not separate non-lease components from lease components, but instead calculates all related components as one lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments, less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, where the lessee does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and office furniture.

Extension and termination options

Extension and termination options are included in a number of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company’s operations. The majority of extension and termination options held are exercisable by the Company and by the respective lessor.

(f) Cash and cash equivalents

For the purpose of the statement of financial position, cash and cash equivalents comprise cash with banks, cash in hand and demand deposits with banks while for the cash flow statement they also comprise short-term highly liquid investments with original maturities up to three months.

3 Material accounting policies (continued)

(g) Employee benefits

Defined contribution plans

For defined contribution plans, the Company pays contributions to State-owned and private pension management companies, in accordance with legal requirements or individual choice. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred. The Company has no further payment obligations once the contributions have been paid.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Jubilee awards and termination benefits

Liabilities based on other long-term employee benefits, such as jubilee awards and statutory termination benefits, are recorded as the net present value of the liability for defined benefits at the reporting date. The projected credit unit method is used for the calculation of the present value of the liability. The market yield on government bonds on the reported date is used as the discount rate.

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(h) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and/or non-current liabilities.

(i) Provisions for liabilities and charges

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3 Material accounting policies (continued)

(j) Share capital

Ordinary share capital

Ordinary share capital represents the nominal value of paid-in ordinary shares classified as equity and is denominated in EUR. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Capital reserves

Capital reserves consist of direct payments of shareholders into these reserves.

Dividends

Dividends on ordinary share capital are recognised as a liability in the period in which they are declared.

Legal reserve

As required by Company Act, the Company is required to appropriate 5% of its annual net profit into legal reserves until they, together with capital reserves, reach 5% of issued share capital. Legal and capital reserves formed under the Companies Act can be used for covering prior period losses up to 5% of issued capital, if they are not covered by profit in the current period or if other reserves are not available.

Other reserves

Other reserves can be used for share capital increase, loss coverage or other purposes at the discretion of the Company's General Assembly.

Fair value reserve

The fair value reserve represents unrealised net gains and losses arising from a change in the fair value of fair value through OCI financial assets, net of related deferred tax.

Financial reserve from insurance contracts

The Company has exercised the accounting policy choice option offered by IFRS 17 and disaggregates insurance finance income and expense between profit or loss and OCI, for all portfolios measured under GMM and PAA. Financial reserve from insurance contracts represents the balance of the part of insurance finance income and expense that has been classified as OCI and is calculated as the difference between total Insurance Finance income and expense ("IFIE") and the amount recognized in profit or loss. Systematic allocation, by which the amount of insurance finance income and expense is recognized in profit or loss, is determined by using 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 (effective yield).

Retained earnings

Any profit for the year retained after appropriations is transferred to reserves based on the shareholders' decision or left in retained earnings. Retained earnings are available for distribution to shareholders.

3 Material accounting policies (continued)

(k) Impairment

The carrying amounts of the Company's non-financial assets (property and equipment, investment property, intangible assets) are tested for impairment at each reporting date. If any indication of impairment exists, the asset's recoverable amount is estimated. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Allocation to Life/Non-life insurance

Allocation to Life/Non-life insurance is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for allocation to Life/Non-life is based on business segments, which include life insurance segment and non-life insurance segment.

Allocation of income and costs between the life insurance and non-life insurance

Investment income, realised and unrealised gains and losses, expenses and charges representing non-life business funds are directly included to the non-life business segment.

Investment income, realised and unrealised gains and losses, expenses and charges arising on life insurance business are directly included in the life insurance business segment.

Investment income, realised and unrealised gains and losses, expenses and charges arising on investments from equity are allocated to the life and non-life insurance segments depending on the allocation of the underlying assets.

During the year, direct other operating income, acquisition costs, administration expenses and other operating are directly charged to the non-life and life segments. Commissions are recorded separately in the life and non-life accounts. Direct other acquisition costs are directly allocated to the life and non-life segments based on the insurance product to which they relate. Other operating expenses are almost entirely booked separately in the non-life and life segments. The costs of sales and administrative personnel assigned exclusively to life and non-life insurance are directly allocated to the segment of life or non-life. All operating income and expenses that cannot be allocated directly to a particular segment are allocated on the basis of estimate of the hours spent on life and non-life insurance and the weighted ratio between non-life and life segments in the gross premium, claims paid, insurance contract liabilities and investments.

Allocation of equity and assets

Property and equipment, intangible assets, financial investments and investment property are allocated to the non-life and life segments according to the source of funding. Financial investments from equity are allocated to both non-life and life segments according to the source of equity. Equity is allocated according to minimal regulatory capital requirements and share issued by the shareholders. Fair value reserve is allocated according to the source of the related financial assets, while the legal reserves and other reserves were allocated to each segment according to the results of the related segment. Other receivables and payables are allocated based on those segments from which they originate.

3 Material accounting policies (continued)

(m) Revenue

The accounting policy in relation to insurance revenue recognition is disclosed in Note 3 (s).

Financial income

Interest income is recognised in profit or loss as it accrues for all interest bearing financial assets measured at amortised cost using the effective interest rate method, i.e. the interest rate that discounts expected future cash flows to net present value during the period of the contract or at the currently effective variable interest rate. Interest income from monetary assets at fair value through profit or loss, is recognised as interest income at the coupon interest rate.

Financial income also includes net positive foreign exchange differences resulting from translation of monetary assets and liabilities using the exchange rate applicable at the reporting date, dividends, net gains on the change in the fair value of financial assets at fair value through profit or loss and realised net gains from derecognition of financial assets. Dividend income is recognised in profit or loss on the date that the dividend is declared.

The accounting policy in relation to financial income recognition is disclosed in Note 3 (d) under "*Gains and losses*".

Income from investment property comprises realised gains upon derecognition, rental income and other income related to investment property. Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of each lease.

Fees and commission income

Commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies.

(n) Expenses

Operating expenses

Operating expenses consist of policy acquisition costs, administration costs and other operating expenses.

Acquisition costs

Acquisition costs comprise all direct and indirect attributable costs arising from the acquiring or renewal of insurance contracts such as employee, agent or broker commissions, bonuses to agents or brokers, employees' salaries and benefits relating to acquisition activities, contract issuance material costs, advertising costs, medical and inspection cost and other acquisition costs. Commission expenses are recognised on an accrual basis. Insurance acquisition cash flows shall be amortised to insurance contract expenses using the same recognition pattern as the related premiums for contracts measured under PAA, while for contracts measured under GMM and VFA, amortisation follows pattern of CSM release and is shown as part of insurance contract revenue and expense for presentation purposes.

Administration costs

Administration costs include attributable administrative personnel expenses, software, rentals, telecommunication and post services, energy and utilities, depreciation of property and equipment, maintenance, travel expenses and daily allowances, amortisation of other intangible assets, intellectual fees, management fees by parent, audit fees and other expenses.

Other operating expenses

Other operating expenses include non-attributable administration and acquisition expenses, legal enforcement collection of receivables from contract holders, credit cards payment fee, prevention costs, provision for legal claims, impairment and write off losses of property and equipment, other intangible assets and other receivables and other expenses.

Operating lease payments

Payments made under operating leases that do not qualify for recognition as a right of use within the framework of IFRS 16, are recognized in profit or loss on a linear basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense.

Financial expenses

Financing expenses include interest expenses recognised using the effective interest rate method.

3 Material accounting policies (continued)

(o) Classification of contracts

Insurance contracts

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

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts. At the reporting date the Company did not have any investment contracts.

Contracts with discretionary participation features

Both insurance and investment contracts may contain discretionary participation features. A contract with a discretionary participation feature is a contractual right held by a policyholder to receive, as a supplement to guaranteed minimum payments, additional payments and whose amount or timing is contractually at the discretion of the issuer and that are contractually based on:

- the performance (i.e. profit from specific source) of a specified pool of contracts or a specified type of contract,
- realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
- the profit or loss of the company that issues the contracts.

Policyholders or beneficiaries of products with savings component (endowment, pure endowment, whole life, term-fix and annuity insurance policies) are entitled to participate in the profits of the Company realised through one of the above mentioned sources. The entitlement is calculated following the expiry of the first, second or third year of insurance, depending on the tariff and type of premium payment. The level of the profit entitlement is determined by management. The discretionary element of those contracts is accounted for within the insurance contract liabilities.

Contracts with direct participation features

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

- 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.

These criteria are assessed at the individual contract level based on the Company’s expectations at the contract’s inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the boundary. Company considers its unit-linked products to be contracts with direct participation features.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the amount of the Company’s share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders), less the future cash flows (“FCF”) that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the variable fee approach (“VFA”). The VFA modifies the accounting model in IFRS 17 to reflect that the consideration that an entity receives for the contracts is a variable fee. Direct participating contracts issued by the Company are contracts with direct participation features where the Company holds the pool of underlying assets and accounts for these groups of contracts under the VFA.

All other insurance contracts originated by the Group are without direct participation features.

3 Material accounting policies (continued)

(o) Classification of contracts (continued)

Investment component

The Company identifies investment component for products with profit participation, annuity products and unit/index linked products.

There is no identified investment component in Term Life products because the minimum payment that the policyholder receives, considering all possible outcomes is not greater than zero because in case of survival, the policyholder is not entitled to be paid a financial benefit. IFRS 17 defines investment components of insurance contracts as “the amounts that an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs.”

There is no identified investment component in credit products and PAA eligible products.

This amount may be payable to the policyholder either:

- On demand at present, based on options available to the policyholder (e.g. a surrender value); or
- With certainty at some point in future, as implied by the contractual benefits (for instance, a death benefit from a non-cancellable whole life contract or maturity benefit for an endowment product).

An insurance contract contains an investment component if the minimum payment that the policyholder receives, considering all possible outcomes from the contract is greater than zero (i.e. this minimum payment is made when the insured event occurs but also when the insured event does not occur). An investment component typically arises in situations, when an insurance contract with account balance pays a death benefit which is the greater of the sum assured and the account balance and when the surrender or maturity benefits are equal to the account balance. This account balance is then payable to the policyholder regardless of occurrence of the death of the policyholder, thus qualifies for being an investment component. The amount of the investment component should be determined on a present value basis as at the time of making this determination.

Reinsurance contracts

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers the insurance risk resulting from the insured portion of the underlying insurance contracts.

(p) Unit of Account

Grouping insurance contracts is appropriate and provides useful information to users of financial statements. Therefore, while the entity’s rights and obligations arise from individual contracts with policyholders, once an entity has established a group of insurance contracts, it becomes the unit of account to which the entity applies the requirements of IFRS 17.

In forming the groups, Company shall not include contracts issued more than one year apart in the same group. Due to the requirements coming from the Standard, the determined portfolios are disaggregated per issue dates or payment date to cohorts and, finally, based on expected profitability of the respective insurance contracts in that portfolio and cohort to groups of insurance contracts. While the assignment of a particular insurance contract to a portfolio and cohort is known at issue of the contract, its grouping determined by expected profitability, becomes known at initial recognition of the contract. As the assignment of a contract to a portfolio and cohort does not happen at the same time as the initial recognition of that contract within a specific group, it is important to define a process for initial recognition of contracts included into a portfolio and a specific cohort. In recognizing such group of insurance contracts in a reporting period, only contracts which individually meet the recognition criteria should be included. More contracts may be included in the group after the end of the reporting period subject to meeting the requirements on their level of aggregation, e.g. contracts issued more than one year apart should not be in the same group. Contracts should be added to a group in the reporting period in which they meet one of the recognition criteria. We note that a group of onerous contracts should be recognized at the date when that group becomes onerous.

Once the entity determined the groups of insurance contracts, as above, this becomes the unit of account (“UoA”) to which an entity applies requirements of IFRS 17. This means that IFRS 17 metrics such as fulfilment cash flows, the Contractual Service Margin (“CSM”) and loss components should be available at this granularity. The grouping requirement for determining the UoA is based on the issue dates or payment date of the respective insurance contracts. The rationale behind this grouping requirement is driven by the assumption that contracts issued in a given underwriting period are expected to have similar risks. Profitability of “UoA” is checked with onerousity tests for both life and non-life portfolio.

3 Material accounting policies (continued)

(q) Recognition

Insurance contracts grouped to Units of Accounts based on their issue dates should be initially recognized when they become eligible for recognition.

The Company recognizes group of insurance contract issued based on the earlier of the following:

- the beginning of the coverage period
- the date when the first payment from the policyholder is due; and
- when the Company determines that a group of contracts becomes onerous.

Recognition of reinsurance contracts held depends on whether:

- the reinsurance contract held provides coverage on a proportionate or non-proportional basis; and
- the underlying insurance contracts are onerous or not.

Proportionate reinsurance contracts held are recognized at the later of:

- the beginning of the coverage period of the group of reinsurance contracts held; or
- the initial recognition of any underlying insurance contract.

For proportionate contracts, this means that the Company will not recognize a group of reinsurance contracts until it has recognized at least one of the underlying insurance contracts. Non-proportionate reinsurance contracts held are recognized at the beginning of the coverage period of the group of reinsurance contracts held.

A group of reinsurance contracts held covering onerous contracts is recognized at the same time as the group of onerous underlying contracts, if these underlying contracts are themselves recognized at the date before the start of the coverage period of the reinsurance contracts and if the Company entered into the related reinsurance contract held at or before that date. This may be before the start of the coverage period of such contracts as groups of onerous contracts are recognized when the group becomes onerous.

(r) Measurement

I. Fulfilment cash flows (FCF)

Contract boundary

The contract boundary concept is used to determine which cash flows should be considered in the measurement of an insurance contract. Cash flows that are not within the boundary of an insurance contract relate to future insurance contracts. The Company generally determines the contract boundary with a reference to its ability to reprice the insurance contract as a whole.

For non-life business the Company has one-year contract boundary, except for PPI product where the contract boundary is linked to the duration of policy. For life portfolio contract boundary is linked to duration of a policy.

For groups of reinsurance contracts held, cash-flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay the amounts to the reinsurer or in which has a substantive right to receive insurance contract services from the reinsurer.

In non-life, the Company has one year QS contracts that cover underlying business issued within a year. The exception is QS treaty for Payment protection insurance (PPI) that is concluded for an indefinite period but is cancellable for new underlying business with a three-month notice period by either party. Thus, the Group treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within the reinsurance contracts' one-year boundary are included in the measurement of the reinsurance contracts.

The Company also has excess of loss reinsurance contracts held that provides coverage for claims incurred during an accident or underwriting year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident/underwriting year are included in the measurement of the reinsurance contracts held. Some of these contracts might include mandatory reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries. Majority of other fronting and facultative reinsurance contracts are concluded for the period of one year so they are also within the contracts' boundaries.

3 Material accounting policies (continued)

(r) Measurement (continued)

I. Fulfilment cash flows (FCF) (continued)

Expected future cash flows

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the analysis that includes both number of contracts in force within groups and the effort needed to manage each product by the relevant employees. Claims settlement related expenses are allocated based on the number of claims expected for all groups except for Non-life insurance where such expenses are allocated based on claims costs.

a) Pre-recognition acquisition cash-flows

The Company defines acquisition cash-flows as cash-flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis.

Before a group of insurance contracts is recognised, the Company could pay for directly attributable acquisition costs. Such balances, which for the Company are typically limited to non-refundable prepaid acquisition costs insurance contracts measured under PAA, are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised (in full or to the extent that insurance contracts expected to be in the group have been recognised at that date) when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses would reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

b) Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, because of the occurrence of the cash flows. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

3 Material accounting policies (continued)

(r) Measurement (continued)

I. Fulfilment cash flows (FCF) (continued)

Discount rates

The estimates of future cash flows should be adjusted to reflect the time value of money and the financial risks related to future cash flows, such as currency and liquidity risk associated with those cash flows, to the extent that the financial risks have not been included in the estimates of cash flows. The discount rates should: (a) reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts, (b) be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity, and (c) exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.
Croatian Insurance Bureau methodology for determining discount rates prescribes the use of bottom-up approach, with the reference portfolio of assets being defined as Croatian Government Bonds denominated in EUR. Illiquidity adjustment is added on top, which is calculated by VIG Asset Risk Management. The Illiquidity adjustment is based on the risk-corrected spread between the interest rate that could be earned from a reference portfolio (sovereign fixed income yield and corporate fixed income segmented by sector), and the basic risk-free interest rates.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is included in the expected cash flows to represent compensation required for bearing the non-financial risk arising from uncertainty in future cash flows. Under IFRS 17 requirements, the risk adjustment for non-financial risk includes:

(a) the degree of diversification benefit that the entity includes when determining the compensation that it requires for bearing that risk, and
(b) both favourable and unfavourable outcomes in a way that reflects the entity's degree of risk aversion.

Risk measurement approach is to closely align with the Solvency II methodology. The Company is using Cost-of-capital approach to determine Risk Adjustment.

II. Initial measurement – Groups of contracts not measured under the PAA

Contractual service margin (CSM)

The contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit that the entity will recognize as it provides insurance contract services in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

a) the initial recognition of the FCF;
b) cash flows arising from the contracts in the group at that date;
c) the derecognition of any insurance acquisition cash flows asset; and
d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

a) the initial recognition of the FCF; and
b) cash flows arising from the contracts in the group at that date;
c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
d) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

3 Material accounting policies (continued)

(r) Measurement (continued)

II. Initial measurement – Groups of contracts not measured under the PAA (continued)

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

III. Subsequent measurement – Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a) the LRC, comprising:
   i) the FCF related to future service allocated to the group at that date; and
   ii) the CSM of the group at that date;
b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a) the remaining coverage, comprising:
   i) the FCF related to future service allocated to the group at that date; and
   ii) the CSM of the group at that date; and
b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.
The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a) changes that relate to current or past service are recognised in profit or loss; and
b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

a) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;
b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (d) above are measured using discount rates determined on initial recognition (the locked-in discount rates). For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b) changes in the FCF relating to the LIC;
c) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
d) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

3 Material accounting policies (continued)

(r) Measurement (continued)

III. Subsequent measurement – Groups of contracts not measured under the PAA (continued)

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

a) changes in the amount of the Company's share of the fair value of the underlying items; and
b) changes in the FCF that do not vary based on the returns of underlying items:
   i) changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
   ii) experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows;
   iii) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
   iv) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
   v) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii)-(v) are measured using the current discount rates.

For insurance contracts under the VFA, changes in FCF that do not vary based on the returns of underlying items do not adjust the CSM:

a) changes in the FCF relating to the LIC; and
b) experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Company does not have any products with complex guarantees and does not use derivatives as economic hedges of the risks.

Changes of the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

a) The effect of any new contracts added to the group.
b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM
c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
d) The effect of any currency exchange differences.
e) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

3 Material accounting policies (continued)

(r) Measurement (continued)

Changes of the contractual service margin (continued)

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

a) The effect of any new contracts added to the group.
b) Interest accreted on the carrying amount of the CSM.
c) Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
f) The effect of any currency exchange differences.
g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

Income referred to in (c) above is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.
The Company does not have any reinsurance contracts held measured under the GMM with underlying contracts measured under the PAA.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items. If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment cash flows section above.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA. The period of investment-return service or investment-related service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Company expects these amounts to include an investment return that is achieved by the Company by performing investment activities to generate that investment return.

3 Material accounting policies (continued)

(r) Measurement (continued)

Release of the CSM to profit or loss (continued)

For contracts issued, the Company determines the coverage period for the CSM recognition as follows:

a) for mixed- life insurance contracts, the coverage period corresponds to the insurance coverage which is the same as the period during which investment-return services are provided;
b) for direct participating contracts (unit-linked) the coverage period is determined by the period in which investment-related services are expected to be provided;
c) for term life insurance contracts, no investment-return services are provided and, thus, the coverage period is determined by insurance coverage.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a) the quantity of benefits provided by contracts in the group;
b) the expected coverage period of contracts in the group; and
c) the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage.

The Company determines coverage units as follows:

a) for term life insurance contracts, coverage units are defined as the fixed death benefit amounts (sum assured);.
b) for mixed-life, coverage units are defined as sum assured in case of death with sum assured for additional riders included;
c) for direct participating contracts, coverage units are defined as sum assured in case of death or fund value;
d) for annuity insurance, coverage units are defined as mathematical reserve (from technical business plan);

The Company reflects the time value of money in the allocation of the CSM to coverage units, using current discount rates that are applied to nominal cash flows that do not vary based on the returns of underlying items.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period.

Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows plus risk adjustment for non-financial risk:

a) expected incurred claims and other directly attributable expenses for the period;
b) changes in the risk adjustment for non-financial risk for the risk expired;
c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses. Decreases in the FCF relating to future service in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF relating to future service in subsequent periods increase the loss component.

3 Material accounting policies (continued)

(r) Measurement (continued)

Reinsurance contracts held – Loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts discussed in the Onerous contracts – Loss component section above. The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

IV. Initial and subsequent measurement – Groups of contracts measured under the PAA

This approach is an optional simplification of the measurement of the liability for remaining coverage, for insurance contracts with short-term coverage. A group of insurance contracts is eligible for the premium allocation approach if, at inception: (a) each contract in the group has a coverage period (that is, the period in which the entity provides insurance contract services) of one year or less; or (b) the measurement of the liability for remaining coverage for the group using the premium allocation approach is reasonably expected to produce a measurement which is not materially different from using the general model or the variable fee approach.

For non-life business, in order to assess the PAA eligibility, the Company determines the amount of premium underwritten for multiyear polices. If the amount is lower than 5% of premium for that line of business, that line of business is considered PAA eligible. If the amount is greater than 5%, then PAA eligibility test is performed in order to determine the difference between PAA and GMM calculation on that portfolio. If this difference is not material, the portfolio is also considered PAA eligible.

For non-life business the Company uses PAA for majority of contracts and GMM for multiyear policies that do not meet the PAA eligibility criterion.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

Costs subject to deferral include: employee, agent or broker commissions for successful contract acquisitions, renewal commissions, bonuses to agents or brokers, portion of employees' salaries and bonuses relating to defined acquisition activities that lead to the successful issuance or renewal of an insurance contract, contract issuance material costs, advertising costs and other acquisition costs which result directly from and are essential to the contract transaction and would not have been incurred by the Company had that contract transaction not occurred.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of

a) the LRC; and
b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The LRC includes the amount of premium receivables and deferred acquisition expenses and is increased by the commission related payables and amount of bonuses and discounts which is expected to be paid out to policyholders based on their participation in profit as a result of their insurance contract or as a future partial reduction of the premium based on the insurance contract.

The LIC includes liability for claims that have not yet been paid, liability to pay out appraisers and liability to pay fire tax.

3 Material accounting policies (continued)

(r) Measurement (continued)

IV. Initial and subsequent measurement – Groups of contracts measured under the PAA (continued)

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
a) the remaining coverage; and
b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Remaining coverage includes the amount of reinsurance premium payables, reinsurance commission receivables and premium related reinsurance deposit.

Incurred claims include liability for claims that have not yet been paid, reinsurance claim receivable, claim related reinsurance deposit and payables for interest on claim related deposit.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
a) increased for premiums received in the period;
b) decreased for insurance acquisition cash flows paid in the period;
c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses;
e) Adjusted for changes in premium receivables, commission related payables and bonuses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
a) increased for ceding premiums paid in the period;
b) adjusted for changes in reinsurance premium payable, reinsurance commission receivable and premium deposit.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

There are no investment components within insurance contracts issued that are measured under the PAA. Investment component for reinsurance contracts held that are measured under the PAA is calculated for quota share contracts with sliding scale commission.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM.
Future cash flows are adjusted for the time value of money taking into account the settlement period of each group of contracts.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised.

Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. There was no loss component established in 2023 and 2024 for PAA business.

3 Material accounting policies (continued)

(s) Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue.

The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.
For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
     - amounts allocated to the loss component;
     - repayments of investment components and policyholder rights to withdraw an amount;
     - insurance acquisition expenses; and
     - amounts related to the risk adjustment for non-financial risk (see (b));
  b) changes in the risk adjustment for non-financial risk, excluding:
     - changes included in insurance finance income (expenses);
     - changes that relate to future coverage (which adjust the CSM); and
     - amounts allocated to the loss component;
  c) amounts of the CSM recognised for the services provided in the period; and
  d) experience adjustments – arising from premiums received in the period other than those that relate to future service.

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

(t) Insurance service expenses

Insurance service expenses include the following:

a) incurred claims and benefits, excluding investment components, reduced by loss component allocations;
b) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c) insurance acquisition cash flows amortisation;
d) changes that relate to past service – changes in the FCF relating to the LIC;
e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f) insurance acquisition cash flows assets impairment, net of reversals.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above. For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

3 Material accounting policies (continued)

(t) Insurance service expenses (continued)

Incurred claims and changes in FCF relating to the LIC

Claims incurred in respect of non-life business consist of claims and claims-handling costs settled during the financial year. Changes in FCF relating to LIC consists of the movement in the PVCF and RA and insurance related payables included in LIC.

Claims settled are recorded in the moment of processing the claim and are recognised (determined) as the amount to be paid to settle the claim. Claims settled are increased by claims-handling costs. Collected claims recoverable from third parties are deducted from claims settled.

Changes relating to LIC are based on reviewing the individual claims and calculations based on statistical methods that make allowance for claims incurred but not yet reported and the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. They represent changes in the Company's estimate of the ultimate cost of settling all claims incurred up to but unpaid at the reporting date, whether reported or not, together with the related internal and external claims-handling expenses and an appropriate margin.

Whilst management considers that the gross provisions for claims are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately, if significant. The methods used, and the estimates made, are reviewed regularly, which is further discussed in Note 6.

Claims arising from life insurance business

Life insurance business claims reflect the cost of all claims and benefits arising during the year.

(u) Net income/(expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a) reinsurance expenses;
b) incurred claims recovery, excluding investment components, reduced by loss-recovery component allocations;
c) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
d) effect of changes in the risk of reinsurers' non-performance;
e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
   - income on initial recognition of onerous underlying contracts;
   - reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
   - reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

For contracts measured under the GMM, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
   - amounts allocated to the loss-recovery component;
   - repayments of investment components; and
   - amounts related to the risk adjustment for non-financial risk (see (b));
b) amounts of the CSM recognised for the services received in the period; and
c) experience adjustments – arising from premiums paid in the period other than those that relate to future service.

3 Material accounting policies (continued)

(u) Net income/(expenses) from reinsurance contracts held (continued)

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

(v) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a) the effect of the time value of money and changes in the time value of money;
b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a) interest accreted on the FCF and the CSM; and
b) the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items and changes in discount rate.
For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a) interest accreted on the LIC; and
b) the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.
For the contracts measured under the GMM and the PAA, the Company disaggregates all insurance finance income or expenses for the period between profit and loss and OCI (that is, the OCI option is applied). The Company has defined a pattern by which the expected total insurance finance income or expenses are allocated systematically to each period's profit or loss over the duration of the group of contracts. The difference between the amount allocated to each period's profit or loss based on this systematic allocation, and the total insurance finance income or expenses of the period, is recognised in OCI.

(w) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate on the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction and are not retranslated. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of equity instruments designated through other comprehensive income which are recognised in other comprehensive income.

Changes in the fair value of monetary securities denominated in or linked to foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in income as a part of the foreign exchange gains or losses on the revaluation of monetary assets and liabilities presented within financial income or financial expense in the profit or loss. Other changes in the carrying amount are recognised in other comprehensive income.

The translation differences on revaluation of non-monetary financial assets denominated in or linked to foreign currency classified as assets at fair value through other comprehensive income are recognised in other comprehensive income, along with other changes in their fair value.

The most significant foreign currency in which the Company holds assets and liabilities is United States Dollar.

The exchange rate used for translation at 31 December 2024 was EUR 1 = USD 1.0444 (31 December 2023: 1.1050).

4 Accounting estimates and judgements

These disclosures supplement the commentary on financial risk management (Note 34) and insurance risk management (Note 5).

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgements relating to insurance contract liabilities represent the major source of uncertainty of judgements. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1. Key sources of estimation uncertainty

Estimation uncertainty in relation to insurance contract liabilities

The most significant estimates in relation to the Company's financial statements relate to insurance liabilities. The Company applies Croatian Financial Services Supervision Agency regulations. The Company employs certified actuaries.

Major assumptions in calculating insurance liabilities are set out in Note 6 and all insurance contract liabilities are analysed in Note 21.

Impairment losses on financial assets

At each reporting date, management assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. In estimating these cash flows, management makes judgments about a counterparty's financial situation and the net realisable value of any underlying collateral. Accounting for impairment of financial assets is described in accounting policy 3 (d) „Impairment of financial assets".

Determining fair values

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3 (d). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Estimation uncertainty in relation to court cases

A significant source of estimation uncertainty stems from court cases. At 31 December 2024, the Company was involved in 1,015 (2023: 912) claims-related court cases for which EUR 12,791 thousand (2023: EUR 11,288 thousand) was provided as part of the claims reserve. At 31 December 2024, the Company was involved in 15 (2023: 15) non-insurance court cases for which EUR 1,364 thousand (2023: EUR 1,062 thousand) was provided as provision for non-insurance related court cases (Note 23). The management believes that the related provisions are sufficient.

Tax

The Company provides for tax liabilities in accordance with the tax laws of the Republic of Croatia. Tax returns are subject to the approval of the tax authorities which are entitled to carry out subsequent inspections of taxpayers' records.

4 Accounting estimates and judgements (continued)

4.1. Key sources of estimation uncertainty (continued)

Joint liability

The Company has a liability towards the Croatian Insurance Bureau in respect of the Company's share in motor third party liability ("MTPL") claims arising from unknown or uninsured vehicles. Additionally, the Company, as well as other participants in MTPL business on the Croatian market, is liable for a share of unsettled MTPL claims in the event of the liquidation of any insurance company on the market, in accordance with the Insurance Act.

Claims are paid through Croatia Insurance Bureau and all Croatian insurance companies finance this institution according to the market share in MTPL insurance segment. The Croatian Insurance Bureau provides the Company with the amount of reported claims provision and with the lower limit for IBNR calculation.

Valuation of investment property

Valuation of investment property carried at amortised cost is based on management's best estimate of the recoverable amount of investment property. Recoverable amount is the higher of fair value less cost to sell and the value in use and is annually reassessed by chartered surveyors.

The estimated fair value of investment property held by the Company amounts to EUR 29,746 thousand as of 31 December 2024 (2023: EUR 27,961 thousand). Fair value is determined by an independent appraiser having an appropriate professional qualification. Fair values were determined using a mixture of different valuation techniques, which would in hierarchy of fair value be classified as Level 3.

Useful economic life of equipment and intangible assets

The Company continues to use certain equipment and intangible assets which have been fully depreciated. Amortisation/depreciation rates were initially determined in accordance with the best estimate of the useful life of these equipment and intangible assets.

4.2. Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies include:

Impairment of financial instruments

The expected credit loss impairment model is inherently based on judgement since it requires assessment of significant increase in credit risk and measurement of expected credit losses. In respect of significant increase in credit risk, the Group has determined specific assessment rules consisting of qualitative information and quantitative thresholds. Another area of complexity relates to establishing groups of similar assets when credit risk deterioration has to be assessed on a collective basis before specific information is available at individual instrument level.

Measurement of expected credit losses involves complex models relying on historical statistics of probabilities of default and loss rates in case of defaults, individual estimates of credit-adjusted cash flows and probabilities of various scenarios including forward-looking information. Detailed disclosures are provided in chapter Risk management. For further information on the definition of default refer to Note 34 Measurement of expected credit loss.

Classification of products

The Company's accounting policy on classification of contracts as insurance or investment contracts is disclosed in accounting policy 3 (o). At the reporting date, the Company had no insurance products which should be classified as investment contracts.

4 Accounting estimates and judgements (continued)

4.2. Critical accounting judgements in applying the Company's accounting policies (continued)

Classification of property between investment property and owner-used property

The Company classifies as investment properties all properties that are not used in the performance of its own activities but are held to earn rental income or for capital appreciation.

Dual-use property

The Company has property that has dual use purpose (part of the property is used for own activities and part of the property is used as investment property). A portion of a dual-use property is classified as investment property only if the portion could be sold or leased out separately under finance lease contract.

Leases

According to IFRS 16 requirements, in determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

During the current financial year, there was no revision of lease terms to reflect the effect of exercising extension and termination options given that there were no events or changes in contracts requiring reassessment.

Allocation of indirect expenses between life and non-life

The allocation of expenses between life and non-life insurance is described in accounting policy 3 (l).

Control over debtors in financial difficulties

In accordance with requirements of IFRS 10 *Consolidated Financial Statements*, the Company regularly reassess whether it has control over significant activities of debtors in financial difficulties. For 2024 the Company concluded that there are no debtors which should be consolidated, which is consistent with 2023.

Goodwill

In accordance with IFRS 3 "*Business Combinations*" the Company discontinued to amortise goodwill from 1 January 2005. At the beginning of 2005 the Company eliminated the carrying amount of the related accumulated amortisation against the gross value of goodwill. Goodwill is tested for impairment in accordance with IAS 36 "*Impairment of Assets*".

The Company has performed impairment test of goodwill for the year ended 31 December 2024, which indicated that the carrying amount of goodwill is recoverable.

The recoverable amount of goodwill has been determined based on value-in-use calculations for cash generating units. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

4 Accounting estimates and judgements (continued)

4.2. Critical accounting judgements in applying the Company's accounting policies (continued)

Goodwill (continued)

The key assumptions used for value-in-use calculations in 2024 are as follows:

Long term growth rate	1%
Discount rate (pre-tax)	12%

Management determined compound annual volume growth rate for cash generating unit to be a key assumption. The volume of non-life gross written premium in each period is the main driver for revenue and costs. The compound annual volume growth rate is based on past performance and management's expectations of market development.

The sensitivity analysis of key assumptions used in the impairment testing showed that a discount rate increase by 100 basis points would result on average in a 8.3% decrease of the recoverable amount of goodwill. Despite the decrease, the net recoverable amount of goodwill would still exceed its carrying value.

Methods used and judgements applied in determining the IFRS 17 transition amounts

The Company has adopted IFRS 17 retrospectively, applying Fair Value Approach („FVA") where the full retrospective approach was impracticable.

The fair value approach was applied to all life insurance contracts that were issued before 1 January 2022.

Considering the history of mergers and acquisitions that the Company had, which brought large number of data migrations from source systems, the application of a retrospective approach to contracts valued according to the general measurement model ("GMM") or the measurement model through variable fee approach ("VFA") would represent unnecessary additional costs and efforts for the Company. The standard recognized exactly these situations and allowed the application of the fair value approach during the transition, which the Company, with the approval of the Group and the auditor, used.

For the remaining portfolios of insurance contracts, non-life business, primarily composed of the short-term motor and other property insurance, the Company applied the full retrospective transition approach.

Judgements in applying the fair value approach

Under the fair value approach, the contractual service margin is determined as the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13, and its fulfilment cash flows at the transition date. The amounts payable on demand do not represent a floor when determining fair value for this purpose and management determined fair value as a price for which the liability could be transferred to an unrelated party.

The fair value of an insurance liability is the price a market participant would be willing to pay to assume the obligation and the remaining risks of the in force contracts as at the transition date. Since there were no recent market transactions of similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of insurance contracts, the following considerations were applied:

a) only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation excluding future renewals and new business that would be outside the contract boundary of the contracts under IFRS 17;

b) profit margin was included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

In line with chosen FVA approach the Company aggregates all insurance contracts into one cohort.

At the transition date the Company used „bottom-up" for determining discount rate. The Company used EIOPA risk free rate with illiquidity adjustment. The illiquidity adjustment is based on the risk-corrected spread between the interest rate that could be earned from a reference portfolio (sovereign fixed income yield and corporate fixed income segmented by sector), and the basic risk-free interest rates.

5 Insurance risk management

The Company is exposed to insurance risk arising from a wide range of life and non-life products offered to customers: whole life, traditional life products, annuity products, unit-linked products, index-linked products, hybrid products and all lines of non-life products (property, accident, health, travel health, motor vehicle, third party liability, marine and transport).

Insurance risk relates to the uncertainty of the insurance business. The most significant components of insurance risk are premium risk and reserve risk. These concern the adequacy of insurance premium rate levels and the adequacy of insurance contract liabilities with respect to insurance liabilities and the capital base.

Premium risk is present when the policy is issued before any insured event has happened. The risk is that expenses and incurred losses will be higher than the premium received. Reserve risk represents the risk that the absolute level of the insurance liabilities is mis estimated or that the actual claims will fluctuate around the statistical mean value.

Non-life underwriting risk includes also catastrophe risk, which stems from irregular events that are not sufficiently covered by premium and reserve risk. Underwriting risk components of the life business include biometric risk (comprising mortality, morbidity and disability) and lapse risk. Lapse risk relates to unanticipated higher or lower rates of policy lapses, terminations, changes to pay up status (cessation of premium payment) and surrenders.

Risk management

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing, product design and management of reinsurance. The Company arranges reinsurance for all the risks it underwrites so as to manage its loss exposure and safeguard its capital base.

The Company's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years which reduces the variability of the outcome. The most of the non-life contracts are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

For the non-life business, the Company buys non-proportional reinsurance treaty to reduce the net exposure for an individual risk to amount of EUR 75 thousand for casco, a combination of proportional and non-proportional reinsurance treaties to reduce the net exposure for an individual risk to amount of EUR 250 thousand (effectively EUR 125 thousand) for motor third party liability, EUR 200 thousand for property, EUR 200 thousand for liability, EUR 125 thousand for marine EUR 250 for aviation risks and EUR 100 thousand for personal accident. For the accumulation of net property losses arising out of one occurrence, a reinsurance catastrophe agreement provides cover for the first EUR 1,099.80 million of losses exceeding the EUR 200 thousand.

For life business the Company has more than one proportional treaty for savings products and more than one non-proportional treaty for the policies which include death risk and permanent disability risk. The net exposure per life is maximum EUR 45 thousand sum at risk.

Ceded reinsurance contains credit risk and such reinsurance receivables are reported after deductions for known uncollectible items. The Company monitors the financial condition of reinsurers and enters into reinsurance agreements with mostly "A" graded reinsurers by Standard & Poor's.

Concentration of insurance risk

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

Concentrations of risk can arise in low frequency, high-severity events such as natural disasters; in situations where the Company is exposed to unexpected changes in trends, for example, unexpected changes in human mortality or in policyholder behaviour; or where significant litigation or legislative risks could cause a large single loss or have a pervasive effect on many contracts.

The risks underwritten by the Company are primarily located in the Republic of Croatia.

5 Insurance risk management (continued)

Concentration of insurance risk (continued)

Non-life insurance

Within non-life insurance, the management believes that the Company has no significant concentration of exposure to any group of policyholders measured by social, professional, age or similar criteria.

The greatest likelihood of significant losses to the Company arises from catastrophe events, such as earthquake, flood or storm damage. The techniques and assumptions that the Company uses to calculate these risks are measurement of geographical accumulations; assessment of probable maximum losses; and excess of loss reinsurance.

Insurance contract liabilities

	31 December 2024	31 December 2023
	EUR'000	EUR'000
Medical expenses	1,415	1,502
Income protection	2,637	2,439
Motor TPL	30,577	29,822
Motor other	7,774	7,337
Marine, aviation and transport	8,919	6,169
Fire and other damage	20,460	17,051
General third-party liability	10,544	8,853
Credit and suretyship	6,559	5,225
Legal expenses	22	25
Assistance	766	708
Miscellaneous financial losses	1,071	1,107
Total Non-Life	**90,744**	80,238

Life insurance

The management believes that for life insurance contracts covering the risk of death there is no significant geographic concentration of risk of insured persons in the Republic of Croatia, although the concentration of the capital at risk can affect the ratio of insurance payments on the portfolio level. Table for long-term insurance stated below shows risk concentration through three insurance classes grouped by sum insured per policy.

Sum insured per policy at 31 December 2024	**Total sum insured**			
	Before reinsurance		**After reinsurance**	
In EUR	**EUR'000**	**%**	**EUR'000**	**%**
< 13,000	303,952	20.3	299,478	20.9
13,000 – 33,000	834,595	55.7	804,367	56.1
>33,000	359,792	24.0	330,009	23.0
At 31 December 2024	**1,498,339**	**100.0**	**1,433,854**	**100.0**

Sum insured per policy at 31 December 2023	Total sum insured			
	Before reinsurance		After reinsurance	
In EUR	EUR'000	%	EUR'000	%
< 13,000	313,044	23.4	308,201	24.3
13,000 – 33,000	740,818	55.3	708,210	55.7
>33,000	284,873	21.3	254,406	20.0
At 31 December 2023	1,338,735	100.0	1,270,817	100.0

5 Insurance risk management (continued)

Climate risks

Climate change and associated risks are one of the current sustainability issues. The physical risks of climate change are the direct consequences of changes to the climate, while transition risks arise from the transition to a resilient climate neutral economy and society.

Although insurance companies have always been concerned with potential losses due to natural risks, global warming is underscoring the urgency of this problem. The main new risks are, in particular, a potential increase in the frequency and size of losses and the possibility of stricter requirements and political measures related to climate change (e.g. expanded reporting, investment restrictions).

To meet these challenges, a VIG Insurance Group climate change strategy was approved in 2019 and slightly modified again in financial year 2021. In addition to general principles for dealing with climate change, the climate change strategy also provides guidelines for investments and insurance operating business. The Company aligned with the Group's strategy using a package of measures consisting of various tools in the investment process (such as exclusion of thermal coal and controversial and banned weapons, etc.) as well as initiatives for reducing risk for corporate and large customers in underwriting, taking into account how climate change will affect the frequency and size of losses and, therefore, the insurance business in different sectors.

The medium and long-term effects of climate change are also examined in the “Own Risk and Solvency Assessment” (ORSA). As part of the ORSA process in 2024, the Company performed assessment of Sustainability risks within the Risk Inventory process. A general differentiation is made between two types of sustainability risks. Firstly, risks from sustainability factors that may have negative impacts on the assets or the Company (financial materiality, “outside-in”) and secondly, risks that are caused by the Company and may negatively influence sustainability factors (societal or ecological materiality, “inside-out”). The Company assessed the risks mainly as low because most of the risks are not significantly reflected due to the structure of the investment portfolio, the environment in which the Company is located, the restrictions set by the Group, etc. Some of these risks may become more important in the future, and in that case, the Company will comply and adapt, while some will probably not be significant for the Company in the future either.

As adjusting the business model for climate change has an effect on a variety of business areas, including, for example, Asset Management, Underwriting, Reinsurance and Risk Management, the Company finds this topic material and will continue increasing efforts in this regard.

6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses

Estimates and assumptions

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below together with information about the basis of calculation for each affected line item in the consolidated financial statements.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios. The assumptions used in the deterministic scenarios are derived to approximate the probability weighted mean of a full range of scenarios. For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to Note 7.

Discount rates

Croatian Insurance Bureau methodology for determining discount rates prescribes the use of bottom-up approach, with the reference portfolio of assets being defined as Croatian Government Bonds denominated in EUR. Illiquidity adjustment is added on top, which is calculated by VIG Asset Risk Management.

Discount rates used in calculation are set out in the tables below (for several years):

31 December 2024

Year	**1**	**10**	**20**	**30**	**40**
EUR Forward curve	2.76%	3.41%	3.30%	3.30%	3.30%
USD Forward curve	4.39%	4.38%	4.03%	3.25%	3.25%

31 December 2023

Year	1	10	20	30	40
EUR Forward curve	3.64%	3.45%	3.55%	3.51%	3.48%
USD Forward curve	5.04%	3.78%	3.45%	3.05%	3.26%

Investment assets returns

A deterministic model, which Company uses, is applied in the determination of the estimate of future obligations. The determination of rules for future profit participation, which are based on the return on investment and used in projection models, is relevant to the calculation of insurance contract liabilities. These rules, named “Management Rules”, are reflecting the planned future management actions for profit participation but cannot cover all possible future events. Although the allocation of profit participation for the majority of the Company’s active portfolio is subject to the Company’s discretion, the assumed future allocation is based on the investment performance and also depends on the overall annual performance of the Company. The assumed future management actions take into account the income from investing assets covering life insurance contract liabilities. Profit participation depends on the investment return surplus above the reserving technical interest rate and on the total annual profit.

6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

Estimates of future cash flows to fulfil insurance contracts

Estimates of the future cash flows are described in chapter Material accounting policies, section Measurement, subsection Fulfilment cash flows.

Furthermore, for the Life insurance contracts, uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of long-term changes in the mortality rates, the variability in the policyholder behaviour and uncertainties regarding future inflation rates and increase of expenses.

For the Direct Participating contracts (unit-linked), uncertainty in the estimation of future claims and benefit payments arises primarily from the variability in policyholder behaviour.

For the Non-life contracts, uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to increase in claims and claims-handling expenses. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required. Significant methods and assumptions used are discussed below.

Mortality assumption – Life insurance contracts

The Company derives mortality rates assumptions from the recent credible national mortality tables published by the Croatian statistical bureau. An investigation into the Company's experience over the most recent five years is performed, and statistical methods are used to adjust the mortality tables to produce the probability weighted expected mortality rates in the future over the duration of the insurance contracts. Mortality rates are differentiated between policyholder groups based on gender. Assumptions and methods used to derive mortality assumptions are shown below:

Mortality assumptions as at 31 December 2024

Insurance portfolio	Mortality table (male / female)	Multiplier (male / female)
Whole Life **Term Life**	Hr_m_2010-2012/Hr_f_2010-2012	50% / 50%
all the others	Hr_m_2010-2012/Hr_f_2010-2012	40% / 40%

The Company uses 50% (or 40%, depending on a portfolio) of mortality table (death rate qx) for death outgo cash flow. In 2023, the same assumptions were used.

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM.

For a sensitivity analysis, refer to note 7.

6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

Persistency assumption – Life insurance contracts

The Company derives assumptions about lapse and surrender rates based on the Company's own experience. Historical lapse and surrender rates are derived from the Company's policy administration data. An analysis is performed of the Company's historical rates in comparison to the assumptions previously used. Statistical methods are used to derive adjustments to reflect the Company's own experience and any trends in the data to arrive at the probability weighted expected lapse and surrender rates. Analysis is performed and assumptions are set by major product line.

The assumptions about lapse rates for most significant product lines were as follows:

31 December 2024

Year	**1**	**5**	**10**	**15**	**25+**
Mixed life - regular	13.77%	4.81%	2.27%	1.45%	0.24%
Mixed life - single	1.49%	-	3.63%	4.49%	12.78%
Whole life - regular	-	-	11.00%	3.11%	3.58%

31 December 2023

Year	1	5	10	15	25+
Mixed life - regular	11.36%	1.68%	1.68%	1.65%	0.89%
Mixed life - single	0.37%	-	1.64%	2.42%	0.00%
Whole life - regular	-	-	1.83%	3.23%	3.42%

Expenses assumption – Life and Non-life insurance contracts

The Company projects estimates of future expenses relating to fulfilment of contracts in the scope of IFRS 17 using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads. In addition, under certain methods used to assess claims incurred for the Non-life contracts, estimates of future claim payments are adjusted for inflation.

For claims expenses assumption the Company uses differentiation according to homogeneous groups based on claim type. For each claim type realisation in past period is taken into account, in terms of number of claims occurred and average time spent on processing the claim. Administrative claims assumption are divided into homogeneous groups that reflect the actual administrative workload of daily work. For purpose of calculating administrative costs the Company uses adjusted method and is using planned expenses for upcoming year.

The expense inflation assumption is based on rates from Economist Intelligence Unit and is considered to be a financial risk. The Company has not changed its methods used to project expenses in 2024.

Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the CSM within the LRC for contracts measured under the GMM and increase the LIC for Property and Casualty contracts measured under the PAA. For a sensitivity analysis, refer to note 7.

6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

Methods used to measure Non-life insurance contracts

Insurance liabilities for the claims incurred (LIC) are made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid. LIC also includes liability to pay out appraisers and liability to pay fire tax.

The key methods for assessing the liability for claims that have not yet been paid are:

- Bornhuetter-Ferguson method, which uses a combination of benchmark estimate and an estimate based on claims experience;
- chain ladder methods, which use historical data to estimate the paid and incurred to date proportions of the ultimate claim cost;
- expected loss ratio methods, which use the Company’s expectation of the loss ratio for a class of business.

The actual method or blend of methods used varies by accident year being considered, the class of business and observed historical claims development.

To the extent that these methods use historical claims development information, they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- economic, legal, political and social trends (resulting in different than expected levels of inflation);
- changes in the mix of insurance contracts incepted;
- random fluctuations, including the impact of large losses.

LIC is initially estimated in the gross amount and a separate calculation is carried out to estimate the reinsurance recoveries.

The assumptions which have the greatest effect on the measurement of non-life insurance liabilities are as follows:

Expected claims ratio

The expected claims ratio represents the ratio of expected claims incurred to insurance revenue. The assumptions in respect of expected claims ratios for the most recent accident year, per class of business, have the greatest influence on the level of liabilities.

Annuity claims

LIC includes provisions for MTPL claims payable as annuities, which are stated at estimated net present value based on a discount rate of maximum 1% per annum. Annuities are calculated using the Republic of Croatia mortality tables from 2010-12.

Claims handling provision

The provision for claims handling expenses is computed as a certain percentage of the liability for claims that have not yet been paid. Percentage is based on information on the ratio of claims handling expenses and settled claims. For calculating the provision for claims handling expenses the Company was using a percentage of 2.8%.

6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The risk adjustment was calculated at the group of contract level.

The cost of capital method was used to derive the risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is set at 6% per annum representing the return required to compensate for the exposure to non-financial risk.

The capital is determined at a 99.5% confidence level and is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification between life and non-life. The resulting amount of the calculated risk adjustment, based on ultimate risk view, corresponds to the confidence level of 71% (2023: 71%).

7 Sensitivity analysis to underwriting risk variables

The following tables present information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Life insurance

	FCF EUR'000	CSM EUR'000	Total EUR'000	Impact on FCF EUR'000	Impact on CSM EUR'000	Total increase/(decrease) in insurance contract liabilities EUR'000	Remaining CSM EUR'000	Impact on profit before income tax EUR'000	Impact on equity EUR'000
2024									
Insurance contract liabilities as at 31 December	**292,594**	**20,671**	**313,265**	**-**	**-**	**-**	**-**	**-**	**-**
Mortality rate – 5% increase									
Insurance contract liabilities	-	-	-	**1,037**	**(1,222)**	**(185)**	**19,449**	**404**	**332**
Lapse rates – 50% increase									
Insurance contract liabilities	-	-	-	**81**	**(32)**	**49**	**20,639**	**(10)**	**(8)**
Expenses – 10% increase									
Insurance contract liabilities	-	-	-	**3,288**	**(2,738)**	**550**	**17,933**	**(854)**	**(700)**
2023									
Insurance contract liabilities as at 31 December	322,884	26,047	348,931	-	-	-	-	-	-
Mortality rate – 5% increase									
Insurance contract liabilities	-	-	-	805	(949)	(144)	25,097	314	258
Lapse rates – 50% increase									
Insurance contract liabilities	-	-	-	1,564	(618)	946	25,429	(290)	(238)
Expenses – 10% increase									
Insurance contract liabilities	-	-	-	2,670	(2,224)	447	23,823	(693)	(569)

7 Sensitivity analysis to underwriting risk variables (continued)

Non-life insurance – contracts measured under PAA

	LIC as at 31 December EUR'000	**Impact on LIC EUR'000**	**Impact on profit before tax EUR'000**	**Impact on equity EUR'000**
2024				
Insurance contract liabilities	59,561	-	-	-
Reinsurance contract assets	(30,392)	-	-	-
Net insurance contract liabilities	**29,169**	-	-	-
Current year ultimate loss ratio – 1% increase				
Insurance contract liabilities	-	899	(899)	(737)
Reinsurance contract assets	-	(392)	392	322
Net insurance contract liabilities	-	**507**	**(507)**	**(415)**
Current year ultimate loss ratio – 1% decrease				
Insurance contract liabilities	-	(899)	899	737
Reinsurance contract assets	-	392	(392)	(322)
Net insurance contract liabilities	-	**(507)**	**507**	**415**
2023				
Insurance contract liabilities	51,904	-	-	-
Reinsurance contract assets	(24,653)	-	-	-
Net insurance contract liabilities	27,251	-	-	-
Current year ultimate loss ratio – 1% increase				
Insurance contract liabilities	-	800	(800)	(656)
Reinsurance contract assets	-	(211)	211	173
Net insurance contract liabilities	-	589	(589)	(483)
Current year ultimate loss ratio – 1% decrease				
Insurance contract liabilities	-	(800)	800	656
Reinsurance contract assets	-	250	(250)	(205)
Net insurance contract liabilities		(550)	550	451

8 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows

Non-life insurance contracts

The Company offers many types of non-life insurance, mainly motor, property, liability, marine, transport, credit protection, health, travel health and accident insurance. Some contracts may be concluded for a fixed term of one year or on a continuous basis or until terminated. The Company is generally able to re-price the risk by revising the premium at intervals of not more than one year. It also has the ability to impose deductibles and reject fraudulent claims.

Future insurance claims are the main source of uncertainty which influences the amount and the timing of future cash flows.

The amount of particular claim payments is limited by the sum insured which is established in the insurance policy.

The other significant source of uncertainty connected with non-life insurance arises from legislative regulations which entitle the policyholder to report a claim before the statute of limitation, which is effective 3 years from the date when the policyholder becomes aware of the claim but not later than 5 years from the beginning of the year following the year of occurrence. This feature is particularly significant in case of permanent disability arising from accident insurance, because of the difficulty in estimating the period between occurrence and confirmation of permanent effects.

The characteristics of particular insurance types, if they are significantly different from the above mentioned features, are described below.

Motor insurance

The Company's motor insurance portfolio comprises both motor third party liability insurance (MTPL) and motor (casco) insurance. MTPL insurance covers bodily injury claims and property claims in the Republic of Croatia as well as claims caused abroad by motorists insured under the Green Card system.

Material damage under MTPL and casco claims are generally reported and settled within a short period of the accident occurring. Reporting and payments relating to bodily injury claims, however, take longer to finalise and are more difficult to estimate. Such claims may be settled in the form of a lump-sum settlement or an annuity.

The amount of claims relating to bodily injury and related losses of earnings are influenced by directives set by the Supreme Court which influence court practice.

MTPL is regulated by the Law on Obligatory Traffic Insurance. Minimum sums insured are regulated by legislation. Policyholders are entitled to a no-claims bonus on renewal of their policy where the conditions are fulfilled.

Casco insurance represents standard insurance against damage; claim payment is limited by the sum insured.

Property insurance

This is broadly split into industrial and personal lines. For Industrial lines, the Company uses risk management techniques to identify risks and analyse losses and hazards and also cooperates with reinsurers. Personal property insurance consists of standard buildings and contents insurance.

Claims are normally notified promptly and can be settled without delay.

8 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows (continued)

Non-life insurance contracts (continued)

Liability insurance

This covers all types of liability and includes commercial liability, product liability and professional indemnity as well as personal liability. All liability covers are written on a "loss occurrence basis".

Accident insurance

Accident insurance is traditionally sold as an add-on to life products or to MTPL products offered by the Company, but is also sold as a stand-alone product.

Health insurance

This covers supplementary and complementary health insurance. Claims are normally notified promptly and can be settled without delay.

Credit protection insurance

The Company offers credit insurance for cash loans with single premium and for mortgage loans with regular premium. Product is sold with special line of loans offered by Erste&Steiermärkische Bank d.d.

Life insurance contracts

Profit sharing

Majority of the Company's traditional life insurance contracts with savings component include an entitlement to receive a bonus from investment or mortality surplus. Bonuses to policyholders are granted at the discretion of the Company and are recognised when proposed and approved by the Management Board in accordance with the relevant legal requirements. Once allocated to policyholders, bonuses are guaranteed.

Premiums

Premiums may be payable in regular instalments or as a single premium at inception of the policy. Some endowment-type insurance contracts contain a premium indexation and dinamization option. Indexation means both premium and sum assured increase, while with dinamization only premium grows and sum assured remains unchanged. Indexation may be exercised at the discretion of the policyholder. Where the option is not exercised, premiums are not increased.

Term life insurance products

Traditional term life insurance products comprise risks of death. The premium is paid regularly or as a single premium. Policies offer a fixed sum insured for death or sum insured which is decreasing over time. Death benefits are paid only if the policyholder dies during the term of insurance.

Endowment and Term-fix products

These are traditional life insurance products providing long term financial protection. Capital life insurance products for regular or single premium offer cover for risks of death and survival. Accident and other additional coverages can be added as a rider to the main endowment coverage. Insurance benefits are usually paid in a lump-sum.

Pure endowments

These are also traditional life insurance products providing life-long financial protection at expiry. The premium under this product is paid annually or in instalments and it covers the risk of survival and accident rider, if included.

Annuities

There is small number of policies of annuities in the Company's portfolio. Some of them are still in accumulation phase while some of them are in payment phase.

8 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows (continued)

Life insurance contracts (continued)

Whole Life insurance

Whole Life insurance products are products with savings component that comprise risk of death during the entire lifetime (until the age of 100 when policy matures). Premium is paid annually, semi-annually, quarterly or monthly. Surrender values are guaranteed in a fixed amount and specified at the contract start. Insurance benefits are paid in a lump-sum. Additional terminal illness, surgery, child birth or accidental death benefit riders may be added to some main coverage portfolio groups.

Unit-linked life insurance

Unit-linked life insurance combines traditional term life insurance with the risk of death and the possibility to invest regular premium or an extra single premium into certain investment funds. Policyholders can pay an additional single premium or withdraw a part of the fund value.

Unit-linked with internal fund

Unit-linked with internal fund is a single premium product that combines insurance for death risk and savings with a guaranteed maturity value. The savings part is invested into the internal fund. The internal fund’s asset is invested into the Croatian government bonds. Policyholders have therefore guaranteed value at policy maturity, however the amount of surrender value is not guaranteed.

Index-linked life insurance

Index-linked life insurance is a single premium product that combines insurance for death risk and savings with a guaranteed maturity value. The savings part is invested into a structured note with a guaranteed maturity value (guaranteed by the note issuer). Policyholders have therefore guaranteed value at policy maturity, however the amount of surrender value is not guaranteed.

Hybrid products

Life insurance with combination of classical life insurance (compound insurance consisting of endowment and death benefit) and unit linked insurance. Product with premium allocation both to classical life insurance (Traditional fund) and stock fund (Unit-linked fund). The stock fund allocation ratio (Investment ratio) is chosen by a policyholder and can be changed during the insurance duration.

9 Allocation to Life/Non-life insurance

Statement of financial position allocated to Life/Non-life insurance as at 31 December 2024

	Non-life EUR'000	Life EUR'000	Total EUR'000
Assets			
Property and equipment	3,731	8,196	**11,927**
Right-of-use asset	2,329	-	**2,329**
Investment property	2,964	19,185	**22,149**
Intangible assets	7,060	1,927	**8,987**
Financial assets at amortised cost	12,111	691	**12,802**
Financial assets at fair value through OCI	78,761	321,564	**400,325**
Financial assets at fair value through profit or loss	116	14,834	**14,950**
Insurance contract assets	205	-	**205**
Reinsurance contract assets	25,467	-	**25,467**
Deferred tax asset	651	9,177	**9,828**
Inventories	2	-	**2**
Other receivables	5,730	7,994	**13,724**
Current income tax prepayment	625	(164)	**461**
Cash and cash equivalents	9,342	1,881	**11,223**
Total assets	**149,094**	**385,285**	**534,379**
Shareholders' equity			
Share capital	13,532	17,907	**31,439**
Capital reserves	5,800	896	**6,696**
Legal and statutory reserve	74	485	**559**
Other reserves	4,442	28,349	**32,791**
Fair value reserve	(655)	(24,640)	**(25,295)**
Financial reserve from insurance contracts	(272)	18,568	**18,296**
Retained earnings	13,511	(5,171)	**8,340**
Total equity	**36,432**	**36,394**	**72,826**
Liabilities			
Insurance contract liabilities	90,744	313,265	**404,009**
Reinsurance contract liabilities	920	282	**1,202**
Subordinated loans	-	24,947	**24,947**
Provisions for liabilities and charges	995	631	**1,626**
Deferred tax liability	-	4,076	**4,076**
Lease liabilities	2,352	-	**2,352**
Other payables	17,651	5,690	**23,341**
Total liabilities	**112,662**	**348,891**	**461,553**
Total liabilities and equity	**149,094**	**385,285**	**534,379**

9 Allocation to Life/Non-life insurance (continued)

Statement of financial position allocated to Life/Non-life insurance as at 31 December 2023

	Non-life EUR'000	Life EUR'000	Total EUR'000
Assets			
Property and equipment	4,141	8,074	**12,215**
Right-of-use asset	2,867	-	**2,867**
Investment property	2,475	19,553	**22,028**
Intangible assets	7,751	2,122	**9,873**
Financial assets at amortised cost	9,127	2,163	**11,290**
Financial assets at fair value through OCI	73,066	356,106	**429,172**
Financial assets at fair value through profit or loss	60	7,691	**7,751**
Insurance contract assets	248	-	**248**
Reinsurance contract assets	22,007	-	**22,007**
Deferred tax asset	702	12,412	**13,114**
Inventories	3	-	**3**
Other receivables	5,270	5,825	**11,095**
Current income tax prepayment	727	610	**1,337**
Cash and cash equivalents	7,191	2,157	**9,348**
Total assets	**135,635**	**416,713**	**552,348**
Shareholders' equity			
Share capital	13,532	17,907	**31,439**
Capital reserves	5,800	896	**6,696**
Legal and statutory reserve	74	485	**559**
Other reserves	4,442	28,349	**32,791**
Fair value reserve	(2,007)	(34,534)	**(36,541)**
Financial reserve from insurance contracts	(2)	28,425	**28,423**
Retained earnings	14,018	(9,528)	**4,490**
Total equity	**35,857**	**32,000**	**67,857**
Liabilities			
Insurance contract liabilities	80,238	348,931	**429,169**
Reinsurance contract liabilities	1,279	84	**1,363**
Subordinated loans	-	24,947	**24,947**
Provisions for liabilities and charges	642	641	**1,283**
Deferred tax liability	-	6,239	**6,239**
Lease liabilities	2,912	-	**2,912**
Other payables	14,707	3,871	**18,578**
Total liabilities	**99,778**	**384,713**	**484,491**
Total liabilities and equity	**135,635**	**416,713**	**552,348**

9 Allocation to Life/Non-life insurance (continued)

Statement of comprehensive income allocated to Life/Non-life insurance for the year ended 31 December 2024

	Non-life EUR'000	Life EUR'000	Total EUR'000
Insurance revenue	94,540	13,485	**108,025**
Insurance service expenses	(83,690)	(9,130)	**(92,820)**
Net result from reinsurance contracts held	(8,847)	(293)	**(9,140)**
Insurance service result	**2,003**	**4,062**	**6,065**
Net result from investment property	97	881	**978**
Interest revenue from financial assets	1,718	6,632	**8,350**
Net gains on FVTPL investments	1	1,042	**1,043**
Net gains on investment in debt securities measured at FVOCI reclassified to profit or loss on disposal	-	388	**388**
Other investment income	404	298	**702**
Other investment expenses	(26)	(130)	**(156)**
Net investment income	**2,194**	**9,111**	**11,305**
Finance expenses from insurance contracts issued	(1,571)	(2,901)	**(4,472)**
Finance income from reinsurance contracts held	909	(1)	**908**
Net insurance finance expenses	**(662)**	**(2,902)**	**(3,564)**
Other income	812	78	**890**
Other operating expenses	(4,940)	(2,202)	**(7,142)**
Other financial expenses	(59)	(1,856)	**(1,915)**
(Loss)/profit before income tax	**(652)**	**6,291**	**5,639**
Income tax income/(expense)	145	(1,934)	**(1,789)**
(Loss)/profit for the year	**(507)**	**4,357**	**3,850**
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss	*1,093*	*74*	***1,167***
Change in fair value of financial assets at fair value through OCI, net of amounts realised	1,423	12,094	**13,517**
Net financial expense from insurance contracts	(330)	(12,020)	**(12,350)**
Items that will not be reclassified subsequently to profit or loss	*186*	*(24)*	***162***
Net change of fair value of equities at fair value through OCI	186	(24)	**162**
Change in deferred tax on fair value of financial assets and insurance contracts liabilities	(197)	(13)	**(210)**
Total comprehensive income for the year	**575**	**4,394**	**4,969**

9 Allocation to Life/Non-life insurance (continued)

Statement of comprehensive income allocated to Life/Non-life insurance for the year ended 31 December 2023

	Non-life EUR'000	Life EUR'000	Total EUR'000
Insurance revenue	84,315	13,341	**97,656**
Insurance service expenses	(78,605)	(8,391)	**(86,996)**
Net result from reinsurance contracts held	(3,453)	(45)	**(3,498)**
Insurance service result	2,257	4,905	**7,162**
Net result from investment property	(31)	786	**755**
Interest revenue from financial assets	1,542	7,295	**8,837**
Net gains on FVTPL investments	(14)	1,114	**1,100**
Net losses on investment in debt securities measured at FVOCI reclassified to profit or loss on disposal	-	(500)	**(500)**
Other investment income	(54)	827	**773**
Other investment expenses	(281)	(66)	**(347)**
Net investment income	1,162	9,456	**10,618**
Finance expenses from insurance contracts issued	(474)	(2,327)	**(2,801)**
Finance income from reinsurance contracts held	255	38	**293**
Net insurance finance expenses	(219)	(2,289)	**(2,508)**
Other income	406	180	**586**
Other operating expenses	(5,625)	(3,141)	**(8,766)**
Other financial expenses	(25)	(1,834)	**(1,859)**
(Loss)/profit before income tax	(2,044)	7,277	**5,233**
Income tax income/(expense)	214	(1,840)	**(1,626)**
(Loss)/profit for the year	(1,830)	5,437	**3,607**
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss	*1,790*	*(3,113)*	***(1,323)***
Change in fair value of financial assets at fair value through OCI, net of amounts realised	2,448	19,412	**21,860**
Net financial expense from insurance contracts	(658)	(22,525)	**(23,183)**
Items that will not be reclassified subsequently to profit or loss	*282*	*87*	***369***
Net change of fair value of equities at fair value through OCI	282	87	**369**
Change in deferred tax on fair value of financial assets and insurance contracts liabilities	*(322)*	*569*	***247***
Total comprehensive (loss)/income for the year	(80)	2,980	**2,900**

9 Allocation to Life/Non-life insurance (continued)

Measurement of allocation of assets and liabilities and allocation of revenues and results is based on the accounting policies set out in the accounting policy note.

The main business segments of the Company are Non-life insurance and Life insurance. Note 9 of these financial statements provides further information about the significant terms and conditions of insurance products.

Allocation results, assets and liabilities include items directly attributable to the segment, as well as those which have been allocated on a reasonable basis.

The main products and services offered by the reported business segments include:

Non-life:
Property and liability
Motor third party liability
Motor casco
Accident and travel health
Marine and transport
Supplementary and complementary health
Credit protection insurance

Life:
Endowment
Endowment with fixed age at maturity (Whole Life)
Term insurance
Unit-linked and Index-linked
Hybrid

Geographical segment

The Company operates mostly in the Republic of Croatia. Almost the entire income from insurance contracts is generated from clients in the Republic of Croatia, therefore no geographical segment information is presented.

10 Property and equipment

	Land and buildings EUR'000	Motor vehicles EUR'000	Equipment and furniture EUR'000	Leasehold improvement EUR'000	Total EUR'000
Cost					
At 1 January 2023	16,847	25	5,642	588	23,102
Additions	-	-	185	30	215
Disposals	(376)	(22)	(37)	-	(435)
Write offs	-	-	(283)	(34)	(317)
Reclassification to investment property (Note 12)	-	-	(11)	-	(11)
At 31 December 2023	**16,471**	**3**	**5,496**	**584**	**22,554**
At 1 January 2024	16,471	3	5,496	584	22,554
Additions	265	-	581	82	928
Disposals	(3)	(3)	(1)	(7)	(14)
Write offs	-	-	(67)	-	(67)
Reclassification to investment property (Note 12)	(717)	-	-	-	(717)
Reclassification from investment property (Note 12)	128	-	-	-	128
At 31 December 2024	**16,144**	**-**	**6,009**	**659**	**22,812**
Depreciation and impairment losses					
At 1 January 2023	5,451	25	4,280	295	10,051
Depreciation charge for the year (Note 29)	260	-	425	40	725
Disposals	(101)	(22)	(26)	-	(149)
Write offs	-	-	(278)	(30)	(308)
Impairment (Note 29)	20	-	-	-	20
At 31 December 2023	**5,630**	**3**	**4,401**	**305**	**10,339**
At 1 January 2024	5,630	3	4,401	305	10,339
Depreciation charge for the year (Note 29)	257	-	459	47	763
Disposals	(3)	(3)	(1)	(7)	(14)
Write offs	-	-	(67)	-	(67)
Reclassification to investment property (Note 12)	(204)	-	-	-	(204)
Reclassification from investment property (Note 12)	68	-	-	-	68
At 31 December 2024	**5,748**	**-**	**4,792**	**345**	**10,885**
Carrying amounts					
At 1 January 2023	11,396	-	1,362	293	13,051
At 31 December 2023	**10,841**	**-**	**1,095**	**279**	**12,215**
At 1 January 2024	10,841	-	1,095	279	12,215
At 31 December 2024	**10,396**	**-**	**1,217**	**314**	**11,927**

Included within land and buildings is non-depreciable land with a carrying amount of EUR 1,707 thousand (2023: EUR 1,830 thousand). The depreciation charge and impairment losses are recognised in profit or loss under *"Expenses*" (Note 29).

In 2024, the Company reclassified asset with carrying amount of EUR 641 thousand from property and equipment to investment property and asset with carrying amount of EUR 60 thousand from investment property to property and equipment.

During 2024 and 2023, there were no capitalised borrowing costs related to the acquisition of property and equipment.

11 Rights-of-use asset

a) Rights-of-use asset

	Property EUR'000	Motor vehicles EUR'000	IT Equipment EUR'000	Other EUR'000	Total EUR'000
Cost					
At 1 January 2023	4,572	895	209	59	5,735
Acquisitions	140	273	-	-	413
Write up/Other changes of lease assessment	673	-	-	18	691
Disposals	(299)	(31)	-	-	(330)
At 31 December 2023	**5,086**	**1,137**	**209**	**77**	**6,509**
At 1 January 2024	5,086	1,137	209	77	6,509
Acquisitions	1,389	537	-	14	1,940
Write up/Other changes of lease assessment	(1,159)	(314)	136	17	(1,320)
Disposals	(1,463)	(478)	-	(4)	(1,945)
At 31 December 2024	**3,853**	**882**	**345**	**104**	**5,184**
Amortisation and impairment losses					
At 1 January 2023	2,390	254	133	55	2,832
Amortisation (Note 29)	687	396	42	15	1,140
Disposals	(299)	(31)	-	-	(330)
At 31 December 2023	**2,778**	**619**	**175**	**70**	**3,642**
At 1 January 2024	2,778	619	175	70	3,642
Amortisation (Note 29)	762	337	36	23	1,158
Disposals	(1,463)	(478)	-	(4)	(1,945)
At 31 December 2024	**2,077**	**478**	**211**	**89**	**2,855**
Carrying amounts					
At 1 January 2023	2,182	641	76	4	2,903
At 31 December 2023	**2,308**	**518**	**34**	**7**	**2,867**
At 1 January 2024	2,308	518	34	7	2,867
At 31 December 2024	**1,776**	**404**	**134**	**15**	**2,329**

b) Lease liabilities

The future aggregate minimum lease payments under lease agreements recognised as Rights-of-use assets are as follows:

	2024 EUR'000	2023 EUR'000
No later than 1 year	**1,040**	1,039
Later than 1 year and no later than 5 years	**1,187**	1,562
Later than 5 year and no later than 10 years	**125**	311
	2,352	2,912

12 Investment property

	EUR'000
Cost	
At 1 January 2023	26,876
Additions	142
Disposals	(873)
Reclassification from property and equipment (Note 10)	11
At 31 December 2023	**26,156**
At 1 January 2024	26,156
Additions	53
Disposals	(132)
Reclassification from property and equipment (Note 10)	717
Reclassification to property and equipment (Note 10)	(128)
At 31 December 2024	**26,666**
Depreciation and impairment losses	
At 1 January 2023	3,837
Depreciation charge for the year (Note 26a)	391
Disposals	(326)
Impairment (Note 26f)	226
At 31 December 2023	**4,128**
At 1 January 2024	4,128
Depreciation charge for the year (Note 26a)	392
Disposals	(11)
Reversal of impairment (Note 29)	(128)
Reclassification from property and equipment (Note 10)	204
Reclassification to property and equipment (Note 10)	(68)
At 31 December 2024	**4,517**
Carrying amounts	
At 1 January 2023	23,039
At 31 December 2023	**22,028**
At 1 January 2024	22,028
At 31 December 2024	**22,149**

The rental income arising during the year amounted to EUR 2,555 thousand (2023: EUR 2,330 thousand) and is recognised in profit or loss within "*Net investment income*" (Note 26a). The depreciation charge and impairment losses are recognised in profit or loss under "*Net investment income*" (Note 26a, Note 26f). Direct operating expenses (maintenance and utility) arising from investment property during the year amounted to EUR 1,255 thousand (2023: EUR 1,258 thousand) and are recognised in profit or loss within "*Net investment income*" (Note 26a).

In 2024, the Company reclassified asset with carrying amount of EUR 641 thousand from property and equipment to investment property and asset with carrying amount of EUR 60 thousand from investment property to property and equipment.

13 Intangible assets

	Goodwill EUR'000	Computer software EUR'000	Computer software not brought into use EUR'000	Total EUR'000
Cost				
At 1 January 2023	471	20,811	2,635	23,917
Additions	-	200	1,425	1,625
Transfer into use	-	2,292	(2,292)	-
At 31 December 2023	**471**	**23,303**	**1,768**	**25,542**
At 1 January 2024	471	23,303	1,768	25,542
Additions	-	1,069	60	1,129
Transfer into use	-	239	(239)	-
At 31 December 2024	**471**	**24,611**	**1,589**	**26,671**
Amortisation and impairment losses				
At 1 January 2023	-	13,509	-	13,509
Amortisation for the year (Note 29)	-	2,160	-	2,160
At 31 December 2023	**-**	**15,669**	**-**	**15,669**
At 1 January 2024	-	15,669	-	15,669
Amortisation for the year (Note 29)	-	2,015	-	2,015
At 31 December 2024	**-**	**17,684**	**-**	**17,684**
Carrying amounts				
At 1 January 2023	471	7,302	2,635	10,408
At 31 December 2023	**471**	**7,634**	**1,768**	**9,873**
At 1 January 2024	471	7,634	1,768	9,873
At 31 December 2024	**471**	**6,927**	**1,589**	**8,987**

14 Financial investments

	2024 Amortised cost EUR'000	2024 FVOCI-Designated EUR'000	2024 FVTPL-Designated EUR'000	2024 FVTPL-Mandatory EUR'000	2024 Total EUR'000
Listed	-	2,490	-	-	**2,490**
Unlisted	-	8,780	-	-	**8,780**
Equity securities	**-**	**11,270**	**-**	**-**	**11,270**
Government bonds - domestic	-	375,415	1,249	-	**376,664**
Government bonds - foreign	-	7,246	-	-	**7,246**
Corporate bonds - domestic	-	5,928	-	-	**5,928**
Corporate bonds - foreign	-	466	-	-	**466**
Government bonds - domestic - assets backing index-linked products	-	-	-	5,195	**5,195**
Debt securities – fixed rate, listed	**-**	**389,055**	**1,249**	**5,195**	**395,499**
Investment funds – open ended, quoted	-	-	-	2,262	**2,262**
Investment funds – private equity	-	-	-	116	**116**
Investment funds – assets backing unit-linked products	-	-	-	6,128	**6,128**
Investment funds	**-**	**-**	**-**	**8,506**	**8,506**
Deposits with banks	12,689	-	-	-	**12,689**
Loans to customers – secured by mortgages on real estate	67	-	-	-	**67**
Loans to customers - other	46	-	-	-	**46**
Loans to customers and deposits	**12,802**	**-**	**-**	**-**	**12,802**
Total financial investments	**12,802**	**400,325**	**1,249**	**13,701**	**428,077**
Underlying assets					
- Life unit-linked	-	-	-	6,128	**6,128**
- Life index-linked	-	-	-	5,195	**5,195**
Other investments					
- Life	691	321,564	1,249	2,262	**325,766**
- Non-life	12,111	78,761	-	116	**90,988**
Total financial investments	**12,802**	**400,325**	**1,249**	**13,701**	**428,077**

14 Financial investments (continued)

	2023 Amortised cost EUR'000	2023 FVOCI-Designated EUR'000	2023 FVTPL-Mandatory EUR'000	2023 Total EUR'000
Listed	-	2,294	-	2,294
Unlisted	-	8,813	-	8,813
Equity securities	-	11,107	-	11,107
Government bonds - domestic	-	394,700	-	394,700
Government bonds - foreign	-	17,175	-	17,175
Corporate bonds - domestic	-	5,734	-	5,734
Corporate bonds - foreign	-	456	-	456
Debt securities – fixed rate, listed	-	418,065	-	418,065
Investment funds – open ended, quoted	-	-	2,225	2,225
Investment funds – private equity	-	-	60	60
Investment funds – assets backing unit-linked products	-	-	5,466	5,466
Investment funds	-	-	7,751	7,751
Deposits with banks	11,162	-	-	11,162
Loans to customers – secured by mortgages on real estate	126	-	-	126
Loans to customers - other	2	-	-	2
Loans to customers and deposits	11,290	-	-	11,290
Total financial investments	11,290	429,172	7,751	448,213
Underlying assets				
-Life unit-linked	-	-	5,466	5,466
Other investments				
-Life	2,163	356,106	2,225	360,494
-Non-life	9,127	73,066	60	82,253
Total financial investments	11,290	429,172	7,751	448,213

14 Financial investments (continued)

	2024	**2024**	**2024**	2023	2023	2023
	Non-life	**Life**	**Total**	Non-life	Life	Total
	EUR'000	**EUR'000**	**EUR'000**	EUR'000	EUR'000	EUR'000
Underlying assets:						
Investment funds – assets backing unit-linked products, domestic	-	6,128	**6,128**	-	5,466	5,466
- Government bonds – domestic - assets backing index-linked products	-	5,195	**5,195**	-	-	-
Total underlying assets	**-**	**11,323**	**11,323**	-	5,466	5,466
Other investments						
Government bonds - domestic	74,768	301,896	**376,664**	59,207	335,493	394,700
Government bonds - foreign	-	7,246	**7,246**	10,131	7,044	17,175
Corporate bonds – domestic	2,040	3,888	**5,928**	1,961	3,773	5,734
Corporate bonds – foreign	-	466	**466**	-	456	456
Equity securities	1,953	9,317	**11,270**	1,767	9,340	11,107
Investment funds – open ended, quoted	-	2,262	**2,262**	-	2,225	2,225
Investment funds – private equity	116	-	**116**	60	-	60
Deposits with banks	12,013	676	**12,689**	9,017	2,145	11,162
Loans to customers – secured by mortgages on real estate	53	14	**67**	110	16	126
Loans to customers - other	45	1	**46**	-	2	2
Total other investments	**90,988**	**325,766**	**416,754**	82,253	360,494	442,747
Total financial investments	**90,988**	**337,089**	**428,077**	82,253	365,960	448,213

15 Reinsurance contract assets/(liabilities)

	2024			2023		
	Non-life	**Life**	**Total**	Non-life	Life	Total
	EUR'000	**EUR'000**	**EUR'000**	EUR'000	EUR'000	EUR'000
Reinsurance contract assets	25,467	-	25,467	22,007	-	22,007
Reinsurance contract liabilities	(920)	(282)	(1,202)	(1,279)	(84)	(1,363)
Net reinsurance contract assets	**24,547**	**(282)**	**24,265**	20,728	(84)	20,644

a) *Analysis of movement of the remaining coverage and incurred claims components – Non-life reinsurance contracts held*

	LRC/ARC - Excluding loss component	**LRC/ARC - Loss Component**	**LIC/AIC – GMM**	**PVCF of LIC/AIC – PAA**	**RA for LIC/AIC - PAA**	**Total**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
2024						
Net reinsurance contract assets as at 1 January	**(4,674)**	**36**	**713**	**24,485**	**168**	**20,728**
Reinsurance expenses	(31,221)	-	-	-	-	**(31,221)**
Incurred claims recovery	(32)	-	784	20,393	66	**21,211**
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	26	1,162	(31)	**1,157**
Changes in the FCF of reinsurance contracts held from onerous underlying contracts (GMM)	-	6	-	-	-	**6**
Net income/(expense) from reinsurance contracts held	**(31,253)**	**6**	**810**	**21,555**	**35**	**(8,847)**
Net finance income/(expense) from reinsurance contracts held	224	5	(30)	811	5	**1,015**
Total amounts recognised in comprehensive income	**(31,029)**	**11**	**780**	**22,366**	**40**	**(7,832)**
Other changes	-	-	(5)	-	-	**(5)**
Premiums paid net of ceding commissions and other directly attributable expenses paid	28,694	-	-	-	-	**28,694**
Recoveries from reinsurance	-	-	(371)	(16,667)	-	**(17,038)**
Total cash flows and other changes	**28,694**	**-**	**(376)**	**(16,667)**	**-**	**11,651**
Net reinsurance contract assets as at 31 December	**(7,009)**	**47**	**1,117**	**30,184**	**208**	**24,547**

15 Net reinsurance contract assets/(liabilities) (continued)

a) Analysis of movement of the remaining coverage and incurred claims components – Non-life reinsurance contracts held (continued)

	LRC/ARC - Excluding loss component EUR'000	LRC/ARC - Loss Component EUR'000	LIC/AIC – GMM EUR'000	PVCF of LIC/AIC – PAA EUR'000	RA for LIC/AIC - PAA EUR'00	Total EUR'000
2023						
Reinsurance contract assets as at 1 January	(1,053)	3	233	15,221	570	14,974
Reinsurance expenses	(26,573)	-	-	-	-	(26,573)
Incurred claims recovery	142	-	92	22,189	57	22,480
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	224	861	(481)	604
Changes in the FCF of reinsurance contracts held from onerous underlying contracts (GMM)	-	36	-	-	-	36
Net (expense)/income from reinsurance contracts held	(26,431)	36	316	23,050	(424)	(3,453)
Net finance income/(expense) from reinsurance contracts held	93	(3)	18	656	22	786
Total amounts recognised in comprehensive income	(26,338)	33	334	23,706	(402)	(2,667)
Other changes	-			4	-	4
Premiums paid net of ceding commissions and other directly attributable expenses paid	22,717	-	-	-	-	22,717
Recoveries from reinsurance	-	-	146	(14,446)	-	(14,300)
Total cash flows and other changes	22,717	-	146	(14,442)	-	8,421
Net reinsurance contract assets as at 31 December	(4,674)	36	713	24,485	168	20,728

b) Analysis of movement of the measurement components – Non-life reinsurance contracts held (part of Non-life portfolio that is measured under GMM)

	Present value of future cash-flows EUR'000	**RA for non-financial risk EUR'000**	**CSM EUR'000**	**Total EUR'000**
2024				
Reinsurance contract assets as at 1 January	**(3,268)**	-	**2,455**	**(813)**
CSM recognised for the services received	-	-	(558)	**(558)**
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	(189)	-	-	**(189)**
Changes that relate to current service	**(189)**	-	**(558)**	**(747)**
Changes in the estimates that adjust CSM	319	-	(319)	-
Contracts initially recognised in the period	(686)	-	686	-
Reversals of loss-recovery component	-	-	6	**6**
Changes that relate to future service	**(367)**	-	**373**	**6**
Net finance income from reinsurance contracts held	84	-	109	**193**
Total amounts recognised in comprehensive income	**(472)**	-	**(76)**	**(548)**
Other changes	-	-	-	-
Premiums paid net of ceding commissions and other directly attributable expenses paid	291	-	-	**291**
Recoveries from reinsurance	175	-	-	**175**
Total cash-flows and other changes	**466**	-	-	**466**
Reinsurance contract assets as at 31 December	**(3,274)**	-	**2,379**	**(895)**

15 Net reinsurance contract assets (continued)

b) Analysis of movement of the measurement components - Non– life reinsurance contracts held (part of portfolio that is measured under GMM) (continued)

	Present value of future cash-flows EUR'000	Risk adjustment for non-financial risk EUR'000	CSM EUR'000	Total EUR'000
2023				
Reinsurance contract assets as at 1 January	(1,992)	-	1,420	(572)
CSM recognised for the services received	-	-	(533)	(533)
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	(174)	-	-	(174)
Changes that relate to current service	(174)	-	(533)	(707)
Changes in the estimates that adjust CSM	95	-	(95)	-
Contracts initially recognised in the period	(1,561)	-	1,561	-
Reversals of a loss recovery component	-	-	36	36
Changes that relate to future service	(1,466)	-	1,502	36
Finance income from reinsurance contracts held	43	-	66	109
Total amounts recognised in comprehensive income	(1,597)	-	1,035	(562)
Other changes	-	-	-	-
Premiums paid net of ceding commissions and other directly attributable expenses paid	175	-	-	175
Recoveries from reinsurance	146	-	-	146
Total cash-flows and other changes	321	-	-	321
Reinsurance contract assets as at 31 December	(3,268)	-	2,455	(813)

c) Analysis of movement – Life reinsurance contracts held

	2024 **Remaining coverage - Excluding loss component** **EUR'000**	**2024** **Incurred claims** **EUR'000**	**2024** **Total** **EUR'000**	2023 Remaining coverage - Excluding loss component EUR'000	2023 Incurred claims EUR'000	2023 Total EUR'000
Reinsurance contract asset/liability as at 1 January	**(476)**	**392**	**(84)**	(3,694)	2,832	(862)
Reinsurance expenses	(587)	-	**(587)**	(12,912)	-	(12,912)
Incurred claims recovery	-	292	**292**	272	13,119	13,391
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	2	**2**	-	(524)	(524)
Net (expenses)/income from reinsurance contracts held	**(587)**	**294**	**(293)**	(12,640)	12,595	(45)
Net finance (expenses)/income from reinsurance contracts held	(121)	(1)	**(122)**	669	(8)	661
Total amounts recognised in comprehensive income	**(708)**	**293**	**(415)**	(11,971)	12,587	616
Other changes	-	-	-	(7)	-	(7)
Premiums paid net of ceding commissions and other directly attributable expenses paid	525	-	**525**	15,196	-	15,196
Recoveries from reinsurance	-	(308)	**(308)**	-	(15,027)	(15,027)
Total cash flows and other changes	**525**	**(308)**	**217**	15,189	(15,027)	162
Reinsurance contract assets as at 31 December	**(659)**	**377**	**(282)**	(476)	392	(84)

For credit risk disclosures relating to reinsurance contract assets, refer to note 34.

15 Net reinsurance contract assets (continued)

d) Analysis of movement of the measurement components – Life reinsurance contracts held

	Present value of future cash-flows EUR'000	CSM EUR'000	Total EUR'000
2024			
Reinsurance contract liabilities as at 1 January	**(2,819)**	**2,735**	**(84)**
CSM recognised for the services received	-	(297)	**(297)**
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	4	-	**4**
Changes that relate to current service	4	(297)	**(293)**
Changes in the estimates that adjust CSM	(478)	478	-
Contracts initially recognised in the period	(17)	17	-
Changes that relate to future service	(495)	495	-
Net finance income/(expenses) from reinsurance contracts held	(131)	9	**(122)**
Total amounts recognised in comprehensive income	**(622)**	**207**	**(415)**
Other changes	-	-	-
Premiums paid net of ceding commissions and other directly attributable expenses paid	525	-	**525**
Recoveries from reinsurance	(308)	-	**(308)**
Total cash-flows and other changes	**217**	**-**	**217**
Reinsurance contract assets as at 31 December	**(3,224)**	**2,942**	**(282)**
2023			
Reinsurance contract assets as at 1 January	(3,080)	2,218	(862)
CSM recognised for the services received	-	2,298	2,298
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	(2,343)	-	(2,343)
Changes that relate to current service	(2,343)	2,298	(45)
Changes in the estimates that adjust CSM	1,814	(1,814)	-
Contracts initially recognised in the period	(29)	29	-
Changes that relate to future service	1,785	(1,785)	-
Net finance income from reinsurance contracts held	657	4	661
Total amounts recognised in comprehensive income	99	517	616
Other changes	(7)	-	(7)
Premiums paid net of ceding commissions and other directly attributable expenses paid	15,196	-	15,196
Recoveries from reinsurance	(15,027)	-	(15,027)
Total cash-flows and other changes	162	-	162
Reinsurance contract assets as at 31 December	(2,819)	2,735	(84)

15 Net reinsurance contract assets (continued)

e) Analysis of CSM movement - Life and non-life reinsurance contracts held

	New contracts EUR'000	**Contracts measured under the fair value approach at transition EUR'000**	**Total EUR'000**
2024			
CSM as at 1 January	**2,235**	**2,955**	**5,190**
CSM recognised for the services received	(531)	(324)	**(855)**
Changes that relate to current service	**(531)**	**(324)**	**(855)**
Changes in the estimates that adjust CSM	(200)	359	**159**
Contracts initially recognised in the period	703	-	**703**
CSM adjustment for income on initial recognition of onerous underlying contracts	-	6	**6**
Changes that relate to future service	**503**	**365**	**868**
Finance income from reinsurance contracts held	98	20	**118**
Total changes and amounts recognised in comprehensive income	**70**	**61**	**131**
CSM as at 31 December	**2,305**	**3,016**	**5,321**

	New contracts EUR'000	Contracts measured under the fair value approach at transition EUR'000	Total EUR'000
2023			
CSM as at 1 January	649	2,989	3,638
CSM recognised for the services received	2,062	(297)	1,765
Changes that relate to current service	2,062	(297)	1,765
Changes in the estimates that adjust CSM	(2,153)	244	(1,909)
Contracts initially recognised in the period	1,590	-	1,590
CSM adjustment for income on initial recognition of onerous underlying contracts	36	-	36
Changes that relate to future service	(527)	244	(283)
Finance income from reinsurance contracts held	51	19	70
Total changes and amounts recognised in comprehensive income	1,586	(34)	1,552
CSM as at 31 December	2,235	2,955	5,190

15 Net reinsurance contract assets (continued)

f) Expected release pattern of Contractual service margin

	Less than 1 year	**Between 1 and 5 years**	**Between 5 and 10 years**	**More than 10 years**	**Total**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
2024					
Non-life CSM	389	1,244	513	233	**2,379**
Life CSM	407	1,206	807	522	**2,942**
Total	**796**	**2,450**	**1,320**	**755**	**5,321**
2023					
Non-life CSM	399	1,030	645	381	2,455
Life CSM	352	1,043	729	611	2,735
Total	751	2,073	1,374	992	5,190

16 Deferred tax asset/liability

Deferred tax asset	Impairment losses	Unrealised losses	Other temporary differences /i/	Expected credit loss	Fair value reserve	Financial reserve from insurance contracts	Transition adjustment reserve	**Total deferred tax asset**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	**EUR'000**
At 1 January 2023	**627**	**56**	**22**	**157**	**15,219**	**-**	**6,719**	**22,800**
(Debited)/credited to profit or loss (Note 31)	28	(1)	15	(157)	-	-	(2,637)	**(2,752)**
Credited to other comprehensive income (Note 31b)	-	-	-	-	(6,934)	-	-	**(6,934)**
At 31 December 2023	**655**	**55**	**37**	**-**	**8,285**	**-**	**4,082**	**13,114**
At 1 January 2024	**655**	**55**	**37**	**-**	**8,285**	**-**	**4,082**	**13,114**
(Debited)/credited to profit or loss (Note 31)	(36)	-	331	1	-	-	(1,185)	**(889)**
Debited /(credited) to other comprehensive income	-	-	-	-	(2,457)	60	-	**(2,397)**
At 31 December 2024	**619**	**55**	**368**	**1**	**5,828**	**60**	**2,897**	**9,828**

Deferred tax liability	Fair value reserve	Financial reserve from insurance contracts	Transition adjustment reserve	**Total deferred tax liability**
	EUR'000	EUR'000	EUR'000	**EUR'000**
At 1 January 2023	**2,991**	**10,412**	**1,327**	**14,730**
Debited to profit or loss (Note 31)	-	-	(1,327)	**(1,327)**
Debited to other comprehensive income	(2,991)	(4,173)	-	**(7,164)**
At 31 December 2023	**-**	**6,239**	**-**	**6,239**
At 1 January 2024	-	**6,239**	**-**	**6,239**
Debited to other comprehensive income (Note 31b)	-	(2,163)	-	**(2,163)**
At 31 December 2024	**-**	**4,076**	**-**	**4,076**

/i/ Other temporary differences consist mainly of provisions for liabilities and charges and temporary differences from IFRS 16.
Deferred tax asset and deferred tax liabilities presented on net bases from IFRS 16 are as follows:

	2024	2023
	EUR'000	EUR'000
Right of use asset	(417)	(519)
Lease liability	423	524
At 31 December	6	5

17 Other receivables

	2024	2023
	EUR'000	EUR'000
Receivables arising from insurance contracts		
- from recourses	**3,971**	3,592
- from intermediaries	-	248
- from other	**2,727**	2,998
Other receivables		
- interest receivables and accrued interest	**119**	119
- other	**8,032**	5,715
Prepaid expenses	**559**	318
Impairment allowance		
- for recourse receivables (Note 17a)	**(541)**	(546)
- for interest receivables and accrued interest	**(119)**	(119)
- for other receivables (Note 17b)	**(1,024)**	(1,230)
Total other receivables	**13,724**	11,095

The analysis of other receivables is given below:

	2024	2023
	EUR'000	EUR'000
Not due and not impaired	**13,422**	10,801
Not due and impaired	**419**	512
Due but not impaired	**302**	294
Due and impaired	**1,265**	1,383
Impairment allowance	**(1,684)**	(1,895)
	13,724	11,095

As at 31 December 2024, other receivables in the amount of EUR 302 thousand (2023: EUR 294 thousand) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2024	2023
	EUR'000	EUR'000
Up to 30 days	**167**	262
31 up to 90 days	**50**	17
91 up to 180 days	**85**	15
	302	294

17 Other receivables (continued)

a) Receivables from recourses

The movement in impairment allowance for recourse receivables during the year was as follows:

	2024	2023
	EUR'000	EUR'000
At 1 January	546	570
Write off	(5)	(24)
At 31 December	**541**	546

b) Other receivables

The movement in impairment allowance for other receivables during the year was as follows:

	2024	2023
	EUR'000	EUR'000
At 1 January	1,230	1,877
Increase in provisions	116	9
Decrease in provisions due to collection	(161)	(345)
Net reversal of impairment	**(45)**	(336)
Write off	(161)	(311)
At 31 December	**1,024**	1,230

18 Cash and cash equivalents

	2024	2023
	EUR'000	EUR'000
Cash at bank	**11,221**	9,348
Cash on hand	**2**	-
	11,223	9,348

19 Equity

a) Share capital

	2024	2023
	EUR'000	EUR'000
Authorised, issued and fully paid		
374,278 (*2023: 374,278*) ordinary shares of EUR 84 (*2023: EUR 84*)	**31,439**	31,439

The share capital of the Company is denominated in EUR. The nominal value of each share issued is EUR 84.

In 2023, share capital i.e. nominal value of the Company's shares was increased by EUR 144 thousand from other reserves after the EUR conversion due to compliance with the regulation and rounding nominal value of a share to whole number.

At the reporting date, the shareholders of the Company are as follows:

	2024	2023
	% ownership	% ownership
Vienna Insurance Group AG Wiener Versicherung Gruppe	**97.82**	97.82
Minority shareholders	**2.18**	2.18
	100.00	100.00

The parent company is Vienna Insurance Group AG Wiener Versicherung Gruppe and the ultimate parent company is Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group.

b) Capital reserves

Capital reserves consist of direct payments of shareholders into these reserves.

c) Legal reserve

The legal reserve represents accumulated appropriations from retained earnings in accordance with the previous Insurance Act, effective until 31 December 2005, which required a minimum of one third of the Company's net profit to be transferred to a non-distributable statutory reserve until the reserve reaches half of the average of earned premium of the preceding two years.

d) Other reserves

Other reserves can be used for share capital increase, loss coverage or other purposes at the discretion of the Company's General Assembly. In 2023, share capital i.e. nominal value of the Company's shares was increased by EUR 144 thousand from other reserves after the EUR conversion due to compliance with the regulation and rounding nominal value of a share to whole number.

19 Equity (continued)

e) Dividends per share

In 2024 and 2023, there was no dividend payment.

f) Fair value reserve

The fair value reserve represents the cumulative realized gains and losses from change in fair value of financial assets at fair value through OCI, net of deferred tax. All movements are presented in other comprehensive income in the Statement of comprehensive income, net of tax. Movements in the fair value reserve were as follows:

	2024	2023
	EUR'000	EUR'000
At 1 January		
IFRS 9 fair value reserves gross	**(45,065)**	(67,341)
IFRS 9 fair value reserves gross recyclable	***(46,030)***	*(67,937)*
IFRS 9 fair value reserves gross non-recyclable	***965***	*596*
OCI risk provision	**291**	389
Deferred tax	**8,233**	12,159
Net IFRS 9 fair value reserves	**(36,541)**	(54,793)
Net gains from change in fair value	**14,199**	21,827
Net gains from change in fair value - recyclable	***14,037***	*21,407*
Net gains from change in fair value – non-recyclable	***162***	*420*
Transfer to retained earnings after euro conversion	-	(51)
Net gain/(loss) on disposal – transfer to profit or loss (Note 26d)	**(388)**	500
Net gains from change in OCI Risk provision	**(132)**	(98)
	13,679	22,178
Deferred tax on net gains from change in fair value of recyclable fair value reserve, net of amounts realized and impairment losses and OCI Risk provision	**(2,433)**	(3,926)
Net gain recognised in other comprehensive income	**11,246**	18,252
At 31 December		
IFRS 9 reserves gross	**(31,254)**	(45,065)
IFRS 9 reserves gross recyclable	***(32,381)***	*(46,030)*
IFRS 9 reserves gross non-recyclable	***1,127***	*965*
OCI risk provision	**159**	291
Deferred tax	**5,800**	8,233
Net IFRS 9 fair value reserves	**(25,295)**	(36,541)

19 Equity (continued)

g) Financial reserve from insurance contracts

The Company has exercised the accounting policy choice option offered by IFRS 17 and disaggregates insurance finance income and expense between profit or loss and OCI, for all portfolios measured under GMM and PAA. Financial reserve from insurance contracts represents the balance of the part of Insurance finance income and expense that has been classified as OCI and is calculated as the difference between total Insurance finance income and expense („IFIE”) and the amount recognized in profit or loss.

	2024	2023
	EUR'000	EUR'000
At 1 January		
Gross financial reserve from insurance contracts	**34,662**	57,845
Deferred tax	**(6,239)**	(10,412)
Net financial reserve from insurance contracts	**28,423**	47,433
Net losses from change in fair value	**(12,350)**	(23,183)
Deferred tax	**2,223**	4,173
Net loss recognised in other comprehensive income	**(10,127)**	(19,010)
At 31 December		
Gross financial reserve from insurance contracts	**22,312**	34,662
Deferred tax	**(4,016)**	(6,239)
Net financial reserve from insurance contracts	**18,296**	28,423

19 Equity (continued)

Solvency II regulatory framework came into force on 1 January 2016 and has replaced the Solvency I capital requirements as the binding regulatory regime. The new Solvency II regime has fundamentally changed the calculation of solvency capital and measurement of assets and liabilities. In order to systematise risk management, the Company established and adopted the policies that cover the framework of risk management, own risk and solvency assessments (ORSA) and risk management for each risk category and continued on ongoing basis.

Capital management objectives, policies and approach

The Company established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company and provide sufficient security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on employed capital meet the requirements of shareholders;
- To maintain strong liquidity;
- To align the profile of assets and liabilities taking into account the risks inherent in the business.

The operations of the Company are also subject to regulatory requirements imposed by Croatian Financial Services Supervisory Agency. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency of the insurance companies to meet unforeseeable liabilities as they arise. The Company has met all of these requirements throughout the financial year.

In reporting of financial strength, capital and solvency are measured using the rules prescribed by the European Insurance and Occupational Pensions Authority. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Company's capital management policy is to hold sufficient capital to cover the statutory requirements based on the EU directives and regulations as well as Croatian Insurance Act.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure returns to the shareholders and policyholders. The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The capital requirements are regularly forecasted and assessed against the forecasted available capital including risk and sensitivity analyses. The process is ultimately subject to approval by the Management Board. The Company is using the standard Solvency II formula to calculate eligible own funds and the solvency capital requirement and performs own risk and solvency assessment to identify the risks and quantify their impact on the economic capital.

20 Earnings per share

For the purposes of calculating earnings per share, earnings are calculated as the profit for the year attributable to equity holders of the Company. The number of ordinary shares is the weighted average number of ordinary shares outstanding during the year after deducting the number of ordinary treasury shares. The weighted average number of ordinary shares used for basic and diluted earnings per share was 374,278 (*2023: 374,278*). Given that there are no effects of options, convertible bonds or similar instruments, the diluted earnings per share is the same as the basic earnings per share.

	2024 **EUR'000**	2023 EUR'000
Profit attributable to ordinary shareholders for earnings per share	**3,850**	3,607

	2024 **EUR**	2023 EUR
Basic and diluted earnings per share	**10**	10

21 Insurance contract liabilities

	2024 **Non-life** **EUR'000**	**2024** **Life** **EUR'000**	**2024** **Total** **EUR'000**	**2024** **Current portion** **EUR'000**	**2024** **Non-current portion** **EUR'000**	**2024** **Total** **EUR'000**
Insurance contract liabilities excluding insurance acquisition cash-flows assets and other pre-recognition cash-flows	95,980	313,265	**409,245**	141,333	267,912	**409,245**
Insurance acquisition cash-flows assets	(5,236)	-	**(5,236)**	(5,236)	-	**(5,236)**
Insurance contract liabilities	**90,744**	**313,265**	**404,009**	**136,097**	**267,912**	**404,009**

	2023 Non-life EUR'000	2023 Life EUR'000	2023 Total EUR'000	2023 Current portion EUR'000	2023 Non-current portion EUR'000	2023 Total EUR'000
Insurance contract liabilities excluding insurance acquisition cash-flows assets and other pre-recognition cash-flows	84,680	348,931	433,611	138,245	295,366	433,611
Insurance acquisition cash-flows assets	(4,442)	-	(4,442)	(4,442)	-	(4,442)
Insurance contract liabilities	80,238	348,931	429,169	133,803	295,366	429,169

21 Insurance contract liabilities (continued)

a) Analysis of movement in insurance contract liabilities – Non-Life insurance contracts

2024	LRC - Excluding loss component EUR'000	LRC - Loss Component EUR'000	LIC – contracts not under PAA EUR'000	PVCF of LIC – PAA contracts EUR'000	RA of LIC – PAA contracts EUR'000	Total EUR'000
Insurance contract liabilities as at 1 January	**27,844**	**124**	**364**	**51,550**	**356**	**80,238**
Insurance revenue	**(94,540)**	-	-	-	-	**(94,540)**
Incurred claims and other directly attributable expenses	-	-	1,490	59,233	146	60,869
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	(159)	(1,062)	(82)	(1,303)
Losses on onerous contracts and reversal of those losses	-	20	-	-	-	20
Insurance acquisition cash flows amortisation	24,104	-	-	-	-	24,104
Insurance service expenses	**24,104**	**20**	**1,331**	**58,171**	**64**	**83,690**
Net finance expenses from insurance contracts issued	213	-	-	1,779	15	2,007
Total amounts recognised in comprehensive income	**(70,223)**	**20**	**1,331**	**59,950**	**79**	**(8,843)**
Other changes	162	18	-	-	-	180
Premiums received	98,473	-	-	-	-	98,473
Claims and other directly attributable expenses paid	-	-	(1,146)	(52,373)	(1)	(53,520)
Insurance acquisition cash flows	(25,784)	-	-	-	-	(25,784)
Total cash flows and other categories	**72,851**	**18**	**(1,146)**	**(52,374)**	**(1)**	**19,349**
Insurance contract liabilities as at 31 December	**30,472**	**162**	**549**	**59,127**	**434**	**90,744**

21 Insurance contract liabilities (continued)

a) Analysis of movement in insurance contract liabilities – Non-Life insurance contracts (continued)

2023	LRC - Excluding loss component EUR'000	LRC - Loss Component EUR'000	LIC – contracts not under PAA EUR'000	PVCF of LIC – PAA contracts EUR'000	RA of LIC – PAA contracts EUR'000	Total EUR'000
Insurance contract liabilities as at 1 January	26,036	10	193	42,786	1,324	70,349
Insurance revenue	(84,315)	-	-	-	-	(84,315)
Incurred claims and other directly attributable expenses	-	-	(10)	61,363	121	61,474
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	184	(1,031)	(1,140)	(1,987)
Losses on onerous contracts and reversal of those losses	-	114	-	-	-	114
Insurance acquisition cash flows amortisation	20,190	-	-	-	-	20,190
Insurance service expenses	20,190	114	174	60,332	(1,019)	79,791
Net finance expenses from insurance contracts	55	-	-	1,557	51	1,663
Total amounts recognised in comprehensive income	(64,070)	114	174	61,889	(968)	(2,861)
Other changes	-	-	-	-	-	-
Premiums received	87,838	-	-	-	-	87,838
Claims and other directly attributable expenses paid	-	-	(3)	(53,125)	-	(53,128)
Insurance acquisition cash flows	(21,960)	-	-	-	-	(21,960)
Total cash flows and other categories	65,878	-	(3)	(53,125)	-	12,750
Insurance contract liabilities as at 31 December	27,844	124	364	51,550	356	80,238

21 Insurance contract liabilities (continued)

b) Analysis of movement in measurement components of insurance contract liabilities – Non-Life insurance contracts (part of portfolio that is measured under GMM)

	Present value of future cash-flows EUR'000	RA for non-financial risk EUR'000	CSM EUR'000	Total EUR'000
2024				
Insurance contract liabilities as at 1 January	**791**	**386**	**4,014**	**5,191**
CSM recognised for the services received	-	-	(1,225)	**(1,225)**
Change in the risk adjustment for non-financial risk for the risk expired	-	(108)	-	**(108)**
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	425	-	-	**425**
Changes that relate to current service	**425**	**(108)**	**(1,225)**	**(908)**
Changes in the estimates that adjust CSM	446	52	(498)	-
Changes in estimates that result in onerous contract losses or reversal of	21	(1)	-	**20**
Contracts initially recognised in the period	(2,894)	152	2,742	-
Changes that relate to future service	**(2,427)**	**203**	**2,244**	**20**
Finance income/(expenses) from insurance contracts issued	(13)	16	205	**208**
Total amounts recognised in comprehensive income	**(2,015)**	**111**	**1,224**	**(680)**
Other changes	(1)	2	-	**1**
Premiums received	5,238	-	-	**5,238**
Claims and other directly attributable expenses paid	(1,213)	-	-	**(1,213)**
Insurance acquisition cash flows	(2,008)	-	-	**(2,008)**
Total cash-flows and other changes	**2,016**	**2**	-	**2,018**
Insurance contract liabilities as at 31 December	**792**	**499**	**5,238**	**6,529**
2023				
Insurance contract liabilities as at 1 January	409	379	3,324	4,112
CSM recognised for the services received	-	-	(945)	(945)
Change in the risk adjustment for non-financial risk for the risk expired	-	(90)	-	(90)
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	(211)	-	-	(211)
Changes that relate to current service	(211)	(90)	(945)	(1,246)
Changes in the estimates that adjust CSM	1,701	21	(1,722)	-
Changes in estimates that result in onerous contract losses or reversal of those losses	101	12	-	113
Contracts initially recognised in the period	(3,229)	33	3,196	-
Changes that relate to future service	(1,427)	66	1,474	113
Finance income/(expenses) from insurance contracts issued	(24)	9	161	146
Total amounts recognised in comprehensive income	(1,662)	(15)	690	(987)
Other changes	(114)	22	-	(92)
Premiums received	4,071	-	-	4,071
Claims and other directly attributable expenses paid	(3)	-	-	(3)
Insurance acquisition cash flows	(1,910)	-	-	(1,910)
Total cash-flows and other changes	2,044	22	-	2,066
Insurance contract liabilities as at 31 December	791	386	4,014	5,191

21 Insurance contract liabilities (continued)

c) Impact of contracts recognised in the year – Non-Life insurance contracts (part of portfolio that is measured under GMM)

	2024 Non-onerous contracts originated EUR'000	**2024 Onerous contracts originated EUR'000**	**2024 Total EUR'000**	2023 Non-onerous contracts originated EUR'000	2023 Onerous contracts originated EUR'000	2023 Total EUR'000
Insurance acquisition cash-flows	2,278	-	**2,278**	2,159	-	2,159
Claims and other directly attributable	2,537	-	**2,537**	2,330	-	2,330
Estimates of the present value of future	**4,815**	-	**4,815**	4,489	-	4,489
Estimates of the present value of future cash	(7,709)	-	**(7,709)**	(7,718)	-	(7,718)
Risk adjustment for non-financial risk	152	-	**152**	33	-	33
CSM	2,742	-	**2,742**	3,196	-	3,196
Increase in insurance contract liabilities from contracts recognised in the period	-	-	-	-	-	-

d) Development of claims reported by policyholders at 31 December 2024

	2022 EUR'000	**2023 EUR'000**	**2024 EUR'000**	**Total EUR'000**
Estimate of cumulative claims at the end of accident year (gross of reinsurance, undiscounted, only PAA business)	48,318	57,664	54,599	-
One year later	49,287	57,893	-	-
Two years later	48,640	-	-	-
Cumulative payments and other directly attributable expenses	42,323	46,275	27,079	**115,677**
Remaining estimated claims per accident year	6,317	11,618	27,520	**45,455**
Estimated claims for prior accident years and payables/receivables	-	-	-	**16,759**
Effect of discounting	-	-	-	**(3,119)**
Effect of risk adjustment for non-financial risk	-	-	-	**466**
Total value recognised in the current year statement of financial position	**-**	**-**	**-**	**59,561**

21 Insurance contract liabilities (continued)

e) Analysis of movement in insurance contract liabilities – Life insurance contracts

	LRC - Excluding loss component EUR'000	LRC - Loss Component EUR'000	LIC EUR'000	Total EUR'000
2024				
Insurance contract liabilities as at 1 January	**337,686**	**3,553**	**7,692**	**348,931**
Insurance revenue	**(13,485)**	-	-	**(13,485)**
Incurred claims and other directly attributable expenses	-	-	6,789	**6,789**
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	274	**274**
Losses on onerous contracts and reversal of those losses	-	(927)	-	**(927)**
Insurance acquisition cash-flows amortisation	2,994	-	-	**2,994**
Insurance service expenses	**2,994**	**(927)**	**7,063**	**9,130**
Net finance expenses from insurance contracts issued	14,800	-	-	**14,800**
Total amounts recognised in comprehensive income	**4,309**	**(927)**	**7,063**	**10,445**
Investment components	(81,263)	-	81,263	-
Other changes	460	-	-	**460**
Premiums received	46,630	-	-	**46,630**
Claims and other directly attributable expenses paid	-	44	(86,979)	**(86,935)**
Insurance acquisition cash-flows	(6,266)	-	-	**(6,266)**
Total cash flows and other categories	**(40,439)**	**44**	**(5,716)**	**(46,111)**
Insurance contract liabilities as at 31 December	**301,556**	**2,670**	**9,039**	**313,265**
2023				
Insurance contract liabilities as at 1 January	343,893	3,782	9,923	357,598
Insurance revenue	(13,341)	-	-	(13,341)
Incurred claims and other directly attributable expenses	-	-	5,746	5,746
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	798	798
Losses on onerous contracts and reversal of those losses	-	(258)	-	(258)
Insurance acquisition cash-flows amortisation	2,105	-	-	2,105
Insurance service expenses	2,105	(258)	6,544	8,391
Net finance expenses from insurance contracts issued	25,475	-	-	25,475
Total amounts recognised in comprehensive income	14,239	(258)	6,544	20,525
Investment components	(58,794)	-	58,794	-
Other changes	26	-	-	26
Premiums received	44,729	-	-	44,729
Claims and other directly attributable expenses paid	-	29	(67,569)	(67,540)
Insurance acquisition cash-flows	(6,407)	-	-	(6,407)
Total cash flows and other categories	(20,446)	29	(8,775)	(29,192)
Insurance contract liabilities as at 31 December	337,686	3,553	7,692	348,931

21 Insurance contract liabilities (continued)

f) Analysis of movement in measurement components of insurance contract liabilities – Life insurance contracts

	Present value of future cash-flows EUR'000	RA for non-financial risk EUR'000	CSM EUR'000	Total EUR'000
2024				
Insurance contract liabilities as at 1 January	**316,527**	**6,357**	**26,047**	**348,931**
CSM recognised for the services received	-	-	(3,363)	**(3,363)**
Change in the risk adjustment for non-financial risk for the risk expired	-	(1,115)	-	**(1,115)**
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	1,050	-	-	**1,050**
Changes that relate to current service	**1,050**	**(1,115)**	**(3,363)**	**(3,428)**
Changes in the estimates that adjust CSM	3,985	(156)	(3,829)	-
Changes in estimates that result in onerous contract losses or their	(853)	(74)	-	**(927)**
Contracts initially recognised in the period	(2,015)	348	1,667	-
Changes that relate to future service	**1,117**	**118**	**(2,162)**	**(927)**
Net finance expenses from insurance contracts	14,348	303	149	**14,800**
Total amounts recognised in comprehensive income	**16,515**	**(694)**	**(5,376)**	**10,445**
Other changes	460	-	-	**460**
Premiums received	46,630	-	-	**46,630**
Claims and other directly attributable expenses paid	(86,935)	-	-	**(86,935)**
Insurance acquisition cash flows	(6,266)	-	-	**(6,266)**
Total cash-flows and other changes	**(46,111)**	-	-	**(46,111)**
Insurance contract liabilities as at 31 December	**286,931**	**5,663**	**20,671**	**313,265**
2023				
Insurance contract liabilities as at 1 January	316,948	9,301	31,349	357,598
CSM recognised for the services received	-	-	(3,916)	(3,916)
Change in the risk adjustment for non-financial risk for the risk expired	-	(1,746)	-	(1,746)
Experience adjustments - relating to incurred claims and other directly attributable expenses recovery	969	-	-	969
Changes that relate to current service	969	(1,746)	(3,916)	(4,693)
Changes in the estimates that adjust CSM	4,543	(1,931)	(2,612)	-
Changes in estimates that result in onerous contract losses or their	(15)	(242)	-	(257)
Contracts initially recognised in the period	(1,259)	110	1,149	-
Changes that relate to future service	3,269	(2,063)	(1,463)	(257)
Net finance expenses from insurance contracts issued	24,533	865	77	25,475
Total amounts recognised in comprehensive income	28,771	(2,944)	(5,302)	20,525
Other changes	26	-	-	26
Premiums received	44,729	-	-	44,729
Claims and other directly attributable expenses paid	(67,540)	-	-	(67,540)
Insurance acquisition cash flows	(6,407)	-	-	(6,407)
Total cash-flows and other changes	(29,192)	-	-	(29,192)
Insurance contract liabilities as at 31 December	316,527	6,357	26,047	348,931

21 Insurance contract liabilities (continued)

g) Impact of contracts recognised in the year – Life insurance

	2024 Non-onerous contracts originated EUR'000	**2024 Onerous contracts originated EUR'000**	**2024 Total EUR'000**	2023 Non-onerous contracts originated EUR'000	2023 Onerous contracts originated EUR'000	2023 Total EUR'000
Insurance acquisition cash-flows	6,692	20	**6,712**	6,265	129	6,394
Claims and other directly attributable expenses	27,561	258	**27,819**	23,033	91	23,124
Estimates of the present value of future cash outflows	**34,253**	**278**	**34,531**	29,298	220	29,518
Estimates of the present value of future cash	(36,266)	(280)	**(36,546)**	(30,552)	(224)	(30,776)
Risk adjustment for non-financial risk	346	2	**348**	106	4	110
CSM	1,667	-	**1,667**	1,148	-	1,148
Increase in insurance contract liabilities from contracts recognised in the period	-	-	-	-	-	-

h) Insurance revenue and Analysis of CSM movement based on transition approach – Life and Non-life insurance

	New contracts and contracts measured under full-retrospective approach EUR'000	**Contracts measured under the fair value approach at last reporting period EUR'000**	**Total EUR'000**
2024			
Insurance revenue	**7,249**	**9,637**	**16,886**
CSM as at 1 January	**3,972**	**26,089**	**30,061**
CSM recognised for the services provided	(1,249)	(3,339)	**(4,588)**
Changes that relate to current service	**(1,249)**	**(3,339)**	**(4,588)**
Changes in the estimates that adjust CSM	(1,068)	(3,259)	**(4,327)**
Contracts initially recognised in the period	4,537	(128)	**4,409**
Changes that relate to future service	**3,469**	**(3,387)**	**82**
Finance expenses from insurance contracts issued	241	113	**354**
Total changes and amounts recognised in comprehensive income	**2,461**	**(6,613)**	**(4,152)**
CSM as at 31 December	**6,433**	**19,476**	**25,909**

21 Insurance contract liabilities (continued)

h) Insurance revenue and Analysis of CSM movement based on transition approach – Life and non-life insurance (continued)

2023	New contracts and contracts measured under full-retrospective approach EUR'000	Contracts measured under the fair value approach at the beginning of the period transition EUR'000	Total EUR'000
Insurance revenue	4,421	11,010	15,431
CSM as at 1 January	2,073	32,600	34,673
CSM recognised for the services provided	(730)	(4,131)	(4,861)
Changes that relate to current service	(730)	(4,131)	(4,861)
Changes in the estimates that adjust CSM	(2,018)	(2,316)	(4,334)
Contracts initially recognised in the period	4,492	(147)	4,345
Changes that relate to future service	2,474	(2,463)	11
Finance expenses from insurance contracts held	155	83	238
Total changes and amounts recognised in comprehensive income	1,899	(6,511)	(4,612)
CSM as at 31 December	3,972	26,089	30,061

The methods and assumptions applied by the Company in applying the fair value approaches on transition are disclosed in Note 4.

21 Insurance contract liabilities (continued)

i) Remaining maturities of insurance contract liabilities – undiscounted provision

2024

	Less than 1 year EUR'000	**Between 1 and 2 years EUR'000**	**Between 2 and 3 years EUR'000**	**Between 3 and 4 years EUR'000**	**Between 4 and 5 years EUR'000**	**More than 5 years EUR'000**	**Total EUR'000**
Liability for remaining coverage – Non-life	25,242	370	264	163	74	(1,738)	**24,375**
Liability for incurred claims – Non-life	33,351	10,642	5,886	3,684	2,499	6,702	**62,764**
Liability for remaining coverage – Life	64,911	30,260	25,178	16,644	10,632	230,722	**378,347**
Liability for incurred claims - Life	9,610	-	-	-	-	-	**9,610**
Insurance contract liabilities	**133,114**	**41,272**	**31,328**	**20,491**	**13,205**	**235,686**	**475,096**

2023

	Less than 1 year EUR'000	Between 1 and 2 years EUR'000	Between 2 and 3 years EUR'000	Between 3 and 4 years EUR'000	Between 4 and 5 years EUR'000	More than 5 years EUR'000	Total EUR'000
Liability for remaining coverage – Non-life	23,504	312	229	146	80	(1,263)	23,008
Liability for incurred claims – Non-life	29,846	8,914	5,051	3,265	2,233	5,510	54,819
Liability for remaining coverage – Life	65,617	64,567	30,492	15,563	11,556	238,154	425, 949
Liability for incurred claims - Life	7,691	-	-	-	-	-	7,691
Insurance contract liabilities	126,658	73,793	35,772	18,974	13,869	242,401	511,467

21 Insurance contract liabilities (continued)

j) Structure of assets used for backing life insurance liabilities

The following table analyses the financial assets used for backing life insurance liabilities (excluding net CSM) into relevant maturity categories based on the remaining period from the reporting date to the contractual maturity date and the estimated remaining contractual maturities of life insurance provision and claims provision for which coverage is requested.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2024					
Asset backing life insurance liabilities	36,455	102,454	188,744	19,181	**346,834**
Liability for remaining coverage for life, net of reinsurance	(65,165)	(79,640)	(44,312)	(97,393)	**(286,510)**
Liability for incurred claims for life, net of reinsurance	(9,261)	-	-	-	**(9,261)**
Maturity gap	**(37,971)**	**22,814**	**144,432**	**(78,212)**	**51,063**
2023					
Asset backing life insurance liabilities	30,198	83,132	83,943	178,994	376,267
Liability for remaining coverage for life, net of reinsurance	(67,064)	(114,814)	(41,797)	(94,728)	(318,403)
Liability for incurred claims for life, net of reinsurance	(7,299)	-	-	-	(7,299)
Maturity gap	(44,165)	(31,682)	42,146	84,266	50,565

As of 31 December 2024, 90.16% of total assets used for backing life insurance contract liabilities were classified as financial assets at fair value through OCI, which enables the Company to dispose of these assets easily to meet insurance contracts liabilities when needed. 4.28% of assets used for backing life insurance contract liabilities are classified as financial assets at fair value through profit and loss, 4.87% as property and 0.69% as deposits and cash in bank.

In 2024, the Company achieved an annual return on investments from life insurance contract liabilities in amount of 2.87% (2023: 2.73%). Weighted average yield for the two-year period from 2023 to 2024 was 2.8%. Valuation of financial assets is described in accounting policy Note 3 (d).

21 Insurance liabilities (continued)

k) Structure of assets used for backing non-life insurance liabilities

The following table analyses the financial assets used for backing insurance contract liabilities (excluding net CSM) into relevant maturity categories based on the remaining period from the reporting date to the contractual maturity date and the estimated remaining contractual maturities of insurance contract liabilities for which coverage is requested:

	Less than 1 year EUR'000	Between 1 and 5 years EUR'000	Between 5 and 10 years EUR'000	More than 10 years EUR'000	Total EUR'000
2024					
Asset backing non-life insurance liabilities	36,198	40,088	9,455	12,441	**98,182**
Liability for remaining coverage for non-life, net of reinsurance	(31,638)	(2,738)	(199)	(156)	**(34,731)**
Liability for incurred claims for non-life, net of reinsurance	(16,147)	(10,001)	(1,933)	(526)	**(28,607)**
Maturity gap	**(11,587)**	**27,349**	**7,323**	**11,759**	**34,844**
2023					
Asset backing non-life insurance liabilities	33,000	35,729	19,829	-	88,558
Liability for remaining coverage for non-life, net of reinsurance	(28,273)	(2,938)	(203)	367	(31,047)
Liability for incurred claims for non-life, net of reinsurance	(9,445)	(14,298)	(2,598)	(565)	(26,906)
Maturity gap	(4,718)	18,493	17,028	(198)	30,605

As of 31 December 2024, 78,25% of total assets used for backing non-life insurance liabilities are classified as financial assets at fair value through OCI, which enables the Company to dispose of those assets easily to meet insurance contracts liabilities when needed, 21,75% of assets used for backing non-life insurance liabilities are classified as deposits and cash in bank.

l) Expected release pattern of Contractual service margin

	Less than 1 year EUR'000	Between 1 and 5 years EUR'000	Between 5 and 10 years EUR'000	More than 10 years EUR'000	Total EUR'000
2024					
Non-life CSM	951	2,742	1,064	481	**5,238**
Life CSM	2,402	6,798	4,932	6,539	**20,671**
Total	**3,353**	**9,540**	**5,996**	**7,020**	**25,909**
2023					
Non-life CSM	740	2,111	824	339	4,014
Life CSM	2,925	8,338	6,052	8,732	26,047
Total	3,665	10,449	6,876	9,071	30,061

22 Subordinated loans

	Original amount EUR'000	Interest rate %	2024 EUR'000	2023 EUR'000
Subordinated loan	10,500	8.34% fixed	**10,500**	10,500
Subordinated loan	14,447	6.4% fixed	**14,447**	14,447
Total			**24,947**	24,947

Both subordinated loans were obtained from the parent company Vienna Insurance Group AG Wiener Versicherung Gruppe on September 27, 2022.

Maturity of subordinated loan in the amount of EUR 10,500 thousand assumed to be 10 years (principal repaid at Borrower's discretion after 10 years). The repayment of this debt is subordinated to all other obligations of the Company.

Maturity of subordinated loan in the amount of EUR 14,447 thousand is 10 years. The repayment of this debt is subordinated to all other obligations of the Company.

23 Provisions for liabilities and charges

	Provision for court cases EUR'000	Termination benefits and jubilee awards EUR'000	Total EUR'000
At 1 January 2023	318	189	507
Used during the year	(3)	(25)	(28)
Release of provision as unused (Note 28)	(50)	-	(50)
Increase of provision (Note 29)	797	57	854
Net charged to profit or loss	*747*	*57*	*804*
At 31 December 2023	1,062	221	1,283
At 1 January 2024	**1,062**	**221**	**1,283**
Increased/(used) during the year	-	(20)	**(20)**
Release of provision as unused (Note 28)	(113)	-	**(113)**
Increase of provision (Note 29)	415	61	**476**
Net charged to profit or loss	*302*	*61*	***363***
At 31 December 2024	**1,364**	**262**	**1,626**

24 Other payables

	2024	2023
	EUR'000	EUR'000
Liabilities for salaries	1,967	1,756
Trade payables	1,023	975
Interest on subordinated loans	477	477
Other payables	7,344	5,422
Deferred income from recourses (Note 17)	3,430	3,046
Pre-recognition liability	4,844	4,423
Guarantee fund levies	924	-
Accrued expenses	3,332	2,479
Total other payables	**23,341**	18,578

25 Insurance service result

	2024 Non-life EUR'000	2024 Life EUR'000	2024 Total EUR'000
Contracts not measured under the PAA			
Amounts relating to the changes in LRC:	2,424	10,414	**12,838**
- Expected incurred claims and other directly attributable expenses	*1,104*	*5,820*	***6,924***
- Change in Risk Adjustment for non-financial risk for risk expired	*108*	*1,115*	***1,223***
- CSM recognised for the services provided	*1,225*	*3,363*	***4,588***
- Other experience adjustments (that do not relate to future service)	*(13)*	*116*	***103***
Insurance acquisition cash-flows recovery	978	3,071	**4,049**
Insurance revenue from contracts not measured under the PAA	3,402	13,485	**16,887**
Insurance revenue from contracts measured under the PAA	91,138	-	**91,138**
Total insurance revenue	**94,540**	**13,485**	**108,025**
Incurred claims and other directly attributable expenses	(60,869)	(6,789)	**(67,658)**
Changes that relate to past service - changes in the FCF relating to the LIC	1,303	(274)	**1,029**
Losses on onerous contracts and reversal of those losses	(20)	927	**907**
Insurance acquisition cash-flows amortisation	(24,104)	(2,994)	**(27,098)**
Total insurance service expenses	**(83,690)**	**(9,130)**	**(92,820)**
Reinsurance expenses - contracts not measured under the PAA			
Expected incurred claims and other directly attributable expenses recovery	(967)	(290)	**(1,257)**
CSM recognised for the services provided	(558)	(297)	**(855)**
Reinsurance expenses from contracts not measured under the PAA	(1,525)	(587)	**(2,112)**
Reinsurance expenses from contracts measured under the PAA	(29,690)	-	**(29,690)**
Incurred claims recovery	21,211	292	**21,503**
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	1,157	2	**1,159**
Total net expenses from reinsurance contracts held	**(8,847)**	**(293)**	**(9,140)**
Total insurance service result	**2,003**	**4,062**	**6,065**

25 Insurance service result (continued)

	2023 Non-life EUR'000	2023 Life EUR'000	2023 Total EUR'000
Contracts not measured under the PAA			
Amounts relating to the changes in LRC:	1,579	11,165	12,744
- Expected incurred claims and other directly attributable expenses	*652*	*5,364*	*6,016*
- Change in Risk Adjustment for non-financial risk for risk expired	*90*	*1,746*	*1,836*
- CSM recognised for the services provided	*946*	*3,917*	*4,863*
- Other experience adjustments (that do not relate to future service)	*(109)*	*138*	*29*
Insurance acquisition cash-flows recovery	596	2,176	2,772
Insurance revenue from contracts not measured under the PAA	2,175	13,341	15,516
Insurance revenue from contracts measured under the PAA	82,140	-	82,140
Total insurance revenue	84,315	13,341	97,656
Incurred claims and other directly attributable expenses	(61,474)	(5,746)	(67,220)
Changes that relate to past service - changes in the FCF relating to the LIC	1,987	(798)	1,189
Losses on onerous contracts and reversal of those losses	(114)	258	144
Insurance acquisition cash-flows amortisation	(19,004)	(2,105)	(21,109)
Total insurance service expenses	(78,605)	(8,391)	(86,996)
Reinsurance expenses - contracts not measured under the PAA			
Expected incurred claims and other directly attributable expenses recovery	(138)	(15,210)	(15,348)
CSM recognised for the services provided	(533)	2,298	1,765
Reinsurance expenses from contracts not measured under the PAA	(671)	(12,912)	(13,583)
Reinsurance expenses from contracts measured under the PAA	(25,866)	-	(25,866)
Incurred claims recovery	22,480	13,391	35,871
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	604	(524)	80
Total net expenses from reinsurance contracts held	(3,453)	(45)	(3,498)
Total insurance service result	2,257	4,905	7,162

The table below presents claims ratio, costs ratio and combined ratio by line of business:

Analysis of claims ratio, costs ratio and combined ratio

	Claims ratio	**Costs ratio**	**Combined ratio**
2024			
Medical expenses	63.5%	30.8%	94.2%
Income protection	33.4%	33.9%	67.3%
Motor TPL	63.6%	30.7%	94.4%
Motor other	67.7%	27.9%	95.6%
Marine, aviation and transport	67.6%	30.1%	97.8%
Fire and other damage	52.2%	36.4%	88.6%
General third-party liability	41.9%	33.7%	75.7%
Credit and suretyship	31.1%	41.6%	72.7%
Legal expenses	(126.9%)	(4.0%)	(130.9%)
Assistance	62.3%	25.3%	87.5%
Miscellaneous financial losses	41.0%	20.0%	61.0%
Total non-life	**56.3%**	**32.2%**	**88.5%**

25 Insurance service result (continued)

	Claims ratio	Costs ratio	Combined ratio
2023			
Medical expenses	76.0%	31.1%	107.1%
Income protection	41.8%	31.2%	73.0%
Motor TPL	64.5%	30.8%	95.3%
Motor other	86.2%	18.1%	104.3%
Marine, aviation and transport	51.3%	30.2%	81.4%
Fire and other damage4	80.1%	33.5%	113.7%
General third-party liability	34.4%	33.9%	68.3%
Credit and suretyship	20.0%	29.1%	49.0%
Legal expenses	(41.9%)	36.9%	(5.1%)
Assistance	63.0%	31.2%	94.2%
Miscellaneous financial losses	32.9%	23.3%	56.2%
Total non-life	64.6%	30.0%	94.6%

Ratios are calculated as follows:

Claims ratio = (claims paid, gross + change in liability for incurred claims, gross) / insurance revenue

Costs ratio = (acquisition costs + amortisation of acquisition costs + total expenses) / insurance revenue

Combined ratio = claims ratio + costs ratio

The table below presents insurance revenue and the balance of CSM split per transition approach:

	2024 Non-life EUR'000	**2024 Life EUR'000**	**2024 Total EUR'000**
Insurance contracts issued			
New contracts and contracts measured under the full retrospective approach at transition	94,047	4,341	**98,388**
Contracts measured under fair value approach at transition	493	9,144	**9,637**
Insurance revenue	**94,540**	**13,485**	**108,025**
New contracts	4,693	1,740	**6,433**
Contracts measured under fair value approach at transition	545	18,931	**19,476**
CSM as at 31 December	**5,238**	**20,671**	**25,909**
Reinsurance contracts held			
New contracts	2,206	99	**2,305**
Contracts measured under fair value approach at transition	173	2,843	**3,016**
CSM as at 31 December	**2,379**	**2,942**	**5,321**

25 Insurance service result (continued)

	2023 Non-life EUR'000	2023 Life EUR'000	2023 Total EUR'000
Insurance contracts issued			
New contracts and contracts measured under the full retrospective approach at transition	83,831	2,729	86,560
Contracts measured under fair value approach at transition	484	10,612	11,096
Insurance revenue	84,315	13,341	97,656
New contracts	3,251	721	3,972
Contracts measured under fair value approach at transition	763	25,326	26,089
CSM as at 31 December	4,014	26,047	30,061
Reinsurance contracts held			
New contracts	2,152	83	2,235
Contracts measured under fair value approach at transition	303	2,652	2,955
CSM as at 31 December	2,455	2,735	5,190

26 Net investment income

a) Net result from investment property

	2024	2023
	EUR'000	EUR'000
Current income	**1,300**	1,077
Depreciation (Note 12)	**(392)**	(391)
Profit from sale	**70**	69
Total net income from investment property	**978**	755

b) Interest revenue from financial assets

	2024	**2024**	**2024**	**2024**	**2024**	2023	2023	2023
	Amortised cost	**FVOCI - Designated**	**FVTPL - Designated**	**FVTPL - Mandatory**	**Total**	Amortised cost	FVOCI - Designated	Total
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	EUR'000	EUR'000	EUR'000
Government bonds	-	7,646	88	10	**7,744**	-	8,397	8,397
Corporate bonds	-	71	-	-	**71**	-	113	113
Deposits with banks	494	-	-	-	**494**	308	-	308
Loans to customers	41	-	-	-	**41**	19	-	19
	535	**7,717**	**88**	**10**	**8,350**	327	8,510	8,837

c) Net gains on FVTPL investments

	2024	**2024**	**2024**	2023	2023	2023
	FVTPL- Designated EUR'000	**FVTPL- Mandatory EUR'000**	**Total EUR'000**	FVTPL- Designated EUR'000	FVTPL- Mandatory EUR'000	Total EUR'000
Government bonds	93	**-**	**93**	-	-	-
Government bonds – assets backing index-linked products	-	54	**54**	-	-	-
Investment funds – open ended, quoted	-	94	**94**	-	266	266
Investment funds – private equity	-	1	**1**	-	-	-
Investment funds – assets backing unit-linked products	-	801	**801**	-	834	834
	93	**950**	**1,043**	-	1,100	1,100

26 Net investment income (continued)

d) Net gains/(losses) on investment in debt securities measured at FVOCI reclassified to profit or loss on disposal

	2024	**2024**	2023	2023
	FVOCI - Designated	**Total**	FVOCI - Designated	Total
	EUR'000	**EUR'000**	EUR'000	EUR'000
Net realized gains/(losses) on investments in debt securities measured at FVOCI (Note 19f)	388	**388**	(500)	(500)

e) Other investment income

	2024	**2024**	**2024**	2023	2023	2023
	Amortised cost	**FVOCI - Designated**	**Total**	Amortised cost	FVOCI - Designated	Total
	EUR'000	**EUR'000**	**EUR'000**	EUR'000	EUR'000	EUR'000
Dividend income	-	291	**291**	-	292	292
Reversal of impairment on investment property (Note 12)	128	-	**128**	-	-	-
Net credit impairment gains on financial instruments	26	132	**158**	48	98	146
Net credit impairment gains on other receivables	94	-	**94**	335	-	335
Net foreign exchange gains	31	-	**31**	-	-	-
	279	**423**	**702**	383	390	773

f) Other investment expenses

	2024	**2024**	**2024**	2023	2023	2023
	Amortised cost	**FVOCI - Designated**	**Total**	Amortised cost	FVOCI - Designated	Total
	EUR'000	**EUR'000**	**EUR'000**	EUR'000	EUR'000	EUR'000
Net impairment on investment property (Note 12)	-	-	-	(226)	-	(226)
Net foreign exchange losses	-	-	-	-	(41)	(41)
Other investment expenses	(156)	-	**(156)**	(80)	-	(80)
	(156)	-	**(156)**	(306)	(41)	(347)

26 Net investment income (continued)

	2024	**2024**	**2024**	**2024**	**2024**
	Amortised cost	**FVOCI - Designated**	**FVTPL- Designated**	**FVTPL- Mandatory**	**Total**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Amounts recognised in profit or loss	1,636	8,528	181	960	11,305
Amounts recognised in OCI, net of deferred tax (Note 19f)	-	11,246	-	-	11,246
Total interest revenue and investment income	**1,636**	**19,774**	**181**	**960**	**22,551**

	2023	2023	2023	2023	2023
	Amortised cost	FVOCI - Designated	FVTPL- Designated	FVTPL- Mandatory	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Amounts recognised in profit or loss	1,159	8,359	-	1,100	10,618
Amounts recognised in OCI, net of deferred tax (Note 19f)	-	18,252	-	-	18,252
Total interest revenue and investment income	1,159	26,611	-	1,100	28,870

26 Net investment income (continued)

	2024 Non-life EUR'000	**2024 Life EUR'000**	**2024 Total EUR'000**	2023 Non-life EUR'000	2023 Life EUR'000	2023 Total EUR'000
Net investment income - underlying assets						
- Interest revenue from financial assets	-	10	**10**	-	-	-
- Net gains on FVTPL investments	-	855	**855**	-	834	834
Net investment income - underlying assets	-	**865**	**865**	-	834	834
Net investment income - other investments						
- Interest revenue from financial assets	1,718	6,622	**8,340**	1,542	7,295	8,837
- Dividend income	77	214	**291**	70	222	292
- Net (losses)/gains on FVTPL investments	1	187	**188**	(14)	280	266
- Net realized gains/(losses) on investments in debt securities measured at FVOCI	-	388	**388**	-	(500)	(500)
- Net credit impairment gains	25	133	**158**	12	134	146
- Net result from investment in property	97	881	**978**	(31)	786	755
- Net reversal of impairment/(impairment) on investment property (Note 12)	128	-	**128**	(226)	-	(226)
- Net foreign exchange gains/(losses)	-	31	**31**	-	(41)	(41)
Net investment income - other investments	**2,046**	**8,456**	**10,502**	1,353	8,176	9,529
Net investment income - other:						
- Net credit impairment gains/(losses) on othe receivables	174	(80)	**94**	(135)	470	335
- Other investment expenses	(26)	(130)	**(156)**	(55)	(25)	(80)
Net investment income - other	**148**	**(210)**	**(62)**	(190)	445	255
Total net investment income	**2,194**	**9,111**	**11,305**	1,162	9,456	10,618

27 Net insurance finance expenses

	2024 Non-life EUR'000	2024 Life EUR'000	2024 Total EUR'000
Finance expenses from insurance contracts issued;			
- Changes in value of underlying assets of VFA contracts	-	(756)	**(756)**
- Interest accreted	(1,340)	(2,186)	**(3,526)**
- Effect of changes in interest rates and other financial assumptions	(462)	(11,624)	**(12,087)**
- Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(205)	(133)	**(338)**
- Foreign exchange differences	-	(101)	**(101)**
Net finance expenses from insurance contracts issued recognised in comprehensive income	**(2,007)**	**(14,800)**	**(16,807)**
Finance income from reinsurance contracts held:			
- Interest accreted	795	(10)	**785**
- Effect of changes in interest rates and other financial assumptions	111	(121)	**(10)**
- Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	109	9	**118**
Net finance income/(expense) from reinsurance contracts held recognised in comprehensive income	**1,015**	**(122)**	**893**
Total net insurance finance expenses	**(992)**	**(14,922)**	**(15,915)**
Represented by:			
Amounts recognised in profit or loss	(662)	(2,902)	**(3,564)**
Amounts recognised in OCI	(330)	(12,020)	**(12,350)**
	(992)	**(14,922)**	**(15,915)**
Net finance expenses from insurance contracts			
Recognised in profit or loss	(1,571)	(2,901)	**(4,472)**
Recognised in OCI	(436)	(11,899)	**(12,335)**
Net finance income/(expenses) from reinsurance contracts			
Recognised in profit or loss	909	(1)	**908**
Recognised in OCI	106	(121)	**(15)**
	(992)	**(14,922)**	**(15,915)**

27 Net insurance finance expenses (continued)

	2023 Non-life EUR'000	2023 Life EUR'000	2023 Total EUR'000
Finance expenses from insurance contracts issued;			
- Changes in value of underlying assets of VFA contracts	-	(1,091)	(1,091)
- Interest accreted	(299)	(1,170)	(1,469)
- Effect of changes in interest rates and other financial assumptions	(1,203)	(23,193)	(24,396)
- Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(161)	(81)	(242)
- Foreign exchange differences	-	60	60
Net finance expenses from insurance contracts issued recognised in comprehensive income	(1,663)	(25,475)	(27,138)
Finance income from reinsurance contracts held:			
- Interest accreted	186	34	220
- Effect of changes in interest rates and other financial assumptions	534	623	1,158
- Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	66	4	70
Net finance income from reinsurance contracts held recognised in comprehensive income	786	661	1,448
Total net insurance finance expenses	(877)	(24,814)	(25,691)
Represented by:			
Amounts recognised in profit or loss	(219)	(2,289)	(2,508)
Amounts recognised in OCI	(658)	(22,525)	(23,183)
	(877)	(24,814)	(25,691)
Net finance expenses from insurance contracts			
Recognised in profit or loss	(474)	(2,327)	(2,801)
Recognised in OCI	(1,189)	(23,148)	(24,337)
Net finance income from reinsurance contracts			
Recognised in profit or loss	255	38	293
Recognised in OCI	531	623	1,155
	(877)	(24,814)	(25,691)

28 Other income

	2024	2023
	EUR'000	EUR'000
Income from service claims	**173**	139
Income from recharged expenses	**22**	8
Profit on disposal of property and equipment	**1**	75
Release of unused provision for court cases (Note 23)	**113**	50
Other operating income	**581**	314
	890	586

29 Expenses

	2024	2023
	EUR'000	EUR'000
Claims and benefits	**55,873**	56,622
Commissions	**21,259**	19,076
Amortisation of acquisition costs	**(5,517)**	(6,644)
Reversal of losses on onerous insurance contracts	**(907)**	(144)
Employee benefits (Note 29a)	**13,485**	12,261
Depreciation and amortisation	**2,778**	2,885
Office operating costs – electricity, maintenance	**2,618**	2,742
IT costs	**2,387**	2,079
IFRS 16 amortisation (Note 11)	**1,158**	1,140
Technical expenses	**873**	220
Marketing	**825**	776
Representation	**645**	377
Other sales cost	**591**	560
Travel costs	**576**	408
Intercompany transfer pricing	**533**	143
Change in reserve for court cases (Note 23)	**415**	797
Credit card payment fees	**389**	416
Company cars	**309**	304
Specific consulting	**277**	422
Bank and deposit fees	**167**	167
Audit fee	**155**	170
Other expenses	**1,073**	985
Total expenses	**99,962**	95,762
Represented by:		
Insurance service expenses	**92,820**	86,996
Other operating expenses	**7,142**	8,766
Total expenses	**99,962**	95,762

Audit fee for 2024 amounted to 155 thousand EUR (2023: 170 thousand EUR). There were no non-audit services provided.

29 Expenses (continued)

a) Employee benefits

	2024	2023
	EUR'000	EUR'000
Wages and salaries	**8,321**	7,850
Social security contributions	**1,551**	1,441
Costs relating to pension plans and employee benefits	**3,006**	2,700
Voluntary social contributions	**607**	270
	13,485	12,261

30 Other financial expenses

	2024	2023
	EUR'000	EUR'000
Interest expense on subordinated loans	**1,830**	1,825
Interest expense from lease liabilities	**85**	34
	1,915	1,859

31 Income taxes

	2024 EUR'000	2023 EUR'000
Current income tax	**(876)**	(183)
Deferred income tax	**(913)**	(1,443)
Total income tax expense	**(1,789)**	(1,626)

a. Reconciliation of accounting profit for the year to income tax expense

	2024 EUR'000	2023 EUR'000
Profit before tax	**5,639**	5,233
Income tax at 18%	**(1,015)**	(942)
Tax effects of:		
Non-deductible expenses	**(479)**	(189)
Income not subject to tax	**618**	922
Reversal of transition adjustment reserve	**(913)**	(1,443)
Utilisation of tax losses	**-**	26
Total income tax expense	**(1,789)**	(1,626)
Effective income tax rate	**31.7%**	31.0%

b. Income tax recognised in other comprehensive income

	2024 EUR'000	2023 EUR'000
On financial assets and liabilities at fair value through OCI		
Deferred tax on net losses from change in fair value of financial assets/liabilities at fair value through OCI, net of amounts realised and impairment (Note 16 and 19f) and g))	**(210)**	247

c. Current income tax prepayment

	2024 EUR'000	2023 EUR'000
Current income tax prepayment	**461**	1,337

32 Commitments

a. Capital commitments

The Company is in the process of moving from the existing information system for the non-life insurance portfolio, to a unified, technologically advanced and more functional IT system for administering the portfolio of non-life and life insurance. Capital expenditure for software, contracted for at the end of the reporting period but not yet incurred amounts to EUR 1.3 million (2023: EUR 1.6 million).

b. Operating leases

The Company lease office space, motor vehicles and other equipment under operating leases. All leases may be cancelled with a notice period of 1 to 3 months and they are mostly concluded for an indefinite period or/and for three year period. None of the lease contracts includes contingent rentals.

As of 1 January 2019 operating leases are recognized in accordance with IFRS 16, as disclosed in the Material accounting policies 3 (e).

33 Related parties

The majority shareholder of the Company is Vienna Insurance Group AG Wiener Versicherung Gruppe with a holding of 97.82% (2023: 97.82%) of the Company's shares at year end. The remaining 2.18% (2023: 2.18%) of the shares are held by minority shareholders. Ultimate parent of the Company is Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group. The Company considers that it has an immediate related party relationship with its shareholders, the ultimate parent of its key shareholder, the Supervisory Board members, Management Board members and other executive management (together "key management personnel"); close family members of key management personnel; and entities controlled, jointly controlled or significantly influenced by key management personnel and their close family members, in accordance with the definitions contained in International Accounting Standard 24 "*Related Party Disclosures*" ("IAS 24").

Parent company and other related companies within VIG Group

The Company cedes reinsurance to the parent company and other related companies, VIG Re, DONAU, Wiener Städtische Versicherung AG, UNION Vienna Insurance Group Biztosító Zrt and Česká podnikatelská pojišťovna, a.s. The results of transactions with the parent company and related companies are reinsurance premiums and recoveries during the year as well as receivable and payable balances at the end of the year, as follows:

	2024	2023
	EUR'000	EUR'000
Premium ceded:		
Reinsurance premiums payable at beginning of the year	**(8,538)**	(8,832)
Reinsurance premiums ceded during the year	**(30,756)**	(26,062)
Reinsurance premiums paid during the year	**28,789**	26,356
Reinsurance premiums payable at the end of the year	**(10,505)**	(8,538)
Reinsurance recoveries:		
At the beginning of the year	**6,920**	4,779
Invoiced during the year	**13,032**	14,926
Received during the year	**(14,590)**	(12,785)
Outstanding at the end of the year	**5,362**	6,920
Reinsurance commission:		
At the beginning of the year	**1,816**	3,270
Invoiced during the year	**5,604**	6,051
Received during the year	**(5,336)**	(7,505)
Outstanding at the end of the year	**2,084**	1,816

33 Related parties (continued)

Parent company and other related companies within VIG Group (continued)

In 2024, management fees charged to the Company amounted to EUR 135 thousand (2023: EUR 143 thousand) and software maintenance services amounted to EUR 1,217 thousand (2023: EUR 700 thousand) and in 2024 there were no capitalised costs (2023: EUR 0).

The Company holds 3.07% of shareholding in VIG FUND, a.s., Prague, related company, which is carried at value of EUR 8,780 thousand (2023: EUR 8,813 thousand). In 2024, the Company recognized loss from change in fair value in amount of EUR 33 thousand in other comprehensive income (2023: gain EUR 80 thousand). In 2024, VIG FUND, a.s. paid dividend in amount of EUR 205 thousand to the Company (2023: EUR 205 thousand). The Company rents office premises from related company S.O.S.-Expert d.o.o., owned by LVP Holding GmBH, whereby rental expenses were recognised in the amount of EUR 210 thousand (2023: EUR 207 thousand).

Erste&Steiermärkische Bank Group

The Company has strategic partnership with Erste&Steiermärkische Bank d.d. (further on "Erste Bank") and the Erste bank holds 1.65% of the Company's Share capital. The Company offers insurance products over the Erste Bank sales network as distribution channel. During 2024, the Company acquired through the Erste Bank as distribution channel gross written premium in amount of EUR 35.2 million (2023: EUR 31.1 million) and paid commission to Erste Bank thereon in amount of EUR 6.2 million (2023: EUR 5.7 million). Erste Bank and other members of Erste Bank Group concludes insurance contracts with the Company with gross written premium in amount of EUR 2.7 million in 2024 (2023: EUR 2.6 million) and the Company has paid claims to Erste Bank in the amount of EUR 1.8 million (2023: EUR 735 thousand). Majority of concluded insurance contracts were property insurance contracts.

The Company holds cash at bank accounts and deposits with Erste Bank in amount of EUR 20.8 million as at 31 December 2024 (2023: EUR 14 million). The Company holds corporate bonds issued by Erste Bank in amount of EUR 3.6 million as at 31 December 2024 (2023: EUR 3.5 million). The Company holds units in investment funds managed by Erste Asset Management d.o.o. in amount of EUR 8.1 million as at 31 December 2024 (2023: EUR 5.5 million), and recognised income from retrocession fee in amount of EUR 54 thousand (2023: EUR 57 thousand).

Erste Bank provides custody services, cash and payment transaction services and guarantee services to the Company for which the Company was charged with EUR 270 thousand during 2024 (2023: EUR 270 thousand). As at 31 December 2024 contingent guarantees amounted to EUR 349 thousand (2023: EUR 252 thousand). The Company also acquires services from other members of Erste Bank Group, Erste Card Club d.o.o. provided card payment transaction services to the Company for which the Company was charged with EUR 158 thousand in 2024 (2023: EUR 157 thousand), Erste nekretnine d.o.o. provides real estate valuation services to the Company for which the Company was charged with EUR 4 thousand in 2024 (2023: EUR 2 thousand). The Company receives commission from Erste d.o.o. - društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima for contracting pension fund membership, whereby revenues were recognised in the amount of EUR 2 thousand (2023: EUR 3 thousand). The Company rents premises to Erste Group Card Processor d.o.o. whereby rental revenues were recognised in the amount of EUR 375 thousand (2023: EUR 366 thousand).

Deposits, bonds and investment funds attract standard commercial rates and yields as well services provided are subject to standard commercial transaction and service fees and charges.

Key management personnel

Included in key management personnel are Management and Supervisory Board members. The remuneration of the key management personnel amounted to EUR 703 thousand (2023: EUR 727 thousand) and comprises the total gross amount of their compensation including short-term and long-term benefits, such as basic salary, bonuses and benefits in kind.

33 Related parties (continued)

2024

	Assets EUR'000	**Liabilities EUR'000**	**Income EUR'000**	**Expense EUR'000**
Key management personnel	-	174	-	703
Parent company				
Vienna Insurance Group AG Wiener Versicherung Gruppe	5,468	26,124	10,696	18,370
Shareholder				
Erste&Steiermärkische Bank Group	32,631	536	3,256	8,630
Related companies				
Wiener Staedtische Versicherung AG	1,418	-	228	333
VIG Re	12,218	975	7,563	15,284
DONAU	1	-	2	12
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	-	6	-	23
UNION Vienna Insurance Group Biztosító Zrt	125	-	146	278
Česká podnikatelská pojišťovna. a.s.	-	14	-	2
S.O.S. – Expert d.o.o.	-	17	-	210
	51,861	**27,846**	**21,891**	**43,845**

2023

	Assets EUR'000	Liabilities EUR'000	Income EUR'000	Expense EUR'000
Key management personnel	-	214	-	727
Parent company				
Vienna Insurance Group AG Wiener Versicherung Gruppe	4,922	43,676	11,833	13,601
Shareholder				
Erste&Steiermärkische Bank Group	25,879	492	3,085	6,995
Related companies				
Wiener Staedtische Versicherung AG	24	63	38	134
VIG Re	4,753	9,471	8,896	12,331
DONAU	2	-	2	13
Kooperativa pojišťovna, a.s. Vienna Insurance Group, Prague	2	3	-	2
UNION Vienna Insurance Group Biztosító Zrt	118	-	132	266
RAY SIGORTA AS	-	-	2	12
Česká podnikatelská pojišťovna. a.s.	-	12	1	21
S.O.S. – Expert d.o.o.	-	-	-	208
	35,700	53,931	23,989	34,310

34 Financial Risk Management

The primary objective of the Company’s risk and financial management framework is to protect the Company’s policyholders and shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

Transactions with financial instruments result in the Company assuming financial risks. These include market risk, credit risk (including reinsurance credit risk) and liquidity risk. Each of these financial risks is described below, including a summary of the Company’s risk management.

Market risk

Market risk includes three types of risk:

- interest rate risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates,
- price risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market,
- currency risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Market risk embodies the potential loss as well as the potential gain.

Asset and liability matching

The Company manages its assets using an approach which balances quality, diversification, asset/liability matching, liquidity and investment return. The goal of the investment process is to optimise the after-tax, risk-adjusted investment income and risk-adjusted total return, whilst ensuring that the assets and liabilities are managed on a cash-flow and duration basis. Management reviews and approves target portfolios on a periodic basis, establishing investment guidelines and limits, and providing oversight of the asset/liability management process. Due attention is also given to the compliance with the rules established by the Insurance Act.

The Company establishes target asset portfolios for each business segment, which represents the investment strategies used to profitably fund its liabilities within acceptable levels of risk. These strategies include objectives for effective duration, liquidity, asset sector concentration and credit risk quality. The estimates used in determining the approximate amounts and timing of payments to or on behalf of policyholders for insurance liabilities are regularly reviewed.

Many of these estimates are inherently subjective and could affect the Company’s ability to achieve its asset and liability management goals and objectives.

Interest rate risk

The Company’s exposure to market risk for changes in interest rates is concentrated in its investment portfolio, insurance contract liabilities and debt obligations. The Company’s operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or reprice at different times or in different amounts.

The Company is also exposed to the risk of changes in future cash flows arising from the changes in market interest rates, This risk is, however, limited, considering that majority of the Company’s interest earning investments and majority of interest bearing liabilities bear fixed interest rates at the reporting date. Furthermore, profit sharing which is a insurance contract liability cash-flow that depends on interest rates is declared fully based on a discretionary decision by the Company, therefore this risk is also limited.

34 Financial risk management (continued)

Interest rate risk (continued)

Life and non-life insurance liabilities are discounted by using IFRS 17 discount curve, which is based upon the yields on Croatian Government bonds. Therefore, interest rate changes influence the level of life and non-life insurance contract liabilities.

The Company monitors this exposure through regular reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations on the investment portfolio and insurance contract liabilities, are regularly reviewed. The overall objective of these strategies is to limit the net changes in the value of assets and liabilities arising from interest rate movements.

The Company attempts to match the future receipts from these assets with its insurance liabilities by purchasing Government bonds. However, due to the relatively short duration of such bonds, and the longer duration of life insurance liabilities, and the inability of the Company to purchase interest rate swaps in Croatia, the Company is exposed to interest rate risk.

Note 36 discloses the effective interest rates and repricing analysis at the reporting date for the Company's and the Company's financial assets and financial liabilities within the scope of IFRS 9 at 31 December 2024 and 31 December 2023.

Table below presents sensitivity of insurance contract liabilities and assets covering those liabilities on change in interest rate curve:

	Non-life	Life	Total	Impact on insurance contract liabilities	Impact on investment assets	Impact on profit before income tax	Impact on equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2024							
Insurance contract liabilities as at 31 December	90,744	313,265	**404,009**	-	-	-	-
Investment assets subject to investment risk	76,046	316,705	**392,751**	-	-	-	-
1% increase in interest rates							
Insurance contract liabilities	89,559	290,402	**379,961**	(24,049)	-	1,286	1,055
Investment assets subject to interest rate risk	72,627	297,782	**370,409**	-	(22,342)	(214)	(22,128)
1% decrease in interest rates							
Insurance contract liabilities	91,731	339,494	**431,225**	27,215	-	(1,086)	(890)
Investment assets subject to interest rate risk	78,993	337,473	**416,466**	-	23,715	223	23,492

34 Financial risk management (continued)

Interest rate risk (continued)

	Non-life	Life	Total	Impact on insurance contract liabilities	Impact on investment assets	Impact on profit before income tax	Impact on equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2023							
Insurance contract liabilities as at 31 December	80,238	348,931	429,169	-	-	-	-
Investment assets subject to investment risk	70,590	343,750	414,340	-	-	-	-
1% increase in interest rates							
Insurance contract liabilities	79,406	329,225	408,631	(20,538)	-	418	20,120
Investment assets subject to interest rate risk	68,428	321,827	390,255	-	(24,084)	-	(24,084)
1% decrease in interest rates							
Insurance contract liabilities	81,052	371,127	452,179	23,010	-	(463)	(22,547)
Investment assets subject to interest rate risk	72,883	367,738	440,621	-	26,281	-	26,281

Price risk

The Company is exposed to price risk on its portfolio of marketable equity securities and investment funds carried in the statement of financial position at fair value. Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded on the market.

The Company's objective is to earn competitive returns by investing in a diverse portfolio of securities. Portfolio characteristics are analysed regularly. The Company's holdings are diversified across industries, and concentrations in any one company or industry are limited by parameters established by senior management, as well as by statutory requirements.

The analysis below is performed for reasonably possible movements in key variable with all other variables held constant, showing the impact on profit and other comprehensive income resulting from financial instruments,

	Impact on profit or loss after tax 2024 EUR'000	**Impact on other comprehensive income after tax 2024 EUR'000**	Impact on profit or loss after tax 2023 EUR'000	Impact on other comprehensive income after tax 2023 EUR'000
Change in price by ± 1%	**70/(70)**	**92/(92)**	64/(64)	91/(91)
Change in price by ± 3%	**209/(209)**	**277/(277)**	191/(191)	273/(273)
Change in price by ± 5%	**349/(349)**	**462/(462)**	318/(318)	455/(455)

34 Financial risk management (continued)

Credit risk

In the course of its operations the Company is exposed to credit risk. Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. It usually results from the adverse changes in a borrower's ability to repay the debt. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Company's portfolios of fixed income securities, mortgage loans and to a lesser extent deposits with banks and other receivables are subject to credit risk. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on policyholders and collateral is secured prior to the disbursement or extension of approved policyholder loans.

Maximum exposure to credit risk at the reporting date is as follows:

	Note	**2024 EUR'000**	2023 EUR'000
Cash and cash equivalents	18	**11,223**	9,348
Debt securities	14	**395,499**	418,065
Deposits with banks	14	**12,689**	11,162
Loans to customers	14	**113**	128
Insurance contract assets		**205**	248
Reinsurance contract assets	15	**25,467**	22,007
Other receivables	17	**13,724**	11,095
Current income tax prepayment	31c)	**461**	1,337
		459,381	473,390

Accordingly, at the reporting date, the Company had a significant concentration of amounts due from the Republic of Croatia as follows:

	Note	**2024 EUR'000**	2023 EUR'000
Government bonds	14	**381,859**	394,700
Current income tax prepayment	31c)	**461**	1,337
		382,320	396,037

The total exposure to Croatian state risk represents 71.54% of the total assets of the Company (2023: 71.70%).

34 Financial risk management (continued)

Credit risk *(continued)*

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the credit ratings of counterparties.

2024

	AAA - A EUR'000	**BBB - B EUR'000**	**Not rated EUR'000**	**Total EUR'000**
Financial assets at fair value through OCI				
Debt securities	383,057	3,608	2,390	**389,055**
Financial assets at fair value through P&L				
Debt securities	6,444	-	-	**6,444**
Financial assets at amortised cost				
Deposits with banks	9,686	3,003	-	**12,689**
Loans to customers	-	-	113	**113**
Reinsurance contract assets	25,467	-	-	**25,467**
Other receivables	-	-	13,724	**13,724**
Current income tax prepayment	-	461	-	**461**
Cash and cash equivalents	11,090	38	95	**11,223**
Total exposure to credit risk	**435,744**	**7,110**	**16,322**	**459,176**

2023

	AAA - A EUR'000	BBB - B EUR'000	Not rated EUR'000	Total EUR'000
Financial assets at fair value through OCI				
Debt securities	17,619	398,147	2,299	418,065
Financial assets at amortised cost				
Deposits with banks	5,006	4,011	2,145	11,162
Loans to customers	-	-	128	128
Reinsurance contract assets	22,007	-	-	22,007
Other receivables	-	-	11,095	11,095
Current income tax prepayment	-	1,337	-	1,337
Cash and cash equivalents	9,348	-	-	9,348
Total exposure to credit risk	53,980	403,495	15,667	473,142

34 Financial risk management (continued)

Credit risk (continued)

To mitigate the risk of reinsurance counterparties not paying amounts due, the Company established business and financial standards for reinsurers and broker approvals, incorporating ratings by major rating agencies and considering current market information (Standard&Poor's, A.M. Best).

Reinsurers as of 31 December 2024	**Credit rating (Standard&Poor's or AM Best)**
Allianz Global Corporate & Specialty SE	AA
American Agricultural Insurance Company	A
American International Group UK Ltd	A+
ACE INA Overseas Insurance Co	AA-
ACE American Insurance Company	AA
Česká podnikatelská pojišťovna	Not rated
CHUBB European Group SE	AA
CHUBB Insurance Japan	AA-
CHUBB Insurance Company of Australia	AA-
CHUBB Insurance Company of Canada	AA
CHUBB Insurance Switzerland Ltd	AA
CHUBB Tempest Reinsurance Ltd	AA
CCR / Caisse Centrale de Reassurance	A
Colonnade Insurance S.A.	A-
DONAU Versicherung AG Vienna Insurance Group	Not rated
GBG Insurance Ltd	B++
General Reinsurance AG	AA+
Glacier Reinsurance AG	Not rated
Hannover Rückversicherung AG	AA
Helvetia Schweizerische Versicherungsgesellschaft AG	A+
International General Insurance Co. Ltd.	A-
Kooperativa. pojist'ovna. a.s. Vienna Insurance Group	Not rated
Korean Reinsurance Co.	A
Liberty Mutual Insurance Europe SE	A
Mapfre Re. Compania de Reaseguros. S.A.	A+
Mutuelle Centrale de Reassurance	Not Rated
Münchener Rückversicherungsgesellschaft (Munich Re)	AA-
New Reinsurance Company	AA-
Odyssey Reinsurance Company	A-
Partner Reinsurance Europe SE	A+
Polish Re / Polskie Towarzystwo Reasekuracyjne S.A.	A-
RAY SIGORTA AS	Not rated
R + V Versicherung AG	A+
Sava / Pozavarovalnica Sava. d.d.	A
SCOR Global P&C SE	AA-
Swiss Re Europe S.A.	AA-
Transatlantic Reinsurance Company Ltd.	A+
UNION Vienna Insurance Group Biztositó Zrt	Not rated
VHV Allgemeine Versicherung AG	A+
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	A+
VIG Re zajistovna a.s.	A+
Wiener Städtische Versicherung AG Vienna Insurance Group	Not rated
XL Re Europe SE	AA-
Zurich Insurance Company	AA
Lloyd's Insurance CO SA	A+
Lloyd's of London – various syndicates	A+

34 Financial risk management (continued)

Credit risk (continued)

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for debt instruments measured at FVtOCI or at AC by replacing IAS 39's incurred loss with a forward-looking expected loss approach. An expected credit loss allowance has to be recognised for all debt instruments that are not measured at FVtPL. For debt instruments without a significant increase in the credit risk since acquisition, the ECL is based on the portion of lifetime ECLs that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since issuance or purchase of the assets, the allowance is based on the full lifetime ECL. The debt instruments measured at FVtOCI or at AC are primarily made up of investment-grade bonds, so have a low credit risk. Under IFRS 9, such instruments can be measured on a 12-month ECL basis. VIG's definition of default covers at least two dimensions, namely one rating-based dimension (C, D) as well as one days past due (90 days past due) based criterion. However, in certain cases, financial assets can be considered to be in default when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The adoption of the ECL requirements and the associated new system resulted in an increase in the credit loss allowances related to debt instruments. With the initial application of IFRS 9, these effects were recognised under shareholders' equity in retained earnings, with the exception of the associated deferred taxes. The simplified approach is used for trade receivables and receivables from leases in accordance with IFRS 9.5.5.15. As a result, loss rates have been calculated based on historical probabilities of default and future parameters for determining the corresponding risk provisions. Furthermore, receivables whose contractually agreed payments are 90 days past due are classified as being in default.

The following table explains changes in the loss allowance for FVOCI debt securities:

	Stage 1 Carrying amount EUR'000	**Stage 1 Related ECL allowance EUR'000**	**Stage 2 Carrying amount EUR'000**	**Stage 2 Related ECL allowance EUR'000**	**Total Carrying amount EUR'000**	**Total Related ECL allowance EUR'000**
Balance as at 1 January 2024	***418,065***	***(291)***	-	-	***418,065***	***(291)***
Originated or purchased	23,401	(11)	-	-	**23,401**	**(11)**
Matured or sold	(65,779)	14	-	-	**(65,779)**	**14**
Remeasurements	13,368	129	-	-	**13,368**	**129**
Total impairment charge for the period	-	132	-	-	-	**132**
Balance as at 31 December 2024	**389,055**	**(159)**	-	-	**389,055**	**(159)**
Balance as at 1 January 2023	*383,579*	*(389)*	-	-	*383,579*	*(389)*
Originated or purchased	55,864	(22)	-	-	55,864	(22)
Matured or sold	(43,270)	8	-	-	(43,270)	8
Remeasurements	21,892	112	-	-	21,892	112
Total impairment charge for the period	-	98	-	-	-	98
Balance as at 31 December 2023	418,065	(291)	-	-	418,065	(291)

34 Financial risk management (continued)

Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate timeframe.

The Company holds a portfolio of liquid assets as part of its liquidity risk management strategy to ensure continuous operations and to meet legal requirements.

The Company's liquidity position is satisfactory and the Company met statutory requirements for claims settlement during the year.

Note 35 discloses the maturity analysis at the reporting date for the Company's financial assets and financial liabilities.

Note 21 discloses the maturity analysis of the Company's insurance contract liabilities.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. regardless of whether that price is directly observable or estimated using another valuation technique.

		2024		2023	
	Note	**Book value EUR'000**	**Fair value EUR'000**	Book value EUR'000	Fair value EUR'000
Financial assets at amortised cost	14	**12,802**	**12,802**	11,290	11,290
Financial assets at fair value through OCI	14	**400,325**	**400,325**	429,172	429,172
Financial assets at fair value through profit or loss	14	**14,950**	**14,950**	7,751	7,751
Other receivables	17	**13,724**	**13,724**	11,095	11,095
Cash and cash equivalents	18	**11,223**	**11,223**	9,348	9,348
Total financial assets		**453,024**	**453,024**	468,656	468,656
Subordinated loans	22	**24,947**	**25,375**	24,947	25,130
Other payables	24	**23,341**	**23,341**	18,578	18,578
Lease liabilities	11b	**2,352**	**2,352**	2,912	2,912
Total financial liabilities		**50,640**	**51,068**	46,437	46,620

34 Financial risk management (continued)

Fair values (continued)

Some of the Company's financial assets are measured at fair value at the end of each reporting period, The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 December 2024	Fair value as at 31 December 2023	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Fair value through profit and loss						
Open-end investment fund shares	**8,390**	**7,691**	Level 1	Quoted price issued by the fund	Not applicable	Not applicable
Investment funds – Private Equity	**116**	**60**	Level 3	Alternative valuation methods- Book value	Company-specific equity according to separate financial statements	Changes in accounting net book value will impact FV
Debt securities	**6,444**	-	Level 1	Price quoted on a stock exchange –bid price on the last day in the month	Not applicable	Not applicable
Financial assets at fair value through OCI						
Debt securities	**353,319**	**412,242**	Level 1	Price quoted on a stock exchange –bid price on the last day in the month	Not applicable	Not applicable
Debt securities	**35,736**	**5,823**	Level 2	Price is based on theoretical pricing (Discounted Cash Flows or Hull White Model). The basis for the calculation are: spreads, swap curves and volatilities	Not applicable	Not applicable
Equity securities	**2,074**	**2,294**	Level 1	Price quoted on a stock exchange –last price on the last day in the month	Not applicable	Not applicable
Equity securities	**141**	**-**	Level 2	Alternative valuation methods	Not applicable	Not applicable
Equity securities	**8,780**	**8,813**	Level 3	Alternative valuation methods – Book value	Company-specific equity according to separate financial statements	Changes in accounting net book value will impact FV
Equity securities	**275**	**-**	Level 3	Alternative valuation methods – Theoretical price	Company-specific earnings figures; typical industry multipliers	Changes in industry conditions could impact typical multipliers used to calculate FV

34 Financial risk management (continued)

Hierarchy of fair values

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted price (unadjusted) in an active market;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the financial assets, either directly (for example prices) or indirectly (for example derived from prices);
- Level 3: inputs for assets are not based on observable market data (for example valuation techniques using significant unobservable inputs).

	Level 1 EUR'000	**Level 2 EUR'000**	**Level 3 EUR'000**	**Total EUR'000**
31 December 2024				
Financial assets at fair value through profit or loss				
Investment funds	2,262	-	116	**2,378**
Investment funds – assets backing unit-linked products	6,128	-	-	**6,128**
Debt securities	1,249	-	-	**1,249**
Debt securities-assets backing index-linked products	5,195	-	-	**5,195**
Financial assets at fair value through OCI				
Debt securities	353,319	35,736	-	**389,055**
Equity securities	2,074	141	9,055	**11,270**
Total financial assets	**370,227**	**35,877**	**9,171**	**415,275**
31 December 2023				
Financial assets at fair value through profit or loss				
Investment funds	2,225	-	60	2,285
Investment funds – assets backing unit-linked products	5,466	-	-	5,466
Financial assets at fair value through OCI				
Debt securities	412,242	5,823	-	418,065
Equity securities	2,294	-	8,813	11,107
Total financial assets	422,227	5,823	8,873	436,923

In 2024, there was transfer between Level 1 and Level 2 for Bonds and Equities *HRRHMFO302E0*, *HRRHMFO275E8*, *HRRHMFO282A2 and HRMRULRA0009* which no longer meet Level 1 criteria (financial instruments are valued in general at quoted prices in active markets for the same instrument) but are further on in the scope of Level 2 criteria (quoted prices for identical or similar instruments in markets that are considered less than active). Equity *HRCIAKRA0007* no longer meet Level 1 criteria (price quoted on a stock exchange – last price on the last day in the month) but is in the scope of Level 3 criteria (the price of financial instrument is calculated by using alternative valuation methods).

In 2023, there was no transfer between levels.

34 Financial risk management (continued)

Hierarchy of fair values (continued)

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Financial assets at fair value through profit or loss	*Financial assets at fair value through OCI*
	Investment funds - private equity	Equity securities
31 December 2022	**-**	**8,733**
Net gains recognised in profit and loss or OCI	-	80
Purchase	60	-
Transfer to/from Level 3	-	-
31 December 2023	**60**	**8,813**

	Financial assets at fair value through profit or loss	*Financial assets at fair value through OCI*
	Investment funds - private equity	Equity securities
31 December 2023	**60**	**8,813**
Net gains/(losses) recognised in profit and loss or OCI	1	(33)
Purchase	55	-
Transfer to/from Level 3	-	275
31 December 2024	**116**	**9,055**

35 Maturity analysis

The tables below analyse the financial assets and liabilities within the scope of IFRS 9 of the Company at 31 December 2024 and 31 December 2023 into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date The estimated remaining contractual maturities of insurance provisions are analysed in Note 21 j).

2024

	Up to 6 months EUR'000	6-12 months EUR'000	1-2 years EUR'000	2-5 years EUR'000	More than 5 years EUR'000	Total EUR'000
Financial assets						
Financial assets at fair value through profit or loss						
Investment funds	2,378	-	-	-	-	**2,378**
Investment funds – assets backing unit-linked products	6,128	-	-	-	-	**6,128**
Debt securities	3	-	-	1,246	-	**1,249**
Debt securities – asset backing index linked products	14	-	-	5,181	-	**5,195**
Financial assets at fair value through OCI						
Debt securities	37,769	297	15,217	122,831	212,941	**389,055**
Equity securities	11,270	-	-	-	-	**11,270**
Financial assets at amortised cost						
Deposits with banks	12,689	-	-	-	-	**12,689**
Loans to customers	54	44	2	7	6	**113**
Net reinsurance contract asset	9,199	3,011	6,317	8,142	(1,906)	**24,763**
Other receivables	13,724	-	-	-	-	**13,724**
Current income tax prepayment	461	-	-	-	-	**461**
Cash and cash equivalents	11,223	-	-	-	-	**11,223**
Total financial assets	**104,912**	**3,352**	**21,536**	**137,407**	**211,041**	**478,248**
Financial liabilities						
Subordinated loans	477	-	-	-	24,947	**25,424**
Other payables	23,341	-	-	-	-	**23,341**
Lease liabilities	33	551	455	341	1,272	**2,652**
Total financial liabilities	**23,851**	**551**	**455**	**341**	**26,219**	**51,417**

35 Maturity analysis (continued)

2023

	Up to 6 months EUR'000	6-12 months EUR'000	1-2 years EUR'000	2-5 years EUR'000	More than 5 years EUR'000	Total EUR'000
Financial assets						
Financial assets at fair value through profit or loss						
Investment funds	2,285	-	-	-	-	2,285
Investment funds – assets backing unit-linked products	5,466	-	-	-	-	5,466
Financial assets at fair value through OCI						
Debt securities	14,838	23,497	34,549	83,336	261,845	418,065
Equity securities	11,107	-	-	-	-	11,107
Financial assets at amortised cost						
Deposits with banks	9,017	2,145	-	-	-	11,162
Loans to customers	111	1	2	6	8	128
Net reinsurance contract assets	14,833	1,382	2,890	2,781	(1,735)	20,151
Other receivables	11,095	-	-	-	-	11,095
Current income tax prepayment	1,337	-	-	-	-	1,337
Cash and cash equivalents	9,348	-	-	-	-	9,348
Total financial assets	79,437	27,025	37,441	86,123	260,118	490,144
Financial liabilities						
Subordinated loans	477	-	-	-	24,947	25,424
Other payables	18,578	-	-	-	-	18,578
Lease liabilities	21	151	899	687	1,311	3,069
Total financial liabilities	19,076	151	899	687	26,258	47,071

36 Interest rate repricing analysis

The following tables present the Company's financial assets and liabilities within the scope of IFRS 9 analysed according to repricing dates determined as the earlier of the remaining contractual maturity and the contractual repricing.

2024

	Effective interest rate	**Up to 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Non – interest bearing**	**Total**	**Amounts subject to fixed rates**
	%	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Financial assets									
Financial assets at fair value through profit or loss									
Investment funds	n/a	-	-	-	-	-	2,378	**2,378**	-
Investment funds – assets backing unit-linked products	n/a	-	-	-	-	-	6,128	**6,128**	-
Debt securities	2.85	-	-	-	5,181	-	14	**5,195**	5,181
Debt securities– asset backing index linked products	2.65	-	-	-	1,246	-	3	**1,249**	1,246
Financial assets at fair value through OCI									
Debt securities	1.69	35,038	297	15,217	122,831	212,941	2,731	**389,055**	386,324
Equity securities	n/a	-	-	-	-	-	11,270	**11,270**	-
Financial assets at amortised cost									
Deposits with banks	2.84	12,673	-	-	-	-	16	**12,689**	12,673
Loans to customers	3.02	1	43	2	7	7	53	**113**	61
Net reinsurance contract assets	n/a	-	-	-	-	-	24,265	**24,265**	-
Other receivables	n/a	-	-	-	-	-	13,724	**13,724**	-
Current income tax prepayment	n/a	-	-	-	-	-	461	**461**	-
Cash and cash equivalents	0.00	11,223	-	-	-	-	-	**11,223**	-
Total financial assets		**58,935**	**340**	**15,219**	**129,265**	**212,948**	**61,043**	**477,750**	**405,485**
Financial liabilities									
Subordinated loans	7.22	-	-	-	-	24,947	-	**24,947**	24,947
Other payables	n/a	-	-	-	-	-	23,341	**23,341**	-
Lease liabilities	1.90	625	416	712	474	125	-	**2,352**	-
Total financial liabilities		**625**	**416**	**712**	**474**	**25,072**	**23,341**	**50,640**	**24,947**

36 Interest rate repricing analysis (continued)

2023

	Effective interest rate	Up to 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Non – interest bearing	Total	Amounts subject to fixed rates
	%	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets									
Financial assets at fair value through profit or loss									
Investment funds	n/a	-	-	-	-	-	2,285	2,285	-
Investment funds – assets backing unit-linked products	n/a	-	-	-	-	-	5,466	5,466	-
Financial assets at fair value through OCI									
Debt securities	1.90	11,115	23,497	34,549	83,336	261,845	3,723	418,065	414,342
Equity securities	n/a	-	-	-	-	-	11,107	11,107	-
Financial assets at amortised cost									
Deposits with banks	2.11	9,000	1,984	-	-	-	178	11,162	10,984
Loans to customers	5.97	1	1	2	6	8	110	128	18
Net reinsurance contract assets	n/a	-	-	-	-	-	20,644	20,644	-
Other receivables	n/a	-	-	-	-	-	11,095	11,095	-
Current income tax prepayment	n/a	-	-	-	-	-	1,337	1,337	-
Cash and cash equivalents	0,00	9,348	-	-	-	-	-	9,348	-
Total financial assets		29,464	25,482	34,551	83,342	261,853	55,945	490,637	425,344
Financial liabilities									
Subordinated loans	7.22	-	-	-	-	24,947	-	24,947	24,947
Other payables	n/a	-	-	-	-	-	18,578	18,578	-
Lease liabilities	1.90	519	519	781	843	250	-	2,912	-
Total financial liabilities		519	519	781	843	25,197	18,578	46,437	24,947

37 Contingent assets and liabilities

Off-balance sheet accounts

The Company had no off-balance sheet liabilities as at 31 December 2024 and 31 December 2023.

Litigations and claims

The Company is sued in several litigations (excluding court claims) for which provision was made in the financial statements when the Management believes that is probable that the Company will lose the court case.

38 Events after the balance sheet date

From the date of the balance sheet to the date of compiling these financial statements, there are no events related to the Company's operations that should be disclosed or that affect these financial statements.

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency

Statement of financial position (balance sheet) 31 December 2024

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
001	002+003	**I**	**INTANGIBLE ASSETS**	**2,122,006**	**10,618,306**	**12,740,312**	**1,927,007**	**9,388,878**	**11,315,885**
002		1	Goodwill	-	471,401	**471,401**		471,401	**471,401**
003		2	Other intangible assets	2,122,006	10,146,905	**12,268,910**	1,927,007	8,917,477	**10,844,483**
004	005+006+007	**II**	**TANGIBLE ASSETS**	**8,074,202**	**4,142,883**	**12,217,085**	**8,195,933**	**3,732,591**	**11,928,524**
005		1	Land and buildings intended for company business operations	8,003,113	2,837,556	**10,840,669**	8,127,937	2,268,341	**10,396,278**
006		2	Equipment	71,089	1,024,930	**1,096,018**	67,996	1,149,801	**1,217,797**
007		3	Other tangible assets and stock	0,00	280,397	**280,397**		314,449	**314,449**
008	009+010+014+033	**III**	**INVESTMENTS**	**385,512,836**	**84,727,989**	**470,240,825**	**356,273,462**	**93,952,596**	**450,226,058**
009		**A**	**Investments in land and buildings not intended for company business operations**	19,552,780	2,475,452	**22,028,232**	19,184,674	2,963,953	**22,148,626**
010	011+012+013	**B**	**Investments in subsidiaries, associates and joint ventures**	-	-	-	-	-	-
011		1	Shares and stakes in subsidiaries	-	-	-	-	-	-
012		2	Shares and stakes in associates	-	-	-	-	-	-
013		3	Joint venture participation	-	-	-	-	-	-
014	015+020+025	**C**	**Financial investments**	**365,960,056**	**82,252,537**	**448,212,592**	**337,088,788**	**90,988,643**	**428,077,431**
015	016+017+018+019	**1**	**Financial assets at amortised cost**	**2,163,135**	**9,126,722**	**11,289,857**	**691,578**	**12,110,819**	**12,802,396**
016		*1.1*	Debt financial securities	-	-	-	-	-	-
017		*1.2*	Deposits with credit institutions	2,145,431	9,016,702	**11,162,133**	675,965	12,012,838	**12,688,803**
018		*1.3*	Loans	17,703	110,020	**127,723**	15,612	97,981	**113,593**
019		*1.4*	Other	-	-	-	-	-	-
020	021+022+023+024	**2**	**Financial assets at fair value through Other comprehensive income**	**356,106,103**	**73,065,815**	**429,171,917**	**321,563,670**	**78,761,745**	**400,325,415**
021		*2.1*	Equity financial securities	9,340,844	1,767,699	**11,108,543**	9,316,917	1,953,426	**11,270,344**
022		*2.2*	Debt financial securities	346,765,259	71,298,116	**418,063,375**	312,246,753	76,808,319	**389,055,071**
023		*2.3*	Investment fund units	-	-	-	-	-	-
024		*2.4*	Other	-	-	-	-	-	-
025	026+027+028+029+030	**3**	**Financial assets at fair value through profit or loss**	**7,690,818**	**60,000**	**7,750,818**	**14,833,541**	**116,079**	**14,949,620**
026		*3.1*	Equity financial securities	-	-	-	-	-	-
027		*3.2*	Debt financial securities	-	-	-	6,443,303		**6,443,303**
028		*3.3*	Investment fund units	7,690,818	60,000	**7,750,818**	8,390,238	116,079	**8,506,317**
029		*3.4*	Derivative financial instruments	-	-	-	-	-	-
030		*3.5*	Other	-	-	-	-	-	-

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
031	032 + 036 +040	**IV**	**INSURANCE CONTRACT ASSETS**	**279**	**247,737**	**248,016**	**154**	**235,500**	**235,653**
032	034+035+036	1	General measurement model	-	-	-	-	-	-
033		*1.1*	*Assets for remaining coverage*	-	-	-	-	-	-
034		*1.2*	*Insurance acquisition cash-flows asset*	-	-	-	-	-	-
035		*1.3*	*Assets for incurred claims*	-	-	-	-	-	-
036	037+038+039	2	Variable fee approach	-	-	-	-	-	-
037		*2.1*	*Assets for remaining coverage*	-	-	-	-	-	-
038		*2.2*	*Insurance acquisition cash-flows asset*	-	-	-	-	-	-
039		*2.3*	*Assets for incurred claims*	-	-	-	-	-	-
040	041 +042 +043	3	Premium allocation approach	279	247,737	**248,016**	154	235,500	**235,653**
041		*3.1*	*Assets for remaining coverage*	-	-	-	-	206,138	**206,138**
042		*3.2*	*Insurance acquisition cash-flows asset*	279	247,737	**248,016**	154	205,361	**205,515**
043		*3.3*	*Assets for incurred claims*	-	-	-	-	-175,999	**-175,999**
044		**V**	**REINSURANCE CONTRACT ASSETS**	**-**	**22,007,024**	**22,007,024**	**-**	**25,466,821**	**25,466,821**
045	046 +047	**VI**	**DEFERRED AND CURRENT TAX ASSET**	**13,022,004**	**1,430,500**	**14,452,504**	**9,176,695**	**1,276,666**	**10,453,361**
046		1	Deferred tax asset	12,411,749	703,487	**13,115,237**	9,176,695	651,534	**9,828,229**
047		2	Current tax asset	610,254	727,013	**1,337,268**	-	625,132	**625,132**
048		**VII**	**OTHER ASSETS**	**7,984,011**	**12,459,256**	**20,443,267**	**9,875,351**	**15,071,919**	**24,947,270**
049	050 +051 +052	**1**	**Cash at bank and in hand**	**2,156,634**	**7,189,680**	**9,346,313**	**1,880,988**	**9,342,430**	**11,223,418**
050		*1.1*	*Funds in the business account*	112,047	7,189,680	**7,301,727**	179,858	9,340,264	**9,520,122**
051		*1.2*	*Funds in the account of assets covering mathematical provision*	2,044,587	-	**2,044,587**	1,701,130	-	**1,701,130**
052		*1.3*	*Cash in hand*	-	1,514	**1,514**	-	2,167	**2,167**
053		**2**	**Long-term assets intended for sale and business cessation**	-	-	-	-	-	-
054		**3**	**Other**	**5,827,377**	**5,269,576**	**11,096,953**	**7,994,363**	**5,729,489**	**13,723,852**
055	001+004+008+031+044+045+048	**VIII**	**TOTAL ASSETS**	**416,715,337**	**135,633,695**	**552,349,033**	**385,448,602**	**149,124,971**	**534,573,572**
056		**IX**	**OFF BALANCE SHEET ITEMS**	-	-	-	-	-	-

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
057	058+061+062+066+067+071+074	**X**	**CAPITAL AND RESERVES**	**32,000,086**	**35,857,844**	**67,857,930**	**36,392,824**	**36,432,992**	**72,825,817**
058	059 +060	**1**	**Subscribed capital**	**17,907,237**	**13,532,115**	**31,439,352**	**17,907,237**	**13,532,115**	**31,439,352**
059		*1.1*	*Paid-up capital - ordinary shares*	17,907,237	13,532,115	**31,439,352**	17,907,237	13,532,115	**31,439,352**
060		*1.2*	*Paid-up capital - preference shares*	-	-	**-**	-	-	**-**
061		**2**	**Issued shares premiums (capital reserves)**	896,233	5,799,976	**6,696,210**	**896,233**	**5,799,976**	**6,696,210**
062	063 +064 +065	**3**	**Revaluation reserve**	**-34,533,798**	**-2,007,246**	**-36,541,043**	**-24,639,745**	**-655,003**	**-25,294,748**
063		*3.1*	*Land and buildings*	-	-	**-**	-	-	**-**
064		*3.2*	*Financial investments at fair value through OCI*	-34,533,798	-2,007,246	**-36,541,043**	-24,639,745	-655,003	**-25,294,748**
065		*3.3*	*Other revaluation reserves*	-	-	**-**	-	-	**-**
066		**4**	**Financial reserve from insurance contracts**	**28,425,166**	**-1,995**	**28,423,170**	**18,568,115**	**-272,288**	**18,295,827**
067	068+069+070	**5**	**Reserves**	**28,833,324**	**4,516,764**	**33,350,089**	**28,833,324**	**4,516,764**	**33,350,089**
068		*5.1*	*Legally stipulated reserves*	369,146	74,401	**443,546**	369,146	74,401	**443,546**
069		*5.2*	*Statutory reserve*	115,676	-	**115,676**	115,676	-	**115,676**
070		*5.3*	*Other reserve*	28,348,503	4,442,364	**32,790,866**	28,348,503	4,442,364	**32,790,866**
071	072+073	**6**	**Transferred profit or retained loss**	**-14,963,070**	**15,846,118**	**883,048**	**-9,529,142**	**14,018,234**	**4,489,092**
072		*6.1*	*Retained profit*	-	15,846,118	**15,846,118**	-	14,018,234	**14,018,234**
073		*6.2*	*Transferred loss (-)*	-14,963,070	-	**-14,963,070**	-9,529,142	-	**-9,529,142**
074	075+076	**7**	**Profit or loss of the current accounting period**	**5,434,993**	**-1,827,888**	**3,607,105**	**4,356,800**	**-506,805**	**3,849,995**
075		*7.1*	*Profit of the current accounting period*	5,434,993		**5,434,993**	4,356,800	-	**4,356,800**
076		*7.2*	*Loss of the current accounting period (-)*	-	-1,827,888	**-1,827,888**	-	-506,805	**-506,805**
077		**XI**	**SUBORDINATED LIABILITIES**	**24,946,743**	**-**	**24,946,743**	**24,946,743**		**24,946,743**
078		**XII**	**MANORITY INTERESTS**	**-**	**-**	**-**	**-**	**-**	**-**

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
079	080+084+088	**XIII**	**INSURANCE CONTRACT LIABILITIES**	**348,930,967**	**80,237,550**	**429,168,518**	**313,264,512**	**90,775,003**	**404,039,515**
080	081+082+083	**1**	**General measurement model**	**341,739,817**	**5,192,238**	**346,932,055**	**300,322,715**	**6,530,819**	**306,853,534**
081		*1.1*	*Liability for remaining coverage*	334,944,865	4,827,298	**339,772,162**	291,340,476	5,980,753	**297,321,229**
082		*1.2*	*Insurance acquisition cash-flows asset*	-	-	-	-	-	-
083		*1.3*	*Liability for incurred claims*	6,794,952	364,940	**7,159,892**	8,982,239	550,066	**9,532,305**
084	085+086+087	**2**	**Variable fee approach**	**7,191,151**	-	**7,191,151**	**12,941,797**	-	**12,941,797**
085		*2.1*	*Liability for remaining coverage*	6,295,148	-	**6,295,148**	12,286,189	-	**12,286,189**
086		*2.2*	*Insurance acquisition cash-flows asset*	-	-	-	-	-	-
087		*2.3*	*Liability for incurred claims*	896,002	-	**896,002**	655,609	-	**655,609**
088	089 +090 +091	**3**	**Premium allocation approach**	-	**75,045,312**	**75,045,312**	-	**84,244,184**	**84,244,184**
089		*1.1*	*Liability for remaining coverage*	-	23,140,509	**23,140,509**	-	24,858,051	**24,858,051**
090		*1.2*	*Insurance acquisition cash-flows asset*	-	-	-	-	-	
091		*1.3*	*Liability for incurred claims*	-	51,904,804	**51,904,804**	-	59,386,133	**59,386,133**
092		**XIV**	**REINSURANCE CONTRACT LIABILITIES**	**84,158**	**1,278,608**	**1,362,766**	**282,515**	**919,661**	**1,202,176**
093		**XV**	**INVESTMENT CONTRACT LIABILITIES**	-	-	-	-	-	-
094	095+096	**XVI**	**OTHER RESERVES**	**3,402,311**	**2,303,258**	**5,705,570**	**3,672,334**	**2,797,816**	**6,470,150**
095		1	Provisions for pensions and similar liabilities	-	220,608	**220,608**	-	262,009	**262,009**
096		2	Other provisions	3,402,311	2,082,651	**5,484,962**	3,672,334	2,535,807	**6,208,141**
097	098+099	**XVII**	**DEFERRED AND CURRENT TAX LIABILITY**	**6,239,670**	-	**6,239,670**	**4,240,072**	-	**4,240,072**
098		1	Deferred tax liability	6,239,670	-	**6,239,670**	4,075,928	-	**4,075,928**
099		2	Current tax liability	-	-	-	164,145	-	**164,145**
100	101+102+…+105	**XVIII**	**FINANCIAL LIABILITIES**	**477,645**	**2,912,034**	**3,389,679**	**477,645**	**2,352,153**	**2,829,798**
101		1	Liabilities on the basis of loans	477,645	-	**477,645**	477,645	-	**477,645**
102		2	Liabilities on the basis of issued financial instrument	-	-	-	-	-	-
103		3	Liabilities for derivative financial instruments	-	-	-	-	-	-
104		4	Liability for unpaid dividend	-	-	-	-	-	-
105		5	Other financial liabilities	-	2,912,034	**2,912,034**	-	2,352,153	**2,352,153**

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
106	107+108+109	**XIX**	**OTHER LIABILITIES**	**633,756**	**13,044,401**	**13,678,158**	**2,171,955**	**15,847,345**	**18,019,300**
107		1	Liabilities for sale and ceased business	-	-	-	-	-	-
108		2	Accrued expenses and deferred income	455,913	5,419,320	**5,875,233**	864,757	7,164,903	**8,029,660**
109		3	Other liabilities	177,843	7,625,082	**7,802,925**	1,307,198	8,682,443	**9,989,641**
110	057+077+078+079+092+093+094+ 097+100+106	**XX**	**TOTAL LIABILITIES AND EQUITY**	**416,715,338**	**135,633,695**	**552,349,033**	**385,448,602**	**149,124,971**	**534,573,572**
111		**XXI**	**OFF BALANCE SHEET ITEMS**	-	-	-	-	-	-

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of comprehensive income (income statement) for period 01.01.2024 - 31.12.2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
001	**002 + 003 + 004**	**I**	**Insurance revenue**	**13,340,746**	**84,314,968**	**97,655,714**	**13,484,909**	**94,539,757**	**108,024,666**
002		1	General measurement model	13,170,542	2,175,706	**15,346,247**	13,251,326	3,401,168	**16,652,494**
003		2	Variable fee approach	170,204	-	**170,204**	233,583	-	**233,583**
004		3	Premium allocation approach	-	82,139,262	**82,139,262**	-	91,138,590	**91,138,590**
005	**006+007+….+012**	**II**	**Insurance service expenses**	**-8,390,496**	**-79,791,355**	**-88,181,851**	**-9,130,202**	**-83,690,129**	**-92,820,331**
006		1	Incurred claims	-1,390,751	-56,373,628	**-57,764,379**	-2,398,228	-54,508,151	**-56,906,379**
007		2	Commissions	-3,536,301	-15,539,657	**-19,075,957**	-3,199,272	-18,059,726	**-21,258,998**
008		3	Other acquisition costs	-2,894,101	-6,969,498	**-9,863,600**	-3,097,877	-8,258,060	**-11,355,936**
009		4	Other operating costs	-4,307,439	-5,101,050	**-9,408,489**	-4,395,871	-6,360,581	**-10,756,452**
010		5	Amortisation of acquisition costs	4,324,942	2,319,419	**6,644,360**	3,302,923	2,213,724	**5,516,647**
011		6	Losses on onerous contracts and reversal of those losses	257,295	-113,567	**143,728**	927,211	-20,288	**906,923**
012		7	Changes that relate to past service	-844,141	1,986,627	**1,142,486**	-269,090	1,302,953	**1,033,863**
013	**014 + 015**	**III**	**Net expenses from reinsurance contracts held**	**-45,245**	**-3,452,378**	**-3,497,623**	**-292,663**	**-8,846,919**	**-9,139,582**
014		1	Income from reinsurance contracts held	-12,911,875	-26,572,045	**-39,483,919**	-586,676	-31,220,616	**-31,807,292**
015		2	Expenses from reinsurance contracts held	12,866,629	23,119,667	**35,986,296**	294,013	22,373,698	**22,667,710**
016	**001 + 005 + 013**	**IV**	**Insurance service result**	**4,905,005**	**1,071,235**	**5,976,240**	**4,062,043**	**2,002,710**	**6,064,753**
017	**018 + 023 + 024 + 025 + 026 + 027 + 031 + 032 + 033 +034**	**V**	**Net investment income**	**9,455,758**	**1,162,653**	**10,618,411**	**9,110,728**	**2,194,404**	**11,305,132**
018	019 + 020 + 021 + 022	1	Income from investment property	785,827	-30,540	**755,287**	881,464	96,478	**977,942**
019		*1.1*	*Net gains/losses from rent*	1,063,864	13,211	**1,077,075**	1,205,504	94,378	**1,299,882**
020		*1.2*	*Net realised gains/losses from investment property*	62,713	6,171	**68,885**	17,076	52,748	**69,824**
021		*1.3*	*Net unrealised gains/losses from investment property*	-	-	**-**	-	-	**-**
022		*1.4*	*Depreciation of investment property*	-340,750	-49,923	**-390,673**	-341,117	-50,648	**-391,765**
023		2	Interest revenue calculated with effective interest rate	7,295,187	1,541,686	**8,836,872**	6,632,345	1,717,870	**8,350,215**
024		3	Other interest revenue	-	-	**-**	-	-	**-**
025		4	Dividend income	221,947	69,995	**291,942**	213,835	77,442	**291,276**
026		5	Net unrealised gains/losses from financial assets measured at fair value through profit or loss	840,606	-	**840,606**	907,513	1,079	**908,592**

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of comprehensive income (income statement) for period 01.01.2024 - 31.12.2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
027	028 + 029 + 030	6	Realized profits from investment	-226,569	-14,129	**-240,698**	522,514	36	**522,550**
028		*6.1*	*Net realized gains/losses from financial assets measured at fair value through profit or loss*	273,088	-14,129	**258,958**	134,746	-	**134,746**
029		*6.2*	*Net realized gains/losses from financial assets measured at fair value through other comprehensive income*	-499,656	-	**-499,656**	387,768	36	**387,804**
030		*6.2*	*Other net realized gains/losses*	-	-	**-**	-	-	**-**
031		7	Net impairment/release of impairment of financial assets	134,274	-213,990	**-79,716**	133,419	152,749	**286,168**
032		8	Net exchange rate differentials	-41,210	-	**-41,210**	30,776	4	**30,779**
033		9	Other investment income	94,852	20,312	**115,164**	67,418	7,349	**74,767**
034		10	Other investment expenses	350,843	-210,680	**140,163**	-278,555	141,398	**-137,157**
035	036 + 037 + 038	**VI**	**Net insurance finance expenses/income**	**-2,289,950**	**-218,607**	**-2,508,557**	**-2,902,140**	**-662,282**	**-3,564,422**
036		1	Finance expenses/income from insurance contracts issued	-2,327,643	-474,107	**-2,801,750**	-2,901,416	-1,570,949	**-4,472,365**
037		2	Finance income from reinsurance contracts held	37,694	255,500	**293,193**	-724	908,666	**907,942**
038		3	Change of investment liabilities	-	-	**-**	-	-	**-**
039		**VII**	**Other income**	**180,351**	**425,158**	**605,509**	**77,780**	**785,299**	**863,079**
040		**VIII**	**Other operating expenses**	**-3,141,366**	**-4,457,925**	**-7,599,290**	**-2,201,999**	**-4,913,443**	**-7,115,442**
041		**IX**	**Other financial expenses**	**-1,834,472**	**-24,935**	**-1,859,407**	**-1,855,393**	**-58,271**	**-1,913,665**
042		**X**	**Share in the profit of companies that are consolidated using the equity method, net of taxes**	-	-	-	-	-	-
043	016+017+035+039+040+041+042	**XI**	**Profit or loss of the accounting period before taxation (+/-)**	**7,275,326**	**-2,042,421**	**5,232,905**	**6,291,018**	**-651,584**	**5,639,434**
044	045 + 046	**XII**	**Profit or loss tax**	**-1,840,334**	**214,533**	**-1,625,801**	**-1,934,217**	**144,779**	**-1,789,439**
045		1	Current tax expense	-182,461	-	**-182,461**	-876,280	-	**-876,280**
046		2	Deferred tax expense (income)	-1,657,873	214,533	**-1,443,340**	-1,057,937	144,779	**-913,158**
047		**XIII**	**Profit or loss of the accounting period after taxation (+/-)**	**5,434,993**	**-1,827,888**	**3,607,105**	**4,356,800**	**-506,805**	**3,849,995**
048		1	Attributable to owners of the parent	-	-	**-**	-	-	**-**
049		2	Attributable to non-controlling interests	-	-	**-**	-	-	**-**

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of comprehensive income (income statement) for period 01.01.2024 - 31.12.2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non-life	Total	Life	Non-life	Total
050	051 + 056	**XIV**	**Other comprehensive income**	**-2,455,253**	**1,750,063**	**-705,189**	**37,004**	**1,081,949**	**1,118,953**
051	052 + 053 + 054 + 055	1	Items that will not be reclassified subsequently to profit or loss	87,259	281,797	**369,056**	-23,926	185,727	**161,801**
052		*1.1*	*Net change of fair value of equities at fair value through OCI*	87,259	281,797	**369,056**	-23,926	185,727	**161,801**
053		*1.2*	*Actuarial gains/losses on defined benefit pension plans*	-	-	-	-	-	-
054		*1.3*	*Other*	-	-	-	-	-	-
055		*1.4*	*Tax*	-	-	-	-	-	-
056	057 + 058 + ...+ 063	2	Items that may be reclassified subsequently to profit or loss	-2,542,512	1,468,266	**-1,074,246**	60,930	896,222	**957,152**
057		*2.1*	*Change in fair value of financial assets at fair value through OCI, net of amounts realised*	19,412,670	2,448,134	**21,860,804**	12,095,097	1,422,579	**13,517,676**
058		*2.2*	*Exchange rate differences arising from the recalculation of foreign operations*	-	-	-	-	-	-
059		*2.3*	*Effects from cash flow hedging instruments*	-	-	-	-	-	-
060		*2.4*	*Net financial income/expense from insurance contracts*	-22,524,679	-657,565	**-23,182,244**	-12,020,792	-329,625	**-12,350,417**
061		*2.5*	*Net financial income/expense from (passive) reinsurance contracts*	-	-	-	-	-	-
062		*2.6*	*Other*	-	-	-	-	-	-
063		*2.7*	*Tax*	569,497	-322,302	**247,195**	-13,375	-196,732	**-210,107**
064	047+ 050	**XV**	**Total comprehensive income**	**2,979,740**	**-77,825**	**2,901,915**	**4,393,804**	**575,144**	**4,968,948**
065		1	Attributable to owners of the parent	-	-	-	-	-	-
066		2	Attributable to non-controlling interests	-	-	-	-	-	-
067		**XVI**	**Reclassification adjustments**	-	-	-	-	-	-

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of cash flow (indirect method) for period 01.01.2024 - 31.12.2024

In EUR

Position number	Sum elements	Position code	Position description	Current business period	The same period of the previous year
001	002+018+035 + 036 + 037	**I**	**CASH FLOW FROM OPERATING ACTIVITIES**	**3,934,753**	**-2,868,355**
002	003+004	**1**	**Cash flow before the change in assets and liabilities**	**2,331,756**	**2,405,165**
003		1.1	Profit/loss before taxation	5,639,434	5,232,906
004	005+006+….. +017	1.2	Adjustments	-3,307,678	-2,827,741
005		*1.2.1*	*Depreciation of real estate and equipment*	1,028,486	1,358,244
006		*1.2.2*	*Depreciation of intangible assets*	3,173,503	3,302,487
007		*1.2.3*	*Loss from impairment of intangible assets*	-	-
008		*1.2.4*	*Other financial expenses*	-	-
009		*1.2.5*	*Value impairment and profits/losses on reduction to fair value*	-1,431,142	-599,908
010		*1.2.6*	*Interest expense*	1,913,665	1,859,407
011		*1.2.7*	*Interest income*	-8,350,215	-8,836,872
012		*1.2.8*	*Income from sale of associated companies*	-	-
013		*1.2.9*	*Shares in profit of associated companies*	-	-
014		*1.2.10*	*Equity-settled share-based payment transactions*	-	-
015		*1.2.11*	*Income tax expense*	-	-
016		*1.2.12*	*Profits/losses on sale of tangible assets (including land and buildings)*	-731	-75,353
017		*1.2.13*	*Other adjustments*	358,756	164,254
018	019+020+…+ 034	**2**	**Increase/decrease in assets and liabilities**	**-8,266,721**	**-12,697,664**
019		2.1	Increase/decrease in investments at fair value through other comprehensive income	37,584,521	26,566,664
020		2.2	Increase/decrease in investment valued at fair value through profit and loss account	-6,155,282	-29,147,564
021		2.3	Increase/decrease in investments at amortised cost	-1,512,540	-7,365
022		2.4	Increase/decrease of assets/liabilities from insurance contracts	-35,244,481	-5,487,647
023		2.5	Increase/decrease of assets/liabilities from reinsurance contracts	-3,620,387	-6,532,658
024		2.6	Increase/decrease in tax assets	-	-
025		2.8	Increase/decrease in receivables	-	-
026		2.9	Increase/decrease in investment property	139,065	462,568
027		2.10	Increase/decrease in own-used assets	-	-
028		2.11	Increase/decrease in other assets	-208,574	47,720
029		2.12	Increase/decrease in insurance contract liabilities	-	-
030		2.13	Increase/decrease in other insurance liabilities	-	-
031		2.14	Increase/decrease in tax liabilities	-	-
032		2.15	Increase/decrease in financial liabilities	-	-
033		2.16	Increase/decrease in other liabilities	750,956	1,400,618
034		2.17	Increase/decrease in accruals and deferred income	-	-
035		**3**	**Paid profit tax**	**-**	**-1,625,802**
036		**4**	**Interest receipt**	**9,578,441**	**8,756,490**
037		**5**	**Dividend receipt**	**291,276**	**291,942**

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of cash flow (indirect method) for period 01.01.2024 - 31.12.2024 (continued)

In EUR

Position number	Sum elements	Position code	Position description	Current business period	The same period of the previous year
038	039+040+…+ 045	**II**	**CASH FLOW FROM INVESTING ACTIVITIES**	**-2,057,648**	**-1,470,025**
039		1	Inflows from sale of tangible assets	1,140	370,220
040		2	Outflows for purchase of tangible assets	-929,969	-214,787
041		3	Inflows from sale of intangible assets	-	-
042		4	Outflows for purchase of intangible assets	-1,128,819	-1,625,458
043		5	Inflows in investments in subsidiaries, associates and joint ventures	-	-
044		6	Outflows in investments in subsidiaries, associates and joint ventures	-	-
045		7	Inflows/outflows from other investing activities	-	-
046	047+048+...+ 057	**III**	**CASH FLOW FROM FINANCING ACTIVITIES**	-	**-**
047		1	Cash inflows on the basis of initial capital increase	-	-
048		2	Cash inflows from the issue of redeemable preferred shares	-	-
049		3	Cash inflows from received short-term and long-term loans	-	-
050		4	Cash inflows from sale of own shares	-	-
051		5	Cash inflows from sale of equity options	-	-
052		6	Cash outflows for redeemable preferred shares	-	-
053		7	Cash outflows for payment of received short-term and long-term loans	-	-
054		8	Cash outflows for repurchase of own shares	-	-
055		9	Cash outflows for paid interests	-	-
056		10	Cash outflows for payment of dividends	-	-
057		11	Cash outflows for lease liabilities	-	-
058	001+038+046	**IV**	**NET CASH FLOW**	**1,877,105**	**-4,339,894**
059		**V**	**EFFECTS OF CHANGES IN EXCHANGE RATES FOR FOREIGN CURRENCIES ON CASH AND CASH EQUIVALENTS**	-	**-**
060	058+059	**VI**	**NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS**	**1,877,105**	**-4,339,894**
061		1	Cash and cash equivalents at the beginning of the period	**9,346,313**	13,686,208
062	**060+061**	**2**	**Cash and cash equivalents at the end of the period**	**11,223,418**	**9,346,314**

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of changes in equity for period 01.01.2024 - 31.12.2024

In EUR

Position code	Position description	Attributable to owners of the parent								Attributable to non-controlling interest	Total capital and reserves
		Paid-up capital (ordinary and preference shares)	Premiums for issued shares	Revaluation reserves	Financial reserve from insurance contracts	Reserves (legal, statutory, other)	Retained profit or transferred loss	Profit/loss of the current year	Total capital and reserves		
I	**Balance as at 1 January of the previous year**	**31,295,393**	**6,696,210**	**-54,793,319**	**47,433,697**	**33,494,047**	**-4,087,885**	**4,920,816**	**64,958,960**	**-**	**64,958,960**
1.	Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
2.	Correction of errors from previous periods	-	-	-	-	-	-	-	-	-	-
II	**Balance as at 1 January of the previous year (corrected)**	**31,295,393**	**6,696,210**	**-54,793,319**	**47,433,697**	**33,494,047**	**-4,087,885**	**4,920,816**	**64,958,960**	**-**	**64,958,960**
III	**Comprehensive income/loss of the previous year**	**-**	**-**	**18,252,276**	**-19,010,527**		**50,117**	**3,607,105**	**2,898,970**	**-**	**2,898,970**
1	Profit or loss of the previous period	-	-	-	-	-	-	3,607,105	3,607,105	-	**3,607,105**
2	Other comprehensive income or loss of the current year	-	-	**18,252,276**	**-19,010,527**	-	**50,117**		**-708,135**	-	**-708,135**
2.1	Unrealised gains or losses from tangible assets (land and buildings)	-	-	-	-	-	-	-	-	-	-
2.2	Unrealised gains or losses from financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2.3	Realised gains or losses from financial assets at fair value through other comprehensive income	-	-	18,252,276	-19,010,527	-	50,117	-	-708,135	-	**-708,135**
2.4	Net financial gains/losses from insurance contracts	-	-	-	-	-	-	-	-	-	-
2.5	Net financial gains/losses from (passive) reinsurance contracts	-	-	-	-	-	-	-	-	-	-
2.4	Other non-owner changes in equity	-	-	-	-	-	-	-	-	-	-
IV	**Transactions with owners (previous period)**	**143,959**	**-**	**-**	**-**	**-143,959**	**4,920,816**	**-4,920,816**	**-**	**-**	**-**
1	Increase/decrease in subscribed capital	143,959	-	-	-	-143,959	-	-	-	-	-
2	Other payments by owners	-	-	-	-	-	-	-	-	-	-
3	Payment of shares in profit /dividends	-	-	-	-	-	-	-	-	-	-
4	Other transactions with owners	-	-	-	-	-	4,920,816	-4,920,816			
V	**Balance as at the last day of the reporting period in the previous year**	**31,439,352**	**6,696,210**	**-36,541,043**	**28,423,170**	**33,350,089**	**881,988**	**3,607,105**	**67,856,869**		**67,856,869**

Supplementary information prescribed by the Regulation of the Croatian Financial Services Supervisory Agency (continued)

Statement of changes in equity for period 01.01.2024 - 31.12.2024 (continued)

In EUR

Position code	Position description	Attributable to owners of the parent									
		Paid-up capital (ordinary and preference shares)	**Premiums for issued shares**	**Revaluation reserves**	**Financial reserve from insurance contracts**	**Reserves (legal, statutory, other)**	**Retained profit or transferred loss**	**Profit/loss of the current year**	**Total capital and reserves**	**Attributable to non-controlling interest**	**Total capital and reserves**
I	**Balance as at 1 January of the current year**	**31,439,352**	**6,696,210**	**-36,541,043**	**28,423,170**	**33,350,089**	**881,988**	**3,607,105**	**67,856,869**	**-**	**67,856,869**
1.	Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
2.	Correction of errors from current periods	-	-	-	-	-	-	-	-	-	-
II	**Balance as at 1 January of the current year (corrected)**	**31,439,352**	**6,696,210**	**-36,541,043**	**28,423,170**	**33,350,089**	**881,988**	**3,607,105**	**67,856,869**	**-**	**67,856,869**
III	**Comprehensive income/loss of the current year**	**-**	**-**	**11,246,295**	**-10,127,343**	**-**	**-**	**3,849,995**	**4,968,947**	**-**	**4,968,947**
1	Profit or loss of the current period	-	-			-	-	3,849,995	**3,849,995**	-	**3,849,995**
2	Other comprehensive income or loss of the current year	-	-	11,246,295	-10,127,343	-	-		**1,118,952**	-	**1,118,952**
2.1	Unrealised gains or losses from tangible assets (land and buildings)	-	-	-	-	-	-	-	-	-	-
2.2	Unrealised gains or losses from financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2.3	Realised gains or losses from financial assets at fair value through other comprehensive income	-	-	11,246,295	-10,127,343	-	-		**1,118,952**	-	**1,118,952**
2.4	Net financial gains/losses from insurance contracts	-	-	-	-	-	-	-	-	-	-
2.5	Net financial gains/losses from (passive) reinsurance contracts	-	-	-	-	-	-	-	-	-	-
2.4	Other non-owner changes in equity	-	-	-	-	-	-	-	-	-	-
IV	**Transactions with owners (current period)**	**-**	**-**	**-**	**-**	**-**	**3,607,105**	**-3,607,105**	**-**	**-**	**-**
1	Increase/decrease in subscribed capital	-	-	-	-	-	-	-	-	-	-
2	Other payments by owners	-	-	-	-	-	-	-	-	-	-
3	Payment of shares in profit /dividends	-	-	-	-	-	-	-	-	-	-
4	Other transactions with owners	-	-	-	-	-	3,607,105	-3,607,105	-	-	-
V	**Balance as at the last day of the reporting period in the current year**	**31,439,352**	**6,696,210**	**-25,294,748**	**18,295,827**	**33,350,089**	**4,489,092**	**3,849,995**	**72,825,817**	**-**	**72,825,817**

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules

Statement of financial position – Assets as at 31 December 2024

Supplementary information prescribed by a regulation of the Croatian Agency for Financial Services		Transfer of right-of-use assets	Transfer of other tangible assets to inventories	**Statutory financial statements**	**Comment**
INTANGIBLE ASSETS	**11,315,885**	(2,329,285)		**8,986,600**	**Intangible assets**
Goodwill	471,401				
Other intangible assets	10,844,483				
		2,329,285		**2,329,285**	**Right-of-use assets**
TANGIBLE ASSETS	**11,928,524**		(1,191)	**11,927,334**	**Property and equipment**
Land and buildings intended for company business operations	10,396,278				
Equipment	1,217,797				
Other tangible assets and stock	314,449				
			1,191	**1,191**	Inventories
INVESTMENTS	**450,226,058**				
Investments in land and buildings not intended for company business operations	**22,148,626**			**22,148,626**	**Investment property**
Investments in subsidiaries, associates and joint ventures					
Shares and stakes in subsidiaries					
Shares and stakes in associates					
Joint venture participation					
Financial investments	**428,077,431**				
Financial investments amortised cost	**12,802,396**			**12,802,396**	**Financial assets at amortised cost**
Debt financial securities					
Deposits with credit institutions	12,688,803				
Loans	113,593				
Other					
Financial investments fair value through OCI	**400,325,415**			**400,325,415**	**Financial assets at fair value through OCI**
Equity financial securities	11,270,344				
Debt financial securities	389,055,071				
Investment fund units					
Other					
Financial investments at fair value through profit and loss account	**14,949,620**			**14,949,620**	**Financial assets at fair value through profit and loss**
Equity financial securities					
Debt financial securities	6,443,303				
Derivative financial instruments	8,506,317				
Investment fund units					
Other					

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules (continued)

Statement of financial position – Assets as at 31 December 2024 (continued)

Supplementary information prescribed by a regulation of the Croatian Agency for Financial Services		Transfer of Insurance contract assets to Insurance contract liabilities	Transfer of current tax liabilities to current tax assets	**Statutory financial statements**	**Comment**
INSURANCE CONTRACT ASSETS	**235,653**	(30,139)		**205,515**	**Insurance contract assets**
General measurement model					
- Assets for remaining coverage					
- Insurance acquisition cash-flow asset					
- Assets for incurred claims					
Variable fee approach					
- Assets for remaining coverage					
- Insurance acquisition cash-flow asset					
- Assets for incurred claims					
Premium allocation approach	253,653				
- Assets for remaining coverage	206,138	(206,138)			
- Insurance acquisition cash-flow asset	205,515				
- Assets for incurred claims	(175,999)	175,999			
REINSURANCE CONTRACT ASSETS	**25,466,821**			**25,466,821**	**Reinsurance contract assets**
DEFERRED AND CURRENT TAX ASSET	**10,453,361**				
Deferred tax asset	9,828,229			**9,828,229**	**Deferred tax assets**
Current tax asset	625,132		(164,145)	**460,987**	**Current income tax prepayment**
OTHER ASSETS	**24,947,270**				
Cash at bank and in hand	**11,223,418**			**11,223,418**	**Cash and cash equivalents**
Funds in the business account	*9,520,122*				
Funds in the account of assets covering mathematical provision	*1,701,130*				
Cash in hand	*2,167*				
Long-term assets intended for sale and business cessation					
Other	**13,723,852**			**13,723,852**	**Other receivables**
TOTAL ASSETS	**534,573,572**			**534,379,289**	**Total assets**
OFF BALANCE SHEET ITEMS					

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules (continued)

Statement of financial position – Equity and liabilities as at 31 December 2024

Supplementary information prescribed by a regulation of the Croatian Agency for Financial Services		Transfer of current year profit to retained earnings	Transfer of Insurance contract assets to Insurance contract liabilities	Transfer of loan liabilities to other payables	Statutory financial statements	Comment
CAPITAL AND RESERVES	**72,825,817**				**72,825,817**	**Total equity**
Subscribed capital	**31,439,352**				**31,439,352**	**Share capital**
Paid-up capital - ordinary shares	*31,439,352*					
Paid-up capital - preference shares						
Issued shares premiums (capital reserves)	**6,696,210**				**6,696,210**	**Capital reserves**
Revaluation reserve	**(25,294,748)**				**(25,294,748)**	**Fair value reserve**
Land and buildings						
Financial investments at fair value through OCI	*(25,294,748)*					
Other revaluation reserves						
Financial reserve from insurance contracts	**18,295,827**				**18,295,827**	**Financial reserve from insurance contracts**
Reserves	**33,350,089**					
Legally stipulated reserves	*443,546*					
Statutory reserve	*115,676*				**559,222**	**Legal and statutory reserves**
Other reserve	*32,790,866*				**32,790,866**	**Other reserves**
Transferred profit or retained loss	**4,489,092**	3,849,995			**8,339,087**	**Retained earnings**
Retained profit	*14,018,234*					
Transferred loss (-)	*-9,529,142*					
Profit or loss of the current accounting period	**3,849,995**	(3,849,995)				
Profit of the current accounting period	*4,356,800*					
Loss of the current accounting period (-)	*-506,805*					
SUBORDINATED LIABILITIES	**24,946,743**				**24,946,743**	**Subordinated loan**
MINORITY INTERESTS						
INSURANCE CONTRACT LIABILITIES	**404,039,515**		(30,139)		**404,009,377**	**Insurance contract liabilities**
General measurement model	*306,853,534*					
- Liability for remaining coverage	*297,321,229*					
- Insurance acquisition cash-flow asset						
- Liability for incurred claims	*9,532,305*					
Variable fee approach	*12,941,797*					
- Liability for remaining coverage	*12,286,189*					

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules (continued)

Statement of financial position – Equity and liabilities as at 31 December 2024 (continued)

Supplementary information prescribed by a regulation of the Croatian Agency for Financial Services		Transfer of pre-recognition liability to Other payables	Transfer of loan liabilities to other payables	Transfer of current tax liabilities to current tax assets	**Statutory financial statements**	**Comment**
- Insurance acquisition cash-flow asset						
- Liability for incurred claims	*655,609*					
Premium allocation approach	*84,244,184*					
- Liability for remaining coverage	*24,858,051*					
- Insurance acquisition cash-flow asset						
- Liability for incurred claims	*59,386,133*					
REINSURANCE CONTRACT LIABILITIES	**1,202,176**				**1,202,176**	**Reinsurance contract liabilities**
INVESTMENT CONTRACT LIABILITIES	**-**					
OTHER RESERVES	**6,470,150**				**1,626,308**	**Provisions for liabilities and charges**
Provisions for pensions and similar liabilities	262,009					
Other provisions	6,208,141	(4,843,842)				
DEFERRED AND CURRENT TAX LIABILITY	**4,240,072**					
Deferred tax liability	4,075,928				**4,075,928**	**Deferred tax liability**
Current tax liability	164,145			(164,145)		
FINANCIAL LIABILITIES	**2,829,798**					
Liabilities on the basis of loans	477,645		(477,645)			
Liabilities on the basis of issued financial instrument	-					
Liabilities from derivatives	-					
Liability for unpaid dividend	-					
Other financial liabilities	2,352,153				**2,352,153**	**Lease liabilities**
OTHER LIABILITIES	**18,019,300**	4,843,842	477,645		**23,340,787**	**Other payables**
Liabilities for sale and ceased business	-					
Accrued expenses and deferred income	8,029,660					
Other liabilities	9,989,641					
TOTAL LIABILITIES AND EQUITY	**534,573,572**				**534,379,289**	**Total liabilities and equity**
OFF BALANCE SHEET ITEMS						

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules (continued)

Statement of comprehensive income for year ended 31 December 2024

Supplementary information prescribed by a regulation of the Croatian Agency for Financial Services		**Statutory financial statements**	**Comment**
Insurance revenue	**108,024,666**	**108,024,666**	**Insurance revenue**
General measurement model	16,652,493		
Variable fee approach	233,583		
Premium allocation approach	91,138,590		
Insurance service expenses	**(92,820,331)**	**(92,820,331)**	**Insurance service expenses**
Incurred claims	(56,906,379)		
Commissions	(21,258,998)		
Other acquisition costs	(11,355,936)		
Other operating costs	(10,756,451)		
Amortisation of acquisition costs	5,516,647		
Losses on onerous contracts and reversal of those losses	906,923		
Changes that relate to past service	1,033,863		
Net expenses from reinsurance contracts held	**(9,139,582)**	**(9,139,582)**	**Net expenses from reinsurance contracts held**
Income from reinsurance contracts held	(31,807,292)		
Expenses from reinsurance contracts held	22,667,710		
Insurance service result	**6,064,753**	**6,064,753**	**Insurance service result**
Net investment income	**11,305,132**	**11,305,132**	**Net investment income**
Income from investment property	977,942		
Net gains/losses from rent	1,299,882		
Net realised gains/losses from investment property	69,824		
Net unrealised gains/losses from investment property	-		
Depreciation of investment property	(391,764)		
Interest revenue calculated with effective interest rate	8,350,215		
Other interest revenue	-		

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules (continued)

Statement of comprehensive income for year ended 31 December 2024 (continued)

Supplementary information prescribed by a regulation of the Croatian Agency for Financial Services		Transfer to Other income	**Statutory financial statements**	**Comment**
Dividend income	291,276			
Net unrealised gains/losses from financial assets measured at fair value through profit or loss	908,592			
Realized profits from investment	522,550			
Net realized gains/losses from financial assets measured at fair value through profit or loss	134,746			
Net realized gains/losses from financial assets measured at fair value through other comprehensive income	387,804			
Other net realized gains/losses	-			
Net impairment/release of impairment of financial assets	286,168			
Net exchange rate differentials	30,779			
Other investment income	74,767			
Other investment expenses	(137,157)			
Net insurance finance expenses/income	**(3,564,422)**		**(3,564,422)**	**Net insurance finance expenses/income**
Finance expenses/income from insurance contracts issued	(4,472,364)		**(4,472,364)**	**Finance expenses/income from insurance contracts issued**
Finance income from reinsurance contracts held	907,942		**907,942**	**Finance income from reinsurance contracts held**
Change of investment liabilities	-			
Other income	**863,079**	26,826	**889,905**	**Other income**
Other operating expenses	**(7,115,442)**	(26,826)	**(7,142,268)**	**Other operating expenses**
Other financial expenses	**(1,913,665)**		**(1,913,665)**	**Other financial expenses**
Share in the profit of companies that are consolidated using the equity method, net of taxes	**-**			
Profit or loss of the accounting period before taxation (+/-)	**5,639,433**		**5,639,433**	**Profit before income tax**
Profit or loss tax	**(1,789,438)**		**(1,789,438)**	**Income tax expense**
Current tax expense	(876,280)			

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules (continued)

Statement of comprehensive income for year ended 31 December 2024 (continued)

Supplementary information prescribed by a regulation of the Croatian Agency for Financial Services		**Statutory financial statements**	**Comment**
Deferred tax expense (income)	(913,158)		
Profit or loss of the accounting period after taxation (+/-)	**3,849,995**	**3,849,995**	**Profit for the year**
Attributable to owners of the parent	-		
Attributable to non-controlling interests	-		
Other comprehensive income	**1,118,953**		
Items that will not be reclassified subsequently to profit or loss	161,801	**161,801**	**Items that will not be reclassified subsequently to profit or loss**
Net change of fair value of equities at fair value through OCI	161,801	**161,801**	*Net change of fair value of equities at fair value through OCI*
Actuarial gains/losses on defined benefit pension plans	-		
Other	-		
Tax	-		
Items that may be reclassified subsequently to profit or loss	**957,152**	**957,152**	**Items that may be reclassified subsequently to profit or loss**
Change in fair value of financial assets at fair value through OCI, net of amounts realised	13,517,676	**13,517,676**	*Change in fair value of financial assets at fair value through OCI, net of amounts realised*
Exchange rate differences arising from the recalculation of foreign operations	-		
Effects from cash flow hedging instruments	-		
Net financial income/expense from insurance contracts	(12,350,417)	**(12,350,417)**	*Net financial income/expense from insurance contracts*
Net financial income/expense from (passive) reinsurance contracts	-		
Other	-		
Tax	(210,107)	**(210,107)**	*Change in deferred tax on fair value of financial assets and liabilities*
Total comprehensive income	**4,968,948**	**4,968,948**	**Total comprehensive income for the year**
Attributable to owners of the parent	-		
Attributable to non-controlling interests	-		
Reclassification adjustments			

Reconciliation between financial statements and Croatian Financial Services Supervisory Agency Schedules (continued)

Statement of cash flow (indirect method) for period 01.01.2024 - 31.12.2024

Other adjustments in operating activities in the Croatian Financial Services Supervisory Agency schedules are summed up in the amount of 358,756 EUR while in financial statements are presented in more detailed categories. Total of changes in operating activities is the same in Schedules and in financial statements.